CENTERVILLE

RETAIL MARKET ANALYSIS

Prepared for

City of Centerville

Prepared by

McComb Group, Ltd.

December 2005

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INTRODUCTION

McComb Group, Ltd. was engaged by the City of Centerville to conduct a market analysis to determine future demand for retail and residential development in Centerville. Work tasks conducted during this engagement are summarized below.

- Centerville's central area was evaluated to determine its suitability for commercial and residential development. Factors that were evaluated include, but were not limited to: location, ingress and egress, access, visibility, current and future traffic counts, and relationship to adjacent uses.

- Shopping areas competitive with Centerville were identified and evaluated to determine competitive impacts on future retail development. Principal competitors were identified and evaluated for tenant mix, retail GLA, and anchor stores.

- Owners and managers of businesses in Centerville were interviewed to obtain their observations on retail trends, competitive pressures, where their customers live, and other information pertinent to the study.

- The trade area for Centerville's commercial area was delineated based on arterial road patterns, drive times, and McComb Group experience. The economy of the trade area was analyzed to identify and quantify those factors that generate support for retail and service establishments. Factors evaluated include, but were not limited to: employment, population, households, building permits, and household income. Comprehensive plans for adjacent communities (Lino Lakes, Hugo, North Oaks, and White Bear Township) were evaluated to determine residential and commercial development potential. Past growth trends in the northeast growth corridor were evaluated to determine trade area share of metropolitan area residential growth. This analysis was used to prepare market driven estimates of future household growth. Trade area growth trends were evaluated to determine residential growth potential for target years of 2010, 2015, 2020 and 2025. Retail and service purchasing power of trade area households was estimated.

- Future retail development potential in Centerville was estimated taking into consideration competitive impacts, trade area demographics, and trade area purchasing power and estimated market share. Future retail and service sales potential for Centerville was estimated by business type based on purchasing power, competitive shopping areas, and current retail trends. Estimates of retail, service and office service space supportable by sales potential was prepared for target years of 2010, 2015, 2020 and 2025.

- Market driven demand for housing in Centerville was estimated utilizing results of analysis described in the trade area task. Market demand for housing types suitable for Centerville were identified.

This report contains the primary information needed to support the principal conclusions. However, in a report of this nature, it is not possible to include all of the information that was developed and evaluated. Any additional information will be furnished upon request.

Report Purpose

This report was prepared in accordance with our proposal dated May 19, 2005. This report was prepared with the understanding that the results of our work will be used by the client to evaluate retail and residential development potential in Centerville. Our report was prepared for that purpose and is subject to the following qualifications:

- Our analysis did not ascertain the legal and regulatory requirements applicable to this project including zoning, other state and local government regulations, permits and licenses. No effort was made to determine the possible effect on the proposed project of present or future federal, state or local legislation, or any environmental or ecological matters.
- Our report and analysis was based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and discussions with the client. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved will vary from the analysis.
- Our analysis did not evaluate management's effectiveness nor are we responsible for future marketing efforts and other management actions upon which actual results are dependent.

Our report is intended solely for the purpose described above and should not be used for any other purpose without our prior written permission. Permission for other use of the report will be granted only upon meeting company standards for the proposed use.

Chapter I

CENTERVILLE RETAIL AREAS

Centerville's retail establishments are clustered along Main Street in three areas, as shown on Map 1. Downtown is located at the intersection of Centerville Road (CSAH 21) and Main Street (CSAH 14). Anoka County is planning to improve CSAH 14 through Centerville. This will alter the road right-of-way and result in elimination of some commercial structures along the north side of the road creating the opportunity for new development. Most of the commercial buildings in downtown appear to date from the early 1900s.

Table 1

CENTERVILLE/LINO LAKES RETAIL ESTABLISHMENTS

CONVENIENCE RETAIL
Centerville Liquor
Eagle Liquor & Tobacco
Secret Garden Floral

FOOD SERVICE
Full Service
Waterworks Bearch Club & Grill
Ember's
Trio Inn
Kelly's Corner
Wise Guys Pizza & Pub

Limited Service
Asian To Go
Carboni's Pizzaria
Dairy Queen
Vincezo Catering

CONVENIENCE/GASOLINE
Citgo Convenience Store
Corner Express/Shell Oil
Fast Break Corner Market

SHOPPING GOODS
Centerville Pet Foods

HOME IMPROVEMENT
Goetz Garden Center

AUTOMOTIVE
W.B. Auto Detailing
ADL Auto Repair & Service
Self Service Car Wash
White Bear Auto Care

SERVICES
Personal Care
Hair Update Day Spa
Tanning Salon

Personal Services
Apple Academy Day Care Center
Lori's School of Dance
Patricia Scott Photography
Main Styles for Pets

Financial
Main Street Bank of Centerville
One Stop Mortgage
Lino Lakes State Bank

Insurance
Farmers Insurance Office
American Family Insurance
American Family Insurance

Medical/Dental
Chiropractor
Centerville Dental

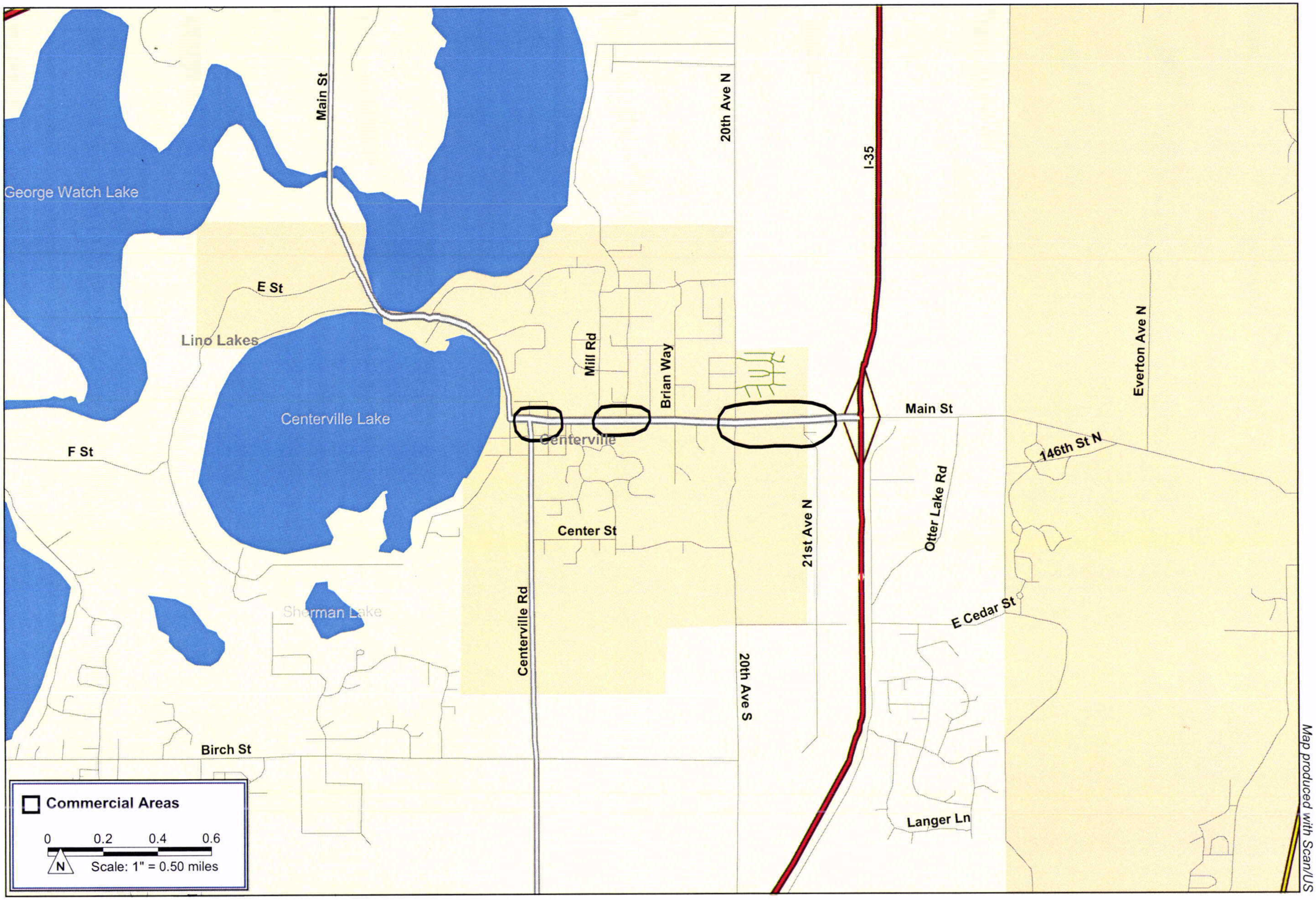
Other Services
Rivard Electric
Arcadia Asphalt
Northern Forest Products
USA Metro Brokers

Source: McComb Group, Ltd.

Downtown contains seven business establishments including three food service businesses and one vacant space. A second commercial node extends two blocks east from Mill Street. This area has 14 business establishments including a convenience store, nine services and two fast food outlets. Between 20th Street, east to I-35E is a convenience auto-oriented commercial node

Map 1

CENTERVILLE COMMERCIAL AREAS



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with 14 businesses. The portion of this area east of 21st Street is located in Lino Lakes. The Lino Lakes section east of I-35E and is being marketed for retail development. Lino Lakes State Bank is located in this area. Further east, a new shopping center is under construction in Hugo. This center, anchored by Festival Foods, is currently seeking other tenants. A small strip shopping center located to the south in Victoria Gardens contains Kindergartens Daycare Center. This building also had four vacant spaces when visited during this study.

Accessibility

Centerville's retail area has excellent access from I-35E. CSAH 8 and 14 provide access from the west and east; and CSAH 21 and County 54 provide north-south access. These roads will provide excellent access to new housing built in the area.

Centerville's downtown area is located about one mile west of the I-35E interchange. As a result, it is less convenient for potential customers than the retail area at the interchange. As a result, the downtown area will be attractive to businesses that have destination characteristics, such as restaurants and services. Those businesses that have a stronger convenience orientation will favor locations closer to the I-35E interchange.

Traffic Counts

Traffic counts on I-35E are increasing as shown in Table 2. Traffic counts south of Main Street were 47,000 in 2004, a nine percent increase from 43,000 in 2000. Traffic counts on I-35E north of Main Street are slight lower, 41,500 in 2004 compared to 36,000 in 2000. Traffic counts east and west of I-35E in 2004 were about 12,000 trips per day. Traffic counts dropped to 8,200 west of 20th Street and further decline to 5,200 west of Centerville Road. Traffic counts on Centerville Road south of Main Street increased from 2,700 in 2000 to 3,450 in 2004. This compares to 3,600 trips on 20th Avenue south of Main Street in 2000, which increased to 4,000 in 2004. Traffic counts on Main Street in the vicinity of downtown Centerville are about 30 percent lower than near the I-35E interchange. Traffic counts on Centerville Road south of Main Street are about 70 percent lower.

Table 2

CENTERVILLE TRAFFIC COUNTS; 2000, 2002, 2003 AND 2004

Location	2000	2002	2003	2004
I-35E				
South of Main St.	43,000	46,500	46,500	47,000
North of Main St.	36,000	39,500	39,500	41,500
Main Street				
West of Centerville Rd.	5,100	5,100	5,200	5,200
West of 20th Ave.	7,300	7,300	8,200	8,200
West of I-35E	10,900	10,900	11,900	11,900
East of I-35E	10,000	10,000	12,000	12,000
20th Avenue				
North of Main St.	3,200	3,200	3,500	3,500
South of Main St.	3,600	3,600	4,000	4,000
Centerville Road				
South of Main St.	2,700	2,700	3,450	3,450

Source: Minnesota Department of Transportation.

Chapter II

COMPETITIVE SHOPPING AREAS

Centerville businesses once served a local market that was somewhat isolated from competitive stores. Housing development has brought increased population to Centerville and surrounding communities. This has stimulated construction of competitive shopping areas in Forest Lake and also along I-35W and I-35E.

These competitive shopping areas provide various levels of convenience and shopping goods to Centerville trade area residents. Competitive shopping areas and the Centerville trade area are shown on Map 2. Competitive shopping areas include neighborhood and community shopping areas, as well as commercial areas in outlying communities.

Shopping areas located in Blaine, Forest Lake, White Bear Lake, Vadnais Heights, Lino Lakes, and Circle Pines provide competition for Centerville businesses. Locations of competitive shopping areas are shown on Map 2, and store and service mix is contained in Table 3. Characteristics of these shopping areas are summarized below.

Blaine

Blaine, located eight to ten miles directly west of Centerville, has been a regional shopping area for the northern suburbs and areas to the north for over twenty years. Northtown Mall anchors the largest shopping area. Other shopping areas are being developed as the area continues to grow. Blaine retail areas account for over 2.7 million square feet of retail GLA, with over one million square feet being recently developed. Competitive retail centers in Blaine are described below.

- **Victory Village** (375,000 square feet) recently opened at TH-65 and 109th Avenue and is anchored by SuperTarget, and includes TCF Bank, Marble Slab Creamery, Chili's Restaurant, and other stores.
- **National Market Center** (450,000 square feet), located at TH-65 and 105th Street, includes Kohl's and Menards as anchors with several retail and service establishments plus a number of restaurants.
- **Blaine Town Center** (144,092 square feet) at the TH-242 and TH-65 is a long established retail strip anchored by Cub Foods and Snyder Drug. New developments in this area include redevelopment of the former Northgate Mall site with Walgreens and Gold's Gym, and the completion of Main Street Marketplace (32,000 square feet). Other offerings include Hankerings All Day Grill, Blockbuster Video, Starbucks, and others.

- **Village of Blaine** (500,000 square feet) located at I-35W and Lexington Avenue opened in 2004 at I-35W and Lexington Avenue and includes Wal-Mart, Home Depot, Cub Foods, Michael's Crafts, as well as Applebee's, Green Mill Restaurant, Walgreens, and others.

Map 2

CENTERVILLE COMPETITIVE SHOPPING AREAS

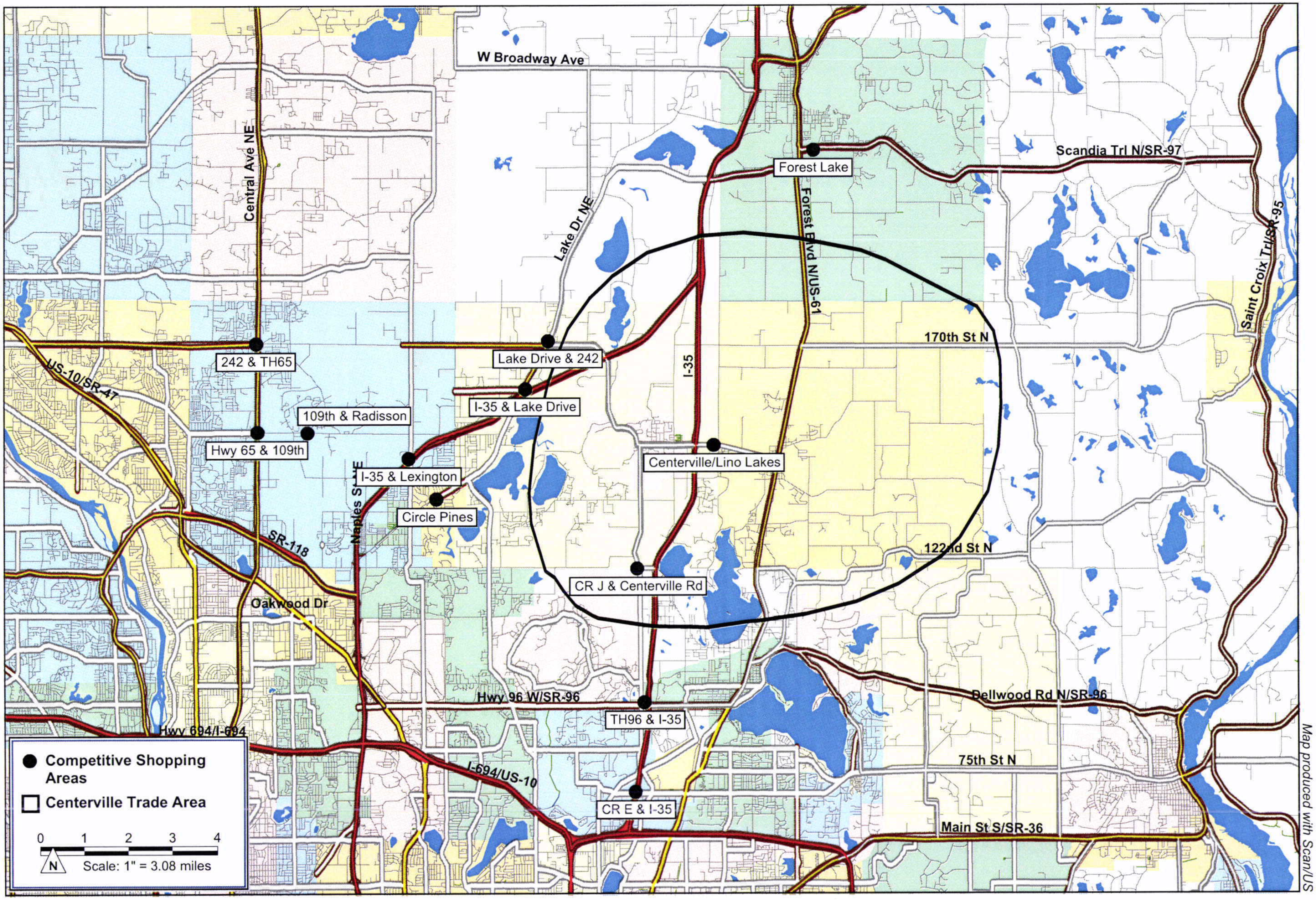

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Table 3

CENTERVILLE COMPETITIVE RETAIL

	Centerville/ Lino Lakes	Blaine: TH-65 at 109th	Blaine: TH-242 & TH-65	Blaine: I-35 & Lexington	Forest Lake	Lino Lakes: I-35W & Lake Drive	Lino Lakes: TH-242 & Lake Drive	I-35 & TH-96	I-35 & CR E	Circle Pines	CR J & Centerville Rd
RETAIL											
Convenience Retail											
Food		1	2	1	6			1	1	1	
Drug Store			1	1	3			1		1	
Liquor	1	1	1		4	1	1	1	1	2	
Hardware					1					1	
Floral	1			1	1			1			
Video		1	2	1	2			1		1	
Food Service											
Full Service	5	10	4	4	15		1	3	2	7	1
Limited Service	4	11	13	7	20	5	1	7	8	8	2
Drinking Establishments		1			3		1				
Convenience/Gasoline											
Convenience/Gasoline	3	3	3		11	2		3	2	1	1
Shopping Goods											
General Merchandise		2		1	2	2			2		
Variety/Dollar			1		12					1	
Apparel/Accessories		1		6	3				3		
Furniture & Home Furnishings		4			3			1		1	
Electronics			1	1	7				1	1	
Other Shopping Goods	1	6	5	5	24			4	3	3	
Pre-Owned Merchandise		3			4						
Home Improvement											
Home Improvement		1		1	3						
Lawn & Garden	1	1			1						
Automotive											
Auto/RV Sales		2			7						
Auto Services	4	1	2		19	2		4		2	
Auto Parts		1			5			1		1	
Other Equipment Sales/Marine											
Total Retail	20	50	35	29	156	12	4	28	23	31	4
SERVICES											
Personal Care	2	7	10	3	17	2	1	4	3	7	
Personal Services	4	4	2	1	10		2	3	1	1	
Laundry/Dry Cleaning		1	1	1	3		1	1		2	
Financial	2	4	1	1	22	1	1	1	1	5	
Real Estate			1	1	5			1		1	
Insurance	3				9		1			4	
Medical/Dental	2	1	2		31	3		7	1	3	
Entertainment/Recreation		1	1		10			1	2	1	1
Professional Services					8					2	
Lodging					2				1		
Other Services	4		1		23		2			2	
Total Services	17	18	19	7	140	6	8	18	9	28	1
TOTAL	37	68	54	36	296	18	12	46	32	59	5

Source: McComb Group, Ltd.

Lino Lakes

Lino Lakes surrounds Centerville and is experiencing increased retail development in response to a growing residential population.

- **Lino Lakes Town Center** is located at I-35W and Lake Drive and is anchored by SuperTarget and Kohl's, with Caribou Coffee, McDonalds, and others.

- **TH-242 and Lake Drive** located in Lino Lakes contains 12 businesses with a variety of retail and service offerings including: Lakes Liquor, Subway, Miller's on Main and others

- **County 14 and I-35E** is a growing commercial area adjacent to Centerville. Additional retail development is likely, particularly on the east side of I-35E

Forest Lake

Forest Lake is approximately seven miles north of Centerville and is accessible by TH-61 and I-35. Forest Lake is representative of the continuing expansion of the Twin Cities Metropolitan Area, and the significant retail development that often follows. Forest Lake has 156 retailers and 140 service establishments, a total of 296 stores. There are three retail areas in Forest Lake:

- **Broadway Avenue/I-35** has benefited the most from recent retail developments in the Forest Lake area including Target, Home Depot, Menards, Wal-Mart, and Cub Foods. These new facilities, totaling an estimated 500,000 square feet, anchor the recent growth in the area. This area also includes a significant number of auto service establishments, a variety of convenience and shopping goods retailers and many food service establishments including Applebee's, Famous Dave's, Perkins and Culver's.

- **West Lake Plaza** (100,751 square feet) opened in 1988 and includes Rainbow Foods, Northern Tool and Equipment, and Office Max.

- **South Lake** (TH-61) area and the downtown central business district are the other primary retail areas of Forest Lake. These long-established retail areas predominantly serve the community's service and convenience retail needs. They include a large number of service establishments, retail shopping businesses and many food service options. Retail merchants in these areas include Marketplace Foods, Snyder Drug, Ace Hardware, Blockbuster Video, and a five-screen movie theater.

Forest Lake is benefiting from residential expansion of the Twin Cities metro area. As a result, it is attracting larger stores and a growing number of smaller stores and services.

Other Competitive Shopping Areas

- **I-35 and TH-96**, anchored by Cub Foods, is located at the northwestern boundary of White Bear Lake approximately six miles south of Centerville. This shopping area is conveniently accessible from TH-96 and I-35 and contains 28 convenience retail businesses and 18 service businesses including: Cub Foods, Walgreen's, MGM Liquor and others.

- **I-35 and County Road E** retail node is located in the community of Vadnais Heights, approximately nine miles from Centerville. This retail node contains approximately 32 businesses including: Festival Foods, Target, Wal-Mart, Holiday Inn Express and others.

- **Circle Pines** has two retail concentrations: one is located at Lake Drive and Lexington, and the other at Lake Drive and Pine Drive. Together, these retail areas contain approximately 59 retail businesses including: Festival Foods, Walgreen's, Fratalone's Hardware and others.

- **County Road J and Centerville Road** retail node is located three miles south of Centerville on I-35. This small retail concentration is anchored by a movie theatre and contains Cousins Subs, Piccadilly Pizza, Ria Restaurant and Mobil convenience store.

Summary

Centerville's retail area and the adjacent Lino Lakes retail area at I-35E and County 14 contains approximately 45 retail and service establishments. Forest Lake is the largest competitor with 296 stores and continues to add new stores as its population increases. Other smaller shopping areas will also continue to grow as the population continues to increase in the northern metro. Other consumer needs are likely fulfilled by community shopping areas such as Forest Lake, Blaine or the Twin Cities metro area.

Chapter III

CENTERVILLE BUSINESS SURVEYS

Eleven owners/managers of retail and services establishments located in Centerville were interviewed to determine where their customers come from, obtain their impression of the area's strengths and weaknesses, and also gather suggestions for improvement in regards to Centerville's support of local businesses. Businesses participating in the survey are listed in Table 4. These businesses have been located in Centerville between one and one-half to 40 years. They range in size from 800 to 3,000 square feet. The survey represents the following types of businesses:

Insurance (2)	Full Service Food
Drinking Establishment	Floral
Other Shopping Goods	Personal Care
Medical	Convenience/Gasoline
Other Services (2)	

When asked: "Where do your customers live/come from?"

"Local area/neighborhood" was mentioned nine times. Upon further clarification, Centerville was mentioned seven times, Hugo five times, Lino Lakes four times, Forest Lake and White Bear Lake three times, Vadnais Heights and Circle Pines two times and Wyoming one time. In addition, three of the business owners rely on telephone business.

Answers to the question: "What are Centerville's strengths for your business?"

Centerville's Strengths	# of Responses
Close Knit Community/Good People	5
Population Growth	5
Easy Access	3
Loyal Customers	3
Small Town Atmosphere	3
Business Potential	2
Good City Support	1

Other strengths mentioned: Good city support, good school district, not a lot of competition, other businesses and visibility.

Answers to the question: "What are Centerville's weaknesses for your business?"

Centerville's Weaknesses	# of Responses
Low Daytime Traffic	3
Lack of Retail Concentration	3
Bedroom Community	3
Need More Businesses	3
Need Commercial Land	2
None	2

Other weaknesses mentioned: Access, lack of population, not much consideration for businesses, need foot traffic, no marketing, small town mentality, Hugo clients can't get over bridge, city fails to meet needs (they are buying his building and he is concerned about where he'll end up), Hugo is going gang-busters, concerned about road and median plans, nobody knows where Centerville is.

When asked "What has been your change in sales since 2002?"

Eight of the eleven respondents had increases in their business since 2002, one respondent experienced a decrease, but didn't state how much of a decrease. The remaining two respondents didn't know or wouldn't reply to the question.

Percent of Increase	# of Responses
1% to 5%	1
6% to 9%	0
10% to 15%	3
Above 16%	2
Don't Know	5

Answers to the question: "Is there anything that Centerville could do that would improve your business?"

Improvement Suggestions	# of Responses
Further Development/More Businesses	6
Community Promotion	3
None	2
Be Like Downtown Anoka	2

Other improvements mentioned: More traffic, on-street parking, don't do the median on Main Street, get water, lower taxes, and control competition.

Other suggestions: ("When big box came in around them, they had "Shop Anoka First" campaign, which brought awareness to shopping local" referring to downtown Anoka)

"The city website does not really help new people learn about local businesses."

"What comes first? They say they have no money to open up new areas, but then how do they get it? There is huge opportunity to be had. Look down the road and be futuristic. There is a huge opportunity for business along Main Street. It's in the city's best interest to rezone Main Street to commercial. We need forward thinking."

"The city council isn't always easy to deal with – it's one way or no way. We need to expand our tax base."

"We need to utilize the lake property development."

"I don't look to Centerville for help."

Other Comments of Centerville business owners are listed below.

"We need zero lot lines."

"We (Centerville) have no curb appeal. We need to get customers in the door. Keep downtown looking classic like Anoka/Stillwater. Appealing to get people in."

"We have an untapped resource – North Oaks. How can we draw them up here? We have a beautiful park system and lakes – we have a lot to offer, how can we package that?"

"We need a dry cleaner."

"I'm concerned about the road changes."

"It's a great town, we just need more business."

"We need a coffee shop."

"We are lacking dining options."

Table 4

SURVEY PARTICIPANTS

American Family Insurance	Kelly's Corner Bar
Center Mart Marathon	Main Styles for Pets
Centerville Pet Foods	Patricia Scott Photography
Farmers Insurance	Schlavin Chiropractics
Hair Update and Tanning	The Secret Garden Florist

Chapter IV

CENTERVILLE TRADE AREA

The trade area for Centerville was delineated by McComb Group, Ltd. based on the location of competitive shopping areas, arterial road network, natural boundaries and previous experience. The trade area, shown on Map 3, consists of Centerville, Hugo, Lino Lakes, and portions of North Oaks, Circle Pines, Blaine, Ham Lake, and portions of Forest Lake, Grant and White Bear Townships.

Residential Growth Trends

Centerville and its trade area are part of the northeast metropolitan growth corridor, which extends northeast from the Twin Cities, and includes portions of Ramsey, Washington, Chisago, and Anoka counties. I-35 is the major north/south highway serving this growth corridor.

The northeast corridor communities experienced an average population growth rate of 1.46 percent between 1990 and 2000 as shown at the bottom of Table 5.

Table 5

CENTERVILLE TRADE AREA COMMUNITIES
NORTHEAST GROWTH CORRIDORS POPULATION GROWTH: 1970 TO 2004

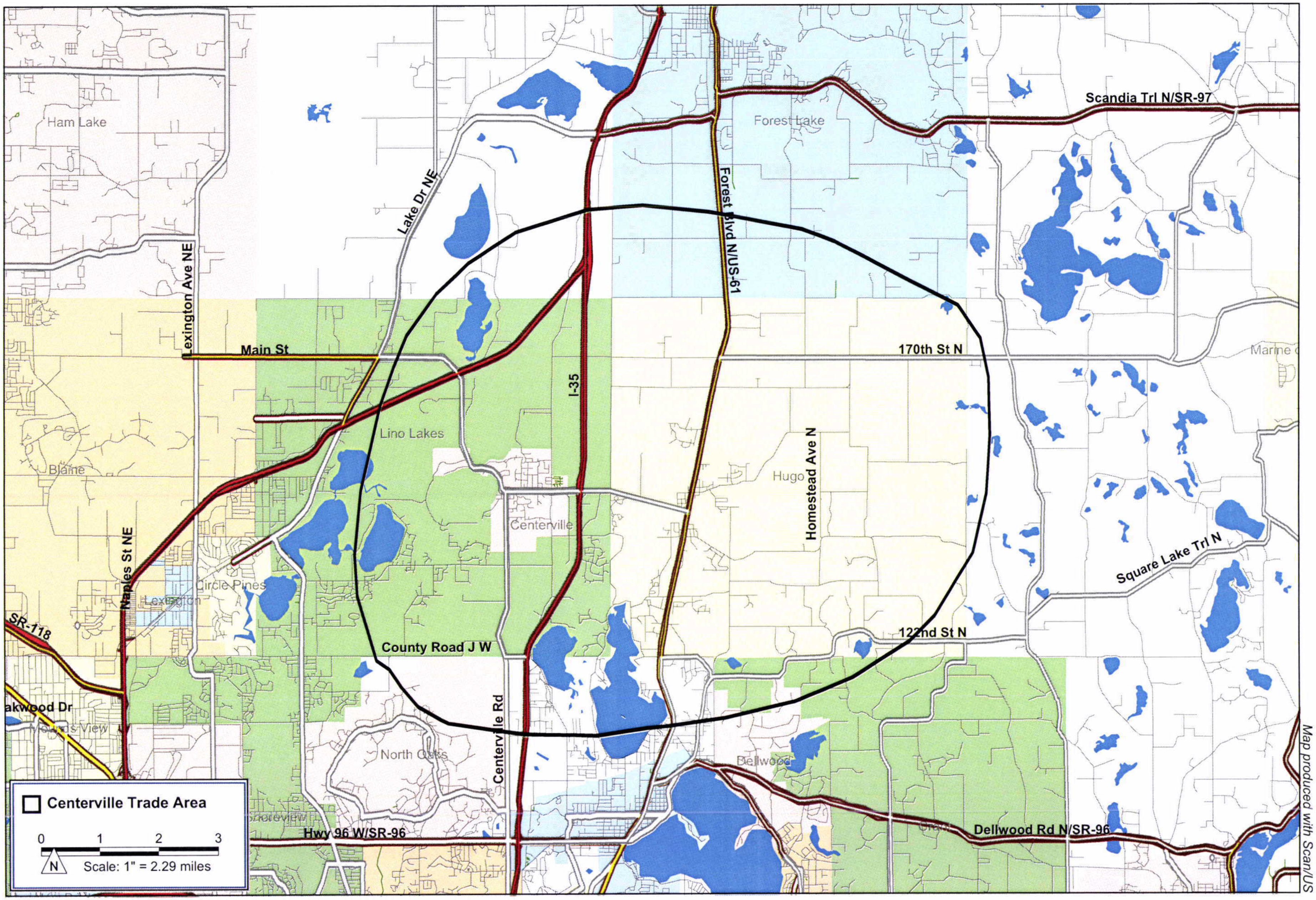
Community	1970	1980	1990	2000	2004	Growth Rate 1970-80	1980-90	1990-00	2000-04
Trade Area Communities									
Centerville	534	734	1,633	3,202	3,644	3.23 %	8.33 %	6.97 %	3.29 %
Hugo	2,732	3,771	4,417	6,363	8,760	3.28	1.59	3.72	8.32
Lino Lakes	3,692	4,966	8,807	16,791	18,725	3.01	5.90	6.67	2.76
Subtotal	6,958	9,471	14,857	26,356	31,129	3.13 %	4.61 %	5.90 %	4.25 %
Other Northeast Growth Corridor Communities									
Birchwood Village	926	1,059	1,042	968	971	1.35 %	(0.16) %	(0.73) %	0.08 %
Chisago City	1,068	1,634	2,009	2,622	3,038	4.34	2.09	2.70	3.75
Chisago Township (partial)	1,160	1,315	1,529	1,638	1,759	1.26	1.52	0.69	1.80
Circle Pines	3,902	3,321	4,704	4,663	4,950	(1.60)	3.54	(0.09)	1.50
Columbia Heights	23,997	20,029	18,910	18,520	18,600	(1.79)	(0.57)	(0.21)	0.11
Columbus Township	1,999	3,232	3,690	3,957	4,120	4.92	1.33	0.70	1.01
Dellwood	524	751	887	1,033	1,080	3.66	1.68	1.54	1.12
Forest Lake	6,197	9,927	12,523	14,440	16,800	4.82	2.35	1.43	3.86
Franconia Township	650	1,007	1,151	1,128	1,309	4.47	1.35	(0.20)	3.79
Gem Lake	216	394	439	419	442	6.20	1.09	(0.47)	1.34
Lexington	2,165	2,150	2,279	2,214	2,160	(0.07)	0.58	(0.29)	(0.62)
Lindstrom (partial)	630	986	1,231	1,508	1,874	4.58	2.24	2.05	5.59
Linwood Township	1,004	2,839	3,588	4,668	4,900	10.95	2.37	2.67	1.22
Little Canada	3,481	7,102	8,971	9,771	9,890	7.39	2.36	0.86	0.30
Mahtomedi	3,949	3,851	5,569	7,563	8,105	(0.25)	3.76	3.11	1.75
Maplewood (partial)	14,457	15,492	17,768	20,060	20,602	0.69	1.38	1.22	0.67
New Scandia Township	1,513	2,858	3,197	3,692	3,970	6.57	1.13	1.45	1.83
North Oaks	2,002	2,846	3,386	3,883	4,200	3.58	1.75	1.38	1.98
North St. Paul	11,950	11,921	12,376	11,929	12,273	(0.02)	0.38	(0.37)	0.71
Vadnais Heights	3,411	5,111	11,041	13,069	13,270	4.13	8.01	1.70	0.38
White Bear Lake	23,313	22,538	24,704	24,325	24,922	(0.34)	0.92	(0.15)	0.61
White Bear Township	5,666	5,921	9,424	11,293	11,800	0.44	4.76	1.83	1.10
Willernie	697	654	584	549	590	(0.63)	(1.13)	(0.62)	1.82
Wyoming	695	1,559	2,142	3,048	3,752	8.41	3.23	3.59	5.33
Wyoming Township	1,262	2,312	2,967	4,379	4,682	6.24	2.53	3.97	1.69
Subtotal	116,834	130,809	156,110	171,339	180,059	1.14 %	1.78 %	0.94 %	1.25 %
Total	123,792	140,280	170,967	197,695	211,188	1.26 %	2.00 %	1.46 %	1.66 %

Source: U.S. Census, State of Minnesota Administration Department and McComb Group, Ltd.

This was a decline from a 2.00 percent annual growth rate in the previous decade. Since 2000,

Map 3

CENTERVILLE TRADE AREA



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the growth rate has accelerated to 1.66 percent. Overall, population in the northeast corridor grew from 170,967 in 1990 to 211,188 in 2004, an increase of 40,221. Communities with the largest population growth rates between 2000 and 2004 include Forest Lake, with a 25.38 percent growth rate due to an annexation, Hugo (8.32 percent), Lindstrom (5.59 percent), and Wyoming (5.33 percent).

Communities that comprise the major portion of Centerville's trade area, shown at the top of Table 5, have experienced steady growth between 1970 and 2000. The growth rates in these communities, with the exception of Hugo, have declined as households increased. This is a normal pattern. Population growth averaged 4.25 percent annually between 2000 and 2004.

Northeast corridor households have increased steadily over the past 30 years as shown at the bottom of Table 6; however, the growth rate has decreased slightly over the last thirty years from 3.77 percent in 1970 to 2.93 percent in 1980, to 1.87 percent in 2000. Communities such as Hugo, Lindstrom and Wyoming have enjoyed growth rates in excess of 5.0 percent during the 2000 to 2004 period. This is well above the growth rates of most other communities within the northeast growth corridor.

Table 6

CENTERVILLE TRADE AREA COMMUNITIES
NORTHEAST GROWTH CORRIDORS HOUSEHOLD GROWTH: 1970 TO 2004

						Growth Rate			
Community	1970	1980	1990	2000	2004	1970-80	1980-90	1990-00	2000-04
Trade Area Communities									
Centerville	147	214	519	1,077	1,248	3.83 %	9.26 %	7.57 %	3.75 %
Hugo	190	1,082	1,416	2,125	3,196	19.00	2.73	4.14	10.74
Lino Lakes	812	1,388	2,603	4,857	5,570	5.51	6.49	6.44	3.48
Subtotal	1,149	2,684	4,538	8,059	10,014	8.85 %	5.39 %	5.91 %	5.58 %
Other Northeast Growth Corridor Communities									
Birchwood Village	235	326	364	357	360	3.33 %	1.11 %	(0.19) %	0.21 %
Chisago City	344	516	754	1,038	1,218	4.14	3.87	3.25	4.08
Chisago Township (partial)	323	428	528	564	610	2.85	2.12	0.65	2.00
Circle Pines	825	922	1,562	1,697	1,862	1.12	5.41	0.83	2.35
Columbia Heights	6,861	7,343	7,766	8,033	8,100	0.68	0.56	0.34	0.21
Columbus Township	487	870	1,129	1,328	1,388	5.97	2.64	1.64	1.11
Dellwood	145	223	301	353	376	4.40	3.04	1.61	1.59
Forest Lake	1,770	3,311	4,424	5,433	6,526	6.46	2.94	2.08	4.69
Franconia Township	160	250	315	316	380	4.56	2.34	0.03	4.72
Gem Lake	58	118	140	139	150	7.36	1.72	(0.07)	1.92
Lexington	561	746	829	847	819	2.89	1.06	0.22	(0.84)
Lindstrom (partial)	240	422	505	613	775	5.81	1.80	1.96	6.06
Linwood Township	299	833	1,146	1,578	1,699	10.79	3.24	3.25	1.86
Little Canada	995	2,936	3,902	4,375	4,450	11.43	2.89	1.15	0.43
Mahtomedi	708	1,239	1,874	2,503	2,730	5.76	4.22	2.94	2.19
Maplewood (partial)	3,679	5,055	6,599	7,897	8,246	3.23	2.70	1.81	1.09
New Scandia Township	408	851	1,060	1,294	1,412	7.63	2.22	2.01	2.21
North Oaks	472	810	1,085	1,300	1,445	5.55	2.97	1.82	2.68
North St. Paul	3,189	3,980	4,447	4,703	4,864	2.24	1.12	0.56	0.85
Vadnais Heights	906	1,760	3,924	5,064	5,174	6.87	8.35	2.58	0.54
White Bear Lake	5,801	7,124	9,070	9,618	10,001	2.08	2.44	0.59	0.98
White Bear Township	1,428	1,797	3,205	4,010	4,302	2.33	5.96	2.27	1.77
Willernie	181	236	227	225	242	2.69	(0.39)	(0.09)	1.84
Wyoming	191	486	709	1,023	1,274	9.79	3.85	3.73	5.64
Wyoming Township	326	698	934	1,438	1,558	7.91	2.96	4.41	2.02
Subtotal	30,592	43,280	56,799	65,745	69,961	3.53 %	2.76 %	1.47 %	1.57 %
Total	31,741	45,964	61,337	73,804	79,975	3.77 %	2.93 %	1.87 %	2.03 %

Source: U.S. Census, State of Minnesota Administration Department and McComb Group, Ltd.

Centerville trade area communities have recorded high household growth rates since 1970. Since 1980, the average annual growth rate has been above five percent.

During the eighties, the trade area communities of Centerville and Lino Lakes experienced annual household growth rates of 9.26 and 6.49 percent, respectively. Over the next ten years, community household growth rate increased to 5.91 percent and declined slightly to 5.58 percent since 2000. Hugo experienced an increased growth rate of 10.74 percent between 2000 to 2004. While household growth rates have declined in Centerville and Lino Lakes, households have continued to increase. Future growth is expected to accelerate as development moves northeast.

Household growth rates in the trade area communities have consistently been above the growth rates of the northeast growth corridor, Anoka County, the Metropolitan Area, Minneapolis-St. Paul Metropolitan Statistical Average (MSA), and Minnesota as shown in Table 7.

Table 7

NORTHEAST GROWTH CORRIDOR, ANOKA COUNTY, METROPOLITAN AREA, MSA AND MINNESOTA
HOUSEHOLD GROWTH; 1970 TO 2004

						Growth Rate			
Community	1970	1980	1990	2000	2004	1970-80	1980-90	1990-00	2000-04
Trade Area Communities	1,149	2,684	4,538	8,059	10,014	8.85 %	5.39 %	5.91 %	5.58 %
Northeast Corridor	31,741	45,964	61,337	73,804	79,975	3.77	2.93	1.87	2.03
Anoka County	39,688	60,716	82,437	106,428	114,745	4.34	3.11	2.59	1.90
Metropolitan Area	573,582	721,444	875,504	1,021,454	1,101,525	2.32	1.95	1.55	1.90
MSA	557,147	788,597	960,109	1,137,093	1,239,180	3.54	1.99	1.71	2.17
Minnesota	1,153,946	1,445,222	1,647,863	1,895,127	2,027,904	2.28	1.32	1.41	1.71

Source: U.S. Census and McComb Group, Ltd.

Building Permits

Building permits for the northeast growth corridor communities for the period 1990 to 2004 are compared to the seven-county metropolitan area in Table 8. A total of 237,205 new construction residential building permits were issued in the seven-county metro area between 1990 and 2004. Annual building permits ranged from a low of 12,060 in 1991 to a high of 19,965 in 2003. The average was 15,814 for the 15-year period.

Table 8

CENTERVILLE TRADE AREA
NORTHEAST GROWTH CORRIDOR
RESIDENTIAL BUILDING PERMITS; 1990 TO 2004

	Building Permits			Trade Area Communities		
Year	NE Growth Corridor	Metro Area	Market Share	Building Permits	Market Share	7-County Metro
1990	1,263	13,340	9.5 %	319	25.3 %	2.4 %
1991	1,049	12,060	8.7	328	31.3	2.7
1992	1,540	15,632	9.9	462	30.0	3.0
1993	1,749	15,882	11.0	492	28.1	3.1
1994	1,408	14,205	9.9	326	23.2	2.3
1995	1,259	13,956	9.0	325	25.8	2.3
1996	1,539	14,098	10.9	290	18.8	2.1
1997	1,291	13,234	9.8	273	21.1	2.1
1998	1,462	15,817	9.2	394	26.9	2.5
1999	1,713	17,688	9.7	589	34.4	3.3
2000	1,831	16,438	11.1	626	34.2	3.8
2001	1,966	16,190	12.1	570	29.0	3.5
2002	1,833	18,868	9.7	431	23.5	2.3
2003	1,998	19,965	10.0	368	18.4	1.8
2004	1,603	19,832	8.1	451	28.1	2.3
Total	23,504	237,205	9.9 %	6,244	26.6 %	2.6 %

Source: U.S. Census, Metropolitan Council, City of Centerville.

Northeast growth corridor market share of the seven-county metro area has averaged 9.9 percent and ranged from 8.1 percent in 2004 to 12.1 percent in 2001. During the last five years, building permit market share averaged 10.2 percent. Trade area communities captured 6,244 building permits or 2.6 percent of the seven-county growth during the past fifteen years. During the past five years, the average was up slightly at 2.7 percent.

Trade area communities' market share of northeast corridor permits increased from 25.3 percent in 1990 to 31.3 percent in 1991 and trended down reaching 18.8 percent in 1996. Trade area communities' building permit market share rebounded to 34.4 percent by 1999 which was followed by another downward trend to 18.4 percent in 2003. Building permits rebounded to 28.1 percent in 2004. Although the trade area communities' market share of building permits has experienced fourteen years of ups and downs, it has averaged 26.6 percent over the 15-year period. The average over the last five years was also 26.6 percent.

Future Trade Area Households

Household growth projections from 2005 to 2025 for the Centerville trade area are based on estimated northeast corridor communities' future residential market share of the seven-county metropolitan area contained in Table 9.

Table 9

CENTERVILLE TRADE AREA
HOUSEHOLD PROJECTIONS; 2004 TO 2025
METRO AREA AND TRADE AREA

	7-County Metro Area		Market Share	Trade Area		Trade Area
Year	Households	Increase	@ 10.0%	Percent	Households	Households
2004	1,101,525					7,568
2005	1,118,048	16,523	1,652	20.0 %	330	7,898
2006	1,134,819	16,771	1,677	20.0	335	8,234
2007	1,151,841	17,022	1,702	20.0	340	8,574
2008	1,169,118	17,278	1,728	20.0	346	8,920
2009	1,186,655	17,537	1,754	20.0	351	9,271
2010	1,204,455	17,800	1,780	20.0	356	9,627
2011	1,222,522	18,067	1,807	20.0	361	9,988
2012	1,240,860	18,338	1,834	20.0	367	10,355
2013	1,259,473	18,613	1,861	20.0	372	10,727
2014	1,278,365	18,892	1,889	20.0	378	11,105
2015	1,297,540	19,175	1,918	20.0	384	11,488
2016	1,317,003	19,463	1,946	20.0	389	11,878
2017	1,336,758	19,755	1,976	20.0	395	12,273
2018	1,356,810	20,051	2,005	20.0	401	12,674
2019	1,377,162	20,352	2,035	20.0	407	13,081
2020	1,397,819	20,657	2,066	20.0	413	13,494
2021	1,418,787	20,967	2,097	20.0	419	13,913
2022	1,440,068	21,282	2,128	20.0	426	14,339
2023	1,461,669	21,601	2,160	20.0	432	14,771
2024	1,483,594	21,925	2,193	20.0	439	15,209
2025	1,505,848	22,254	2,225	20.0 %	445	15,654
Total		404,323	40,432		8,086	

Source: McComb Group, Ltd.

Households in the seven-county metropolitan area are estimated to increase at 1.5 percent over the next 20 years, a growth rate similar to the past ten years. At this rate, the seven-county area would add about 404,323 homes by 2025. Assuming that the northeast growth corridor will capture ten percent of the increase, similar to the past 15 years, results in estimated growth of about 40,432 households. Trade area communities are estimated to capture about 26 percent of these new households. In 2004, trade area households were 7,568 or 75.6 percent of trade area communities' households. The trade area is expected to capture about 20 percent of the north corridor growth over the next 20 years, assuming the urban services will be available to support that growth.

Population and Households

Population and households in Centerville and the trade area have been growing at a rate substantially faster than the Minneapolis-St. Paul MSA, as shown in Table 10. Trade area population increased at a rate of 3.57 percent from 14,219 people in 1990 to 20,184 in 2000, slowed slightly to 2.82 percent between 2000 and 2004, and is estimated to increase at a rate of 5.2 percent to 29,068 by 2009. Centerville's estimated 2004 population of 2,359 represents 10.5 percent of the trade area population and is expected to increase to 3,130 in 2009.

Table 10

CENTERVILLE, CENTERVILLE TRADE AREA, AND MINNEAPOLIS-ST. PAUL MSA
POPULATION AND HOUSEHOLDS
1990 AND 2000 CENSUS; 2004 AND 2009 ESTIMATED

	Centerville	Trade Area	Minneapolis-St. Paul MSA
Population			
1990	976	14,219	2,538,834
2000	2,172	20,184	2,968,806
2004	2,359	22,555	3,117,850
2009	3,130	29,068	3,288,729
Annual Growth Rate			
1990-2000	8.33 %	3.57 %	1.58 %
2000-2004	2.09	2.82	1.23
2004-2009	5.82	5.20	1.07
Households			
1990	314	4,520	960,170
2000	739	6,544	1,136,615
2004	823	7,568	1,239,180
2009	1,121	10,122	1,359,845
Annual Growth Rate			
1990-2000	8.94 %	3.77 %	1.70 %
2000-2004	2.73	3.70	2.18
2004-2009	6.38	5.99	1.88

Source: U.S. Census, Scan/US, Inc. and McComb Group, Ltd.

Centerville trade area households grew at a 3.77 percent growth rate from 1990 to 2000. Households increased from 4,520 to 6,544 from 1990 to 2000 and are expected to increase to 10,122 by 2009. Centerville's estimated 2004 households of 823 represents 10.9 percent of trade area households. Centerville and the trade area will experience accelerated household growth with 2004-2009 growth rates increasing to 6.38 percent for Centerville and 5.99 percent for the trade area. With these expected growth rates, Centerville's households are projected to reach 1,052, and the trade area is expected to reach 10,122 households. The MSA is expected to grow at a much slower rate of 1.88 percent from 2004 to 2009.

Household density for Centerville's trade area is shown on Map 4. Current 2004 household density is generally higher southwest of the Centerville trade area, in the communities of Vadnais Heights, Mounds View, New Brighton and White Bear Lake to the south. Currently, Centerville and its trade area is mostly low density with a few pockets of medium to high density in the city of Centerville and Hugo.

Household Income

Centerville trade area average household income, shown in Table 11, was estimated at $100,053 in 2004. The trade area average household income is 29 percent higher than the Minneapolis-St. Paul MSA average household income of $77,551. Average 2004 household income in Centerville was estimated at $83,006. The Centerville trade area average household income is expected to reach $110,567 by 2009. Centerville's average household income is expected to reach $93,909 in 2009.

Table 11

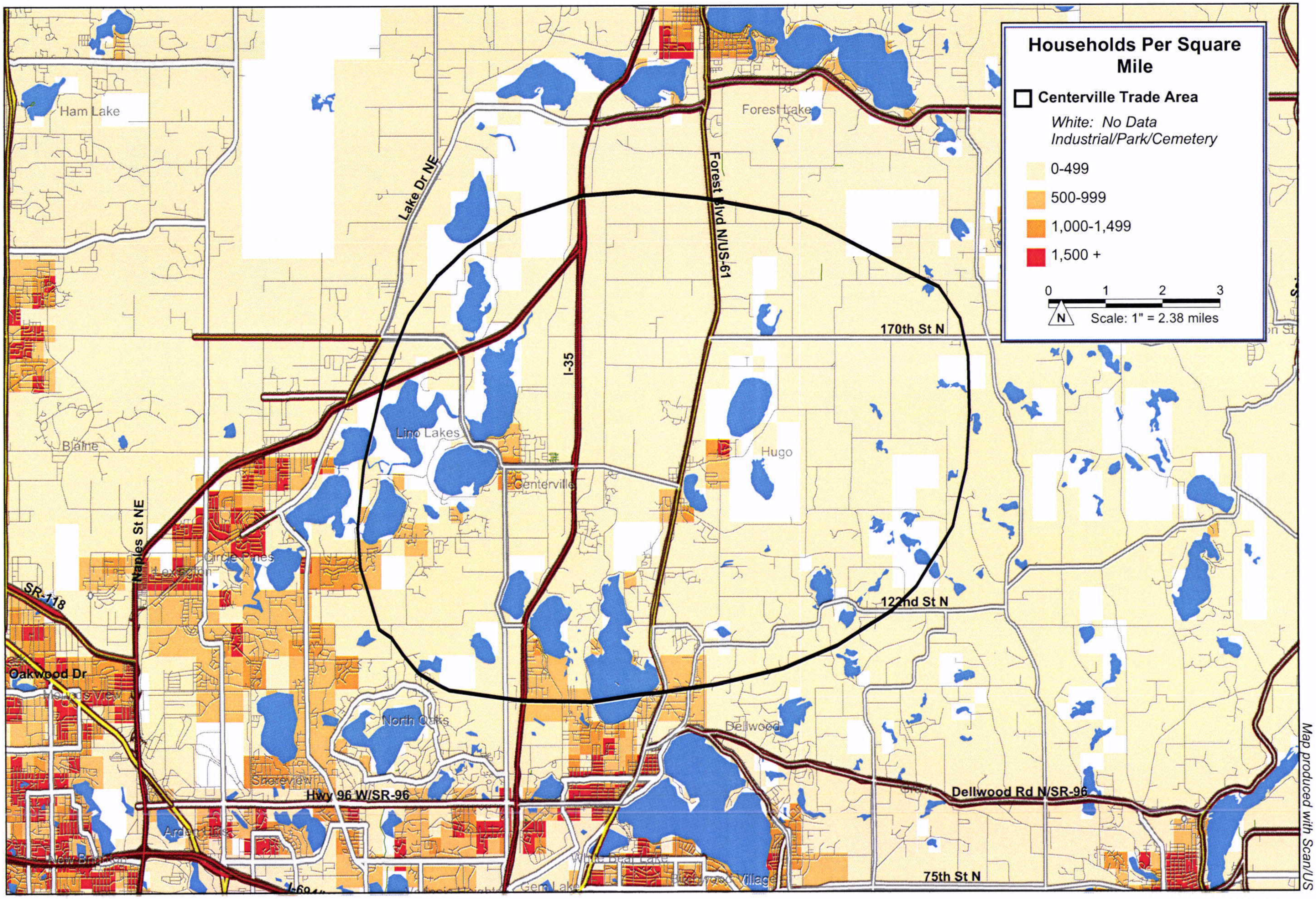
CENTERVILLE, CENTERVILLE TRADE AREA
AND MINNEAPOLIS-ST. PAUL MSA
AVERAGE AND MEDIAN HOUSEHOLD INCOME
1990 AND 2000 CENSUS; 2004 AND 2009 ESTIMATED

	Centerville	Centerville Trade Area	Minneapolis-St. Paul MSA
Average Household Income			
1990	$ 50,173	$ 55,942	$ 43,716
2000	71,191	87,750	67,670
2004	83,006	100,053	77,551
2009	93,909	110,567	86,215
Median Household Income			
1990	$ 43,008	$ 49,706	$ 36,409
2000	65,747	73,594	54,571
2004	69,012	78,068	58,819
2009	77,969	86,917	65,466

Source: McComb Group, Ltd.

Map 4

CENTERVILLE TRADE AREA HOUSEHOLD DENSITY; 2004



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The Centerville trade area has a high proportion of households with incomes above $75,000, $100,000 and $150,000 as shown in Table 12. In 2004, 51.4 percent of the trade area households had incomes above $75,000. Households with incomes above $100,000 represented over one-quarter of all households and nine percent had incomes above $150,000. Households in these income cohorts will increase substantially by 2009

Table 12

CENTERVILLE, CENTERVILLE TRADE AREA
AND MINNEAPOLIS-ST. PAUL MSA
HOUSEHOLD INCOME DISTRIBUTION: 1990 AND 2000 CENSUS; 2004 AND 2009 ESTIMATED

	Centerville	Centerville Trade Area	Minneapolis-St. Paul MSA
Households above $75,000			
1990	13.5 %	18.3 %	11.3 %
2000	35.2	45.1	31.4
2004	42.6	51.4	36.4
2009	55.9	60.8	43.6
Households above $100,000			
1990	6.3 %	8.6 %	5.1 %
2000	9.2	22.8	16.9
2004	13.4	27.7	20.4
2009	23.1	36.0	26.4
Households above $150,000			
1990	1.6 %	3.3 %	1.8 %
2000	3.0	7.8	5.9
2004	3.3	9.0	6.8
2009	4.5	11.7	9.1

Source: McComb Group, Ltd.

Distribution of households with incomes above $75,000 and $100,000 are shown on Maps 5 and 6, respectively. These maps demonstrate that affluent households are distributed throughout Centerville's trade area; however the largest concentration is in the southern portion of the trade area.

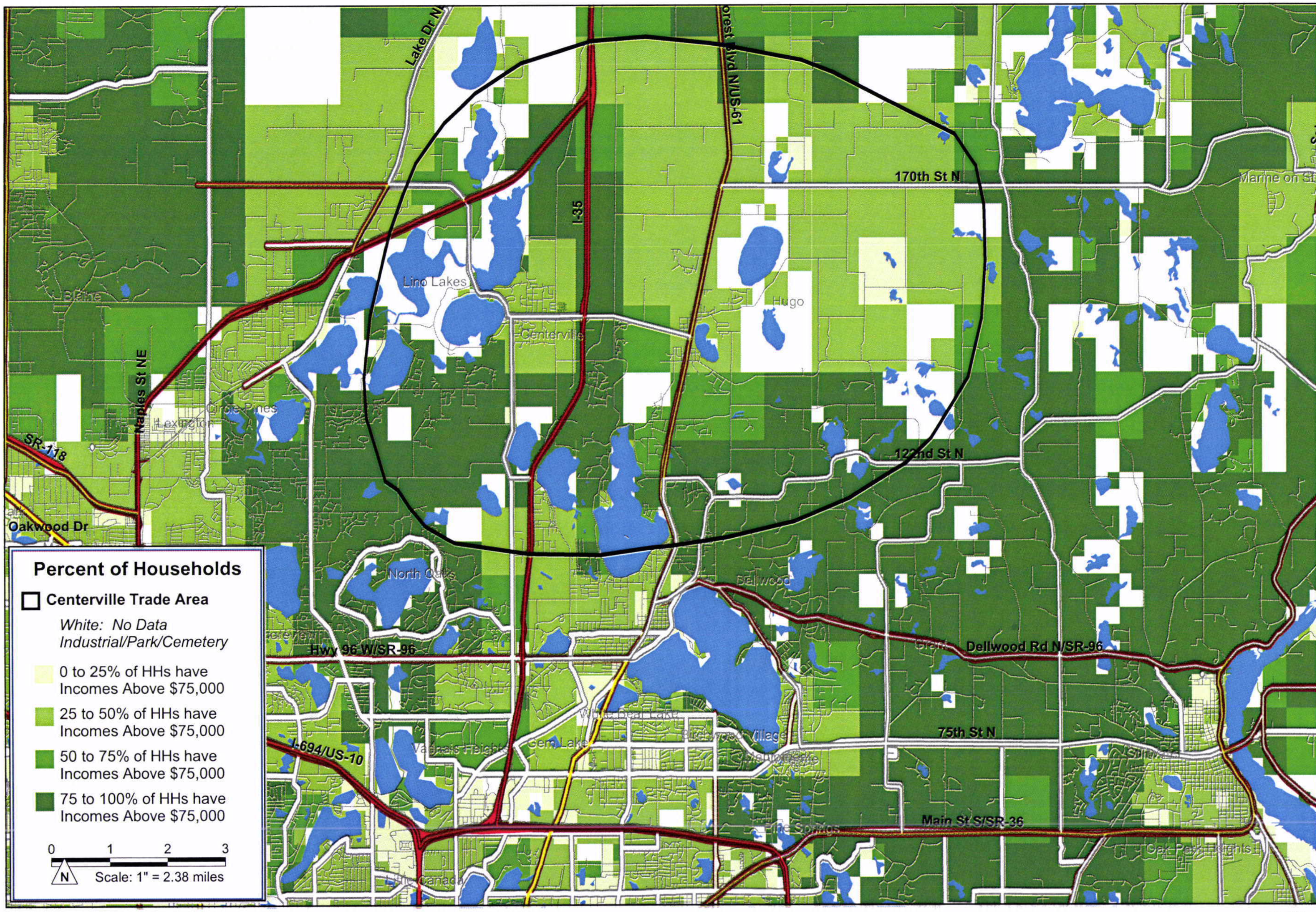
Demographic Characteristics

Demographic characteristics for Centerville, Centerville trade area, and Minneapolis-St. Paul MSA are summarized in the demographic snapshots contained in Tables 13, 14, and 15. These snapshots contain census data for 1990 and 2000 as well as estimates for 2004 and 2009. These estimates were provided by Scan/US, Inc., a source of demographic information. Significant characteristics of the Centerville trade area include the following:

- Average household size is above the Minneapolis-St. Paul MSA average of 2.46 in 2004.

Map 5

CENTERVILLE 2004 HOUSEHOLD INCOME: PERCENT ABOVE $75,000



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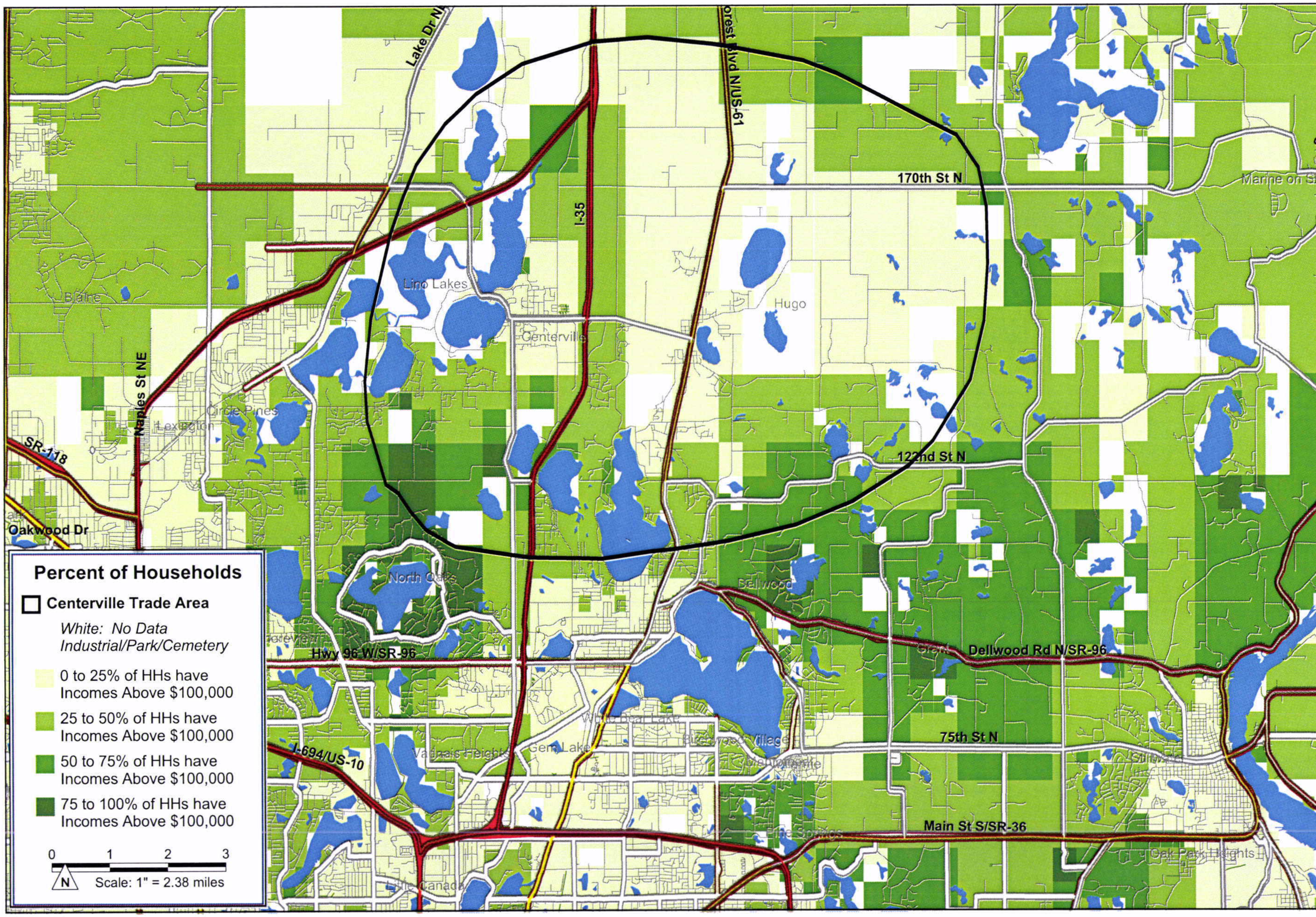
Map 6

CENTERVILLE 2004 HOUSEHOLD INCOME: PERCENT ABOVE $100,000



Map produced with Scan/US

10/07/05

- Trade area average income in 2004 ($100,053) is significantly higher than the MSA ($77,551).
- Centerville trade area has about half the proportion of households 65 and older (4.7 percent) than the MSA which was 9.9 percent in 2004.

Additional demographic characteristics are contained in Tables 13, 14, and 15 on the following previous pages.

Employment

Trade area employment totaled 6,085 people at 551 business establishments in 2002 as shown in Table 16. Annual payroll was over $225 million, resulting in an average annual employee salary of $37,105, which is higher than the Minneapolis-St. Paul MSA average of $25,353. Manufacturing is the largest category with 2,334 employees followed by services with 1,416 employees. Retail trade and construction follow with 752 and 668 employees, respectively.

Table 16

CENTERVILLE TRADE AREA
2002 BUSINESS ESTABLISHMENTS, EMPLOYEES AND PAYROLL

Occupation	Business Establishment	Employees	Payroll	Average Salary
Agricultural, Forestry, Fishing	29	93	$ 2,347,599	$ 25,243
Construction	85	668	29,809,500	44,625
Manufacturing	51	2,334	105,636,840	45,260
Transportation and Communications	16	256	8,340,480	32,580
Wholesale Trade	34	265	10,113,990	38,166
Retail Trade	76	752	13,593,152	18,076
Finance, Insurance And Real Estate	30	202	8,128,278	40,239
Services	183	1,416	42,504,072	30,017
Public Administration	7	59	3,882,259	65,801
Unclassified	40	40	1,429,720	35,743
Total	551	6,085	$ 225,785,890	$ 37,105

Source: Pcensus.

Operators/handlers/laborer occupations make up more than one-quarter of the trade area workforce followed by technical/clerical with 20.2 percent and production and related at 16.8 percent as shown in Table 17. Technical/clerical is the top occupation for the Minneapolis-St. Paul MSA represented by 29.8 percent of the workforce followed by services at 16.3 percent, while operators/handlers/laborers represents 16.0 percent. When compared to the MSA, Centerville trade area is clearly a blue-collar workforce.

Table 13

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

City of Centerville

12/20/2005

SNAPSHOT	1990 Census	2000 Census	2004 Projected	2009 Projected
Population	976	2,172	2,359	3,130
Households	314	739	823	1,121
Families	274	597	650	861
Per Capita Income	$ 15,753	$ 24,227	$ 28,965	$ 33,562
Median Household Income	$ 43,008	$ 65,747	$ 69,012	$ 77,969
Average Household Income	$ 50,173	$ 71,191	$ 83,006	$ 93,909
Average Household Size	3.11	2.94	2.87	2.79
Median Age	28	32	32	34

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2004	2004 - 2009
Population	8.32 %	2.09 %	5.82 %
Households	8.94	2.73	6.37
Families	8.10	2.13	5.79
Median Household Income	4.34	1.22	2.47
Average Household Income	3.56	3.91	2.50

	1990 Census		2000 Census		2004 Projected		2009 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	16	5.3 %	19	2.6 %	7	0.9 %	6	0.5 %
$15,000 - $24,999	29	9.4	45	6.0	55	6.7	61	5.5
$25,000 - $34,999	51	16.5	47	6.3	49	6.0	66	5.8
$35,000 - $49,999	92	29.5	89	12.0	83	10.1	92	8.2
$50,000 - $74,999	81	25.9	280	37.9	278	33.7	269	24.0
$75,000 - $99,999	23	7.2	192	26.0	240	29.1	368	32.8
$100,000 - $149,999	14	4.6	46	6.2	83	10.1	208	18.6
$150,000 +	5	1.6	22	3.0	27	3.3	51	4.5

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	352	36.0 %	750	34.5 %	763	32.3 %	966	30.9 %
20-24	64	6.5	78	3.6	105	4.5	154	4.9
25-34	246	25.2	443	20.4	439	18.6	539	17.2
35-44	160	16.4	470	21.6	473	20.1	548	17.5
45-54	80	8.2	221	10.2	279	11.8	412	13.2
55-64	37	3.8	128	5.9	183	7.8	311	9.9
65-74	24	2.4	52	2.4	69	2.9	125	4.0
75-84	14	1.5	24	1.1	35	1.5	57	1.8
85+	NA	NA	7	0.3	13	0.6	18	0.6

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	948	98.0 %	2,101	98.1 %	2,281	98.1 %	3,068	98.0 %
Black	2	0.2	4	0.2	5	0.2	6	0.2
Native American	4	0.4	10	0.5	11	0.5	15	0.5
Asian/Pacific Islander	11	1.1	18	0.8	19	0.8	27	0.9
Other Races	3	0.3	9	0.4	10	0.4	13	0.4
Hispanic (Any Race)	13	1.4	31	1.5	45	2.0	82	2.6

Source: U.S. Census, Scan/US, Inc. and McComb Group, Ltd.

Table 14

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Centerville Trade Area

12/20/2005

SNAPSHOT	1990 Census	2000 Census	2004 Projected	2009 Projected
Population	14,219	20,184	22,555	27,646
Households	4,520	6,544	7,568	9,627
Families	3,888	5,523	6,239	7,726
Per Capita Income	$ 17,622	$ 28,514	$ 33,574	$ 38,504
Median Household Income	$ 49,706	$ 73,594	$ 78,068	$ 86,917
Average Household Income	$ 55,942	$ 87,750	$ 100,053	$ 110,567
Average Household Size	3.15	3.08	2.98	2.87
Median Age	30	34	35	36

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2004	2004 - 2009
Population	3.57 %	2.81 %	4.15 %
Households	3.77	3.70	4.93
Families	3.57	3.10	4.37
Median Household Income	4.00	1.49	2.17
Average Household Income	4.60	3.33	2.02

	1990 Census		2000 Census		2004 Projected		2009 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	297	6.6 %	197	3.0 %	140	1.9 %	157	1.6 %
$15,000 - $24,999	349	7.7	278	4.2	368	4.9	411	4.3
$25,000 - $34,999	701	15.5	438	6.7	440	5.8	493	5.1
$35,000 - $49,999	1,137	25.2	745	11.4	714	9.4	700	7.3
$50,000 - $74,999	1,197	26.6	1,937	29.6	2,014	26.6	2,015	20.9
$75,000 - $99,999	440	9.8	1,455	22.2	1,795	23.7	2,381	24.7
$100,000 - $149,999	237	5.3	982	15.0	1,418	18.7	2,347	24.4
$150,000 +	148	3.3	513	7.8	678	9.0	1,122	11.7

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	5,010	35.2 %	7,243	35.9 %	7,519	33.3 %	8,711	31.5 %
20-24	761	5.4	702	3.5	1,045	4.6	1,474	5.3
25-34	2,847	20.0	2,785	13.8	2,872	12.7	3,400	12.3
35-44	2,646	18.6	4,443	22.0	4,553	20.2	4,840	17.5
45-54	1,577	11.1	2,860	14.2	3,494	15.5	4,527	16.4
55-64	756	5.3	1,387	6.9	2,003	8.9	3,035	11.0
65-74	396	2.8	495	2.5	684	3.0	1,106	4.0
75-84	223	1.6	215	1.1	309	1.4	447	1.6
85+	NA	NA	54	0.3	78	0.3	106	0.4

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	13,981	98.6 %	19,600	97.9 %	21,851	97.8 %	26,981	97.6 %
Black	29	0.2	44	0.2	64	0.3	96	0.3
Native American	43	0.3	58	0.3	65	0.3	85	0.3
Asian/Pacific Islander	127	0.9	252	1.3	302	1.4	388	1.4
Other Races	3	0.0	58	0.3	70	0.3	95	0.3
Hispanic (Any Race)	102	0.7	236	1.2	334	1.5	528	1.9

Source: U.S. Census, Scan/US, Inc. and McComb Group, Ltd.

Table 15

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Minneapolis-St. Paul MSA 12/20/2005

SNAPSHOT	1990 Census	2000 Census	2004 Projected	2009 Projected
Population	2,538,834	2,968,806	3,117,850	3,288,729
Households	960,170	1,136,615	1,239,180	1,359,845
Families	648,958	744,303	800,644	864,441
Per Capita Income	$ 16,676	$ 26,219	$ 31,087	$ 35,936
Median Household Income	$ 36,409	$ 54,571	$ 58,819	$ 65,466
Average Household Income	$ 43,716	$ 67,670	$ 77,551	$ 86,215
Average Household Size	2.59	2.56	2.46	2.46
Median Age	32	34	36	37

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2004	2004 - 2009
Population	1.58 %	1.23 %	1.07 %
Households	1.70	2.18	1.88
Families	1.38	1.84	1.55
Median Household Income	4.13	1.89	2.16
Average Household Income	4.47	3.47	2.14

	1990 Census		2000 Census		2004 Projected		2009 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	159,335	16.6 %	104,761	9.2 %	104,179	8.4 %	105,400	7.8 %
$15,000 - $24,999	145,443	15.1	104,767	9.2	104,332	8.4	95,621	7.0
$25,000 - $34,999	151,575	15.8	125,176	11.0	121,746	9.8	120,123	8.8
$35,000 - $49,999	206,623	21.5	179,254	15.8	182,944	14.8	170,143	12.5
$50,000 - $74,999	188,653	19.6	265,213	23.3	275,063	22.2	276,001	20.3
$75,000 - $99,999	60,042	6.3	165,570	14.6	198,388	16.0	233,337	17.2
$100,000 - $149,999	30,956	3.2	124,913	11.0	168,306	13.6	235,918	17.3
$150,000 +	17,548	1.8	66,961	5.9	84,222	6.8	123,302	9.1
POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	736,955	30.4 %	873,680	29.4 %	876,504	28.1 %	892,457	27.1 %
20-24	192,614	7.9	193,790	6.5	208,852	6.7	225,262	6.8
25-34	510,939	21.0	457,105	15.4	442,878	14.2	427,233	13.0
35-44	415,180	17.1	528,024	17.8	521,996	16.7	499,798	15.2
45-54	252,828	10.4	405,724	13.7	466,794	15.0	519,505	15.8
55-64	180,327	7.4	225,540	7.6	293,986	9.4	376,710	11.5
65-74	138,814	5.7	145,808	4.9	158,738	5.1	197,208	6.0
75-84	111,177*	4.4*	100,485	3.4	102,855	3.3	106,118	3.2
85+	NA	NA	38,650	1.3	45,247	1.5	44,438	1.4
RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,343,908	92.9 %	2,556,851	88.0 %	2,691,170	88.1 %	2,845,197	88.3 %
Black	90,055	3.6	157,963	5.4	163,437	5.4	169,724	5.3
Native American	24,251	1.0	21,590	0.7	22,358	0.7	23,221	0.7
Asian/Pacific Islander	65,580	2.6	124,025	4.3	128,283	4.2	133,151	4.1
Other Races	3	0.0	46,083	1.6	47,921	1.6	50,031	1.6
Hispanic (Any Race)	37,903	1.5	99,121	3.4	125,010	4.1	157,226	4.9

* Includes 85+ for 1990.
Source: U.S. Census, Scan/US, Inc. and McComb Group, Ltd.

Table 17

CENTERVILLE TRADE AREA
OCCUPATIONAL STATUS: 2002
(Percent Distribution)

Occupation	Trade Area	Minneapolis-St. Paul MSA
Executive and Managerial	5.9	6.3
Professional	8.7	10.7
Technical/ Clerical	20.2	29.8
Sales	7.3	11.7
Services	12.2	16.3
Agriculture, Forestry, and Fishing	1.4	0.9
Production and Related	16.8	8.2
Operators/Handlers/Laborers	27.5	16.0

Source: Pcensus.

Purchasing Power

Retail sales potential for Centerville is based on estimated purchasing power and market share that can be achieved from the primary trade area. Retail sales from residents living outside the trade area are inflow sales. Purchasing power estimates of trade area residents are derived from retail sales by store type as reported by the Census of Retail Trade in 1992 and 1997. Retail sales for 1998 through 2005 were estimated using information available from the U.S. Department of Commerce. Future purchasing power estimates are expressed in constant 2006 dollars and reflect projected household growth. Household growth is based on the analysis described earlier in this chapter.

Purchasing power is based on the number of trade area households adjusted to reflect income characteristics. Purchasing power, for the purpose of this analysis, includes retail categories that are characteristics of tenants that could be located in Centerville. Estimated retail purchasing power summary tables for the Centerville trade area for 2000, 2005, 2010, 2015, 2020 and 2025 are shown in Table 18. The purchasing power estimates used in this analysis are condensed from the full purchasing power tables, which are located in Appendix Tables A-1 and A-2. These estimates represent the potential dollar sales for a broad range of retail stores generated by residents of the trade area.

Trade area purchasing power for shopping goods is expected to increase from $83.4 million in 2005 to over $111.0 million in 2010, a growth rate of 6.0 percent, further increasing to almost $265 million in 2025. Convenience goods purchasing power, estimated at $56.9 million in 2005, is anticipated to increase to over $76 million in 2010, expanding to over $180 million by 2025.

Estimates indicate that eating and drinking places purchasing power was $27.8 million in 2005 and is likely to increase to $37.2 million in 2010. By 2025, eating and drinking purchasing power will exceed $88 million. Total purchasing power for the Centerville trade area will increase from $300 million in 2005 to over $930 million by 2025.

Table 18

CENTERVILLE TRADE AREA
RETAIL PURCHASING POWER, 2000 TO 2025
(In Thousands of Dollars)

Merchandise Category	2000	2005	2010	2015	2020	2025
Shopping Goods	**$ 62,514**	**$ 83,371**	**$ 111,308**	**$ 148,598**	**$ 198,374**	**$ 264,816**
General Merchandise						
Apparel and accessories	8,467	11,611	15,989	21,735	28,653	36,949
Furniture & home furnishings	6,326	8,674	11,943	16,237	21,406	27,601
Electronics & appliance	7,587	10,404	14,324	19,475	25,673	33,104
Other shopping goods	12,349	16,937	23,320	31,705	41,793	53,889
Food Service & Drinking Places	**$ 20,879**	**$ 27,843**	**$ 37,176**	**$ 49,628**	**$ 66,252**	**$ 88,442**
Convenience Goods	**$ 42,699**	**$ 56,941**	**$ 76,024**	**$ 101,494**	**$ 135,488**	**$ 180,869**
Food stores	30,148	40,203	53,676	71,659	95,660	127,701
Drug & proprietary stores	6,406	8,543	11,406	15,227	20,327	27,135
Liquor stores	3,643	4,858	6,487	8,660	11,561	15,433
Hardware	1,501	2,002	2,673	3,569	4,764	6,360
Florists	801	1,068	1,426	1,903	2,541	3,392
Gasoline Service Stations & Conv.	**$ 18,536**	**$ 24,720**	**$ 33,005**	**$ 44,061**	**$ 58,820**	**$ 78,520**
Other Stores	**$ 80,092**	**$ 106,806**	**$ 142,602**	**$ 190,374**	**$ 254,142**	**$ 339,265**
Building materials & Supply Stores	18,697	24,933	33,290	44,441	59,327	79,198
Lawn & Garden Equipment	2,322	3,096	4,134	5,520	7,368	9,836
Used Merchandise Stores	480	641	855	1,142	1,524	2,035
Motor Vehicles & Parts Dealers	58,593	78,136	104,323	139,271	185,923	248,196
TOTAL	**$ 224,720**	**$ 299,681**	**$ 400,115**	**$ 534,155**	**$ 713,076**	**$ 951,912**

Source: McComb Group, Ltd.

Chapter V

RETAIL DEVELOPMENT POTENTIAL

Centerville is an older community on the northeastern edge of the Twin Cities urbanized area. Residential development is occurring throughout its trade area. Factors that support retail and service development include:

- Rapid household growth within the primary trade area averaging 3.7 percent annually between 2000 and 2004.
- Average household income of $100,053 in 2004, which is 29.0 percent above the MSA average of $77,551.
- Average household income is expected to increase to $110,567 in 2009.
- Over half (51.4 percent) of the households had annual incomes over $75,000 in 2004.
- Over one-quarter (27.7 percent) of the households had annual incomes over $100,000 in 2004. This is expected to increase to over 36 percent in 2009.

Centerville has the opportunity to reposition the downtown commercial area to attract customers resulting from expanding residential development. Future customers will be more affluent than those that patronize existing businesses.

Market Share

Future sales potential is based on market share that can be achieved taking into consideration primary and secondary trade area households, future growth, and potential competitive developments. Market share estimates for Centerville are based on analysis conducted as part of this engagement, 1997 retail sales in Centerville and McComb Group's knowledge of the Twin Cities retail market. Sales potential will be estimated for four target years: 2010, 2015, 2020 and 2025 to identify growth in retail and service sales as trade area households and purchasing power increase.

Resident purchasing power is derived from Table 18 in Chapter IV. Market share was estimated for each retail and service category taking into consideration trade area size, competitive store locations, and industry experience. Trade area market share by store type is shown in Table 19. In the convenience goods category, market share is estimated at 25 percent with 85 percent of the sales being derived from the primary trade area. Food service market share is estimated at 20 percent with 75 percent of the sales derived from the primary trade area. In the shopping goods category, market share is 15 percent. In the shopping goods category, most stores are estimated to receive 75 percent of their sales from the primary trade area with 25 percent representing inflow sales. Market share in the services and health care categories are estimated at 20 percent with 85 percent of the sales being derived from the primary trade area.

Table 19

CENTERVILLE
MARKET SHARE AND TRADE AREA SALES

Store Type	Market Share	Trade Area Sales
Convenience Goods		
Supermarkets	25%	85%
Other Food Stores	25%	85%
Drug & Proprietary Stores	35%	85%
Liquor	25%	85%
Hardware Stores	35%	85%
Other Convenience Stores	25%	85%
Food Service	20%	75%
Gasoline/Convenience Stores	15%	70%
Shopping Goods		
General Merchandise		
Discount Stores	15%	75%
Conventional	15%	75%
National Chain	15%	75%
Variety Stores	15%	75%
Misc. General Merchandise	15%	75%
Apparel & Accessories	15%	75%
Funiture & Home Furnishings	15%	75%
Electronics & Appliances Stores	15%	75%
Other Shopping Goods	15%	75%
Other Retail Stores		
Building Materials	35%	85%
Auto Parts & Accessories	15%	85%
Services	20%	85%
Health Care	20%	85%

Source: McComb Group, Ltd.

Sales Potential

Estimated retail and service space demand is a two-step process. Sales potential for each retail or service category is estimated first to determine if retail sales are sufficient to support a store. Next, store size is determined based on sales productivity and typical store size for each category. This methodology is illustrated for 2010 in Tables 20 and 21. These tables use convenience goods stores as an example to illustrate how supportable square footage of retail stores and services is determined.

Using liquor stores as an example, resident purchasing power in 2010 is estimated at $5.9 million as shown in Table 20. Market share of 25 percent results in $1.6 million in trade area sales.

Adding inflow sales of $286,000 results in total estimated sales of over $1.9 million. Estimated sales potential is about $4.7 million for drug stores and $1.1 million for hardware stores. The same approach is used for other retail and service categories. Sales potential for other retail stores and services is contained in Appendix B.

Table 20

CENTERVILLE TRADE AREA
RETAIL PURCHASING POWER, MARKET SHARE AND SALES POTENTIAL; 2010
BY MERCHANDISE CATEGORY
(In Thousands of Dollars)

Merchandise Category	Primary Trade Area: Resident Purchasing Power	Primary Trade Area: Estimated Market Share	Primary Trade Area: Trade Area Sales	Trade Area Percent	Other Shoppers	Estimated Total Sales
CONVENIENCE GOODS						
Food Stores	$ 53,676	0.0%	$ -	85%	$ -	$ -
Grocery stores	48,508	25.0	12,127	85	2,140	14,267
Supermarkets	47,118	25.0	11,780	85	2,079	13,859
Convenience food	1,390	25.0	348	85	61	409
Specialty food stores	1,319	25.0	330	85	58	388
Other specialty food stores	3,849	25.0	962	85	170	1,132
Other Convenience Goods						
Drug & proprietary stores	$ 11,406	35.0%	$ 3,992	85%	$ 704	$ 4,696
Hardware	2,673	35.0	936	85	165	1,101
Liquor	6,487	25.0	1,622	85	286	1,908
Florist	1,426	25.0	357	85	63	420
Food/health supplement stores	356	25.0	89	85	16	105

Source: McComb Group, Ltd.

Supportable GLA for liquor stores is based on sales potential of $1.7 million divided by $375 per square foot, resulting in supportable square footage of about 5,000 square feet as shown in Table 21. The last column in this table contains the median store size from *Dollars & Cents of Shopping Centers* for each store type. Median store size indicates a typical size for a store in each retail category. To the extent that supportable square footage is about the same as the median store size or larger, sales potential exists to support that store type. Complete tables showing supportable square footage by retail and service category for each target year are contained in Appendix C.

Table 21

CENTERVILLE TRADE AREA
RETAIL SALES POTENTIAL AND SUPPORTABLE SPACE; 2010
BY MERCHANDISE CATEGORY

Category	Estimated Sales Potential	Sales Per Sq. Ft.	Supportable Square Feet	Median Store Size
CONVENIENCE GOODS				
Food Stores				
Grocery stores	$ 14,267,000	$ 490	29,116	42,228
Supermarkets	13,859,000	490	28,284	45,946
Convenience food	409,000	300	1,363	2,000
Specialty food stores	388,000	300	1,293	2,400
Other specialty food stores	1,132,000	300	3,773	1,800
Other Convenience Goods				
Drug & proprietary stores	$ 4,696,000	$ 360	13,044	11,153
Hardware	1,101,000	185	5,951	7,857
Liquor	1,908,000	375	5,088	3,850
Florist	420,000	225	1,867	1,700
Food/health supplement stores	105,000	275	382	1,400

Source: McComb Group, Ltd.

Development Potential

Centerville's development potential for retail stores, food service and services is closely related to trade area households and their demographic characteristics. Between 2004 and 2009 trade area households are expected to increase at an annual rate of 4.95 percent. Household growth projections are based on market demand development estimates. If residential development exceeds or is below this estimate, development potential will be higher or lower than projected.

Development potential identified in Table 22 includes existing businesses in Centerville as well as additional space that can be added in future years. Total supportable space in 2010 is about 104,300 square feet. Retail stores represent about 20 percent of supportable space. Food service totals about 19,200 square feet and represents 18.4 percent. Services represent about 30,500 square feet of potential, or about 30 percent. Offices represent 7,200 square feet or about seven percent. Medical potential is about 9,600 square feet or nine percent of the total.

Supportable retail and service space will expand to about 230,700 square feet in 2025. Retail stores will total about 90,200 square feet or 39 percent of the total. Food service is estimated at 38,000 square feet or 16.5 percent of the space. Services represent 50,500 square feet or 22 percent. Service office and medical uses are both estimated at 22,000 square feet.

Table 22

CENTERVILLE SUPPORTABLE SPACE
BY MERCHANDISE CATEGORY

(Gross Leasable Area)

Merchandise Category	Median Store Size	2010	2015	2020	2025
CONVENIENCE GOODS					
Specialty food stores	1,800	3,500	4,000	4,000	4,000
Drug & proprietary stores	11,153		14,000	14,000	14,000
Hardware	7,857		7,000	8,000	8,000
Liquor	3,850	4,500	4,500	4,500	9,000
Florist	1,700	1,500	1,500	2,500	3,000
Subtotal		9,500	31,000	33,000	38,000
Food Service					
Full-service restaurants	4,950	9,500	12,000	15,000	18,000
Limited service restaurants	3,700	8,500	10,300	14,000	17,500
Snack & beverage places	1,500	1,200	1,200	1,300	2,500
Subtotal		19,200	23,500	30,300	38,000
Gas/Convenience food stores	2,250	6,000	8,000	8,000	8,000
SHOPPING GOODS					
Dollar Stores	5,000	5,000	5,000	5,000	5,000
Womens clothing	4,000	2,600	3,000	3,000	3,000
Family clothing	6,900		3,000	5,000	5,000
Floor covertings	2,750		4,500	4,500	4,500
Radio, tv & electronics stores	3,013	2,500	2,500	2,500	2,500
Sporting goods	5,100		5,000	5,000	5,000
Jewelry stores	1,350			1,500	1,500
Gift, novelty & souvenirs	3,000			3,000	3,000
Optical goods stores	1,500	1,200	1,200	1,200	1,200
Subtotal		11,300	24,200	30,700	30,700
OTHER RETAIL STORES					
Paint, glass & wallpaper	3,750	3,000	3,000	3,000	3,000
Auto parts & accessories stores	6,500	8,000	8,000	8,000	16,000
Tire dealers	2,500		2,500	2,500	2,500
Subtotal		11,000	13,500	13,500	21,500
Total Retail		57,000	100,200	115,500	136,200

Source: McComb Group, Ltd.

Table 22 (continued)

CENTERVILLE SUPPORTABLE SPACE
BY SERVICES CATEGORY
(Gross Leasable Area)

Category	Median Store Size	2010	2015	2020	2025
Personal Services					
Beauty Shops/Nail Salons	1,400	3,400	4,000	5,400	6,600
Other personal services	1,500	3,000	3,500	4,500	6,000
Other services		2,000	3,500	3,500	4,500
Offices of real estate agents	2,000	4,500	6,000	8,000	10,000
Recreation					
Physical fitness facilites	11,100	6,000	6,000	6,000	6,000
Subtotal		18,900	23,000	27,400	33,100
Other Services					
Tanning Salon	1,500	1,500	1,500	1,500	1,500
Interior Decorator	1,500	1,500	1,500	1,500	1,500
Travel Agent	1,200	1,200	1,200	2,500	2,500
Mailing Package	1,400	1,400	1,400	1,400	1,400
Copy Shop	3,200	1,200	1,500	1,500	1,500
Day Care	4,800	4,800	4,800	9,000	9,000
Subtotal		11,600	11,900	17,400	17,400
Offices					
Bank	3,500	3,500	5,000	5,000	10,000
Insurance	1,000	1,000	2,000	3,000	4,000
Mortgage/Finance Company	1,600	1,500	3,000	3,000	3,000
Legal	1,705	1,200	2,400	2,400	5,000
Subtotal		7,200	12,400	13,400	22,000
Health Care					
Offices of physicians					
Offices of physicians	1,800	4,000	4,000	6,000	9,000
Offices of dentists	1,800	4,000	6,000	8,000	10,000
Offices of chiropractors	1,600	1,600	1,600	2,200	3,000
Subtotal		9,600	11,600	16,200	22,000
Total Services		47,300	58,900	74,400	94,500

Source: McComb Group, Ltd.

Retail and service establishments that are supportable in Centerville will have different site location needs based on their business type. Some will prefer a shopping center environment, while others could also locate in a main street environment. Other uses may prefer freestanding buildings. Those businesses that could utilize in a main street or downtown environment are listed in Table 23. These businesses will need on street parking to support their business. On street parking will be necessary to be consistent with a main street or downtown environment.

Table 23

CENTERVILLE SUPPORTABLE SPACE
MAIN STREET SUITABLE
(Gross Leasable Area)

Merchandise Category	Median Store Size	2010	2015	2020	2025
RETAIL					
Convenience Goods					
Specialty food stores	1,800	3,500	4,000	4,000	4,000
Florist	1,700	1,500	1,500	2,500	3,000
Food Service					
Full-service restaurants	4,950	9,500	12,000	15,000	18,000
Limited service restaurants	3,700	8,500	10,300	14,000	17,500
Snack & beverage places	1,500	1,200	1,200	1,300	2,500
Shopping Goods					
Womens clothing	4,000	2,600	3,000	3,000	3,000
Family clothing	6,900		3,000	5,000	5,000
Radio, tv & electronics stores	3,013	2,500	2,500	2,500	2,500
Jewelry store	1,350			1,500	1,500
Optical goods store	1,500	1,200	1,200	1,200	1,200
TOTAL RETAIL		30,500	38,700	50,000	58,200
SERVICES					
Personal Services					
Beauty Shops/Nail Salons	1,400	3,400	4,000	5,400	6,600
Other personal services	1,500	3,000	3,500	4,500	6,000
Other services		2,000	3,500	3,500	4,500
Offices of real estate agents	2,000	4,500	6,000	8,000	10,000
Other Services					
Tanning Salon	1,500	1,500	1,500	1,500	1,500
Interior Decorator	1,500	1,500	1,500	1,500	1,500
Travel Agent	1,200	1,200	1,200	2,500	2,500
Mailing Package	1,400	1,400	1,400	1,400	1,400
Offices					
Insurance	1,000	1,000	2,000	3,000	4,000
Mortgage/Finance Company	1,600	1,500	3,000	3,000	3,000
Legal	1,705	1,200	2,400	2,400	5,000
Health Care					
Offices of physicians					
Offices of physicians	1,800	4,000	4,000	6,000	9,000
Offices of dentists	1,800	4,000	6,000	8,000	10,000
Offices of chiropractors	1,600	1,600	1,600	2,200	3,000
TOTAL SERVICES		31,800	41,600	52,900	68,000
TOTAL		**62,300**	**80,300**	**102,900**	**126,200**

Source: McComb Group, Ltd.

Categories of retail stores and services, and square footages that are possible in downtown Centerville are based on trade area sales potential and parcel size available in downtown. Many of the retail stores and services that are supportable by trade area sales potential will prefer to be near the interchange of Main Street (CSAH 14) and I-35E. Much of the area is located in Lino Lakes. A portion of Centerville abuts this commercial area. As a result, additional stores most likely to locate in downtown Centerville will include smaller convenience good stores, food service, services, offices and medical professionals.

Some of the businesses that are supportable already exist in downtown or in the commercial area to the east along Main Street. Some of these businesses may choose to relocate to a new building to expand their business or improve its image. This analysis was based on 15 to 20 percent market share indicating that the trade area can support five or six of each business type. This indicates that the Main Street/CSAH 14 commercial strip can support two or more of some types of businesses.

Not all the stores listed in Tables 22 and 23 may choose to locate in Centerville or in downtown. Since it is impossible to identify all of the likely tenants for a commercial area, other businesses may choose to locate in downtown. The most likely candidates will be small business owners and franchises of national or regional companies. The businesses in Table 23 are consistent with the downtown main street environment that is planned for Centerville.

Retail, food service, services, and office development potential in Centerville is likely over the long term to include businesses that are new to the area and businesses that relocate from other locations within the area as their space needs increase. Table 24 lists those business types that can be accommodated within the community as trade area households increase. This table identifies the store type, median store size, and the store size range in each category. This table includes businesses for which square foot demand cannot be quantified, but can expand based on the increasing size of the Centerville commercial areas.

Store types and median store sizes used in this analysis are based on current retail formats and store size. Since this study extends over a 20-year period, store types and concepts may change in the future. Recent trends have been for many store types to increase in size to accommodate a larger selection of merchandise and increase customer attraction.

The estimated amount of retail, restaurant and service space that can be accommodated in Centerville is contained in Table 25. This table includes the major categories that are contained in Table 22. Supportable retail space is estimated to increase from 95,300 square feet in 2010 to 183,000 in 2025.

Table 24

CENTERVILLE POTENTIAL RETAIL AND SERVICE TENANTS; 2010 TO 2025

Establishment Type	Square Feet 2010	2015	2020	2025	Typical Size Median	Range
Convenience Retail						
Specialty Food Store	X	X	X	X	3,140	1,100 - 23,000
Drug Store		X	X	X	11,153	7,500 - 32,100
Hardware		X	X	X	7,857	3,100 - 25,000
Liquor	X	X	X	X	4,000	1,300 - 6,700
Florist	X	X	X	X		
Food Service						
Full Service Restaurant	X	X	X	X	5,124	2,100 - 9,275
Limited Service	X	X	X	X	3,113	1,645 - 9,575
Snack & Beverage	X	X	X	X	1,500	750 - 2,500
Convenience Store/Gasoline	X	X	X	X	2,250	1,500 - 5,100
Shopping Goods						
Dollar Store	X	X	X	X	6,000	2,900 - 12,300
Women's Clothing	X	X	X	X	3,000	1,000 - 8,800
Family Clothing		X	X	X	6,000	2,200 - 26,225
Floor Coverings		X	X	X	3,826	1,100 - 11,500
Radio, TV, Electronics	X	X	X	X	3,013	1,400 - 7,100
Sporting Goods		X	X	X	5,100	1,700 - 42,600
Jewelry Store			X	X	1,350	600 - 2,500
Card Shop			X	X	3,000	1,500 - 9,600
Optical Shop	X	X	X	X	1,500	900 - 3,400
Other Retail Stores						
Paint, Glass, Wallpaper	X	X	X	X	3,233	N/A N/A
Auto Parts & Accessories	X	X	X	X	6,000	1,800 - 11,400
Tire Dealers		X	X	X	1,950	1,800 - 4,100
Services						
Beauty/Nail/Tanning	X	X	X	X	1,400	900 - 2,100
Interior Decorator	X	X	X	X	1,500	1,000 - 2,500
Travel Agent	X	X	X	X	1,200	800 - 3,100
Mailing Package	X	X	X	X	1,400	1,000 - 2,000
Copy Shop	X	X	X	X	3,200	1,100 - 6,300
Community						
Daycare	X	X	X	X	4,800	4,000 - 7,000
Physical Fitness	X	X	X	X	6,000	1,350 - 12,400
Offices						
Bank	X	X	X	X	3,500	1,500 - 7,500
Insurance	X	X	X	X	1,000	600 - 2,300
Real Estate	X	X	X	X	1,800	600 - 5,000
Income Tax Preparation	X	X	X	X	1,600	1,000 - 2,500
Finance Company	X	X	X	X	1,560	1,150 - 2,500
Legal	X	X	X	X	1,705	1,000 - 3,000
Medical						
Medical Practitioners/Clinic	X	X	X	X	1,800	900 - 5,400
Dentist	X	X	X	X	1,800	900 - 5,400
Chiropractors	X	X	X	X	1,600	900 - 5,400

N/A: Not Available.

Source: McComb Group, Ltd.

Table 25

CENTERVILLE SUPPORTABLE SPACE
BY MERCHANDISE CATEGORY
(Gross Leasable Area)

Merchandise Category	2010	2015	2020	2025
Convenience Goods	9,500	31,000	33,000	38,000
Shopping Goods	11,300	24,200	30,700	30,700
Food Service	19,200	23,500	30,300	3,800
Auto Parts & Accessories	8,000	8,000	8,000	16,000
Services	30,500	34,900	44,800	50,500
Health Care	9,600	11,600	16,200	22,000
Offices	7,200	12,400	13,400	22,000
Total	95,300	145,600	176,400	183,000

Source: McComb Group, Ltd.

Chapter VI

RESIDENTIAL DEVELOPMENT TRENDS

Metropolitan area residential development has changed dramatically over the past ten years. These changes include:

- Increasing levels of homeownership stimulated by low interest rates during the past five years.
- Low interest rates made higher priced homes more affordable.
- Developers responded by producing more entry level housing, both single family and townhomes.
- Low interest rates enabled many additional households to qualify for home mortgages. This permitted many former renters to become homeowners.
- This shift reduced the demand for rental housing.
- Increasing land values reinforced townhome development trends as developers strove to maintain low entry level home prices.
- More expensive townhome and multi-family product was constructed in response to lifestyle changes by empty nesters and other households that preferred a maintenance-free lifestyle.

These changes resulted in a dramatic increase in the proportion of multi-family housing units constructed in the metropolitan area. Table 26 contains the percentage of single family and multi-family housing constructed annually from 1990 to 2004. In the Metropolitan Area, 31.8 percent of the building permits were for multi-family housing in 1990. Most of these multi-family units were apartments. Multi-family began a general decline in 1991 to 18.4 percent of the building permits, and increased to 26.9 percent in 1993. In the next year, multi-family permits declined to 16.7 percent and remained low until 1999 when 22.4 percent were multi-family. In the following three years, multi-family increased to 38.2 percent. Since 2002, multi-family building permits have been about one-quarter of all building permits. Most multi-family construction has been for-sale housing.

Between 1990 and 2000, Metropolitan Area single family building permits averaged 78.3 percent of all building permits. Since 2000, single family building permits averaged 71.6 percent and multi-family units have averaged 28.4 percent.

Northeast growth corridor single family building permits averaged 81.9 percent of all building permits. Since then, single family building permits have also averaged about 81 percent and multi-family 19 percent.

Table 26

SINGLE FAMILY AND MULTI-FAMILY BUILDING PERMIT DISTRIBUTION

	Centerville		Northeast Growth Corridor		Metro Area	
Year	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family
1990	100.0 %	- %	79.0 %	21.0 %	68.2 %	31.8 %
1991	100.0	-	93.4	6.6	81.6	18.4
1992	100.0	-	81.2	18.8	77.8	22.2
1993	100.0	-	70.3	29.7	73.1	26.9
1994	100.0	-	70.3	29.7	83.3	16.7
1995	100.0	-	74.2	25.8	77.4	22.6
1996	80.5	19.5	92.8	7.2	82.4	17.6
1997	58.0	42.0	87.8	12.2	80.5	19.5
1998	81.4	18.6	84.0	16.0	81.1	18.9
1999	100.0	-	85.8	14.2	77.6	22.4
2000	100.0	-	79.6	20.4	72.8	27.2
2001	100.0	-	80.7	19.3	71.8	28.2
2002	95.9	4.1	83.7	16.3	61.8	38.2
2003	100.0	-	83.6	16.4	73.9	26.1
2004	44.6	55.4	78.7	21.3	77.5	22.5

Source: Metropolitan Council, City of Centerville and Anoka County.

Residential development in Centerville has been primarily single family. No multi-family units were built in the 1990 to 1995 period. Between 1996 and 1998, multi-family represented 26.7 percent of building permits issued. This was followed by three years of only single family development. Over the last three years (2002 to 2004), multi-family units have averaged 26.7 percent of building permits. This indicates that when multi-family product is available, the market has absorbed about 25 percent multi-family units.

Multi-family building permits have increased in the Metropolitan Area, but have remained relatively constant in the northeast growth corridor and in Centerville. History demonstrates, however, when multi-family units are available, they have accounted for about one-quarter of residential absorption.

Of the many forces that stimulated the increase in multi-family home production, only interest rates represent a cyclical event. Interest rates are sure to rise in the future. As they do, this will place increasing pressure on developers to maintain affordable monthly payment in each of their market segments. This will most likely result in higher proportions of multi-family development, although higher interest rates may reduce overall residential development.

Residential Development Potential

Future residential development in Centerville was estimated by examining trends in single family and multi-family development in Centerville, as well as the city's market share of housing within the south segment of the northeast growth corridor. This analysis is similar to that conducted in Chapter IV for the primary trade area household growth.

Building permits for the northeast growth corridor for the period 1990 to 2004 are compared with Centerville in Table 27. During that period, the northeast growth corridor captured 9.9 percent of Metropolitan Area building permits. During the past five years, the average market share was 10.2 percent. Centerville captured an average of 2.6 percent of these building permits. During the past three years, Centerville captured 2.6 percent of northeast growth corridor building permits.

Table 27

CENTERVILLE
NORTHEAST GROWTH CORRIDOR
RESIDENTIAL BUILDING PERMITS; 1990 TO 2004

				Centerville		
					Market Share	
Year	Metro Area	Northeast Corridor	Market Share	Building Permits	Northeast Corridor	Metro Area
1990	13,340	1,263	9.47 %	62	4.91 %	0.46 %
1991	12,060	1,049	8.70	46	4.39	0.38
1992	15,632	1,540	9.85	47	3.05	0.30
1993	15,882	1,749	11.01	24	1.37	0.15
1994	14,205	1,408	9.91	29	2.06	0.20
1995	13,956	1,259	9.02	19	1.51	0.14
1996	14,098	1,539	10.92	41	2.66	0.29
1997	13,234	1,291	9.76	81	6.27	0.61
1998	15,817	1,462	9.24	129	8.82	0.82
1999	17,688	1,713	9.68	76	4.44	0.43
2000	16,438	1,831	11.14	55	3.00	0.33
2001	16,190	1,966	12.14	43	2.19	0.27
2002	18,868	1,833	9.71	49	2.67	0.26
2003	19,965	1,998	10.01	35	1.75	0.18
2004	19,832	1,603	8.08	56	3.49	0.28
Total	237,205	23,504	9.91 %	792	3.37 %	0.33 %

Source: U.S. Census and McComb Group, Ltd.

Residential development projections for Centerville through 2025 (contained in Table 28) are based on estimated growth in the northeast growth corridor and historic market share. Households in the seven-county metropolitan area are estimated to increase to at 1.5 percent annual growth rate similar to the past ten years. At this rate, the seven-county area would add over 404,323 homes by 2025. Assuming that the northeast growth corridor will capture ten percent of the increase, results in estimated growth of 40,432 building permits. Centerville is estimated to capture 3.5 percent of the increased households in the northeast growth corridor over the long term. This results in 1,415 building permits by 2025. This represents a trend line projection and individual years could be above or below the 3.5 percent market share.

Table 28

CENTERVILLE
HOUSEHOLD PROJECTIONS; 2004 TO 2025
METRO AREA AND CENTERVILLE

Year	7 County Metro Area Households	7 County Metro Area Increase	Market Share @ 10.0%	Centerville Percent	Centerville Households	Total Centerville Households
2004	1,101,525					823
2005	1,118,048	16,523	1,652	3.5 %	58	881
2006	1,134,819	16,771	1,677	3.5	59	940
2007	1,151,841	17,022	1,702	3.5	60	999
2008	1,169,118	17,278	1,728	3.5	60	1,060
2009	1,186,655	17,537	1,754	3.5	61	1,121
2010	1,204,455	17,800	1,780	3.5	62	1,183
2011	1,222,522	18,067	1,807	3.5	63	1,246
2012	1,240,860	18,338	1,834	3.5	64	1,311
2013	1,259,473	18,613	1,861	3.5	65	1,376
2014	1,278,365	18,892	1,889	3.5	66	1,442
2015	1,297,540	19,175	1,918	3.5	67	1,509
2016	1,317,003	19,463	1,946	3.5	68	1,577
2017	1,336,758	19,755	1,976	3.5	69	1,646
2018	1,356,810	20,051	2,005	3.5	70	1,716
2019	1,377,162	20,352	2,035	3.5	71	1,788
2020	1,397,819	20,657	2,066	3.5	72	1,860
2021	1,418,787	20,967	2,097	3.5	73	1,933
2022	1,440,068	21,282	2,128	3.5	74	2,008
2023	1,461,669	21,601	2,160	3.5	76	2,084
2024	1,483,594	21,925	2,193	3.5	77	2,160
2025	1,505,848	22,254	2,225	3.5 %	78	2,238
Total		404,323	40,432		1,415	

Source: McComb Group, Ltd.

Single Family and Multi-Family Trends

For sale multi-family developments have experienced greater acceptance over the past two years averaging over 25 percent of total building permits in the metropolitan area. Since apartment construction has slowed, most of these are for sale multi-family units. In the past, when multi-family units are available in Centerville, they have represented about 25 percent of absorption. Based on recent trends for increased multi-family development, absorption could increase to 30 to 33 percent of all units. In the future multi-family is estimated to be about 30 to 33 percent of building permits. During the analysis period with approximately 1,415 building permits, single family would total about 963 and multi-family about 452 units, as shown in Table 29. Multi-family absorption would average 20 to 25 units per year and could be above that in individual years if well conceived developments are planned and properly marketed.

Table 29

CENTERVILLE
BASELINE RESIDENTIAL DEVELOPMENT PROJECTIONS; 2005 TO 2025
SINGLE FAMILY AND MULTI-FAMILY UNITS

	Building Permit Units		
Year	Total	Single Family	Multi-Family
2006	59	39	20
2007	60	40	20
2008	60	40	20
2009	61	41	20
2010	62	41	21
2011	63	42	21
2012	64	43	21
2013	65	43	22
2014	66	44	22
2015	67	45	22
2016	68	45	23
2017	69	46	23
2018	70	47	23
2019	71	47	24
2020	72	48	24
2021	73	48	24
2022	74	49	25
2023	76	51	25
2024	77	51	26
2025	78	52	26
Total	1,415	963	452

Source: McComb Group, Ltd.

Residential Development Potential

Centerville has the potential to capture an increasing number of both single family and multi-family residential units until it runs out of buildable land. Single family homes are likely to represent the largest portion of new residences. Multi-family units, such as townhouses and row houses are suitable for Centerville particularly near downtown and adjacent to the Main Street commercial area. Higher density housing (condominiums and apartments) are suitable for Centerville. The potential for apartments or condominiums above commercial space is suitable for the downtown area; however, market rents or sales prices may not justify the additional cost. The ability to capture lake and sunset views from downtown would be an important marketing benefit. Centerville and Peltier Lakes are important residential assets. Small, older homes along the lakefront may become candidates for either tear down or new additions that expand their size.