

Central Entrance - Miller Hill

SMALL AREA PLAN Appendices



APPENDIX A

Additional Demographic Data

Page 2: Map - Census Tract 3 (CT3)

Page 3: Tables and Charts - Comparison of Census Tract 3 to the City of Duluth

Page 4: Charts – Comparison of Census Tract 3 to the City of Duluth

Page 5: Table and Chart - Duluth Population 1870-2008

Page 6: Table - 2008 Residential Property Sales by Neighborhood

**Central Entrance-Miller Hill Small Area Plan
Comparison of Census Tract 3 to the City of Duluth**

The statistics below are given for the City of Duluth as a whole and for Census Tract 3, which is the Duluth Heights neighborhood

Persons							
	1940	1950	1960	1970	1980	1990	2000
City	101,065	104,511	106,884	100,578	92,811	85,493	86,918
Tract 3	2,919	3,626	5,301	6,235	6,573	6,922	6,977
Tract 3 as % of City Population	2.9%	3.5%	5.0%	6.2%	7.1%	8.1%	8.0%
Tract 3 % change from previous year		24.2%	46.2%	17.6%	5.4%	5.3%	0.8%
City % change from previous year		3.4%	2.3%	-5.9%	-7.7%	-7.9%	1.7%

Persons Under Age 18							
	1940	1950	1960	1970	1980	1990	2000
City	30,277	32,095	35,052	32,278	27,316	20,919	18,521
Tract 3	885	1,209	2,052	2,281	1,908	1,409	1,232
Tract 3 as a % of City persons under 18	2.9%	3.8%	5.9%	7.1%	7.0%	6.7%	6.7%
Tract 3 % change from previous year		36.6%	69.7%	11.2%	-16.4%	-26.2%	-12.6%
City % change from previous year		6.0%	9.2%	-7.9%	-15.4%	-23.4%	-11.5%

Persons Over Age 65							
	1940	1950	1960	1970	1980	1990	2000
City	7,800	10,433	13,335	13,430	14,267	14,601	13,147
Tract 3	424	502	479	657	1,052	1,408	1,496
Tract 3 as a % of City persons over 65	5.4%	4.8%	3.6%	4.9%	7.4%	9.6%	11.4%
Tract 3 % change from previous year		18.4%	-4.6%	37.2%	60.1%	33.8%	6.3%
City % change from previous year		33.8%	27.8%	0.7%	6.2%	2.3%	-10.0%

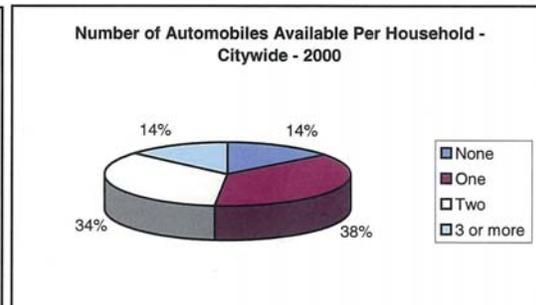
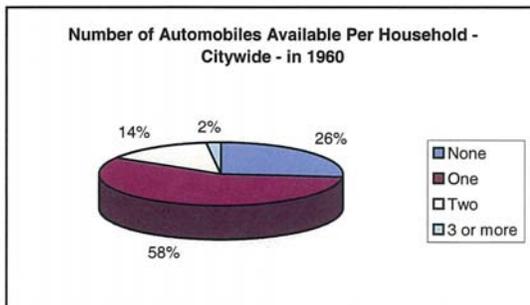
Persons Per household							
	1940	1950	1960	1970	1980	1990	2000
City	NA	3.34	3.10	3.01	2.62	2.47	2.45
Tract 3	NA	4.04	3.89	3.56	2.80	2.78	2.62

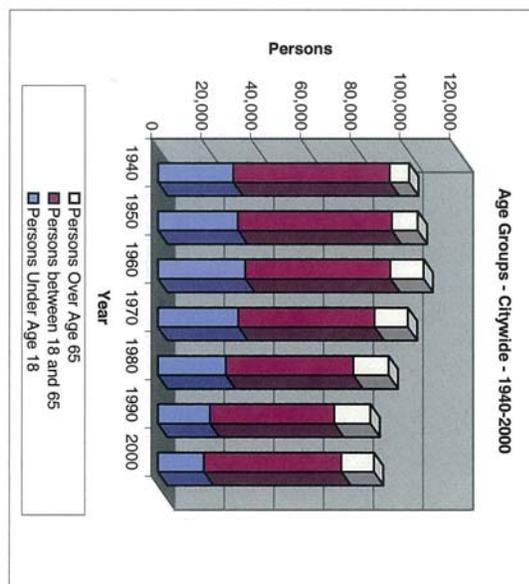
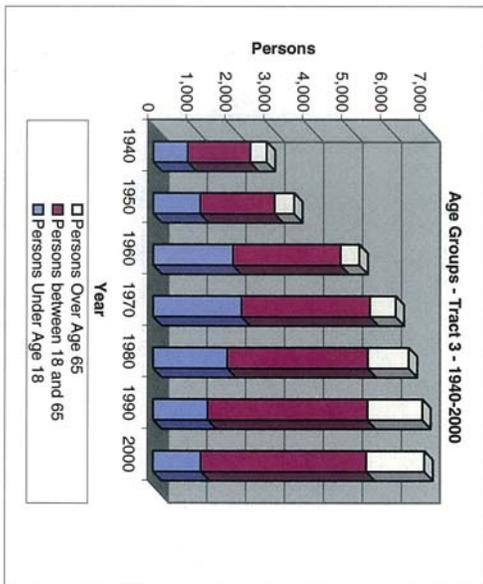
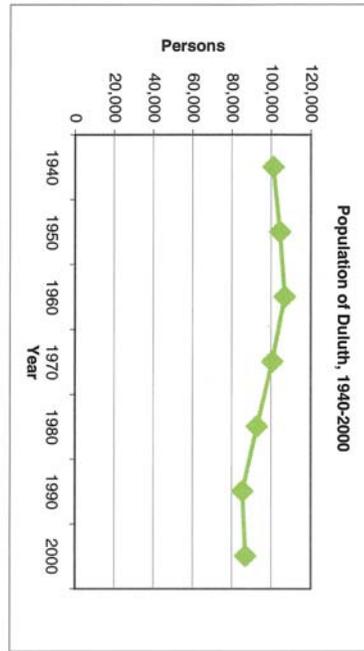
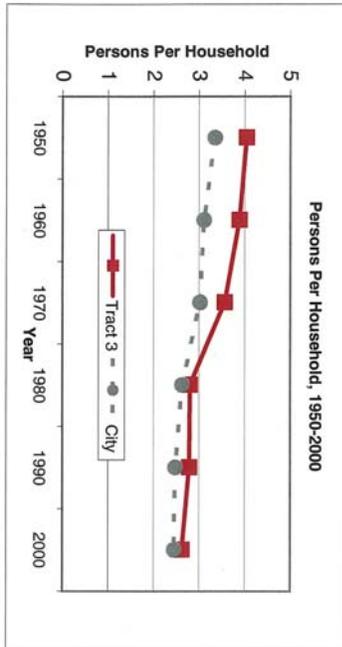
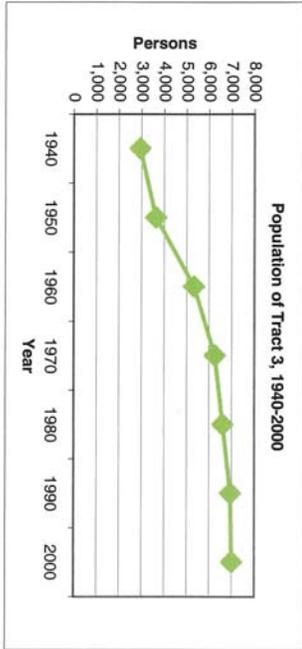
Housing Units							
	1940	1950	1960	1970	1980	1990	2000
City	28,818	31,996	36,575	34,710	37,090	36,022	36,994
Tract 3	641	949	1,450	1,846	2,424	2,542	2,785
Tract 3 as a % of City housing units	2.2%	3.0%	4.0%	5.3%	6.5%	7.1%	7.5%
Tract 3 % change from previous year		48.0%	52.8%	27.3%	31.3%	4.9%	9.6%
City % change from previous year		11.0%	14.3%	-5.1%	6.9%	-2.9%	2.7%

Owner Occupied Housing Units							
	1940	1950	1960	1970	1980	1990	2000
City	13,422	19,340	22,261	22,335	22,816	22,275	22,773
Tract 3	494	798	1,228	1,479	1,667	1,783	1,888

Percent Owner Occupied Housing Units							
	1940	1950	1960	1970	1980	1990	2000
City	48.2%	61.8%	64.5%	66.9%	64.5%	64.4%	64.1%
Tract 3	80.3%	88.9%	90.0%	84.5%	71.1%	71.7%	71.0%

Source: U.S. Census 1940-2000



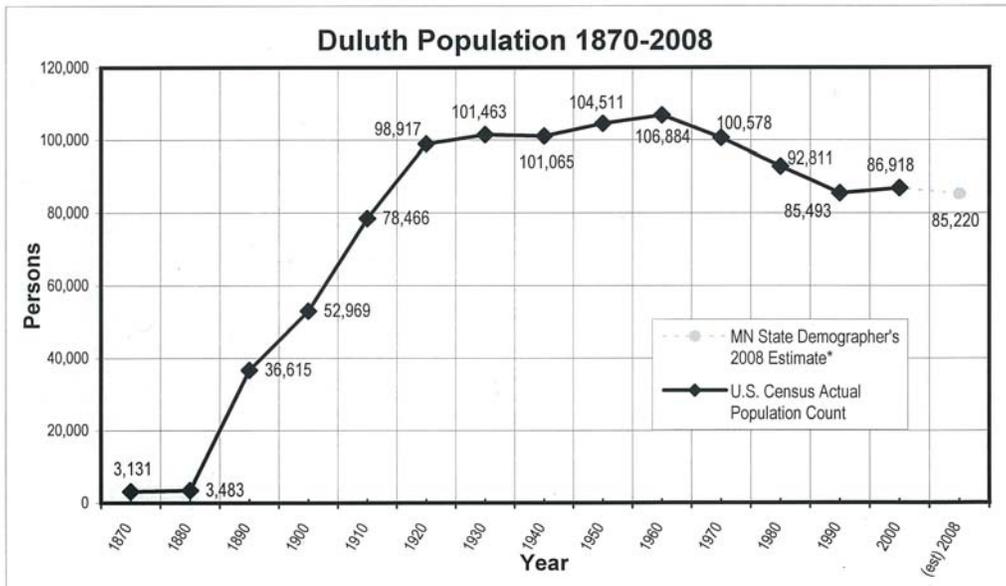


Duluth Population 1870-2008

Year*	Population	Change from Previous Census
1870	3,131	
1880	3,483	11.2%
1890	36,615	951.2%
1900	52,969	44.7%
1910	78,466	48.1%
1920	98,917	26.1%
1930	101,463	2.6%
1940	101,065	-0.4%
1950	104,511	3.4%
1960	106,884	2.3%
1970	100,578	-5.9%
1980	92,811	-7.7%
1990	85,493	-7.9%
2000	86,918	1.7%
2008 estimate	85,220	-2.0%

Sources: * 1870-2000 Population figures are from the U.S. Census Bureau

** 2008 Population Estimate is from the MN State Demographer's Office



Sources: * 2008 Population Estimate from the MN State Demographer's Office

All others from the U.S. Census Bureau

7/9/2009

Prepared by: City of Duluth Planning Division

Sales closed between January 1, 2008 and December 31, 2008

DAAR Sold Market Analysis 2008 Residential Sales	Number of Listings	Average Sales Price	Median Sales Price	Average Days on Market
Park Point	13	\$319,338	\$290,000	62
Congdon	53	\$269,005	\$215,000	51
Hunters Park	38	\$223,047	\$192,750	60
Duluth Heights	65	\$184,901	\$168,900	59
Kenwood	51	\$201,788	\$155,900	50
Lakeside/ Lester Park	128	\$179,041	\$154,700	48
Piedmont	73	\$166,930	\$154,397	43
Woodland/Pleasantview	62	\$163,191	\$149,450	49
Chester Park	41	\$137,809	\$136,000	42
Observation Hill	19	\$146,737	\$124,000	69
Fond du Lac/Gary/New Duluth	34	\$111,542	\$114,500	49
Dentfeld/ Spirit Valley/ Norton Park	146	\$104,571	\$105,000	68
Riverside/ Smithville/ Morgan Park	23	\$101,076	\$94,000	74
East End (East Hillside)	46	\$93,172	\$85,750	41
Lincoln Park	54	\$76,792	\$76,583	68
Downtown	11	\$86,691	\$73,000	89

Based on information from the Duluth Area Association of REALTORS Multiple Listing Service.
This may not reflect all activity in the market and does not reflect residential income property sales.

Average Days on Market	YEAR
57	2005
93	2006
56	2007
58	2008

APPENDIX B

Plan Process

The planning process was carried out as follows:

- November 2008 – City Planning Commission reviewed the scope of work
- December 2008 – Plan Committee formed
- December 2008 – Solicitation of bids for firms/selection of firm to conduct the market study
- January-April 2009 – MXD Development Strategists conducted a market study, including two site visits and two dozen interviews
- February 2008 – First Plan Committee meeting to review market study with MXD
- March 2009 – News event announcing the findings of the market study
- March 2009 – First public meeting to review background data and to inventory issues of concern
- April 2009 – Second Plan Committee meeting to review additional data gathered and to begin listing proposed recommendations
- May/June 2009 – Staff continue data gathering/plan drafting
- July 2009 – Third Plan Committee meeting to complete the review of plan recommendations
- July 2009 – Second public meeting to review plan recommendations
- August 2009 – City Planning Commission review/approval of the Plan
- September 2009 – City Council review/adoption of the Plan

Contained in Appendix B are the following documents:

- Page 2: List of Plan Committee members
- Page 3: Agenda of first Plan Committee meeting
- Page 4: Agenda of second Plan Committee meeting
- Page 5: Meeting notes of second Plan Committee meeting
- Page 7: Agenda of third Plan Committee meeting
- Page 8: Meeting notes of third Plan Committee meeting
- Page 10: Letter sent to all property owners inside and within 100' of the study area
- Page 11: Agenda of first Public Input meeting
- Page 12: Meeting notes of first Public Input meeting
- Page 14: Photos of the first Public Input meeting
- Page 15: Agenda of second Public Input meeting
- Page 16: Meeting notes of second Public Input meeting
- Page 18: News release announcing second Public Input meeting
- Page 20: Media coverage of the second Public Input meeting
- Page 22: Duluth News-Tribune (March 26, 2009) story regarding the findings of the market study
- Page 24: Duluth News-Tribune (September 14, 2009) front page story about the plan recommendations and pending City Council action
- Page 26: Duluth News-Tribune (September 15, 2009) report of Council adoption
- Page 27: Web page created for the Small Area Plan

**Central Entrance - Miller Hill Small Area Plan
Plan Committee**

<i>Committee Members</i>	<i>Organization/Representation</i>
Garry Krause	City Council
Joan Barrett	Planning Commission
Diane Knudson	Resident
Jennifer Wutz	Resident
Gayle Ankarlo - CMRA Realty	Business
Gordon Grant - Dairy Queen	Business
Ben Martin - Miller Hill Mall	Business
Tracy Hansen - Daisies n' Daydreams	Business
Earl Richards	Property Owner
Tom Stender	Property Owner
Andy Peterson	Chamber of Commerce
Ron Chicka	Metropolitan Interstate Council
Dennis Johnson	MN Dept of Transportation
R.C. Boheim	Soil & Water Cons. District



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Central Entrance - Miller Hill Small Area Plan Planning Committee

AGENDA

5:00 p.m.

February 4, 2009

Duluth Heights Community Club

- I. Welcome and Introductions**
Cindy Petkac, Land Use Supervisor
- II. Purpose of the Plan**
Kyle Deming, Planner II
- III. Planning Process**
Cindy Petkac
- IV. Market Study**
Kieron Hunt and Martin Anstey, MXD Development Strategists
- V. Questions/Comments**



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Central Entrance - Miller Hill Small Area Plan Planning Committee

AGENDA

5:00 p.m.

April 22, 2009

Duluth Heights Community Club

- VI. Welcome and introductions**
- VII. Review comments/discuss the March public meeting**
- VIII. Review additional maps and data gathered**
- IX. Review Market Study prepared by MXD Development Strategists**
- X. Generate objectives and strategies for each study sub-area**
- XI. Questions/Comments**



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Central Entrance - Miller Hill Small Area Plan
Planning Committee
5:00 p.m., April 22, 2009
Duluth Heights Community Club

MEETING NOTES

Present: Denny Johnson, R.C. Boheim, Earl Richards, Jennifer Wutz, Diane Knudson, Joan Barrett, Gayle Ankarlo, Ron Chicka, Gordon Grant, Ben Martin, Kyle Deming, Cindy Petkac

Absent: Andy Peterson, Tom Stender, Tracy Hansen, Garry Krause (out of town on business)

Committee reviewed meeting notes from the March public meeting.

Discussion about the two concepts from a 2003 MN-DOT plan for expanding vehicle capacity on Central Entrance; 1) installing a raised median down the middle of the street to prohibit left turns, or 2) creating a pair of one-way streets to move vehicle traffic between Blackman Ave. and Anderson Rd., west-bound traffic on Central Entrance, east-bound traffic on Palm Street. This potential project is listed in MN-DOT's long range plan but there is no funding to construct anything (one-way pairs rough cost estimate around \$20 million). There are other lower cost options that could be done in the short term.

The road right of way for Central Entrance is 80' to 86' wide. Improvements to the roadway may or may not need additional right of way.

Gordon Grant voiced support for reducing setbacks on Central Entrance to allow multi-story buildings to be built near the street. Ground floor retail with upper levels for apartments, perhaps for students.

There was support for the suburban town center concept at the K-mart site.

Gayle Ankarlo said that she had contacted many of the retailers listed in the market study as fitting a profile that would likely be interested in locating in Duluth and found that none of them were interested.

Some committee members expressed that Central Entrance from Basswood to Anderson should be commercial. Single-family residential is not viable in that location.

The configuration of the property in this section is not conducive to easy redevelopment because the lots are not very deep and the ownership is fragmented requiring a developer to expend a lot of time and money to assemble a small site. Eliminating the front-yard setback would help create more developable space on the lots.

To help preserve residential neighborhoods adjacent to commercial areas good buffers should be incorporated that include berms, trees, etc.

There seems to be housing available in Duluth for the wealthy and persons with low incomes but not much available for people in the middle. This is likely because of the high cost to build homes and apartments in Duluth.

Committee members felt that this Small Area Plan should select either of the two concepts for Central Entrance and plan accordingly for it. Either the one-way pairs or the median options will significantly impact the land uses along the corridor. If one-way pairs concept is implemented businesses will need to have two front facades, one for Central Entrance and one for Palm St.

Ron Chicka pointed out that we should focus on the goals listed for this study. Several of the goals don't match well with the one-way pairs concept. One of the goals suggests that Central Entrance should be a destination business district and not just businesses along a roadway you quickly drive past to get elsewhere. Another goal is to improve the non-motorized transportation options. Still another goal is to improve appearance and environmental benefits to the area. The one-way pairs adds a lot more asphalt and will speed up traffic.

There is enough room in the existing right of way to create a "complete street," one that comfortably accommodates cars, bikes, buses and walkers, but this will result in a more slow and controlled pace for vehicle traffic. Emphasize alternative routes for through traffic, namely I-35 to Piedmont/Trinity Road and Rice Lake Road to Arrowhead Road.

To make Central Entrance function better, consider eliminating all curb cuts to businesses and cause all access to be from the backage roads. Gayle Ankarlo said that businesses that she has worked with in the past have felt access to Central Entrance was very important. Some don't even like being limited to "right-in, right-out" access.

Because of the transportation access limitations for the section between Basswood and Anderson, land uses should be limited to low traffic generating businesses.

To improve the appearance of the area, committee members thought adding a tree lined median with attractive street lights would be a nice treatment for the entire corridor. They also liked the idea of shared parking to the side and rear of buildings that are built up closer to the street in a uniform line. Parking and buildings should have enhanced landscaping as well.

From: Kyle Deming
To: Kyle Deming
CC: Cindy Petkac; John Judd
Date: 7/6/2009 4:07 PM
Subject: Central Entrance-Miller Hill Small Area Plan Committee meeting 7/15

Please plan to attend the next meeting of the Central Entrance-Miller Hill Small Area Plan Committee:

Wednesday, July 15, 5:30 p.m.
City Hall Room 402, Large Conference Room
411 West First Street
(Parking on the street at meters is free after 5:30 p.m. in the vicinity of City Hall)

The meeting agenda will include reviewing and formulating additional plan recommendations.

We're wrapping up the planning process this month with a 2nd meeting for the general public on July 21 followed by review and (hopefully) approval by the City Planning Commission on August 11 and the City Council on August 24.

Thanks again for your participation on this plan committee.

--Kyle

Kyle Deming, Planner II
City of Duluth
Community Resources Department
Planning Division,
411 West First Street, Room 402
Duluth, Minnesota 55802
Phone: 218-730-5580, Fax: 218-730-5904
kdeming@duluthmn.gov



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Central Entrance - Miller Hill Small Area Plan
Planning Committee
5:30 p.m., July 15, 2009
City Hall Room 402, Large Conference Room

MEETING NOTES

Present: Joan Barrett, Diane Knudson, Gayle Ankarlo, Gordon Grant, Ben Martin, Tom Stender, Andy Peterson, Ron Chicka, Dennis Johnson, Kyle Deming, John Judd, Cindy Petkac

Absent: Garry Krause, Jennifer Wutz, Tracy Hansen, Earl Richards, R.C. Boheim

Reviewed plan progress to date and the upcoming approval process by the City Planning Commission and City Council.

Discussed the details of the upcoming public input meeting.

Reviewed each plan recommendation and rationale and discussed.

Committee recommended that we remove recommendation for Large Scale Commercial on the south side of Maple Grove Road near Haines Road.

Committee also recommended against Large Scale Commercial future land use on Decker Road south of Schneiderman's down to the study area boundary. This would be too much intensity too distant transportation links and near residential uses.

Concern about lack of park space in the district for residents of apartments to recreate on. Look at preserving tax forfeited land for future open space parks. Also, consider a trail along Miller Creek for people to recreate on. And require developers of large properties to dedicate a portion of land for open space.

Committee members support the concept of shared parking in the study area. However, some chain stores have very strict parking requirements that may supersede shared parking gains.

Committee felt a business improvement district would be desirable for Central Entrance and the Mall area too.

Grant indicated he supported the concept of a business improvement district for Central Entrance if it was an entity completely separated from the City and that money was spent based on a committee's recommendations.

MN-DOT expressed concern with transportation recommendations that recommended additional intersections or traffic signals on Central Entrance at Harding Avenue and

Ebony Avenue. They also explained that the City would be responsible for seeking funding for a signal at Blackman Avenue and that intersection geometrics were less than ideal at that intersection.

MN-DOT also expressed concern with trying to install signs to encourage through traffic to use alternate routes rather than Central Entrance.

MN-DOT will not allow an overhead entrance monument sign over a trunk highway.

MN-DOT expressed concern about adding trees and landscaping to medians and other areas in the right of way due to maintenance costs. An alternative would be to use stamped, colored concrete.



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Cindy Petkac, AICP
Land Use Supervisor
cpetkac@duluthmn.gov

February 25, 2009

RE: Public meeting regarding the Central Entrance-Miller Hill Small Area Plan

Dear Duluth Heights property owner,

The City of Duluth Planning Division is undertaking a land use study and market analysis of the Central Entrance - Miller Hill corridor, the area shown in the map on the back of this letter. You are invited to an open house and discussion of issues affecting residents and businesses in this corridor:

**Thursday, March 12, 2009 from 5:00 p.m. to 6:30 p.m.
at the Duluth Heights Community Club
33 West Mulberry Street**

Planning staff will be on hand with demographic, land use, zoning, and environmental data for you to review. Staff will conduct a brief session twice, once at 5:00 p.m. and then again at 6:00 p.m., to present additional information about the study and to gather input from residents and businesses in attendance. If you aren't able to stay long enough to attend one of the sessions, please stop by and fill out a comment card. We want your input.

We are drafting this small area plan to refine (not to replace) the citywide Comprehensive Land Use Plan that was adopted by the City Council in 2006. A "small area plan" is developed for a clearly defined area and it gives more detailed recommendations than were provided in the comprehensive plan. It builds on the goals, policies, and implementation strategies in the comprehensive plan to provide a finer level of detail. We recognize that there are unique situations in the Central Entrance and Miller Hill corridor that affect the surrounding neighborhoods, city, and region. We need your input to shape that future.

Come be a part of this study. If you have any questions or need special accommodations to attend the meeting, please contact Kyle Deming at 730.5329; kdeming@duluthmn.gov or Cindy Petkac at 730.5331; cpetkac@duluthmn.gov.

Sincerely,

Cindy Petkac, AICP
Land Use Supervisor

Kyle Deming
Planner II



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Central Entrance - Miller Hill Small Area Plan

OPEN HOUSE/PUBLIC MEETING

Duluth Heights Community Club
Thursday, March 12, 2009,
Open House: 5:00 p.m. - 6:30 p.m.
Brief presentation given at 5:00 p.m. and 6:00 p.m.

AGENDA:

1. What is a Small Area Plan?
 - a. Planning process
 - b. Market study
2. Snapshot of the study area
 - a. Demographics
 - b. Land use patterns
 - c. Transportation system
 - d. Natural environment
3. Study objectives
4. Issue inventory
5. Questions and Comments
6. Next steps

For more information visit the Web page set up for this study:
<http://www.duluthmn.gov/planning/sap/millerhill.cfm>



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Central Entrance - Miller Hill Small Area Plan

OPEN HOUSE/PUBLIC MEETING

Duluth Heights Community Club
Thursday, March 12, 2009,
Open House: 5:00 p.m. - 6:30 p.m.
Brief presentation given at 5:00 p.m. and 6:00 p.m.

62 MEETING PARTICIPANTS SIGNED IN

COMMENTS RECEIVED:

1. Please take hours of operation into account when deciding what is allowed on Haines Road near housing for persons over age 55. Can uses be limited to over 55 housing?
2. The mall area is not pedestrian friendly. No sidewalks where they are needed and those in place are very dirty from the grime left from the winter.
3. Concern about cars exiting muffler shop blocking Stroll Ave. intersection causing him to stop on Central Entrance before making a right turn onto Stroll Ave.
4. Lighting of Central Entrance east of Blackman Ave. is poor.
5. There are a number of cars parked in the yard behind the house that has been turned into a used car lot next to Pawn America.
6. Coffee Creek near Central Entrance doesn't flow in the dry summer months. Why is it designated a floodplain and shoreland?
7. There is land south of Schneidermans on Decker Road that could be commercial.
8. Residents of Matterhorn Ridge don't want additional commercial near them that will generate noise and traffic.
9. Concern with commercial uses on the south side of Maple Grove Road impacting single-family residential uses on the north side. Buffers are needed.
10. Likes the focus on non-motorized transportation.
11. Is there a plan for bike trails?
12. How do you ensure that single-family neighborhood is not negatively impacted by commercial on Maple Grove Road?
13. What impact will the extension of Joshua Ave. to Arrowhead Road have on the study area?

14. Morgan Street residents do not favor rezoning to commercial the area along Sundby Road. Concerned about not following Comprehensive Plan.
15. It's important to retain as many trees in the study area as possible in order to cool storm water and accept carbon dioxide.
16. Rumor of MN-DOT plan to make one-way pairs on Central Entrance and Palm Street. MN-DOT representative said that there is no plan to do that in the next 20 years or so.
17. Will any improvements be made to Central Entrance? MN-DOT representative said that, at this point, the only plan is to mill off the top layer of pavement and lay down a new layer of pavement using \$1.6 million in stimulus money.
18. What land uses should go on both sides of Central Entrance between Basswood Ave. and Anderson Rd.? It is difficult to sell their property because they don't know what the future is. If there will be more commercial next to their property then there will be more traffic and noise detracting from their quality of life.
19. Consider allowing shared driveways on Central Entrance to cut down on the number of curb-cuts and turns.
20. Consider installing median on Central Entrance to reduce the number of turns.



Photos of March 12, 2009 Public Meeting



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Central Entrance - Miller Hill Small Area Plan

OPEN HOUSE/PUBLIC MEETING

Duluth Heights Community Club
Tuesday, July 21, 2009,
Open House: 5:00 p.m. - 5:30 p.m.
Discussion: 5:30 p.m. - 7:00 p.m.

AGENDA:

1. Planning process recap
2. Assessment of study area features
3. Review of the market study
4. Review of study objectives
5. Presentation of proposed study recommendations
6. Discussion of proposed study recommendations

For more information visit the Web page set up for this study:
<http://www.duluthmn.gov/planning/sap/millerhill.cfm>



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Central Entrance - Miller Hill Small Area Plan

OPEN HOUSE/PUBLIC MEETING

Duluth Heights Community Club
Tuesday, July 21, 2009
Open House: 5:00 p.m. - 5:30 p.m.
Discussion: 5:30 p.m. - 7:00 p.m.

33 MEETING PARTICIPANTS SIGNED IN

COMMENTS RECEIVED:

1. How will the City “market” the plan and the changes to the public and potential developers?
2. Concern about cars cutting through the residential areas if Ebony and Harding Streets are opened up.
3. Past attempts at organizing a merchants association have fallen through due lack of participation by the “chain” retailers.
4. When will MN-DOT be undertaking a major rebuild of Central Entrance?
5. When will something be done to address the terrible condition of Sundby Road?
6. The issue of high traffic volumes on Central Entrance needs to be looked at closely especially with regards to the pressure it might put on to the “backage” roads.
7. Very frustrated with the apparent “down-zoning” of the property along Sundby Rd.
8. Many people were opposed to the expansion of the Miller Mall in 1996 and they would still oppose any further encroachment into the residential areas as we need to maintain buffers.

9. Would like to see the development of a “south” circulator route around the Mall.
10. If the zoning changes, we should keep the “C-5” regulations on developments.
11. Very concerned about pedestrian and bicycle safety especially along Central Entrance.
12. Concerned about the high speed of cars cutting through the neighborhood, especially along Maple Grove Road. There needs to be more enforcement and higher fines to get people to slow down and respect the neighborhood.
13. Many of the plan recommendations use the word “encourage,” but how do provide incentives to “encourage” property developers to follow the plan’s recommendations?
14. A resident along Rainbow Street doesn’t want to see any additional commercial development in the Heights area because it attracts crime.
15. When and who will do something about the condition of Haines Road especially between Hwy 53 and Arrowhead Road?
16. How will people that own property along Central Entrance know what they can do on their property until the new United Development Code is adopted or the Small Area Plan is finished?

July 16, 2009
RELEASE

FOR IMMEDIATE

For additional information, contact Cindy Petkac at (218) 730-5580; or Amy Norris in the City's Communications Office at (218) 730-4312.

Announcement of Upcoming Public Meeting

What: Central Entrance - Miller Hill Small Area Plan Open House/Public Meeting
When: Tuesday, July 21, 2009
Open House: 5:00 - 5:30 p.m.; Public Meeting: 5:30 - 7:00 p.m.
Where: Duluth Heights Community Club, 33 W. Mulberry St.
Why: To review draft recommendations for the small area plan

The City of Duluth Planning Division is holding a public meeting on July 21, 2009 at the Duluth Heights Community Club to review and comment on the draft recommendations for the Central Entrance - Miller Hill small area plan. There will be an open house from 5:00-5:30 p.m. to review maps and documents before the regular meeting starts at 5:30 p.m.

Central Entrance was one of the areas identified for additional study in the City of Duluth Comprehensive Land Use Plan, which was adopted by the City Council in June, 2006. The purpose of a small area plan is to do additional analysis of areas where there is high uncertainty about market conditions or infrastructure capacity. City Planning staff, with assistance from an advisory committee made up of property and business owners and other interested community members, have developed recommendations to guide future growth in the area that will compliment existing development while minimizing potential negative impacts to surrounding residential neighborhoods.

Early in the study process a nationally-recognized market analysis firm, MXD Development Strategists, was brought in to assess the market conditions for the Central Entrance and Miller Hill districts. MXD assessed the supply and demand for retail, office, hotel, and residential uses and determined that there are opportunities for Duluth to expand in each of these categories.

Specifically, MXD recommended that Duluth take steps to strengthen the activity center focused on the Miller Hill Mall with the development of a "Suburban Town Center," a multi-story, mixed-use development that contains ground floor retail and office space with housing on upper floors surrounding a public amenity such as a small park or fountain in a pedestrian-friendly environment.

(more)

They recommended that businesses and residents of the Duluth Heights area take steps to create an identity for the Central Entrance business district and make it the “main street” of Duluth Heights with enhanced landscaping, attractive gateway entries and better pedestrian access to businesses. MXD also suggested that the Central Entrance business district’s long-term outlook include more local, independent retail, smaller boutique office and professional services.

Input from the community will be incorporated into a final plan to be presented to the City Planning Commission for review and a public hearing at their August 11 meeting. The City Council will subsequently review and approve the plan at their August 24 meeting.

For more information visit the City of Duluth website <http://www.duluthmn.gov/planning/sap/millerhill.cfm> or contact Kyle Deming at kdeming@duluthmn.gov or 730-5580.

#

Media coverage for the July 21, 2009 Public Input meeting included the following:

- Story, with interview and camera footage, broadcast at 10:00 p.m. news on Channels 3/6, July 21, 2009.
- Story (1 ½ minutes long), with interviews and camera footage, broadcast at 10:00 p.m. news on Channel 10, July 21, 2009. Also posted on WDIO.com.
- Story "City Planners Present Miller Hill Recommendations" posted on WDIO.com, 5:41 p.m., July 21, 2009 (see below).
- Story "Meeting set on mall-area proposal," Page B2 of the Duluth News-Tribune, July 18, 2009 (see next page).

Updated at: 07/22/2009 11:54 AM

By: Laura Kennedy

lkennedy@wdio.com

City Planners Present Miller Hill Recommendations

City Planners presented recommendations to residents about new development and future land use around the Miller Trunk Highway area.

A recent market study recognized the Miller Hill Mall area as a regional shopping area that should be reinforced but the current layout is fragmented and too spread out. City Planning staff recommend densifying this main commercial area by filling available land with large-scale retailers and restaurants. One local man says he's all for it.

"I like the idea very well," said Jim Johnson of Duluth. "When I think of what we've lost in the last 40 years as far as tax base, any tax base we can add to our city I think is great."

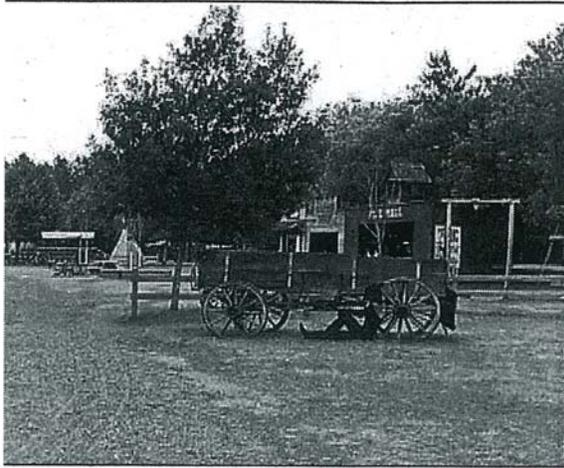
Another aspect of the plan is making Central Entrance more "pedestrian-friendly." Presently there are no crosswalks between Pecan Avenue and Arlington Avenue, and sidewalks on just one side of the road. City Planning staff recommend putting a sidewalk on the other side and adding small professional offices and residential areas. Some Duluthians are not thrilled with the idea of more construction, and others don't think the "pedestrian-friendly" idea is realistic.

"Until gas gets over 10 dollars a gallon, people are not going to walk in an area this spread out, even if you start connecting stores," said Jean Captain, also of Duluth. "It may be more useful to make it bicycle friendly."

Other issues like lighting and landscaping are also addressed in this plan.

City Planning staff will incorporate public input into a final proposal, which they'll present to the city planning commission on August 11th.

and summer destination



Hayward includes a 35-acre park and a zoo with 300 animals.
x 21 News

on the wild side Iderness Walk zoo

EDITOR'S NOTE

It's the der-ward. This is the al into) ani-

This is the last in a weeklong series on vacation destinations close to home.

- **Tuesday:** Canoeing the Mississippi River from Grand Rapids.
- **Wednesday:** Devil's Kettle waterfall at Judge C.R. Magney State Park.
- **Thursday:** Kayaking over a Lake Superior shipwreck.
- **Friday:** Voyageurs National Park.

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south; turn left onto Wisconsin Highway 77; stay on Highway 77 to U.S. Highway 63/Wisconsin Highway 27. The park is on Highway 27, three miles south of Hayward.

For GPS users: The address is 9503 N. Highway 27, Hayward, WI, 54843.

Hours: 10 a.m. to 4:30 p.m., seven days a week; park closes at 5:30 p.m. until Sept. 1. The park is open for 100 days a year.

Cost: Seniors, \$9; adults,

\$10; children (2-11 years old), \$8; toddlers (2 and younger), free.

What's unique: The staff tries to bring in new animals each year and makes sure you can see plenty of animals native to the Northland. You can feed the deer, play with baby animals, tour the "mystery house," pan for gold, visit the farmland, and even conquer a maze.

Contact the park: (715) 634-2893 or wildwalk@charter.net.

ite way 53

Meeting set on mall-area proposal

News Tribune

Duluth city planners will hold a public meeting next week on a proposal to develop the Central Entrance and Miller Hill Mall shopping areas into a more well-rounded community.

The meeting, hosted by the city of Duluth planning division, will be from 5-7 p.m. Tuesday at the Duluth Heights Community Club, 33 W. Mulberry St.

A market study paid for by the city of Duluth recommended that the city develop a "suburban town center," a multi-story, mixed-use development with ground-floor retail stores and office space and housing on the upper floors. The development would surround a public amenity such as a park or fountain, all with a goal of being friendly for walking traffic, according to the city.

"It would be a place

where people might shop, work or live," said Martin Anstey, senior vice president of MXD Development Strategists, the study's author. "The idea is to create real places where people live, not just places where people shop then leave."

Anstey suggested that Duluth work to promote "infill" development, with the goal of increasing density in certain key areas around Miller Hill Mall and along Central Entrance.

The meeting will address construction options that could enhance the area and convert it into a "Main Street" of Duluth Heights.

Public input will go into the final plan, which will be presented to the Planning Commission and the City Council in August. For more information, contact Kyle Deming at kdeming@duluthmn.gov or (218) 730-5580.

Union employees picket Pickwick over policies

News Tribune

Union employees at the Pickwick began an informational picket outside the restaurant during its lunch and dinner hours this week, hoping to inform patrons about what they call unfair policies imposed by fourth-generation owner Chris Wisocki.

According to Workers United Local 99 President Todd Erickson, Wisocki introduced an "Employer Policy Handbook" on

Wisocki with the National Labor Relations Board.

"He broke down communication and implemented this," Erickson said, "It's very sad it had to come to this."

Wisocki disagrees, saying that negotiations with Local 99 began Feb. 25 and have resulted in no agreement, despite his efforts. He said Local 99 rejected his last offer and has not submitted a counterproposal or requested a meeting since July 2.

Wisocki also said that

March 27, 2009

Fewer layoffs likely at B Minorca Mine PAGE B4

ases crime in Duluth

GO
April 30,
family Church,
t.
ogramming
es
e of about 120
rned out for
erception of

crime in Duluth, held
Thursday at the Holy Family
Church on West Third Street.
She says that the July 31,
2007, incident that attracted
about 200 people was started
when six girls attacked her.
And while Olsen said she
thinks crime has gotten
worse in Lincoln Park, other
attendees at Thursday's meet-

ing see it differently across
the city.
"No matter what the sta-
tistics show, they are inaccur-
rate," said Olsen, who moved
away from 27th Avenue West
after the attack, which left
her with a broken foot and
injured nose.
"It's intimidating to come
See Crime, Page B2



g in Pioneer Hall on Thursday morning in preparation for the World of Wheels
day and runs through the weekend. Photos by Bob King /

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DNT 3/27/2009 Page B1

Study presents cohesive vision for Miller Hill Mall area

PETER PASSI
ppassi@duluthnews.com

A \$25,000 market study that could chart a
course for future development of Duluth's Central
Entrance and Miller Hill Mall areas was unveiled
Thursday afternoon.

The mall and neighboring businesses already
generate more sales taxes than any other part of
the city, said Cindy Petkac,
Duluth's land use supervisor.

"That core area is really
strong, but we want to make
it even stronger," she said.

Petkac hopes to see devel-
opment in the area that's wel-
coming to pedestrians, not
just car-borne consumers.

Kieron Hunt, vice president of MXD
Development Strategists, the firm hired by Duluth
to perform the market study, said that one of the
major shortcomings of the Miller Hill Mall and
Central Entrance areas is how they lack cohesion.

"It has grown into a series of free-standing
buildings surrounded by parking. There's a lack
of any connectivity," he said.

Hunt proposes Duluth should look at future
development in the style of what he calls "a subur-
ban town center."

Buildings would be built closer to the street
with sidewalks in front, and parking would be
tucked behind to create more of an intimate neigh-

**DULUTHNEWS
TRIBUNE.COM**

Tell us what
you think of
this plan.

See Miller Hill, Page B2

11 a.m.
 ay, Barnes &
 e Booksellers, 1600
 nder Trunk Highway.
 Award winning chil-
 dren's author and illus-
 trator Chris Monroe
 will read her new book
 "Monkey With a Tool
 Belt and the Noisy
 Problem."

**African Heritage
 Festival with Paul
 Rusesabagina, 4-8 p.m.**
 Saturday, Mitchell
 Auditorium, St.
 Scholastica. Keynote:
 Paul Rusesabagina, the
 hotel manager whose
 story was portrayed in
 the film Hotel Rwanda
 at 6:45 p.m. Dance and
 musical performances
 begin at 5:30 p.m. An
 African buffet and craft
 bazaar begin at 4 p.m.
 Cost: \$15 for adults, \$10
 for students, \$8 for St.
 Scholastica students,
 free for ages 4 and
 younger or \$25 per
 couple. Babysitting is
 provided. Call
 (218) 340-5142.

**John's School Spring
 Dinner and Auction,**
 5:30-10 p.m. Saturday,
 DECC. Tickets: \$125,
 includes dinner for
 two, live and silent auc-
 tions, and various raf-
 fles. Call (218) 724-9392.
 Go to [www.stjohns
 duluth.org/index_](http://www.stjohns

 duluth.org/index_

 school.htm)

 duluth.org/index_
[school.htm](http://www.stjohns

 duluth.org/index_).

**1st annual Arrowhead
 Professional Chef's
 Brunch, 10:30 a.m. to
 1 p.m. Sunday, DECC,**
 350 Harbor Drive.
 Annual brunch show-
 casing the finest local
 culinary talent.
 Percentage of ticket
 sales go to area food
 shelf. Cost: \$25. Call
 (218) 393-4259. Go to
[www.acfarrowhead
 chefs.com](http://www.acfarrowhead

 chefs.com).

Vietnam Veterans Day,
 1-6 p.m. Sunday,
 Hebert-Kennedy VFW
 Post 3979, 210 Arch St.,
 Cloquet. Join Senator
 Tony Lourey, Mayor
 Bruce Ahlgren and the
 Veterans of Foreign
 Wars Post 3979 as we
 welcome home the
 Vietnam Veterans.
 Free meal provided.
 Call (218) 879-2447. Go
 to www.vfw3979.org.

The site is updated daily, but it doesn't
 show revenues the state collects.

Attorneys for both sides have said they
 are satisfied.

CRIME

Continued from Page B1

outside your home and not
 know whether they are
 going to start something."

For Duluth Police Chief
 Gordon Ramsay, however,
 it's all a matter of percep-
 tion.

Addressing the forum,
 which was one in a series of
 monthly meetings organized
 by the Duluth Community
 Safety Initiative, Ramsay set
 out the Police Department's
 commitment to community
 policing.

"I can't argue with your
 perception if you think that
 Duluth is violent and crime
 is out of control," Ramsay

explained. "I can only give
 you statistics. ... There's no
 magic wand that we wave."

He pointed to figures
 showing Duluth's 127 rob-
 beries last year were slight-
 ly below the national aver-
 age of 150 per 100,000 resi-
 dents, adding that vehicle
 theft for 2008 was 167 inci-
 dents, compared to 476 for
 2001.

Two others at the meet-
 ing also were in the news
 two years ago, in their case
 for foiling a burglary at
 their Observation Hill
 home. On Thursday Wayne
 and Kathie Boniface came to
 the meeting to express
 thanks for the quick and
 successful police response to
 their recent call about
 youths trying to break into

a car and fighting outside
 their home.

"I got a call from the offi-
 cer the next day and he told
 me they caught the kid and
 there was one further
 arrested," said Kathie
 Boniface. "That was so nice.
 I feel like the Police
 Department is doing a great
 job. I'm not afraid, or afraid
 to be outside."

In September 2007,
 Wayne and Kathie Boniface
 came home to find a burglar
 in their home. In an attempt
 to seize the burglar, Wayne
 Boniface stripped him of his
 clothes and he fled the
 Boniface home nude. Police
 arrested him a short time
 later.

MILLER HILL

Continued from Page B1

borhood feel.

MXD also recommended
 that Duluth seek to develop
 a mix of uses, including
 housing, along the corridor.
 Some of these uses could be
 interspersed vertically in
 single buildings, perhaps
 with retail on the lower
 level and residential units
 or offices on the upper
 floors.

"It would be a place
 where people might shop,
 work or live," said Martin
 Anstey, senior vice presi-
 dent of MXD, explaining:
 "The idea is to create real
 places where people live, not
 just places where people
 shop then leave."

Anstey suggested Duluth
 work to promote "infill"
 with the goal of increasing
 the density of development
 in certain key areas around
 Miller Hill Mall and Central
 Entrance.

Heather Rand, a program
 specialist for the Minnesota
 Department of Employment
 and Economic Development,
 praised the city for conduct-
 ing the market study.

"I think it shows the com-
 mitment of this administra-
 tion and its recognition that
 this is a regional hub for
 retail activity," she said.

The next step will be to
 appoint a committee that
 will look at how to foster the
 kind of development the

study outlines.

"We need to look at what
 tools we have to bring in
 this kind of development
 and ask: How do we get
 developers to the table?"
 said Petkac.

MXD projects the Duluth
 market could support an
 additional 301,500 square
 feet of retail space along
 Central Entrance and the
 Miller Hill corridor by 2020.

Hunt suggested destination
 retailers, such as REI, Orvis
 or Lands' End might be good
 fits.

Anstey noted that there
 also are excellent opportuni-
 ties for other popular
 national food chains, such
 as Panera Bread, to tap the
 Duluth market.

On the residential front,
 MXD projects Central
 Entrance and the Miller Hill
 corridor could support
 162 new units of multi-
 family housing by 2015 and
 another 73 units by 2020.




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 walk amidst chickadees, snow fleas and
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FOX 21 NEWS AT 9

It's prime time.

Duluth police said
 Police said a man
 West Third Street a
 two assailants appr
 marijuana. When th
 hitting him, knocke
 phone and medicat
 for injuries to his fa
 The victim was 1
 police said.

Members Co cuts 12 jobs

Members Cooper
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 release.

Need



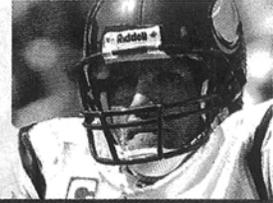
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HOW DID FAVRE DO IN HIS DEBUT? A5

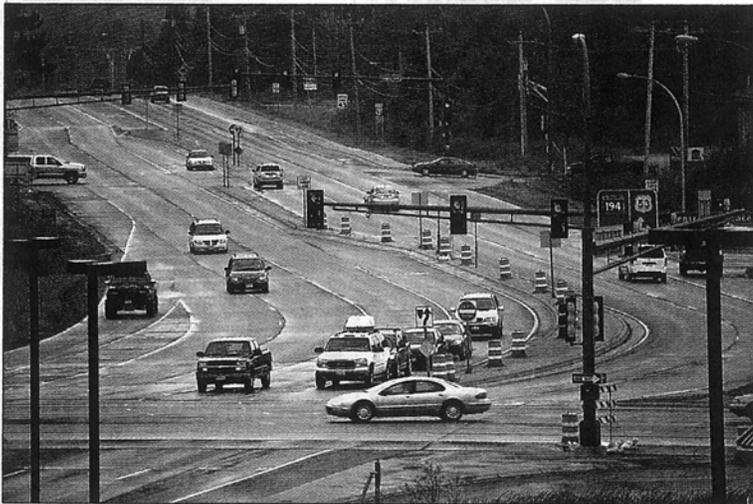


Monday, September 14, 2009

Duluth News Tribune

Multi-use development coming to mall area?

Tour colle thro



The Duluth City Council will consider a land-use plan that allows a combination of street-level businesses with office spaces and condos above them for parts of Central Entrance and Trinity Road. File / News Tribune

BRANDON STAHL
bstahl@duluthnews.com

Imagine driving down Central Entrance and seeing a combination of street-level, storefront businesses designed with pedestrians in mind, with office spaces and condos sitting atop them.

That's the blueprint for a land-use plan the City Council will be asked to approve tonight that could reshape the area stretching from Kohl's and the Miller Hill Mall to Central High School.

"This is one of the first experiences people have with Duluth if they're coming from the airport," said Gayle Ankarlo, a Realtor with CMRA Realty and a

member of the committee that helped put together the plan. "We're not showing ourselves off very well."

The construction in the area and a call by the city's comprehensive plan adopted in 2006 called for more study of the area on development, said Cindy Petkac, the city's land-use supervisor. A market research firm hired by the city found that the city could support an additional 300,000 square feet of retail in the mall area and another 40,000 square feet along Central Entrance.

The area also could support 35,000 square feet of office space in the mall

See Council, Page A2



Clean and Safe Ambassador Scott Miller of Duluth makes a call on his radio while on patrol in the skywalk system last week. The Duluth City Council will decide tonight whether to extend the Downtown Waterfront Special Service District, which pays for services like the Clean and Safe team by levying a tax on all businesses downtown and in Canal Park. The extension would last until 2014. Clint Austin / caustin@duluthnews.com

ANDY GREDER
agreder@duluthnews.com

Similar to the economic picture, the tourism tax collection given mixed signals.

After starting about 8 percent in May, revenues from lodging tax increased in June, compared to the same timeframe in 2008. Revenues that fell from programs, including beverage taxes, were down about 6 percent compared to July 2008, according to data from Duluth.

"I think it's one of the worldwide City Councilor 1 said. "People are discretionary spending to the vest and a delaying some of for so-called stay

All tax revenues dipped 2.6 percent to budget in the first months of 2009, a 3.8 percent in July.

Fedora said the shortfall could be budget because of such as Sister City Lake Superior County their money in the year — before has collected, allocated, the budget amounts.

Fellow council Anderson said the contingency plan is an organization.

Current Month

Hotel/motel collections
Food and beverage

Sub-Total

*The amounts correspond to the month that the SOURCE: City of Duluth

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 POWERED BY




Hell's Kitchen server Annie Raskie of Duluth fills a wine order during the Lakewalk Festival Server Wars in Canal Park on Sunday afternoon. *Clint Austin / caustin@duluthnews.com*

SERVERS

Continued from Page A1

Kitchen competed. Teams employed different strategies. Because spilling wine cost points, some moved carefully along the course. Others raced around tables hoping quick finishing times would make up for spilled drinks.

Hell's Kitchen server Rick Hardy's game was thrown off when two of the corkscrews he was using to open wine bottles broke in his hands.

"I think they need to invest in some better equipment next time," Hardy, 39,

said. Despite the snag, he said the event was fun and brought attention to a sometimes underappreciated gig.

"I don't think people understand how much work goes into [serving]," he said. "It's a tough job."

The slow and steady strategy snagged the Bellisio's team first place in the final heat against Grandma's Saloon and Little Angie's. Nikki Alvarez and Dan Becker have been serving for a combined 26 years, seven and a half of which

have been at Bellisio's. "That's what we do at Bellisio's, serve wine," said Alvarez, 29. "It probably would have looked bad if we'd lost."

The duo's prize was a bottle of champagne and the knowledge that they are "the champions of the world," Boen said.

The Canal Park Business Association and the Greater Downtown Council are hoping to expand the event to include more people next year.



May 2000 file / News Tribune

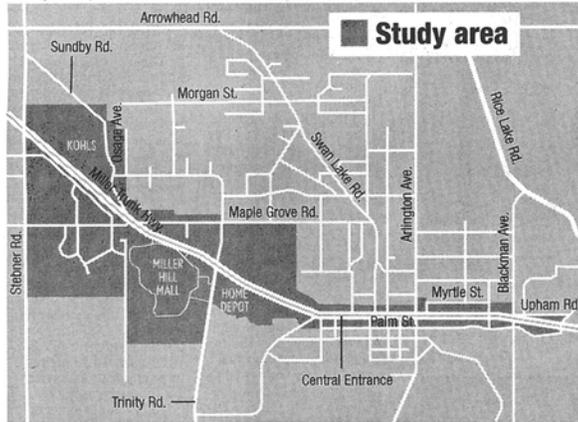
The Walter J. McCarthy Jr. will be one of two boats arriving in the Twin Ports today to load coal.

Originally named the Belle River, the boat was renamed Walter J. McCarthy Jr. after the newly retired chairman of the board of Detroit Edison

on May 25, 19 almost exclusively low sulfur w the Detroit F River Power Clair, Mich. is seen here of touring fo from Homec May 2000.

Miller-Hill/Central Entrance redevelopment

A study conducted by a market research firm found extensive demand for "suburban town centers" along the Miller Hill Mall area down along Central Entrance, which would feature multi-use, pedestrian friendly developments that would see a mix of retailers, office spaces and condos.



SOURCE: City of Duluth Planning and Development Department

NEWS TRIBUNE GRAPHICS

COUNCIL

Continued from Page A1

area and 25,000 square feet along Central Entrance, along with 450 multi-family residential units in both areas combined, Petkac said.

But to attract those businesses and developers, the firm and city's planning department recommended developing "Suburban Town Centers" — pedestrian-friendly, multi-purpose centers. The research firm also recommended the development of a natural "center" for the area and a public gathering place.

"The idea is to create a modern-day, friendly environment," said Garry Krause, city councilor in the 4th District, which encom-

passes the area, who also sat on the plan committee. "It's supposed to make it more aesthetically attractive."

The plan before the council, Krause said, "tells business owners and developers: 'Here's a pattern to look for, a concept for what the future is.' It informs people what's doable in that area."

Some of the tenants the firm recommends are targeted to locate in the area: Trader Joe's, Panera Bread and Au Bon Pan.

"A lot of these types of businesses like to locate in these types of suburban-retailer types of environments," said Kyle Deming, a city planner. "The market study talks about missing retail. It says there's demand for more casual restaurants and outdoor recreation."

Not everyone on the com-

mittee, however, believes this could work for the area. Tracy Hansen, owner of Daisies n' Daydreams, which is in the mall area near Best Buy, said many of the comparisons the research firm used as examples were in metropolitan cities that could support that type of development.

"The whole concept didn't really seem to apply to the specific area of town they were targeting," said Hansen, though she noted she did not attend the last few committee meetings.

And of course, the city can do all the planning it wants, but businesses still have to invest.

"It's up to the private sector to decide when to develop and when the market is right," Deming said.

lotteries MINNESOTA

Sunday's Daily 3: 0, 7, 9
 Maximum prize: \$330
 Sunday's Northstar Cash: 2, 4, 10, 12, 22 Prize: \$41,000
 Saturday's Hot Lotto: 2, 7, 16, 33, 34 Hot Ball: 14
 Estimated jackpot: \$1.69 million

WISCONSIN

Sunday's Daily Pick 3: 0, 8, 5 Prize: \$500
 Sunday's Daily Pick 4: 8, 6, 5, 1 Prize: \$5,000
 Sunday's Badger 5: 4, 12, 14, 16, 21 Prize: \$53,000
 Sunday's SuperCash: 3, 11, 26, 31, 33, 39
 Doubler: Yes Prize: \$350,000
 Saturday's Badger 5: 1, 2, 9, 23, 27 Prize: \$39,000
 Saturday's SuperCash: 1, 12, 13, 17, 22, 23
 Doubler: no Prize: \$350,000
 Saturday's Megabucks: 5, 7, 21, 28, 37, 48
 Estimated jackpot: \$1 million

Powerball
 Nobody won Saturday's \$82.2 million jackpot, raising Wednesday's prize to an estimated \$95 million.
 Saturday's numbers: 13, 28, 38, 41, 56
 Powerball: 25 Power Play: 2

Hot line number (Minnesota and multistate lotteries): (651) 634-1111.

correction

There will be a primary Tuesday for the three candidates vying for the District 1 seat on the Duluth School Board. An election grid included on Page A7 in the Sunday paper incorrectly stated there would be no primary for that race.

The Duluth News Tribune regrets the error.

DOCTORS

longest was 87 days. The society also found a

John Auerbach, past president of the Massachusetts



Duluth
 The
 CU:
 6 A.M.
 Ken Brevell
 kbrevell@duluthnews.com
 Rex Randorf
 rrandorf@duluthnews.com
 Tim McLaughlin
 tmcLaughlin@duluthnews.com
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 • Draper
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9/15/2009 DNT

Monday's Daily 3: 4, 7, 0
Maximum prize: \$330
Monday's Northstar Cash:
5, 6, 18, 20, 25 Prize:
\$59,000
Monday's Gopher 5:
20, 21, 23, 33, 35 Prize:
\$590,000

Wisconsin

Monday's Daily Pick 3: 2, 9,
6 Prize: \$500
Monday's Daily Pick 4: 6, 9,
5, 5 Prize: \$5,000
Monday's Badger 5: 4, 17,
21, 23, 34 Prize: \$23,000
Monday's SuperCash:
12, 18, 27, 29, 32, 39
Doublor: No Prize:
\$350,000

Hot line number
(Minnesota and multi-
state lotteries):
(651) 634-1111.

corrections

■ In the story "Primary to bring clarity to council's narrow split" (Sunday, Page A4), Heath Hickok was incorrectly referred to as a fiscal moderate who leans left. Hickok says he is a fiscal conservative who opposes tax increases. Hickok was also incorrectly listed as the president of the Lincoln Park Business Group. He is its executive director.

■ William Merritt of Ness Township was misquoted in the story "A big mess in this quiet township" (Sunday, Page A1). Merritt said his ears would ring at times, not because of the noise from a shooting preserve that other Ness Township residents have complained about, but because of any rare interruptions in the quiet where he lives in another area of the township.

The News Tribune regrets the errors.

act on, a move that would raise taxes across the county by about \$1.3 million to make up for money lost from state aid cuts and reduced taconite tax revenue with most mines idle for months this year.

The county determines only part of each tax bill, with cities, townships, school districts and special taxing authorities also adding to the mix. The state Legislature has set a cap on how high taxes can increase, called a levy limit, at 2.33 percent for the county.

"It took some aggressive budgeting to get it down to this. But it's noteworthy that we're a full percentage

deadline to set the uppermost percentage that the county's share of property taxes will increase next year. The state wants the highest possible number when it notifies property owners in the upcoming Truth in Taxation statements. That number can come down by the time the final budget and levy are set in December, but it can't go up.

County departments generally budgeted for a 3 percent across-the-board cut for 2010. The county has avoided deeper cuts in other departments by cutting the Chris Jensen nursing home as a county entity for 2010, a move expected to save more

Commissioner Steve O'Neil suggested setting a higher maximum in case more state cuts surface at the last moment, noting the number can come down over the next three months. But Commissioner Chris Dahlberg said the increase should be kept to the lowest possible level.

"Times are tough for people. I think we really should have shot for a zero percent increase," Dahlberg said. "But we probably couldn't get there without severing our arm as far as deep cuts ... that really would have been painful."

CITY

Continued from Page A1

But the council voted that down 5-4.

The councilors who voted against that said the increase would be too much for residents to bear.

"With these budgets it's the law of supply and demand, as city increases its taxes ... number of taxpayers continues to decrease," said At Large Councilor Jim Stauber, who voted against all of the levy increases and the police station funding. "People vote with their feet if taxes become too uncomfortable."

But other councilors argued despite the recession, now is the time to build a new police station.

"It isn't just about spending the money, it's how we spend the money," said 3rd District Councilor Sharla Gardner. "If we don't have an adequate police department with adequate facilities, we are not going to be able to solve the crimes we're concerned about in our community."

Duluth Mayor Don Ness

Council OKs plan for Miller Hill area

WHAT HAPPENED: The council voted unanimously to approve a development plan that could reshape the area from Kohl's and the Miller Hill Mall to Central High School.

WHAT IT MEANS: The plan calls for multi-use "Suburban Town Centers" that would include pedestrian-friendly development featuring street-level businesses with office spaces and condos sitting atop them. A consulting firm hired by the city planning department recommended targeting tenants such as casual-dining restaurants Chipotle and Panera Bread and retail shops such as Trader Joe's. However, work to attract those types of businesses has not yet begun.

NEWS TRIBUNE

Council renews downtown district

WHAT HAPPENED: The city council voted 8-1 to renew the Downtown Waterfront District.

WHAT IT MEANS: An extra tax is imposed on businesses in a 90-block area between Mesaba Avenue and 10th Avenue East and from the waterfront up to Second Street to pay for services like the Clean and Safe Team and amenities and promotions designed to make Duluth's downtown and Canal Park business districts more inviting.

The council vote extends the district's life for another five years; had they voted the renewal down, it would have expired at the end of the year.

HOW THEY VOTED: Only Councilor Garry Krause voted against the extension, doing so without comment.

NEWS TRIBUNE

noted that the recession has lowered construction costs and interest rates.

"We're going to be putting local people to work at

a time when we are at a recession," he said.

Construction could begin as early 2011.

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Small Area Plan Web Page

- Comprehensive Plan
- Unified Dev. Code
- Planning Process
- Consultant
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- DWMX (D)
- Environmental Advisory Council
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- Maps

▶ Central Entrance - Miller Hill Small Area Plan

Purpose of the Plan:

- The [Comprehensive Plan](#) (adopted 2006), recognized that there were areas of the City where uncertainty about market conditions, ownership patterns or infrastructural capacity was particularly high, and that those areas would require additional study to guide possible modifications to the future land use map. Central Entrance was one of the areas.
- [Changes to Miller Trunk Highway](#) will result in new traffic patterns and, possibly, changes to existing land uses. Therefore, it is necessary for the City to study the area in greater detail to determine if any new areas that have opened up for development. Informing that determination is an assessment of changes in market conditions. To assist us in assessing the supply and demand for residential, commercial, and office space the City hired a consulting firm to conduct a market analysis. View the [Market Analysis-Executive Summary](#) (475 KB), View the [Market Analysis-full report](#) (16 MB)

What's New!

- A draft of the Small Area Plan is now available. [Click here to download a pdf of the plan.](#)
- The City Council will consider adopting the plan at their September 14 meeting.



Study Area - The study area includes Central Entrance - Miller Trunk Highway from Pecan Avenue to Haines Road (see map below). It includes adjacent and nearby properties designated on the future land use map as auto-oriented and large scale commercial, neighborhood mixed use and urban residential.



Click image to enlarge

Plan Objectives:

- To guide new development opportunities that compliment existing development while minimizing potential negative impacts to surrounding residential neighborhoods.
- To encourage the continued viability of the Miller Hill business district as a regional retail destination.
- To determine the commercial function of the Central Entrance business district and plan for its future.
- To improve and enhance the natural environment.
- To provide safe and convenient non-motorized transportation options throughout the study area.
- To enhance the appearance of the area.

[Click here for a printable version of the map](#) (200 kb)

Mill Hill Small Area Plan Committee

Contact for more info.

Study Plan Committee - The purpose of the plan committee is to assist the City's Planning Division develop the Central Entrance - Miller Hill Small Area Plan.

Meetings and Documents - See a list of meetings and documents related to this small area plan and the DRAFT plan document.

What is a SAP? - A "small area plan" is developed for a clearly defined area and it gives more detailed recommendations than were provided in the Comprehensive Plan. It builds on the goals, policies, and implementation strategies in the Comprehensive Plan to provide a finer level of detail. A small area plan is developed to refine (not to replace) the citywide Comprehensive Land Use Plan that was adopted by the City Council in June of 2006.



- Planning Home
- Comprehensive Plan
- Unified Dev. Code
- Planning Process
- Consultant
- Public Meetings
- Stay Connected
- Tell Us What You Think
- Trends and Themes
- Commissions
- Planning Commission
- DEDA
- DWMX (D)
- Environmental Advisory Council
- Historic Preservation Commission
- Small Area Plans & Other Initiatives
- Natural Areas Program
- Maps

▶ Public Meetings

Central Entrance-Miller Hill Small Area Plan:

During the planning process, the City will host two public meetings. The first meeting will be to introduce the study to the community and to gather input on issues that are important to the residents and businesses of the study area. The second meeting will be to review the market study results and the plan recommendations.

Agendas and related hand-outs from each of the public meetings are posted below. Documents are Adobe Acrobat Reader files.

If you are interested in receiving email notification of the two meetings related to the Central Entrance-Miller Hill Small Area Plan, [click here](#) to sign-up.



Event	Date	Location	Time
Second Public Input Meeting/Open House	July 21, 2009	Duluth Heights Community Club 33 West Mulberry Street	5:00 p.m. - 7:00 p.m.
Agenda			
Meeting Comments			

First Public Input Meeting/Open House	March 12, 2009	Duluth Heights Community Club 33 West Muberry Street	5:00 p.m. - 6:30 pm
Agenda			
Meeting Comments/Questions			

Documents:

- [Small Area Plan - August 2009 DRAFT \(3.9 MB\)](#)
- [Small Area Plan Appendices - August 2009 DRAFT \(21 MB\)](#)

Handouts

- [Plan Process Description](#)
- [What is a Small Area Plan?](#)
- [Demographic tables and charts](#)
- [Future Land Use Map](#)
- [Land Use Regulations and Natural Features Map \(11"x17", File Size - 13 MB\)](#)
- [Land Use Regulations and Natural Features Map \(11"x17", File Size - 350 KB\)](#)

APPENDIX C

Market Study



Central Entrance - Miller Hill Corridor

Duluth, MN

Market Analysis



Presented to:
The City of Duluth
April, 2009

Prepared by:
MXD Development Strategists, Ltd.
www.MXDdevelopment.com

Table of Contents

Executive Summary	<i>i</i>	4.0 Demand Analysis	40
Preface	1	4.1 Introduction	40
1.0 Introduction & Process	2	4.2 Trade Area Demographic Analysis	42
1.1 Scope of Study & Project Background	2	4.3 Retail Demand Analysis	45
1.2 Report Structure	2	4.3.1 Tourism Retail Demand Analysis	49
1.3 Information Resources	2	4.4 Office Demand Analysis	52
2.0 Location Analysis	5	4.5 Hotel/Motel Demand Analysis	53
2.1 Introduction	5	4.6 Residential Demand Analysis	54
2.2 Regional Context	5	4.7 Summary & Implications	58
2.3 Local Context	9	5.0 Land Use Allocation Analysis	59
2.4 Study Area Analysis	11	5.1 Introduction & Methodology	59
2.5 Summary & Implications	15	5.2 Retail Warranted Floorspace Projection	59
3.0 Supply Analysis	16	5.2.1 Retail Void Analysis	61
3.1 Introduction	16	5.2.2 Retail Spending Profile Analysis	61
3.1.1 Duluth Retail Market Overview	16	5.2.3 Target Tenant Identification & Profiling	62
3.1.2 Retail Vacancy Performance Indicators	16	5.3 Hotel/Motel Analysis	67
3.1.3 Retail Sector Competitive Evaluation	23	5.4 Residential Analysis	69
3.1.4 Retail Void Analysis	28	5.5 Summary & Implications	70
3.1.5 Proposed Retail Developments	28	6.0 Districting Strategy	71
3.2 Office Supply Analysis	30	6.1 Introduction	71
3.2.1 Duluth Office Lease Rates Overview	30	6.2 Miller Hill Corridor Plan 1979	72
3.2.2 Duluth Office Vacancy Rates Overview	30	6.2.1 Implications of Miller Hill Corridor Plan 1979	73
3.2.3 Duluth Office Market Inventory	31	6.3 Commercial Real Estate Listings	74
3.3 Hotel/Motel Supply Analysis	31	6.4 Potential Development Sites	76
3.3.1 Central Entrance – Miller Hill Hotel Supply	32	6.5 Potential Development Clusters	78
3.3.2 Conference & Convention Supply Analysis	35	6.6 Sears Holdings (Kmart) Real Estate Strategy	81
3.3.3 Indoor Waterpark Supply Analysis	36	6.6.1 Implications of Kmart Real Estate Strategy	81
3.4 Summary & Implications	38	6.7 Prioritization & Timing	83
		6.8 Miller Hill and Duluth Heights Land Allocation	85
		6.9 Central Entrance Land Allocation	87
		6.10 Central Entrance – Miller Hill Fiscal Benefits	88
		7.0 Districting Place-Making Strategies	89
		7.1 Introduction	89
		7.2 Central Entrance Place-Making Strategies	89

Table of Contents

Appendix A	Glossary of Terms and Acronyms	95
Appendix B	Central Entrance – Miller Hill Case Studies	97
	Excelsior & Grand, Minneapolis, MN	98
	Market Street at Woodlands, Houston, TX	102
	Orenco Station, Portland, OR	107
	Newport Village, Vancouver, BC	110
	Old Mill District, Bend, OR	113
	La Centerra at Cinco Ranch, Katy, TX	116
Appendix C	Central Entrance – Miller Hill	121
Appendix D	Aggregate Expenditure Tables	125



Table of Contents

List of Tables

1.1	Retail S.W.O.T Analysis	13

3.1	City of Duluth Retail Inventory & Vacancy	16
3.2	Miller Hill Retail Inventory Summary	18
3.3	Central Entrance Retail Inventory Summary	19
3.4	West Duluth, Downtown, Canal Park & East Duluth Retail Inventory Summary	20
3.5	Hermantown & Superior Retail Inventory Summary	21
3.6	Miller Hill Retail Mix by Format	23
3.7	Central Entrance Retail Mix by Format	26
3.8	East Duluth Retail Mix by Format	26
3.9	West Duluth Retail Mix by Format	26
3.10	Downtown & Canal Park Retail Mix by Format	27
3.11	Retail Void Matrix by Competitive Retail Sector in City of Duluth	29
3.12	National Hotel Performance Metrics by Location	32
3.13	Duluth Hotel Performance Metrics	32
3.14	Duluth Tier 1 & Tier 2 Hotel Inventory	32
3.15	Central Entrance – Miller Hill Hotel Inventory	33
3.16	City of Duluth Tier 1 & Tier 2 Room Growth	33
3.17	Duluth Conference Space Inventory	35
3.18	National Indoor Waterpark Growth Since 2001	36
3.19	Ratio of Hotel Rooms to Size of Waterpark	37

4.1	Retail Trade Area Boundary Determinants	40
4.2	Population & Household Growth Forecasts 2007 – 2015	42
4.3	Household Composition	42
4.4	Per Capita Household Income 2007 – 2010	43
4.5	Total Trade Area Retail Expenditure by Category	48
4.6	Duluth Tourist Profile	49
4.7	Tourist Spending Breakdown	49
4.8	Estimated Annual Demand for New Office Space	52
4.9	Tourist Profile	53
4.10	Tourist Spending Breakdown	53
4.11	Age Cohort Projections 2010 – 2020	55

List of Tables

5.1	Projected Retail Growth in Duluth DMA	59
5.2	Central Entrance – Miller Hill Corridor Projected Warranted New Retail Floorspace (Maintaining Current Market Share)	61
5.3	Selected Target Tenants for Miller Hill Corridor	62
5.4	City of Duluth Hotel Supply vs Demand	67
5..5	Central Entrance – Miller Hill Hotel Demand Opportunity	68
5.6	Study Area Residential Unit Absorption Projection	69

6.1	Central Entrance – Miller Hill Current Commercial Listings	74
6.2	Central Entrance – Miller Hill Potential Development Sites	76
6.3	Central Entrance – Miller Hill Potential Development and Redevelopment Areas Prioritization & Timing	83
6.4	Miller Hill & Duluth Heights Potential Development Areas and Optimal Land Use Allocation	85
6.5	Miller Hill & Duluth Heights Land Allocation Summary	85
6.6	Central Entrance Potential Development Areas and Optimal Land Use Allocation	87
6.7	Central Entrance Land Use Allocation Summary	87
6.8	Potential Redevelopment Site Fiscal Benefits Case Study	88



Table of Contents

List of Figures

1.1	Methodology	3

2.1	Regional Context	6
2.2	Duluth – Superior Population 1900 – 2007	7
2.3	Duluth MSA Unemployment Rate	8
2.4	Local Context	10
2.5	Central Entrance – Miller Hill Corridor Development Land Parcels	12

3.1	Retail Nodes in the Duluth Area	17
3.2	Major Shopping Formats along Central Entrance – Miller Hill Corridor	24
3.3	Aerial Perspective of Major Anchor & Large Format Tenants along Central Entrance – Miller Hill Corridor	25
3.4	Duluth Hotels & Motels	34

4.1	Trade Area Delineation	41
4.2	Age Cohort Distribution – Metro Area vs USA Average	43
4.3	Per Capita Income (2009)	44
4.4	Per Capita Retail Spending Profile Duluth and Designated Market Area (DMA)	46
4.5	Aggregate Retail Expenditure by Source Segment 2010 and 2020	51
4.6	Educational Attainment Levels – City of Duluth	52
4.7	Housing Units Sold in Duluth 2003 – 2008	54
4.8	Single Family Residential Building Permits	54
4.9	Population Aged 18 – 24	56
4.10	Population Aged 55 +	57

List of Figures

5.1	Estimated Retail Sales by Location	59
5.2	Land Use Allocation Methodology	60
5.3	Outdoor Recreation & Sporting Goods Stores in the Upper Midwest (March 2009 Data)	64
5.4	Outdoor Recreation & Sporting Goods Stores in Minneapolis/St. Paul Metro Area (March 2009 Data)	65
5.5	Warehouse Club Chains in the Upper Midwest	66

6.1	Central Entrance – Miller Hill Commercial Listings	75
6.2	Central Entrance – Miller Hill Potential Development Land Parcels	77
6.3	Central Entrance – Miller Hill Potential Development Nodes & Connectivity	79
6.4	Central Entrance Transition “Flex” Area Between Anderson Rd and Basswood Rd	80
6.5	Kmart Site West of Miller Hill Mall on Maple Grove Rd	82
6.6	Miller Hill & Duluth Heights Potential Development and Redevelopment Areas	84
6.7	Central Entrance Potential Development and Redevelopment Areas	86

7.1	Iconic Gateway Entrance Statements	91
7.2	Identity & Street Banner Concepts for Miller Hill and Central Entrance	93-94

CENTRAL ENTRANCE – MILLER HILL CORRIDOR CONTEXT SUMMARY & IMPLICATIONS

A review of Miller Hill’s regional setting, local context (particularly the sensitivity to the well-being of Downtown Duluth) and site qualities, results in several recommendations:

- The Central Entrance – Miller Hill district is the dominant retail hub in Duluth, itself the most important regional hub in northeastern Minnesota and northwestern Wisconsin. As it is primarily a retail corridor, future development should build upon this critical mass and momentum of shopping, dining and entertainment as the basis of its further development.
- A new type of development format is required to provide a better sense of place in the area, so critical to success in today’s real estate market.
- Where possible, residential uses should be introduced to the area, particularly on the periphery, to provide a more multi-purpose Town Center setting.
- Office uses should continue to be focused in the Downtown, although smaller boutique office space, particularly oriented to local professional services (lawyers, insurance, etc.) would be an important function to round out the corridor.
- Additional Hotel/Motel accommodation could be a good addition to the corridor, subject to sufficient demand.
- A public gathering space should be integrated into the overall strategy from which to center the entire corridor.
- Existing land uses are fragmented and dispersed, so the highest priority should be given to inner locations to fill in the gaps in the corridor before concentrating on expanding the core retail activity.

- The competitive effect of Hermantown and its critical mass of retail needs to be mitigated by an effective districting strategy. Specifically, priority should be given to development sites that are located away from the city boundary, as this will serve to contain the level of cross-shopping and sales leakage from Duluth.
- Evening activity is lacking in the area. Uses such as Entertainment (Cinema and other Family Entertainment) could ideally fulfill this role.

Retail concepts which have thrived in the Study Area are large format “big box” stores and the local mall, both of which provide an internal retail experience and effectively turn their backs to the streets surrounding them.

However, American shoppers, already reporting “mall fatigue,” are increasingly being enticed by new pedestrian-friendly, multipurpose places, such as Lifestyle Centers and Suburban Town Centers. As a consequence, such multipurpose, pedestrian-friendly places are being introduced throughout the country.

Based upon the Location Analysis, it is recommended that Miller Hill be transformed over time to include such a “place”. This should form part of a wider strategy to concentrate activity within the area, and round out its commercial offering, while also introducing potential residential uses to round out its sense of activity during off-peak hours.

Mixed-use development would provide a number of solutions to the challenges faced by the Study Area. Mixed-use development provides a sense of place so missing in the area. It also provides a natural “center” and public gathering place, which is also needed. Such a multipurpose development could include housing (subject to Demand Analysis) and/or office space, as well as accommodation.

SUPPLY SUMMARY & IMPLICATIONS

The evaluation of Duluth's retail environment relating to competitive forces, merchandise voids, sector performance and supply metrics reveals some key findings and resulting opportunities for the Central Entrance – Miller Hill Corridor.

Miller Hill is the dominant force in the regional marketplace for retail anchored regionally by the Miller Hill Mall. **The current inventory of the Miller Hill Mall area is estimated at 2.16 million sf (excluding auto dealerships and auto servicing).** This represents approximately 58% of the total City of Duluth retail inventory (3.74 million sf). **The current vacancy rate for Miller Hill (4.0%) is below the City average and at a healthy level, suggesting there is demand for retail in the Corridor,** but more in the Miller Hill area than along Central Entrance, which has developed into a pedestrian unfriendly, highly fragmented, highway strip retail core dominated by fast food and auto services

The City of Duluth retail inventory does not include the retail west of Haines Rd in the City of Hermantown. In recent years however, the role of Hermantown has increased significantly to a point whereby Hermantown has now become a major player in attracting commercial developments, such as Wal-Mart, Sam's Club, Menards and Gander Mountain. Consequently the approximately **685,000 sf of large format retail located within a 3-minute drive time of the Miller Hill Mall has contributed to likely sales outflow from Duluth to Hermantown** and is a primary reason why the City is facing development pressures for non-commercially zoned lands.

Much of the retail along the Corridor, and in particular around the Miller Hill Mall is value oriented and in some cases, as evidenced by the relocation of Gander Mountain, is obsolete retail space for new-to-market tenants or tenants wishing to relocate to the Miller Hill area. **Average lease rates for the majority of retail space in the Miller Hill area (excluding the Miller Hill Mall) is in the \$10 - \$15 psf range, which represents a challenge for any new developers wishing to create a newer modern retail environment, given current construction costs.**

Miller Hill is the dominant shopping area for Duluth, but the scattered pattern of historic development has created a position whereby larger areas of contiguous developable land have become perceived as scarce, which is why neighboring Hermantown has been so successful in luring tenants (and corresponding retail sales tax revenue) away from Duluth. **Miller Hill is too important a corridor to further allow this outflow to occur and therefore infill, densification and redevelopment should be looked at as solutions to creating a cohesive, more compact environment.**

One void in the local market is a Suburban Town Center that does not compete with Downtown, but instead provides a core for people living in this area of the city. Such a Suburban Town Center typically works well with entertainment concepts, particularly a cinema, and restaurants and could potentially attract an investor based on the lack of strong competition in the area. While it is acknowledged there was an old cinema at Miller Hill Mall and the Lakes 10 Cinema is located in Hermantown, this facility is isolated from the core population and retail concentration. Therefore, the City of Duluth could look to pursue a more modern multiplex Cinema that would be a more suitable fit for the market and contribute to higher retention of spending in Duluth given the adjacency of compatible retail functions.

In the immediate Miller Hill Mall area, there is a clear need to mix automobile-oriented big box spaces (that afford wide vistas of the whole area) with smaller, intimate and more contemplative spaces geared towards pedestrians. This infill would promote not only a critical mass of retail, but more importantly a critical mix of retail. Among the targeted retail functions are Outdoor Sporting Goods, Casual Restaurants and more adult-oriented Fashions.

The impact of Miller Hill's evolution over the past 30 years has been evidenced in the challenges faced in Downtown Duluth. Therefore, local retail tenants, specialty fashion stores and urban grocery concepts should be left for Downtown Duluth to pursue, which will always have an advantage in stimulating an eclectic retail mix.

Executive Summary

In this way, **the tenant mix allocation of the Miller Hill area could be 70% National/Regional to 30% Local, while Downtown could evolve to become 70% Local to 30% National/Regional.** Popular Downtown restaurants, may also potentially want to open a second location “over the hill” to garner evening patronage as well.

The overall supply of office space along the Central Entrance – Miller Hill Corridor is very limited and largely comprised of older Class B & C office space targeting local professional services. There are no defined office campuses along the corridor and the two most recent development proposals, namely the Sande Office Project on Central Entrance and the Arrowhead Crossing on Haines Road have both been impacted by limited demand, which has affected their development and/or construction status. With regard to the Sande Office Project, its location may well become an important site in the future, but the project itself is likely ahead of its time for that area, given the adjacency of uses and demand.

In general, **the majority of quality office space for larger users should continue to be focused in the Downtown area, while the Central Entrance – Miller Hill Corridor should pursue opportunities for smaller local and professional services integrated within a mixed-use development format.** For example, boutique office space for small firms, particularly individuals seeking a work space close to home, kids’ schools etc, and who would not necessarily benefit from synergies downtown. Potential smaller office space would be particularly attractive if amenities located very close by (shopping, dining, services, pub, etc.).

In terms of hotel/motel supply, it is currently in balance with demand. Since 2001, Duluth has averaged an occupancy of between 62% and 64%. Duluth’s 2007 average occupancy was 63.9%, which over one percentage point higher than the National average (62.7%).

Average Daily Room Rates ADR (\$84.35 in Duluth are lower than the national average. From a revenue perspective, the lower ADR suggests lesser potential revenues which may result in lower demand by hoteliers, given the current economic downturn.

The Miller Hill Corridor has a ratio of Tier 1 to Tier 2 weighted more towards a more value-oriented price point. Given the slow growth in supply, in the market, and the current trend to upgrade Downtown/Canal Park properties, the most likely scenario for accommodation would be additional Tier 2 development over a long time horizon.



Photo Credits: MXD Development Strategists Ltd 2009

DEMAND SUMMARY & IMPLICATIONS

A Demand Analysis was undertaken to identify and quantify the various potential markets for retail, office, residential and hotel/motel uses within the Miller Hill corridor. The findings, coupled with the Supply Analysis findings, provide the foundation of the Land Use Allocation Analysis undertaken in the next Section.

A Trade Area was delineated for the Miller Hill Corridor. This region includes the City of Duluth (Primary Trade Area), the rest of the Duluth-Superior metropolitan area (Secondary Trade Area), and a Tertiary Trade Area comprising the remainder of Duluth's designated market area (DMA).

Approximately 425,000 people currently reside within the entire Trade Area. This is stable market, which is growing at 0.23%, well below the national average of 1.03%. However, the number of households is growing at a quicker pace of 0.55% due to the aging population base.

The Trade Area's income profile is slightly lower than the American average. However, disposable income is slightly higher than average, due to the low cost of living in the area. Given this level of disposable income, and the heavily value-oriented nature of retailing along Miller Hill corridor and the rest of Duluth, the lack of retailing positioned above value-oriented is notable.

This mismatch is further indicated by the per capita retail spending profile of Duluth area residents. **Retail categories associated with mall shopping, particularly fashion categories, are lower than average in this market, and likely indicate a lack of quality retail options.**

The Miller Hill corridor has access to a \$4.01 billion per year retail market, that is growing 1.87% per annum as a result of increases in households, per capita income and tourism in the local area. By 2020, approximately \$5 billion annually will be spent on shopping, dining and entertainment.

A Demand Analysis for Office was also undertaken. However, given the primacy of Downtown Duluth for both of these uses, as well as the City's intent to maintain the status quo in this regard, only smaller uses were considered for Miller Hill. The focus was on the smaller "boutique" office tenant that is seeking a convenient work space close to home. It is estimated that approximately 80,000 sf of commercial office space will be absorbed annually by the Duluth market, and that 10,000 sf of this total could be developed along Miller Hill annually without adversely affecting Downtown, due to a different positioning of high amenity suburban space targeting smaller, locally-based companies.

A Demand Analysis for Hotel/Motel further supported the findings in the Supply Analysis that this is not a major development opportunity along Miller Hill. Although tourism to Duluth is growing at a steady pace, **the majority of these tourists are destined to the Downtown and Canal Park areas and as such it is not expected that tourists will play as significant a role in the evolution of Miller Hill or Central Entrance for retail or hotel/motel perspectives** as they would on the enhancement of the Downtown Core.

A Residential Demand Analysis points to two key markets to pursue: The first is the "Lock & Leave" crowd of retirees and semi-retirees, who are increasingly turning to the convenience of condo living, a housing format that frees them to travel. This target market frequently has a second condo in a Sunbelt state. The second group is the "Local Downsizer" market, who are also older, but not as affluent as the Lock & Leave set. This second group also is seeking the convenience of condo living but for the entire year.

Both residential demand segments value access to nature, health care and amenities such as coffee shops, fitness facilities and grocery stores. This group increasingly has driven sales at mixed-use projects built above retail in a pedestrian-friendly village-type setting. Such a development along the Miller Hill corridor could position itself at the heart of the consumer market.

LAND USE ALLOCATION SUMMARY & IMPLICATIONS

A Land Use Allocation analysis was applied to the locational, supply and demand conditions for each of the retail, office, accommodation and residential land uses along the Central Entrance – Miller Hill study area. The following projections were calculated:

- **Retail demand is expected to grow at an average annual increase of 27,345 sf over the next decade.** As such by 2015 approximately 150,000 sf of new retail could be absorbed and by 2020, 302,000 sf, followed by an additional 150,000 sf by 2030.
- Based upon the retail void analysis and a target tenant profiling analysis, this amount of square footage is expected to constitute a number of fast casual restaurants, adult fashion stores, an outdoor recreation “mini-anchor” as well as a smaller specialty food market. **The recommended retail mix is considered achievable if the right kind of development format was introduced along the study area, namely a strategically-located Suburban Town Center.**
- **Office space is recommended for at most 10,000 sf a year** based upon the City’s intention to concentrate business activity in the Downtown Core. The recommended amount of space would be targeted at smaller companies seeking work space close to homes and schools, particularly in high amenity settings close to a number of convenience and food & beverage opportunities.
- Support for additional Accommodation is anticipated to grow slowly over the coming years, particularly based on the likely completion of the Residence Inn. Based upon current projections, it would **likely be 2021 at the earliest before sufficient demand warranted additional accommodation facilities** within the study area.
- For-sale **multifamily residential demand is estimated at approximately 162 new units by 2015 and 235 by 2020.** An additional 41 rental MF units are projected to be absorbable by 2015 and 59 by 2020.



DISTRICTING STRATEGIES SUMMARY & IMPLICATIONS

The forecasted rates of absorption illustrate a more pragmatic and slower rate of growth whereby short term 2010 to 2015, development priority is allocated to infill and intensify the immediate area west and north of the Miller Hill Mall. Over the period 2015 to 2025 development will transition to infill east along Central Entrance joining up with Miller Trunk Hwy at Anderson Road.

Miller Hill – Duluth Heights Land Allocation

The Miller Hill Area is forecast to absorb approximately 300,000 sf of retail, 35,000 sf of office and 300 units of multi-family residential (including 50 rental units) and 80 hotel rooms over the ten year period 2010 to 2020.

Central Entrance Land Allocation

Over the interim period 2010 to 2020 it is not projected that significant demand will be absorbed along Central Entrance. Properties may however be slowly put on the market and acquired over time.

Between 2020 to 2025, Central Entrance could potentially absorb up to 40,000 sf of additional retail space comprised largely of smaller independent retail formats, 25,000 sf of office space, which could be as a freestanding cluster or as units above a retail streetfront and approximately 150 multi-family residential units.

Fiscal Benefit

The approximate 300,000 sf of retail could result in annual retail sales tax revenue for the City of approximately \$720,000 by the year 2020. By 2025, this could further increase to approximately \$825,000 per year with the addition of 40,000 sf along Central Central.

The commercial nature of the corridor as it exists today dictates that the majority of future land use absorption is likely to be driven by retail development. However, the integration of residential and office functions both within and adjacent to some of these development parcels would represent an important departure from historic development patterns and would further help to infill and densify sites along the corridor.

East Central Entrance

In the short to medium term, the development in and around the Miller Hill Mall area is more clear to define. Conversely, the Central Entrance Corridor from Pecan to Anderson is much more complex, given slow demand forecasts, current composition of merchandise categories and traffic issues.

The longer term vision 2020 to 2025 sees the east end of Central Entrance becoming a pivotal gateway location. Here, a catalytic development (either an office development or an economic development strategy that could include a satellite academic campus). An educational component could stimulate an eclectic mix of shops and professional services as well as potential student housing. This gateway location could ultimately lead to the optimal infilling and introduction of a pedestrian-friendly streetscape, where buildings are brought closer to the sidewalks, with fewer curb cuts and parking/access relocated to the rear of buildings.

Central Entrance Transition “Flex” Area (Anderson to Basswood)

The area between Anderson Road and Basswood could ultimately be a “flex” zone in which demand can either be accommodated for residential, retail or office or a combination of these uses as demand warrants in the future.

The transition area between Anderson Rd and Basswood should ultimately be the last pieces of the puzzle otherwise growth along the corridor will undoubtedly continue to be fragmented and lack the compact form and cohesion necessary to stimulate optimal development.

Central Entrance represents a longer term development/redevelopment horizon. Though demand for short term development along Central Entrance is very limited, other place making strategies should be examined to begin establishing and promoting the transition of the area.

Until such time that market demand and/or economic development initiatives create an opportunity for a physical manifestation of the area, strategies such as gateway statements, form based building codes and identity creation should developed.

DISTRICTING PLACE-MAKING STRATEGIES

The most vibrant commercial streets blur the line between inside and outside with outdoor cafes, imaginative store windows and merchandise that spills right onto the sidewalks, newsstands, food carts and other amenities that foster a spirit of excitement day and night. Small and local shops, rather than larger formats, create an eclectic and lively image for commercial streets.

In addition to an organic retail composition, recommended streetscape improvements should include the following:

- Work with MnDOT for a preferred transportation improvement that prioritizes the introduction of a **landscaped central median** and forces the elimination of curb cuts to ease traffic flow, while at the same time enhancing safety.
- New development should require that a **building's frontage** be brought closer to the street edge (e.g. within 6 ms or 20 ft), with primary **parking and access located at the rear of the buildings**.
- **Sidewalks should be widened** (e.g. 2 m or 5 ft) and pushed further back from the curb (e.g. 2 m or 5 ft) to allow for a wider gravel-type landscaped area that would accommodate winter snow removal without impeding sidewalk safety.
- Overall character of the Central Entrance Corridor should evoke a **neighborhood mixed-use feel**. It is not expected that demand will warrant a full scale revitalization of the area in the short term, but specific infill areas could be targeted for redevelopment, such as the intersection of Blackman Rd and Central Entrance.
- Longer term outlook for Central Entrance is for more **local, independent retail, smaller boutique office and professional services**.
- **Multi-family housing, either above retail or as terraced townhomes** should also be encouraged with similar design requirements for proximity to street edge with parking and access from the rear.

FINAL SUMMARY & RECOMMENDATIONS

The MXD evaluation of the Central Entrance – Miller Hill Corridor reveals a **sprawling land use pattern lacking connectivity** and concentration of functions.

From this Market Analysis, **infill, densification and redevelopment sites should be prioritized to avoid further unnecessary sprawl and promote more compact urban development**. A more pragmatic approach to development will help encourage better vehicular, pedestrian and transit connectivity and access along the Central Entrance – Miller Hill Corridor.

Concentrated nodes of development would encourage better vehicular, pedestrian and transit connectivity, while also reducing infrastructure and servicing costs when compared to creating new additional nodes.

Similarly, **redevelopment would act as a catalyst for improvements to surrounding properties**, consistent with the City of Duluth's Comprehensive Plan Governing Principles.

Furthermore, by **targeting redevelopment 'greyfield' sites** as opposed to larger new 'greenfield' sites, supply can be kept in balance with demand for retail space.

The amount of new retail space added to the Corridor should be **"right-sized"** to avoid impacting other important City nodes, such as Downtown or West Duluth.

The Central Entrance – Miller Hill Corridor does not require additional new commercially zoned land, but rather more intense use and efficient utilization of existing commercially zoned lands. Future development should place an emphasis on existing lands that can accommodate potential tenant requirements and future growth, without exerting unnecessary pressure on non-commercially zoned land.

MXD Development Strategists Ltd (Vancouver, Canada) was commissioned by the City of Duluth in January 2009 to conduct a Market Study for the Central Entrance – Miller Hill Corridor (“the Study Area”). This study was conducted over the period February to March to assist the City in creating an identity for the entire corridor and for establishing a priority for land use allocation and development along the corridor.

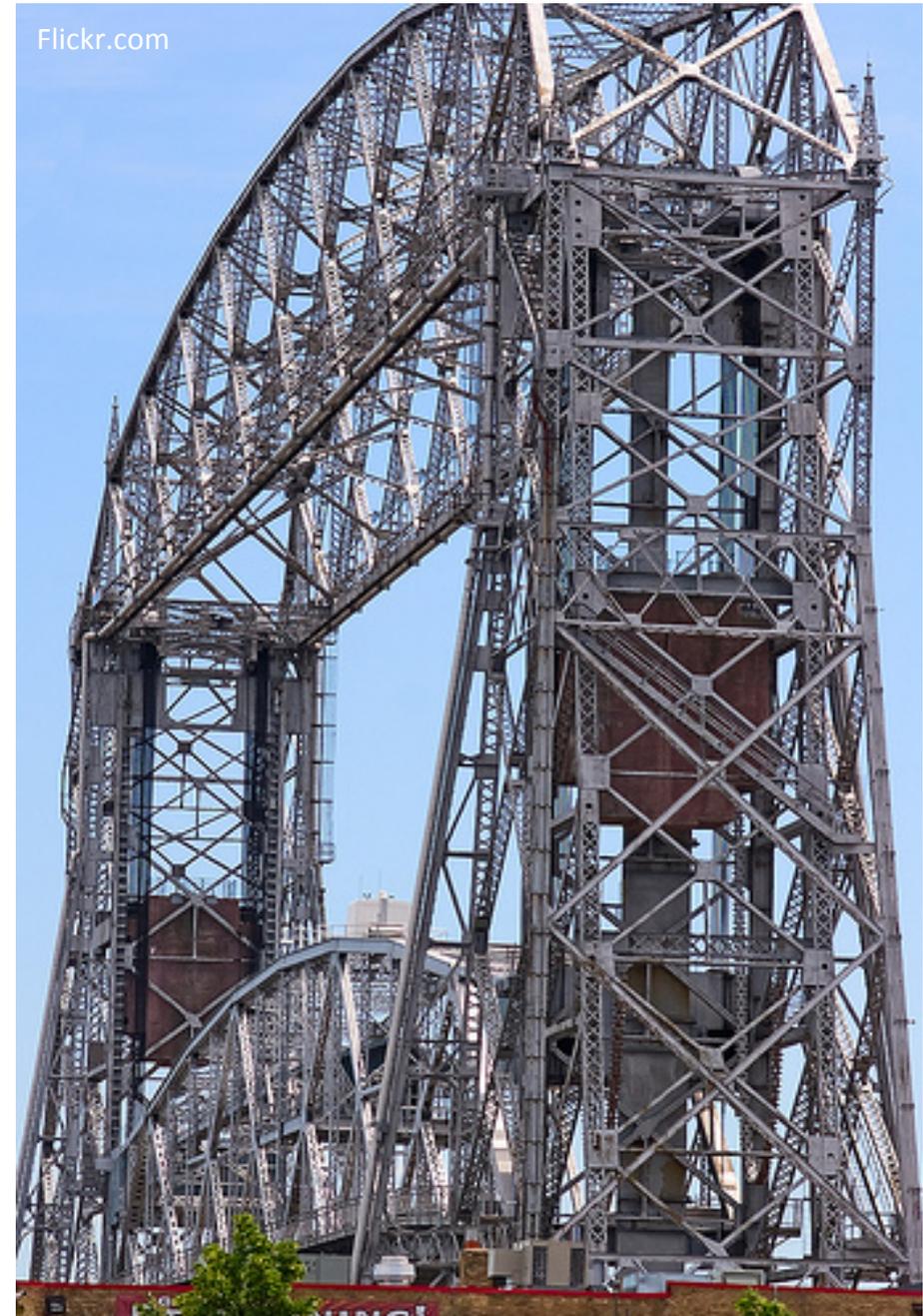
A regional examination was carried out in February 2009 in conjunction with information provided by the City of Duluth’s Planning Division. Additional reference material for this report was provided by, but not limited to, Commercial Real Estate Brokers, Visit Duluth, Duluth Area, Chamber of Commerce, Area Partnership for Economic Expansion (APEX), Claritas and MXD Development Strategists Ltd.

The figures presented in the report are based on an evaluation of the current general level of the United States, Minnesota and Duluth economies, and neither take into account nor make provisions for the effect of any sharp rise or decline in local or general economic conditions.

MXD Development Strategists Ltd. do not warrant that any estimates contained within the study will be achieved, but that they have been prepared conscientiously on the basis of information obtained during the course of this market analysis. Also, any tenant references made in the report are for illustrative purposes only and should not be taken as guarantees that they will locate along the Corridor.

Given the nature of the Study, MXD Development Strategists Ltd. attempts to render objectively the most probable and realistic forecasts for retail, office, residential and hotel demand. This analysis was conducted by MXD Development Strategists Ltd. as an objective and independent party; and is not an agent of the City by virtue of this or any subsequent study to be conducted on this matter.

As is customary in an assignment of this type, neither our name nor the material submitted may be included in a prospectus, or part of any printed material, or used in offerings or representations in connection with the sale of securities or participation interest to the public, without the expressed permission of MXD Development Strategists Ltd. or the City of Duluth.



1.1 SCOPE OF STUDY & PROJECT BACKGROUND

MXD Development Strategists Ltd (Vancouver, Canada) was commissioned by the City of Duluth in January 2009 to conduct a Market Study for the Central Entrance – Miller Hill Corridor (the “Study Area”). This study was conducted over the period February to March to assist the City in creating an identity for the entire area and for establishing a priority for land use allocation and development along it.

This study specifically assesses the supply and demand for retail, residential, office, hotel land uses along the Study Area, followed by a land use allocation strategy and fiscal benefits summary.

1.2 REPORT STRUCTURE

MXD Development Strategists Ltd conducted field research in February 2009 to gain a firm understanding of the existing competitive and economic conditions in the City of Duluth.

These field investigations specifically examined and documented in detail the current retail inventory in the City of Duluth, as well as major office clusters, multi-family residential developments and accommodations.

The purpose of this research was to establish a solid foundation for estimating the potential demand for land uses along the Study Area and specifically how such land uses could and should be located and prioritized to ensure well balanced and managed growth in the City. Accordingly, this study and its recommendations are structured as follows:

Section 1: Project Scope & Understanding

Section 2: Location Analysis

In order to lay a foundation for subsequent growth forecasts, this section assesses the recent and current economic performance of Duluth. Specific areas of examination will include employment, retail sales, GDP growth etc. An analysis of the Study Area’s local context and site qualities is also made.

Sections 3: Competitive Supply (Retail, Office, Hotel/Leisure, and Residential)

This section describes the existing local retail inventory documenting the major retail nodes in Duluth, focusing on the Study Area. This assessment also includes an overview of market conditions for office, hotel accommodations/amenities, and multi-family residential uses.

Section 4: Demand Analysis (Retail, Office, Hotel/Leisure, and Residential)

This section examines the regional trade area, including its demographic profile, and expenditure profiles for retail categories (excluding automotive sales and service). It also forecasts demand for office, accommodation and multi-family residential land uses.

Section 5: Land Use Allocation Analysis

This section contrasts the supply and demand conditions, as well as the location analysis findings to forecast demand for each major land use along the Study Area.

Section 6: Districting Strategies

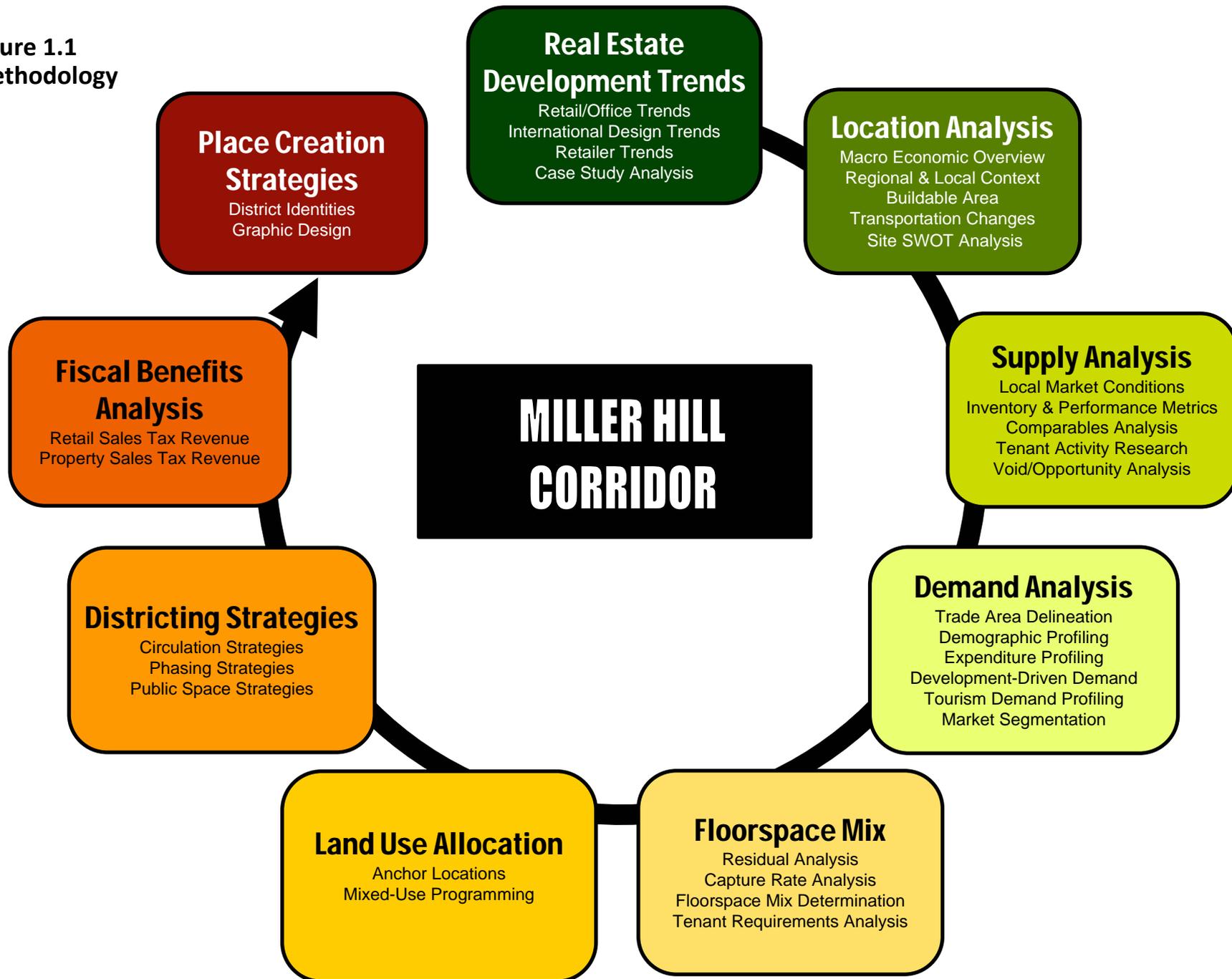
In this section key districts are developed and a prioritization of development parcels is identified based upon an overall strategy for the entire corridor, available development parcels, and each parcel’s inherent site qualities and neighboring land uses.

An order-of-magnitude estimate of the potential economic benefits that could result from the District Strategy & Land Use Allocation is included.

Section 7: Place-Making Strategies

To complete the study, a brief illustration is made of how both Miller Hill and Central Entrance could develop a greater identity in the near-term through specific design and streetscape enhancements.

Figure 1.1
Methodology



1.0 Introduction

1.3 INFORMATION RESOURCES

During the course of this Market Study, a number of information resources were used to quantify supply and demand conditions. In addition to research, interviews were also conducted in person and over the telephone to further gain an understanding as to the many nuances that comprise Duluth and in particular the Central Entrance - Mill Hill Corridor. The following sources of information were used in this Market Study.

- City of Duluth, Community Resources Department – Planning Division, Central Entrance – Mill Hill Corridor Existing Zoning and Future Land Use and Transportation Plans
- City of Duluth, Treasury Department, Miller Mall Area Retail Sales Tax History
- University of Minnesota - Minnesota Population Center
- Minnesota State Demographic Center
- Real Estate Center, Texas A&M University
- City of Duluth - Community Development's 2007 Housing Indicator Report
- Minnesota Department of Employment & Economic Development
- Downtown Duluth Retail Sales Potential, Dec 2008 (McComb Group Ltd).
- Chamber of Commerce, Duluth Area 2008 Community Guide
- Business North, Nov/Dec 2008
- Northland Connection, The Northspan Group
- Holappa Commercial Real Estate 2009 (www.holappa.com)
- CMRA Consulting, Management & Realty Associates (www.cmrassells.com)
- Prudential Truscott Realtors (www.prudentialtruscott.com)
- NAI Welsh (www.welshco.com)
- Kleiman Realty
- Upland Commercial Brokerage (www.uplandbrokerage.com)
- Loopnet Online Commercial Real Estate (www.loopnet.com)
- Duluth Airport Authority Airline Statistics & Traffic Counts
- Minnesota Department of Employment & Economic Development,
- Economic Impact of Duluth International Airport, Dec 2007 Simon Property Group (Miller Hill Mall)
- Mission Development, Development Overview
- City of Duluth, Miller Hill Corridor Plan, 1979 (Published 1982)

- Hotel Waterpark Resort Research & Consulting, Construction Report Fall 2008
- Hotel Waterpark Resort Research & Consulting, Hotel Waterpark Resort Industry Report, February 2008
- Dean Runyan Associates
- Smith Travel Research, Feb 2008
- Visit Duluth, Duluth Tourism Data and Hotel Room Inventory
- Visit Duluth, Expanding Opportunities – Attitudes and Perceptions About Duluth Among Visitors, July – August 2005
- Explore Minnesota Tourism "The Economic Impact of Expenditures By Travelers On Minnesota's Northeast Region and The Profile of Travelers June 2007 – May 2008"
- Explore Minnesota Tourism, "Top 10 Attractions In Each Minnesota Tourism Region 2005"
- Urban Land Institute/International Council of Shopping Centers, Dollars & Cents of Shopping Centres 2008
- <http://www.city-data.com/city/Duluth-Minnesota.html>
- St. Louis County Community & Economic Development
- Duluth Superior Metropolitan Interstate Council, "Access and Mobility for People and Freight 2030"
- MnDOT, Miller Trunk Highway Transportation Improvements
- Project for Public Places (www.pps.org)
- Congress of New Urbanism (www.cnu.org)

INTERVIEWS

- **Rob West**, President and CEO of the Area Partnership for Economic Expansion (APEX)
- **Elaine Hansen**, Director of the University of Minnesota - Duluth's Center for Economic Development
- **Brian Grefe**, Operations Director, Duluth Airport Authority
- **Kristi Stokes**, President Greater Downtown Council
- **Andy Peterson**, Director of Public Policy, Duluth Chamber of Commerce
- **Terry Mattson**, President and CEO of Visit Duluth
- **John Gellatly**, City Assessor for the City of Duluth
- **Brian Hansen**, City Treasurer for the City of Duluth
- Central Entrance – Miller Hill **Small Area Plan Planning Committee**

2.0 Location Analysis

2.1 INTRODUCTION

Strong site factors are an essential foundation to real estate redevelopment success, and an understanding of these factors can help to optimize the long-term development vision for the Study Area. This section identifies the area’s key regional, local and site-specific characteristics as they relate to the development of profitable and enduring retail, office, accommodation and residential development.

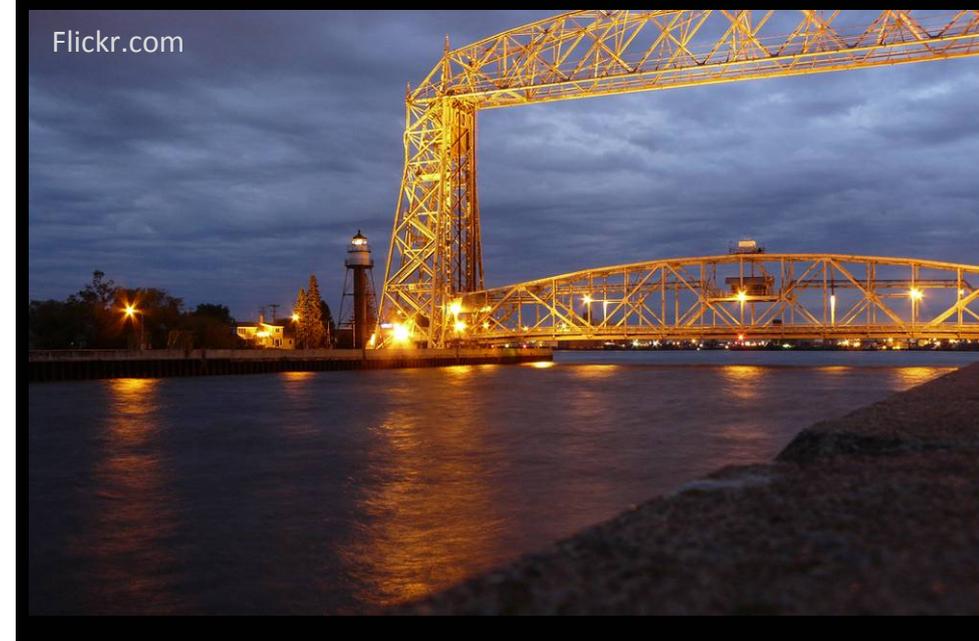
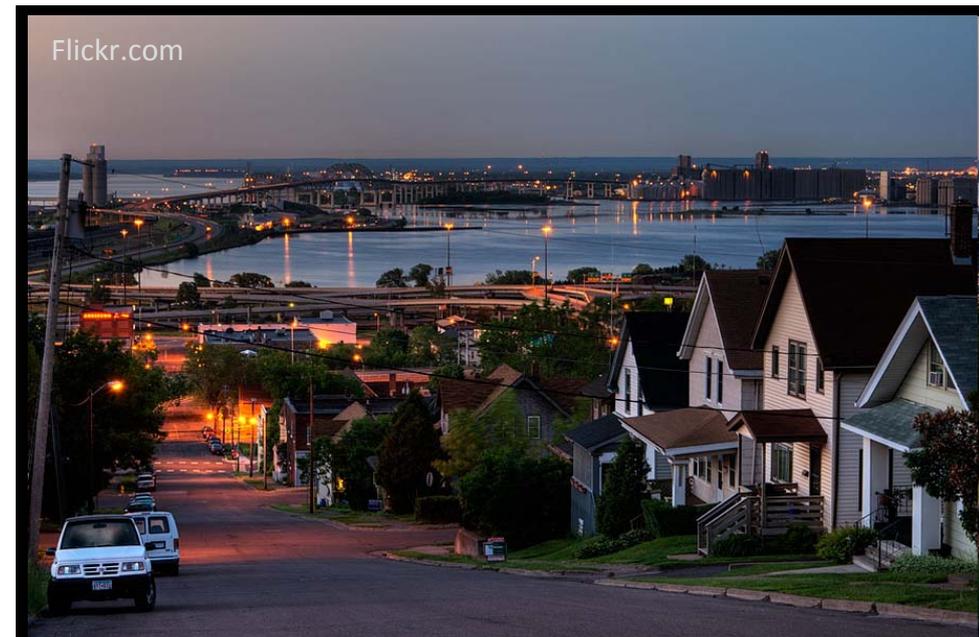
The analysis begins with a macro study of the Duluth area, followed by an assessment of the study area’s location within that region. This is followed by a more site-specific analysis of the properties within it and their relationship with their immediate vicinity.

2.2 REGIONAL CONTEXT

Duluth is the regional hub for northeastern Minnesota, northwestern Wisconsin, and the western Upper Peninsula of Michigan (**Figure 2.1**). Historically, the city’s role as a transportation center at the head of Lake Superior provided its primary economic driver. But it has diversified significantly in recent decades, and is now a center for education, health care, technology, manufacturing, tourism and back office activity.

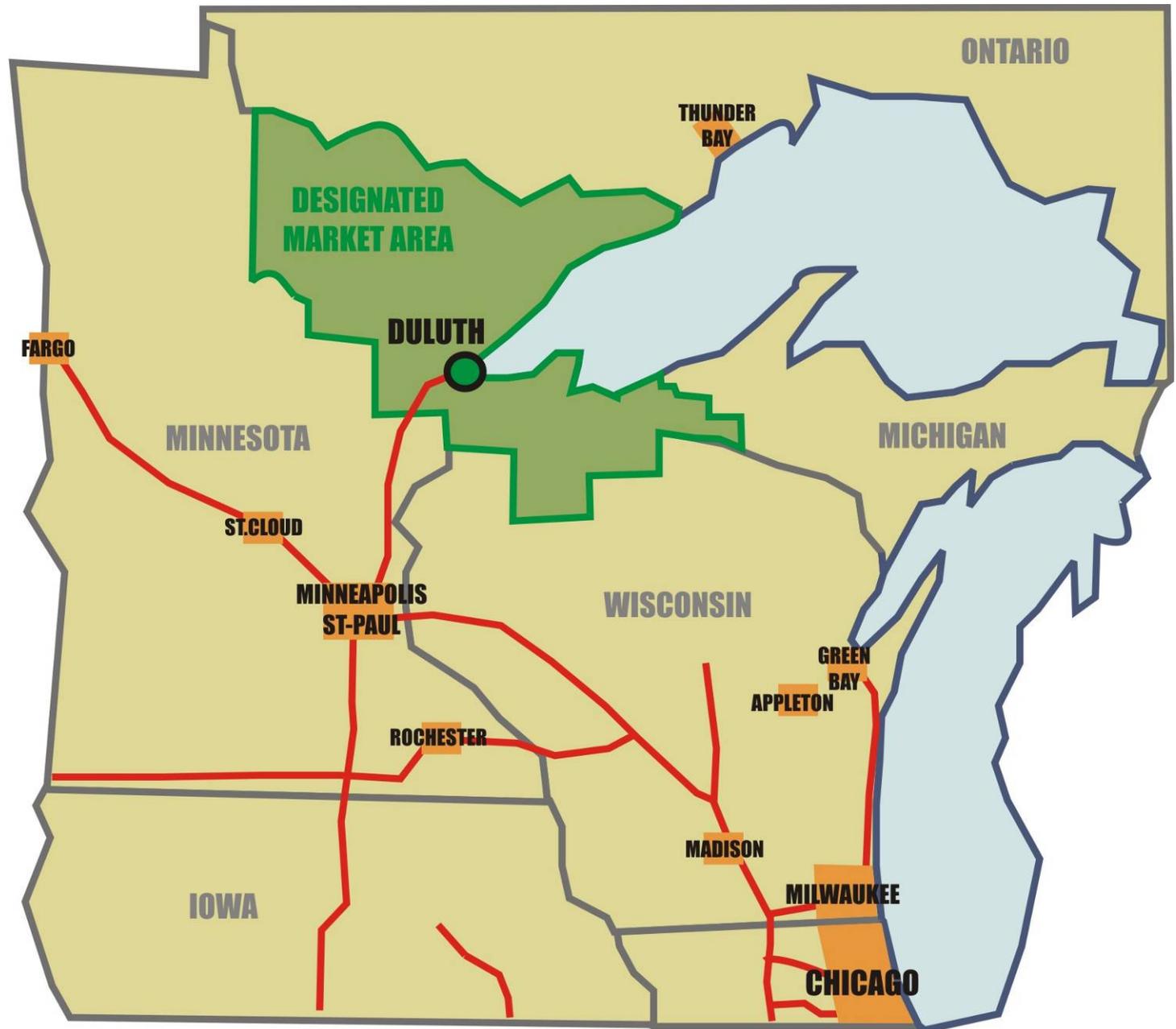
The Duluth area experienced its fastest growth to date during the period of 1900 to 1920 (**Figure 2.2**). During that time the population more than doubled to just over 250,000. The population then stabilized, growing very slowly until 1960, when it entered a period of moderate decline. The City of Duluth itself has experienced a relative decline within the region, shrinking from a peak of 41% of the metropolitan population to 36% today. Duluth has entered a post-industrial period in recent decades, and has leveraged its excellent quality of life to stabilize population decline, and gradually reverse it.

Duluth is a relatively isolated community, with the nearest metropolitan area, Minneapolis-St. Paul, over two hours distance by car. This distance from other population clusters reduces the amount of potential commercial interaction. However, the proposed \$363 million passenger rail line connecting Minneapolis to Duluth is expected to energize the local economy with new satellite city functions.



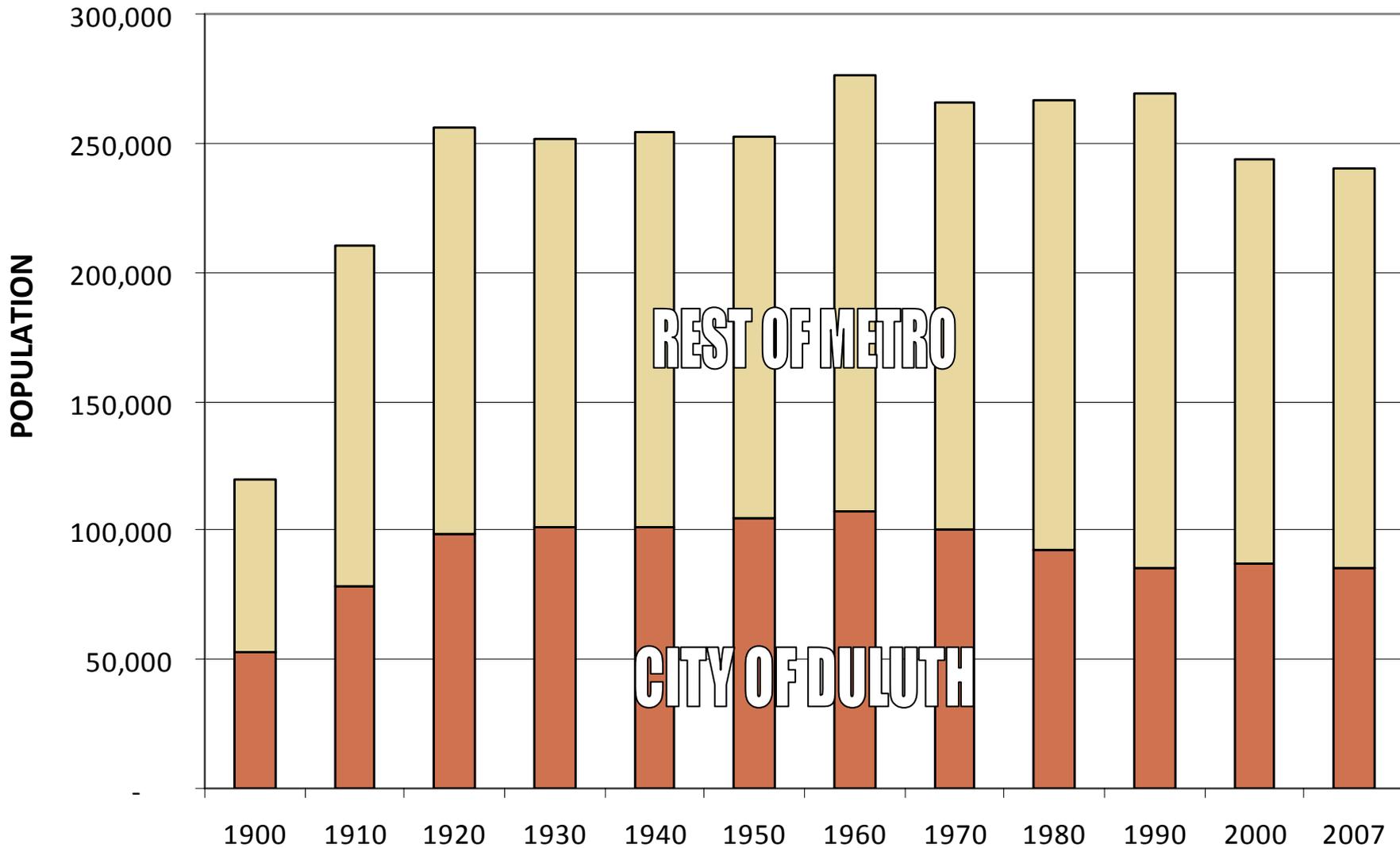
2.0 Location Analysis

Figure 2.1
Regional Context



2.0 Location Analysis

Figure 2.2
Duluth-Superior Population, 1900 - 2007



2.0 Location Analysis

The Northern Lights Express Line is expected to debut in 2012. The proposed line could support eight daily trains capable of speeds up to 110 miles per hour. The rail line is expected to help generate nearly \$2 billion in development around five Minnesota stations, including one in Duluth and one in Superior. The Duluth station is expected to catalyze \$190 million in its vicinity, while the Superior station, as much as \$90 million. The line, connecting Duluth to Minneapolis is expected to attract as many as 3,000 riders a day. The cost of a one-way ticket would be \$36 and take two hours with stops.

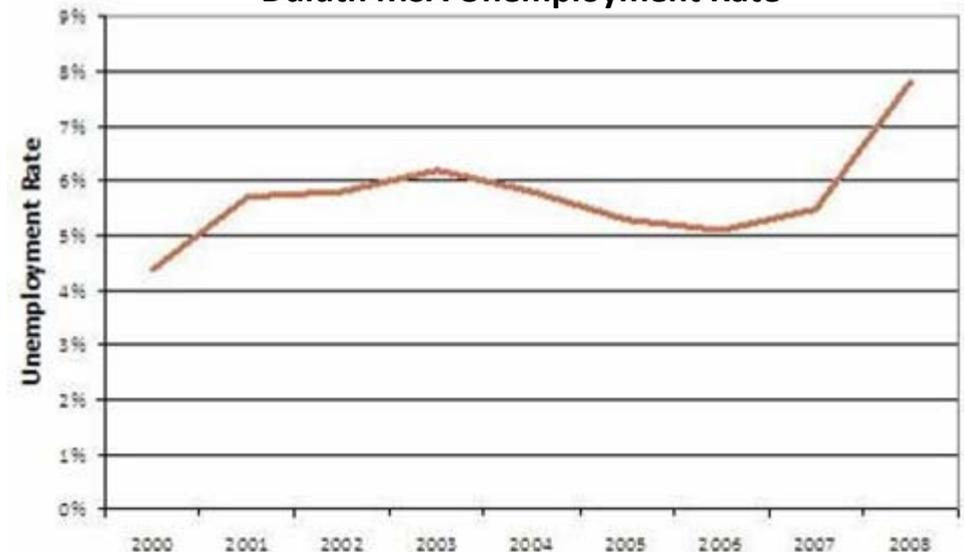
The Duluth economy has historically been mineral-based, but is diversifying on a number of fronts:

- While Duluth remains a major transportation center for the transshipment of raw materials, in recent years it has seen strong growth in the transshipment of wind turbine components and oversized industrial machinery.
- The city is increasingly a center of green industries, including: hydroelectric and wind-generated power, bio fuels development, environmentally-friendly building design, and green building techniques. The city is well-positioned to capitalize upon green initiatives from the federal government.
- Duluth is a popular tourist destination (as described in detail in **Section 4**). The region receives 3.5 million visitors a year, of which 75% are on leisure trips. The city is a popular family destination, and draws regular traffic from the Twin Cities.
- Education is very prominent in Duluth, as evidenced by the high student-population ratio. In terms of full-time enrolment, the University of Minnesota-Duluth is the largest with 9,475 students. Other large higher learning institutions in the metro area include Lake Superior College (2,246 full-time students), The College of Saint Scholastica (2,820), Duluth Business University (230) and the University of Wisconsin – Superior (2,436). Education generates \$500 million a year into the local economy.

- Back office and applied technology functions (such as Customer Relationship Management and F.I.R.E.) are increasingly prominent and benefit from direct fiber access to Chicago.
- Health Care is a major sector in the local economy, with over 12,000 employees serving a market of 425,000 people. The City's two hospitals are close neighbors just east of the main downtown area.
- Aviation is an important and growing part of the local economy; for example the Cirrus Aircraft operation near the international airport.

This high degree of economic diversification has kept Duluth's unemployment rate at relatively healthy levels in recent years. However, the recent economic downturn has had an impact on the city, with unemployment rates trending upwards over the past year (**Figure 2.3**). Overall, however, its broad-based economy, regional dominance, range of emerging industries, and lack of housing bubble is expected to accelerate its recovery.

Figure 2.3
Duluth MSA Unemployment Rate



2.0 Location Analysis

2.3 LOCAL CONTEXT

The Miller Hill corridor began to gather development momentum upon the completion of Mesaba Avenue. The Miller Hill Mall opened in the summer of 1974, and the surrounding area soon became a popular location for new businesses. The corridor is now the largest contiguous commercial area in the region. The entire Central Entrance-Miller Hill corridor (“Study Area”) still includes a number of undeveloped or underdeveloped sites, representing potential development and redevelopment opportunities.

The potential development opportunities at Miller Hill are also impacted by the evolution of other key growth nodes in the Duluth area. The most notable of these include Downtown Duluth, Canal Park, Hermantown and the Airport.

Office functions are the primary activity in the Downtown core and it is the largest office cluster in the region. The Downtown area’s daytime population increases by over 12,900 from commuters working in the city center. Retaining the Downtown’s primacy for office work is an objective of the City that is recognized by this study. Recommendations for new office development in the Miller Hill Corridor are, therefore, very modest in scale and scope.

Downtown Duluth includes a variety of shops and restaurants along several major streets. The City of Duluth is intent that future retail development along the Miller Hill Corridor should complement, rather than directly compete with, Downtown Duluth’s retail offering. The recommendations in this report strive to fulfill this objective.

Retailing in Downtown Duluth is the most eclectic in the region, but is not without its challenges. There are few national tenants in the city center, and numerous vacancies, particularly for larger spaces. A negative perception of Downtown is held by many area residents, although the quality of life is good and improving in this part of the city. Overcoming this perception is a major challenge for Downtown Duluth.

Downtown is also in need of an obvious “center” to provide focus for the area. For example, there is no public gathering place in downtown, surrounded by shops and restaurants, as is common in other city centers. This in part stems from the separation of Downtown Duluth from its waterfront by Interstate 35. The Canal Park area is popular with locals and residents but currently lacks a seamless connection with Downtown Duluth

The city center will greatly benefit from the future rail station and transit hub resulting from the Northern Lights Express Line. Also, planned improvements to the pedestrian connections with the popular Canal Park area and new residential development in particular are also likely to improve Downtown’s vibrancy.

Canal Park, adjacent to Downtown Duluth along the waterfront, is a popular district attracting both tourists and locals. The district includes a number of attractions, including an aquarium (120,000 visitors a year), convention center (currently under expansion), and a new 6,600-capacity LEED-certified ice arena.

Canal Park is oriented primarily towards tourist traffic. It captures 75% of all tourist shopping, dining and entertainment spending in the City. Conversely, the Miller Hill area is targeted towards locals and people living within Duluth’s Designated Market Area (DMA), and is unlikely to generate significant tourist traffic given its location.

Hermantown is a suburb of Duluth with a reputation as being amenable to commercial development. Although the community has a population of just 8,000, it includes a number of big box stores (Gander Mountain Sports, Sam’s Club, Wal-Mart (a future SuperCenter location), Menard’s and HOM Furniture. Though there is a political boundary at Haines Rd separating Hermantown from Duluth, from a consumers perspective this area is considered one market.

These developments are located on the Duluth border, and target the wider metropolitan market. A challenge for Duluth is to determine how to retain retailer interest in locating within City limits, particularly as Hermantown establishes a critical mass of destination retailing within its borders.

2.0 Location Analysis

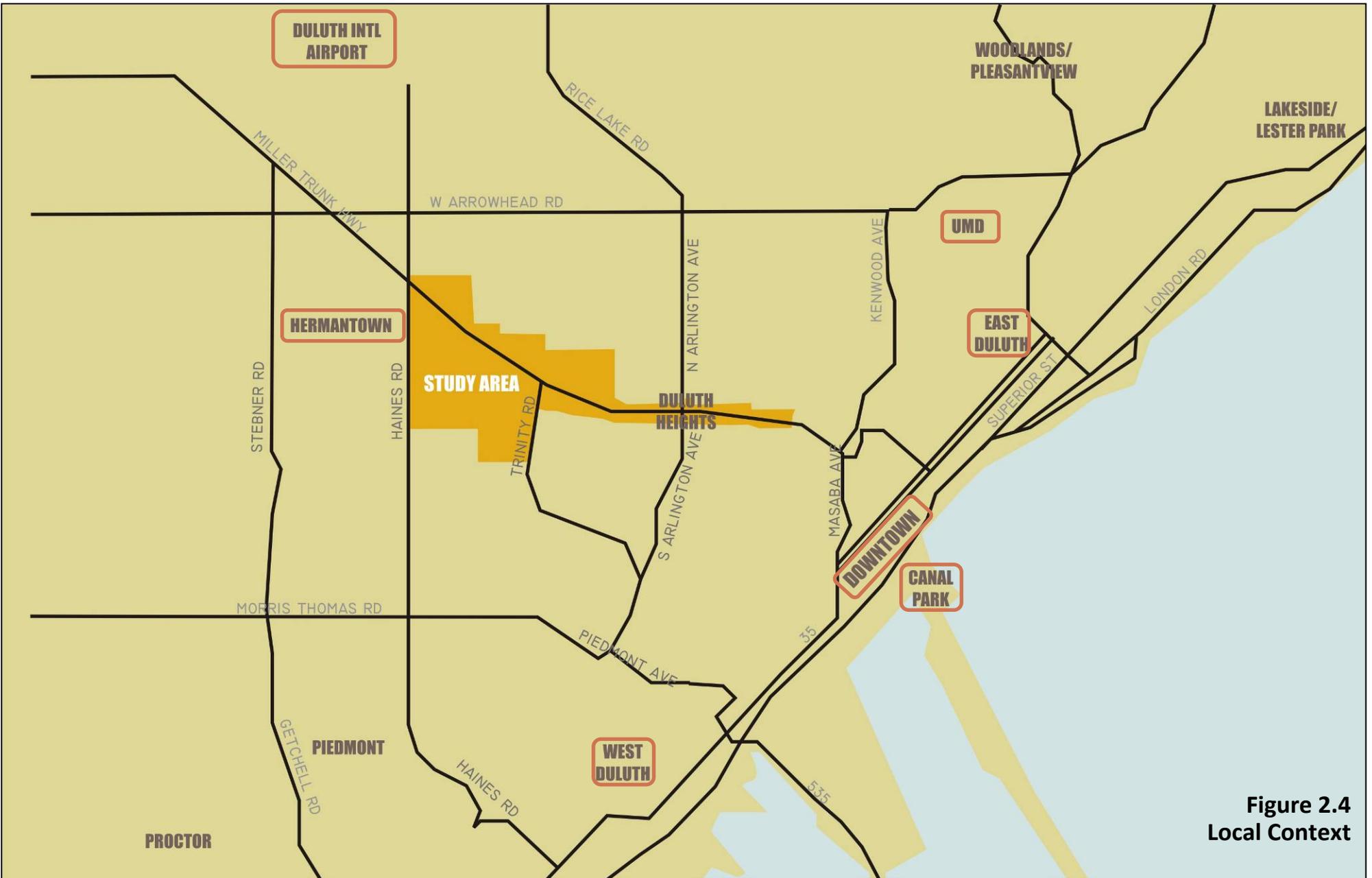


Figure 2.4
Local Context

2.0 Location Analysis

Duluth International Airport and its environs represent an additional economic cluster with a direct impact on Miller Hill. The airport generated 350,000 enplanements in 2007. This shrank by 13% in 2008, likely due to the loss of the Midwest Airlines service, but was growing at a steady pace in prior years. The airport's current priority is to open direct flights to Chicago.

The airport itself is set to develop a new \$70 million terminal building, located in its current short term parking lot. Construction is expected to commence in 2010 Q3, with completion within 4-5 years. There are plans for a larger hangar on the airport lands, as well as longer term objectives for when the airport receives land back from the Air Force.

The Port Authority is also active in the area, with the new Arrowhead Crossing business park along Haines Road. Overall, however, the majority of economic activity within close proximity to the Airport is air-related only.

The **University of Minnesota-Duluth** campus is located approximately two miles northeast of the Study Area. This education facility has over 12,000 students (full-time and part-time), many of which live in its vicinity. One objective of this study was to determine the opportunity to develop student housing in the Study Area, a topic discussed further in **Section 4**.

2.4 STUDY AREA ANALYSIS

The Study Area (**Figure 2.5**) was examined as it pertains to potential retail, office, residential and commercial development. A review of these site factors, as they relate to retail development, is summarized in **Table 2.1** and is described as follows.

The Miller Hill corridor is typical of the automobile-oriented corridors that lead “out of town” from city centers, developed since the Second World War. As with other automobile corridors, land uses tend to be fragmented, with each bearing little relation to their neighbors. There is a lack of a clear center for the area, or a pattern to the development.

The Miller Hill corridor is not without its advantages. **Retail locations** along the roadway benefit from excellent visibility and accessibility, for both destination shoppers as well as commuters. Miller Hill's role as major thoroughfare connecting Downtown Duluth with the western suburbs is sufficient to generate 24,000 vehicles passing through daily, many of which would stop in spontaneously for shopping or dining opportunities. The number of curb cuts, signalized access and other traffic controls, including left turn signals, provides important ingress/egress for local traffic. The relatively low traffic speeds (compared to a highway) and congestion further makes Miller Hill a convenient “one-stop-shop” for the entire DMA.

Office functions are not well represented along Miller Hill. The corridor is not competitive with the city center for this land use. Specifically, Downtown has advantages in professional clustering and support services, waterfront views, transit connections, and better access to the professional population, many of which live in East Duluth. Office functions in Miller Hill must also compete with the suburban business parks in the area, particularly around the airport vicinity. Land is cheaper at these locations allowing the development of plentiful surface parking required by this format.

Accommodation is represented by several budget motels, including the Fairfield Inn and Day's Inn. The relative distance to Duluth's major tourist attractions limits the appeal of the area to the visitor market. Although it does benefit from the number of shopping amenities located here.

Residential development, particularly the multifamily projects which would suit the periphery of the corridor, have a specific set of location factors. These include access to employment centers as well as amenities such as shopping, health care, parks and schools. The corridor currently lacks all but shopping in its immediate environment, providing a challenge to widespread residential development.

2.0 Location Analysis

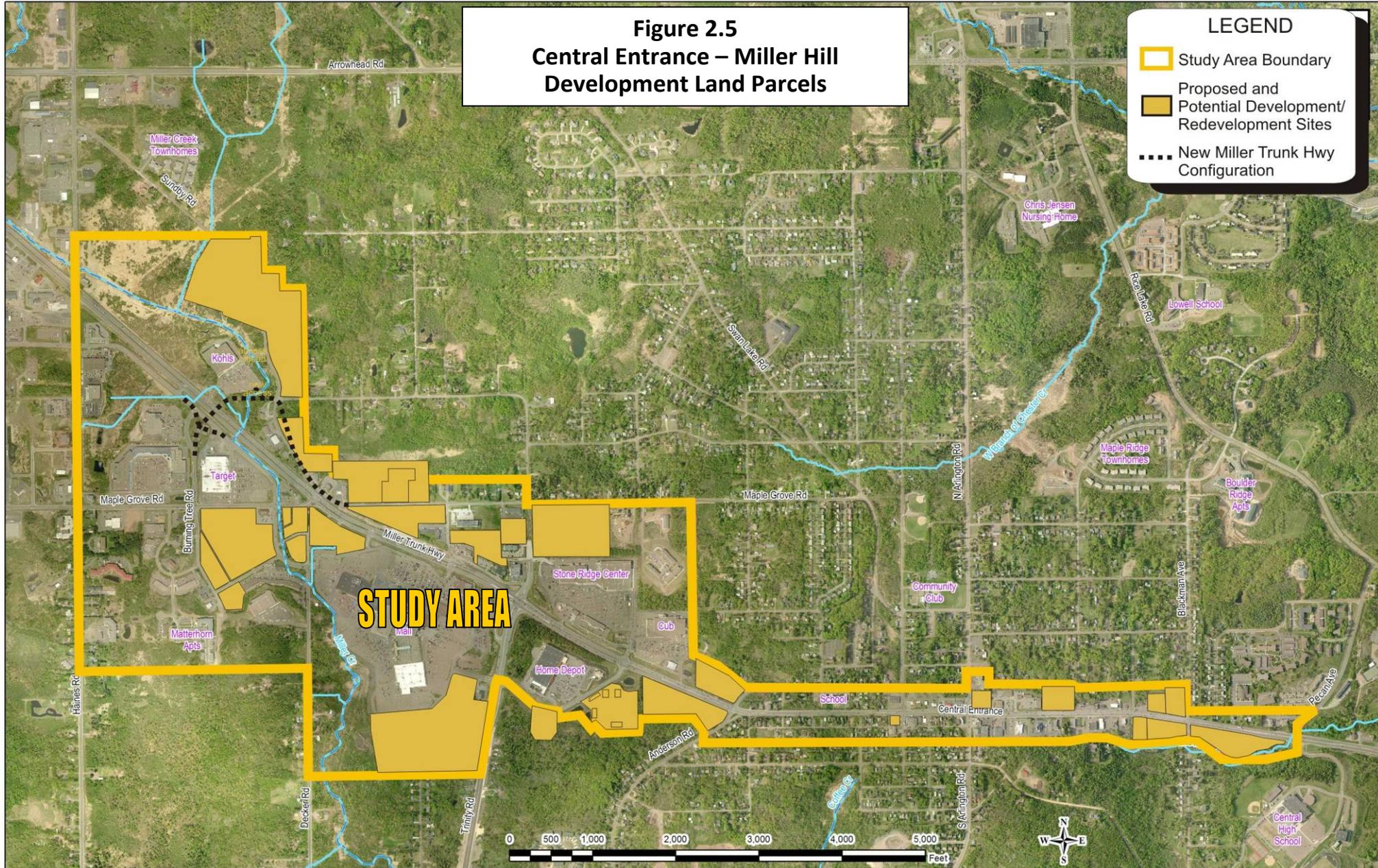


Table 2.1
Retail S.W.O.T. Analysis

POSITIVE	NEGATIVE
<p>STRENGTHS</p> <ul style="list-style-type: none"> Existing critical mass of destination retail. Along major thoroughfare with 24,000 ADT. Adjacent residential and Hotel/Motels. New road improvements to better connect with urban core. Lack of extreme traffic congestion along Miller Hill Highway and Central Entrance. Number of potential infill sites with excellent frontage and access. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> Fragmented, extended development pattern, lacking vitality or sense of place. Not adjacent to, or visible from Interstate highway Low density and many buildings in poor condition, particularly along Central Entrance. Distance (time and topographical) from Downtown /Canal Park hotels, retail, office, tourist destinations. Number of alternative bypasses that commuters can use to avoid congestion around Miller Hill retail cluster. Hill barrier/negative perception of area.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Reduce sales leakage to Hermantown and Twin Cities by rounding out retail offering. Introduce pedestrian-friendly format to mitigate automobile landscape. Provide a central gathering place to provide a sense of place and orientation for the local neighborhood. Mix variety of land uses to create a multipurpose place. Identification and creation of linkages between various developments in the Study Area. Create an eclectic street along Central Entrance. 	<p>THREATS</p> <ul style="list-style-type: none"> Competes with Downtown Duluth rather than creating a complementary offering. Traffic congestion prevents regular patronage from visitors and residents. Continuation of current development pattern further entrenches Miller Hill as a single-purpose “shop and leave” area. Lack of overall development vision causes further dispersion of commercial activity, and increased attractiveness of Hermantown alternative.

2.0 Location Analysis



2.5 SUMMARY & IMPLICATIONS

A review of Miller Hill's regional setting, local context (particularly the sensitivity to the well-being of Downtown Duluth) and site qualities, results in several recommendations:

- The Miller Hill – Central Entrance district is the dominant retail hub in Duluth, itself the most important regional hub in northeastern Minnesota and northwestern Wisconsin. As it is primarily a retail corridor, future development should build upon this critical mass and momentum of shopping, dining and entertainment as the basis of its further development.
- A new type of development format is required to provide a better sense of place in the area, so critical to success in today's real estate market.
- Where possible, residential uses should be introduced to the area, particularly on the periphery, to provide a more multi-purpose Town Center setting.
- Office uses should continue to be focused in the Downtown, although smaller boutique office space, particularly oriented to local professional services (lawyers, insurance, etc.) would be an important function to round out the corridor.
- Additional Hotel/Motel accommodation would be an excellent addition to the corridor, subject to sufficient demand (analyzed later in the report).
- A public gathering space should be integrated into the overall development plan from which to center the entire corridor.
- The existing land uses are fragmented and dispersed, so the highest priority should be given to inner locations to fill in the gaps in the corridor before concentrating on expanding the core retail activity.

- The competitive effect of Hermantown and its critical mass of retail needs to be mitigated by an effective districting strategy. Specifically, priority should be given to development sites that are located away from the city boundary, as this will serve to contain the level of cross-shopping and sales leakage from Duluth.
- Evening activity is also lacking in the area. Uses such as Entertainment (Cinema and other Family Entertainment) would fulfill this role, subject to a Demand Analysis.

The retail concepts which have thrived in the Study Area are large format “big box” stores and the local mall, both of which provide an internal retail experience and effectively turn their backs to the streets surrounding them.

However, American shoppers, already reporting “mall fatigue,” are increasingly being enticed by new pedestrian-friendly, multipurpose places, such as Lifestyle Centers and Suburban Town Centers. As a consequence, such multipurpose, pedestrian-friendly places are being introduced throughout the country.

Based upon the Location Analysis, it is recommended that Miller Hill be transformed over time to include such a “place”. This should form part of a wider strategy to concentrate activity within the area, and round out its commercial offering, while also introducing potential residential uses to round out its sense of activity during off-peak hours.

Mixed-use development would provide a number of solutions to the challenges faced by the Study Area. Mixed-use development provides a sense of place so missing in the area. It also provides a natural “center” and public gathering place, which is also needed. Such a multipurpose development could include housing (subject to Demand Analysis) and/or office space, as well as accommodation.

3.0 Supply Analysis

3.1 RETAIL SUPPLY ANALYSIS

This section examines the current retail infrastructure of the Duluth area to gauge the current level of performance and resulting amount of potential demand for additional new retail space, particularly in the Central Entrance – Miller Hill Corridor, which represents the core commercial area in Duluth and the focus of this study.

After documenting the Duluth, Hermantown & Superior retail environment, as shown in **Figure 3.1** and summarized in **Table 3.1**, this section will specifically examine the retail infrastructure of the Central Entrance – Miller Hill Corridor as it relates to the future allocation of land uses and development priorities.

3.1.1 DULUTH RETAIL MARKET OVERVIEW

The City of Duluth (not including the retail west of Haines Rd in Hermantown) currently has an estimated retail inventory of approximately 3.7 million sf. (excluding Auto Repairs & Sales, Professional Services and Financial Institutions), as documented in **Table 3.1** and detailed in **Tables 3.2 to 3.5**. On a city-wide scale, the retail concentration areas can be divided into 6 regions, illustrated in **Figure 3.1** and defined as:

- Miller Hill (most dominant and largest concentration of retail)
- Central Entrance (assorted collection of small freestanding pads)
- West Duluth (older area of value oriented retail)
- Downtown (original core, in midst of enhancement strategy)
- Canal Park (hub for tourist activity and restaurants)
- East Duluth (more affluent side of town, as shown in **Figure 4.3**, but limited offering).

3.1.2 RETAIL VACANCY PERFORMANCE INDICATORS

To lay a foundation for any potential new development or redevelopment along the Central Entrance – Miller Hill Corridor, an evaluation was performed to determine how the Duluth retail market is currently performing and how it has evolved over the past few years.

Currently, overall retail vacancy in Duluth is estimated at 5.6% (refer to **Table 3.1**). This level of vacancy illustrates that demand is largely in balance with supply. As a benchmark, the typical average retail vacancy in a healthy retail environment is in the range of 3% to 5%.

Miller Hill is the strongest retail area both in the quantity of retail and diversity of tenant/merchandise offering, and currently has a vacancy rate estimated at 4.0%, which is below the City average and at a healthy level.

A closer examination of specific retail areas within Duluth further reveals that Central Entrance and Downtown are the two areas with the most vacancy. Although vacancy is relatively low, throughout the City and in particular along the Central Entrance – Miller Hill Corridor, there is a significant amount of non-functional, obsolete and poor quality retail space, such as at the Big K, Village Mall and along Central Entrance. These obsolete spaces will not meet the standards for new-to-market tenants and should be viewed as opportunities to redevelop and infill with more compatible structures.

TABLE 3.1 City of Duluth Retail Inventory & Vacancy (Excluding Auto Sales & Service and Financial Institutions)

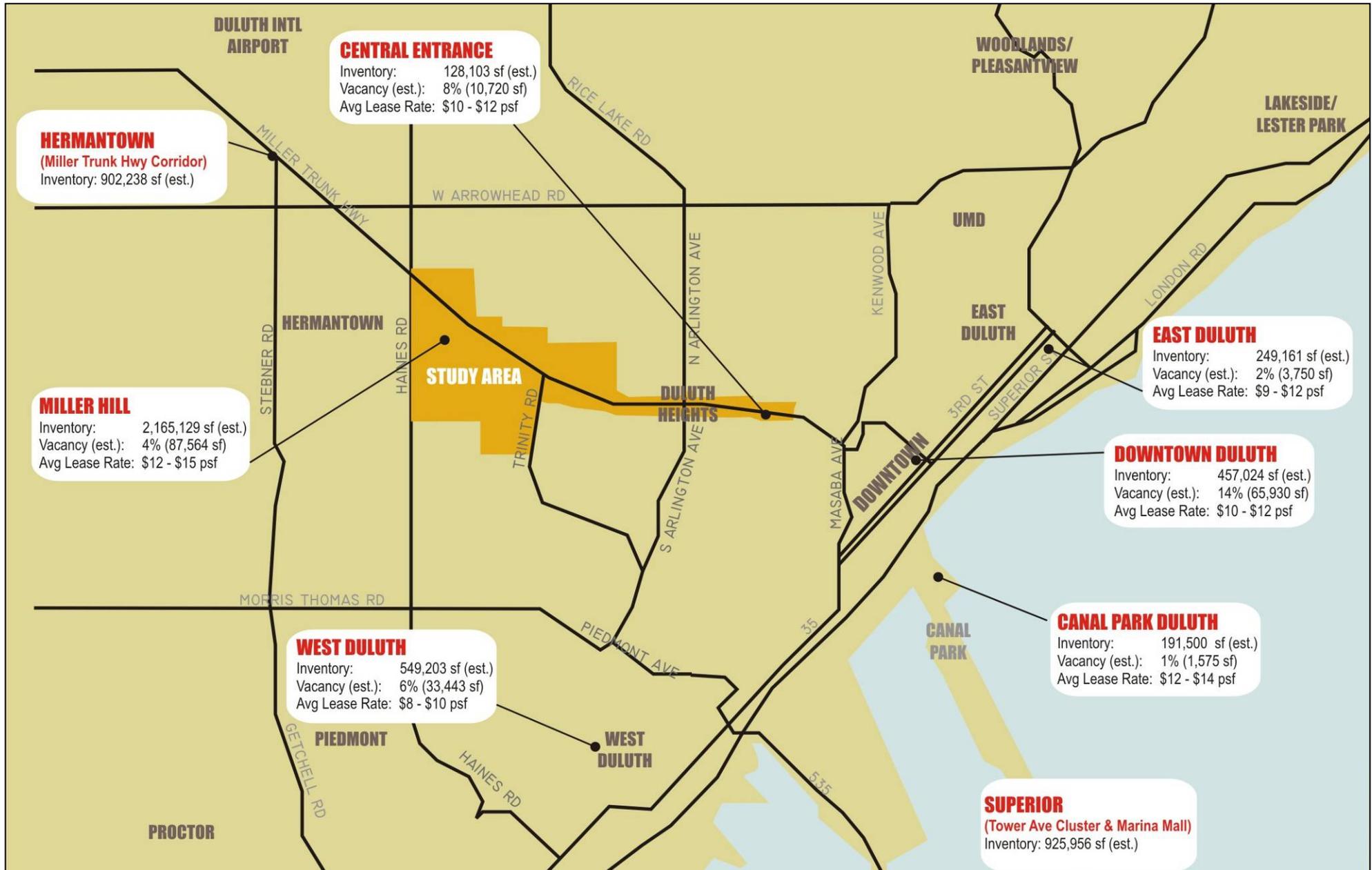
SECTOR	APPROXIMATE RETAIL INVENTORY (excluding auto dealers & auto service)	Est. Vacancy
MILLER HILL	2,165,929 sq. ft.	86,637 4.0%
CENTRAL ENTRANCE	128,103 sq. ft.	25,621 20.0%
WEST DULUTH	549,203 sq. ft.	27,460 5.0%
DOWNTOWN	457,024 sq. ft.	68,554 15.0%
CANAL PARK (incl Duluth 10)	191,500 sq. ft.	0 0.0%
EAST DULUTH	249,161 sq. ft.	2,492 1.0%
TOTAL	3,740,920 sq. ft.	210,763 5.6%
HERMANTOWN	902,238 sq. ft.	
SUPERIOR	925,956 sq. ft.	

Source: MXD Development Strategists 2009

Estimates from Market Fieldwork Feb 3 - 6, 2009

3.0 Supply Analysis

Figure 3.1
Retail Nodes in the Duluth Area



Source: MXD Development Strategists Ltd 2009

3.0 Supply Analysis

**Table 3.2
Miller Hill Retail Inventory Summary**

Retail Center	City Sector	Format	Anchors	Estimated Total GLA (Excl Auto)	Vacant GLA	Vacancy	Lease Rate
Miller Hill Mall	Miller Hill	Enclosed Center	Younkers, Sears, JC Penney, Barnes & Noble	757,844	22,735	3%	\$25 - \$30 psf
Country Lanes North	Miller Hill	Freestanding		15,000	-	0%	
Ground Round Restaurant	Miller Hill	Freestanding	1.63 ac FOR SALE	5,188	-	0%	
Johnson Mertz Appliance	Miller Hill	Freestanding		7,000	-	0%	
Mall Drive Plaza	Miller Hill	Freestanding	0.7 ac FOR SALE	4,500	-	0%	
Maya Cantina Restaurant	Miller Hill	Freestanding		5,000	-	0%	
Perkins Restaurant	Miller Hill	Freestanding		5,000	-	0%	
Sundby Road Cluster	Miller Hill	Freestanding	4.76 ac FOR SALE Prime Appliance, Tile & Stone	27,804	-	0%	
Superior Print	Miller Hill	Freestanding		3,000	-	0%	
Verizon Wireless	Miller Hill	Freestanding	0.53 ac FOR SALE or LEASE	4,080	-	0%	
Viking Village Sewing Center	Miller Hill	Freestanding		4,000	-	0%	
Walgreens	Miller Hill	Freestanding		17,649	-	0%	
Wendy's Cluster	Miller Hill	Freestanding	Wendy's, Grizzly Steakhouse	9,000	-	0%	
Duluth Heights	Miller Hill	Freestanding Lg Format	Home Depot, Olive Garden	130,000	-	0%	\$11 - \$18 psf
Gander Mountain (Old)	Miller Hill	Freestanding Lg Format	4.1 ac VACANT FOR SALE	36,556	36,556	100%	\$12 psf
Kmart	Miller Hill	Freestanding Lg Format	Food Savers	107,000	-	0%	
Kohls	Miller Hill	Freestanding Lg Format		80,000	-	0%	
Schneidermans	Miller Hill	Freestanding Lg Format		50,000	-	0%	
Stone Ridge Center 2	Miller Hill	Freestanding Lg Format	Cub Foods, Cariboo Coffee, Tires Plus	100,000	8,000	8%	
Super One Foods	Miller Hill	Freestanding Lg Format		40,000	-	0%	
Target	Miller Hill	Freestanding Lg Format		150,000	-	0%	
Nevada Bobs Plaza	Miller Hill	Neighborhood Center	Nevada Bobs, Daisies n Daydreams, EyeMart	15,100	-	0%	\$24 psf (New)
Burning Tree Plaza	Miller Hill	Power Center	Best Buy, Dunhams, TJ Maxx, Davids Bridal	185,477	3,710	2%	\$8 - \$16 psf
Stone Ridge Center 1	Miller Hill	Power Center	Shopko, Michaels, Office Max, Pier 1, Petco	200,000	4,000	2%	
Matterhorn Mall	Miller Hill	Strip Center	Unanchored, Local Services	32,400	-	0%	
Miller Plaza	Miller Hill	Strip Center	Starbucks, Pearl Vision, Credit Union	20,000	-	0%	
Miscellaneous	Miller Hill	Strip Center	Oreck Home	2,000	-	0%	
Stone Ridge Center 3	Miller Hill	Strip Center	Talbots, Chicos, Casual Male	30,000	1,500	5%	
Village Square	Miller Hill	Strip Center	Good Feet, Occasions Party	122,331	5,875	5%	\$11 - \$15 psf
TOTAL MILLER HILL (Excluding Auto Rental, Dealerships & Servicing)				2,165,929	82,376	4%	Avg \$12 - \$15

Source: MXD Development Strategists Ltd 2009 Fieldwork Feb/Mar 2009
 ICSC Directory of Major Shopping Malls 2009
 Upland Brokerage MSCA 2005 Retail Appendix
 Miscellaneous Shopping Center Management

3.0 Supply Analysis

**Table 3.3
Central Entrance Retail Inventory Summary**

Retail Center	City Sector	Format	Anchors	Estimated Total GLA (Excl Auto)	Vacant GLA	Vacancy	Lease Rate
Advance Auto Parts	Central Entrance	Freestanding		7,000	-	0%	
All State Insurance	Central Entrance	Freestanding		2,000	-	0%	
AT & T	Central Entrance	Freestanding		2,500	-	0%	
Barber Shop	Central Entrance	Freestanding		500	-	0%	
Blockbuster	Central Entrance	Freestanding		5,000	-	0%	
Central Eye Center	Central Entrance	Freestanding		3,000	-	0%	
Country Hearth Breads	Central Entrance	Freestanding		8,000	-	0%	
First Photo	Central Entrance	Freestanding	1.0 ac VACANT FOR SALE	9,600	9,600	100%	
Highland Beauty Floors	Central Entrance	Freestanding		3,000	-	0%	
Minnesota Locksmith	Central Entrance	Freestanding		1,000	-	0%	
Old World Meats	Central Entrance	Freestanding		6,000	-	0%	
O'Reilly Auto Parts	Central Entrance	Freestanding		10,000	-	0%	
Pawn America	Central Entrance	Freestanding		6,000	-	0%	
UPS Store	Central Entrance	Freestanding		3,500	-	0%	
Warehouse Liquor Store	Central Entrance	Freestanding	0.3 ac FOR SALE	3,260	-	0%	
Misc Fast Food Pads	Central Entrance	Misc Freestanding	McDonalds, Burger King, Subway, Taco Johns, Dominos, Dairy Queen	25,000	-	0%	
Radio Central Plaza	Central Entrance	Strip Center	Scrap It Up	5,000	-	0%	
Unnamed Center	Central Entrance	Strip Center	Verizon, First Photo, Snap Fitness	11,743	-	0%	
Papa Johns Plaza	Central Entrance	Strip Center (excl Auto)	HR Block, Central Nails, Unicel, Music Go Round	16,000	1,120	7%	
TOTAL CENTRAL ENTRANCE (Excluding Auto Rental, Dealerships & Servicing)				128,103	10,720	8%	Avg \$10 - \$12 psf

Source: *MXD Development Strategists Ltd 2009 Fieldwork Feb/Mar 2009*
ICSC Directory of Major Shopping Malls 2009
Upland Brokerage MSCA 2005 Retail Appendix
Miscellaneous Shopping Center Management

3.0 Supply Analysis

**Table 3.4
West Duluth, Downtown Duluth, Canal Park & East Duluth Retail Inventory Summary**

Retail Center	City Sector	Format	Anchors	Estimated Total GLA (Excl Auto)	Vacant GLA	Vacancy	Lease Rate
Spirit Valley Mall	West Duluth	Enclosed Center	Kmart, Fashion Bug, Save-a-Lot Grocery	150,000	3,000	2%	
Acme Tools	West Duluth	Freestanding		10,000	-	0%	
Napa Building	West Duluth	Freestanding		15,582	-	0%	
O'Reilly Auto Parts	West Duluth	Freestanding		8,000	-	0%	
Super One Foods	West Duluth	Freestanding		20,000	-	0%	
Walgreens	West Duluth	Freestanding		15,000	-	0%	
Menards	West Duluth	Freestanding Lg Format		60,000	-	0%	
Roberts Home Furnishings	West Duluth	Freestanding Lg Format		25,000	-	0%	
Piedmont Heights	West Duluth	Neighborhood Center		34,000	6,500	19%	
Piedmont Plaza	West Duluth	Neighborhood Center		22,960	1,443	6%	
Grand Ave/Central Ave	West Duluth	Streetfront Retail	Local Tenants, Mr. D's Bar & Grill, Banks	100,000	15,000	15%	
Lincoln Park Downtown	West Duluth	Streetfront Retail	Andersons Furniture	50,000	7,500	15%	\$6 - \$10 psf
Denfeld Center	West Duluth	Strip Center	Athletes Foot, Hollywood Video	38,661	1,546	4%	\$8 - \$10 psf
TOTAL WEST DULUTH				549,203	33,443	6%	Avg \$8 - \$10 psf
Holiday Center	Downtown Duluth	Enclosed Center		78,024	2,430	3%	\$12 - \$16 psf
Whole Foods Coop	Downtown Duluth	Freestanding		8,000	-	0%	
Misc Restaurants	Downtown Duluth	Misc Freestanding	Pickwick Restaurant, Billy's Cantina, Sir Benedict	15,000	-	0%	
Plaza Shopping Center 1	Downtown Duluth	Neighborhood Center	Town Tavern, Portland Malt Shop	34,000	-	0%	
Fitzgers Building	Downtown Duluth	Specialty	Super One Foods, Great Harvest Bread	62,000	1,000	2%	
Miscellaneous Downtown	Downtown Duluth	Streetfront Retail	Miscellaneous	250,000	62,500	25%	\$9 - \$12 psf
Plaza Shopping Center 2	Downtown Duluth	Strip Center	Duluth Running Co, Anytime Fitness, Hallmark	10,000	-	0%	
TOTAL DOWNTOWN				457,024	65,930	14%	Avg \$10 - \$12 psf
Duluth 10	Canal Park	Cinema	Omnimax	120,000	-	0%	
Misc Restaurants	Canal Park	Misc Freestanding & Streetfront	Red Lobster, Thai Food, Hells Kitchen, Old Chicago, Green Mill Restaurant & Bar, Famous Daves BBQ, Subway, Bellisio's, Cariboo Coffee, Little Angels	40,000	-	0%	
Entertainment District	Canal Park	Specialty	Cantina & Grill Dewitt-Seitz Marketplace, Lake Avenue Shops & Grandma's Marketplace	31,500	1,575	5%	
TOTAL CANAL PARK				191,500	1,575	1%	Avg \$12 - \$14 psf
Edgewater Waterpark	East Duluth	Freestanding	Polynesian Waterpark	30,000	-	0%	
London Road Corridor	East Duluth	Misc Freestanding	Vogel Paints, Party Express, Taco Johns, KFC, Pizza Hut, Subway, Burger King, McDonalds, Wendys, Elysium Salon & Spa, Dunn Brothers Coffee,	55,000	2,750	5%	
Miscellaneous Periphery	East Duluth	Misc Freestanding & Streetfront	Prescription Specialties Pharmacy Misc Sporting Goods, First Oriental Grocery	20,000	1,000	5%	
Kenwood Center	East Duluth	Neighborhood Center	Flowers	83,629	-	0%	\$10 - \$13 psf
Lester Park Business District	East Duluth	Neighborhood Center	Festival Foods, Papa Murphy's	10,000	-	0%	
Mount Royal Shopping Center	East Duluth	Neighborhood Center	Curves, Great Clips, Duluth Public Library	25,532	-	0%	
Super One Foods	East Duluth	Neighborhood Center		25,000	-	0%	
TOTAL EAST DULUTH				249,161	3,750	2%	Avg \$9 - \$12 psf
TOTAL CITY OF DULUTH RETAIL INVENTORY				3,740,920	202,982	5%	

3.0 Supply Analysis

**Table 3.5
Hermantown & Superior Retail Inventory Summary**

Retail Center	City Sector	Format	Anchors	Estimated Total GLA (Excl Auto)	Vacant GLA	Vacancy	Lease Rate
2nd Wind Exercise Eqpt	Hermantown	Freestanding		15,000	-		
Batteries Plus	Hermantown	Freestanding		3,000	-		
Misc Restaurant Pads	Hermantown	Freestanding	DQ, Subway, Zen House Japanese	7,600	-		
Napa Auto Parts	Hermantown	Freestanding		8,000	-		
Outback Steakhouse	Hermantown	Freestanding		5,400	-		
Sherwin Williams Paints	Hermantown	Freestanding		3,000	-		
Chalet Liquor & Food	Hermantown	Freestanding		4,000	-		
Billman Home Center	Hermantown	Freestanding Lg Format		25,000	-		
Gander Mountain (New)	Hermantown	Freestanding Lg Format		65,000	-		
Gordys Gift & Garden	Hermantown	Freestanding Lg Format		30,000	-		
HOM Furniture	Hermantown	Freestanding Lg Format		30,000	-		
Lakes 10 Cinema	Hermantown	Freestanding Lg Format		50,000	-		
Menards	Hermantown	Freestanding Lg Format	Energy Plus Appliances	229,348	-		
Northern Tool & Equipment	Hermantown	Freestanding Lg Format		50,000	-		
Sams Club	Hermantown	Freestanding Lg Format		150,000	-		
Slumberland	Hermantown	Freestanding Lg Format		40,000	-		
Stebner Road	Hermantown	Freestanding Lg Format	Harley Davidson Sports Center (shop only)	5,000	-		
Stebner Road	Hermantown	Freestanding Lg Format	Bowling Lounge, Skyline Travel	20,000	-		
WalMart	Hermantown	Freestanding Lg Format	Soon to be expanded	120,000	-		
Hermantown Square	Hermantown	Strip Center	Republic Bank, Total Tan, Top Dog	16,490	-		
Unnamed Strip Center	Hermantown	Strip Center	Quiznos, Anytime Fitness	5,400	-		
Unnamed Strip Center	Hermantown	Strip Center	Hobbytown, 24 Hr Fitness, Goodwill	20,000	-		
TOTAL HERMANTOWN (Miller Trunk Hwy Corridor Only)				902,238	-		
Mariner Mall	Superior	Enclosed Center	Superior 7 Theater, Iron River Sports, Younkers	267,456	-		
Dollar Days	Superior	Freestanding		15,000	-		
Big Kmart	Superior	Freestanding Lg Format	Big K	100,000	-		
Do It Best Home Improvement	Superior	Freestanding Lg Format		25,000	-		
Menards Plaza	Superior	Freestanding Lg Format		100,000	-		
Office Max	Superior	Freestanding Lg Format	VACANT	23,500	-		
Target	Superior	Freestanding Lg Format		120,000	-		
WalMart Supercenter	Superior	Freestanding Lg Format		200,000	-		
Misc Restaurants	Superior	Misc Freestanding	Applebees, Grizzly Grill & Salon, Perkins	30,000	-		
Colonial Square	Superior	Strip Center	Thunder Sports, Floor to Ceiling, Ltd Jewelers	20,000	-		
Town Square Plaza	Superior	Strip Center	Radio Shack, Movie Gallery	25,000	-		
TOTAL SUPERIOR (Tower Ave Area Only)				925,956	-		
TOTAL DULUTH, HERMANTOWN & SUPERIOR				5,569,114			

Source: MXD Development Strategists Ltd 2009 Fieldwork Feb/Mar 2009
 ICSC Directory of Major Shopping Malls 2009
 Upland Brokerage MSCA 2005 Retail Appendix
 Miscellaneous Shopping Center Management

3.0 Supply Analysis



3.0 Supply Analysis

3.1.3 RETAIL SECTOR COMPETITIVE EVALUATION

To further acutely assess the level of retail supply, a comprehensive inventory and evaluation was conducted of the existing City of Duluth retail inventory, with respect to locations, format and amount of space. This evaluation creates a foundation upon which demand forecasts can be applied and against which land allocation priorities can be identified.

Accordingly, **Tables 3.6 to 3.10** document and illustrate both the location and amount of inventory in each respective competitive retail region in the City of Duluth. Refer to **Appendix A** for a glossary of terms and acronyms.

In total, there is approximately 3.74 million sf of retail-specific space in the City of Duluth. This inventory is allocated in the following sectors.

Miller Hill District

The Miller Hill District, in which the Miller Hill Mall is located, is the number one retail sales tax generator for the City of Duluth and is the favored location for major retailers and limited service restaurants resulting in a lower overall vacancy (4.0%). The character of the retail mix is dominated by department store merchandise and tenants representing a more value and discount price point, with a distinct focus on younger adult and teen fashion.

There is approximately 2.16 million sf of retail space (refer to **Table 3.5**). However, the majority of retail space is dominated by larger format “big box” retailers along with older strip center formats that lack appeal for many prospective new tenants interested in the region (**Figures 3.2 and 3.3**).

Moreover, the growth of retail along the corridor has resulted in a haphazard retail environment that lacks any pedestrian opportunities, while emphasizing a vehicular dominated environment of freestanding buildings.

Average lease rates in the Miller Hill area range from \$18 - \$24 psf for Class A, \$14 - \$18 psf for Class B and \$11 - \$13 psf for Class C. Additionally, CAM (Common Area Maintenance) charges are in the range of \$5.50 psf

Table 3.6 Miller Hill (Excluding Hermantown) Retail Mix by Format

MILLER HILL RETAIL MIX BY FORMAT	Estimated Total GLA (Excl Auto)	% Allocation
Enclosed	757,844	35%
Freestanding	107,221	5%
Freestanding Lg Format	693,556	32%
Neighborhood Center	15,100	1%
Power Center	385,477	18%
Strip Center	206,731	10%
	2,165,929	100%

Source: MXD Development Strategists Ltd 2009

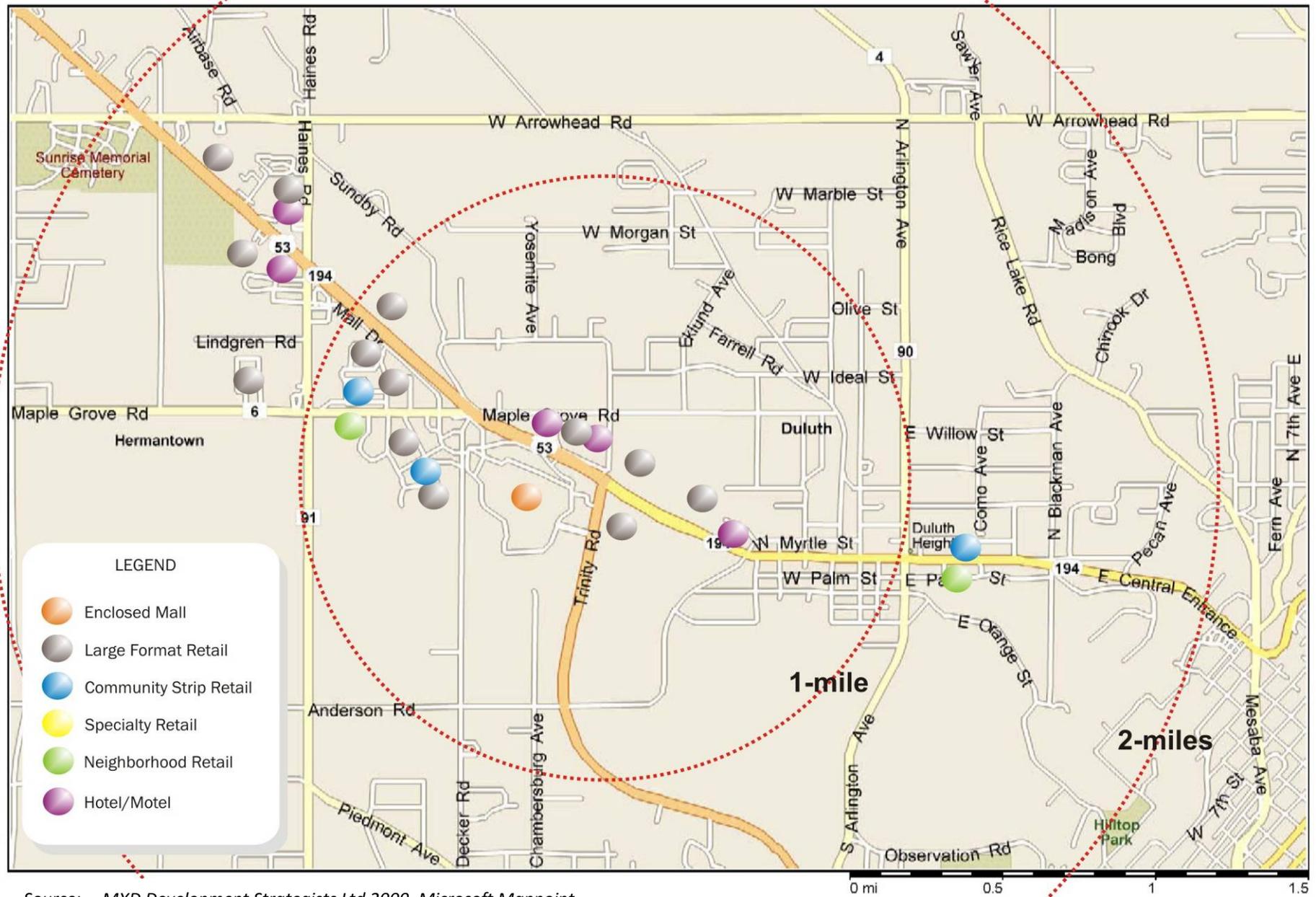
These lease rates suggest some room for upward growth, but moreover are an indication of the older retail space in the area. In particular, these lease rates would need to be increased in order to justify the cost of newer development formats. Evidence of this is at the recently completed Nevada Bob’s plaza in which current asking rates can be as high as \$24 psf.

It is possible that Duluth Target store plans to complete a major remodel to their store in 2009. The new remodel would relocate the pharmacy and expand the electronics and grocery sections of the store and would add a Starbucks location. Target is receiving new landscaping and a new sign from MNDOT after eminent domain took over 100 spaces of parking from Target’s parking lot.

Miller Hill is the dominant shopping area for Duluth, but the scattered pattern of historic development has created a position whereby larger areas of contiguous developable land have become perceived as scarce, which is why neighboring Hermantown has been so successful in luring tenants (and corresponding retail sales tax revenue) away from Duluth. Miller Hill is too important a corridor to further allow this outflow to occur and therefore infill, densification and redevelopment should be looked at as solutions to creating a cohesive, more compact environment.

3.0 Supply Analysis

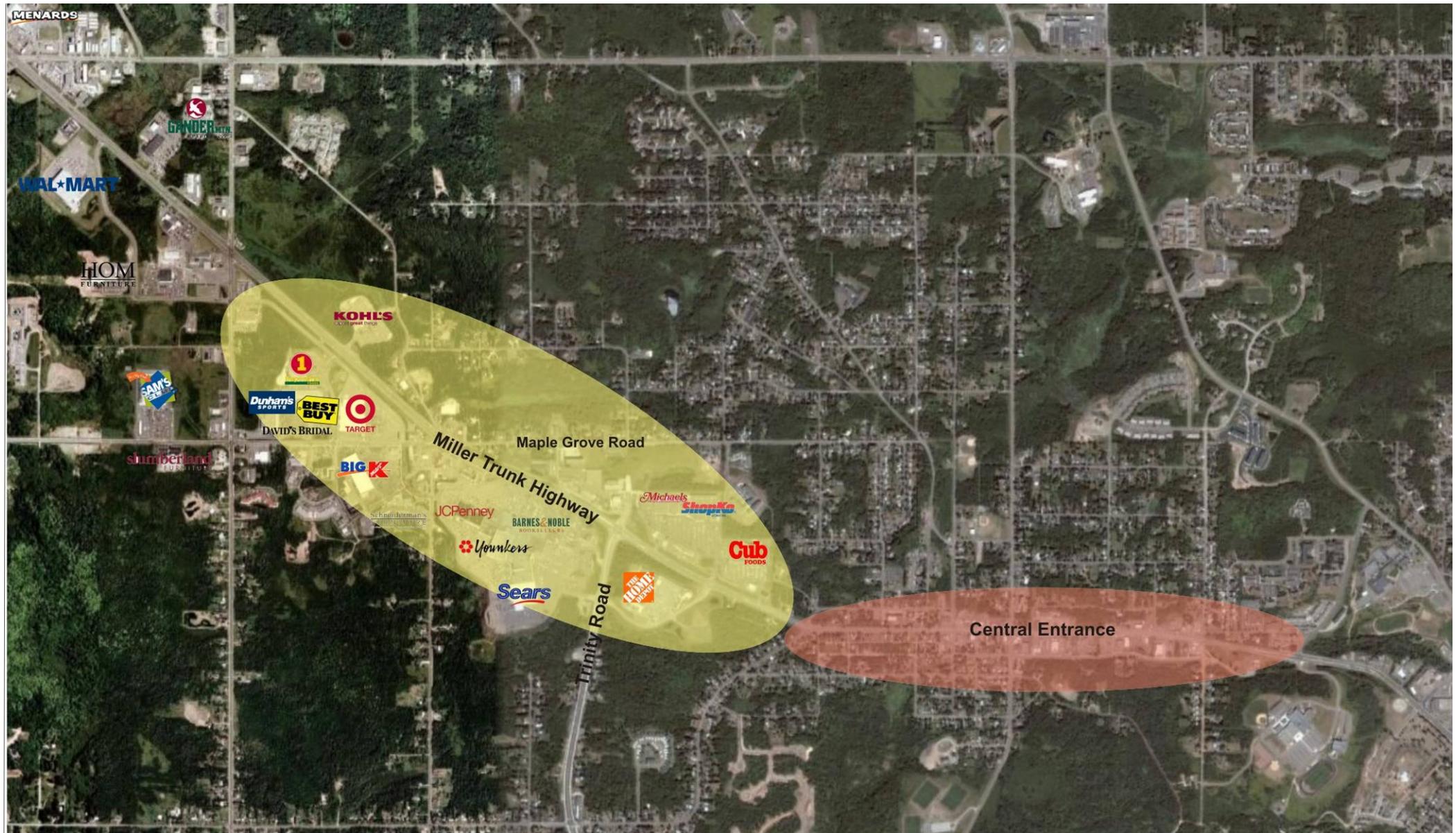
Figure 3.2
Major Shopping Formats along Central Entrance – Miller Hill Corridor



Source: MXD Development Strategists Ltd 2009, Microsoft Mappoint

3.0 Supply Analysis

Figure 3.3
Aerial Perspective of Major Anchor and Large Format Tenants along Central Entrance – Miller Hill Corridor



Source: MXD Development Strategists Ltd 2009, Google Earth

3.0 Supply Analysis

Central Entrance District

The Central Entrance Sector is a smaller retail strip, but represents a pivotal location in the City and moreover could be considered as the “gateway” to the Miller Hill Shopping District.

Currently, as shown in **Table 3.7**, the inventory along Central Entrance is comprised of fast food operators, auto service establishments and numerous freestanding buildings each with its own entry to/from Central Entrance. This very porous streetscape creates a lack of cohesion for the district and creates traffic congestion issues, while also creating an unsafe environment for pedestrian movement. This porosity is evidenced in the approximately 27 entrance/exit points between Basswood Ave and Blackman Ave.

Table 3.7 Central Entrance Retail Mix by Format

CENTRAL ENTRANCE RETAIL MIX BY FORMAT	Estimated Total GLA (Excl Auto)	% Allocation
Enclosed	-	0%
Freestanding	95,360	74%
Freestanding Lg Format	-	0%
Neighborhood Center	-	0%
Power Center	-	0%
Strip Center	32,743	26%
	128,103	100%

Source: MXD Development Strategists Ltd 2009

East Duluth

The area of East Duluth is comprised of local neighborhood serving retail precincts as well as a section of retail along London Road that resembles Central Entrance in its collection of freestanding fast food retailers and services. From a tenant perspective, East Duluth does have more local specialty retailers fulfilling such categories as sporting goods, specialty grocery and specialty retail.

The areas along Kenwood Road and London Road represents the core concentration of retail for East Duluth, but because of its more favorable waterfront proximity the surrounding area has more residential affluence than the area surrounding Central Entrance as well as more hotel and B&B accommodations. Of note, the Edgewater Resort has within it a 30,000 sf indoor waterpark (the largest in the Metro Duluth region).

Table 3.8 East Duluth Retail Mix by Format

EAST DULUTH RETAIL MIX BY FORMAT	Estimated Total GLA (Excl Auto)	% Allocation
Enclosed	-	0%
Freestanding (incl Waterpark)	105,000	42%
Freestanding Lg Format	-	0%
Neighborhood Center	144,161	58%
Power Center	-	0%
Strip Center	-	0%
	249,161	100%

Source: MXD Development Strategists Ltd 2009

West Duluth

West Duluth services older neighborhoods, with a more modest income profile. It is however the second most significant retail sales tax generator for the City behind Miller Hill. West Duluth is comprised of approximately 550,000 sf of retail space, primarily concentrated around the Grand Ave and Central Ave intersection. Lease rates in West Duluth range from \$6 – \$10 psf in the Lincoln Park neighborhood to \$8 - \$10 psf in the core Grand Ave/Central Ave area.

The merchandise mix is a reflection of the income profile and as such is dominated by value retail tenants such as Big K, Fashion Bug, Menards and Save A Lot Grocery. The retail streetscape of the area has undergone improvements, but largely West Duluth provides a retail mix that lacks major anchors, serves the local region and as such does not compete directly with the Miller Hill – Central Entrance Corridor.

Table 3.9 West Duluth Retail Mix by Format

WEST DULUTH RETAIL MIX BY FORMAT	Estimated Total GLA (Excl Auto)	% Allocation
Enclosed	150,000	27%
Freestanding	68,582	12%
Freestanding Lg Format	85,000	15%
Neighborhood Center	56,960	10%
Power Center	-	0%
Strip Center	38,661	7%
Streetfront	150,000	27%
	549,203	100%

Source: MXD Development Strategists Ltd 2009

3.0 Supply Analysis

Downtown & Canal Park District

Downtown Duluth is the historic and civic heart of Duluth and recent emergence of the Canal Park District as a tourist destination further emphasizes the significant role that Downtown Duluth has in the marketplace. Downtown Duluth’s retail has struggled over recent years as the Miller Hill corridor developed with large format tenants.

The Greater Downtown Council recently completed a Retail Market Analysis for Downtown, which is intended to provide guidance for the future revitalization of streetfront retail in the Downtown Core as well as to improve and enhance the connectivity of the Downtown Core to Canal Park.

Downtown/Canal Park is currently the preferred location for restaurant dining and entertainment, however retail shopping is largely deficient resulting in many shoppers preferring to use the Miller Hill area for their comparison shopping needs. Canal Park is largely regarded as the area where more visitors frequent than do the local residents. Among the major anchors in this area most frequented by residents are the Duluth 10 Multiplex Cinema & Omnimax and restaurants. Other venues such as the Dewitt-Seitz Marketplace and Lake Avenue Shops offering more local specialty merchandise are less frequented by local residents and more by tourists.

Table 3.10 Downtown & Canal Park Retail Mix by Format

DOWNTOWN & CANAL PARK RETAIL MIX BY FORMAT	Estimated Total GLA (Excl Auto)	% Allocation
Enclosed	78,024	12%
Freestanding	8,000	1%
Neighborhood Center	34,000	5%
Strip Center	10,000	2%
Streetfront	305,000	47%
Specialty & Entertainment	213,500	33%
	648,524	100%

Source: MXD Development Strategists Ltd 2009

Hermantown

According to the City of Hermantown, over the period 2003 - 2008, commercial construction in the City of Hermantown resulted in a total of approximately \$64.3 million in value and approximately 1,157,135 square feet of space.

It is estimated that along Miller Trunk Highway there is approximately 900,000 sf of retail space, of which 685,00 sf is larger format retail directly competitive to Duluth (Walmart, Sam’s Club, Slumberland, Menards, HOM Furniture & Lakes 10 Cinema).

In addition, Walmart is proposing to add 66,000 sf to their Hermantown store in 2009 and will be completing a total remodel to the exterior and interior of the old store. This would bring the total square footage of the store to 180,000 sf.

Hermantown Center is a proposed retail development of approximately 228,000 sf located across from the Sam’s Club, which occupies a strategic location immediately west of Duluth at Haines Rd. To compete with development proposals such as these, Miller Hill must look to allocating infill and redevelopment sites at strategic points along the Miller Hill Corridor.

While Duluth is the center of the Northland region for commerce, in recent years, the role of Hermantown has increased significantly to a point whereby Hermantown has now become a major player in attracting commercial developments, such as Wal-Mart, Sam’s Club, Menards and Gander Mountain.

Consequently this has contributed to likely sales outflow from Duluth to Hermantown. In terms of retail sales tax, the Central Entrance – Miller Hill Corridor is the most significant retail sales tax revenue generator for the City of Duluth. In It is therefore incumbent upon the City of Duluth to ensure that retail development recognize the competitive evolution that is occurring, while at the same time ensure the need to maintain balanced and pragmatic growth within its own city limits.

3.0 Supply Analysis

3.1.4 RETAIL VOID ANALYSIS

To further shed insight into the market opportunity along the Central Entrance – Miller Hill Corridor, a retail void analysis was conducted as shown in **Table 3.11**. The purpose of this exercise was to identify in relation to the other retail sectors of the City (including Hermantown), what categories are under-represented in the Corridor and thus represent future target opportunities. This represents a “merchandise-driven” approach to supply and demand.

In looking at the current retail mix of both Miller Hill and Central Entrance it is evident that merchandise categories such as Sporting Goods, Casual Full-Service Restaurants, Entertainment and Fashion (particularly for adults) are missing in the local offering. At one point, there was a cinema at the Miller Hill Mall, however this was lured away to neighboring Hermantown. New-to-market restaurants with a more casual, yet modern offering, similar to Olive Garden should be pursued to help infill at critical points around the Miller Hill Mall.

3.1.5 PROPOSED RETAIL DEVELOPMENTS

Based on information provided by the City of Duluth Planning Division and supplemented by MXD’s research and fieldwork, this section summarizes some of the more notable retail developments recently approved for construction or in the development approvals process. The following summarizes these potential retail development projects:

Mission Development

This rezoning application proposes a commercial development on Sundby Road on approximately 30 acres, though 10-12 acres are likely to remain when wetlands and setbacks are removed from the site. The project is proposing a rezoning from its current Residential R1b and Suburban to Commercial C-5 comprised of retail, restaurant, office, service and lodging uses. Based on the 8 potential site plan alternatives provided, the retail component of the project ranges from 105,000 sf of to 230,000 sf. This rezoning application is currently under review as it relates to the impact on the environment (wetlands, floodplain and impaired stream), current forecasted commercial demand, its overall fit within the commercial composition of the Miller Hill Corridor, and lack of compliance with the Comprehensive Plan.

Garfield Business Park

This site is currently occupied by an office/warehouse development, however there is an additional 25 acres of land around the site that could be made available (pending rail line removal). It is believed that the developer, Sherman Associates, is looking at medium to large format tenants as potential target anchor tenants. At this point, the retail component is speculative and unconfirmed and would require significant infrastructural improvements.

Downtown Duluth

Downtown Duluth is currently in the early stages of creating a revitalization/enhancement strategy that will emphasize the liveability, walkability and specialty nature of the Downtown. and over time it is expected that the retail, particularly food & beverage and comparison shopping will become an important role in the enhancement of this important part of the City.

A recently completed Retail Market Study (Dec 2008) prepared for the Greater Downtown Council suggests that the Downtown Retail Core derives approximately 80% of its sales from the Downtown Trade Area, while Canal Park derives approximately 25% of its sales from the Downtown Trade Area.

The market analysis identified the “potential for lifestyle-type retailers in Downtown Duluth that offer apparel, accessories, shoes and other merchandise to fashionable women and men over 30 years of age”. Among the recommendations for Downtown include more ‘lifestyle’ shops or an ‘outlet strategy’. Each of these options could be distinct from the merchandise mix and more value-oriented environment that is well established along the Miller Hill Corridor.

Any further infill and development along the Miller Hill Corridor should respect the future positioning of Downtown recognizing that a stronger Downtown would benefit Miller Hill by stimulating demand, while helping to retain expenditure in the City of Duluth.

3.0 Supply Analysis

Table 3.11
Retail Void Matrix by Competitive Retail Sector in the City of Duluth

								CE - MH Corridor Opportunity (Subject to Demographic & Expenditure Analysis)	
Retail Category		MILLER HILL CENTRAL ENTRANCE	HERMANTOWN	DOWNTOWN	CANAL PARK	EAST DULUTH	WEST DULUTH		
CONVENIENCE	Grocery & Specialty Foods	HIGH	MED	MED	LOW	LOW	MED	MED	
	Pharmacy	HIGH	MED	LOW	LOW	LOW	MED	MED	
	Alcohol & Tobacco	HIGH	MED	LOW	LOW	LOW	MED	MED	
	Personal Services	MED	MED	LOW	LOW	LOW	MED	HIGH	
COMPARISON	Department Stores	HIGH	LOW	LOW	LOW	LOW	LOW	LOW	
	Clothing Stores	MED	LOW	LOW	LOW	LOW	LOW	HIGH	
	Shoe Stores	MED	LOW	LOW	LOW	LOW	LOW	HIGH	
	Jewelry Stores	HIGH	LOW	MED	LOW	LOW	LOW	MED	
	Health & Beauty	MED	LOW	MED	LOW	LOW	MED	HIGH	
	Home Furnishings & Accessories	HIGH	MED	LOW	LOW	LOW	MED	MED	
	Home Electronics & Appliances	HIGH	LOW	LOW	LOW	LOW	LOW	MED	
	Home Improvement & Gardening	HIGH	HIGH	LOW	LOW	LOW	MED	LOW	
	Books & Multimedia	HIGH	LOW	LOW	LOW	LOW	LOW	MED	
	Sporting Goods & Outdoor Recreation	LOW	MED	MED	LOW	LOW	MED	HIGH	
	Toys & Hobbies	MED	LOW	LOW	LOW	LOW	LOW	HIGH	
	Miscellaneous Specialty Retail	LOW	LOW	MED	HIGH	LOW	MED	MED	
	General Merchandisers & Warehouse Clubs	HIGH	HIGH	LOW	LOW	LOW	MED	MED	
	LEISURE	Full Service Restaurants	LOW	LOW	LOW	HIGH	LOW	LOW	HIGH
		Limited Service Restaurants	HIGH	LOW	LOW	LOW	MED	MED	HIGH
Family Entertainment & Concessions		LOW	MED	LOW	HIGH	LOW	LOW	HIGH	
Pubs, Bars & Nightclubs		LOW	LOW	MED	MED	LOW	MED	MED	
Approx Drive Time From Miller Hill Mall (Minutes)		0.5	2	5	8	11	10		

Source: MXD Development Strategists Ltd Based on Fieldwork Conducted February – March 2009

3.0 Supply Analysis

3.2 OFFICE SUPPLY ANALYSIS

Duluth is a regional economic center for not only the immediate metropolitan area but for Northeastern Minnesota and Northwestern Wisconsin. Many regional offices are setup in Duluth for manufacturing, energy, transportation and port companies, with the largest share of these located in the Downtown area.

In the Central Entrance – Miller Hill Corridor there is only a single purpose office building; The Village Mall Office Building, which has approximately 11,856 sf of leasable space and a current estimated vacancy of 19% (2,260 sf). All other office space in the Corridor is local in scale and either a small freestanding single user or above retail such as at Miller Plaza. Though Class A Office Space does have an estimated lease rate for Miller Hill, it is important to note that there is no current Class A Office Space in the Miller Hill Area at this time

3.2.1 DULUTH OFFICE LEASE RATES OVERVIEW

Office space lease rates are fairly competitive between the CBD in Downtown Duluth and the Miller Hill District.

Downtown Duluth:

- Class A Office Space
 - Gross Full Service \$13 to \$17 psf
 - Triple Net Lease \$16.50 to \$21 psf
 - CAM Fees \$5 to 7.50 psf
- Class B Office Space
 - Gross Full Service \$13 to \$17 psf
- Class C Office Space
 - Gross Full Service \$9 to \$14.50 psf



Duluth – Miller Hill:

- Class A Office Space
 - Gross Full Service \$19 to \$23 psf
 - Net Lease \$15 to \$18.50 psf
- Class B Office Space
 - Net Lease \$13 to \$14 psf
 - CAM Fees \$5.50 psf

In other areas of Duluth, lease rates are considerably lower. Lincoln Park has a range of \$10 to \$12 psf (Full Service Gross), while West Duluth is \$10 to \$13 psf (Net Lease). Lincoln Park and West Duluth have a much smaller amount of office space. Much of the space is classified as Class B space in both districts.

For all districts, office space decreases in terms of price per sq. ft. with increases in office size. For example, a Class A 5,000 psf office ranges from \$15 to \$18.50 psf in Miller Hill, though no Class A Office Space exists in Miller Hill at this time. Moving up to a Class A 10,000 psf office commands a range between \$11 to \$17 psf depending on the build-out. Minimal build-out could mean lower net lease rates.

3.2.2 DULUTH OFFICE VACANCY RATES OVERVIEW

Beginning in 2001, Duluth had a glut of office space, which raised the vacancy rates to over 20%. These vacancy rates stuck for several years until the excess office space was absorbed. Vacancy decreased to a much more manageable rate of 12% by 2007, mainly because no new major office projects were constructed. The last major office building constructed in downtown Duluth was the Duluth Technology Village, built in 1999 and 2000. It is also the largest office building in terms of floor space with 225,000 sq ft.

Much of the vacant office space is located in older buildings that do not have the modern layouts required by many professional firms. Companies such as financial institutions, legal firms and marketing professionals seek Class A office space with the possible need for future expansion. The Class A vacancy rate has been estimated to be lower than the general office vacancy rate, ranging in between 9 and 11% in 2007.

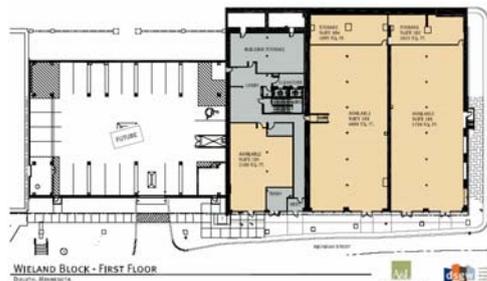
Due to the economic conditions, vacancy rates slightly increased in 2008 from 12% in 2007, and are estimated to increase once again in 2009. With no new major office projects constructed, higher vacancy rate growth was avoided, unlike many other major cities which had constructed an excess of office space during the boom phase, many of which have yet to be filled. Compared to previous years, the market had a negative absorption in 2008, and is expected to stay in the red until the economic recovery.

3.0 Supply Analysis

3.2.3 DULUTH OFFICE MARKET INVENTORY

Completed - The last major office project to be built in the Duluth CBD, the Duluth Technology Village is a modern five story building that features Class A office space for the technological field, service industry as well as units for retail and restaurants on the lower floor. At full capacity, over 1,000 people can work within the buildings 225,000 sq ft of space.

Under Construction – Wieland Block, located across from Tech Village. Is a recently renovated office and retail building, located in the center of Downtown. The 58,403 5-storey building includes retail, restaurants (level 1) and Class A office space (levels 1-2) and condominiums (levels 3-4). It is slated to open in 2009.



Awaiting Construction – Arrowhead Crossing, a mixed-use business park located along Haines Rd near the airport, is a large parcel of land that is pending construction until clients are found. There are five parcels on the nearly 50 acre site.

Parcel A	10.4 acres	High visibility office/retail
Parcel B	7.3 acres	Office/retail
Parcel C	11.8 acres	Office/flex space
Parcel D	15 acres	Flex/light industrial space
Parcel W	3.6 acres	Wetland conservation area

With a vacancy rate now rising due to economic conditions that are expected to persist into 2010, it will be difficult for such projects to get off the ground in the near future.

Delayed/Cancelled – Vonjaro Co. LLC of Duluth was planning to build a \$24 million, nine-story office building on Superior Street in the downtown core in 2007. The building would rival US Bank Place in size, however it never made it past the design and architectural phase due to the decreasing need for office space in the sub-market. Although the building would have created premium Class A space, which is in greater demand than older office space, the decreasing market conditions were not able to warrant construction at the time.

On Hold - Approved in 2006, Ray Sande was proposing an office development at 525 East Central Entrance between Blackman Ave and Pecan Avenue. The development proposes 29,366 sf , 3 story building with one level of underground parking and surface parking. However, due to limited demand, rising construction costs and decreasing market conditions it is believed the project is on hold at the present time.

3.3 HOTEL/MOTEL SUPPLY ANALYSIS

Recognizing the importance of the Tourist Market to Duluth’s economy, the following evaluates the Hotel Sector in order to determine if an opportunity exists to introduce further hotel accommodations along the Central Entrance – Miller Hill Corridor.

To gauge the potential opportunity, the first step is to assess the current inventory (**Figure 3.4**) and its level of performance against the national average with respect to trends in occupancy, average daily room rates (ADR) and revenue per available room (RevPAR).

Table 3.12 reveals that the national average for hotel occupancy is estimated at 62.7% with an average ADR of \$108.51. In the context of the Central Entrance – Miller Hill Corridor, which is considered to be more of a suburban location, the National average for hotel occupancy is slightly higher at 63.4%, with a slightly lower ADR of \$90.07.

3.0 Supply Analysis

When comparing the national average to the performance of Duluth (Table 3.13), it is observed that Duluth's 2007 average occupancy was 63.9%, which is over one percentage point higher than the National average (62.7%). Since 2001, Duluth has averaged an occupancy of between 62% and 64%.

In terms of Average Daily Room Rate (ADR \$84.35), Duluth's is lower than the national average. From a revenue perspective, the lower ADR suggests lesser potential revenues which may result in lower demand by hoteliers, given the current economic downturn.

3.3.1 CENTRAL ENTRANCE – MILLER HILL HOTEL SUPPLY

Referring to Table 3.14, the City of Duluth has just under 3,000 hotel rooms classified as either Tier 1 (e.g. Sheraton) or Tier 2 (Econo Lodge). Of this citywide Tier 1 and Tier 2 room inventory, the Central Entrance – Miller Hill Corridor (as of Feb 2009), has 329 rooms or 11.3% of the total inventory allocated into 144 Tier 1 rooms and 185 Tier 2 rooms. This ratio of Tier 1 to Tier 2 room in the Central Entrance – Miller Hill Corridor illustrates a trend along the corridor weighted more towards a more value-oriented price point as evidenced by the higher ratio of Tier 2 rooms.

Table 3.12 National Hotel Performance Metrics by Location

2007	Occupancy	ADR
Urban	68.6%	\$ 148.93
Suburban	63.4%	\$ 90.07
Airport	69.5%	\$ 99.67
Interstate	58.0%	\$ 66.93
Resort	66.1%	\$ 143.19
Small Town	57.3%	\$ 78.70
Minnesota Avg	61.8%	\$ 88.05
US Average	63.2%	\$ 103.64
2008 US Forecast	62.7%	\$ 108.51

Source: Smith Travel Research, Feb 2008

Table 3.13 Duluth Hotel Performance Metrics

Year	Occupancy	ADR	RevPAR
2001	63.6%	\$ 75.90	\$ 48.27
2002	64.6%	\$ 78.24	\$ 50.58
2003	61.9%	\$ 79.45	\$ 49.16
2004	62.2%	\$ 81.94	\$ 50.94
2005	61.7%	\$ 82.70	\$ 51.01
2006	63.8%	\$ 91.95	\$ 58.67
2007	63.9%	\$ 98.70	\$ 63.07
Average	63.1%	\$ 84.35	\$ 53.23

Source: Smith Travel Research, Feb 2008

Table 3.14 Duluth Tier 1 & Tier 2 Hotel Inventory

2008 Hotel Inventory	Tier 1 Hotel Rooms	Tier 2 Hotel Room	Total
City of Duluth	2,176	747	2,923
Central Entrance Miller Hill Corridor	144	185	329
CE - MH % Share of City Total	6.6%	24.8%	11.3%

Source: Smith Travel Research, Feb 2008

3.0 Supply Analysis

3.3.1 CENTRAL ENTRANCE – MILLER HILL HOTEL SUPPLY (Continued)

Table 3.15 specifically breaks down the Miller Hill – Central Entrance Corridor hotel room inventory into hotel brands and estimated supply of available room nights (based on the historic 6-yr average occupancy).

It is interesting to note that three of the hotels in the “Duluth” hotel inventory are actually located within the City of Hermantown (Country Inn Suites North, Econo Lodge and Skyline Court Motel). One of the main drivers for hotel development along the Central Entrance – Miller Hill Corridor, and more accurately the Miller Hill area, is the nearby presence of the Duluth International Airport and its average annual passenger flow of 300,000 and the major vehicular tourist flow along Hwy 53.

Most recently, the City of Duluth approved the development of a Residence Inn Hotel on the land immediately east of Cub Foods. The proposal by Marriott includes an 85-room hotel with an adjacent parcel currently for sale designated for a restaurant function. The expected development of the Residence Inn is slated to commence in Spring/Summer 2009 with an opening in 2010. Marriott is currently advertising for construction bids.

Table 3.16 shows the historic growth of Tier 1 and Tier 2 room growth in the City of Duluth and illustrates a trend over the past 4 years of converting older Tier 2 properties into Tier 1 in addition to adding more Tier 1 rooms (426 Tier 1 rooms added since 2001). This trend was most recently evidenced by the conversion of the Park Inn to the Canal Park Lodge.

Table 3.15 Central Entrance – Miller Hill Hotel Inventory

2008 Central Entrance - Miller Hill Hotel Inventory	Hotel Classification	# of Rooms	Estimated Occupancy	Estimated Supply	Estimated Demand
Fairfield Inn by Marriott (Duluth)	Tier 1	62	63.1%	22,630	14,280
Days Inn (Duluth)	Tier 2	81	63.1%	29,565	18,656
Country Inn & Suites (Hermantown)	Tier 1	82	63.1%	29,930	18,886
Econo Lodge (Hermantown)	Tier 2	87	63.1%	31,755	20,037
Skyline Court Motel (Hermantown)	Tier 2	17	63.1%	6,205	3,915
TOTAL		329	63.1%	120,085	75,774
Future Inventory Proposed					
Residence Inn Duluth (2009/2010)	Tier 1	85	63.1%	31,025	19,577
TOTAL		414	63.1%	151,110	95,350

Source: Smith Travel Research, Feb 2008 and City of Duluth 2009

Table 3.16 City of Duluth Tier 1 & Tier 2 Room Growth

Year	Tier 1 Hotel Room Growth	Tier 2 Hotel Room Growth
2001	0	0
2002	28	0
2003	0	0
2004	0	0
2005	82	-25
2006	0	-169
2007	263	0
2008	53	0
Citywide Total new Inventory 2001 - 2008	426	-194
Citywide Average Room Growth Per Year	61	-28

Source: Smith Travel Research, Feb 2008



3.0 Supply Analysis

Figure 3.4
Duluth Hotels & Motels



Source: MXD Development Strategists Ltd
Visit Duluth 2009

3.0 Supply Analysis

3.3.2 CONFERENCE & CONVENTION SUPPLY ANALYSIS

According to Visit Duluth, there are on average 100,000 annual conference delegates attracted to the Duluth Entertainment and Convention Center.

In order to diversify an economic base, convention and conference space has become a major tool in attracting additional new visitors to a market. While the most common format is a traditional Convention Center, such as the DECC, it is not uncommon for many hotel operators to include specialty space within their hotel to allow for smaller business groups.

In the context of Duluth, **Table 3.17**, summarizes the current supply of convention and conference space. The purpose of this inventory is to provide an understanding as to potential future demand that could potentially be accommodated along the Central Entrance – Miller Hill Corridor in future hotel developments, if warranted.

In examining the current supply of convention and more specifically conference space in the City of Duluth, it is recognized that the majority of space is located in the immediate Downtown area. The most notable exception is the Spirit Mountain Recreation Area, which as a recognized resort destination attracting over 300,000 annual visitors, has its own significant and unique allure for business conferences.

The location of any potential future hotel along the Central Entrance – Miller Hill Corridor, while having the amenity of shopping nearby does not have the core locational attributes necessary to attract business functions away from the more business-oriented Downtown/Canal Park area.

If and when an additional hotel is warranted along the Central Entrance – Miller Hill Corridor, it is likely that the amount of supportable meeting room and conference space would be limited (i.e. less than 3,000 sf) and not competitive to Downtown. Moreover, any users of the space would likely originate from the local area itself (e.g. Airport and smaller local businesses).

Table 3.17 Duluth Conference Space Inventory

City of Duluth Conference & Meeting Room Facilities	# of Meeting Rooms	Conference space	Capacity
Duluth Entertainment & Convention Center	30 rooms	250,000 sf	Groups 200 to 5,000
Spirit Mountain Recreation Area	3 rooms	14,000 sf	Groups 50 to 500
Greysolon Ballroom by Blackwoods	6 rooms	12,000 sf	Groups to 1,000
Holiday Inn & Suites	12 rooms	11,000 sf	Groups 6 to 600
Radisson Hotel Duluth - Harborview	7 rooms	9,000 sf	Groups to 400
Edgewater Waterpark Resort & Hotel	6 rooms	7,280 sf	Groups 48 to 250
Midi Restaurant & Wine Bar	4 rooms	6,616 sf	Groups 8 to 150
The Inn on Lake Superior	5 rooms	3,996 sf	Groups to 300
Sheraton Duluth	4 rooms	2,000 sf	Groups to 150
Canal Park Lodge	2 rooms	1,200 sf	Groups to 54
	79 rooms	317,092 sf	

Source: Business North Publication Nov/Dec 2008 Issue



3.3.3 INDOOR WATERPARK SUPPLY ANALYSIS

Over the past decade, a new trend has evolved in the hotel and recreation sector: the waterpark resort, in which a hotel is combined with an indoor waterpark. According to Hotel Waterpark Resort Research and Consulting (HWRRC), the concept was conceived in the Wisconsin Dells, when the Polynesian Resort added indoor water features, in an attempt to improve that property’s occupancy rates.

In order to determine the future level of demand for an indoor hotel waterpark along the Central Entrance – Miller Hill Corridor, an overview of the current indoor waterpark market was conducted. This overview examined the growth and inventory of indoor waterparks and some of the industry benchmarks.

In order to establish the level of demand, it is first important as highlighted in **Section 3.3** to determine how well the hotel market is performing. This would give critical insight into the potential impact on occupancy and ADR that an indoor waterpark could have. The next important determination is what the scale of the hotel/waterpark should be. To do this, industry benchmarks are applied. Finally, the economics of a waterpark resort should be taken into account as it relates to development and operating costs.

According to HWRRC (Oct 2008), during 2008, twenty-five (25) hotel waterpark construction projects resulted in 20 new hotels and 5 resort expansion facilities that opened or were scheduled to open by year end. This figure is down from fifty-five (55) construction projects that were expected to open in 2008 (HWRRC Feb 2008). Hotel waterpark projects that received construction financing in early 2007 opened and/or broke ground during 2008. However, thirty (30) projects never broke ground and their construction start dates shifted to 2009 or later, due to the recent economic downturn.

Nationally, waterpark hotel rooms grew by 20.9% in 2007 compared to traditional hotel room growth of 1.4% for the same period. **Table 3.18** illustrates that Minnesota ranks #2 in terms of the number of indoor waterparks, behind only Wisconsin. Of note however is that the growth of hotel waterparks in Minnesota has slowed since 2004 to average only one new project per year, the most recent of which in 2008 was the Timberlake Lodge & Grand Splash Waterpark in Grand Rapids, which has 84 rooms and an 8,000 sf waterpark.



Table 3.18 National Indoor Waterpark Growth Since 2001

State	2002	2003	2004	2005	2006	2007	2008	2009 Forecast
Wisconsin	25	28	32	35	47	55	57	60
Minnesota	10	14	15	20	21	22	23	23
Ohio	1	1	2	4	8	12	13	13
Michigan	2	3	5	7	8	9	12	12
South Dakota	3	3	4	41	7	8	8	9
Iowa	1	1	2	3	4	7	7	7
North Dakota	2	2	3	4	5	6	6	6
Texas	0	0	0	0	3	5	8	8
Washington	0	0	1	2	4	5	6	6
Pennsylvania	0	2	2	3	3	3	4	4
Other	4	7	10	22	21	37	50	61
Total	48	61	76	141	131	169	194	209

Source: Hotel Waterpark Resort Research & Consulting, Feb 2008

3.0 Supply Analysis

As documented by HWRRC, there is a correlation between the size of a waterpark and the number of rooms in the attached hotel. The correlation are as detailed in **Table 3.19** and summarized in the following:

- Under 100 rooms, ratio of waterpark space to rooms is approximately 100 sf/room.
- 200 – 300 rooms – ratio of waterpark space to rooms is approximately 200 sf/room.

Based on these ratios, a 100-room hotel would require approximately 10,000 sf of space for its indoor waterpark amenity.

The above ratios don't however take into account the demographic profile of the visitor segment. Recognizing that the largest share of tourists to the Northeast Region and Duluth (refer to **Section 4.3.1**) are more mature adults not frequently traveling with children, this ratio would affect the potential demand for an additional indoor waterpark in Duluth.

The advantage to developing and operating an indoor waterpark is that on average, higher revenue is generated as a result of higher occupancy and room rates. The disadvantages are however that an indoor waterpark has higher development costs (avg \$200 to \$400 psf) and operating expenses (avg \$50 psf).

Table 3.19 Ratio of Hotel Rooms to Size of Waterpark

Hotels With An Indoor Waterpark	Average # of Rooms	Average Indoor Waterpark sf	Indoor Waterpark sf per room
Over 70,000 sf	488	114083	234
50,000 to 70,000 sf	262	59692	228
40,000 to 50,000 sf	332	42625	187
30,000 to 40,000 sf	227	32777	144
20,000 to 30,000 sf	211	22388	106
10,000 to 20,000 sf	123	12711	103
Under 10,000 sf	113	5184	46

Source: Hotel Waterpark Resort Research & Consulting, Feb 2008

As mentioned, Minnesota currently has the second most waterpark resorts in the nation. The largest waterpark in Minnesota is the Grand Lodge & Waterpark of America in Bloomington, which has 403 rooms and a 70,000 sf waterpark.

There are no scheduled hotel waterparks planned to open in 2009 or 2010 in Minnesota.

In Duluth, the Edgewater Resort & Waterpark is the largest and most popular waterpark, located along London Road in East Duluth. The hotel location is favorable given the waterfront location and access to Downtown. The Edgewater Resort & Waterpark has 298 rooms and a 30,000 sf indoor waterpark.

Elsewhere in Duluth, the Country Inn Suites North (Hermantown) also has an indoor waterpark and kiddie pool with a total area of approximately 5,000 sf.



Photo Credits: www.Flickr.com

3.4 SUMMARY & IMPLICATIONS

The evaluation of Duluth’s retail environment relating to competitive forces, merchandise voids, sector performance and supply metrics reveals some key findings and resulting opportunities for the Central Entrance – Miller Hill Corridor.

Miller Hill is the dominant force in the regional marketplace for retail anchored regionally by the Miller Hill Mall. **The current inventory of the Miller Hill Mall area is estimated at 2.16 million sf (excluding auto dealerships and auto servicing).** This represents approximately 58% of the total City of Duluth retail inventory (3.74 million sf). **The current vacancy rate for Miller Hill (4.0%) is below the City average and at a healthy level, suggesting there is demand for retail in the Corridor,** but more in the Miller Hill area than along Central Entrance, which has developed into a pedestrian unfriendly, highly fragmented, highway strip retail core dominated by fast food and auto services

The City of Duluth retail inventory does not include the retail west of Haines Rd in the City of Hermantown. In recent years however, the role of Hermantown has increased significantly to a point whereby Hermantown has now become a major player in attracting commercial developments, such as Wal-Mart, Sam’s Club, Menards and Gander Mountain. Consequently the approximately **685,000 sf of large format retail located within a 3-minute drive time of the Miller Hill Mall has contributed to likely sales outflow from Duluth to Hermantown** and is a primary reason why the City is facing development pressures for non-commercially zoned lands.

Much of the retail along the Corridor, and in particular around the Miller Hill Mall is value oriented and in some cases, as evidenced by the relocation of Gander Mountain, is obsolete retail space for new-to-market tenants or tenants wishing to relocate to the Miller Hill area. **The average lease rates for the majority of retail space in the Miller Hill area (excluding the Miller Hill Mall) is in the \$10 - \$15 psf range, which represents a challenge for any new developers wishing to create a newer modern retail environment, given current construction costs.**

Miller Hill is the dominant shopping area for Duluth, but the scattered pattern of historic development has created a position whereby larger areas of contiguous developable land have become perceived as scarce, which is why neighboring Hermantown has been so successful in luring tenants (and corresponding retail sales tax revenue) away from Duluth. **Miller Hill is too important a corridor to further allow this outflow to occur and therefore infill, densification and redevelopment should be looked at as solutions to creating a cohesive, more compact environment.**

One void in the local market is a Suburban Town Center that does not compete with Downtown, but instead provides a core for people living in this area of the city. Such a Suburban Town Center typically works well with entertainment concepts, particularly a cinema, and restaurants and could potentially attract an investor based on the lack of strong competition in the area. While it is acknowledged there was an old cinema at Miller Hill Mall and the Lakes 10 Cinema is located in Hermantown, this facility is isolated from the core population and retail concentration. Therefore, the City of Duluth could look to pursue a more modern multiplex Cinema that would be a more suitable fit for the market and contribute to higher retention of spending in Duluth given the adjacency of compatible retail functions.

In the immediate Miller Hill Mall area, there is a clear need to mix the automobile-oriented big box spaces (that afford wide vistas of the whole area) with smaller, intimate and more contemplative spaces geared towards pedestrians. This infill would promote not only a critical mass of retail, but more importantly a critical mix of retail. Among the targeted retail functions are Outdoor Sporting Goods, Casual Restaurants and more adult-oriented Fashions.

The impact of Miller Hill’s evolution over the past 20 years has been evidenced in the challenges faced in Downtown Duluth. Therefore, local retail tenants, specialty fashion stores and urban grocery concepts should be left for Downtown Duluth to pursue, which will always have an advantage in stimulating an eclectic retail mix.

3.0 Supply Analysis

In this way, **the tenant mix allocation of the Miller Hill area could be 70% National/Regional to 30% Local, while Downtown could evolve to become 70% Local to 30% National/Regional.** Popular Downtown restaurants, may also potentially want to open a second location “over the hill” to garner evening patronage as well.

The overall supply of office space along the Central Entrance – Miller Hill Corridor is very limited and largely comprised of older Class B & C office space targeting local professional services. There are no defined office campuses along the corridor and the two most recent development proposals, namely the Sande Office Project on Central Entrance and the Arrowhead Crossing on Haines Road have both been affected by limited demand, which has affected their development and/or construction status. With regard to the Sande Office Project, its location may well become an important site in the future, but the project itself is likely ahead of its time for that area, given the adjacency of uses and demand.

In general, **the majority of quality office space for larger users should continue to be focused in the Downtown area, while the Central Entrance – Miller Hill Corridor should pursue opportunities for smaller local and professional services integrated within a mixed-use development format.** For example, boutique office space for small firms, particularly individuals seeking a work space close to home, kids’ schools etc, and who would not necessarily benefit from synergies downtown. Potential smaller office space would be particularly attractive if amenities located very close by (shopping, dining, services, pub, etc.).

In terms of hotel/motel supply, it is currently in balance with demand. Since 2001, Duluth has averaged an occupancy of between 62% and 64%. Duluth’s 2007 average occupancy was 63.9%, which over one percentage point higher than the National average (62.7%).

In terms of ADR (\$84.35), Duluth’s is lower than the national average. From a revenue perspective, the lower ADR suggests lesser potential revenues which may result in lower demand by hoteliers, given the current economic downturn.

The Miller Hill Corridor has a ratio of Tier 1 to Tier 2 weighted more towards a more value-oriented price point. Given the slow growth in supply, in the market, and the current trend to upgrade Downtown/Canal Park properties, the most likely scenario for accommodation would be additional Tier 2 development over a long time horizon.



Photo Credits: MXD Development Strategists Ltd 2009

4.0 Demand Analysis

4.1 INTRODUCTION

A demand analysis was undertaken to identify and quantify potential markets for new development (retail, office, hotel/motel and residential) at Miller Hill corridor.

As a first step, a Trade Area was delineated for the Miller Hill corridor. A Trade Area is the geographic region from which retailing draws regular patronage, from which office tenants are likely to be sourced, as well as residential buyers/renters. The hotel/motel sector is driven largely by people living outside the identified Trade Area.

Identifying the Trade Area is important to understanding the total level of demand within the market for retail, office and residential land uses, as well as the likely growth rate. It also sheds insight on the types of retail tenants and residential products/amenities that would garner appeal from the local market.

A Trade Area is typically subdivided to provide a more refined analysis of the project’s opportunity. These subdivisions include a **Primary Trade Area (PTA)** from which the majority of local Trade Area business is expected to originate from. Additional Trade Area business is typically sourced from the more remote **Secondary Trade Area (STA)**. An STA typically provides occasional destination shoppers, home buyers and employees for on-site office uses. A **Tertiary Trade Area (TTA)** also provides infrequent retail patronage, a low level of residential interest and long distance commuting employees. Hotel/motel and additional retail business is also anticipated from tourists. This is included in the analysis as a special form of **Miscellaneous Inflow**.

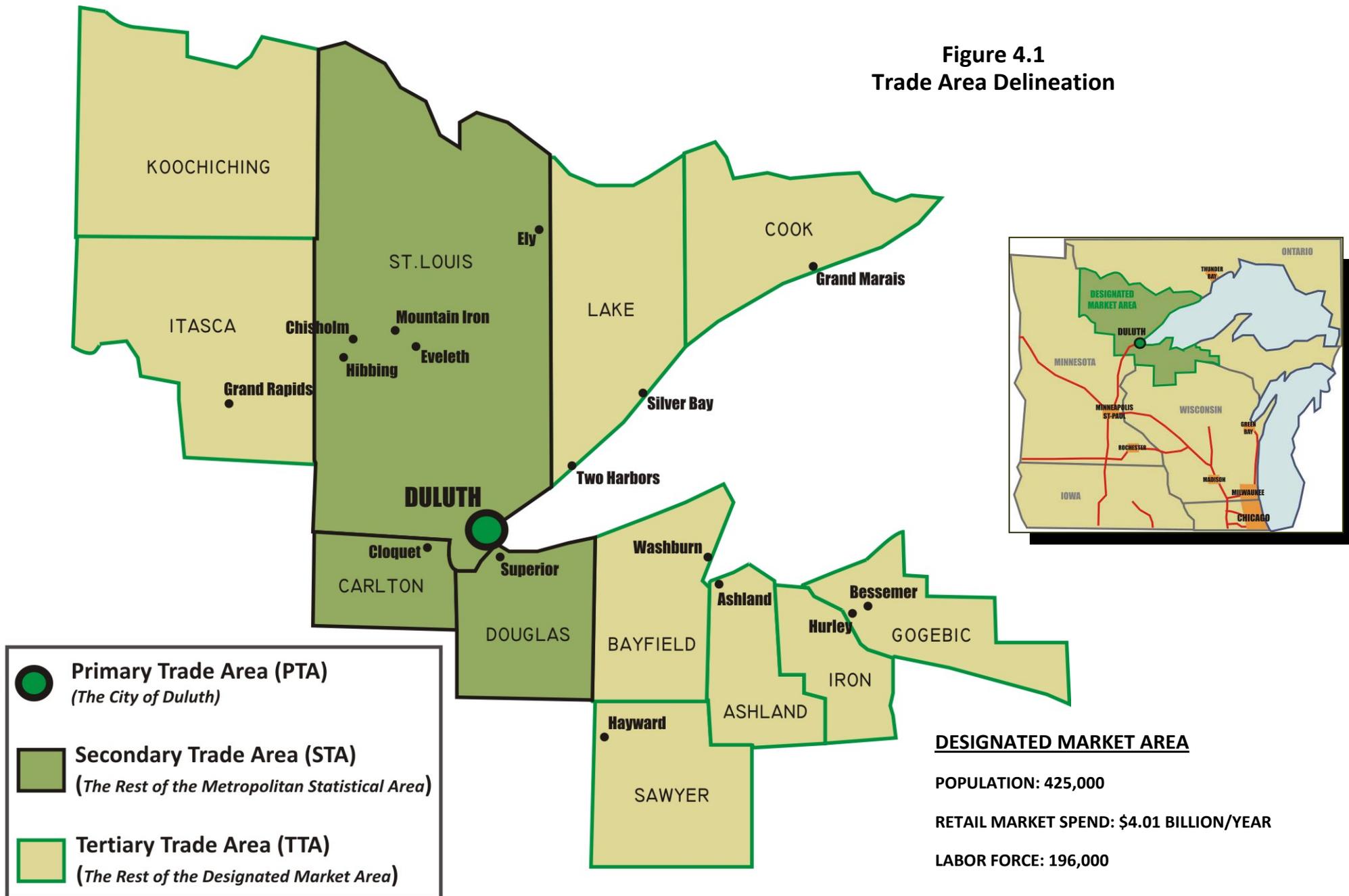
The major considerations in delineating a retail Trade Area are outlined in **Table 4.1**. These principles were applied to the Corridor to determine its anticipated future Trade Area. The PTA encompasses the City of Duluth. The STA was defined as the rest of the Metropolitan Statistical Area (MSA) which includes St. Louis and Carlton Counties in Minnesota and Douglas County in Wisconsin . The TTA is defined as the Designated Market Area (DMA) that is illustrated in **Figure 4.1**. This region represents the outer limits of Miller Hill’s drawing potential.

Table 4.1
Retail Trade Area Boundary Determinants

1. Transportation networks, including streets and highways, which affect access, travel times (**Figure 4.1**), commuting and employment distribution patterns;
2. Major infrastructure projects both planned or under development which will affect future travel patterns;
3. The development vision, including an understanding of its site characteristics and potential target ‘audience’;
4. The local and regional competitive retail, office and residential environment, including future competitors under proposal or development;
5. The project’s proposed generative uses (retail, cultural, civic, etc.) and their relationship within the wider market;
6. Significant natural and man-made barriers (e.g. water features, highways and industrial areas);
7. De facto barriers resulting from notable socio-economic differentiation;
8. Patterns of existing and future residential and commercial development.

4.0 Demand Analysis

**Figure 4.1
Trade Area Delineation**



4.0 Demand Analysis

4.2 TRADE AREA DEMOGRAPHIC ANALYSIS

Having delineated the Trade Area and its sub-components, demographic data were extracted to understand the particular nature of the Duluth market. This data was sourced primarily from the US Census and Claritas, but was further refined with estimates and projections from Minnesota-based population data centers listed in Section 1.

In terms of population, the Trade Area is a relatively slow-growing market. The overall Trade Area is expected to grow an average of 0.23% per annum during the 2007 – 2015 period (**Table 4.2**). By comparison, the population of the entire country is expected to grow at 1.03% per year during this period.

PTA (City of Duluth) is expected to grow by an average of 0.38% a year, or about a person a day. The STA, which includes Superior, is expected to decline slightly in population during this period. The TTA, which includes the outlying market area communities not in the metropolitan boundary, is expected to grow most rapidly, at 0.6% per year. In total approximately 7,872 people are expected to have moved to the Trade Area by 2015, at an average growth rate of 0.23% per annum.

This relatively slow population growth rate, however, is outpaced by the current growth in households. With an aging population base, the average household size in the area is expected to decline. For example, older children move out to start their own households, while their parents remain behind as an “Empty Nester” household.

As a result, the growth in the number of households is expected to outpace population growth. For example, although the STA is expected to lose 3,641 residents by 2015, it is expected to add 868 new households. In total, 8,008 new households are expected to form in the Trade Area by 2015, a growth rate of 0.55% per annum. In addition to driving demand for new residential development, the growth in households is also expected to drive sales of several key retail categories, including appliances, home electronics and home furnishings..

Table 4.2
Population & Household Growth Forecast 2007 - 2015

DEMOGRAPHICS	PTA	STA	TTA	TOTAL TRADE AREA
POPULATION				
Population 2007	85,380	154,134	182,000	421,514
Population 2010	87,602	152,758	186,595	426,955
Population 2015	88,007	150,493	190,886	429,386
Population Growth 2007-15	2,627	-3,641	8,886	7,872
% Avg. Annual Growth Rate	0.38%	-0.30%	0.60%	0.23%
HOUSEHOLDS				
Households 2007	35,670	65,262	76,754	177,686
Households 2010	37,021	65,586	78,649	181,256
Households 2015	37,909	66,130	81,655	185,694
Household Growth 2007-15	2,239	868	4,901	8,008
% Avg. Annual Growth Rate	0.76%	0.17%	0.78%	0.55%

In terms of household composition, the PTA differs significantly from the American average (**Table 4.3**). Most notably, household sizes are significantly smaller, and yet the percent of people living in single detached housing (within the Total Trade Area) is higher.

Table 4.3
Household Composition

DEMOGRAPHICS	PTA	STA	TTA	TOTAL TRADE AREA	ALL OF USA
Avg. Household Size	2.42	2.39	2.40	2.40	2.66
% Owner-Occupied	64%	74%	77%	73%	66%
% of Housing Single-Detached	65%	75%	78%	74%	66%
% of Housing Multi-Family	33%	20%	14%	20%	26%

4.0 Demand Analysis

An examination was also made of income levels in the Trade Area (**Table 4.4**). Residents living within the PTA, STA and TTA typically earn about 90% of the American average. However, their cost of living expenses (particularly housing) are lower than in most metropolitan areas, indicating that disposable income levels are closer to the national average. Until the economic downturn, the average annual increase in per capita income was 1.3% in the Trade Area, or slightly lower than the national average. Income levels are likely to have decreased at average rates during the 2008-2009 recession.

Table 4.4
Per Capita & Household Income, 2007 - 2010

DEMOGRAPHICS	PTA	STA	TTA	TOTAL TRADE AREA	All of US
PER CAPITA INCOME					
2007	\$23,190	\$23,605	\$23,020	\$23,268	\$26,014
2010	\$24,534	\$25,129	\$24,502	\$24,733	\$27,389
Avg. Annual Growth	1.90%	2.11%	2.10%	2.06%	1.73%
HOUSEHOLD INCOME					
2007	\$56,144	\$56,530	\$55,264	\$55,906	\$69,086
2010	\$58,278	\$58,802	\$57,416	\$58,094	\$72,210
Avg. Annual Growth	1.25%	1.32%	1.28%	1.29%	1.49%

A more detailed understanding of the Trade Area income levels is illustrated in **Figure 4.3**. The Miller Hill corridor has convenient access (defined as less than a 10-minute drive) to a predominantly middle-income market. This area represents the core region from which shoppers originate. Additional markets include the relatively affluent East Duluth area as well as the slightly lower than average Downtown and West Duluth areas.

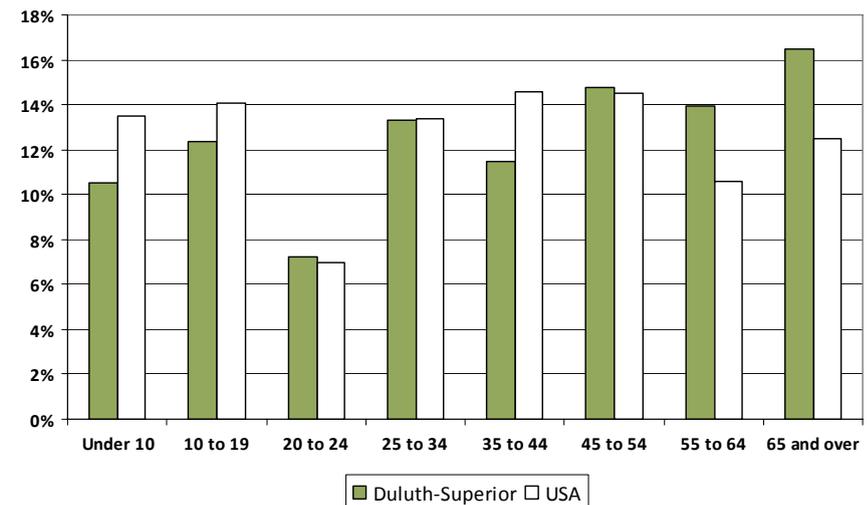
This income distribution suggests that Miller Hill corridor, which offers predominantly value-oriented retail, could support additional mid-market retailing in the near future. This business is likely leaking to the Twin Cities due to a current lack of offering.

The Duluth-Superior MSA has a significantly older age profile than the American average. There are relatively fewer children and significantly more people aged 55 and up (**Figure 4.2**). A more detailed analysis is made of the age cohort distribution in the residential analysis, but the current “snapshot” of the age profile is sufficient to inform the retail analysis.

Older shoppers tend to be more sophisticated consumers. They have long since acquired all the basic necessities in life and now are in search of experiences rather than simply more goods. They demonstrate a pronounced spending pattern on Full Service Restaurants, Health & Wellness, Travel and Indulgence.

The Miller Hill corridor’s retail offering does not reflect the older age profile of the Duluth area market. This represents an opportunity to create a shopping, dining and leisure destination that appeals to an older consumer that is currently lacking.

Figure 4.2
Age Cohort Distribution – Metro Area vs. USA Average



4.0 Demand Analysis

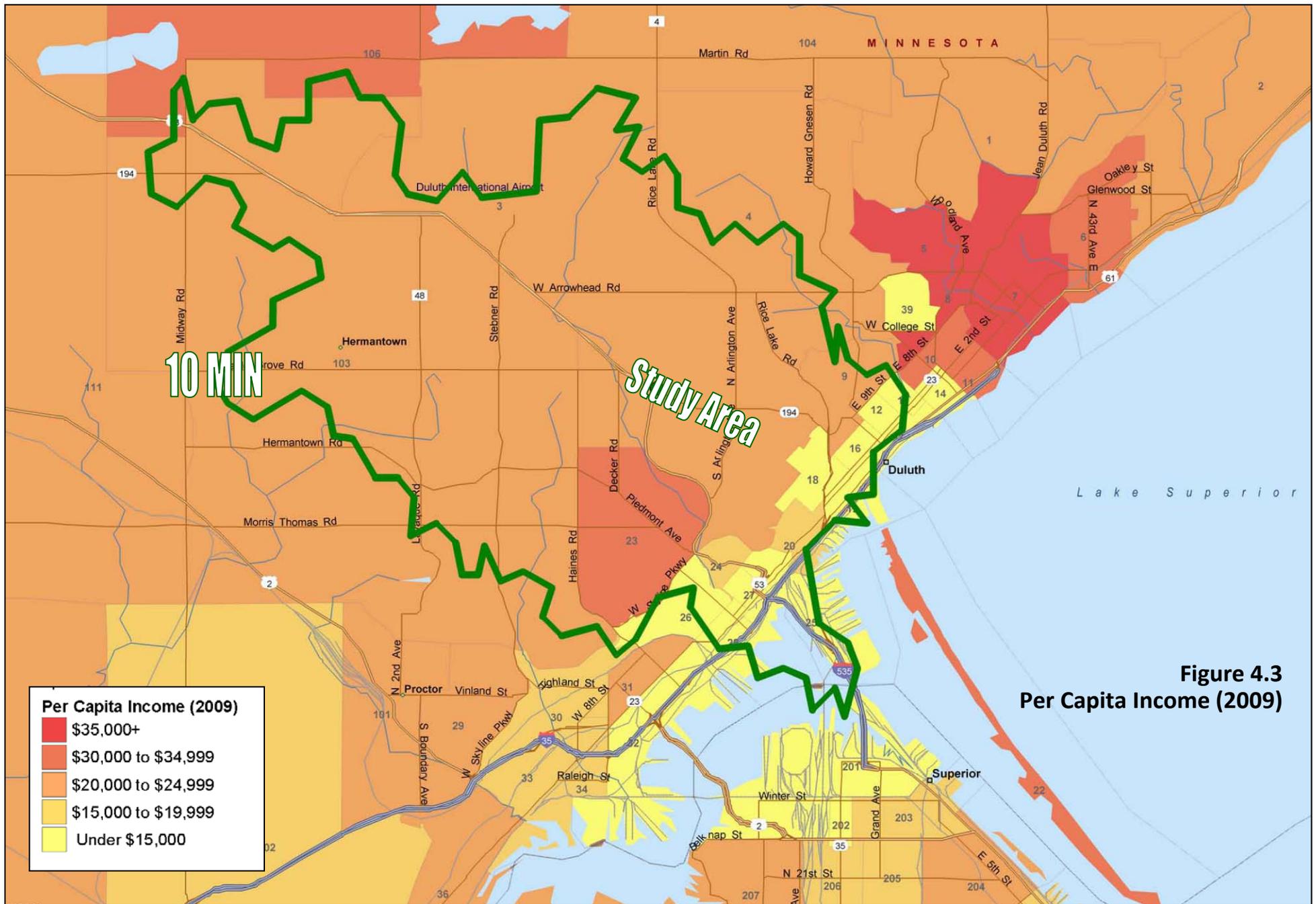


Figure 4.3
Per Capita Income (2009)

Source: US Census, Claritas

4.3 RETAIL DEMAND ANALYSIS

Building upon the Trade Area demographic profile analysis, a study was made of area’s retail spending profile. This provides a more refined understanding of the opportunity for additional retailing along the Miller Hill corridor. The key questions it seeks to answer are:

- How much do Trade Area residents spend on **Convenience** retail (such as Grocery and Pharmacy), on **Comparison** retail (such as Fashion and Home Furnishings), and **Leisure** (Food & Beverage and Entertainment)?
- What distinguishing features does the Trade Area expenditure profile demonstrate? And how is this profile expected to change over the forecast horizon?
- What additional expenditure potential can be derived from other potential target markets, most notably tourism?

Detailed information of retail spending within the Trade Area was collected from Claritas, a leading supplier of demographic and consumer expenditure information. The data was collected at a detailed micro-geographic scale for individual street blocks. This data was then aggregated to its respective Trade sub-region in order to build a working profile.

Each of the major three categories of spending (Convenience, Comparison and Leisure) were further sub-divided into 21 minor retail categories in order to improve overall precision of the analysis. The initial task involved developing an understanding of how Trade Area residents spend their shopping and leisure dollars on a per capita basis. Once this Trade Area shopping “profile” was established, the data was aggregated by population to quantify the size of the Trade Area retail market. A comparison of this spending information (“demand”) with the competitive analysis (“supply”) findings provides additional insight into potential development opportunities.

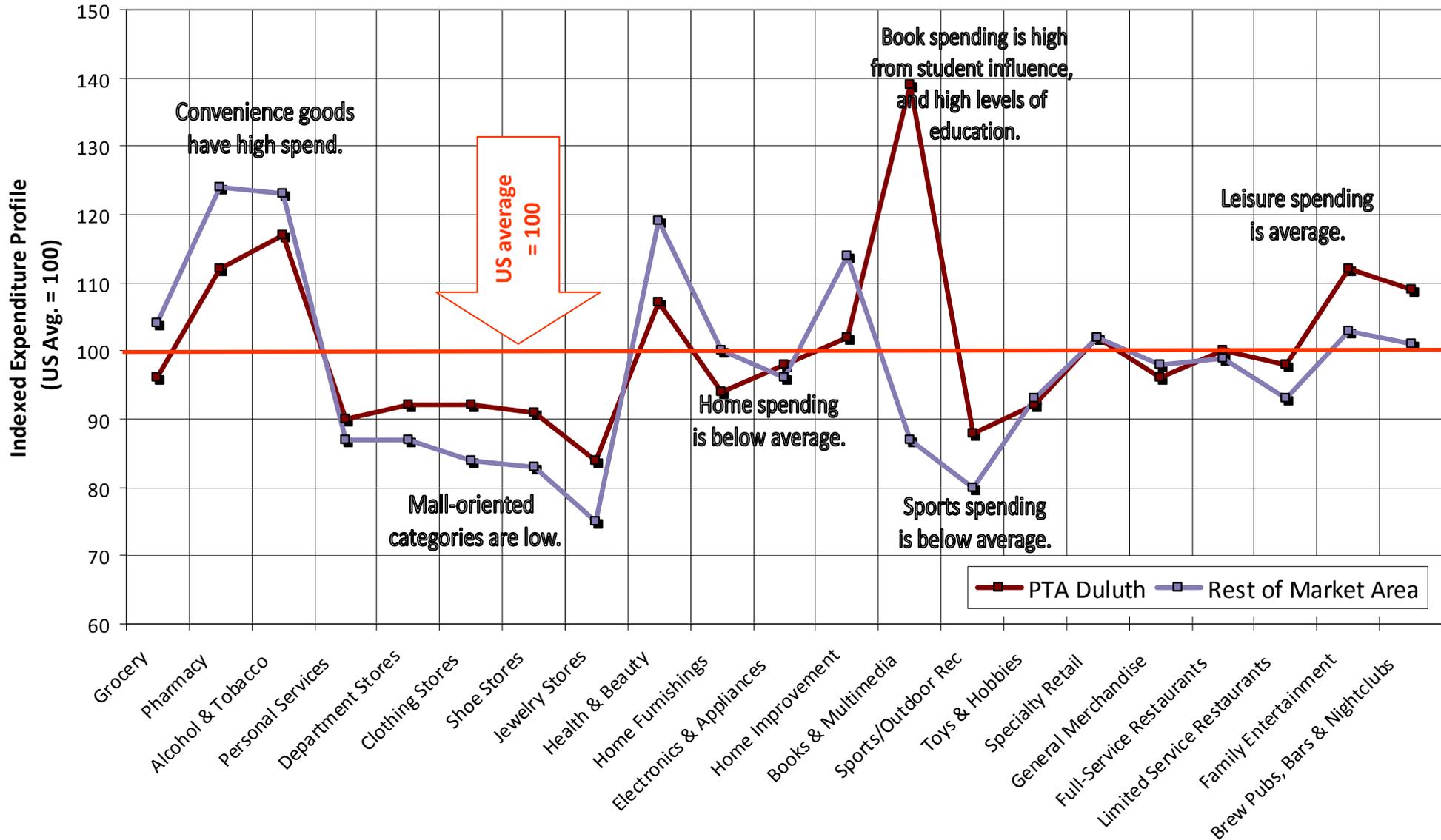
The analysis identified that PTA residents currently have a per capita expenditure of \$9,580 on retail and leisure (or 97% the national average of \$9,872). The STA exhibits a higher spending profile than the PTA, with per capita spending of \$9,706, and the TTA is also above the PTA with \$9,737. The average retail spending levels are counterintuitive given the below average level of per capita income described in the Demographics Analysis. However, the much lower than average cost of living (particularly for housing) frees up disposable income for local residents.

A more detailed review of the consumer spending profile provides additional insight. A comparison was made between each Trade Area component with the national average over each of the major retail spending categories (**Figure 4.4**). The PTA demonstrates spending levels either approaching or exceeding the national average across most retail categories. Notably lower-than-average, though, are typical “mall” spending categories, particularly fashion-related. This is likely reflective of two factors: an aging population base that no longer spends so highly on fashion categories, and the lack of supply in this retail format.

The per capita retail expenditure data confirms the conclusions and implications derived in the Supply Analysis and Demographic Analysis that the local market is under served by retailing. When the local spending profile is juxtaposed to the Miller Hill corridor’s Strip Center/Power Center orientation, it is evident that there is a lack of suitable retail facilities to capture these dollars. Retail sales leakage to the Twin Cities (and, to some extent, the Internet) is likely to be substantial for a number of retail categories, particularly Fashion- and Specialty-related.

In order to stem this sales outflow, the Miller Hill corridor would need to provide the missing element in Duluth’s retail offering by providing a tenant mix focused on Fashion, Food & Beverage and “mall” type Specialty Retailing. At the same time it should not seek to compete directly with the Downtown area.

Figure 4.4
Per Capita Retail Spending Profile
Duluth & Designated Market Area



4.0 Demand Analysis

The four major anchor functions outlined above provide the necessary foundation for a mixed-use suburban “Town Center” development. In recent years, the retail industry has undergone a major shift away from single-purpose retail centers, such as those that characterize Miller Hill corridor, towards neotraditional shopping environments that incorporate higher density, mixed-use and pedestrian-friendly elements. This format has found popularity among markets across the United States, and many are documented in **Appendix B**.

A mixed-use Town Center along the Miller Hill corridor would serve to differentiate the retail project from local and regional competition which is characterized largely by Strip Centers and Power Centers. It would also provide opportunities for place-making elements (such as a town plaza, civic uses and integration with residential and office uses). Such a development would be positioned to provide a suburban counterpart to Downtown Duluth without competing with its eclectic mix of specialty retailing and local independent food & beverage.

The Per Capita Retail Expenditure Profile Analysis points to a specific mix of tenants for the Miller Hill corridor, particularly when juxtaposed with the voids in the local competitive infrastructure identified in Section 3, and the list of tenants that would be suited to the market, but have not yet arrived here (**Appendix D**). However, in order to determine the recommended size and timing for each project, it is important to look at Aggregate Retail Expenditure patterns in the local market. This is key in determining overall levels of opportunity, timing and strategic allocation of space.

The results of the Per Capita Expenditure Analysis were combined with the information on population detailed in the Demographic Analysis to identify the total expenditure potential available within Duluth and its environs. This calculation takes into account the growth in population, income and anticipated changes in spending behavior over the forecast horizon.

Detailed tables were prepared for all Trade Areas. The entire Trade Area’s expenditure profile today and in 2020 is shown in **Table 4.5** and **Figure 4.5**, while detailed tables for each Trade Area are listed in **Appendix C**.

The following salient points were made from an analysis of the aggregate expenditure data, broken down by Trade Area:

- The **Primary Trade Area (PTA)** market is expected to grow at an average annual increase of 2.4% per annum. It currently represents a \$836 million dollar retail and leisure market. This is projected to grow to \$1.01 billion by 2020.
- The **Secondary Trade Area (STA)** currently represent a \$1.8 billion dollar retail and leisure market. This is projected to increase to \$2.3 billion in 2020, at an average annual increase of 2.1%.
- The entire **Trade Area** (including the Tertiary Trade Area, or TTA) is expected to grow from an \$4.1 Billion dollar retail and leisure market today to \$5 Billion in 2020 or a 1.9% average annual increase.
- The five largest categories of retail spending in the Trade Area today include **Grocery Stores** (\$746 million), **General Merchandise Stores** (\$657 million), **Department Stores** (\$564 million), **Pharmacy** (\$398 million) and **Full Service Restaurants** (\$240 million).

Tourists represent an additional source of potential retail sales at Miller Hill. On average, as shown in **Tables 4.6** and **4.7**, visitor spending per trip is estimated at just over \$210 resulting in a total estimated tourist expenditure of \$752 million. Shopping and Food & Beverage account for almost half of all tourist spending. However, Miller Hill is not currently a tourist destination, and given the sensitivities of Downtown Duluth/Canal Park retailing, it is not recommended as a target market.

4.0 Demand Analysis

Table 4.5
Total Trade Area Retail Expenditure by Category, 2009 - 2020

TOTAL TRADE AREA EXPENDITURE	2009	2010	2012	2015	2017	2020	% Annual Growth
Grocery Stores & Specialty Foods	\$745,696,604	\$755,629,036	\$775,094,998	\$805,003,440	\$825,672,666	\$858,010,151	1.28%
Pharmacy	\$397,788,660	\$409,354,003	\$432,719,280	\$470,737,170	\$498,045,798	\$542,097,597	2.87%
Alcohol & Tobacco	\$230,330,960	\$234,555,367	\$242,705,526	\$255,737,076	\$264,610,531	\$278,559,183	1.74%
Personal Services	\$100,154,902	\$102,537,322	\$107,473,692	\$115,402,892	\$121,126,373	\$129,989,868	2.41%
Department Stores	\$564,138,723	\$573,129,003	\$590,689,112	\$618,061,199	\$637,119,160	\$666,883,483	1.53%
Clothing Stores	\$223,750,061	\$227,468,642	\$234,825,191	\$246,327,836	\$254,655,416	\$267,282,748	1.63%
Shoe Stores	\$26,980,153	\$27,278,817	\$27,784,356	\$28,540,192	\$29,043,328	\$29,795,849	0.86%
Jewelry Stores	\$30,638,499	\$31,289,015	\$32,631,110	\$35,009,450	\$36,713,506	\$39,259,244	2.23%
Health & Beauty	\$237,770,648	\$245,427,866	\$261,354,623	\$287,274,436	\$305,954,240	\$336,386,320	3.22%
Home Furnishings & Accessories	\$133,207,168	\$135,834,190	\$140,923,724	\$149,032,508	\$154,545,624	\$163,621,483	1.90%
Home Electronics & Appliances	\$89,465,851	\$90,978,341	\$93,992,369	\$98,495,761	\$101,489,371	\$106,332,896	1.60%
Home Improvement & Gardening	\$47,682,942	\$48,355,189	\$49,670,865	\$52,195,754	\$53,873,434	\$56,379,822	1.53%
Books & Multimedia	\$49,720,573	\$50,302,343	\$51,625,423	\$53,691,195	\$55,183,835	\$57,417,811	1.31%
Sporting Goods & Outdoor Recreation	\$27,620,657	\$28,343,894	\$29,693,179	\$31,710,099	\$33,051,169	\$35,056,233	2.14%
Toys & Hobbies	\$34,137,917	\$34,810,233	\$35,965,656	\$37,690,648	\$38,924,375	\$41,454,935	1.85%
Miscellaneous Specialty Retail	\$25,377,163	\$25,856,880	\$26,660,971	\$27,862,740	\$28,661,934	\$29,856,674	1.46%
General Merchandise & Warehouse Stores	\$657,403,661	\$668,883,478	\$691,631,582	\$727,238,039	\$752,036,706	\$790,984,753	1.69%
Full-Service Restaurants	\$240,495,269	\$245,615,735	\$256,115,652	\$272,579,820	\$284,008,602	\$302,380,830	2.10%
Limited Service Restaurants	\$186,265,156	\$190,380,653	\$198,637,436	\$211,701,754	\$220,718,917	\$235,589,911	2.16%
Family Entertainment & Concessions	\$9,543,780	\$9,590,503	\$9,576,565	\$9,555,718	\$9,542,174	\$9,521,972	-0.07%
Brew Pubs, Bars & Nightclubs	\$27,461,496	\$27,894,124	\$29,058,910	\$30,797,914	\$31,952,558	\$33,676,688	1.77%
Total Expenditure	\$4,085,630,844	\$4,163,514,634	\$4,318,830,220	\$4,564,645,641	\$4,736,929,717	\$5,010,538,451	1.87%

Source: Claritas

4.3.1 TOURISM RETAIL DEMAND ANALYSIS

This section examines the Tourism market in the Northeast Minnesota Region and specifically the City of Duluth. Additionally, to lay a foundation for determining the level of demand for additional retail uses along the Central Entrance – Miller Hill Corridor, the hotel sector is evaluated by examining the economic impact of tourism on the City’s retail sector.

Tourism to the City of Duluth is a significant component of economic development. **Table 4.6** reveals that in 2008, there were an estimated 3.57 million visitors to Duluth who stay an average almost 3 days in the City. This figure is forecast to increase to over 3.7 million by 2010.

Duluth accounts for approximately 61% of the total tourist volume to the entire Northeast Region of Minnesota and is a major destination for tourist spending and accommodations.

Table 4.6 Duluth Tourist Profile

TOURISM PROFILE	2008	2010	Forecasted
			Growth 07 to 10
Number of Tourists	3,570,000	3,714,228	2.0%
Average Travel Party Size	2.80	2.80	
Number of Overnight Visitors	2,748,900	2,859,956	
Number of Day Visitors	821,100	854,272	
Average Length of Stay	2.90	2.90	
Overnight Visitors	77.0%	77.0%	
Same-Day Visitors	23.0%	23.0%	
Total Tourism Spending	\$752,350,000	\$790,437,719	2.5%

Source:
 Visit Duluth
 Explore Minnesota Tourism "The Economic Impact of Expenditures By Travelers On Minnesota’s Northeast Region and The Profile of Travelers June 2007 – May 2008"

On average, as shown in **Table 4.7**, visitor spending per trip is estimated at just over \$210 resulting in a total estimated tourist expenditure of \$752 million. Shopping and Food & Beverage account for almost half of all tourist spending.

In the context of the Central Entrance – Miller Hill Corridor, the majority of these tourists are destined to the Downtown and Canal Park areas and as such it is not expected that tourists will play as significant a role in the evolution of Miller Hill or Central Entrance for retail or accommodation perspectives as they would on the enhancement of the Downtown Core.

However, the importance of the Miller Trunk Highway as a major arterial along which tourists travel does suggest that there may be some additional opportunities to provide locations and functions that tourists may be drawn to for more brief periods. In particular, casual family restaurants that cater to the family tourist segment could be further introduced along the Corridor above and beyond the proliferation of fast food outlets. The Olive Garden and future development at Duluth Heights Center across from Stoneridge Center may serve this niche opportunity.

Table 4.7 Tourist Spending Breakdown

VISITOR SPENDING ALLOCATION	% of Visitor Spending Per Trip	2008 Visitor Spending Per Trip	2010 Visitor Spending Per Trip
Ground Transportation	12.0%	\$ 25.29	\$ 25.54
Lodging	15.0%	\$ 31.61	\$ 31.92
Shopping	24.0%	\$ 50.58	\$ 51.08
Food & Beverage	24.0%	\$ 50.58	\$ 51.08
Recreation	25.0%	\$ 52.69	\$ 53.20
TOTAL	100.0%	\$ 210.74	\$ 212.81

Source:
 Visit Duluth
 Explore Minnesota Tourism "The Economic Impact of Expenditures By Travelers On Minnesota’s Northeast Region and The Profile of Travelers June 2007 – May 2008"

4.0 Demand Analysis

A recent study published by the State of Minnesota (Explore Minnesota Tourism) and the University of Minnesota Tourism Center titled “*Economic Impact of Expenditures by Travelers on Minnesota’s Northeast Region*” (June 2007 – May 2008) revealed the following information regarding Tourist Demographic and Trip Activities:

Demographic & Socio-Economic Profile

- The average age of Northeast Region travelers was 41.8 years. Travelers in the fall season (45.4) tended to be older than travelers in all other seasons (38.4 to 42.1 years).
- The median household income was \$61,800. There were no significant differences in median incomes among Northeast Region travelers by season.
- Nearly all Northeast Region travelers lived in the United States (94%) and two-thirds were residents of Minnesota (66%). Beyond Minnesota, the state with the next highest proportion of Northeast region travelers was Wisconsin (6%).
- About half of Northeast Region travelers (48%) lived in the Minneapolis – St. Paul Designated Market Area (DMA). This proportion was higher in the winter season (54%) than in the summer season (46%).
- About one in five (18%) reside in the Duluth – Superior DMA.

Travel Party Profile

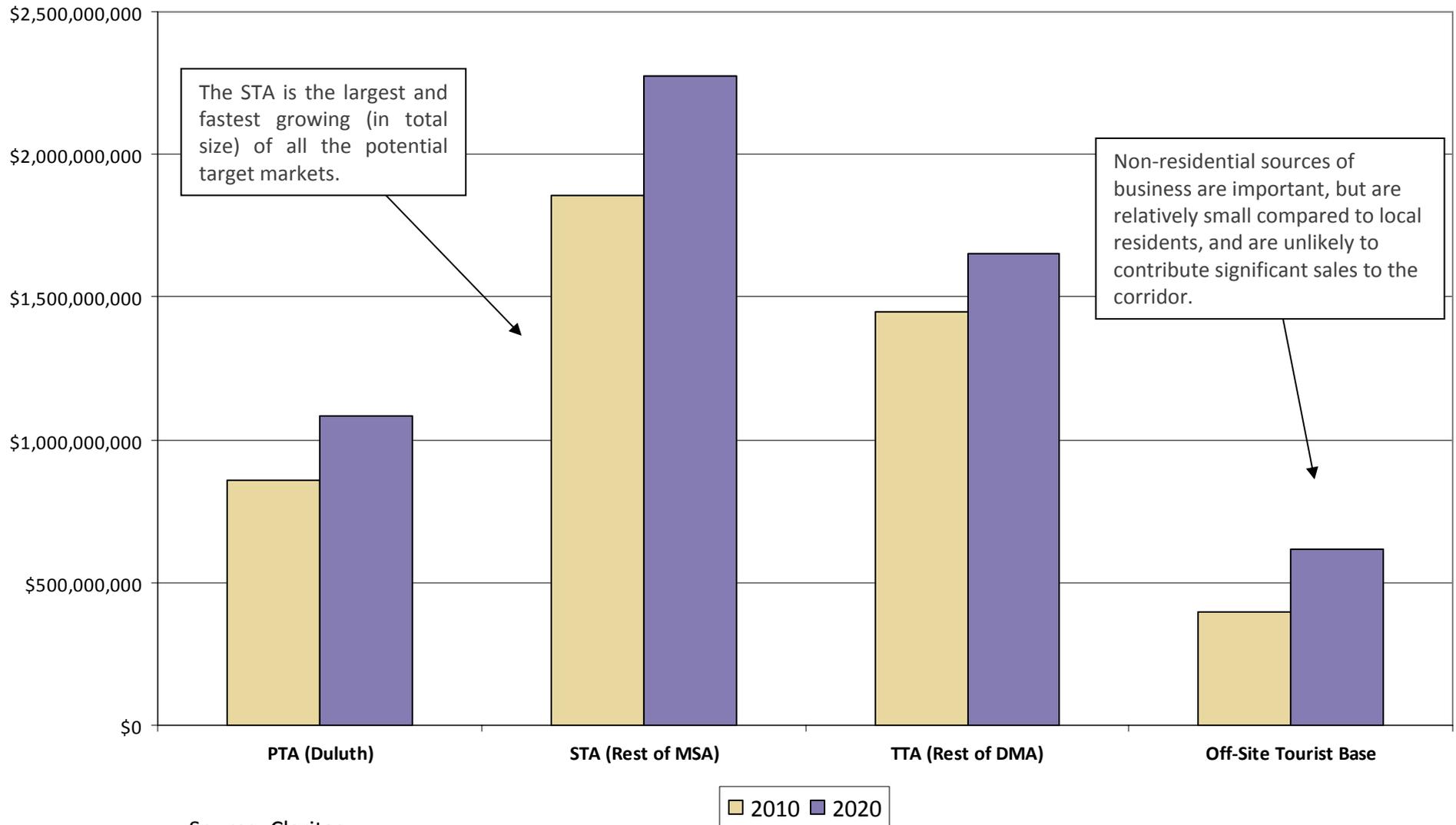
- Just over three quarters of travelers in the Northeast Region were on a vacation or short pleasure trip (79%), while nearly one in five was traveling for personal reasons, e.g. wedding, medical etc (15%).
- The average travel party size was 2.8 people. Travelers in the summer (2.9 people) and spring (3.0 people) were more likely to have larger travel parties than those in the fall (2.6 people).

- The average number of nights travelers intended to stay overnight was 2.9 nights. The length of stay was longer in the summer (3.3 nights) than it was in the winter or spring (2.5 and 2.6 nights respectively).
- Seven Northeast Region travelers in ten had no children younger than 18 in their travel party (71%). Fall and winter season travelers were more likely than spring and summer season travelers to be traveling without children.

Trip Profile

- Travelers participated in numerous activities during their trip. Dining out (70%) and shopping (49%) were the most frequented trip activities.
- Dining out was a key activity for Northeast Region travelers in all seasons (70%), but less so in the spring (60%) than in other seasons.
- Half of the Northeast Region travelers did some type of shopping during their trip (49%), mostly for gifts or souvenirs (33%). Shopping was mentioned as an activity less often among winter travelers (30%) when compared with travelers in other seasons, particularly shopping for gifts or souvenirs (11%) and for arts, crafts and antiques (5%). General or mall shopping was more prevalent among fall travelers (25%) versus winter (12%), summer (13%) and spring (9%) travelers. Summer and fall travelers were more likely to go outlet shopping (7% and 9% respectively) than were winter (2%) and spring (3%) travelers.
- Casino gaming was more often a winter activity (37%). Fall and winter travelers (18% and 16%) were more likely than spring (9%) travelers to enjoy the Northeast Region’s nightlife and entertainment.

Figure 4.5
Aggregate Retail Expenditure by Source Segment 2010 & 2020



Source: Claritas

4.0 Demand Analysis

4.4 OFFICE DEMAND ANALYSIS

An analysis was undertaken to determine the demand for office space along the Miller Hill corridor. A driving force of the overall study, however, was the City’s objective to maintain the primacy of Downtown Duluth for office activity. As a result, the recommended amount of office space (described in detail in Section 5) is based upon a relatively small market share for Miller Hill.

Referring to **Figure 4.6**, the Demographic Analysis indicates that the City of Duluth is very much a knowledge-based labor force. The level of educational attainment is significantly higher than the national average. As a result, the demand for office space is significantly higher than average, and will likely continue to do so.

Looking specifically at the individual employment categories, and their current rates of growth provides an important foundation for office demand analysis. Referring to **Table 4.8**, the four leading categories for office space usage (Information, Financial Activities, Professional/Business Services and Public Administration) are all growing in the Duluth metropolitan area. Professional/Business Services is in fact the fastest growing employment category.

By assigning an industry-standard allocation of 200 sf per office employee to the office-oriented categories, a total of 80,246 sf of office space is estimated to be absorbed annually in the Greater Duluth market. It is important to note that this figure does not include employment categories that utilize office space but whose primary function is not office-related. For example, the education sector does generate demand for office space, but this is usually located in schools and on campuses, and does not typically take up space in commercially-oriented areas such as the Miller Hill corridor.

Based upon this analysis, and direction from the City, it is recommended that office play a secondary role along the Miller Hill corridor. The corridor could absorb potentially 10,000 sf of locally-oriented businesses annually, without adversely affecting Downtown Duluth’s dominance in the region.

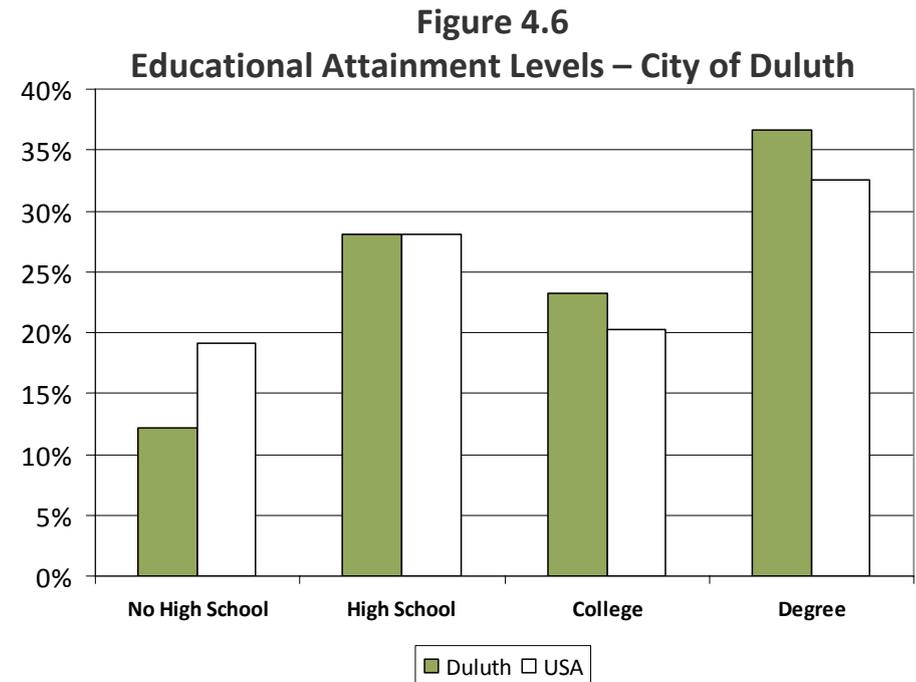


Table 4.8
Estimated Annual Demand for New Office Space

Employment Category	Jobs 2009	Annual Percent Change	Annual Growth	Devpt SF Per Employee	New Office SF/Year
Self-employed	12,320	0.1%	15	0	-
Goods-Producing Domain	22,470	0.2%	45	0	-
Trade, Transport. & Utilities	27,833	0.6%	161	0	-
Information	2,960	0.1%	3	200	680
Financial Activities	7,012	1.3%	88	200	17,538
Professional/Business Services	9,204	2.0%	188	200	37,697
Education & Health Services	43,123	1.8%	771	0	-
Leisure and Hospitality	16,344	0.9%	154	0	-
Other Services	6,494	0.4%	25	0	-
Public Administration	15,072	0.8%	122	200	24,331
Total	162,833	1.0%	1,569	51	80,246

4.0 Demand Analysis

4.5 HOTEL/MOTEL DEMAND ANALYSIS

This section examines the Tourism market in the Minnesota Northeast Region and specifically the City of Duluth. This lays the foundation for determining the warranted accommodation uses along the Central Entrance – Miller Hill Corridor (see **Section 5**). The hotel sector is evaluated by examining the current inventory and overall performance for the City of Duluth and the corridor.

Tourism to the City of Duluth is a significant component of economic development. In 2008, there were an estimated 3.57 million visitors to Duluth who stay on average almost 3 days in the City. This figure is forecast to increase to over 3.7 million by 2010.

Duluth accounts for approximately 61% of the total tourist volume to the entire Northeast Region of Minnesota and is a major destination for tourist spending and accommodations.

**Table 4.9
Tourist Profile**

TOURISM PROFILE	2008	2010	Forecasted
			Growth 07 to 10
Number of Tourists	3,570,000	3,714,228	2.0%
Average Travel Party Size	2.80	2.80	
Number of Overnight Visitors	2,748,900	2,859,956	
Number of Day Visitors	821,100	854,272	
Average Length of Stay	2.90	2.90	
Overnight Visitors	77.0%	77.0%	
Same-Day Visitors	23.0%	23.0%	
Total Tourism Spending	\$752,350,000	\$790,437,719	2.5%

Source:

Visit Duluth

Explore Minnesota Tourism "The Economic Impact of Expenditures By Travelers On Minnesota's Northeast Region and The Profile of Travelers June 2007 – May 2008"

The number of tourists to Duluth is expected to grow by 2% from 3.57 million to 3.71 million by 2010. This will result in a spending increase from \$113 million to \$119 million during this period. This constitutes a major pillar of the local economy.

Miller Trunk Highway, however, is peripheral to the Duluth visitor market. While it occupies a gateway location to areas northwest, it does not sit along the I-35, the major north-south connector with the cities in the region. Furthermore, Duluth's major attractions are clustered into a distinct concentration in the Downtown/Canal Park area, and prices are reasonable enough at this area to have a broad popularity among visitors. As such, future accommodation built along the study area would not likely derive significant support from the tourist visitor market.

It is therefore recommended that the Land Use Analysis undertaken in the next Section be based upon occupancy levels along Miller Hill rather than taking a city-wide perspective.

**Table 4.10
Tourist Spending Breakdown**

VISITOR SPENDING ALLOCATION	% of Visitor Spending Per Trip	2008 Visitor Spending Per Trip	2010 Visitor Spending Per Trip
Ground Transportation	12.0%	\$ 25.29	\$ 25.54
Lodging	15.0%	\$ 31.61	\$ 31.92
Shopping	24.0%	\$ 50.58	\$ 51.08
Food & Beverage	24.0%	\$ 50.58	\$ 51.08
Recreation	25.0%	\$ 52.69	\$ 53.20
TOTAL	100.0%	\$ 210.74	\$ 212.81

Source:

Visit Duluth

Explore Minnesota Tourism "The Economic Impact of Expenditures By Travelers On Minnesota's Northeast Region and The Profile of Travelers June 2007 – May 2008"

4.0 Demand Analysis

4.6 RESIDENTIAL DEMAND ANALYSIS

Although the Miller Hill corridor is primarily a commercial corridor, there are a number of land parcels in the study area which are zoned either residential, or permit residential uses within a mixed-use development. A study was made of the overall residential market in Duluth to understand the scope and nature of residential demand in the market. In Section 5, an analysis is undertaken to identify the potential development opportunity at suitable development parcels within the Miller Hill corridor specifically.

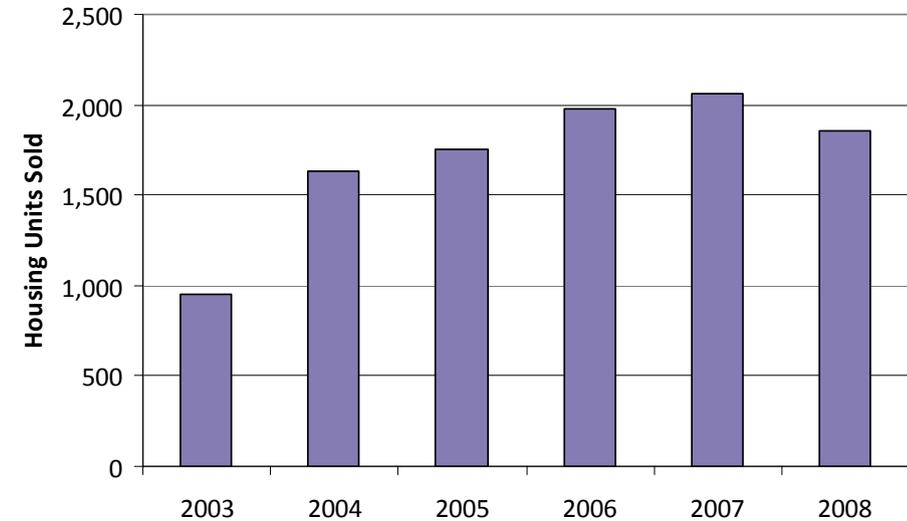
As identified in the Demographic Analysis, the City of Duluth is a relatively slow growing market, with the population growing by about 0.38% per annum, or one person per day. However, despite the relatively slow growth in overall population, the number of households is expected to grow at 0.76% per annum due to profound changes in the household composition as well as the aging population base.

The number of housing units sold in Duluth has declined moderately in recent years (**Figure 4.7**), although not as quickly as within the rest of the nation. In 2008, a total of 1,860 homes were sold in the City. The median price also remained relatively stable in 2008, at about \$160,000, further reflecting the stability of the local market.

The number of single family residential building permits has declined substantially in recent years (**Figure 4.8**). This despite the moderate population growth that has occurred during that period. This suggests that multifamily, rather than single family housing, is gaining in popularity within the local market, as evidenced by several recent condo projects built in multi-unit structures.

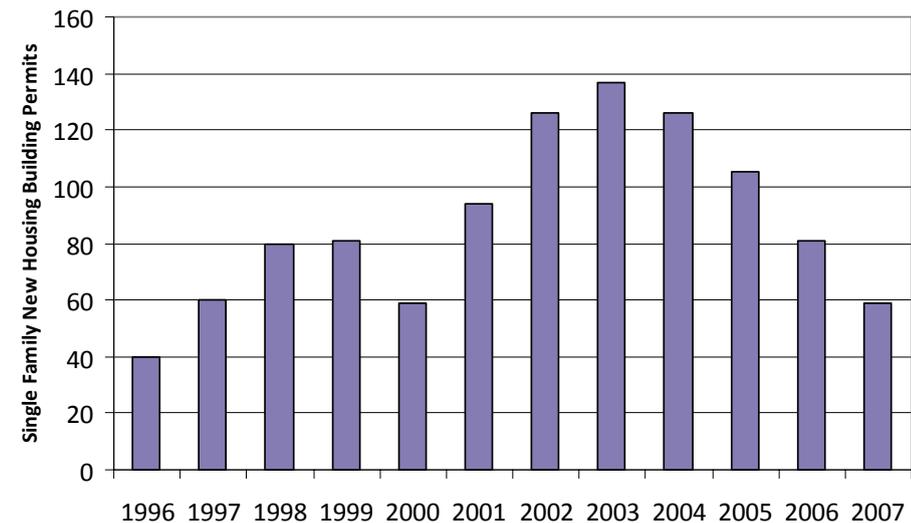
A further clue as to the changing nature of demand for residential housing is illustrated in **Table 4.11**. The projected change in age cohort populations is expected to be fairly significant over the 2010-2020 period. Specifically, the number of people aged 65 and over is expected to grow at a rapid pace of 3% per annum. Conversely, the number of 10 to 19 year-olds is expected to decline. The population of very young children (under 10) is expected to grow slightly, but Duluth will be significantly less of a family market in 2020 than it is today.

Figure 4.7
Housing Units Sold in Duluth, 2003 - 2008



Source: www.city-data.com

Figure 4.8
Single Family Residential Building Permits



Source: www.city-data.com

4.0 Demand Analysis

Table 4.11
Age Cohort Projections 2010- 2020

AGE COHORT			Total Change	% Annual Change
	2010	2020		
Under 10	21,650	22,090	440	0.2%
10 to 19	25,400	24,380	(1,020)	-0.4%
20 to 24	14,890	13,120	(1,770)	-1.3%
25 to 34	27,390	26,210	(1,180)	-0.4%
35 to 44	23,570	26,150	2,580	1.0%
45 to 54	30,390	23,790	(6,600)	-2.4%
55 to 64	28,660	29,480	820	0.3%
65 and over	33,940	45,770	11,830	3.0%
TOTAL	205,890	210,990	5,100	0.2%

Source: Claritas

The implications of this shift in residential demand is profound. The forecasts suggest there will be over 12,600 more people aged 55 and up living in the Duluth market, while there will be 600 fewer children in the local area.

Housing that is suited to traditional nuclear families, such as single detached homes is likely to prove less and less popular in coming years. This trend is already reflected in the decline in development permits for this particular product (**Figure 4.8**).

Conversely, the market is likely to be much stronger for multifamily for-sale property. Throughout the United States, there is a growing segment of “Lock & Leave” residents, typically Empty Nester couples and singles, who prefer the flexibility, security and convenience of condo living, often in an amenity-rich environment such as a suburban Town Center, while traveling south during the winter months.

A second important group, Local Downsizers, are also older couples and singles, who may remain in town year-round, but are trading their large suburban home for a more convenient condominium. Both these groups could drive sales along the Corridor, given the right housing alternatives.

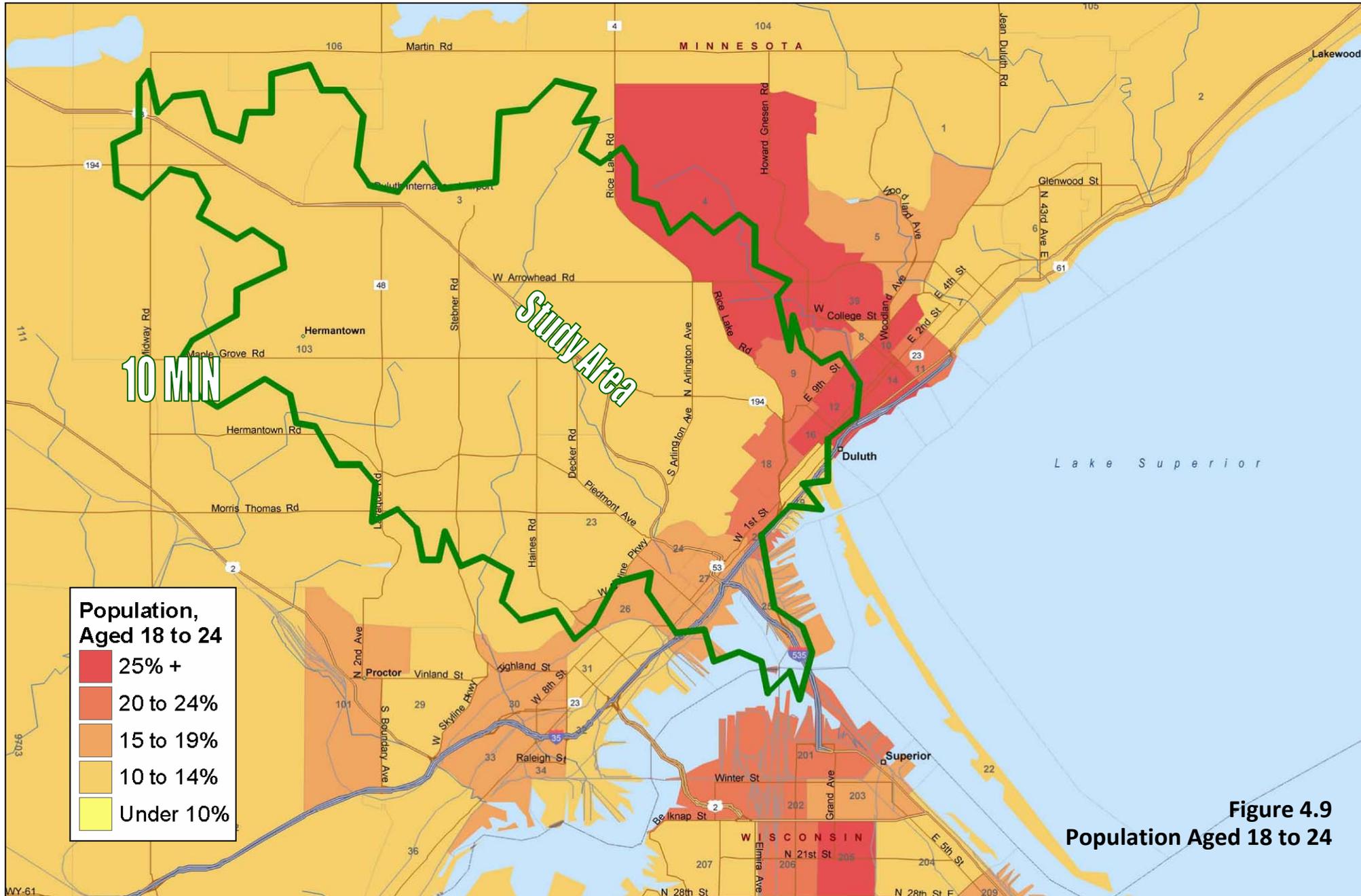
A GIS analysis of the Miller Hill corridor and its vicinity was undertaken to identify concentrations of age cohorts in the local area. As **Figure 4.9** illustrates, there are relatively few young adults (18 to 24 year olds) within the Miller Hill corridor. The concentrations of this group are located near the Colleges in Duluth and Superior.

Young people tend to prefer living in clusters, close to campus (often within walking distance) and near to amenities that appeal to young people. As such, the market for residential units along Miller Hill is unlikely to receive strong demand from young adults.

Figure 4.10 illustrates the proportion of the population aged 55 and up in the local area. Over 30% of local residents in the immediate vicinity of Miller Hill fall into this age bracket. Most home purchases are made to buyers living within a four-mile radius of a new development, and given the older age profile of this area, and the rapid growth of this market, this represents the largest demand segment for residential development near Miller Hill.

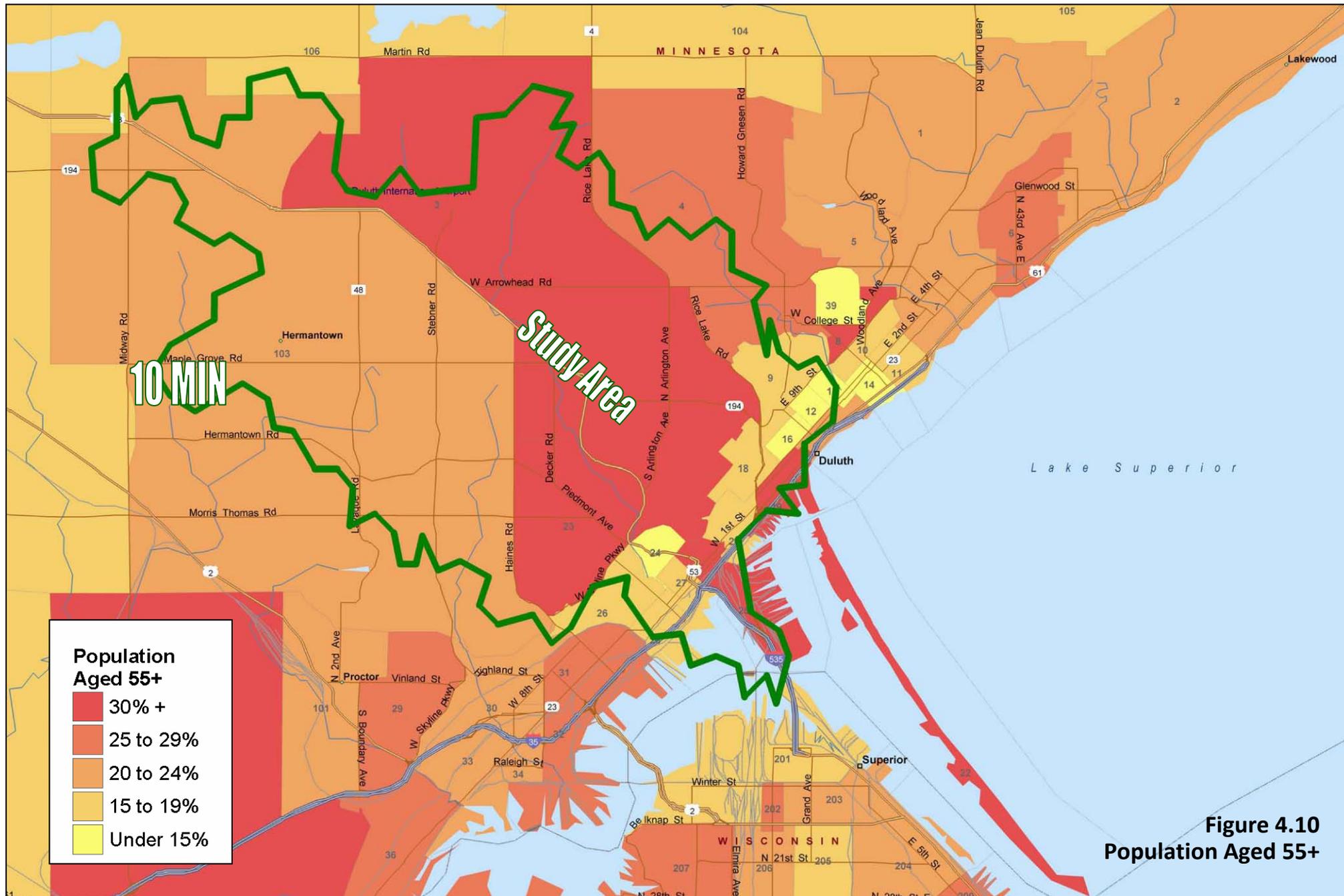
A final residential demand segment that was considered was the second home market. The typical profile of these buyers is high income (\$150,000+) households of 44 to 64 year-olds living within 100 miles of the development. This could potentially include the Twin Cities market. However, second home purchasers typically are interested in high amenity locations with plentiful recreational opportunities such as golf, waterfront or skiing. A residential development in the corridor could not provide such amenities, and therefore this demand segment was not considered for the study.

4.0 Demand Analysis



Source: US Census, Claritas

4.0 Demand Analysis



Source: US Census, Claritas

4.0 Demand Analysis

4.7 SUMMARY & IMPLICATIONS

A Demand Analysis was undertaken to identify and quantify the various potential markets for retail, office, residential and hotel/motel uses within the Miller Hill corridor. The findings, coupled with the Supply Analysis findings, provide the foundation of the Land Use Allocation Analysis undertaken in the next Section.

A Trade Area was delineated for the Miller Hill Corridor. This region includes the City of Duluth (Primary Trade Area), the rest of the Duluth-Superior metropolitan area (Secondary Trade Area), and a Tertiary Trade Area comprising the remainder of Duluth's designated market area (DMA).

Approximately 425,000 people currently reside within the entire Trade Area. This is stable market, which is growing at 0.23%, well below the national average of 1.03%. However, the number of households is growing at a quicker pace of 0.55% due to the aging population base.

The Trade Area's income profile is slightly lower than the American average. However, disposable income is slightly higher than average, due to the low cost of living in the area. Given this level of disposable income, and the heavily value-oriented nature of retailing along Miller Hill corridor and the rest of Duluth, the lack of retailing positioned above value-oriented is notable.

This mismatch is further indicated by the per capita retail spending profile of Duluth area residents. **Retail categories associated with mall shopping, particularly fashion categories, are lower than average in this market, and likely indicate a lack of quality retail options.**

The Miller Hill corridor has access to a \$4.01 billion per year retail market, that is growing 1.87% per annum as a result of increases in households, per capita income and tourism in the local area. By 2020, approximately \$5 billion annually will be spent on shopping, dining and entertainment.

A Demand Analysis for Office was also undertaken. However, given the primacy of Downtown Duluth for both of these uses, as well as the City's intent to maintain the status quo in this regard, only smaller uses were considered for Miller Hill. The focus was on the smaller "boutique" office tenant that is seeking a convenient work space close to home. It is estimated that approximately 80,000 sf of commercial office space will be absorbed annually by the Duluth market, and that 10,000 sf of this total could be developed along Miller Hill annually without adversely affecting Downtown, due to a different positioning of high amenity suburban space targeting smaller, locally-based companies.

A Demand Analysis for Hotel/Motel further supported the findings in the Supply Analysis that this is not a major development opportunity along Miller Hill. Although tourism to Duluth is growing at a steady pace, **the majority of these tourists are destined to the Downtown and Canal Park areas and as such it is not expected that tourists will play as significant a role in the evolution of Miller Hill or Central Entrance for retail or hotel/motel perspectives** as they would on the enhancement of the Downtown Core.

A Residential Demand Analysis points to two key markets to pursue: The first is the "Lock & Leave" crowd of retirees and semi-retirees, who are increasingly turning to the convenience of condo living, a housing format that frees them to travel. This target market frequently has a second condo in a Sunbelt state. The second group is the "Local Downsizer" market, who are also older, but not as affluent as the Lock & Leave set. This second group also is seeking the convenience of condo living but for the entire year.

Both residential demand segments value access to nature, health care and amenities such as coffee shops, fitness facilities and grocery stores. This group increasingly has driven sales at mixed-use projects built above retail in a pedestrian-friendly village-type setting. Such a development along the Miller Hill corridor could position itself at the heart of the consumer market.

5.0 Land Use Allocation Analysis

5.1 INTRODUCTION & METHODOLOGY

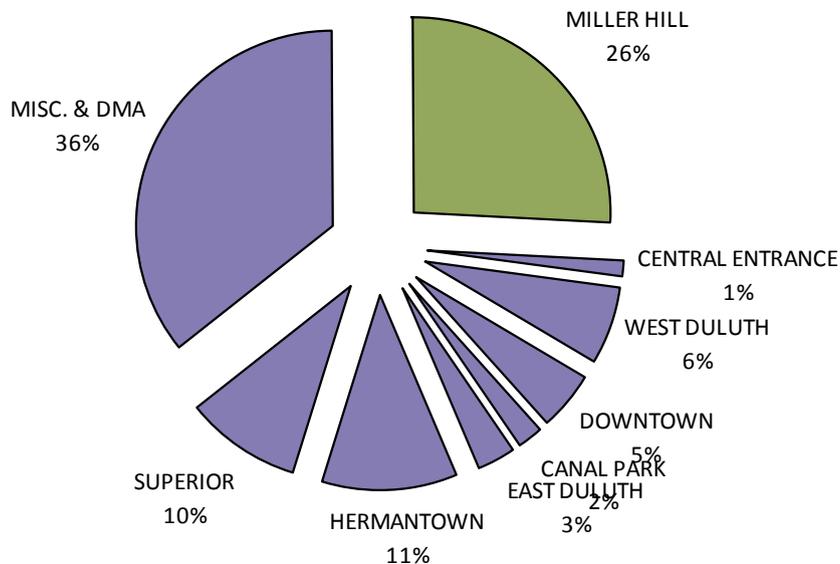
A detailed quantitative analysis was conducted to determine the optimal retail and leisure floorspace mix program in the Central Entrance-Miller Hill corridor. The MXD Development Strategists methodology involves a multi-stage process illustrated in **Figure 5.2** and described as follows.

5.2 RETAIL WARRANTED FLOORSPACE PROJECTION

Referring to Section 3, a comprehensive retail inventory was undertaken for the entire metropolitan area. Based on the size of the inventory and average lease rates within it, approximately 26% of all retail sales generated in Duluth's Designated Market Area (DMA) are estimated to occur in the Miller Hill corridor (**Figure 5.1**).

Figure 5.1

Estimated Retail Sales by Location



The Demand Analysis indicates that the total Trade Area (DMA) expenditure is expected to grow by \$925 million by 2020 (**Table 5.1**). Applying a retail sales leakage factor, as well as industry standard sales productivity figures, indicates that approximately 1.16 million sf of new shopping, dining and entertainment space will be in demand in the Duluth-Superior DMA by 2020.

An initial analysis was run based upon Miller Hill retaining its current 26% market share of the DMA. The rationale behind this approach is that if Miller Hill were to increase its share of the market, it would be at the expense of other commercial areas within Duluth. This would be particularly true of Downtown Duluth, which is Miller Hill's closest competing retail node, despite its different positioning. However, in order to identify the overall potential opportunity for Miller Hill, a second **"increased market share"** analysis was undertaken and is described later in this section.

First, an analysis of the **"maintain market share"** scenario was undertaken. If Miller Hill were to maintain its share of the overall market at 26%, a total of 300,791 sf of retail space is estimated to be absorbed along the Miller Hill corridor by 2020, or 27,345 sf per year. This estimate is based on the projected growth in the Total Trade Area retail expenditure.

Table 5.1
Projected Retail Growth in Duluth DMA

TOTAL TRADE AREA EXPENDITURE	2009	2020
Total Expenditure	\$4,085,630,844	\$5,010,538,451
Sales Leakage	20%	15%
Total Expenditure in D.M.A	\$3,268,504,675	\$4,258,957,683
Sales Productivity psf	\$300	\$353
Warranted Floorspace SF for DMA	10,895,016	12,051,902
Growth in Floorspace Demand SF		1,156,887
Miller Hill's Portion @ 26% Market Share		300,791

Figure 5.2
Land Use Allocation Methodology



5.0 Land Use Allocation Analysis

By maintaining the Corridor’s market share at 26%, an additional 208,240 sf of retail space is expected to be absorbed by other nodes within the City of Duluth by 2020. Any increase in retail development along the Miller Hill corridor, over and above its current share, will be at the expense of West Duluth, East Duluth, Hermantown and Downtown Duluth primarily, given their proximity. Conversely, shopping activity in Superior and other areas outside of the metropolitan area would be much less impacted given their distance.

An identification of target tenants that could increase Miller Hill’s market share is made in Section 5.2.3, however.

5.2.1 RETAIL VOID ANALYSIS

The residual analysis indicates the overall amount of additional floorspace that could be supported at Miller Hill by 2015. However, it does not indicate the composition of uses this would represent (ie, amount of restaurant space, big box space, etc.). The first step in refining the residual analysis is to revisit the retail void analysis described in Section 3.

The void analysis identified several key categories that are considered strong opportunities at the study area. Food & Beverage, Fashion (for adults), and Sporting Goods/Outdoor Recreation are considered the strongest categories that are most under represented in the corridor. Based upon this understanding, the overall square footage on a category-by-category basis was created (**Table 5.2**). This projection was also refined by an analysis of local spending profile and the Target Tenant Identification exercise, both of which are described below.

5.2.2 RETAIL SPENDING PROFILE ANALYSIS

As identified in Section 4, the Trade Area has a distinct spending profile. While overall level of spending is close to American average, Mall-type categories (particularly adult Fashion) are weak. This is partly a function of supply. For example, the local Ann Taylor tenant is located in a strip center lacking in amenities or strong co-tenancies. Typically such a tenant would locate among other fashionable tenants in a high amenity location.

Table 5.2
Central Entrance – Miller Hill Corridor
Projected Warranted New Retail Floorspace, 2020
(Maintaining Current Market Share)

Retail Category	2020	
	Mix SF	% of Mix
CONVENIENCE	Grocery & Specialty Foods	15,000 5.0%
	Pharmacy	15,000 5.0%
	Alcohol & Tobacco	2,000 0.7%
	Personal Services	8,000 2.7%
COMPARISON	Department Stores	- 0.0%
	Clothing Stores	45,000 14.9%
	Shoe Stores	5,000 1.7%
	Jewelry Stores	2,500 0.8%
	Health & Beauty	15,000 5.0%
	Home Furnishings & Accessories	25,000 8.3%
	Home Electronics & Appliances	15,000 5.0%
	Home Improvement & Gardening	3,000 1.0%
	Books & Multimedia	5,000 1.7%
	Sporting Goods & Outdoor Recreation	40,000 13.3%
	Toys & Hobbies	2,000 0.7%
	Miscellaneous Specialty	4,000 1.3%
LEISURE	General Merchandisers & Warehouse Clubs	7,500 2.5%
	Full Service Restaurants	45,000 14.9%
	Limited Service Restaurants	15,000 5.0%
	Family Entertainment & Concessions	25,000 8.3%
	Pubs, Bars & Nightclubs	7,500 2.5%
Total	301,500 100.0%	

5.0 Land Use Allocation Analysis

This suggests that an appropriate “landing pad” development would be able to attract more of these powerful tenants. Similarly, spending is strong on Food & Beverage, and yet the restaurant offering along Miller Hill corridor is considered weak, further suggesting the types of development that would be well suited to the market, most notably a Suburban Town Center.

5.2.3 TARGET TENANT IDENTIFICATION & PROFILING

A refined understanding of the retail development opportunities along Miller Hill was made by determining the “next wave” of retail tenants that are likely to enter the Duluth market, and to determine their particular site preferences. A detailed database of all retail chains in the United States was queried to identify a list of key target tenants that could be potentially attracted to Miller Hill. This overall list was filtered to include only those chains that are either active in the Minnesota market or seeking to expand there. Furthermore, only those chains that locate in suburban settings were retained. Retail chains already present in Miller Hill were also excluded. The most significant tenants from this analysis are listed in **Table 5.3**, with additional information detailed in **Appendix D**.

Additional analysis of the remaining list of target tenants was made using Geographic Information Systems to identify the location preferences for those target tenants (**Figure 5.3 to 5.5**). For example, some major chains have only located thus far in major metropolitan areas of a million or more residents, and so are unlikely to locate in smaller markets such as Duluth. Similarly (as shown in **Figure 5.4**), some chains chose only suburban locations, and so would be a higher priority for the Miller Hill corridor. **Appendix D** lists the best “suburban” candidates for Miller Hill, which avoid cannibalizing Downtown Duluth.

Tenants of most interest were ones which have already located in similar sized markets in the Upper Midwest (such as Madison, Green Bay, Rochester, etc.) but have not yet located in Duluth. This group of tenants represent the probable next wave of key tenants in the market, and represent a the priority for Miller Hill to pursue. Some of these tenants are suited to standalone locations. Others prefer mall locations or Suburban Town Centers.

Table 5.3

Selected Target Tenants for Miller Hill Corridor

- | | |
|--------------------------|--------------------------------|
| ▪ Orvis | ▪ REI |
| ▪ Sports Authority | ▪ Sportsman’s Warehouse |
| ▪ Famous Footwear | ▪ Brunswick Bowling & Billiard |
| ▪ Patagonia | ▪ AMF Bowling Worldwide |
| ▪ Trader Joes | ▪ Gordon Biersch Brewing Co. |
| ▪ Cost Plus World Market | ▪ Seattle’s Best Coffee |
| ▪ Columbia Sportswear | ▪ Ritz Camera |
| ▪ Lazy Boy Gallery | ▪ Gymboree |
| ▪ LUSH | ▪ Chipotle Mexican Grill |
| ▪ Lululemon | ▪ Buffalo Wild Wings |
| ▪ New Balance | ▪ J Jill |
| ▪ Panera Bread | ▪ Au Bon Pain |
| ▪ Oakley | ▪ California Pizza Kitchen |
| ▪ Lands End | ▪ Bebe |
| ▪ Mens Warehouse | ▪ Noodles & Company |
| ▪ Container Store | ▪ Aveda |
| ▪ Steve Madden | ▪ East Side Mario’s |
| ▪ Moxie Java Bistro | ▪ Boston’s |
| ▪ Dress Barn | ▪ Ethan Allen |
| ▪ Golf Galaxy | ▪ Torrefazione Italia |
| ▪ Jo Ann Fabrics | ▪ Vie de France Bakery & Cafe |
| ▪ Finnegan’s Restaurant | |

5.0 Land Use Allocation Analysis

In summary, the next “wave” of retail tenants that can be expected to enter the Duluth market include a range of mid-priced to slightly upmarket fashion boutiques and mini-anchors, as well as several mini-anchor “baby box” retail chains (such as Orvis) and a broad range of fast casual and family restaurant chains. While this is not a guarantee that any one of these target tenants will enter the market over the forecast horizon, it does provide an illustration of the types of retailing likely to shape the next 10 years of Duluth’s retail landscape.

One means of expediting this evolution in retailing along the Corridor is to provide the necessary “landing pad” for these retailer to enter. For example, many chains now have a preference for unenclosed projects with significant amenities such as animated public spaces, as the atmosphere they provide creates a destination unto itself. **Given this recommended Target Tenant listing, as well as the Location, Supply and Demand conditions noted in previous sections, it is increasingly clear that the Suburban Town Center format represents the key “next step” in the Study Area’s ongoing evolution.**

As described in **Section 5.2**, an “increased market share” approach could also be taken, whereby additional retail development along the Miller Hill corridor is actively pursued and prioritized. Such a strategy would involve (but not be excluded to) attracting large destination retail concepts that could occupy standalone locations along the corridor.

A detailed analysis of potential candidate tenants was identified, and includes: Dick’s Sporting Goods, Brunswick Bowling & Billiards, Sports Authority, AMF Bowling Worldwide and Jo Ann Fabrics. These stores range in size from 40,000 to 85,000 sf. In addition, a number of cinema chains (listed in **Appendix D**) were also identified as potential destination retail candidates, although these would be best suited as anchors for the Suburban Town Center.

If one or more of these stores, or other smaller ones listed, were to locate along Miller Hill, they would increase the corridor’s overall market share and supported floorspace. However, this would likely be at the expense of other nodes in the area, including Downtown Duluth.

Photo Credit: Congress for New Urbanism



5.0 Land Use Allocation Analysis

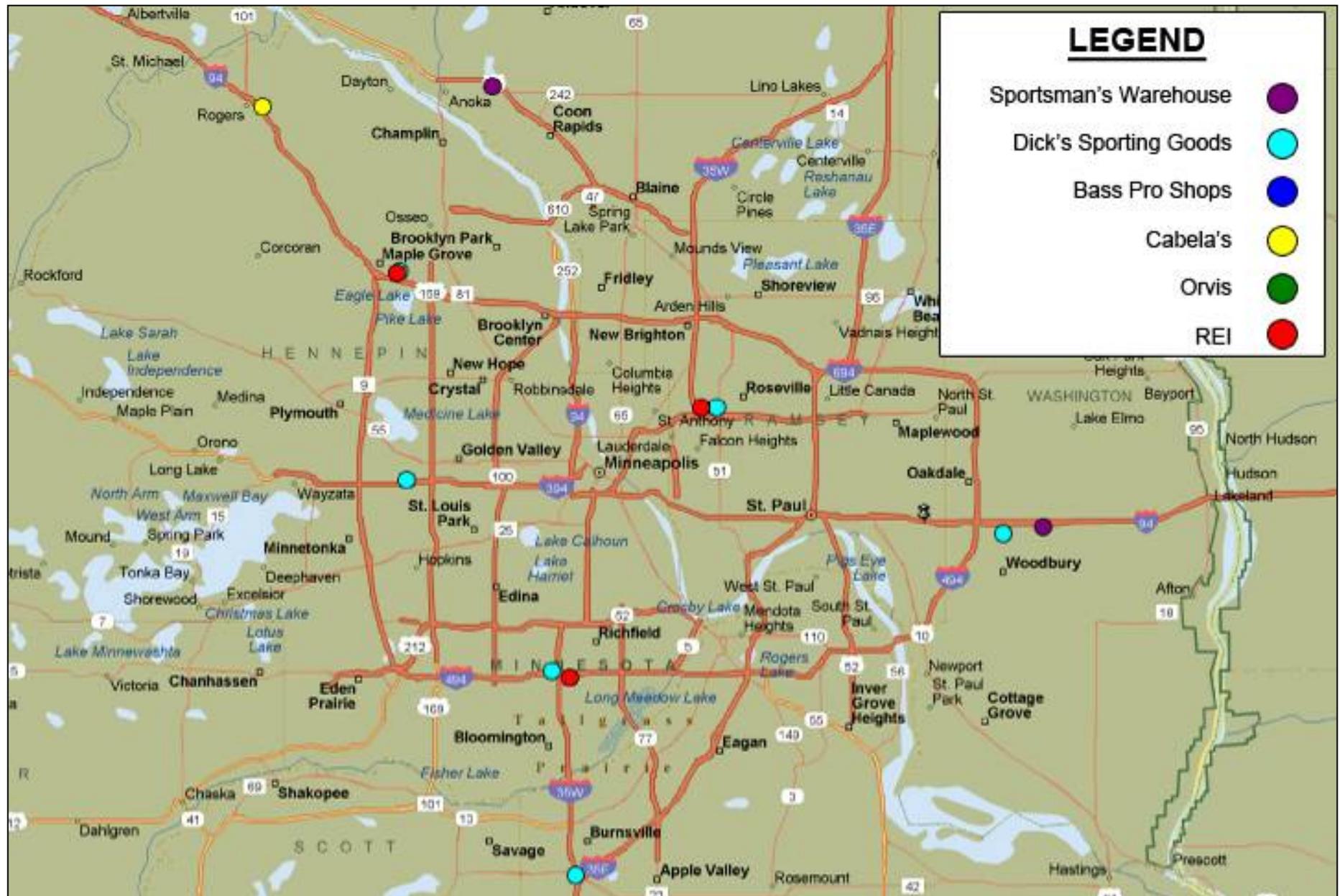
Figure 5.3
Outdoor Recreation and Sporting Goods Stores in the Upper Midwest (March 2009 data)



Source: Company Web Sites

5.0 Land Use Allocation Analysis

Figure 5.4
Outdoor Recreation and Sporting Goods Stores in the Minneapolis/St.Paul Metro Area (March 2009 data)



Source: Company Web Sites

5.0 Land Use Allocation Analysis

Figure 5.5
Warehouse Club Chains in the Upper Midwest (March 2009 data)



Source: Company Web Sites

5.0 Land Use Allocation Analysis

5.3 HOTEL/MOTEL ANALYSIS

PKF Hospitality Research forecasts two years of declining lodging demand. With supply and demand levels moving in opposite directions, occupancy rates are projected to decline in both 2008 and 2009. Because of the extended slowdown of the US economy, compounded by the airline capacity cutbacks, PKF reports a -0.2 percent decline in lodging demand for the year 2008 and is projecting a loss of another 1.1 percent in 2009.

Recognizing the more bleak outlook for the hotel sector over the next 2 to 3 years, the current hotel supply vs demand in Duluth, as shown in **Table 5.4** should be closely maintained at current levels so that occupancy rates do not decline. Over the past 6 years supply and demand for hotels/motels have averaged slow growth in Duluth of approximately 1.5% per annum.

The average Duluth hotel occupancy and historic supply and demand growth are critical inputs in determining future demand for a hotel along the Central Entrance – Miller Hill Corridor. Accordingly, **Table 5.5** illustrates the cumulative annual demand for a hotel room growth specifically for the Central Entrance – Miller Hill Corridor.

For the purposes of the demand analysis, the room growth forecasts assume that the Residence Inn Hotel will be developed and will open in 2010.

Therefore, assuming that hotel occupancy rates maintain their current level at 63.1%, the results of the hotel demand analysis reveal that a new 80-room hotel, would not be warranted along the Corridor until 2020 at the earliest.

Even though there has been growth in the hotel room inventory, this growth has not created further demand above and beyond that which has consistently existed in the market. The current inventory of rooms exists to optimally service current levels of demand.

Recognizing that an indoor waterpark would be closely linked to the demand of a hotel, this negates the opportunity for any short or medium term introduction of a potential indoor waterpark. Moreover, if a new hotel were to be warranted along the Central Entrance – Miller Hill Corridor, it would not be expected that a significant indoor waterpark would be considered as a core amenity for the project, particularly given the slower economy combined with the success and favourable location of the existing Edgewater Resort.

While hotels with indoor waterparks have an advantage over hotels without indoor waterparks in terms of generating incremental occupancy, rate, revenue and profits, that advantage is lost because all hotels, industries and consumers are currently in the same economic cycle.

Since the tourist profile is also more representative of an older demographic that travel less frequently with children combined with the less favorable highway corridor location, an indoor waterpark/hotel concept would likely not be as well positioned vis-à-vis the immediate competition at the Edgewater Resort.

Table 5.4 City of Duluth Hotel Supply vs Demand

Year	supply	% change per year	demand	% change per year
2001	657,292		417,961	
2002	668,315	1.7%	432,014	3.4%
2003	668,315	0.0%	413,520	-4.3%
2004	668,315	0.0%	415,462	0.5%
2005	658,319	-1.5%	406,060	-2.3%
2006	674,155	2.4%	430,123	5.9%
2007	718,145	6.5%	458,882	6.7%
Avg	673,265	1.5%	424,860	1.6%

Source: Smith Travel Research, Feb 2008

Note: Supply is the number of rooms times the number of days in the period.
Demand is the number of rooms sold

5.0 Land Use Allocation Analysis

TABLE 5.5 Central Entrance – Miller Hill Hotel Demand Opportunity

	PROJECTED HOTEL MARKET FEASIBILITY ROOM DEMAND & HOTEL DEVELOPMENT OPPORTUNITY FOR CENTRAL ENTRANCE MILLER HILL CORRIDOR ONLY										Forecasted Growth Per Annum	
	2009	2010	2015	2016	2017	2018	2019	2020	2021	2022		2010 - 2020
CE - MH Hotel Room Inventory	329	414	414	414	414	414	414	414	414	414		
Projected CE - MH Room Demand	75,774	95,350	103,226	104,878	106,556	108,261	109,993	111,753	113,541	115,358	1.6%	
Leisure	75%	56,830	71,513	77,420	78,659	79,917	81,196	82,495	83,815	85,156	86,518	1.6%
Commercial	25%	18,943	23,838	25,807	26,220	26,639	27,065	27,498	27,938	28,385	28,839	1.6%
Total	100%	75,774	95,350	103,226	104,878	106,556	108,261	109,993	111,753	113,541	115,358	
Projected CE - MH Room Supply	120,085	151,110	151,110	151,524	151,110	151,110	151,110	151,110	151,524	151,524	151,524	
Fair Share Ratio of CE - MH Hotel Room Inventory (80 of 414)			19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	
Available Room Nights at Potential New 80-Room Hotel			29,200	29,280	29,200	29,200	29,200	29,280	29,280	29,280	29,280	
Occupied Room Nights at Potential New 80-Room Hotel			18,425	18,476	18,425	18,425	18,425	18,476	18,476	18,476	18,476	
Cumulative Annual New CE - MH Room Demand			34	40	49	56	64	70	79	87		
Historic Average Annual Occupancy	63.1%	63.1%										

Source: MXD Development Strategists 2009, Visit Duluth 2009, Smith Travel Research 2008

Note:

2012, 2016 & 2020 represent Leap Years and therefore have 366 days against which supply is calculated

(CE - MH) is an abbreviated terminology for the Central Entrance - Miller Hill Corridor

2010 Hotel Inventory assumes the introduction of new 80-Room Residence Inn

Forecasted demand growth per annum is based on historic average annual growth over the period 2001 to 2007 as documented by Smith Travel Research (February 2008)

Occupancy is based on historic 5-year average for City of Duluth

Note: Supply is the number of rooms times the number of days in the period.

Demand is the number of rooms sold

5.0 Land Use Allocation Analysis

5.4 RESIDENTIAL ANALYSIS

A residential absorption projection was made for the study area for the years 2015 and 2020. As described in the Demographic Analysis in Section 4, Metropolitan Duluth is a slow-growing community. Current projections show that although the PTA and TTA are slated to grow moderately, the STA (including Superior, WI) is expected to decline slightly in population. However, also noted was the projected growth in number of households, as the average household size continues to decline in the area.

Table 5.6 outlines the absorption projection methodology. A projection was made of the number of new households in the market by 2015 and 2020. Approximately 314 to 322 new households are expected to be added to the market during this time. Approximately 33% of local area residents live in Multifamily dwellings according to the Census, and this figure was applied to future market demand. Additional demand was anticipated for housing outside the Duluth housing market.

A range of market share scenarios was applied to the projected growth in demand for MF housing in the market. A 15% share was considered a “Middle” estimate based upon the current population distribution and location of new housing developments. Based upon these assumptions, approximately 162 new for-sale residences could be absorbed along the study area by 2015, and 235 by 2020. An additional 41 rental units could be absorbed by 2015 and 59 by 2020.

This is sufficient to support a smaller mixed-use project as well as a smaller townhouse project on the periphery of the study area. The mixed-use development format is rapidly becoming a popular approach to infill development, such as is possible within the study area. This format typically includes a ground floor of retail with other uses (office, residential and/or accommodation) on upper floors.

The target markets for this product includes the increasing number of “Lock & Leave” and “Local Downsizer” residential markets. Similarly the rowhomes would be targeted at local couples and younger families in search of starter housing near to shops and restaurants.

Table 5.6
Study Area Residential Unit Absorption Projection

Duluth-Superior MSA		By 2015	By 2020
Duluth-Superior Market	Population	274,092	273,245
	% Ann. Pop. Growth	-0.06%	-0.06%
	Avg. Hhld Size	2.34	2.30
	Households	117,100	118,700
	% Ann. Hhld Growth	314	322
	% Living in MultiFamily	33%	33%
	City-wide Annual Demand for MF Units	104	106
	% of Demand Anticipated from Outside Market	15%	15%
	Total Demand for New MF Housing in the Market	120	122
	Study Area Projection	Annual MF Unit Absorption Forecast for Study Area	
@10% Market Share (Conservative)		12	12
@15% Market Share (Middle)		18	18
@20% Market Share (Aggressive)		24	24
Cumulative MF Unit Absorption Forecast for Study Area			
@10% Market Share (Conservative)		135	196
@15% Market Share (Middle)		203	294
@20% Market Share (Aggressive)		271	391
% of Households that want to own their housing		80%	80%
Cumulative For-Sale MF Unit Absorption for Study Area			
@10% Market Share (Conservative)	108	157	
@15% Market Share (Middle)	162	235	
@20% Market Share (Aggressive)	217	313	



5.0 Land Use Allocation Analysis

5.5 SUMMARY & IMPLICATIONS

A Land Use Allocation analysis was applied to the locational, supply and demand conditions for each of the retail, office, accommodation and residential land uses along the Central Entrance – Miller Hill study area. The following projections were calculated:

- Retail demand is expected to grow at an average annual increase of 27,345 sf over the next decade. As such by 2015 approximately 150,000 sf of new retail could be absorbed and by 2020, 302,000 sf, followed by an additional 150,000 sf by 2030.
- Based upon the retail void analysis and a target tenant profiling analysis, this amount of square footage is expected to constitute a number of fast casual restaurants, adult fashion stores, an outdoor recreation “mini-anchor” as well as a smaller specialty food market. The recommended retail mix is considered achievable if the right kind of development format was introduced along the study area, namely a strategically-located Suburban Town Center.
- Office space is recommended for at most 10,000 sf a year based upon the City’s intention to concentrate business activity in the Downtown Core. The recommended amount of space would be targeted at smaller companies seeking work space close to homes and schools, particularly in high amenity settings close to a number of convenience and food & beverage opportunities.
- Support for additional Accommodation is anticipated to grow slowly over the coming years, particularly based on the likely completion of the Residence Inn. Based upon current projections, it would likely be 2021 at the earliest before sufficient demand warranted additional accommodation facilities within the study area.
- For-sale multifamily residential demand is estimated at approximately 162 new units by 2015 and 235 by 2020. An additional 41 rental MF units are projected to be absorbable by 2015 and 59 by 2020.



6.0 Districting Strategy

6.1 INTRODUCTION

The MXD evaluation of the Central Entrance – Miller Hill Corridor reveals a sprawling land use pattern lacking connectivity and concentration of functions. From this Market Study, **infill, densification and redevelopment sites should be prioritized to avoid further unnecessary sprawl and promote more compact urban development.** A more pragmatic approach to development will help encourage better vehicular, pedestrian and transit connectivity and access along the Central Entrance – Miller Hill Corridor.

It is estimated that there is currently in excess of 300,000 sf of obsolete, dated retail space in and around the Miller Hill Mall area. By targeting redevelopment ‘greyfield’ sites as opposed to larger new ‘greenfield’ sites, supply can be kept in balance with demand for retail space while also providing the types of development capable of attracting new tenants to the market.

From a potential traffic and transit perspective, by concentrating development in and around the Miller Hill Mall, the movement of people would also be more efficient, as would transportation planning. The new access/egress point at Kohl’s, as part of the Major Miller Trunk Hwy MNDOT improvements will provide more direct and convenient access to/from existing commercially zoned lands to the south, which should become target areas for redevelopment and infill.

The Central Entrance – Miller Hill Corridor does not require additional new commercially zoned land, but rather more intense use and efficient utilization of existing commercially zoned lands.

The redevelopment of existing sites with modern development standards would also act as a catalyst for improvements to surrounding properties. This is consistent with the City of Duluth’s Comprehensive Plan Governing Principles, which state among the following:

- “...redevelop sites for more intensive housing and mixed-use development in areas where existing development is underperforming its potential.”
- “...Priority for public investment should be in existing systems that promote reuse of developed land and infill projects, including mixed-neighborhood redevelopment.”

Future redevelopment and repositioning of the Downtown Core as well as other City Districts, such as West Duluth must also be considered when examining future development opportunities along the Central Entrance – Miller Hill Corridor. In this respect, the local hierarchy of retail for the City is important.

If new additional commercial development land is prioritized in the Central Entrance – Miller Hill corridor ahead of existing commercially-zoned lands, then demand for targeted areas could be taken away from other important areas of the City, such as Downtown and West Duluth.

The purpose of creating a Districting Strategy is to show how future demand and growth should be allocated and positioned to ensure that a more compact pattern of development can evolve. This section documents the historical context of the Central Entrance – Miller Hill Corridor followed by a detailed examination of the current land uses along the Corridor. By looking at the current land uses, patterns can arise that might indicate development directions or areas of future targeted development activity

6.0 Districting Strategy

6.2 MILLER HILL CORRIDOR PLAN 1979

To gain insight into the future opportunities, it is often useful and informative to look to the past for inspiration. In this regard, the City of Duluth prepared a comprehensive document titled “Miller Hill Corridor Plan”, which was adopted by Duluth City Council on December 10, 1979.

This document was well conceived and included significant community input at the time. There was no “Market Study” conducted as part of this original plan, however a series of growth scenarios were developed in order to assess the impact on the Corridor. These scenarios were allocated as follows:

According to the Miller Hill Corridor Plan, “A desired outcome – consisting of the Planned/Controlled Development scenario with elements of the Energy Crisis and Environmental Concern scenarios was selected by the Miller Hill Corridor Plan Committee to serve as the basis for development of the Master Plan.”

The above recommendation is important as these scenarios remain as relevant today as they were 30 years ago. Development along the Miller Hill Corridor since 1979 has not closely followed the recommendations of the Miller Hill Corridor Plan. To illustrate this fact, the following are direct excerpts from the Miller Hill Corridor Plan’s Goals and Policy Recommendations.

Goals of the 1979 Miller Hill Corridor Master Plan

Goals of the 1979 Miller Hill Corridor Master Plan sought to balance demands on natural and man made systems with the capacities of those systems. These goals are outlined as follows:

- Future development and improvements should be directed towards making the plan area attractive for residential uses.
- The viability of existing commercial and light industrial developments within the plan area should be maintained.
- The irreversible alteration of critical natural resources within the plan area should be prevented.
- A pattern of land use which does not necessitate excessive expenditures should be encouraged.
- Property within the plan area should be protected from flood damage.
- Improvements within the plan area should reduce traffic congestion and increase safety.

Policy Recommendations of the 1979 Miller Hill Corridor Master Plan

Policy Recommendations of the 1979 Miller Hill Corridor Master Plan were created to fulfill the goals articulated previously. Interestingly, the 1979 document noted that there was an unwritten rule, at the time, that wetlands were wastelands, which should be filled and developed. The 1979 Miller Hill Corridor Plan sought to change this philosophy.

From the Goals and Policy Recommendations in the Miller Hill Corridor Plan, the following five basic features of the Land Use and Transportation Plan Map were developed.

- 1) Modest Commercial Expansion in a Planned, Orderly Fashion.
- 2) Complete Facilities Provided Within the “Primary Urban Neighborhood” of Duluth Heights.
- 3) Recognition of the Effects of Decreasing Energy Availability.
- 4) Protection of Natural Features.
- 5) Street Improvements to Reduce the Adverse Effects of Traffic on Duluth Heights and the Miller Hill Mall Area.

6.0 Districting Strategy

6.2.1 IMPLICATIONS OF M.H. CORRIDOR PLAN 1979

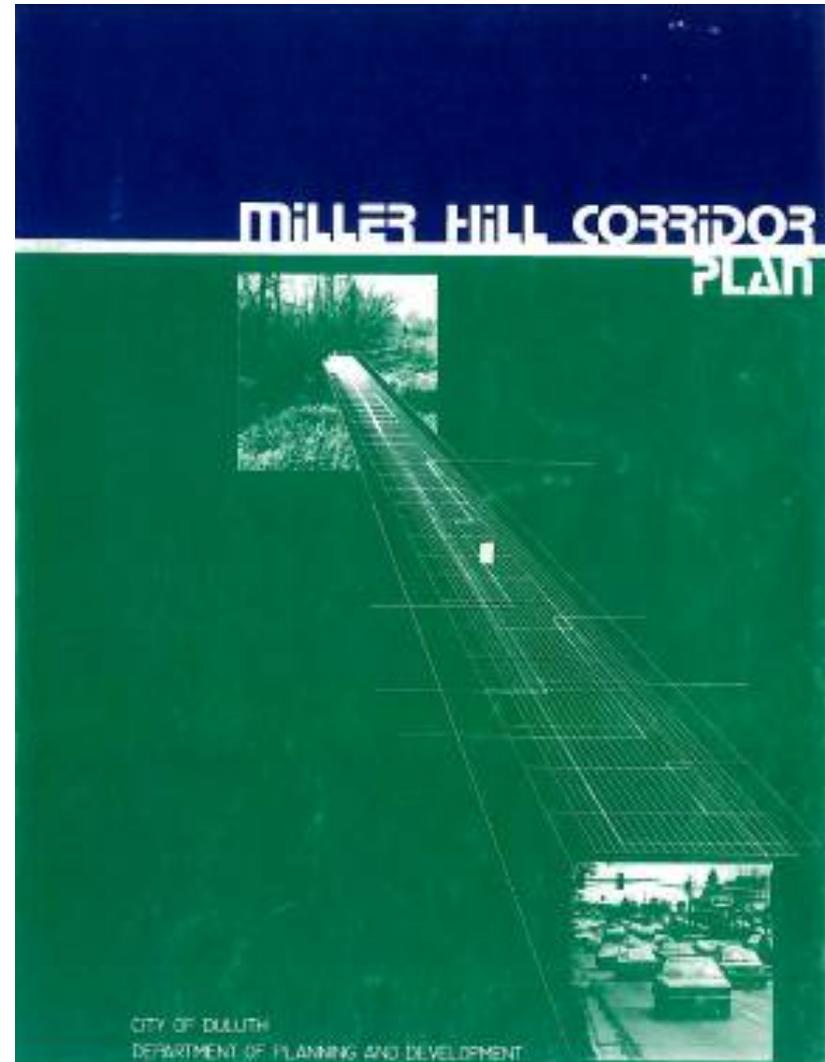
With regard to the implementation of the Miller Hill Corridor Plan, the document’s concluding sentence states. *“As this Plan continues to achieve results, new horizons and new possibilities for the future of the Miller Hill Corridor Area will be opened up.”*

Fast forward 30 years to 2009 and it becomes clear that many of the issues that the Miller Hill Corridor Plan was created to deal with are still prevalent today as are many of the recommendations. In particular, the issue of where and how commercial development should be located and integrated remains a core focus. The difference between 1979 and 2009 is that this study incorporates a layer of market-driven demand into the strategy, which is a critical component for allocating and locating land uses along the Corridor.

The recommendations for concentration of commercial development around the Miller Hill Mall south of Miller Trunk Hwy and infilling of land are as valid today as they were 30 years ago.

Central Entrance continues to face the same challenges, where congestion, curb cuts, lack of sidewalks and safety are seen as major obstacles for a cohesive neighborhood development. The Miller Hill Corridor Plan originally viewed Central Entrance as a neighborhood scale, but haphazard development led Central Entrance down a path of highway strip commercial, with no connectivity to the surrounding residential community.

Wetland sensitivity became an important social issue in the original Miller Hill Corridor Plan and while developments such as Kohl’s were approved, this sensitivity should be re-iterated as it relates to the impacts of commercial development on surrounding land uses, residential or environmental.



6.0 Districting Strategy

6.3 COMMERCIAL REAL ESTATE LISTINGS

A detailed examination of properties along the Central Entrance – Miller Hill Corridor reveals that there are significant parcels of land available for development (significance in location and/or size). Additionally, a review of current commercial real estate listings further provides salient cues as to areas along the corridor that could likely become target development or redevelopment sites. **Figure 6.1** provides some selected imagery of the various commercial listings along the Corridor.

Table 6.1 and **Figure 6.2** (refer to yellow shading) illustrate a total of approximately 31 acres of land and/or buildings available for sale or lease in the Miller Hill area. There is an additional 4 acres of land and/or buildings currently for sale or lease along Central Entrance, the most notable of which is located at the pivotal east “gateway” to Central Entrance.

The significance of these current commercial real estate listings is that they collectively begin to identify areas of concentration where parcels of land can be combined to create infill and redevelopment opportunities. Moreover, infill and redevelopment can take place within the context of currently zoned Commercial C-5 lands rather than seeking other non-commercially zoned lands for development.

Retail demand in the region is largely in balance and forecasted new growth is expected to be slow. Therefore, **future development should place an emphasis on existing lands that can accommodate potential tenant requirements and future growth, without exerting unnecessary pressure on non-commercially zoned land.**

Table 6.1 Central Entrance – Miller Hill Current Commercial Listings

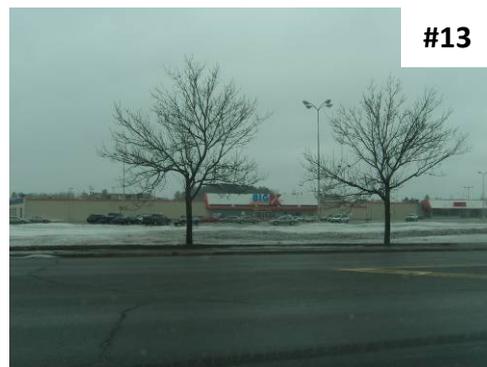
Map Key	Land and/or Building Commercial Listings	Approximate Lot Size or Leasable Area	Current Zoning
2	Tile & Stone, Floor to Ceiling, Church	4.76 acres	C-5
4	1600 Block Maple Grove Road North	1.20 acres	C-5
5	1600 Block Maple Grove Road South	0.70 acres	C-5
6	1600 Block Maple Grove Road North	4.41 acres	C-5
7	1600 Block Maple Grove Road South	3.00 acres	C-5
9	Gander Mountain	4.10 acres	C-5
12	Verizon Wireless	0.53 acres	C-5
15	West of Village Mall	1.56 acres	C-5
16	Ground Round Restaurant	1.63 acres	C-5
17	1709 & 1717 Mall Drive	0.69 acres	C-5
21	Duluth Heights across from Home Depot	8.24 acres	C-5
MILLER HILL TOTAL		30.82 acres	
23	Restaurant at Marriott Hotel Site	0.99 acres	C-5
24	Vacant Residential Site	0.30 acres	C-5
25	Freestanding Liquor Store	0.30 acres	C-5
26	Freestanding Office Building	0.29 acres	C-5
29	Auto Repair	1.00 acres	C-5
31	Vacant First Photo	1.00 acres	C-5
CENTRAL ENTRANCE TOTAL		3.88 acres	
TOTAL		34.70 acres	

Sources:

- MXD Development Strategists 2009
- Holappa Commercial Real Estate 2009 (www.holappa.com)
- CMRA Consulting, Management & Realty Associates (www.cmrasells.com)
- Prudential Truscott Realtors (www.prudentialtruscott.com)
- Verizon Wireless (<http://www.loopnet.com/property/14737298/2116-Maple-Grove-Road/>)
- NAI Welsh (www.welshco.com)

6.0 Districting Strategy

Figure 6.1 Central Entrance – Miller Hill Commercial Listings (Refer to [Figure 6.2](#) for corresponding map location)



6.0 Districting Strategy

6.4 POTENTIAL DEVELOPMENT SITES

In addition to the current commercial real estate listings along the Corridor, specific sites have also been identified in **Table 6.2** and **Figure 6.2** (refer to orange and brown shading) which are either currently vacant and developable or could be targeted as major redevelopment areas. In total, there is an estimated 42 acres of vacant developable land and a further almost 40 acres of potential redevelopment sites (excluding current sites for sale or lease).

While the vacant sites lands are not contiguous, as individual parcels there are sites such as the approximate 20 acres south of the Miller Hill Mall that could accommodate larger format retailers.

Though the location may not be the top-of-mind location for a large format retailer, the adjacency of the Miller Hill Mall, the elevated plateau nature of the site and ease of access from Trinity Road, could present a level of appeal for larger format tenants, recognizing that a large format tenant is typically a destination-oriented tenant to which customers will find, despite not having direct visibility or access off of Miller Trunk Highway.

There are also two active development proposals. The first is for the Residence Inn Marriott and the second is Duluth Heights east of the Home Depot. Finally, there is one current application for a rezoning of current R1B & S land along Sundby Road (refer to **Section 3.6**), which proposes a mix of retail ranging from 105,000 sf to 230,000 sf.

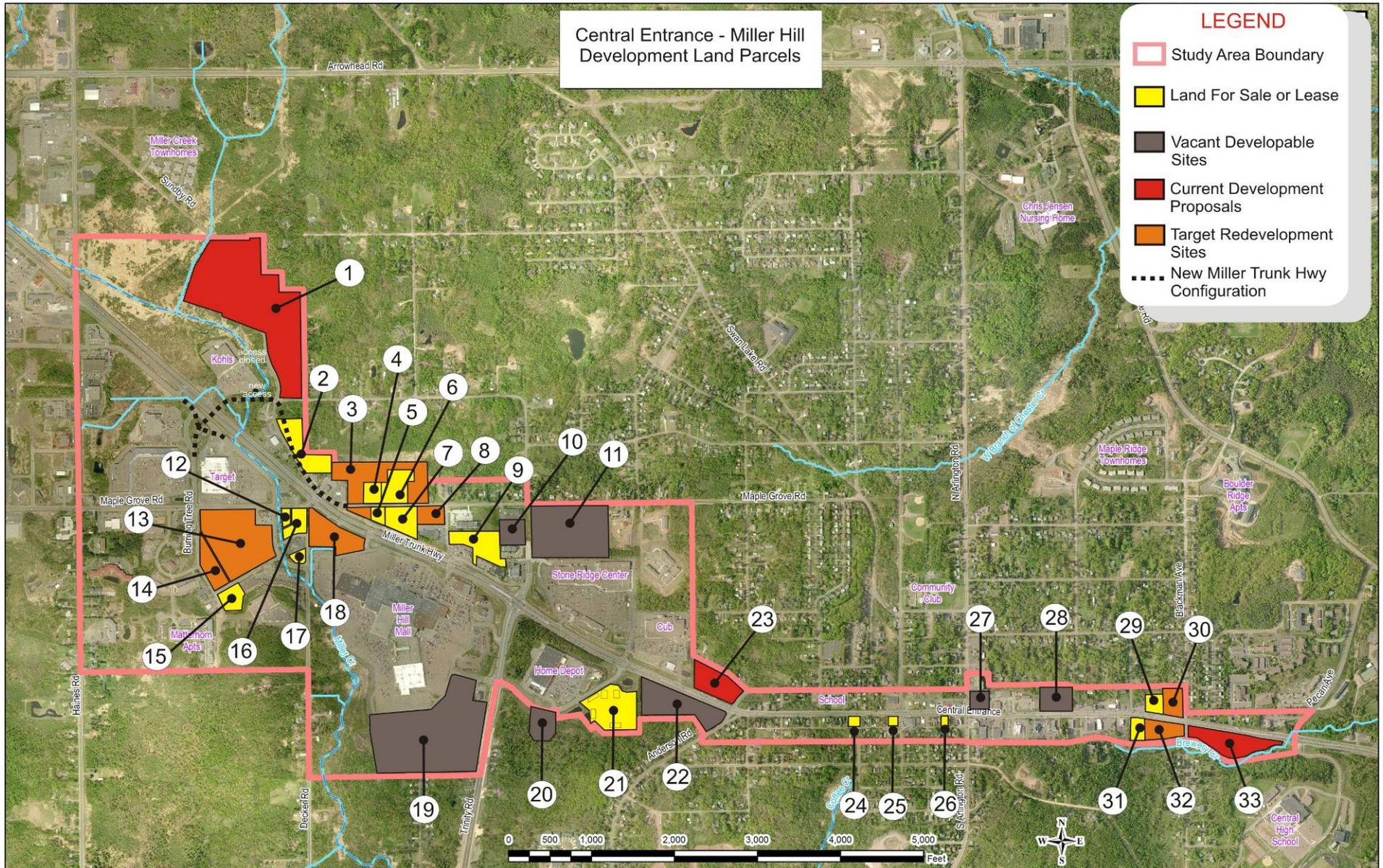
Table 6.2 Central Entrance – Miller Hill Potential Development Sites

Map Key	Potential Development Site Location	Land Area	Current Development	Zoning
10	North of Fairfield Inn	2.10 acres	Vacant	R-3
11	North of Stoneridge Center	13.00 acres	Vacant	R-1-B
19	South of Miller Hill Mall	19.70 acres	Vacant	R-1-B & C-5
27	Central Entrance NW Arlington Rd	1.31 acres	Vacant	C-5
28	Central Entrance East of Jiffy Lube	2.62 acres	Vacant	C-5
SUBTOTAL OF VACANT SITES		42.43 acres		
3	Maple Grove Road North	7.37 acres	3 homes, 1 office	C-5
8	Maple Grove Road South	2.41 acres	1 home, 2 offices	C-5
13	Big Kmart	12.50 acres	107,000 SF bldg & large parking lot	C-5
14	Country Lanes Bowling	2.29 acres	Bowling Alley	C-5
18	Small sites NW of Mall	4.70 acres	2 restaurants, 2 auto repair, 1 office	C-5
22	East of Duluth Heights	6.45 acres	Vacant	C-5
30	Central Entrance NW Blackman Ave	1.77 acres	2 freestanding auto businesses	C-5
32	Central Entrance SW Blackman Ave	2.13 acres	3 freestanding businesses	C-5
SUBTOTAL OF REDEVELOPMENT SITES		39.62 acres		
1	Mission Development	29.70 acres	Vacant pending rezoning	R-1-B & S
SUBTOTAL OF REZONING APPLICATION		29.70 acres		
23	Residence Inn Hotel Site	3.76 acres	Approved for development	C-5
33	Central Entrance SE Blackman Ave	4.94 acres	Dish Farm	C-5
SUBTOTAL OF DEVP'T PROPOSALS		8.70 acres		
20	South of Duluth Heights Home Depot	2.59 acres		R-1-B
SUBTOTAL OF OUTSIDE STUDY AREA		2.59 acres		
TOTAL OF ALL POTENTIAL SITES		123.04 acres		

Source: City of Duluth Planning Department, February 2009

6.0 Districting Strategy

Figure 6.2
Central Entrance – Miller Hill Potential Development Land Parcels



Source: MXD Development Strategists & City of Duluth 2009

6.0 Districting Strategy

Combining the commercial listings, vacant land, potential redevelopment sites and recently approved developments yields a total area for commercial development/redevelopment of approximately 93 acres (excluding Mission Development) along the Miller Hill Corridor, the vast majority of which is located in the area surrounding Miller Hill Mall, therefore representing a strong opportunity for infill and redevelopment.

6.5 POTENTIAL DEVELOPMENT CLUSTERS

Having identified sites that are currently being listed for sale as well as key sites that are either vacant or represent potential redevelopment areas provides cues as to core areas of concentration or precincts where future demand could be absorbed.

Figures 6.3 illustrate these core concentration areas while **Figures 6.6 & 6.7** further identifies them as Potential Development Areas A through I. These core areas are summarized in **Tables 6.4 & 6.6** in which the approximate total development area is quantified. This quantification is based on the combination of vacant developable land, potential key redevelopment areas, current commercial listings and/or current development proposals/rezoning applications.

Tables 6.4 & 6.6 highlight the optimal land uses and most compatible retail development format for each potential development area (i.e. High, Moderate or Low). This approach will help in identifying future levels of absorption and potential development formats and corresponding zoning, such as Mixed-Use, Large Format, Single-Purpose Residential etc.

Not unexpectedly the commercial nature of the corridor as it exists today dictates that the majority of future land use absorption is likely to be driven by retail development. However, the integration of residential and office functions both within and adjacent to some of these development parcels would represent an important departure from historic development patterns and would further help to infill and densify sites along the corridor.

In particular, strategic sites such as **Site B** (former Kmart refer to **Figures 6.5 & 6.6**) represent an opportunity in the short term (i.e. 2010 to 2015) to introduce a new urbanist development format that would act as a catalyst for surrounding infill and potential further redevelopment. At the other end of the spectrum, **Site I** (Sande Office Development refer to **Figure 6.7**) could become a significant catalyst in the longer term for a more eclectic mixed use district.

Other examples of areas along the Corridor that are compatible and should be prioritized for redevelopment or infill include the former Gander Mountain/Miller Plaza site, the land directly opposite Miller Hill Mall (fronting Miller Trunk Hwy and either side of Maple Grove Road) as well as the land surrounding Home Depot in Duluth Heights and behind the Miller Hill Mall.

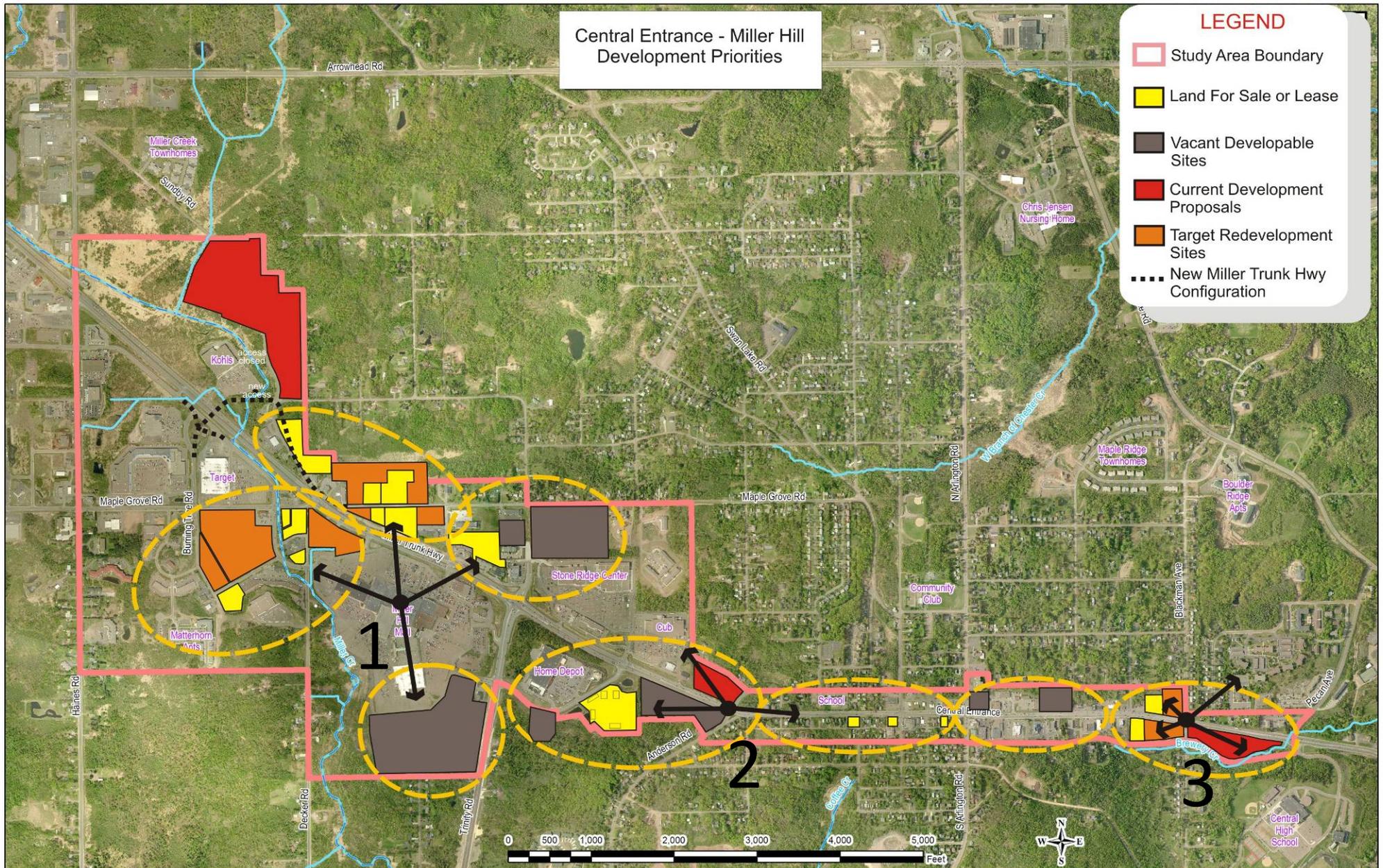
Referring to **Figure 6.3**, the Central Entrance – Miller Hill Corridor has 3 primary clusters around and within which current and future development should be staged over the next 10 to 15 years.

The first area shown as **#1** is the concentration around the **Miller Hill Mall**, which is the core local and regional shopping area. Infill redevelopment and densification around the Mall would create an even stronger node that would place less pressure on infrastructure while creating a more compact urban form. The Miller Hill Mall acts as the centerpiece to this district where all the surrounding properties could essentially be brought closer to the “bulls-eye”.

The second area shown as **#2** is the **Duluth Heights/West Central Entrance** node which is significant in that it represents the important **transition** and **gateway** between Miller Hill and Central Entrance. The importance of this area lies in its future ability to weave together a more localized urban fabric with the highway commercial and regional traffic that targets the Miller Hill Mall.

6.0 Districting Strategy

Figure 6.3
Central Entrance – Miller Hill Potential Development Nodes and Connectivity



Source: MXD Development Strategists & City of Duluth 2009

6.0 Districting Strategy

The third area shown as #3 is the **East Central Entrance** node, which is the true “gateway” to the Corridor from the East and is the primary direction from which the majority of shoppers will be traveling.

These 3 pivotal nodes are also indicative of the timing of development over time whereby the Miller Hill Mall area is likely to have the most immediate development interest in the early years. In these earlier years 2010 to 2015 the Duluth Heights area centered around the Home Depot will also continue its growth.

Given slower demand forecasts, East Central Entrance will take longer to establish, but at such time in the future this area will act as a catalyst for infill and growth that will move west along Central Entrance, ultimately creating the transition at the Duluth Heights Node (at Anderson Road).

Central Entrance Transition “Flex” Area (Anderson to Basswood)

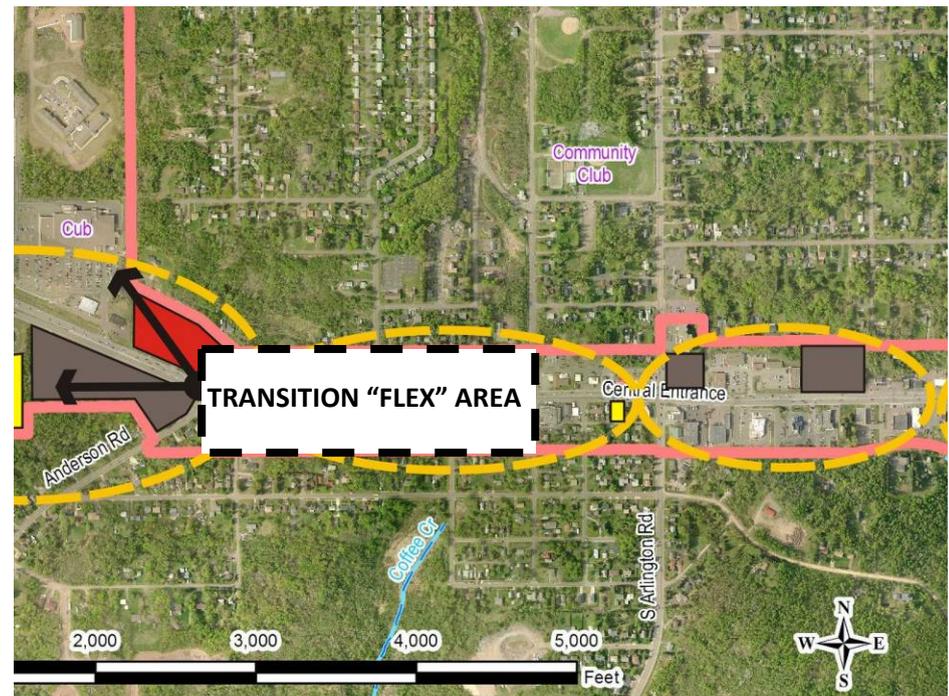
The area between Anderson Road and Basswood as shown in Figure 6.4, could ultimately be a “flex” zone in which demand can either be accommodated for residential, retail or office or a combination of these uses as demand warrants in the future.

It is worth noting that the optimal and likely direction of growth West to East from Miller Hill to Anderson Road, then East to West from Blackman to Anderson Road is based on current forecasted growth dynamics. However, there is the opportunity for development in the transition area between Anderson Rd and Blackman Rd to be driven by developers who may seek to acquire land ahead of demand. If this happens, the optimal range of land uses as shown in **Table 6.6** and as Area G in **Figure 6.7** should be encouraged, with a focus toward local office functions, retail and services.

It is recommended that a developer-driven approach should be cautiously approached with demand-driven fundamentals in place. The most recent efforts at the Sande Development to try and develop an office project ahead of demand for such a project have not produced the results desired by the developer.

The transition area between Anderson Rd and Basswood should ultimately be the last pieces of the puzzle otherwise growth along the corridor will undoubtedly continue to be fragmented and lack the compact form and cohesion necessary to stimulate optimal development.

Figure 6.4 Central Entrance Transition “Flex” Area Between Anderson Road and Basswood Road



Source: MXD Development Strategists 2009

6.0 Districting Strategy

6.6 SEARS HOLDINGS (Kmart) REAL ESTATE STRATEGY

One of the more prominent areas for which redevelopment becomes evident, as shown in **Figures 6.3 & 6.5** is the current Kmart site. With future MnDOT transportation improvements in the area along with a cluster or commercial listings on the edge of the Kmart site, this area represents a significant opportunity for redevelopment that could be a catalyst for infill and densification of land uses, without exerting unnecessary pressures on non-commercially zoned lands.

Examples of cities in which Kmart stores have been redeveloped with more modern retail formats include The Arbor at Lake Forest (Lake Forest, CA), Imperial Promenade (Pasadena, CA), and Ridge Pointe (Columbia Township, OH). There are numerous other examples where former Kmart stores have been retrofitted to accommodate single large format users such as Super Target, Lowes or Costco.

To provide a further rationale as to the potential redevelopment of this site, research was conducted on the corporate real estate strategy of Sears Holdings (parent company of Kmart).

Wal-Mart, Target, Kohl's, JC Penney, Home Depot, Lowe's and Best Buy are among the national retailers with which Kmart competes. Home Depot, Lowe's and Best Buy are major competitors for home appliances.

In Spring of 2005, there were 1,479 Kmart stores operating, and as of August 2, 2008, there were 1,382. While Kmart has been contracting, major competitors Wal-Mart and Target have slowly expanded during the same period.

In times when people are spending less, Kmart seems to be losing market share in cities that have major competitors, such as Target, WalMart and Kohls in close proximity to each other. For example, on January 31, 2009 alone, Kmart closed eight stores across the country. In extremely hard hit economic areas such as Phoenix, Kmart has started to slowly disappear from the landscape all together.

In 2005, Sears Holdings was looking at underperforming Kmart sites as potential locations to introduce the Sears Grand format (similar to Walmart Supercenter and Super Target). However, given the current location of an existing Sears store in the Miller Hill Corridor, combined with lower-than-expected results of the Sears Grand format, this may only remain an option for larger markets.

6.6.1 IMPLICATIONS OF Kmart REAL ESTATE STRATEGY

In the context of the Miller Hill Kmart site, there are currently 3 Kmart stores open in the Duluth-Superior region. In addition to the Miller Hill location, there is a second store located at the Spirit Valley Mall in West Duluth and a third store located in Superior. Of these three locations, the one location that is faced with the most significant level of competition is the Miller Hill location. Within two minutes of Kmart, there are four Department Stores (Younkers, Sears, Kohls and JC Penney), two Large Format Discount Stores (Target and Walmart), a Wholesale Club (Sam's Club) and at least two major Home Improvement retailers (Home Depot and Menards).

Due to the recent economic downturn, the Sears Holdings is expected to unload more real estate assets than they acquire, especially in areas of the country that are struggling.

The Miller Hill Kmart site occupies an approximate land area of 12.5 acres. If the surrounding properties currently for sale are combined, the total land area could reach approximately 15.3 acres. With more dense New Urbanist development this area could accommodate a "Town Center" type commercial development in the magnitude of 100,000 to 150,000 sf

This magnitude of competition will make it very difficult for Kmart to compete. With an expansion planned for the Walmart and a renovation planned for Target, this competition will only increase. The Duluth-Superior Market will likely not remain a three-store market for Kmart, which suggests that they may look at selling some of their current assets. In the normal course of business, Kmart will consider opportunities to purchase leased operating properties, as well as offers to sell owned, or assign leased, operating and non-operating properties.

The Miller Hill Kmart site occupies one of the best commercial real estate sites along the entire Central Entrance – Miller Hill Corridor, with numerous site attributes. As such, this site should be considered as a major infill redevelopment opportunity along the corridor. Further evidence of the potential of this area is revealed in the increasing level of adjacent properties being listed for sale (refer to **Table 6.1 and Figure 6.2**).

6.0 Districting Strategy

Figure 6.5 Kmart Site West of Miller Hill Mall on Maple Grove Rd



Photo Credit: MXD Development Strategists 2009

Photo Credit: MXD Development Strategists 2009



Photo Credit: Microsoft Windows Local

6.0 Districting Strategy

6.7 PRIORITIZATION & TIMING

The identification of site clusters in correlation with the absorption of future land uses lends itself to a potential prioritization and timeline.

Figures 6.6 & 6.7 and Tables 6.3, 6.4 & 6.6 identify the site areas A through I by potential land use and provides an estimated timeline for when each land use may be introduced. Although certain sites such as **Site B** may be more suited for mixed-use in which retail and office are combined with ancillary residential, the forecasted rate of absorption suggests that other areas may accommodate infill. For example, in the medium term 2015 to 2020, multiple site areas may have components of retail, residential or office developed, but not as one integrated mixed-use development.

The forecasted rates of absorption illustrate a more pragmatic and slower rate of growth whereby short term 2010 to 2015, development priority is allocated to infill and intensify the immediate area west and north of the Miller Hill Mall. Over the period 2015 to 2025 development will transition to infill east along Central Entrance joining up with Miller Trunk Hwy at Anderson Road.

Tables 6.4 & 6.6 illustrate the optimal allocation of land uses and formats within each potential development/ redevelopment area. From this evaluation **Areas B, C, D & E** (refer to **Figure 6.6**) offer the best opportunities for infill retail development. **Though not all of these sites could be classified as “prime” retail development sites, the fragmented development over the past 30 years has created a situation where retailers, if they choose to locate in the Duluth market, will likely have to choose a “second” best location.** This same principle is likely to unfold in Hermantown also over the next few years, with the best available sites likely being the second best favoured site (e.g. SAM’s Club). The most significant exceptions to this in the Miller Hill area are the Kmart the Gander Mountain sites, both of which have excellent visibility from Miller Trunk Hwy and good access.

In the short to medium term, the development in and around the Miller Hill Mall area is more clear to define. Conversely, the Central Entrance Corridor from Pecan to Anderson is much more complex, given slow demand forecasts, current composition of merchandise categories and traffic issues.

Table 6.3 Central Entrance – Miller Hill Potential Development & Redevelopment Areas Prioritization and Timing

POTENTIAL LAND USE	CENTRAL ENTRANCE - MILLER HILL DEVELOPMENT AREA OPPORTUNITY & TIMELINE							
	SHORT TERM 2010 to 2015			MEDIUM TERM 2015 to 2020		LONG TERM 2020 to 2025		
Retail Priority	B	F	C	D	E	I	H	
Office Priority	B		C	D			H	
Hotel Priority						F		
Residential Priority	A		B	D	E	I	G	

Source: MXD Development Strategists 2009

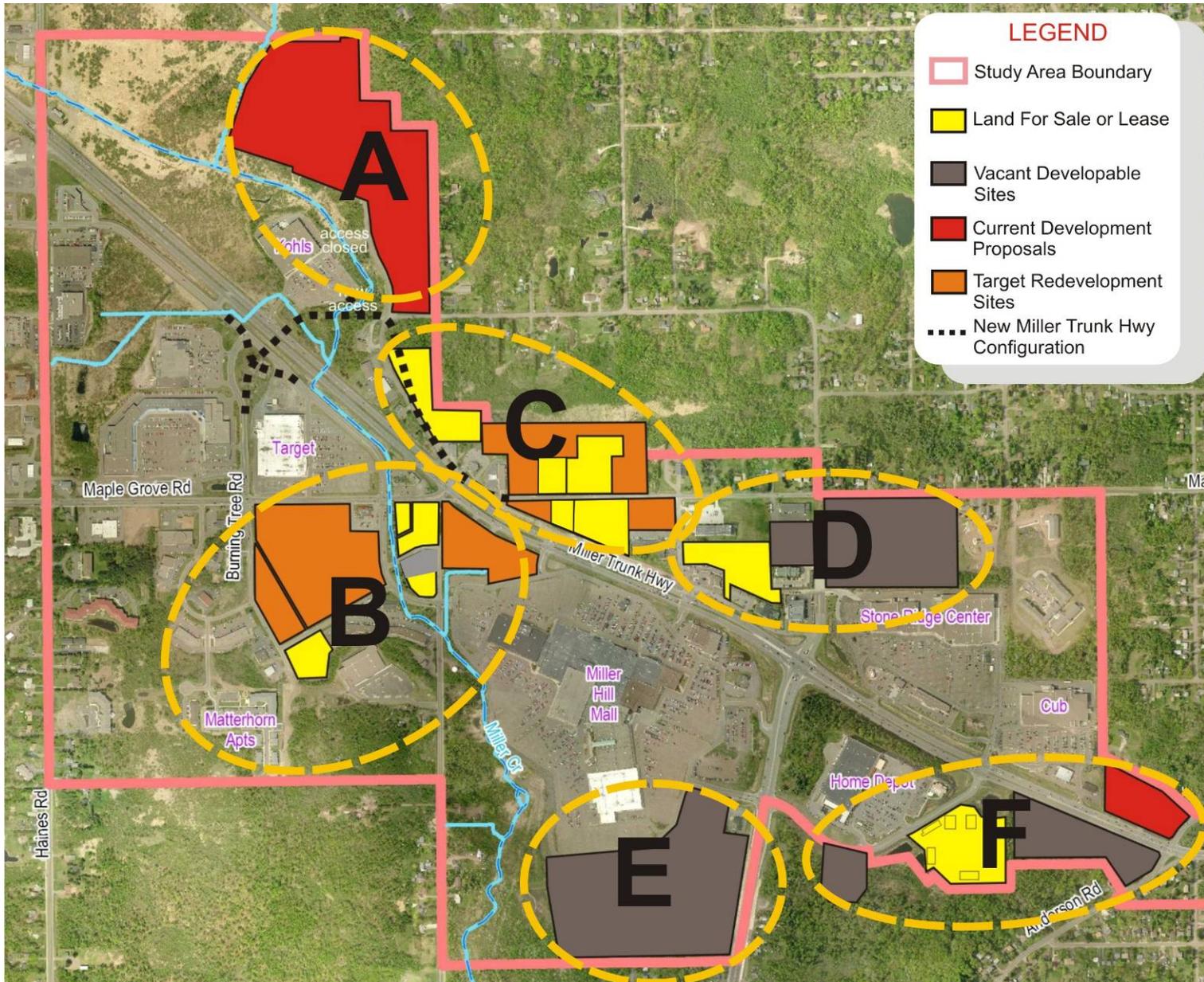
The longer term vision 2020 to 2025 sees the east end of Central Entrance becoming a pivotal gateway location. Here, a catalytic development (either an office development or an economic development strategy that could include a satellite academic campus). An educational component could stimulate an eclectic mix of shops and professional services as well as potential student housing. This gateway location could ultimately lead to the optimal infilling and introduction of a pedestrian-friendly streetscape, where buildings are brought closer to the sidewalks, with fewer curb cuts and parking/access relocated to the rear of buildings.



Photo Credit: MXD Development Strategists 2009

6.0 Districting Strategy

Figure 6.6
Miller Hill & Duluth Heights Potential Development & Redevelopment Areas



MILLER HILL

AREA	ACRES
AREA A	29.7 ac
Vacant Developable	- ac
Redevelopment	- ac
Commercial Listing	- ac
Development Proposal	29.7 ac
AREA B	23.9 ac
Vacant Developable	- ac
Redevelopment	19.5 ac
Commercial Listing	4.4 ac
Development Proposal	- ac
AREA C	24.5 ac
Vacant Developable	- ac
Redevelopment	15.3 ac
Commercial Listing	9.2 ac
Development Proposal	- ac
AREA D	19.5 ac
Vacant Developable	- ac
Redevelopment	15.1 ac
Commercial Listing	4.4 ac
Development Proposal	- ac
AREA E	19.7 ac
Vacant Developable	19.7 ac
Redevelopment	- ac
Commercial Listing	- ac
Development Proposal	- ac
AREA F	21.0 ac
Vacant Developable	9.0 ac
Redevelopment	- ac
Commercial Listing	8.2 ac
Development Proposal	3.8 ac

Source: MXD Development Strategists 2009 and Google Earth

6.0 Districting Strategy

Table 6.4
Miller Hill & Duluth Heights Potential Development Areas & Optimal Land Use Allocation

MILLER HILL DEVELOPMENT AREA OPPORTUNITY				MILLER HILL DEVELOPMENT AREA OPPORTUNITY				MILLER HILL DEVELOPMENT AREA OPPORTUNITY			
Development Area		A		Development Area		B		Development Area		C	
Development Timing		2010 to 2015		Development Timing		2010 to 2015		Development Timing		2010 to 2015	
Current Zoning		R-1B & S		Current Zoning		C-5		Current Zoning		C-5, R-3, R-2	
Retail Land Use Potential	- sf	LOW		Retail Land Use Potential	150,000 sf	HIGH		Retail Land Use Potential	20,000 sf	HIGH	
Large Format Opportunity	- sf	LOW		Large Format Opportunity	70,000 sf	HIGH		Large Format Opportunity	- sf	LOW	
Junior Box Format Opportunity	- sf	LOW		Junior Box Format Opportunity	30,000 sf	HIGH		Junior Box Format Opportunity	- sf	LOW	
Smaller Inline Opportunity	- sf	LOW		Smaller Inline Opportunity	50,000 sf	HIGH		Smaller Inline Opportunity	20,000 sf	HIGH	
Office Land Use Potential	- sf	LOW		Office Land Use Potential	20,000 sf	MODERATE		Office Land Use Potential	15,000 sf	LOW	
Hotel Land Use Potential	- rooms	LOW		Hotel Land Use Potential	- rooms	LOW		Hotel Land Use Potential	- rooms	LOW	
Residential Land Use Potential	100 units	HIGH		Residential Land Use Potential	100 units	MODERATE		Residential Land Use Potential	- units	MODERATE	

MILLER HILL DEVELOPMENT AREA OPPORTUNITY				MILLER HILL DEVELOPMENT AREA OPPORTUNITY				MILLER HILL DEVELOPMENT AREA OPPORTUNITY			
Development Area		D		Development Area		E		Development Area		F	
Development Timing		2010 to 2015		Development Timing		2015 to 2020		Development Timing		2010 to 2020	
Current Zoning		C-5, R-1B		Current Zoning		C-5		Current Zoning		C-5, R-1B	
Retail Land Use Potential	20,000 sf	MODERATE		Retail Land Use Potential	100,000 sf	MODERATE		Retail Land Use Potential	30,000 sf	HIGH	
Large Format Opportunity	- sf	LOW		Large Format Opportunity	70,000 sf	HIGH		Large Format Opportunity	- sf	LOW	
Junior Box Format Opportunity	10,000 sf	MODERATE		Junior Box Format Opportunity	20,000 sf	MODERATE		Junior Box Format Opportunity	- sf	LOW	
Smaller Inline Opportunity	10,000 sf	MODERATE		Smaller Inline Opportunity	10,000 sf	MODERATE		Smaller Inline Opportunity	30,000 sf	MODERATE	
Office Land Use Potential	- sf	LOW		Office Land Use Potential	- sf	LOW		Office Land Use Potential	- sf	LOW	
Hotel Land Use Potential	- rooms	LOW		Hotel Land Use Potential	- rooms	LOW		Hotel Land Use Potential	80 rooms	MODERATE	
Residential Land Use Potential	100 units	HIGH		Residential Land Use Potential	- units	LOW		Residential Land Use Potential	- units	LOW	

Source: MXD Development Strategists 2009

6.8 MILLER HILL – DULUTH HEIGHTS LAND ALLOCATION

Table 6.4 illustrates the forecasted allocation of overall demand for the years 2010 to 2020. This information illustrates the compatibility of each area for its respective land use along with the estimated amount of retail, office, hotel and residential that could be developed in that allocated area.

Referring to **Table 6.5**, the Miller Hill Area (areas A – F) is forecast to comprise approximately **320,000 sf of retail, 35,000 sf of office, 300 units of multi-family residential (of which 50 units are forecast to be rental apartments)**. By the year 2020, there may be potential for the addition of a new 80-room hotel in Area F. **Areas B & E** represent the areas of highest potential for accommodating retail uses with some junior to larger format tenants along with a complementary mix of smaller retailers. The retail space allocated in the other areas should be considered as “infill” retail development, particularly in **Areas C and D**. Residential should be prioritized in **Area D & B** filled in around the existing multi-family residential, while **Areas B & C** could accommodate the forecast office demand.

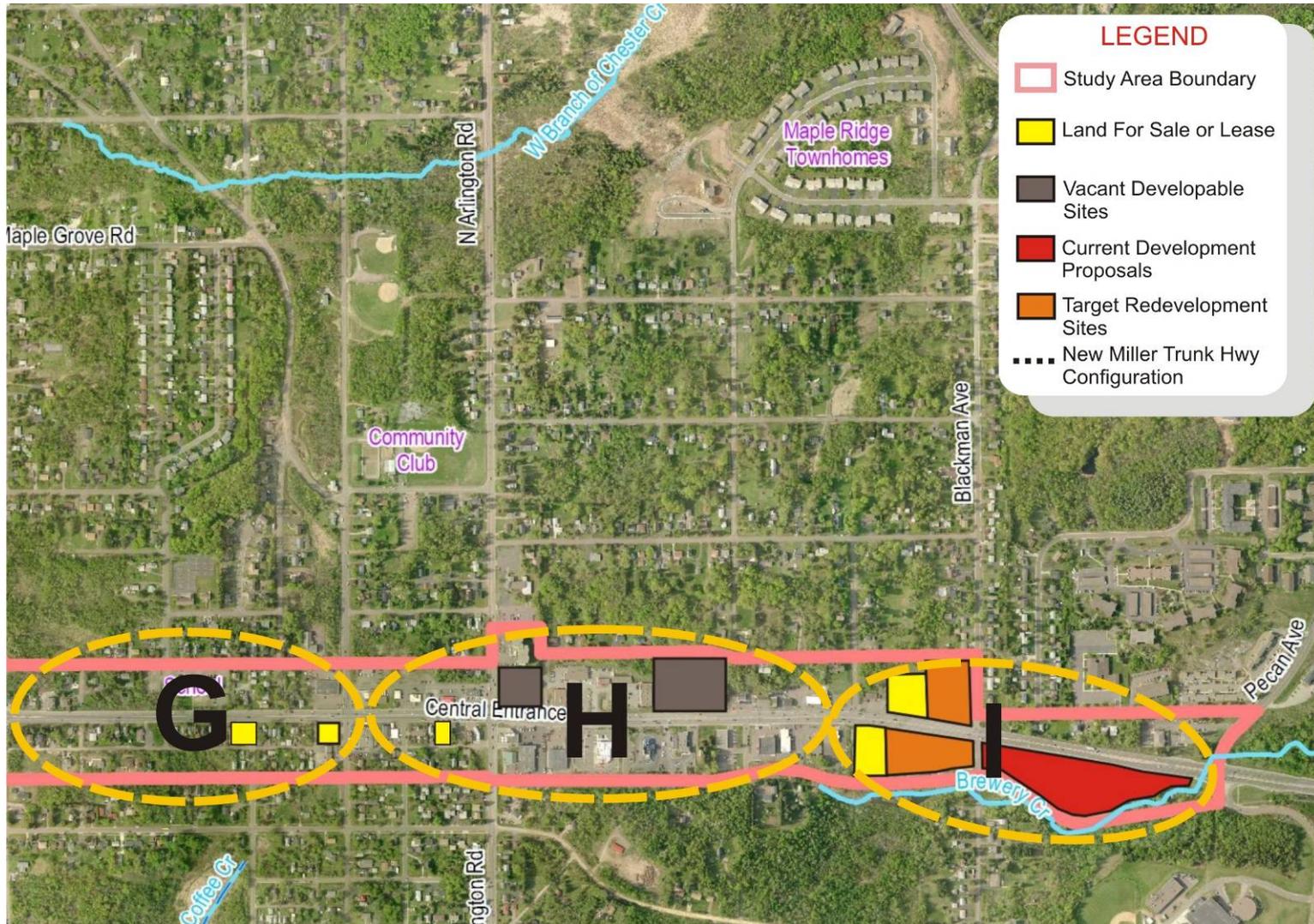
Table 6.5 Miller Hill – Duluth Heights Land Allocation Summary

CENTRAL ENTRANCE - MILLER HILL LAND USE FORECAST SUMMARY 2010 TO 2020		
Retail	320,000	sf
Office	35,000	sf
Hotel	80	rooms
Residential	300	units

Source: MXD Development Strategists 2009

6.0 Districting Strategy

Figure 6.7
Central Entrance Potential Development & Redevelopment Areas



LEGEND

- Study Area Boundary
- Land For Sale or Lease
- Vacant Developable Sites
- Current Development Proposals
- Target Redevelopment Sites
- New Miller Trunk Hwy Configuration

CENTRAL ENTRANCE

AREA G	0.5 ac
Vacant Developable	- ac
Redevelopment	- ac
Commercial Listing	0.5 ac
Development Proposal	- ac
AREA H	4.4 ac
Vacant Developable	3.9 ac
Redevelopment	- ac
Commercial Listing	0.5 ac
Development Proposal	- ac
AREA I	10.8 ac
Vacant Developable	- ac
Redevelopment	3.9 ac
Commercial Listing	2.0 ac
Development Proposal	4.9 ac

Source: MXD Development Strategists 2009 and Google Earth

Table 6.6
Central Entrance Potential Development Areas & Optimal Land Use Allocation

CENTRAL ENTRANCE DEVELOPMENT AREA OPPORTUNITY				CENTRAL ENTRANCE DEVELOPMENT AREA OPPORTUNITY				CENTRAL ENTRANCE DEVELOPMENT AREA OPPORTUNITY			
Development Area (Anderson to Basswood)		G		Development Area		H		Development Area		I	
Development Timing		2020 to 2025		Development Timing		2020 to 2025		Development Timing		2015 to 2020	
Current Zoning		C-5		Current Zoning		C-5		Current Zoning		C-5	
Retail Land Use Potential	10,000	sf	MODERATE	Retail Land Use Potential	15,000	sf	HIGH	Retail Land Use Potential	15,000	sf	HIGH
Large Format Opportunity	-	sf	LOW	Large Format Opportunity	-	sf	LOW	Large Format Opportunity	-	sf	LOW
Junior Box Format Opportunity	-	sf	LOW	Junior Box Format Opportunity	-	sf	LOW	Junior Box Format Opportunity	-	sf	LOW
Smaller Inline Opportunity	10,000	sf	MODERATE	Smaller Inline Opportunity	15,000	sf	HIGH	Smaller Inline Opportunity	15,000	sf	HIGH
Office Land Use Potential	10,000	sf	MODERATE	Office Land Use Potential	-	sf	LOW	Office Land Use Potential	15,000	sf	MODERATE
Hotel Land Use Potential	-	rooms	LOW	Hotel Land Use Potential	-	rooms	LOW	Hotel Land Use Potential	-	rooms	LOW
Residential Land Use Potential	100	units	HIGH	Residential Land Use Potential	-	units	MODERATE	Residential Land Use Potential	50	units	MODERATE

Source: MXD Development Strategists 2009

6.9 CENTRAL ENTRANCE LAND ALLOCATION

As has been quantified through this market study and summarized in **Table 6.6**, the forecasted growth of the market is expected to be slow and resulting demand for new development or redevelopment opportunities along Central Entrance will likely not become evident until the period 2020 to 2025 or once the Miller Hill area has achieved greater infill and concentration.

Over the period 2020 to 2025, **Table 6.7** reveals that Central Entrance could potentially absorb up to 40,000 sf of new retail space comprised largely of smaller independent retail formats, 25,000 sf of office, which could be as a freestanding cluster or as units above a retail streetfront.

Areas H & I both present the best opportunity for retail infill, while the “transition” **Area G**, dependent upon demand at the time, could also have retail and office potential in addition to residential.

Over the interim period 2010 to 2020 it is not projected that significant demand will be absorbed along Central Entrance. Properties may however be slowly put on the market and acquired over time. The case study example of Excelsior and Grand illustrates that property acquisitions can take anywhere from 5 years to 10 years to transpire. Therefore, the current role of Central Entrance as an auto and fast food oriented corridor is likely to continue over the foreseeable future.

However, **the longer term potential should be recognized and accordingly, place-making strategies need to be considered as short term planning initiatives to create a foundation for the future.** Examples of these place-making strategies are documented in **Section 7.0**.

Table 6.7 Central Entrance
Land Allocation Summary

CENTRAL ENTRANCE - MILLER HILL LAND USE FORECAST SUMMARY 2020 to 2025		
Retail	40,000	sf
Office	25,000	sf
Hotel	-	rooms
Residential	150	units

Source: MXD Development Strategists 2009

6.0 Districting Strategy

6.10 CENTRAL ENTRANCE – MILLER HILL FISCAL BENEFITS

The following section provides a general summary of the potential range of fiscal economic benefits that could accrue to the City of Duluth if the allocated amount of commercial space were introduced over the 2010 to 2020 time horizon, with additional benefits estimated to the year 2025 (reflecting slow growth forecasts).

The fiscal benefits identified in this summary include the estimated retail sales volume and corresponding estimated annual retail sales tax revenue that could result, based on the current 1% retail sales tax. (Note: the estimated retail sales tax revenue does not include clothing or shoe categories).

Property Tax revenue was calculated based on information provided by the City of Duluth Assessment Office for the current tax year 2009.

In summary, the total forecasted retail demand over the period 2010 to 2020 totals approximately 300,000 sf, which is all envisioned to be absorbed along the Miller Hill portion of the entire Central Entrance – Miller Hill Corridor. In addition, given the slower forecasted demand, the Central Entrance portion is forecasted to absorb 40,000 sf over the period 2020 to 2025.

Consequently, an estimated 300,000 sf of retail could result in annual retail sales tax revenue of approximately \$720,000 by the year 2020. By 2025, this could increase to approximately \$825,000 per year with an additional 40,000 sf.

Any new construction or redevelopment will also necessitate a requisite increase in the achievable retail and office lease rates. It could reasonably be forecast that **any new development beyond the year 2010 could command retail lease rates at a minimum of \$25 psf and office lease rates at a minimum of \$18 psf** (for higher quality Class A Space) in order to justify construction costs. Both of these types of higher quality developments are noticeably absent along the corridor and is likely a contributing reason why retailers have been slower to locate in the Central Entrance – Miller Hill Corridor.

In addition to the general summary, a specific redevelopment project was also prepared to highlight the amount of potential annual property tax that could also flow to the City. The specific site chosen for this summary analysis was the Kmart/Savers site along with the Verizon Wireless pad, Ground Rounds Restaurant Pad and Wild Birds Unlimited Pad, all of which are currently listed for sale (refer to **Table 6.8, Figure 6.2 and Table 6.1, numbers 12, 13, 16 & 17**).

Since the future redevelopment concept of the potential site in **Area B** is different than today’s current use, the commercial property’s Estimated Market Value (EMV) for the new development was valued on its potential to produce rental income from the potential new retail and office components, using the future lease rates outlined previously.

The resulting benefits of the redevelopment scenario illustrate that the project could yield annual retail sales tax revenue of \$375,000 along with an estimated annual property tax revenue of \$165,000.

Table 6.8 Potential Redevelopment Site Fiscal Benefits Case Study

CENTRAL ENTRANCE - MILLER HILL CORRIDOR RE-DEVELOPMENT PARCEL OPPORTUNITY CASE STUDY	
Kmart Redevelopment Opportunity (Including Verizon Wireless Site, Ground Rounds Site and Wild Birds Unlimited Site)	Located at the Center of Area B
Development Timing	2010 TO 2015
Current Zoning	C-5
Total Land Area	15.35 acres
Approximate Retail Leasable Area	150,000 sf
Approximate Office Leasable Area	20,000 sf
Approximate Residential Units	- units
Approximate Hotel Rooms	- rooms
Estimated Annual Property Tax Revenue	\$165,000
Estimated Annual Retail Sales	\$45,000,000
Estimated Annual Retail Sales Tax Revenue	\$375,000

Source: City of Duluth 2009 & MXD Development Strategists

7.0 Districting Place-Making Strategies

7.1 INTRODUCTION

The Central Entrance – Miller Hill Corridor has long struggled in trying to find its niche and identity, particularly along Central Entrance. Over the past 30 years, the Miller Hill area has evolved to become the dominant shopping area in the region. It is because of this success, that neighboring Hermantown has been able to successfully and develop its retail offering, in many cases at the expense of Duluth (e.g. Gander Mountain).

The Miller Hill name already has a strong recognized identity anchored by the Miller Hill Mall. What is missing, the critical elements necessary to connect the fragmented patterns of development that exist today.

Recognizing the familiarity that exists with the Miller Hill area, emphasis should be placed on place creation ideas that welcome and entice patrons to the district. Currently along the Central Entrance – Miller Hill Corridor, the only signage is that which exists for individual properties as well as less appealing billboard advertising.

Central Entrance was once envisioned to be a more localized neighborhood area, but over time it became a highly fragmented, vehicular dominated strip of fast food, auto servicing, and poorly connected local tenants. As a result of this schizophrenic, gritty and non-neighborhood friendly development, Central Entrance has never been able to develop a clear identity.

From discussions with many local individuals and organizations, the Central Entrance area is affectionately referred to as “up the hill” or “over the hill”. From these perspectives, combined with the long standing goal for Central Entrance to become a more localized neighborhood district, the preliminary idea of “**Uptown Duluth**” has been applied. The terminology of “Uptown” implies a more eclectic, yet smaller and more specialized character and charm.

Though demand for short term development along Central Entrance (Uptown) is very limited, other **place making strategies should be examined to begin establishing and promoting the transition of the area**. Until such time that market demand and/or economic development initiatives create an opportunity for a physical manifestation of the “**Uptown**” area, strategies such as gateway statements and identity creation should developed.

Examples of iconic gateway statements are shown in **Figure 6.8** and illustrate a variety of cases. Some of the examples highlighted are narrower streets, while others are four lane arterial highways with on-street parking.

Examples of the more visual depiction of the Miller Hill and Uptown identity are shown in **Figures 7.1 to 7.3** which illustrate street and sign post banners. These images are not to be taken as official branded ideas, but are specifically provided to show how the identity of each area could become a more familiar and powerful marketing tool.

7.2 CENTRAL ENTRANCE PLACE MAKING STRATEGIES

"If you plan for cars and traffic, you get cars and traffic. If you plan for people and places, you get people and places." (Project for Public Spaces www.pps.org)

Commercial Streets have traditionally acted as shopping destinations with retail stores predominating on the ground level retail. At their best, commercial streets give pedestrians priority over vehicles with wide sidewalks, well-marked crosswalks and access to transit in an environment with pleasurable “curb appeal”.

7.0 Districting Place-Making Strategies

The most vibrant commercial streets blur the line between inside and outside with outdoor cafes, imaginative store windows and merchandise that spills right onto the sidewalks, newsstands, food carts and other amenities that foster a spirit of excitement day and night. Small and local shops, rather than larger formats, create an eclectic and lively image for commercial streets.

In addition to an organic retail composition, recommended streetscape improvements should include the following:

- Work with MnDOT for a preferred transportation improvement that prioritizes the introduction of a landscaped central median and forces the elimination of curb cuts to ease traffic flow, while at the same time enhancing safety.
- New development should require that a building's frontage be brought closer to the street edge (e.g. within 6 ms or 20 ft), with primary parking and access located at the rear of the buildings.
- Sidewalks should be widened (e.g. 2 m or 5 ft) and pushed further back from the curb (e.g. 2 m or 5 ft) to allow for a wider gravel-type landscaped area that would accommodate winter snow removal without impeding sidewalk safety.
- Overall character of the Central Entrance Corridor should evoke a neighborhood mixed-use feel. It is not expected that demand will warrant a full scale revitalization of the area in the short term, but specific infill areas could be targeted for redevelopment, such as the intersection of Blackman Rd and Central Entrance.
- Longer term outlook for Central Entrance is for more local, independent retail, smaller boutique office and professional services.
- Multi-family housing, either above retail or as terraced townhomes should also be encouraged with similar design requirements for proximity to street edge with parking and access from the rear.

Excelsior & Grand, Minneapolis, Minnesota Case Study

Referring to **Appendix B** the example of Excelsior & Grand in St. Louis Park, MN could be used as a case study example for the future prospects of Central Entrance that illustrates the time and effort required to successfully transform the identity of a fragmented strip commercial area into a Neighborhood mixed-use node that becomes a social hotspot for living and shopping and successfully creates an identity for the area.

The 16.5 acre site along Excelsior Boulevard previously consisted of 36 separate parcels along a street lined with blighted single-use properties housing a variety of businesses, including bars, pawnshops, and other non-family oriented businesses.

These uses were generally unpopular within the community, and thus the area was targeted for redevelopment. Across Excelsior Boulevard from the site today, still remain a variety of uses in mostly single-story buildings, including offices, independent retailers, a gas station, and a liquor store. The neighborhood beyond to the south and east of the site largely consists of single-family homes, predominantly built during the years immediately after World War II. In general, the Excelsior and Grand development is markedly more pedestrian friendly than many of the existing surrounding land uses.

The City began land assembly in mid-1990s, acquiring all the sites by the end of 2000 (without using eminent domain). In order to ensure timely approvals for development at Excelsior and Grand, the City of St. Louis Park drafted an entirely new mixed-use zoning code (MX). Based on mixed-use and New Urbanist projects around the United States.

This was the starting point for the transformation of the area which also included transportation improvements such as a new intersection, larger sidewalks and fewer curb cuts.

7.0 Districting Place-Making Strategies

Figure 7.1
Iconic Gateway Entrance Statements



Photo Credits: www.flickr.com

7.0 Districting Place-Making Strategies

The longer term outlook for redevelopment and transition of the areas between Anderson Road and Basswood necessitates a vision for how this area should evolve in the future. Accordingly, the following articulates a series of key elements that should be considered in addition to MnDOT transportation improvements.

Though not all of these may be applicable, their purpose is to lay a foundation for a new way of thinking about Central Entrance.

The organization Project for Public Spaces (www.pps.org) has identified the following qualities that contribute to the success of great streets:

1) Attractions & Destinations Having something to do gives people a reason to come to a place and to return again and again. When there is nothing to do, a space will remain empty, which can lead to other problems. In planning attractions and destinations, it is important to consider a wide range of activities for: men and women; people of different ages; different times of day, week and year; and for people alone and in groups. Create an enticing path by linking together this variety of experiences.

2) Identity & Image Whether a space has a good image and identity is key to its success. Creating a positive image requires keeping a place clean and well-maintained, as well as fostering a sense of identity. This identity can originate in showcasing local assets. Businesses and pedestrians. Vehicle drivers will then elevate their behavior to this vision and sense of place.

3) Active Edge Uses Buildings bases should be human-scaled and allow for interaction between indoors and out. Preferably, there are active ground floor uses that create valuable experiences along a street for both pedestrians and motorists. For instance, a row of shops along a street is more interesting and generally safer to walk by than a blank wall or empty lot. Sidewalk activity also serves to slow vehicular traffic. At the very minimum, the edge connection should be visual, allowing passers-by to enjoy the activity and aesthetics of the indoor space. These edge uses should be active year-round and unite both sides of the street.

4) Amenities Successful streets provide amenities to support a variety of activities. These include attractive waste receptacles to maintain cleanliness, street lighting to enhance safety, bicycle racks, and both private and public seating options—the importance of giving people the choice to sit where they want is often underestimated.

5) Management An active entity that manages the space is central to a street’s success. This requires not only keeping the space clean and safe, but also managing tenants and programming the space to generate daily activity. Events can run the gamut from small street performances to sidewalk sales to cultural, civic or seasonal celebrations.

6) Seasonal Strategies Utilize seasonal strategies, like holiday markets, and recreational activities to activate the street edges during all times of the year. If a street offers a unique and attractive experience, weather is often less of a factor than people initially assume.

7) Diverse User Groups It is essential to provide activities for different groups. Mixing people of different race, gender, age, and income level ensures that no one group dominates the space and makes others feel unwelcome and out of place.

8) Traffic, Transit & the Pedestrian A successful street is easy to get to and get through; it is visible both from a distance and up close. Accessible spaces have high parking turnover and, ideally, are convenient to public transit and support walking and biking. Access and linkages to surrounding destinations must be a part of the planning process. Automobile traffic cannot dominate the space and preclude the comfort of other modes. This is generally accomplished by slowing speeds and sharing street space with a range of transportation options.

9) Blending of Uses and Modes Ground floor uses and retail activities should spill out into the sidewalks and streets to blur the distinction between public and private space. Shared street space also communicates that no one mode of transportation dominates.

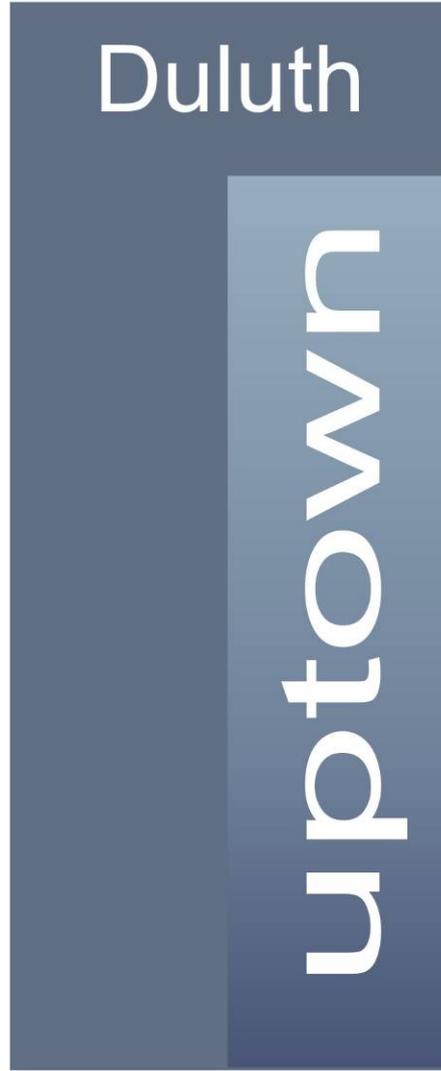
10) Protects Neighborhoods Great streets support the context around them. There should be clear transitions from commercial streets to nearby residential neighborhoods, communicating a change in surroundings with an associated change in street character.

7.0 Districting Place-Making Strategies

Figure 7.2
Identity & Street Banner Concepts for Miller Hill & Central Entrance



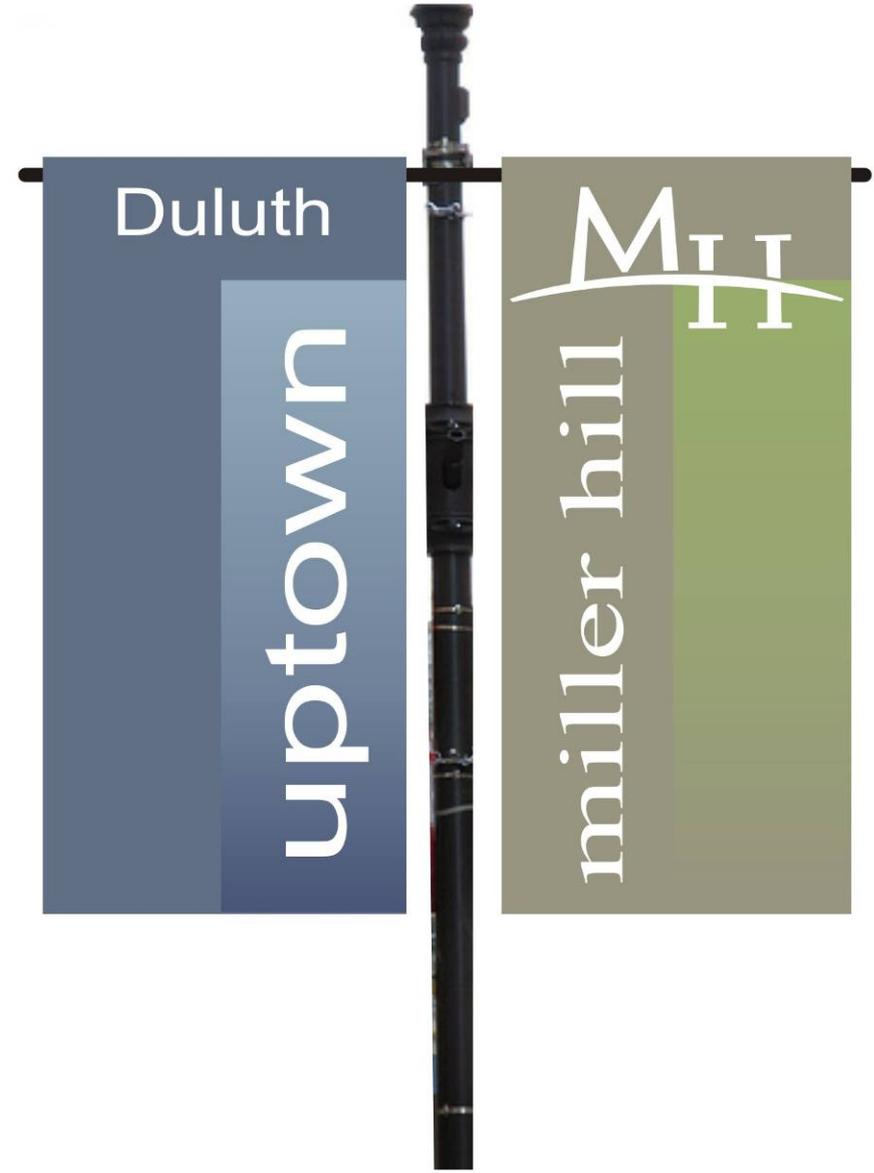
MILLER HILL
SHOPPING DISTRICT



UPTOWN DULUTH
NEIGHBORHOOD DISTRICT

7.0 Districting Place-Making Strategies

Figure 7.2 (Continued)
Identity & Street Banner Concepts for Miller Hill & Central Entrance



APPENDIX A

GLOSSARY OF TERMS & ACRONYMS

GLOSSARY OF TERMS & ACRONYMS

ADR (Average Daily Room Rate) - Room revenue divided by rooms sold.

RevPAR (Revenue Per Available Room) - Room revenue divided by rooms available – occupancy times average room rate will closely approximate RevPAR.

Hotel Demand – The number of rooms sold.

Hotel Supply – The number of rooms times the number of days in the period.

NNN (Triple Net Lease Rate) - A property lease whereby the lessee (tenant) pays all the operating expenses of the property. The landlord receives a 'net' rent. Operating expenses may include taxes, insurance, utilities, repairs, custodial services and license fees. Any debt service and the landlord's income taxes are the responsibility of the landlord.

Full Service Gross Lease Rate - A property lease whereby the landlord/owner pays all operating expenses, such as custodial services, maintenance and repairs, utilities, insurance and taxes.

GLA (Gross Leasable Area) - The measurement of demised premises in retail properties. The gross leasable area is the total floor area designated for tenant occupancy and exclusive use, including basements, mezzanines, and upper floors, and it is measured from the center line of joint partitions and from outside wall faces.

CAM Fees (Common Area Maintenance) - The amount of additional rent charged to the tenant, in addition to the base rent, to maintain the common areas of the property shared by the tenants and from which all tenants benefit. Examples include: hallway upkeep, wash room cleaning and supplies, snow removal, outdoor lighting, parking lot sweeping, insurance, property taxes, etc. Most often, this does not include any capital improvements that are made to the property.etc.

Enclosed Shopping Center – Also referred to as a “Mall”, which is an enclosed, climate-controlled facility with a pedestrian walkway between two facing strips of stores. An enclosed Shopping Center is often anchored by Department Stores.

Freestanding – An individual retailer unconnected with any defined shopping center which also has its own surface parking and vehicle access.

Freestanding Lg Format – A retailer format typically in a one-story, stand-alone building ranging from 50,000 to 250,000 sf.

Junior or “Baby Box” Retail – A retailer format typically averaging between 10,000 sf to 40,000 sf. This format can either be freestanding or as an anchor/tenant within another project.

Greyfield - Older shopping malls or large format “big box” stores often characterized by vacant storefronts and lower sales volumes.

Neighborhood Center - This center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. According to ICSC's SCORE publication, roughly half of these centers are anchored by a supermarket, while about a third have a drugstore anchor. A neighborhood center is usually configured as a straight-line strip with no enclosed walkway or mall area, although a canopy may connect the storefronts.

Power Center - A center dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers," i.e., stores that offer tremendous selection in a particular merchandise category at low prices. The center typically consists of several freestanding (unconnected) anchors and only a minimum amount of small specialty tenants.

Strip Center – A strip center is an unanchored project comprised of attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape.

Streetfront – The traditional “Main Street” type retail which provides on street parking in front of stores that are closer to the street edge with sidewalks and canopies.

APPENDIX B

CENTRAL ENTRANCE-MILLER HILL

CASE STUDIES

Excelsior & Grand – Minneapolis, Minnesota

Size: Retail 86,000 sf

Residential Phase 1 Rental Units - 337

Residential Phase 2, 3 & 4 Condo Units – 323

Site Size: 16.5 acres

Location Context: Inner Suburban

Anchor Tenants: Trader Joe's

Tenants: Pier 1 Imports, Starbucks, Coldstone Creamery, Panera Bread, McCoys

Comments:

- Retail was 95% leased as of early 2005, with leases ranging from \$20 to \$32 psf.
- Since Excelsior Boulevard is a county road, approval was granted from the county for the installation of a traffic signal at the intersection of Grand Way.
- Total of 1,090 parking spaces with 2 parking structures (470 stalls). Approximately 400 underground spaces for apartment residents, with 220 above ground free for visitors. On-street parking is found on all streets.
- Land use plan broken into five blocks, three of which have frontage on Excelsior Boulevard, and two that overlook Wolfe Park. The town green concept, now called Grand Way, is the “Main Street” of the project (2.1 acres) designed for interaction, strolling, and public events.
- Retail uses at ground level, wide, brick-paved sidewalks, outdoor seating for restaurants, decorative lampposts, kiosks, elevated crosswalks, wide median with walking paths, benches, fountains, public art, and plantings.
- Site previously consisted of 36 separate parcels lined with blighted single-use properties housing a variety of businesses, including infamous bars, pawnshops, and sexually oriented businesses. These uses were generally unpopular within the community, and thus the area was targeted for redevelopment. The City began land assembly in mid-1990s, acquiring all the sites by the end of 2000. It did not use eminent domain. In order to ensure timely approvals for development at Excelsior and Grand, City of St. Louis Park drafted an entirely new mixed-use zoning code (MX). Based on mixed-use and New Urbanist projects around the United States.



Excelsior & Grand – Minneapolis, Minnesota



Excelsior & Grand – Minneapolis, Minnesota



Excelsior & Grand – Minneapolis, Minnesota



Market Street at the Woodlands – Houston, Texas

Size: 363,298 sf

Site Size: 34 acres

Location Context: This lifestyle centre is adjacent to The Woodlands, a 1.3 million sq. ft. super regional shopping centre that opened 1994 and underwent a renovation in 2004.

Anchor Tenants: Borders, Smith & Hawken, Cinemark Theater (5 screens), H-E-B Woodlands market

Tenants: Sur La Table, Bella Rinova Spa & Salon, Bombay Company, Dionysis Salon & Spa, J Crew, Orvis, Pier 1 Kids, Sharper Image, Z Gallerie, Storehouse

Comments:

- Lifestyle project, which opened November 2004. The project also incorporates 60,000 square feet of office space with tenants.
- The heart and soul of Market Street is a \$2 million public green space, Central Park, a Wi-Fi enabled plaza with tables, chairs, pop fountains, sales kiosks and art sculptures -- all framed by high-end boutiques, retailers and the outdoor seating of neighboring restaurants and cafés.
- More than \$10 million has been invested in Market Street's public areas for public art, murals, custom lighting and landscaping, brick-paved streets, its Central Park, a performance stage (which turns into a pop fountain when not in use), a complimentary parking garage and several water features.
- This project is located in the master planned community called The Woodlands, located 27 miles north of downtown Houston.
- A 4,000 sf day care, Playtime for Kids.



Market Street at the Woodlands – Houston, Texas



Market Street at the Woodlands – Houston, Texas



Market Street at the Woodlands – Houston, Texas



Market Street at the Woodlands – Houston, Texas



General Overview

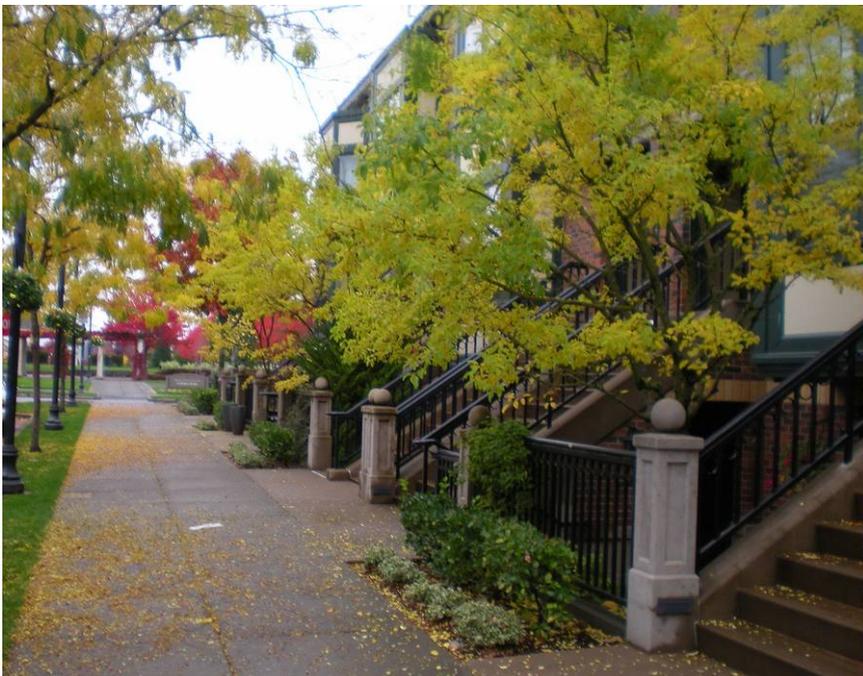
- Location: Hillsboro, Oregon
- Population: 2,600+
- Site Size: 260 Acres
- Groundbreaking: 1997
- Uses: Residential, Retail, Restaurants, Office, Services and Recreational.

Features:

- The neighborhood is centered and arranged around parks and a busy Main Street.
- Instead of catering to personal vehicles, there is a strong focus on encouraging the use of public transportation.
- Pedestrian walkways and bicycle lanes are interwoven and featured prominently throughout the development.
- The community is designed to mimic older style neighborhoods before that were popular before the 1950's post-war suburban boom.
- Residential options include apartments, single family houses, condominiums and town-homes to allow residents the proper choice of housing that will suite their needs.
- From late spring to early fall, a farmers market allows residents to buy fresh local produce close to their homes.
- Connected by Portland's MAX Light-rail service to other parts of the city.



Orenco Station – Portland, Oregon



Structure and Design:

- Zoning ordinances were changed to allow for more narrow streets, side-yard easements, alley accessible garages and smaller setbacks for single family detached homes.
- The street structure is a simple grid design, extending out from the Main Street and the light rail station with a strong pedestrian spine.
- A formal central park is located north of the Main Street, and is the actual geographical centre of the community.
- To make up for the smaller yards, small parks and green areas are spread throughout Orenco, which can be used for recreational purposes and public gathering spaces.
- In the Town Center, buildings line the street with parking in the rear instead of the front. This creates the feeling of shopping in a downtown district with shop windows looking out onto sidewalks instead of parking stalls.
- Mixed-use buildings were required in some areas during construction.

Retail Elements:

- Retail uses are carefully developed to provide the community residents with useful choices for shopping and services:
 - *Dining Options* – Two Restaurants and a Cafe
 - *Shopping* – Pet Store, Clothing, Wine and Cigars
 - *Services* – Optometrist, Chiropractor, Pediatrics, Financial Advisor, Insurance, Accounting, Banks, and more.

Stats and Other Notes:

- Transit use is high compared to other neighborhoods and communities. A study in 2002 showed 22% of residents used public transit for commuting. The surrounding region was listed at only 6%.
- There are over 1,800 residential units within the 260 acres. This translates to 7 units per acre on average.
- Located 15 miles west of Portland; on the edge of the 'Silicon Forest' – home to high tech giants Intel and Lattice.

Newport Village – Vancouver, Canada

Project Size: 60,000 sf (+80,000 sf in adjacent Strip Center), Office (30,000 sf), Residential Units (900)

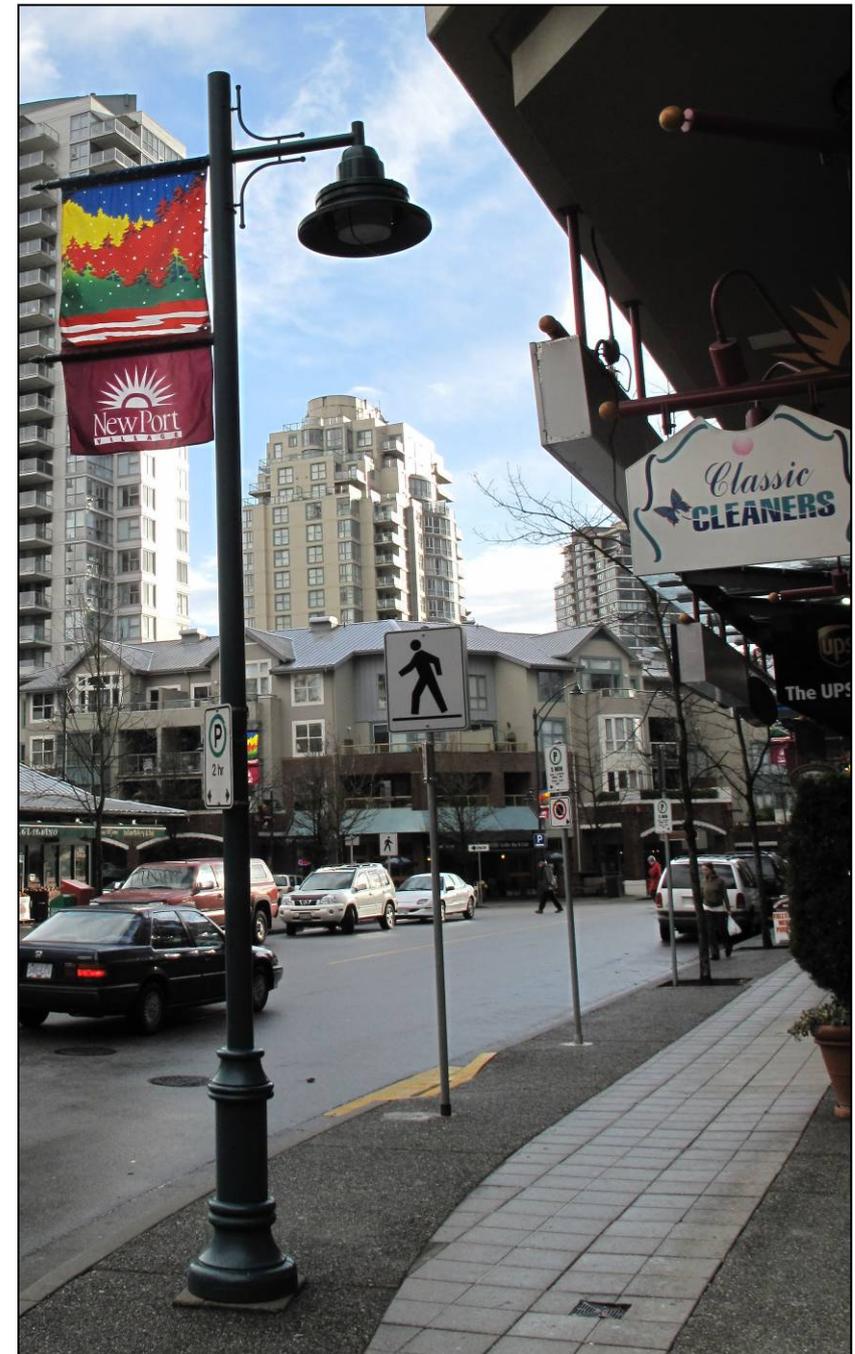
Location Context: A mixed-use center in the Port Moody suburb of Vancouver. It is located next to a retail Strip Center and the Glen Eagle Hospital. The development provides a Town Center for the surrounding suburban area.

Anchor Tenants: iL Giordino Produce (Specialty Grocery), St. James Well Pub, Skindulgence The Urban Retreat

Tenants: Beyond the Grape, The UPS Store, Newport Yoga, Newport Liquor Merchants, Newport Village Barbers, Port Moody Travel, The Village Toy Shop, Inlet Seafood.

Comments:

- A Bosa Development project that provides the heart of a wider Inlet Center development for this suburb of 30,000.
- Tenants are nearly all independents. The merchandising plan was geared towards providing services and restaurants to local area homes.
- The project has an excellent interface with adjacent strip center, including heavy landscaping to block views to back-of-house from adjacent residences.
- The project has spurred additional development in the surrounding area, and has had a strong positive influence on local residential values.
- Surrounding land uses include City Hall, Community Recreation Center, Public Library and Hospital.
- Parking is a combination of underground, street and surface.







Old Mill District – Bend, Oregon

Size: 150,000 sq.ft.

Site Size: 11.5 acres

Location Context: The project is located in a masterplanned area, Old Mill in the City of Bend. There are housing developments adjacent as well as a business park. **There are only 135,000 people living within an hour's drive of the project.**

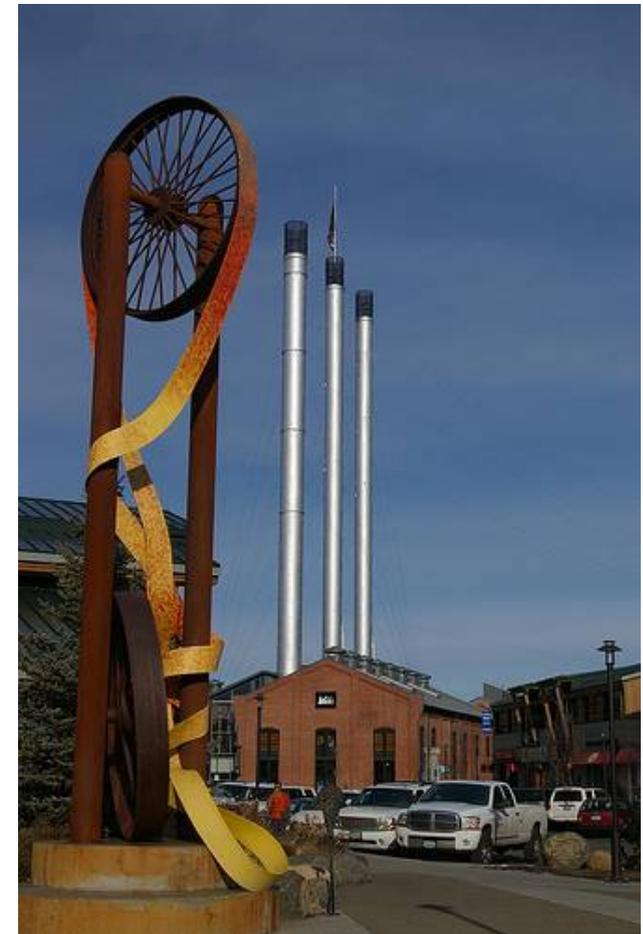
Anchor Tenants: REI, Regal Cinemas (10 screens)

Tenants: Pacific Sunwear, Children's Place, Chico's, Victoria's Secret, Banana Republic, Bath Body Works, Ben & Jerry's, Sunglass Hut, The Hen's Tooth

Tenant Mix: Retail: 80% Restaurant, Food & Bev: 15% Entertainment: 5%

Comments:

- The open-air complex stands on the grounds of a once-booming logging operation, and retains much of its original architecture.
- The project incorporates a series of buildings containing approximately 28 tenants of 1,000 to 5,000 sq.ft. in size.
- There is a unique mix of national and local retailers. Many one of a kind retailers found at the project.
- An outdoor amphitheater with a seating capacity of 9,000 is a destination draw in the region. Regularly scheduled concerts and community events.
- The project is part of an over all 270 acre mixed use development on a former sawmill site that is a few blocks from downtown Bend Oregon.
- There is a hotel adjacent to the project.
- Bend draws more than five million visitors a year, and also is the shopping hub for all of central and eastern Oregon.



Old Mill District – Bend, Oregon



Directory

- 1 Aerosoles
- 2 Allyson's Kitchen (Future)
- 3 American Eagle
- 4 Ann Taylor Loft (Future)
- 5 Banana Republic
- 6 Bath & Body Works
- 7 BendFilm
- 8 Central Oreg. Visitor Assoc.
- 9 Chico's (Current)
- 10 Chico's (Future)
- 11 The Children's Place
- 12 Claire's Boutique
- 13 Coldwater Creek
- 14 DeWilde Art Glass
- 15 Desperado (Future)
- 16 The Duck Shop
- 17 Elegance Fine Furnishings
- 18 GameStop
- 19 Gap/Gap Kids
- 20 Helly Hansen
- 21 The Footpath (Future)
- 22 J. Jill
- 23 LA Weight Loss
- 24 Lahaina Galleries
- 25 Shops/LS Amphitheater Offices
- 26 Liberty Bank ATM
- 27 Liberty NW Insurance
- 28 Melika
- 29 Motherhood Maternity
- 30 Pacific Sunwear
- 31 Regal Cinemas
- 32 REI
- 33 Robert Scott Face/Body
- 34 Rocky Mountain Chocolate Factory
- 35 Salon Estilo
- 36 Saxon's Fine Jewelers
- 37 Sunglass Hut
- 38 Talbots
- 39 Tutto Bene (Future)
- 40 Ticket Mill
- 41 Vanilla Urban Threads
- 42 Victoria's Secret
- 43 Western Title
- 44 White House Black Market
- 45 Working Wonders Children's Museum
- 46 Anthony's Homeport Restaurant
- 47 Bella Cucina Italian Café
- 48 Ben & Jerry's Ice Cream
- 49 Greg's Grill
- 50 The Hottest Dog
- 51 Old Mill Martini Bar
- 52 Quizno's Subs
- 53 Red Robin



LaCenterra at Cinco Ranch – Katy, Texas



LaCenterra at Cinco Ranch – Katy, Texas

LaCenterra Summary:

Specialty Retail	282,168 sf
Restaurants/Lake-Side	30,000 sf
Restaurants/In-line	32,000 sf
Office/Professional	90,000 sf
Residential (250 units)	238,500 sf
Total Project	672,668 sf
Parking Spaces/Surface	832
Parking Spaces/Garage	1,714
Total Parking Spaces	2,546



LaCenterra at Cinco Ranch – Katy, Texas



	3 Mile Radius	5 Mile Radius	Immediate Trade Area	Primary Trade Area
Population				
Estimated Population (2006)	84,177	141,141	215,720	625,938
Projected Population (2011)	104,800	173,132	264,472	658,606
Historical Annual Change (1990-2000)	106%	77%	78%	56%
Projected Annual Change (2000-2007)	68%	52%	38%	36%
Households/Household Types				
Estimated Households	26,341	44,886	66,189	198,279
Average Household Size	3.2	3.14	3.11	3.13
Household Income				
Est. Average Household Income (2006)	\$116,873	\$112,165	\$101,372	\$87,777
Est. Median Household Income (2006)	\$100,799	\$95,820	\$87,193	\$75,457



LaCenterra at Cinco Ranch – Katy, Texas



LaCenterra at Cinco Ranch – Katy, Texas



APPENDIX C

CENTRAL ENTRANCE-MILLER HILL

AGGREGATE EXPENDITURE TABLES

Aggregate Expenditure Tables

PTA Duluth	2009	2010	2013	2015	2017	2020	% Annual Growth
Grocery Stores & Specialty Foods	\$133,222,592	\$137,184,732	\$148,370,205	\$156,300,432	\$164,637,661	\$178,043,811	2.64%
Pharmacy	\$95,262,212	\$101,180,310	\$119,996,270	\$134,474,696	\$150,704,747	\$178,751,387	5.85%
Alcohol & Tobacco	\$42,629,006	\$44,239,010	\$49,105,355	\$52,628,186	\$56,437,120	\$62,708,923	3.54%
Personal Services	\$15,506,509	\$16,206,370	\$18,447,450	\$20,065,596	\$21,869,384	\$24,942,054	4.41%
Department Stores	\$148,173,313	\$153,215,898	\$167,959,640	\$178,478,196	\$189,769,816	\$208,115,791	3.11%
Clothing Stores	\$42,517,849	\$43,976,204	\$48,226,905	\$51,220,074	\$54,408,911	\$59,701,725	3.10%
Shoe Stores	\$5,002,100	\$5,080,916	\$5,358,545	\$5,544,441	\$5,731,895	\$6,014,396	1.61%
Jewelry Stores	\$5,891,362	\$6,132,140	\$6,939,755	\$7,480,595	\$8,112,836	\$9,198,488	4.13%
Health & Beauty	\$64,804,982	\$69,380,784	\$84,243,355	\$95,927,630	\$109,258,737	\$132,758,947	6.70%
Home Furnishings & Accessories	\$24,621,447	\$25,667,386	\$28,725,315	\$30,890,457	\$33,244,991	\$37,147,740	3.76%
Home Electronics & Appliances	\$16,895,982	\$17,520,400	\$19,238,055	\$20,505,631	\$21,869,384	\$24,057,584	3.26%
Home Improvement & Gardening	\$8,614,727	\$8,935,404	\$9,750,795	\$10,472,833	\$11,199,241	\$12,294,133	3.31%
Books & Multimedia	\$12,171,776	\$12,527,086	\$13,615,975	\$14,345,141	\$15,255,659	\$16,628,036	2.89%
Sporting Goods & Outdoor Recreation	\$5,669,046	\$5,956,936	\$6,764,065	\$7,304,581	\$8,024,653	\$9,110,041	4.34%
Toys & Hobbies	\$5,446,731	\$5,694,130	\$6,236,995	\$6,776,539	\$7,319,189	\$8,137,124	3.75%
Miscellaneous Specialty Retail	\$5,168,836	\$5,343,722	\$5,885,615	\$6,248,497	\$6,613,725	\$7,164,207	3.14%
General Merchandise & Warehouse Stores	\$118,827,660	\$123,168,412	\$135,984,060	\$145,211,550	\$155,113,897	\$171,233,392	3.35%
Full-Service Restaurants	\$44,407,531	\$46,341,458	\$52,267,775	\$56,676,508	\$61,463,551	\$69,342,448	4.11%
Limited Service Restaurants	\$34,903,541	\$36,442,432	\$41,287,150	\$44,795,563	\$48,677,016	\$55,190,928	4.24%
Family Entertainment & Concessions	\$2,000,840	\$2,014,846	\$2,020,435	\$2,024,161	\$2,028,209	\$2,034,281	0.09%
Brew Pubs, Bars & Nightclubs	\$4,112,838	\$4,292,498	\$4,831,475	\$5,192,413	\$5,555,529	\$6,102,843	3.21%
Total Expenditure	\$835,850,882	\$870,501,074	\$975,255,190	\$1,052,563,720	\$1,137,296,151	\$1,278,678,279	3.98%

Aggregate Expenditure Tables

STA Rest of MSA	2009	2010	2013	2015	2017	2020	% Annual Growth
Grocery Stores & Specialty Foods	\$370,035,459	\$379,257,120	\$408,098,574	\$428,553,755	\$450,004,825	\$484,170,760	2.47%
Pharmacy	\$124,482,715	\$131,728,140	\$155,812,670	\$174,175,560	\$194,661,881	\$230,258,308	5.76%
Alcohol & Tobacco	\$112,839,471	\$116,550,360	\$128,568,778	\$137,330,730	\$146,599,510	\$161,513,452	3.31%
Personal Services	\$59,507,309	\$62,210,160	\$71,095,362	\$77,783,530	\$85,176,171	\$97,573,344	4.59%
Department Stores	\$180,256,069	\$185,693,580	\$203,396,180	\$216,044,685	\$229,363,284	\$251,140,482	3.06%
Clothing Stores	\$115,996,241	\$119,548,440	\$130,994,604	\$139,377,665	\$148,084,062	\$162,437,442	3.13%
Shoe Stores	\$14,314,228	\$14,615,640	\$15,114,762	\$15,445,055	\$15,773,365	\$16,262,224	1.19%
Jewelry Stores	\$15,868,316	\$16,489,440	\$18,660,200	\$20,469,350	\$22,268,280	\$25,317,326	4.35%
Health & Beauty	\$51,746,390	\$55,089,720	\$66,803,516	\$75,922,680	\$86,475,154	\$104,965,264	6.66%
Home Furnishings & Accessories	\$64,939,304	\$67,269,420	\$75,014,004	\$80,574,805	\$86,475,154	\$96,279,758	3.64%
Home Electronics & Appliances	\$44,811,870	\$46,282,860	\$50,755,744	\$53,964,650	\$57,526,390	\$63,016,118	3.15%
Home Improvement & Gardening	\$22,899,414	\$23,609,880	\$25,751,076	\$27,540,580	\$29,319,902	\$31,970,054	3.10%
Books & Multimedia	\$24,838,063	\$25,483,680	\$27,057,290	\$28,471,005	\$29,876,609	\$31,970,054	2.33%
Sporting Goods & Outdoor Recreation	\$13,259,712	\$13,866,120	\$15,674,568	\$17,119,820	\$18,556,900	\$21,066,972	4.31%
Toys & Hobbies	\$19,345,058	\$20,049,660	\$22,205,638	\$23,632,795	\$25,422,953	\$28,089,296	3.41%
Miscellaneous Specialty Retail	\$11,516,428	\$11,804,940	\$12,875,538	\$13,584,205	\$14,288,813	\$15,892,628	3.06%
General Merchandise & Warehouse Stores	\$335,578,107	\$346,465,620	\$381,414,488	\$406,409,640	\$433,118,046	\$476,594,042	3.23%
Full-Service Restaurants	\$122,440,252	\$127,418,400	\$143,496,938	\$155,194,890	\$167,939,945	\$189,048,354	4.02%
Limited Service Restaurants	\$95,191,388	\$99,124,020	\$111,587,996	\$120,769,165	\$131,011,714	\$147,838,400	4.09%
Family Entertainment & Concessions	\$4,458,718	\$4,497,120	\$4,478,448	\$4,466,040	\$4,453,656	\$4,435,152	-0.14%
Brew Pubs, Bars & Nightclubs	\$16,899,830	\$17,426,340	\$19,033,404	\$20,097,180	\$21,526,004	\$23,654,144	3.16%
Total Expenditure	\$1,821,224,343	\$1,884,480,660	\$2,087,889,778	\$2,236,927,785	\$2,397,922,618	\$2,663,493,574	3.56%

Aggregate Expenditure Tables

TTA Rest of DMA	2009	2010	2013	2015	2017	2020	% Annual Growth
Grocery Stores & Specialty Foods	\$242,438,553	\$248,775,109	\$268,907,775	\$283,195,380	\$298,307,263	\$322,551,621	2.63%
Pharmacy	\$178,043,733	\$188,816,936	\$225,186,500	\$253,416,072	\$285,191,653	\$340,430,778	6.07%
Alcohol & Tobacco	\$74,862,483	\$77,403,216	\$85,687,850	\$91,673,556	\$98,075,617	\$108,437,814	3.42%
Personal Services	\$25,141,084	\$26,387,460	\$30,414,800	\$33,428,733	\$36,723,708	\$42,299,469	4.82%
Department Stores	\$235,709,341	\$243,351,020	\$267,737,975	\$285,385,035	\$304,136,423	\$334,616,418	3.23%
Clothing Stores	\$65,235,971	\$67,434,620	\$74,428,525	\$79,411,488	\$84,668,549	\$93,320,478	3.30%
Shoe Stores	\$7,663,825	\$7,769,641	\$8,188,600	\$8,466,666	\$8,743,740	\$9,157,617	1.56%
Jewelry Stores	\$8,878,821	\$9,235,611	\$10,528,200	\$11,678,160	\$12,824,152	\$14,681,259	4.78%
Health & Beauty	\$121,219,276	\$129,738,345	\$158,946,575	\$181,887,342	\$208,101,012	\$254,814,327	6.98%
Home Furnishings & Accessories	\$43,646,416	\$45,298,473	\$50,593,850	\$54,449,421	\$58,583,058	\$65,556,909	3.77%
Home Electronics & Appliances	\$27,757,999	\$28,733,012	\$31,730,825	\$33,866,664	\$36,140,792	\$39,828,366	3.30%
Home Improvement & Gardening	\$16,168,801	\$16,712,058	\$18,424,350	\$19,560,918	\$20,839,247	\$22,966,722	3.21%
Books & Multimedia	\$12,710,734	\$13,047,133	\$13,891,375	\$14,451,723	\$15,155,816	\$16,425,567	2.40%
Sporting Goods & Outdoor Recreation	\$8,691,899	\$9,089,014	\$10,381,975	\$11,240,229	\$12,241,236	\$13,954,464	4.31%
Toys & Hobbies	\$9,346,128	\$9,675,402	\$10,528,200	\$11,386,206	\$12,241,236	\$13,518,387	3.52%
Miscellaneous Specialty Retail	\$8,691,899	\$8,942,417	\$9,797,075	\$10,364,367	\$10,929,675	\$12,210,156	3.20%
General Merchandise & Warehouse Stores	\$202,997,894	\$209,926,904	\$232,205,300	\$248,452,854	\$265,809,696	\$294,061,257	3.43%
Full-Service Restaurants	\$73,647,486	\$76,670,231	\$86,565,200	\$93,863,211	\$102,010,300	\$115,415,046	4.20%
Limited Service Restaurants	\$56,170,227	\$58,492,203	\$66,239,925	\$71,820,684	\$77,965,015	\$88,232,913	4.20%
Family Entertainment & Concessions	\$3,084,222	\$3,078,537	\$3,070,725	\$3,065,517	\$3,060,309	\$3,052,539	-0.08%
Brew Pubs, Bars & Nightclubs	\$6,448,828	\$6,596,865	\$7,457,475	\$8,028,735	\$8,598,011	\$9,448,335	3.35%
Total Expenditure	\$1,428,555,619	\$1,485,174,207	\$1,670,913,075	\$1,809,092,961	\$1,960,346,508	\$2,214,980,442	4.15%

APPENDIX D

POTENTIAL TENANTS FOR STUDY AREA

(Excludes tenants that could locate in Downtown Duluth)

Detailed contact info for each retailer was included on accompanying Excel file.

Target Tenants

Chain	Parent Chain	Gross Leasable Area		Retail Category	Web	Required Frontage (ft)
	Store Count	(GLA) Min.	GLA Max			
2nd Wind Exercise Equipment Inc.	91	3,000	5,000	Sporting Goods & Outdoor Recreation	www.2ndwindexercise.com	50
3 Day Blinds	187	1,600	2,000	Home Furnishings & Accessories	www.3day.com	20
84 Lumber	475	16,000	21,400	Home Improvement & Gardening	www.84lumber.com	0
Ace Hardware Corporation	4,600	10,000	20,000	Home Improvement & Gardening	www.acehardware.com	80
Advance Auto Parts, Inc.	3,000	-	7,000	N/A	www.advance-auto.com	0
Aerosoles	127	1,500	2,000	Shoe Stores	www.aerosoles.com	25
After Hours Formalwear	510	1,200	1,400	Clothing Stores	www.afterhours.com	20
A'gaci Too	32	4,000	20,000	Clothing Stores	www.agacistore.com	40
Aldi USA, Inc.	821	10,000	15,000	Grocery & Specialty Foods	www.aldifoods.com	0
ALLTEL Communications	1,200	-	1,600	Home Electronics & Appliances	www.alltel.com	20
AMF Bowling Worldwide, Inc.	356	30,000	40,000	Family Entertainment & Concessions	www.amf.com	0
Andersons Formal Wear	24	800	1,200	Clothing Stores	www.andersonsformalwear.com	0
Apple Computer, Inc.	124	750	6,000	Home Electronics & Appliances	www.apple.com/retail	0
Appliance Recycling Centers of America, Inc.	11	30,000	58,800	Home Electronics & Appliances	www.arcainc.com	0
Archiver's, Inc.	31	-	6,500	Toys & Hobbies	www.archiversonline.com	55
Ashcraft & Oak	82	-	1,500	Jewelry	www.rogersandhollands.com	30
Ashley Furniture Industries Inc.	293	10,000	12,500	Home Furnishings & Accessories	www.ashleyfurniture.com	0
Aurelio's Pizza, Inc.	41	2,000	4,000	Full Service Restaurants	www.aureliospizza.com	0
Auto Stop Stores	40	-	4,000	N/A		0
Auto Value	93	3,000	6,000	N/A	www.800autotalk.com	0
AutoPlace	4,000	4,500	5,000	N/A	www.carquest.com	0
AutoZone	3,864	5,400	8,000	N/A	www.autozone.com	60
Avanza	26	20,000	55,000	Grocery & Specialty Foods	www.nashfinch.com	0
Aveda Corporation	128	1,000	1,200	Health & Beauty	www.aveda.com	0
Avon Products, Inc.	75	140	150	Health & Beauty	www.avon.com	0
B.J. Alan Co., Inc.	50	-	8,000		www.fireworks.com	0
Bachrach Clothing	34	4,800	5,000	Clothing Stores	www.bachrach.com	35
Bakers	260	-	1,800	Shoe Stores	www.bakersshoes.com	0
Banana Republic	2,875	2,750	35,000	Clothing Stores	www.gapinc.com	0
Bandana's Bar-B-Q MO, LLC	19	4,000	5,000	Full Service Restaurants	www.bandanasbbq.com	0
Bang & Olufsen America, Inc.	47	-	1,500	Home Electronics & Appliances	www.bang-olufsen.com	25
Bari Management, Inc.	77	4,000	7,400		www.barimgmt.com	0
Bass	700	3,500	9,000	Clothing Stores	www.pvh.com	0
Batteries Plus, LLC	279	1,500	2,000	Home Electronics & Appliances	www.batteriesplus.com	20
Bauer Built, Inc.	36	2,000	10,000	N/A	www.bauerbuilt.com	0
bebe	256	1,000	5,000	Clothing Stores	www.bebe.com	0
Beef O'Brady's	217	2,600	3,400	Full Service Restaurants	www.beefobradys.com	0
Bellisio's Italian Restaurant & Wine Bar	11	6,000	7,000	Full Service Restaurants	www.grandmasrestaurants.com	0
Ben Pao	53	5,000	9,000	Full Service Restaurants	www.leye.com	0
BFS Retail & Commercial Operations, LLC	2,250	-	8,000	N/A	www.bfmastercare.com	150
Biaggi's Ristorante Italiano	19	-	9,500	Full Service Restaurants	www.biaggis.com	0
Big Lots, Inc.	1,400	20,000	45,000	N/A	www.biglots.com	120
Bioscrip	37	-	2,000	Pharmacy	www.bioscrip.com	0
Blockbuster, Inc.	6,270	4,000	5,000	Personal Services	www.blockbuster.com	50
BombayKIDS	453	4,500	5,000	Home Furnishings & Accessories	www.bombayco.com	0
Bon Vie	58	5,000	10,000	Full Service Restaurants	www.bestitalianusa.com	0
Book World, Inc.	44	2,500	3,000	Books & Multimedia	www.bookworldstores.com	0
Boston Pizza Restaurants, LP	42	-	7,200	Full Service Restaurants	www.bostonsgourmet.com	0
Broadway Stations Restaurants Inc.	14	2,500	3,000	Full Service Restaurants	www.broadwaypizza.com	0

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min. GLA Max		Retail Category	Web	Required Frontage (ft)
Brunswick Bowling & Billiards	106	50,000	60,000	Family Entertainment & Concessions	www.brunswickbowling.com	0
Bubba Gump Shrimp Co.	27	6,000	8,000	Full Service Restaurants	www.bubbagump.com	0
Buca di Beppo	93	700	7,500	Full Service Restaurants	www.bucainc.com	0
Buck's Pizza Franchising Corporation, Inc.	78	-	1,500	Full Service Restaurants	www.buckspizza.com	0
Butterfly Life	52	2,000	4,000	Health & Beauty	www.butterflylife.com	0
C & B Warehouse Distributing, Inc.	11	-	1,750	N/A		0
Cabela's, Inc.	18	50,000	250,000	Sporting Goods & Outdoor Recreation	www.cabelas.com	0
Cache	293	1,800	2,000	Clothing Stores	www.cache.com	30
Calico Corners	116	5,000	6,000	Specialty Retail	www.calicocorners.com	0
California Closets	100	300	1,000	Home Improvement & Gardening	www.calclosets.com	0
Camille's Sidewalk Cafe	78	1,500	3,000	Limited Service Restaurants	www.camillescafe.com	30
Car Wash Partners, Inc.	39	10,000	16,000		www.mistercarwash.com	0
Carbone's Pizza, Inc.	32	-	2,000	Full Service Restaurants	www.carbonespizzeria.com	0
CardSmart Retail Corporation	156	2,000	4,000	Specialty Retail	www.cardsmart.com	20
Carlton Cards	500	1,800	2,500	Specialty Retail	www.carltoncards.com	20
Carmike Cinemas	307	45,000	115,000	Family Entertainment & Concessions	www.carmike.com	0
Carter's, Inc.	200	-	4,000	Clothing Stores	www.carters.com	40
Car-X	435	-	5,000	N/A	www.tuffy.com	110
Casey's General Stores, Inc.	1,348	-	2,375	N/A	www.caseys.com	0
Cash-N-Pawn	12	5,000	8,000	N/A	www.cashnpawn.com	0
Casual Male Big & Tall/Casual Male XL	505	3,000	5,000	Clothing Stores	www.casualmale.com	30
CB2	154	6,000	40,000	Home Furnishings & Accessories	www.crateandbarrel.com	0
CEC Entertainment, Inc.	507	10,000	12,500	Family Entertainment & Concessions	www.chuckecheese.com	0
Cenex	850	2,000	4,000	N/A	www.cenex.com	0
Chao Cajun	63	-	800	Limited Service Restaurants	www.foodsystemsunlimited.com	20
Charley's Crab	180	5,000	16,000	Full Service Restaurants	www.landryseafood.com	0
Chico's FAS, Inc.	897	2,500	4,000	Clothing Stores	www.chicos.com	30
China Max	200	600	800	Limited Service Restaurants	www.magicwokmanagement.com	0
CiCi Enterprises Inc.	600	4,200	4,500	Full Service Restaurants	www.cicispizza.com	0
Cinemark Holdings, Inc.	399	10,000	100,000	Family Entertainment & Concessions	www.cinemark.com	0
Cingular Wireless	2,100	1,200	3,000	Personal Services	www.cingular.com	0
Claddagh Development Group, LLC	17	-	8,000	Full Service Restaurants	www.claddaghirishpubs.com	0
Clarks	170	1,200	3,000	Shoe Stores	www.clarksna.com	30
Club Libby Lu, LLC	87	1,400	1,700	Clothing Stores	www.clublibbylu.com	20
Club Monaco	288	-	3,000	Clothing Stores	www.polo.com	0
Coach House Gifts	125	3,000	5,000	Specialty Retail	www.coachhousegifts.net	30
Coach Inc.	304	2,500	4,200	Specialty Retail	www.coach.com	0
Coborn's, Inc.	70	4,000	68,000	Grocery & Specialty Foods	www.cobornsinc.com	0
Cole Haan Holdings Inc.	82	3,000	4,000	Shoe Stores	www.colehaan.com	30
Colorado Trunk & Case Inc.	33	800	2,000	Specialty Retail	www.coloradobaggage.com	20
Computer Renaissance	72	1,600	2,200	Home Electronics & Appliances	www.compren.com	0
Consolidated Lumber Co.	14	-	43,000	Home Improvement & Gardening	www.abc-clc.com	0
Consumer Pulse, Inc.	17	900	2,500		www.consumerpulse.com	10
Contours Express, Inc.	450	1,500	2,500	Health & Beauty	www.contoursexpress.com	0
Cooper & Co., Inc.	216	160	200	Jewelry	www.dakotawatchco.com	0
CORT Furniture Rental	205	2,500	12,000	Home Furnishings & Accessories	www.cort1.com	42
Costco Home	490	100,000	160,000	General Merchandisers & Warehouse Clubs	www.costco.com	0
Cottman Transmissions	1,100	2,500	5,500	N/A	www.aamco.com	0
Country Clutter Gifts	48	1,000	2,000	Home Furnishings & Accessories	www.apricotlane.franchise.com	20
Country Kitchen International	145	-	4,150	Full Service Restaurants	www.countrykitchenrestaurants.c	0

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min. GLA Max		Retail Category	Web	Required Frontage (ft)
Cracker Barrel Old Country Store	552	-	9,900	Full Service Restaurants	www.crackerbarrel.com	0
Creative Kidstuff Inc.	12	-	4,000	Toys & Hobbies	www.creativekidstuff.com	25
Crown Coco, Inc.	15	2,000	3,500	N/A		0
CSO	336	2,300	7,500	Clothing Stores	www.debshops.com	0
Culver Franchising System Inc.	350	-	5,200	Limited Service Restaurants	www.culvers.com	0
Curves For Women	10,000	1,000	1,500	Health & Beauty	www.curvesforwomen.com	0
Damon's International, Inc.	120	5,800	6,800	Limited Service Restaurants	www.damons.com	0
Dan's Fan City, Inc.	55	1,200	1,400	Home Furnishings & Accessories	www.dansfancity.com	0
Davanni's Pizza & Hot Hoagies	21	-	4,200	Full Service Restaurants	www.davannis.com	0
David's Bridal	256	-	10,650	Clothing Stores	www.davidsbridal.com	80
dELIA*s	74	-	3,500	Clothing Stores	www.delias.com	0
Dell Inc.	140	200	3,000	Home Electronics & Appliances	www.dell.com	0
Denny's Classic Diner	1,559	3,200	4,750	Full Service Restaurants	www.dennys.com	0
Design Within Reach	64	1,500	5,200	Home Furnishings & Accessories	www.dwr.com	0
Details	500	600	6,000	_AIRPORT RETAIL	www.theparadiesshops.com	0
Diamond Dave's Taco Company, Inc.	21	2,000	3,000	Full Service Restaurants	www.diamonddaves.com	0
Diamond Jim	200	2,000	2,500	Family Entertainment & Concessions	www.namcoarcade.com	30
Diamond Vogel Paint & Wax, Inc.	80	2,000	2,500	Home Improvement & Gardening	www.diamondvogel.com	0
Dick's Sporting Goods, Inc.	294	50,000	60,000	Sporting Goods & Outdoor Recreation	www.dickssportinggoods.com	0
Direct Buy, Inc.	133	5,500	7,000	Home Furnishings & Accessories	www.directbuy.net	0
Discount Tire Co. Inc.	635	5,000	10,000	N/A	www.tires.com	0
Discovery Commerce	120	1,500	35,000	Toys & Hobbies	www.discovery.com	0
DK Enterprises Inc.	100	-	1,200	Specialty Retail		0
Dollar Discount Stores of America, Inc.	150	3,500	5,000	General Merchandisers & Warehouse Clubs	www.dollardiscount.com	0
Driven Brands, Inc.	1,100	2,800	5,000	N/A	www.meineke.com	0
Dry Ice, LLC	39	2,400	2,800	Home Furnishings & Accessories		0
Duckwall-ALCO Stores, Inc.	253	4,900	22,300	General Merchandisers & Warehouse Clubs	www.duckwall.com	0
Dueber's	26	7,000	8,000	General Merchandisers & Warehouse Clubs		0
Dunham's Athleisure Corp.	125	20,000	50,000	Sporting Goods & Outdoor Recreation	www.dunhamssports.com	110
Duxiana	34	-	1,500	Home Furnishings & Accessories	www.duxbed.com	0
E & G Franchise Systems, Inc.	45	-	1,500	Limited Service Restaurants	www.erbertaindgerberts.com	0
EB Games	4,042	1,000	2,000	Toys & Hobbies	www.gamestop.com	20
Elizabeth Arden Spas, LLC	29	1,000	7,500	Health & Beauty	www.reddoorsalons.com	0
Embers America	26	-	5,500	Full Service Restaurants	www.embersamerica.com	0
Erickson Oil Products, Inc.	66	-	3,000	N/A	www.freedomvalu.com	0
Escada USA, Inc.	31	3,500	6,000	Clothing Stores	www.escada.com	50
Ethan Allen Interiors Inc.	307	6,000	35,000	Home Furnishings & Accessories	www.ethanallen.com	100
Etienne Aigner Group, Inc.	60	2,500	3,000	Specialty Retail	www.etienneaigner.com	25
Everything But Water, Inc.	35	1,200	2,500	Clothing Stores	www.everythingbutwater.com	20
Exact Eye Care	14	-	2,500	Specialty Retail	www.exacteyecare.com	0
Express/Express Men's	658	10,000	12,000	Clothing Stores	www.expressfashion.com	0
Eye Dr. Rx	378	2,300	6,100	Specialty Retail	www.ecca.com	0
Famous Dave's BBQ	136	6,000	7,000	Full Service Restaurants	www.famousdaves.com	0
Famous Labels Inc.	14	6,000	25,000	Clothing Stores		0
Famous Uncle Al's Hot Dogs	326	1,000	7,000	Limited Service Restaurants	www.ufsi.net	0
Fashion XXI	390	6,000	35,000	Clothing Stores	www.forever21.com	45
Fast Frame USA, Inc.	314	1,200	1,500	Home Furnishings & Accessories	www.fastframe.com	20
Fazoli's Restaurants	318	-	3,500	Full Service Restaurants	www.fazolis.com	140
Field of Dreams	29	1,000	1,800	Toys & Hobbies	www.fieldofdreams.com	0
Figaro's Italian Pizza, Inc.	104	1,000	1,500	Limited Service Restaurants	www.figaros.com	25

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA)		Retail Category	Web	Required Frontage (ft)
		Min.	Max			
Flash Digital Portraits	18	2,000	4,000	Personal Services	www.flashportraits.com	0
Flat Top Grill	10	4,000	4,500	Full Service Restaurants	www.flattopgrill.com	40
Fleming's Prime Steakhouse & Wine Bar	24	5,500	7,500	Full Service Restaurants	www.outback.com	200
Floors to Go	800	7,000	8,000	Home Furnishings & Accessories	www.abbeycarpet.com	0
Florsheim	29	1,200	2,500	Shoe Stores	www.weycogroup.com	0
Flowerama Of America, Inc.	110	1,800	3,000		www.flowerama.com	0
Food-N-Fuel	10	-	2,000	N/A	www.curtisoil.com	0
Fossil	115	1,600	5,000	Clothing Stores	www.fossil.com	25
Francesca's Collection	64	1,100	1,200	Clothing Stores	www.francescascollection.net	0
Franklin Covey Co.	110	-	1,900	Specialty Retail	www.franklincovey.com	25
Fred Meyer Jewelers, Inc.	439	1,200	1,500	Jewelry	www.fredmeyerjewelers.com	22
Frederick's of Hollywood Stores, Inc.	140	2,500	3,000	Clothing Stores	www.fredericks.com	30
Friday's American Bar	879	2,500	7,200	Full Service Restaurants	www.crww.com	0
Friends 2B Made	240	1,500	3,000	Family Entertainment & Concessions	www.buildabear.com	30
Fullerton Lumber Company	13	5,000	6,000	Home Improvement & Gardening		0
FYE - For Your Entertainment	1,100	1,800	20,000	Books & Multimedia	www.twec.com	0
Galardi Group Franchise & Leasing, Inc.	458	1,400	2,400	Limited Service Restaurants	www.wienerschnitzel.com	100
Geerlings & Wade, Inc.	15	-	3,000	Alcohol & Tobacco	www.geerwade.com	0
Genuine Parts Co.	5,800	5,000	7,000	N/A	www.genpt.com	130
Georgiou Retail Stores	26	1,500	3,000	Clothing Stores	www.georgioustudio.com	25
Glamour Shots Licensing, Inc.	86	800	1,500	Personal Services	www.glamourshots.com	0
Glik Stores	57	4,000	15,000	Clothing Stores	www.gliks.com	40
Godfather's Pizza, Inc.	570	3,600	4,000	Limited Service Restaurants	www.godfathers.com	0
Golden Corral Corp.	478	7,780	11,518	Full Service Restaurants	www.goldencorral.net	200
Gold's Gym	582	18,000	50,000	Health & Beauty	www.goldsgym.com	0
Golf Etc. of America, Inc.	70	2,500	4,000	Sporting Goods & Outdoor Recreation	www.golftetc.com	0
Golf Galaxy	65	16,000	18,000	Sporting Goods & Outdoor Recreation	www.golfgalaxy.com	0
Golf USA, Inc.	113	2,500	7,000	Sporting Goods & Outdoor Recreation	www.golfusa.com	0
Golfsmith International Holdings, Inc.	53	10,000	30,000	Sporting Goods & Outdoor Recreation	www.golfsmith.com	125
Gordmans, Inc.	62	50,000	60,000	General Merchandisers & Warehouse Clubs	www.gordmans.com	0
Gramma's Kitchen	16	8,000	22,000	Full Service Restaurants	www.hoari.com	0
Granite City Food & Brewery Ltd.	18	-	10,000	Full Service Restaurants	www.gcfb.net	0
Great Clips, Inc.	2,567	-	1,200	Personal Services	www.greatclips.com	15
Great Feet	303	1,000	2,000	Shoe Stores	www.strideritecorporation.com	25
Green Mill Restaurants Inc.	35	7,500	8,500	Full Service Restaurants	www.greenmill.com	0
Greenway Cooperative Services	21	-	1,800	N/A	www.greenway.coop	0
Guess?	323	-	5,000	Clothing Stores	www.guess.com	40
Guitar Center, Inc.	197	12,000	20,000	Specialty Retail	www.guitarcenter.com	85
Gym Consulting, Inc.	165	2,000	3,000	Family Entertainment & Concessions	www.my-gym.com	0
H & M Hennes & Mauritz LP	118	8,000	20,000	Clothing Stores	www.hm.com	0
H.E. Everson Company	12	2,000	3,000	N/A		50
Haggar Clothing Co.	86	3,000	3,500	Clothing Stores	www.haggar.com	27
Half Price Books, Records & Magazines, Inc.	88	8,000	10,000	Books & Multimedia	www.halfpricebooks.com	70
Hamburger Mary's International, LLC	11	-	4,500	Full Service Restaurants	www.hamburgermarys.net	0
Hancock Fabrics, Inc.	405	12,500	15,000	Specialty Retail	www.hancockfabrics.com	80
Handy Andy	3,839	1,200	3,000	N/A	www.circlek.com	0
hanna	15	3,000	4,000	Clothing Stores	www.hannandersson.com	0
Happy Chef	23	-	4,000	Full Service Restaurants	www.happychef.com	0
Happy Joe's Pizza & Ice Cream Parlors, Inc.	63	3,500	5,700	Limited Service Restaurants	www.happyjoes.com	0
Harbor Freight Tools USA, Inc.	254	12,000	15,000	Home Improvement & Gardening	www.harborfreight.com	0

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min.	GLA Max	Retail Category	Web	Required Frontage (ft)
Harks Co.	11	-	2,000	N/A		0
Harry and David Holdings, Inc.	135	2,100	2,500	Grocery & Specialty Foods	www.harryanddavid.com	25
Hartstring's	30	-	2,500	Clothing Stores	www.hartstrings.com	0
Haskells Inc.	11	-	7,000	Alcohol & Tobacco	www.haskells.com	0
HDOS Enterprises	110	500	700	Limited Service Restaurants	www.hotdogonastick.com	15
Hemenway's Seafood Grille & Oyster Bar	325	5,500	8,500	Full Service Restaurants	www.rarehospitality.com	100
Hemispheres	416	23,000	70,000	Toys & Hobbies	www.hobbylobby.com	0
Hij/LO	1,628	6,300	6,800	N/A	www.oreillyauto.com	60
Hirshfield's, Inc.	31	3,000	7,500	Home Furnishings & Accessories	www.hirshfields.com	40
HMS Host	207	800	1,000		www.hmshost.com	0
HobbyTown USA	185	3,000	7,000	Toys & Hobbies	www.hobbytown.com	0
Holiday Stationstores	399	-	3,850	N/A	www.holidaystationstores.com	0
Hollco, Inc.	10	-	2,200	N/A		0
Home Again	120	-	2,800	Home Furnishings & Accessories	www.welcomehomestores.com	0
HoneyBaked Ham	450	2,200	2,600		www.honeybaked.com	0
Hooters of America, Inc.	401	4,000	4,500	Full Service Restaurants	www.hooters.com	0
Hot Stuff Foods, LLC	1,600	700	1,000	Limited Service Restaurants	www.hotstufffoods.com	17
Houlihan's	103	-	6,000	Full Service Restaurants	www.houlihans.com	0
HuHot Mongolian Grills, LLC	17	-	5,000	Full Service Restaurants	www.huhot.com	0
Huntington Learning Center	300	1,700	2,000	N/A	www.huntingtonlearning.com	20
Hy-Vee, Inc.	225	2,000	42,877		www.hy-vee.com	0
ICI Paints	700	4,000	8,000	Home Improvement & Gardening	www.icipaintsinna.com	20
Independent Owners Cooperative, LLC	54	5,000	6,000	Full Service Restaurants	www.groundround.com	200
Inter City Oil Co., Inc.	23	-	1,800	N/A		0
International Dairy Queen, Inc.	5,909	500	1,200	Limited Service Restaurants	www.idq.com	20
Interstate All Battery Center	30	-	2,000	Home Electronics & Appliances	www.interstatebatteries.com	30
Interstate Bakeries Corp.	47	-	2,000	Limited Service Restaurants	www.interstatebakeriescorp.com	0
Iridesse	65	1,000	5,000	Jewelry	www.tiffany.com	0
Island Carousel, Inc.	32	500	1,000	Family Entertainment & Concessions	www.islandcarousel.com	0
iSold It LLC	192	1,200	2,000		www.i-soldit.com	0
It's Fashion!	1,273	3,000	5,000	Clothing Stores	www.catocorp.com	40
J.C. Collins	30	2,000	2,500	Home Furnishings & Accessories	www.sportsavenue.com	0
Janeville	709	1,800	3,000	Clothing Stores	www.gymboree.com	25
Jared The Galleria of Jewelry	1,305	1,200	5,500	Jewelry	www.signetgroupplc.com	0
Jenny Craig International	544	1,800	2,000	Personal Services	www.jennycraig.com	20
Jersey Mike's Franchise Systems, Inc.	320	1,200	1,400	Limited Service Restaurants	www.jerseymikes.com	20
Jessica McClintock, Inc.	41	1,500	2,000	Clothing Stores	www.jessicamcclintock.com	25
Jimmy'Z	742	-	3,500	Clothing Stores	www.aeropostale.com	30
Jo-Ann etc	814	14,000	35,000	Specialty Retail	www.joann.com	150
Jody Maroni's Sausage Kingdom	20	1,800	3,000	Limited Service Restaurants	www.jodymaroni.com	0
Joey's Seafood & Grill USA	121	3,200	3,600	Full Service Restaurants	www.joeyseafood.com	45
Jones Apparel Group, Inc.	1,072	1,100	3,500	Clothing Stores	www.jny.com	0
Kaehler Travelworks	17	-	2,000	Specialty Retail	www.worldtraveler.com	0
Karl's TV & Appliance	19	3,000	16,000	Home Furnishings & Accessories		0
Kath Fuel Oil Co.	18	1,000	2,000	N/A	www.kathfuel.com	0
Kato, Inc.	10	-	2,100	N/A		0
KB Toys, Inc.	600	3,000	5,000	Toys & Hobbies	www.kbtoys.com	35
Kiddie Koncepts, Inc.	200	150	350	Family Entertainment & Concessions		0
Kirkland's, Inc.	347	4,200	5,000	Home Furnishings & Accessories	www.kirklands.com	40
Koret	65	-	2,500	Clothing Stores	www.koretsf.com	25

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min. GLA Max		Retail Category	Web	Required Frontage (ft)
Kowalski's	10	15,000	85,000	Grocery & Specialty Foods	www.kowalskis.com	0
Kragen Auto Parts	1,184	-	7,290	N/A	www.cskauto.com	60
Krist Oil Co.	68	2,400	4,000	N/A	www.kristoil.com	0
Kum & Go, L.C.	450	-	3,300	N/A	www.kumandgo.com	0
Kwik Trip, Inc.	366	-	3,000	N/A	www.kwiktrip.com	0
La Petite Academy	616	-	10,000	N/A	www.lapetite.com	0
Lakeshore Learning Materials	39	7,000	8,000	Toys & Hobbies	www.lakeshorelearning.com	0
Lampert Yards, Inc.	38	-	35,000	Home Improvement & Gardening	www.lampertyards.com	0
Landmark Theatre	68	15,000	30,000	Family Entertainment & Concessions	www.landmarktheatres.com	0
Lands' End	15	-	10,000	Clothing Stores	www.landsend.com	0
La-Z-Boy Inc.	329	15,519	20,479	Home Furnishings & Accessories	www.lazboy.com	130
Le Gourmet Chef, Inc.	77	-	5,000	Home Furnishings & Accessories	www.legourmetchef.com	0
Learning Care Group, Inc.	470	9,000	11,000	N/A	www.learningcaregroup.com	200
Lee Myles Transmission	100	3,000	3,500	N/A	www.leemyles.com	0
Leeann Chin Inc.	36	2,600	3,200	Limited Service Restaurants	www.leeannchin.com	40
Lego	21	2,500	5,000	Family Entertainment & Concessions	www.lego.com	0
Lewis Family Drug	24	10,000	40,000	Pharmacy	www.lewisdrug.com	0
Life Time Fitness	59	-	110,000	Health & Beauty	www.lifetimefitness.com	0
Life Uniform	198	1,800	2,500	Clothing Stores	www.lifeuniform.com	21
Limited Too	731	3,500	5,000	Clothing Stores	www.limitedtoo.com	0
Linens 'N Things	555	28,000	32,000	Home Furnishings & Accessories	www.lnt.com	140
Little Caesars Enterprises Inc.	2,700	1,200	1,600	Limited Service Restaurants	www.littlecaesars.com	20
London Fog Industries, Inc.	30	-	4,500	Clothing Stores	www.londonfog.com	0
Love From The USA	24	1,200	2,000	Specialty Retail	www.lovefromtheusa.com	20
Love's Travel Stops & Country Stores, Inc.	189	-	8,000	N/A	www.loves.com	350
Lucy activewear, inc.	42	-	2,200	Clothing Stores	www.lucy.com	0
Lund Food Holdings, Inc.	23	42,000	65,000	Grocery & Specialty Foods	www.lundsmarket.com	0
LVMH - The Fashion Group	115	1,500	3,500		www.vuitton.com	0
M & H	22	1,500	3,000	N/A		0
M.G.M. Liquor Stores, Inc.	44	-	6,500	Alcohol & Tobacco		0
Maaco Enterprises, Inc.	500	8,000	10,000	N/A	www.maaco.com	100
MAC Cosmetics	90	1,300	1,600	Health & Beauty	www.maccosmetics.com	0
Macy's West	169	190,000	250,000	Department stores	www.macys.com	0
Maggie Bluff's	16	-	9,000	Full Service Restaurants	www.r-u-i.com	0
Magic Years	730	9,000	10,000	N/A	www.knowledgelearning.com	0
Maidenform Brands, Inc.	77	-	2,600	Clothing Stores	www.maidenform.com	25
Manchu Wok, Inc.	203	400	600	Limited Service Restaurants	www.manchuwok.com	18
Mann Theatres, Inc.	11	20,000	85,000	Family Entertainment & Concessions	www.manntheatresmn.com	0
Marcus Theatres Corporation	43	67,000	80,000	Family Entertainment & Concessions	www.marcustheatres.com	0
Marie Callender's	618	4,200	6,000	Full Service Restaurants	www.perkinsrestaurants.com	0
MarineMax, Inc.	85	10,000	20,000	N/A	www.marinemax.com	0
Martin + Osa	913	5,500	8,500	Clothing Stores	www.ae.com	45
Martin Franchises, Inc.	395	1,600	4,000	Personal Services	www.martinizing.com	19
Massage Envy, LLC	119	2,500	3,500	Personal Services	www.massageenvy.com	30
Mattress Giant Corporation	258	4,000	6,000	Home Furnishings & Accessories	www.mattressgiant.com	50
Mattress Value	12	-	3,500	Home Furnishings & Accessories	www.mattressvalue.com	0
Max & Erma's Restaurants, Inc.	100	5,500	7,000	Full Service Restaurants	www.maxandermas.com	200
Max Muscle Sports Nutrition	110	-	3,000	Specialty Retail	www.maxmusclefranchise.com	0
Maynard's Food Centers, Inc.	16	2,000	8,000			0
MC Sporting Goods	77	-	13,500	Sporting Goods & Outdoor Recreation	www.mcspports.com	80

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA)		Retail Category	Web	Required Frontage (ft)
		Min.	Max			
Medicap Pharmacies, Inc.	182	-	2,500	Pharmacy	www.medicaprx.com	0
MetroPark USA, Inc.	24	1,000	5,000	Clothing Stores	www.metroparkusa.com	0
MGW Group, Inc.	240	1,200	1,500	Limited Service Restaurants	www.cookiebouquet.com	0
Michaels	1,103	5,800	38,000	Toys & Hobbies	www.michaels.com	0
Micro Electronics, Inc.	20	28,000	35,000	Home Electronics & Appliances	www.microcenter.com	0
Midas Auto Service Experts	1,800	4,500	5,000	N/A	www.midasinc.com	100
Mikasa, Inc.	160	5,000	6,000	Home Furnishings & Accessories	www.mikasa.com	50
Milio's Sandwiches	34	-	2,500	Limited Service Restaurants	www.milios.com	0
Mills Fleet Farm	30	200,000	250,000	Home Improvement & Gardening	www.fleetfarm.com	0
Moto Mart	70	-	2,000	N/A	www.motomart.net	0
Movie Brands Inc.	70	-	4,000	Personal Services		0
Movie Gallery, Inc.	4,749	3,000	5,000	Personal Services	www.moviegallery.com	40
Music Trader	300	1,500	2,500	Books & Multimedia	www.cdwarehouse.com	25
My Girlfriend's Kitchen, Inc.	52	1,500	2,000		www.mgfk.com	20
NASCAR Silicon Motor Speedway	25	3,000	4,000	Family Entertainment & Concessions	www.smsonline.com	40
Naturalizer	290	1,200	2,500	Shoe Stores	www.naturalizeronline.com	25
Nevada Bob's Golf	59	4,000	12,000	Sporting Goods & Outdoor Recreation	www.nevadabobs.com	0
New York & Company	500	6,000	8,000	Clothing Stores	www.nyandcompany.com	0
Nick-n-Willy's Take-n-Bake Pizza	70	-	1,200	Full Service Restaurants	www.nicknwillyspizza.com	20
Northern Tool & Equipment	53	5,000	10,000	Home Improvement & Gardening	www.northerntool.com	0
Norwalk - The Furniture Idea	67	-	4,500	Home Furnishings & Accessories	www.norwalkfurnitureidea.com	50
NuWay Cooperative	13	1,000	4,000	N/A	www.nuwaycoop.com	0
O'Charley's	237	7,000	10,000	Full Service Restaurants	www.ocharleys.com	0
Old Country Buffet	360	9,000	11,000	Full Service Restaurants	www.buffet.com	80
Omaha Steaks	75	1,000	1,200	Grocery & Specialty Foods	www.omahasteaks.com	20
Once Upon A Child	820	2,500	3,500	Specialty Retail	www.winmarkcorporation.com	25
Only \$1.00	3,175	10,000	15,000	General Merchandisers & Warehouse Clubs	www.dollartree.com	75
Orton Oil Co.	15	-	1,500	N/A	www.ortonoil.com	0
OshKosh B'Gosh, Inc.	158	4,000	6,000	Clothing Stores	www.oshkoshbgosh.com	0
P.F. Chang's China Bistro, Inc.	260	3,000	7,500	Full Service Restaurants	www.pfchangs.com	0
PA Acquisition Corp.	266	3,000	10,000	Specialty Retail	www.partyamerica.com	0
Paiva	704	4,000	6,000	Sporting Goods & Outdoor Recreation	www.thefinishline.com	0
Pak Mail Centers of America, Inc.	413	1,000	1,300	Personal Services	www.pakmail.com	0
Pamida, Inc.	217	-	35,000	General Merchandisers & Warehouse Clubs	www.pamida.com	0
Pancharos, Inc.	45	-	3,000	Full Service Restaurants	www.pancharos.com	0
Panda Inn	937	800	2,600	Limited Service Restaurants	www.pandarg.com	21
Panera Bread Company	971	4,200	5,000	Limited Service Restaurants	www.panera.com	40
Papa John's International Inc.	3,015	1,100	1,500	Limited Service Restaurants	www.papajohns.com	0
Papa Murphy's International, Inc.	890	1,200	1,800	Limited Service Restaurants	www.papamurphys.com	20
Papyrus Franchise Corporation	150	1,000	1,200	Specialty Retail	www.papyrusonline.com	0
Party City Corporation	506	12,000	15,000	Specialty Retail	www.partycity.com	100
Pasquale Pizza & Pasta	25	1,500	3,000	Full Service Restaurants		0
Patagonia, Inc.	22	4,000	6,000	Sporting Goods & Outdoor Recreation	www.patagonia.com	0
Paul Revere's Pizza International Ltd.	26	1,000	1,500	Full Service Restaurants	www.paulreverespizza.com	25
Payless ShoeSource, Inc.	4,446	-	3,000	Shoe Stores	www.paylessshoesource.com	28
Pendleton Woolen Mills, Inc.	55	-	2,000	Clothing Stores	www.pendleton-usa.com	25
Peninsula Luggage	12	-	3,000	Specialty Retail	www.peninsulaluggageonline.com	0
Penzeys Spices	31	2,200	3,000	Grocery & Specialty Foods	www.penzeys.com	28
Pep Boys - Manny, Moe & Jack	593	-	20,000	N/A	www.pepboys.com	200
Pet Supplies Plus Inc.	225	7,500	9,000	Specialty Retail	www.petsuppliesplus.com	60

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min.	GLA Max	Retail Category	Web	Required Frontage (ft)
Petco Animal Supplies Stores Inc.	817	-	15,000	Specialty Retail	www.petco.com	100
Petland, Inc.	191	6,000	12,000	Home Improvement & Gardening	www.petland.com	40
PetSmart, Inc.	885	-	26,000	Specialty Retail	www.petsmart.com	156
Pier 1 Imports Inc.	1,259	2,000	15,000	Home Furnishings & Accessories	www.pier1.com	0
PIU Management, LLC	151	3,500	12,000	Family Entertainment & Concessions	www.pumpitupparty.com	0
Pizza Hut	24	2,200	4,000	Full Service Restaurants		0
Pizza Patron Inc.	58	900	1,200	Full Service Restaurants	www.pizzapatron.com	16
Popeyes Cajun Cafe	1,845	1,000	5,000	Limited Service Restaurants	www.popeyes.com	110
Precision Auto Care Inc.	428	10,000	20,000	N/A	www.precisiontune.com	125
Premier Fine Jewelry	140	1,500	2,000	Jewelry	www.ultradiamonds.com	30
Primrose School Franchising Co.	162	-	10,000	N/A	www.primroseschools.com	210
Prints Plus	76	1,500	1,600	Home Furnishings & Accessories	www.pprintsplus.com	20
Pro Image Franchise, LLC	106	600	3,000	Sporting Goods & Outdoor Recreation	www.proimage.net	0
Puma	45	3,000	4,400	Clothing Stores	www.puma.com	25
Push Pedal Pull	11	-	3,000	Sporting Goods & Outdoor Recreation	www.pushpedalpull.com	0
Quick Test/Heakin	56	500	1,300		www.quicktest.com	150
Quiksilver Boardriders Club	90	1,000	3,000	Clothing Stores	www.quiksilver.com	0
RA Sushi Bar	86	-	7,000	Full Service Restaurants	www.benihana.com	0
Rainbow	148	50,000	70,000	Grocery & Specialty Foods	www.roundys.com	0
Raising Cane's Chicken Fingers	54	-	3,500	Full Service Restaurants	www.raisingcanes.com	0
RCC Western Stores, Inc.	28	3,000	4,500	Clothing Stores	www.rccwestern.com	30
Red Robin America's Gourmet Burger & Spirit	333	-	6,000	Full Service Restaurants	www.redrobin.com	0
Reebok International Ltd.	280	2,000	10,000	Shoe Stores	www.reebokoutlet.com	90
Regal Cinemas	539	60,000	100,000	Family Entertainment & Concessions	www.regalcinemas.com	0
Relax The Back Corporation	107	2,200	2,800	Specialty Retail	www.relaxtheback.com	30
Rent Way	796	-	4,000	N/A	www.rentway.com	30
Restoration Hardware	111	10,000	12,000	Home Furnishings & Accessories	www.restorationhardware.com	75
REX Stores Corp.	224	-	10,500	Home Electronics & Appliances	www.rexstores.com	0
Riddle's Jewelry	44	-	1,200	Jewelry	www.riddlesjewelry.com	0
Ristorante Luciano	15	500	4,000	Full Service Restaurants	www.centofanti.com	20
Rock of Ages Corp.	214	2,000	4,000		www.rockofages.com	0
Rockler Retail Group, Inc.	34	-	4,800	Home Improvement & Gardening	www.rockler.com	50
Rocky Rococo Corp.	41	850	4,000		www.rockyroccoco.com	0
Rogan's Shoes, Inc.	30	4,000	10,000	Shoe Stores	www.rogansshoes.com	100
Rogers Ltd., Inc.	50	1,500	3,000	Jewelry		0
Romacorp, Inc.	142	4,900	5,700	Full Service Restaurants	www.tonyromas.com	0
Royal Fork Buffet	11	-	12,000	Full Service Restaurants		0
Ruby Tuesday, Inc.	850	4,500	5,000	Full Service Restaurants	www.rubytuesday.com	200
rue21 etc!	275	4,000	5,000	Clothing Stores	www.rue21.com	0
Running Farm & Fleet	29	-	25,000	Home Improvement & Gardening		0
S.A.E. Warehouse, Inc.	42	-	5,000	N/A	www.sturdevants.com	0
Safelite Glass, Inc.	835	2,000	2,500	N/A	www.safelite.com	0
Samsonite Black Label	200	2,000	2,500	Specialty Retail	www.samsonitecompanystores.co	25
San Francisco Music Box	900	1,500	3,000		www.calendarclub.com	0
Sasnak Management Inc.	49	-	6,500	Full Service Restaurants	www.carlosokellys.com	0
Save-A-Lot, Ltd.	1,170	14,000	18,000	Grocery & Specialty Foods	www.save-a-lot.com	0
Scheels All Sports, Inc.	22	20,000	190,000	Sporting Goods & Outdoor Recreation	www.scheelssports.com	0
Schlotzsky's, Ltd.	359	3,500	4,000	Limited Service Restaurants	www.schlotzskys.com	30
Schuler Shoes Inc.	12	2,500	9,000	Shoe Stores	www.schulersshoes.com	0
Scrubs and Beyond	25	2,250	2,500	Clothing Stores	www.scrubsandbeyond.com	0

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min.	GLA Max	Retail Category	Web	Required Frontage (ft)
Seasonal Concepts	16	-	12,000	Home Furnishings & Accessories	www.seasonalconcepts.com	0
Sephora USA Inc.	149	-	5,700	Health & Beauty	www.sephora.com	0
Shakey's USA	64	6,000	8,500	Full Service Restaurants	www.shakeys.com	65
Shane Co.	23	-	10,000	Jewelry	www.shaneco.com	0
Shoe Carnival, Inc.	262	8,000	12,000	Shoe Stores	www.shoecarnival.com	80
ShopKo Stores, Inc.	135	14,000	112,000	General Merchandisers & Warehouse Clubs	www.shopko.com	0
Showplace	80	37,000	65,000	Family Entertainment & Concessions	www.kerasotes.com	0
Simonson Station Stores, Inc.	12	-	2,400	N/A	www.gosimonson.com	0
Sir Speedy, Inc.	625	-	2,000	Personal Services	www.sirspeedy.com	0
Slumberland	103	20,000	35,000	Home Furnishings & Accessories	www.slumberland.com	0
Smith & Hawken, Ltd.	59	1,600	7,900	Home Improvement & Gardening	www.smithandhawken.com	40
Smokey Bones BBQ	1,432	5,692	8,600	Full Service Restaurants	www.dardenrestaurants.com	0
Socks Galore	253	1,030	5,500	Clothing Stores		0
SPEEDY SIGN-A-RAMA	800	1,000	1,200	Personal Services	www.sign-a-rama.com	0
Sport Clips	375	-	1,200	Personal Services	www.sportclips.com	18
Sport Performance	77	2,500	5,000	Shoe Stores	www.adidas.com	0
Sportsman's Warehouse	55	-	50,000	Sporting Goods & Outdoor Recreation	www.sportsmanswarehouse.com	0
Springs Global US, Inc.	58	6,000	7,000	Home Furnishings & Accessories	www.springs.com	60
Sprint	2,000	100	4,000	Personal Services	www.sprint.com	0
Stamart Travel Centers and Convenience Stores	11	-	4,000	N/A	www.stamart.com	0
Staples Oil Co. Inc.	10	-	2,000	N/A		0
Steve Madden	99	1,200	3,000	Shoe Stores	www.stevemadden.com	20
Stock Building Supply	280	-	25,000	Home Improvement & Gardening	www.stockbuildingsupply.com	0
Stop-N-Go Stores Inc.	28	-	3,000	N/A		0
Sunglasses World	182	200	2,500	Specialty Retail	www.totes.com	20
Sunshine Foods	11	-	53,000	Grocery & Specialty Foods		0
Super One	28	37,000	80,000	Grocery & Specialty Foods	www.superonefoods.com	0
Super Suppers	350	-	1,500		www.supersuppers.com	0
Superpumper, Inc.	15	-	3,200	N/A	www.spfenergy.com	0
Supper Thyme	30	1,500	2,500	Grocery & Specialty Foods	www.supperthyme.com	0
SVS Vision Inc.	52	-	2,500	Specialty Retail	www.svsvision.com	0
Taco Bell	34,286	2,000	3,500	Limited Service Restaurants	www.yum.com	170
Taco John's International, Inc.	431	1,000	2,000	Limited Service Restaurants	www.tacojohns.com	100
Tandy Leather Company	81	1,500	4,500	Specialty Retail	www.leatherfactory.com	50
Tesoro West Coast Company	350	-	2,500	N/A	www.tsocorp.com	0
Texas Roadhouse, Inc.	252	6,300	6,900	Full Service Restaurants	www.texasroadhouse.com	0
The Ben Bridge Corporation	77	1,800	2,200	Jewelry	www.benbridge.com	0
The Buckle, Inc.	348	-	4,800	Clothing Stores	www.buckle.com	0
The Cheesecake Factory Incorporated	134	850	21,000	Limited Service Restaurants	www.thecheesecakefactory.com	0
The Floor to Ceiling Store	185	5,000	10,000	Home Furnishings & Accessories	www.floortoceiling.com	0
The Fudgery, Inc.	26	800	1,600	Limited Service Restaurants	www.fudgeryfudge.com	25
The Goddard School	260	6,720	8,000	N/A	www.goddardschool.com	150
The Goodyear Tire & Rubber Co.	1,800	-	6,000	N/A	www.goodyear.com	0
The Historical Research Center	212	100	2,000	Home Furnishings & Accessories	www.names.com	0
The J. Jill Group, Inc.	235	-	4,200	Clothing Stores	www.jjillgroup.com	0
The Kitchen Collection, Inc.	203	2,800	3,200	Home Furnishings & Accessories	www.kitchencollection.com	0
The O Store Vault	70	-	2,800	Clothing Stores	www.oakley.com	0
The Original Pancake House	107	3,500	4,000	Full Service Restaurants	www.originalpancakehouse.com	0
The Paper Source	20	-	3,000	Specialty Retail	www.paper-source.com	0
The Pfaltzgraff Co.	39	-	6,000	Home Furnishings & Accessories	www.pfaltzgraff.com	0

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA) Min.	GLA Max	Retail Category	Web	Required Frontage (ft)
The Salvation Army National Corporation	1,800	15,000	20,000	Clothing Stores	www.salvationarmyusa.org	0
The Sherwin-Williams Company	2,983	3,000	6,000	Home Improvement & Gardening	www.sherwinwilliams.com	0
The Sports Authority, Inc.	398	35,000	85,000	Sporting Goods & Outdoor Recreation	www.thesportsauthority.com	0
The Steak n Shake Company	448	-	3,800	Full Service Restaurants	www.steaknshake.com	185
The Walking Co.	131	1,500	3,000	Clothing Stores	www.thewalkingcompany.com	0
The Wet Seal, Inc.	400	2,500	4,000	Clothing Stores	www.wetseal.com	30
Thomas Pink	16	3,500	4,300	Clothing Stores	www.thomaspink.co.uk	0
Timber Lodge Steakhouse, Inc.	15	-	1,800	Full Service Restaurants	www.timberlodgesteakhouse.com	0
Timberland	83	1,000	6,000	Clothing Stores	www.timberland.com	0
Tire Centers, LLC	128	10,000	35,000	N/A	www.tirecenters.com	0
To the Max	630	3,000	5,000	Clothing Stores	www.bcbg.com	0
Tobacco Warehouse	14	-	2,500	Alcohol & Tobacco		0
Tom James Co.	111	1,000	3,000	Clothing Stores	www.tomjamesco.com	0
Tommy Hilfiger Men's	176	3,500	6,000	Clothing Stores	www.tommy.com	35
Tractor Supply Company	634	20,000	25,000	N/A	www.mytscstore.com	110
Tradehome Shoe Stores, Inc.	99	1,700	2,200	Shoe Stores	www.tradehome.com	20
Trader Joe's Co., Inc.	270	8,000	15,000	Grocery & Specialty Foods	www.traderjoes.com	80
Travel Centers of America	167	-	20,000	Personal Services	www.tatravelcenters.com	0
Travis Boats & Motors, Inc.	30	-	20,000	N/A		0
True Value Co.	4,100	3,500	15,000	Home Improvement & Gardening	www.truevaluecompany.com	0
Tumbleweed, Inc.	53	-	5,400	Full Service Restaurants	www.tumbleweedrestaurants.com	0
Twin Cities Avanti Stores LLC	69	-	2,000	N/A	www.oasismarkets.com	50
ULTA Salon, Cosmetics & Fragrance, Inc.	197	-	10,000	Health & Beauty	www.ulta.com	80
Ultimate Electronics, Inc.	32	-	26,000	Home Electronics & Appliances	www.ultimateelectronics.com	160
United Building Centers	187	9,000	10,000	Home Improvement & Gardening	www.unitedbuildingcenters.com	0
Uno Restaurants, LLC	212	5,500	6,000	Full Service Restaurants	www.unos.com	0
Urban Outfitters, Inc.	175	2,500	15,000	Clothing Stores	www.urbanoutfittersinc.com	45
USA Baby	52	10,000	13,000	Home Furnishings & Accessories	www.usababy.com	0
Valentino's of America, Inc.	41	1,500	10,000		www.valentinos.com	0
Valley Dairy	10	2,000	3,500		www.valleydairy.com	0
Valvoline Instant Oil Change	787	20,000	40,000	N/A	www.valvoline.com	100
Vanity Shops of Grand Forks	200	2,500	3,500	Clothing Stores	www.vanityshops.com	25
Velocity Sports Performance, LLC	81	14,000	20,000	Health & Beauty	www.velocitysp.com	0
Victory Lane Quick Oil Change, Inc.	39	1,200	2,000	N/A	www.victorylaneqoc.com	0
Vision 4 Less	65	-	1,500	Specialty Retail	www.eyemartexpress.com	0
Vitamin Shoppe Industries, Inc.	300	3,500	4,000	Specialty Retail	www.vitaminshoppe.com	40
Vitamin World, Inc.	566	1,000	1,200	Specialty Retail	www.vitaminworld.com	20
Waterford Wedgwood USA, Inc.	38	-	3,500	Home Furnishings & Accessories	www.waterford.com	25
Waterworks	38	1,000	4,000	Home Furnishings & Accessories	www.waterworks.com	0
Wellbridge	20	25,000	75,000	Health & Beauty	www.wellbridge.com	0
West Elm	582	5,000	13,800	Home Furnishings & Accessories	www.williams-sonomainc.com	0
West Marine, Inc.	404	4,000	8,000	N/A	www.westmarine.com	0
Western Drug	67	4,000	12,000	Pharmacy	www.snyderdrug.com	0
WestPoint Home Stores, LLC	32	-	10,000	Home Furnishings & Accessories	www.bedandbathstore.com	0
Wetzel's Pretzels LLC	190	500	1,000	Limited Service Restaurants	www.wetzels.com	16
White Barn Candle Co.	1,546	1,700	8,000	Health & Beauty	www.bathandbodyworks.com	0
White Castle System, Inc.	400	2,000	3,000	Limited Service Restaurants	www.whitecastle.com	100
Wickes Furniture Co.	34	-	40,000	Home Furnishings & Accessories	www.wickesfurniture.com	0
Wicks 'N Sticks	55	900	2,200	Home Furnishings & Accessories	www.wicksnsticks.com	20
Wild Bird Centers of America, Inc.	85	1,500	2,400	Specialty Retail	www.wildbird.com	20

Target Tenants

Chain	Parent Chain Store Count	Gross Leasable Area (GLA)		Retail Category	Web	Required Frontage (ft)
		Min.	Max			
Wild Birds Unlimited, Inc.	318	1,600	2,400	Specialty Retail	www.wbu.com	20
Wolverine World Wide, Inc.	112	1,400	3,000	Shoe Stores	www.hushpuppies.com	0
Woodcraft Franchise Corp.	84	6,000	7,000	Home Improvement & Gardening	www.woodcraft.com	0
Woolrich, Inc.	12	-	3,500	Clothing Stores	www.woolrich.com	0
Work'N Gear	37	3,500	4,000	Clothing Stores	www.workngear.com	35
World Kitchen, LLC	80	-	4,500	Home Furnishings & Accessories	www.worldkitchen.com	0
XTC Cabaret	13	12,000	15,000	Full Service Restaurants	www.ricks.com	0
Yankee Candle Company, Inc.	390	1,300	1,600	Specialty Retail	www.yankeecandle.com	25
Z Gallerie	74	-	10,000	Home Furnishings & Accessories	www.zgallerie.com	75
Ziebart International Corp.	400	3,500	6,000	N/A	www.ziebart.com	75
ZyngUs, LLC	10	2,000	3,000	Full Service Restaurants	www.zyng.com	0



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2009