Retail Development Planning

Commercial Market Study



Prepared for

City of Norwood Young America, Minnesota

February 16, 2021 Updated March 8, 2021

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Introduction

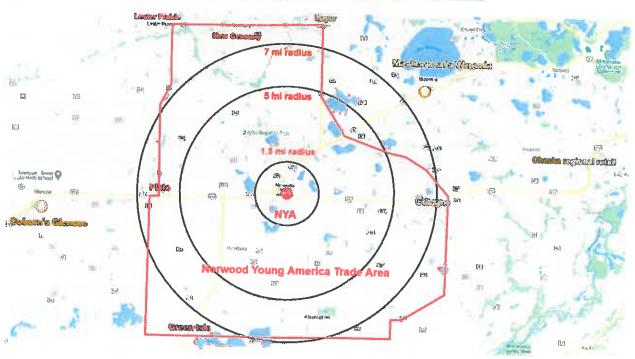
City of Norwood Young America commissioned Keith Wicks & Associates (KWA) to update the Commercial Market Study, dated March 22, 2016.

The study objective is to update the assessed market and the recommended NYA commercial development strategy. The study purpose is for improving the community's competitiveness as a rural and bedroom community of the Twin Cities Metro and to strengthen NYA's commercial business and share of market potential.

Norwood Young America is a growing community rooted in small town values where you can raise your family, where businesses thrive, and you live each day to the fullest. A place where a high quality of life still exists, relationships are formed, and opportunities are found.

Welcome to Norwood Young America. More than a place, It's home.





The map illustrates NYA's commercial trade area in 1.5-, 5- and 7-miles radius reach, along with a specific, retail food trade area (red highlighted border), as basis of the market demographics and demand that is reviewed with this study.

Introduction (continued)

Market assessment and business forecasts are made with:

- A. Updating the NYA Commercial Categories model of today's consumer demographics, expenditures, and business gap analysis. See page 26.
- B. NYA Commercial Development model updated recommendations and forecasts by business category. See Commercial Development model, page 24.
- C. Grocery store strategy expanded analysis, forecasts, and recommendations for re-developing a local, full-service grocer.
- D. Consideration of market changes having occurred since the 2016 study, that affect NYA's commercial situation and outlook.
 - 1. EDC's accomplishments in strengthening the community's marketability and commercial competitiveness.
 - Benefits from the Highway 212 upgrade plan of access to City of Cologne, and improvements to the intersections of Faxon Road and Route 33, and the addition of a save access, pedestrian underpass of the highway, at Route 33.
 - 3. Changed, consumer shopping habits and lifestyle in pandemic times. Trends, including increased food-at-home dining, due to less restaurant demand.
- E. Community plan EDC's 2020 Goals, NYA 2019 Annual Report, 2019 Downtown Redevelopment Plan, and insight from Karen Hallquist, NYA Economic Planning Director are considered for this report's community development strategy.

Two, report sections for EDC's use in commercial development planning:

Section 1

NYA Grocery Store feasibility – expanded analysis, forecasts, and recommendations for redeveloping that local service. This is a key forecast and assumption for NYA's growth objectives, because:

- Full-service grocery is judged a critical community service for current residents and the interest of potential new residents.
- It is also a key anchor business to the benefit of other community businesses, generating consistent and substantial consumer traffic.

Section 2

NYA Commercial Development Strategy – updated analysis of measurable commercial categories and NYA's commercial business structure, and refreshed, recommended development strategy.

- Market Commercial Market Model market demand, NYA market shares, business gap analysis.
- NYA Commercial Development Model suggested strategy to improve, local commercial services and competitiveness. Provides market insight of the situation and opportunity for existing business districts and businesses, and for prospective businesses.

Introduction (continued)

What has changed in the community and having been accomplished relative to identity and effects on the competitiveness of NYA's commercial business:



 New community brand – the new logo and "home" slogan is an effective, overall impression made on the current community and growth potential.

Next step marketing strategy is to bridge the new brand to actual attractions, specialties, and the "home" experience.

Forward strategy identifies and highlights why NYA is "more than a place", to strengthen the attractions, for market awareness and community growth.

2. **Highway 212 upgrade** – the in-process project will be completed in the short-term, for several benefits to the community.

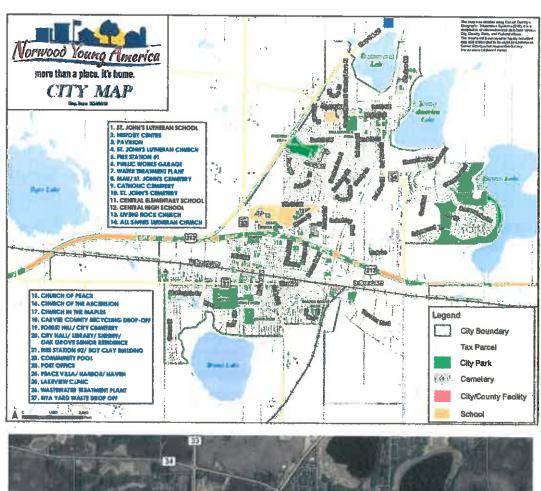
It strengthens NYA's Highway 212 commercial district and community profile. Highway traffic is projected to increase 30+% to over 16,000 ADT, over the next ten years, due to this project and projected community growth.

The project improves traffic gravitation at NYA's primary, commercial intersections at Faxon and Reform roads. Additionally, an intersection upgrade of Tacoma Ave. to improve access to Tacoma Industrial Park.

NYA's west side gains a roundabout at 5/25, and a pedestrian highway underpass at Reform Street, for safe passage to both sides of the highway, including the commercial and school districts.

- Community marketing strategy EDC is developing new marketing strategy and is
 driving consumer awareness via community websites and social media. A process of
 identity and communications of what's "more" in NYA.
- 4. Accessible full-service grocery and fresh foods. NYA lost its local grocery store. First step with this study is to explore the options and potential for redeveloping that anchor, convenience commercial service. A grocery store can be considered a critical, local service for community lifestyle, especially in the pandemic times. Today's consumer trends are with less in-restaurant demand, and increased dining at home. The independent grocery sector reports sales increased about +12% YTD.

NYA Chamber of Commerce has organized a farmer's market, which along with the proposed grocery store are recommended with the updated NYA Commercial Development Strategy.





Issue: NYA's only full-service grocer, Econofoods, closed in September 2019. Equipment is removed. The lease was ended by owner-operator SpartanNash, Grand Rapids, MI, a national grocery wholesaler and corporate store retailer.



Closed store detail:

- Approximately 25,000 total square feet.
- Econofoods weekly performance over the last decade is estimated at \$110,000-125,000, weekly sales, or about \$6,000,000 annually. The store was oversized for the market and business model, consequently operating at weak, retail productivity of under \$5.00/sf. The goal for a successful NYA first year store is about \$8/sf.
- At its best, Econofoods captured 20% market share against a competitive network 15-30 minutes from NYA. Its judged that Econofoods business was predominantly convenience driven. This study's proposed grocery store captures close to Econofoods market share and achieves reasonable first year retail productivity.

Grocery store location strategy:

- This survey projects a 13,000-sf full-service grocery model, which is half the size
 of the closed, Econofoods. The smaller size yet allows full-service variety,
 improves \$/sf retail productivity for project viability.
- 2. Retail supportive site business setting, ingress/egress, parking, storefront and receiving.
- Ideally an anchor site that would strengthen the business setting and strengthen NYA's overall commercial competitiveness. A site along the Highway 212 commercial district. The proposed grocery store is estimated to attract upward of 5,000 consumers to the business setting, weekly.

A. Grocery Retailer Candidates

- 1. Chain grocers do not have a small market retail model Save A Lot is a planogrammed, limited assortment, corporate store, licensed to owners to operate a reduced labor strategy and store that generates about 1/5 the sales of a conventional grocery store. SAL is a full-service grocery, licensed program. SAL would satisfy NYA's need for a local, grocer, but the business dynamic is much less than the possibilities for the options of an independent grocer or food co-op.
- 2. An independent grocer can be well-fitted, but the traditional format, e.g., IGA-type, is a challenging model to compete in today's market.

Proposed grocery store development: a conventional store with everyday product and brands, with *fresh market* strategy emphasizing fresh foods...increased competitiveness and profitability.

Most evident, candidate: Roger Teal family, Teal's Markets, a ten-store independent, Minnesota chain, (https://www.tealsmarket.com).

Food co-op option: a trending local grocery development scenario for small, rural, and urban underserved U.S. markets. Twin Cities has more co-ops per capita than other U.S. markets. Metro area, Lakewinds, Valley Food Co-op, The Wedge. Small/rural market examples: Just Food Co-op (Northfield), St. Peter Food Co-op.



St. Peter Food Co-op

Teals, Paynesville

Traditionally, food co-ops are natural & organic formats. Member owned and open to all consumers. The food co-op program is expanding to include conventional formats to serve small markets and underserved communities.

Natural & organic models offer higher profitability at lower sales volume. Conventional formats appeal to the broader market, capturing higher sales volume for profitability. And food co-op culture is fitting for NYA's objective, including contribution to the "More than a place, its home" theme.

The forecasts are for conventional grocery formatting and fresh market strategy, for either an independent or food cooperative operation. Made with *middle-of-the-road* assumptions for a location, store design and operation.

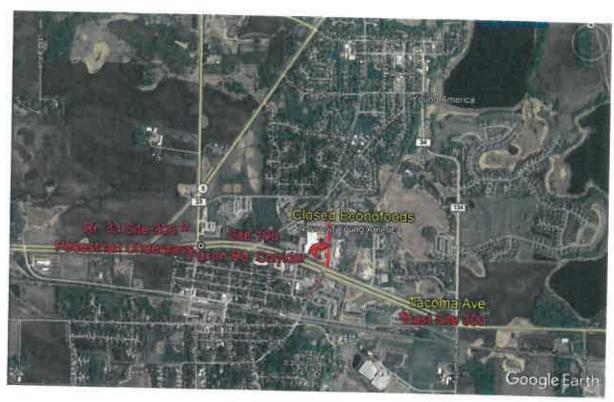
The proposed 13,000 sf grocery store is 52% of the Econofoods facility. A small store concept has less variety but greater focus on fresh food services to strengthen competitiveness and profitability. A plan that can capture close to Econofoods past sales.

The goal for the proposed NYA grocery store is upwards of 20% market share by first yearend. Nearly half of that business would come from city residents and the remainder from neighboring small towns and rural sectors, marketed to about 7-miles radius of NYA.

The proposed small store would offer full-service variety and room to emphasize fresh market merchandising and marketing. Size is determined from results of the sales forecasting process, regarding standards for a startup business, \$/sf retail productivity.

The business will rely on a retail supportive site for parking, receiving, storefront presentation and sight lines to traffic (or at least a highway pylon sign).

A. Three, Grocery Store Sites



A. Three, Grocery Store Sites (continued)

1. <u>Faxon Road Site 100</u> - established, community grocery store location, at the north end of the commercial corridor from Highway 212.

The forecast isn't site-specific, instead made with the general assumption the store would have supportive sight lines for making business impressions to area traffic. Ideally, direct sight line from the storefront, but at least with a significant roadside sign for interior location like the Econofoods site.

Faxon Road corridor is NYA's strongest and most diverse mix of commercial services and activity, with Klein and Citizen's banks, Family Dollar, Marsden Pharmacy, Good Time Liquors, the bowling alley, McDonald's and more.

The business setting and traffic gravitation is improving with the in-process upgrade of the highway, specifically that at the Faxon and 212 intersection.

Site suggestions: divide the Econofoods facility into a grocery store and other use; redevelop the Sinclair property; identify a site south of the intersection.

Faxon Road Site 100



A. Three Grocery Store Sites (continued)

2. Route 33/Reform Street Site 200 - northwest corner of the intersection with Highway 212, i.e., the "triangle" property.

This is an emerging commercial district with the relatively new Kwik Trip and small strip center with Snap Fitness and Eye Care. It has proximity to NYA schools and will have upgrade highway intersection and new, pedestrian highway underpass.

The location is projected with slightly less competitiveness than a store at Faxon Road, citing the emerging commercial district and ahead of details for the site location. However, either Site 100 or 200 can be a competitive and supportive location for the proposed store but depending on details of each site plan.

This location has better convenience to the west side of NYA's trade area, and comfortable access to all city sectors.



B. Three Grocery Store Sites (continued)

3. East Side Site 300 – this location is most convenient to the east side of the trade area, i.e., to Cologne, but is less desirable than Site 100 or 200 for business potential and NYA commercial development strategy.

The site is less competitive due to building configuration, no significant adjacent business, and the setback from the highway intersection with Tacoma Avenue.

General assumption: 13,000 sf the approximate 30,000 sf strip center could be effectively fitted for the proposed grocery store.



The objective of this section is to provide explanations of the market situation and options for developing a local, full-service grocery store. That opportunity is with an independent retailer or an NYA community owned food co-op.

The information is basis for discussions toward identifying the best available site for all involved.

The projected 13,000 sf store is an approximate size to fit the retail food market with over 11,000 consumers with \$550,000 in weekly retail food potential. Market feasibility for the proposed store is a goal of capturing 17.5% market share. Store size might be increased per details of a site and retailer. The store can be downsized, but that can significantly affect variety and service.

Proposed store size would accommodate full-service variety and is sized for comfortable \$/sf retail productivity. Size might increase per retailer details and for co-business, subleased areas.

NYA's grocery store would be located along NYA's Highway 212 commercial district:

- Faxon Road commercial corridor might be the grocery store's best location for servicing the community, in midst of NYA's broadest mix of commercial services and brands. Feasibility relies on an available, retail supportive property.
- Site 200 has similar potential to Site 100. The subject "triangle property" location seems retail supportive for business profile and accessing the community and rural sectors. It is the most convenient site to schools, and the new, pedestrian highway underpass.
- Site 300 might have similar potential to the other two sites. The Tacoma Avenue strip center is not a recommended grocery store location, due to retail support issues. A supportive site might be developed at the Highway 212 intersection, and support similar sales potential as the two, other sites, especially with the improved conditions that would come with the proposed four lane highway expansion, and other retail developed on site.

Market feasibility is concluded with the NYA Market Sales Model, page 16, with assessment of NYA's current situation and the proposed store total sales forecast. Current market population, consumer profile, first year forecasts.

The proposed grocery store is identified with the NYA Grocer Store Retail Model, page 17. It is a *small, fresh market* emphasizing quality products and services, with fair pricing. Providing everyday familiar brands, locally sourced, and fresh foods including house-made specialties.

The proposed store's success is dependent on a convenient location, and sight lines and exposure to traffic.

The Retail Model forecasts each retail service's contribution to the total store forecast and other performance and profitability goals. Forecasts can be updated for new details and project assumptions, with regard to EDC commercial development process.

NYA's commercial market potential has positive outlook with population projected to grow +1.4% annually, and impact of NYA's community and commercial development plans. Grocery store potential has increased in pandemic times, since Econofoods exited. Consumer trends: more at home dining, less dining out, which favors the proposed NYA grocery store and timing for opening.

The field of independent grocers is narrowed due to changes in competitive structure including internet influence. Pandemic times have contributed to the current trend of altering business models for modern times. NYA's timing for developing a grocery store is favorable for developing a store in the new business era, tailored to the market, whether an independent or food co-op.

Grocery store development:

- 1. Outlook to store opening an independent retailer might be prepared to take occupancy in 18-months, allowing due diligence, development planning, funding, construction, and developing the operation. Food co-ops take longer to organize, for membership, and funding.
- Funding strategy an independent retailer typically sources funding upon an established business and assets, and conventional lenders. Food co-ops also reach out to local, state, federal, and private funding sources supportive of development in underserved communities.
- Retailer candidates: the most evident independent in the Twin Cities region is the Roger Teal family, Teal's Markets (https://www.tealsmarket.com). EDC can also present the opportunity to major grocery wholesalers who might have other retailer candidates: UNFI-SuperValu, SpartanNash, Associated Wholesale Grocers (AWG).
- 4. Initiating the food co-op process organize a steering committee to study the program and initiate planning for the business identity, market awareness and membership growth. The steering committee eventually transitions to the food co-op board of directors. Organizing and development of the business plan are supported by these consulting sources, and other advisors that are brought in through the planning process.



Food Co-op Initiative (FCI) – continue working with FCI Director, Stuart Reid. First to help EDC understand the food co-op program and development process. Then to help organize for market awareness and membership growth. (https://www.fci.coop/

Columinate an organization of food cooperative consultants to assist in a variety of business development matters for new and existing businesses... board training, incorporating, proforma, store development, retail training, business tracking.

5. Proforma analysis – independent retailers typically source project financial analysis through the primary wholesaler. Food co-ops typically source a food co-op experienced analyst, like Calumniate, when reaching 300-400 member/owners and with a site and defined retail model (project assumptions). Analysis identifies the assumptions to alter for improves feasibility.

- 6. **Project cost** small grocery store development costs can range from \$250-300/sf, to convert a leased space. NYA would be about \$4m, for retail buildout, inventory, and operating capital.
- 7. Store design engaged when the co-op reaches 500-700 member/owners, and with an identified site and retail model (project assumptions). Store design leads to architectural plans and then project cost estimates. These steps complete the information needed for a business plan...assumptions, forecasts, financial analysis, design, and cost estimates.







St. Peter, MN Food Co-op

- 8. **NYA grocery store sites** documenting the available grocery sites can help expedite a grocer's process for evaluating the situation (visuals, dimensions, size, contacts, values).
 - a) General manager the board hires a qualified g.m. 6-months to 1-year ahead of store opening, to tailor the retail plan and begin developing the operation.
 - b) Store opening the board oversees project development and ultimately busines performance, on behalf of the owners and investors. Additionally, the board assists the g.m. with developing cooperative business culture for community relations, store events and membership growth.
- 8. **Funding** there are a variety of funding sources. In the case of NYA, the general qualification is for a small and growing, rural city with rural farming sectors. Examples:
 - A. SBA for the primary lender.
 - B. USDA to assist in small and agricultural community economic development. Supportive of construction, business fit-up, and operations development.
 - C. New Market Tax Credits.
 - D. Private grant sources like LISC and CS Mott Foundation.

The funding process outreach is for local, regional, state, federal and private sources to finance the project. The grocer is responsible for about 20% equity investment.

Reasonable outlook for NYA's is about 1,000 member/owners investing \$200-250 for membership, or \$200-250,000, by store opening. Business maturation timeline can significantly grow membership as well as non-members customers. A \$4m project cost is about \$800,000 equity investment...the \$550,000 gap made up by grants and member loans.

	The Par		GI	ocery	Store F			ersior ung Ame		ept.	17, 20	320		
4	Hormood Young Pimerica		NY/	A Site 100	,	NOTA		ing Ame	rica	NYA Site 300.				
			Highway 21	High	way 212 &	N. Reform	n Street	High		k Tacoma	Avenue			
		5-30-00		High years	Trade Since	1.5 Mill	1. Mile	7 Mile	Trade Arei	15000			Traide 4	
	2020 Population	4,060	6,003	11,896	11,352	Same, M	arket Den	nographics	as Site 100	Same, M	arket Den	nographics	as Site 1	
	Proj. 2025 Pop.	4,382	6,510	12,176	12,133									
ŧ	Ditterence	332	507	280	761									
į	Annual % Difference	1.6%	1.7%	0.5%	1.4%									
*	Daytime Women	1,299	1,912	3,196	3,994									
	Putinguage	940	205	355	360									
	Persons Per HHD	2.5	2.5	2.7	2.6									
	Housing Units	1,624	2,364	4.452	4,571									
	Rental Housing	28.1%	23.0%	18.6%	17.1%	-								
ŧ	Occupied Housing	97.2%	27.1%	97.4%	82.9%									
₫	Aver. HHD Income	\$ 86,920	\$ 96,604	\$ 102,408	\$ 98,501									
	Med. HHD Income	\$ 74,611	\$ 78,757	\$ 87,974	\$ 83,526									
	HH income <\$35k	18.4%	16.5%	14,1%	14.7%									
_	Family Householde	67.6%	70.0%	73.2%	72.8%									
手事事	% White	99,8%	94.2%	94.0%	94.3%									
	% Black	0.6%	0.9%	1.4%	1.3%									
	% Asian	1.1%	1.0%	1.1%	1.1%									
	% Other	2.9%	2.4%	1,8%	1.6%									
	% Hispanic'	4.3(%)	(4.8%	30.0%	0.0%									
	% Seniora; > 65 Y.O.	20,9%	19.8%	18.4%	17.3%									
	% Children; < 19 Y.O.	22,0%	23,2%	20.3%	57.8%									
	4+ Yr Callage Degree	24,2%	23.9%	30.3%	25.3%									
_	Meden Age (yrs)	42.7	42.2	39.2	40.3									
	Primary Route ADT'	10,900	Hwy. 212, in	between Site	100 & Sito 200.	10,900	Hwy. 212, is	n between Si	te 100 & Site	12,700	Hwy. 212, s Salem Ave.	ant of site or	nd in betwe	
			No other note	worthy counts.		13,100	West of Site	200, at Rou	te. 5.			atemosthy on	inte	
	Cross Street ADT	No ocupt	Faxon Road.				Rt. 33 (N. R			4.450				
ď	Market Traffic			traffic to incer	999 over 16,000				All Huma alte			e., Route 34		
Ē	Comments	Young Ame	den neighborh	eodo. Them is	no NYA public t	unaportation	conumed wi	th each eltas	s eltuction (c.a.	bus, comm	unity shutto	COLUMN TREE IN	stagg an	
915	Site Commenta	market posi have a retail	d NYA retalit ar tilors. The projet I supportive elit o ame traffic.	ected atore le a	sesumed to	Comfortable Conservative competitions	ential for both	emerging, u IYA's consur- alightly less stoping at the tocations is	ner sectors.	East side location at Taxoma Ave. Positioned to best convenience to Colone and Hwy 212 portune treffic. Aggressive forecast that assum the existing stip center can be effectively conven- tor the proposed atomsize and business toyou				
	Primary Competitors	0	0	0	0	0	0	0	0	0	0	0	0	
	Primary Area Weekly, Potential	\$ 202,500	\$ 300,150	\$ 594,800	\$ 557,600	\$ 202,500	\$ 300,160	\$ 594,800	\$ 567,600	\$ 202,500	\$ 300,150	\$ 594,800	\$ 507.6	
	Projected Grecery Store Size (sq ft)				13,000				13,000				13,0	
	Projected Market Share	25.8%	25,6%	17.6%	17.5%	26.1%	24.9%	17.1%	17.1%	23,2%	18.6%	15.8%	15,	
	Sales Forecasts	\$ 52,245	\$ 76,638	\$ 104,885	\$ 99,330	\$ 50,782	\$ 74,687	\$ 101,754	\$ 93,847	\$ 47,021	8 47,544	\$ 94,218	\$ 89,3	
F	Draw (Feo(note 1)	46.3%	68.1%	92.7%	88.0%	45.1%	67.9%	92,5%	88.0%	47.3%	47.9%	94.9%	90.	
G	1st Yearend Weekly Solon				\$ 112,875				\$ 110,053				\$ 99,3	
ğ	\$/8F Retail Productivity				88.5				\$ 6.47				\$ 7.	
1	1st Year Aver, Weekly				\$ 104,400				\$ 101,799					
	Sales												\$ 91,8	
	NYA Grocory Store				\$ 8.03				\$ 7.05				\$ 7.	
	Annual Sales				\$ 5,429,266				\$ 5,292,555				\$ 4,777,7	
	Proposed store's weekly				5,893	The otemie o	maldy avala		d business exp					

- Daytime sector (workers) is red highlighted, as a consumer group considered for food service strategy. The Hispanic sector is red highlighted as an ethnic group, which is also included in the White race, consumer group.
- 2. Draw: % of total store sales from each radius reach, and ultimately from the defined 7-mile radius trade area.
- 3. The baseline grocery store forecast is first year ending performance, i.e., fourth quarter average.
- 4. Two sales forecasts: first year average sales (for proforma) and 4th-quarter average (yearend goal).

Suggested retail model for a NYA fresh food grocery store whether independent or cooperative owned. Forecasts are updated to a chosen site and with retail planning.

- P. A		NYA	Grocery S	to	e. Sug	gested En	ack	Market N	1	al = 0		
Norwood Soung Plansvice	Projected Weekly Sales		Distribution		\$/SF	Gross Margin %	Gross Margin \$			Annual Sales		
Fresh Meat & Seafood	\$	15,661	15.009	6		30.00%	_	4,698	\$	244,318		
Fresh Produce	\$	15,661	15.00%	6		32.00%	÷	5,012	-			
Fresh Deli-Bakery	\$	8,353	8.00%	5		55.00%	-	4,594	\$	260,606		
Grocery (conventional product)	\$	38,631	37.00%			24.00%	<u> </u>		\$	238,889		
Bulk Food	\$	4,176	4.00%			30.00%	\$	9,272	\$	482,121		
Health, Wellness & Personal	\$	5,220	5.00%	-		30.00%	-	1,253	\$	65,151		
Dairy	\$	11,485	11.00%	₩			÷	1,566	\$	81,439		
Frozen Food	\$	5,220	5.00%	-		26.00%	\$	2,986	\$	155,278		
Lst Year Average Sales		104,409		-		28.00%	\$	1,462	\$	76,010		
ith Qtr. Average (year ending)	100 At a	112,875	100.0%			29.54%		\$30,843	\$5	A29,288		
Market Share (trade area)	7	-			************	29.54%		\$30,843	\$5	,869,500		
Total Store Size and \$/SF	-	17.30%			2 THE OWNER OF THE OWNER, THE OWN		***		\$4	51.50/5		
letali Area	- Charles of the Area	13,000	100%	\$	8.03	29,54%	\$	1,603,812	and shade	·		
otal Backroom Area		8,840	68.0%		11.81		Ш					
		4,160	32,0%									
st. Aver. Transaction/Total	\$	28.00	3,729	Cons	ervative tra	insaction per ma	kat	profile.				
eriness Traffic			4,521	Weekly consumer traffic laver, \$.3 persons per transaction.								

- The forecast focuses on Site 100 at the heart of NYA. It is close potential for Site 200 depending on plan details and might be close potential for Site 300 should a retail supportive site become available especially with added strength of the proposed 4-lane expansion of Highway 212 to Cologne.
- Operations productivity or Sales Per Labor Hour (SPLH) is a goal of \$155. In that strategy, the
 proposed store could have 25-40 employees, again dependent on operations format and other details
 of the plans.
- 3. Projected gross margins are the goal for a competitive business and successful marketing strategy.
- 4. Proforma Analysis considers the 1st-year average forecast, and gross margins. It will also need a labor forecast once the retail model is confirmed.
- Business traffic (not area vehicle traffic) is the estimated number of consumers that the grocer store
 will draw, consistently from week to week. This is a business exposure factor to the benefit of NYA's
 overall commercial sector and more specifically for benefit of other businesses in proximity of the
 grocery store,

GRAPHIC PROFILE

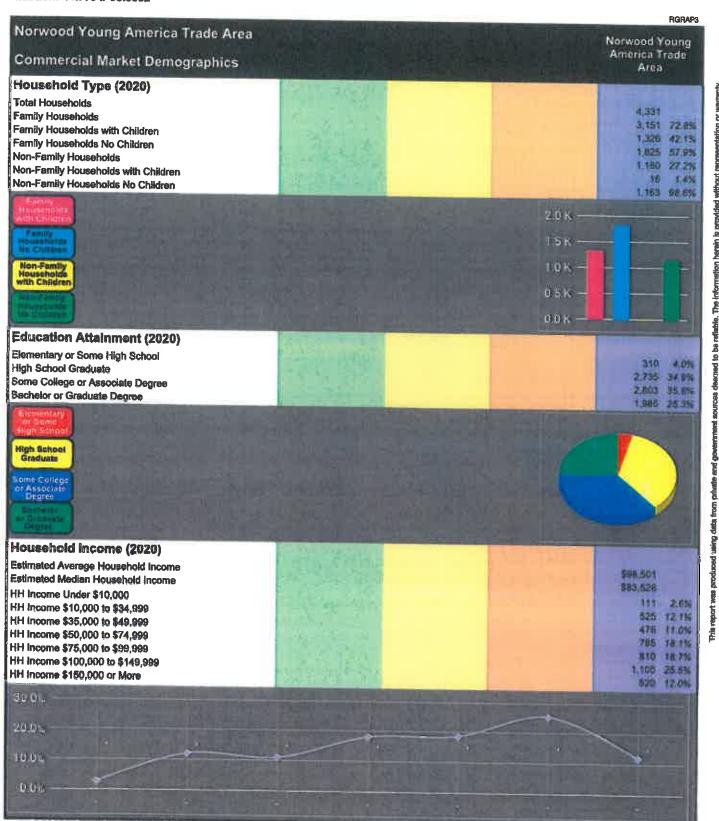
2000-2010 Census, 2020 Estimates with 2025 Projections

Calculated using Weighted Block Centroid from Block Groups

City of Norwood Young America

Keith Wicks & Associates

Lat/Lon: 44.7794/-93.9092



sources dearned to be reflable. The information herein is provided without representation

GRAPHIC PROFILE

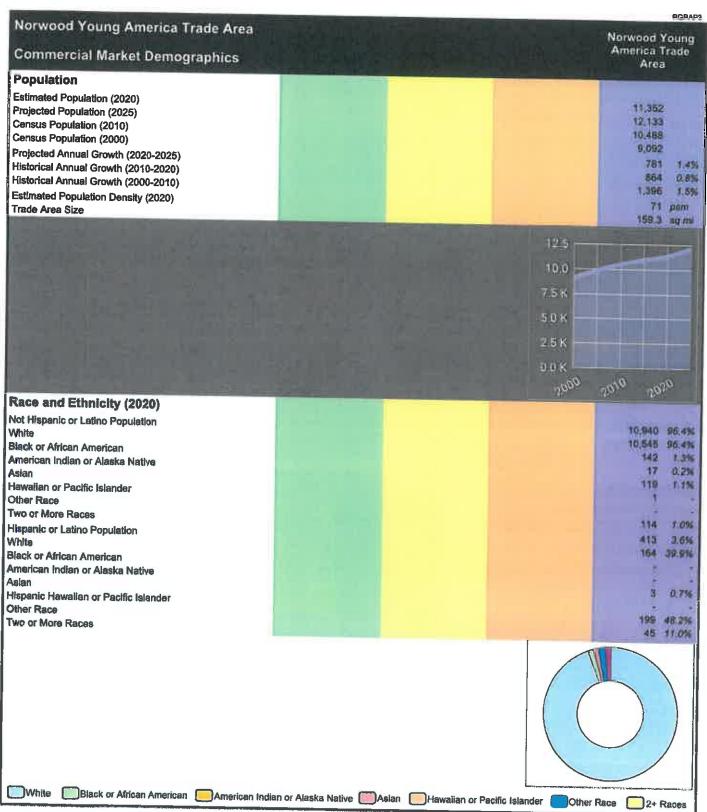
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GRAPHIC PROFILE

2000-2010 Census, 2020 Estimates with 2025 Projections

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City of Norwood Young America

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Lat/Lon: 44.7794/-93.9092

Lat/Lon: 44.7794/-93.9092			PGPAP
Norwood Young America Trade Area		Norwood Y	
Commercial Market Demographics		America Tr Area	rade
Age Distribution (2020)			
Age Under 5 Years		686	6.0%
Age 5 to 9 Years		717	6.3%
Age 10 to 14 Years		722	6.4%
Age 15 to 19 Years		703	6.29
Age 20 to 24 Years		692	6.19
Age 25 to 29 Years		620	5.5%
Age 30 to 34 Years		695	6.1%
Age 35 to 39 Years		744	6.6%
Age 40 to 44 Years		678	6.0%
Age 45 to 49 Years		676	6.0%
Age 50 to 54 Years		735	6.5%
Age 55 to 59 Years		866	7.6%
Age 60 to 64 Years		852	7.5%
Age 65 to 69 Years		675	5.9%
Age 70 to 74 Years		507	4.5%
Age 75 to 79 Years		367	3.2%
Age 80 to 84 Years		217	1.9%
Age 85 Years or Over		201	1.8%
Median Age		40.3	
Generation (2020)			
iGeneration (Age Under 15 Years)		2,125	18,7%
Generation 9/11 Millennials (Age 15 to 34 Years)		2,710	23.9%
Gen Xers (Age 35 to 49 Years)		2.098	18.5%
Baby Boomers (Age 50 to 74 Years)		3,635	32.0%
Silent Generation (Age 75 to 84 Years)		584	5.1%
G.I. Generation (Age 85 Years or Over)		201	1,8%
	40%		
	30%		
	20% — *	~ 1	
	10%		
	0% 		۵,
	A B	12 3 St. 12	40
		90, 31, Q	20.

SECTION 2 - COMMERCIAL MARKET STUDY

Purpose

Update KWA's 2016 NYA Commercial Market Study and make recommendations for EDC to update the NYA Commercial Development Strategy.

Updated information:

- 1. Market profile population, demographics, consumer expenditures.
- 2. Current business structure estimated market share of measurable business categories, captured by existing businesses in the NYA trade area.
- 3. **Gap analysis** market share spent in other markets or not spent due to no local service, i.e., market *leakage*.
- 4. **Growth strategy** is analyzed for NYA's commercial business sector, for servicing today's community and to be prepared for tomorrow's potential growth.
 - Helping existing and new businesses understand the situation and potential for growth. Also, helping existing businesses minimize the threat of competition.

Assessment and forecasts

- Commercial Market Model, page 24 market assessment and gap analysis of consumer expenditure by commercial category.
- NYA Commercial Development Strategy, page 25 tactics and development phases for EDC to consider in decisions for NYA Commercial Development Plan.

Market changes since the 2016 study:

- NYA's only full-service grocery store closed. The facility is vacant since 4th quarter 2019; equipment removed. Section 1 Grocery Market Study assesses feasibility for redeveloping the local grocery service.
- Highway 212 upgrade newly upgraded one-mile corridor through NYA:
 - Resurfaced highway from Cologne to NYA.
 - Upgrade of NYA's three, primary intersections, which has improved traffic flow and access to commercial business and both downtowns.
 - o Landscaping to be completed in spring 2021.
- Pandemic times the retail industry is adapting to changes in consumer demand, lifestyle, and shopping trends. This provides upside opportunity for NYA existing businesses, and for new businesses. These times can be considered favorable for fresh, commercial strategy, especially regarding groceries and food service.

Height State (1) Height Lester Paris | New Germany | Myer | 7 mi radius | Carver Park | Resierve | 1.5 mi radius | Doubtren | NYA Market Reach | Doubtren | NYA Retail Trade-Area | Paris Paris Pari

SECTION 2 - COMMERCIAL MARKET STUDY (continued)

The market is reviewed at 1.5-miles, 5-miles and 7-miles radius from the heart of NYA. The table on the following page details key demographics for those market areas, to assess consumer expenditures, market share, gap analysis and forecasts by commercial categories.

A market with rural and farming character and lifestyle, growing to Twin Cities demand.

NYA Market	Population	City of Norwood
Residents, 7-Mile Radius	11,896	3,769 31.7% of trade area population
Projected Annual Growth	+1.6%	1.4%
Median Age	39.3 years	35.4 years
Households	4,452 units	1,508 33.9% of trade area units
Occupied Housing	97.4%	97.2%
Household Size	2.7 persons	2.5 persons
Family Households	73.2%	67.6%
Median Household Income	\$87,974	\$74,611
Daytime Sector, Workers	3,196	1,299 plus business, unemployed, visitors.

Average age, predominantly Caucasian consumers. Middle-class, family-oriented households and community.

Demographic Sources: Sites USA, https://sitesusa.com/, U.S. Census, and Environics consumer statistics, https://environicsanalytics.com/.

			Norw	ood Yo	ung Ame	erica Co	omme	rcial M	arket					
	(Survey Sang Favories		ghway 21		n Road	Hig	hway 21	2 & Ref		Highway 212 & Tacoma Ave				
	2020 Population	4.050	-	7 MUF	Falle 4m	1.5-860	The second second	7 TM II =	Troppe Are	1 5 701	5-Mile	7-101 lb:	Traile	
VIII	Proj. 2025 Pop.	4,382	7,000	11,896	11,352		Similar Demographics				Similar D	emograph	iics	
9	Difference	333		12,176	12,133	+		-					T	
aline	Annual % Difference	1.65		280	781		-							
0.4	Daytime Workers	1,299		1.4%	,									
	Businesses	142	1,01	3,196	3,004			 						
_	Persons Per HHD	2.		355	360		 							
	Housing Units	1,624			2.0		ļ							
	Rental Housing	28.19		4,452	4,571		 							
	Occupied Housing	97.2%		16.8%	17.19	-								
휲	Aver, HHD Income	\$ 86,920		97.4%	82.9%		-							
ĕ	Med. HHD Income	\$ 74,611	,	\$ 102,408	\$ 98,501		├] —		
	HH Income <\$35k	18.4%		\$ 87,974	\$ 83,526									
	Family Households	67,6%	16.5%	14.1%	14.7%		 							
	% White	93.6%	70.0%	73,2%	72.8%		-							
	% Black	0.8%	94.2%	94.0%	94.3%									
	% Asian		0.9%	1.4%	1.3%									
	% Other	1.1%	1.0%	1.1%	1.1%									
Ē,	% Hispanic*	2.9%	2.4%	1.8%	1.8%									
Ĭ	% Seniors; > 65 Y.O.	4.9%	4.3%	3.8%	3.6%									
	% Children; < 19 Y.O.	20.9%	19,8%	16.4%	17.3%									
	4+ Yr College Degree	22.6%	23.2%	26,3%	57.8%									
	Median Age (yrs)	24.2%	23.9%	30.3%	25.3%									
		42.7	42,2	39.2	40,3									
	Primary Route ADT	10,900	Hwy. 212, Ir	between Fax	on & Reform.				xon & Reform.	12,700	Hwy. 212, e	ast of Tacom	a Ave	
TUDIE	Cross Street ADT	No count	Faxon Road,				Rt. 33/N. R	iom St./Rout	• 33,	4 450	Тасоппа Ау	Bud 64		
-	Traffic Comments	MNDOT pro	ects that NYA e, for the propo	Highway 212 to sed widening o	raffic will increas f Highway 212	- he 4/2	000 4 7077 4		2% average an	nual growth.	First reading	was made th	la year to	
	Site Comments		ket position an		concentrated	West end of	the market, reen lale, Pl	with rural row	O	NYA sast o	nd, at Tacom NYA's growin	Avenue, co	romalent to	

The table details commercial related, consumer demographics and market information. It reviews the market of 1.5-, 5-, and 7-miles radius, and Section 1's specific grocery trade area (similar to 7-mile).

Traffic counts at Highway 212 commercial corridor are projected to increase volume +3.2% annually, through this decade.

Daytime population is area workers; NYA's daytime busines potential also includes activity with retired, unemployed, visitors, transient traffic.

The potential commercial market is 11-12,000 residents of which city population accounts for 31.7% with 4,000 residents in 1.5-mile reach. It is **growing 1.4% annually**.

Commercial potential is influenced by the larger markets of Waconia, and Glencoe. NYA has competitive position to service the surrounding rural sectors, and smaller communities of Cologne, Green Isle, Hamburg, Plato, New Germany, and Lester Prairie.

	Norv	Nood You	ung Am	<u>eric</u>	a Comn	nercia	<u> Mar</u>	ket Sal	tet Sales Model					
Trade Area	202	1 Market De				A Supply		Opportunity/Gap Surplus						
4 452 Housing Units 11,896 Residents	% of HHD Commercial Expenditures	Annual Market Potentiel	Weekly Potential	# of Stores	Armusi Sales Ceptured	Weekly Sal Captured		Trade Not Ceptured by NYA	Annual Sales Gap	Weekly Sales Gap	Notes			
Retail Categories	100.0%	\$ 273,497,806	\$ 5,259,573	39	\$67,370,210	\$1,295,51	1 24.63%	43.5%	\$119,046,934	\$2,289,364				
Groceries	12.0%	8 32,761,916	\$ 630,037	4	\$ 5,967,705	\$ 114,70	4 18.2%	81.8%	\$ 26,794,211	\$ 515,273	grocery demand, & consolidating e-store sale per Sindair redevelopmen			
Full-service Grocery (closed)	11.2%	\$30,551,655	\$587,532	0	\$0		\$0.0%	78.1%	\$23,860,843	\$458,862	Full-service grocery potent			
Alternative Grocery Retailers (post-Econofoods)	2.5%	\$2,210,261	\$42,505	4	\$5,967,705	\$114,7	64 Inflated	0.0%	\$0	\$0	orocary group saves are inflated due to no local fu service, and captured			
Beer, Wine & Liquor	1.0%	\$ 2,696,234	\$ 51,851	4	\$ 1,094,671	\$ 21,05	3. 40.6%	40.6%	\$1,601,563	\$30,799	Good Time Liq. expansion.			
Gasoline Stations	7.6%	\$ 20,831,144	\$ 400,599	4	\$50,427,650	\$ 969,76	3 242.1%	0.0%	-\$29,596,506	-\$569,164	Also ceptures transient tra			
Food Service & Orinis, pre-pandemic	9.5%	\$ 25,858,150	\$ 437,272	22	\$10,406,000	\$ 200,13	5 40.24%	28.62	\$ 15,452,150	\$ 297,157				
Full Service	3.5%	\$9,532,866	\$183,324	5	\$3,681,467	\$70,7	97 38.6%	61.4%	\$5,851,399	\$112,527	Adding veriety and			
11 mitted Service	3,7%	\$10,119,419	\$194,604	3	\$4,127,980	\$79,3	83 40.816	59,2%	\$5,991,519	\$115,222	entertainment. Potential for fast- or casus			
Provident	0.7%										food. e.g., artisen, locally source			
Specialty food	0.3%	\$793,144	\$15,253	٥			\$0 0.0%	100.0%	\$793,144	\$15,253	bakery, coffeehouse.			
On-Sale Alcohol	2.0%	\$5,469,956	\$105,191	3	\$572,330	\$11,0		89.5%	\$4,897,626	\$94,185	demand, e.g., sports grill, local sourced menu, micro			
Health & Personal Care	5.7%	8 15,514,855	\$ 298,363	5	\$ 2,616,382	\$ 50,31	5 16.9%	83.1%	\$ 12,898,473	\$ 248,048				
Pharmocies & Drug Stores	4.8%	\$13,211,915	\$254,075	1	\$2,045,005	\$39,3	27 15.5%	84.5%	\$11,166,910	\$214,746	Upside opportunity for Marsdan Pharmacy, via Increased exposure.			
Optical Goods	0.2%	\$501,048	\$9,636	2	\$250,600	\$4,8	19 50.0%	106.7%	\$584,678	\$10,262	Local Independent.			
Other Health Personal Care	0.3%	\$794,787	\$15,284	3	\$320,777	\$6,1	69 0.0%	100.0%	\$794,787	\$15,284	Upside opportunity for health & personal care, wi			
Cosmetics, Beauty Supply	0.4%	\$1,007,105	\$1,048	Misc	50		\$0 0,0%	100.0%	\$1,007,105	\$19,367	the growing market and			
Ridg. Material & Supply	6.2%	5 16,903,492	\$ 225,066	1	\$10,611,075	\$ 204,05	9 62.8%	37.2%	\$ 6,292,357	\$ 121,087	commercial pian.			
Home Centers	3.0%	\$8,179,901	\$157,306	0	\$0	,	\$0 0.0%	-			Lumberyerd potential.			
Hardware, Paint & Other	2.4%	86,554,758	\$126,053	1	\$2,342,498	\$45,0	48 26.8%	64.3%	\$4,212,260	\$81,005	True Value upside in grow market and with communi- marketing plan.			
Lawn, Garden, Farm Supply	0.8%	\$2,168,773	\$41,707	0	\$8,268,577	\$159,0	11 381.3%	-36.1%	-\$6,099,804	-\$117,304	NYA supply also draws			
Blectronius & Appliances	1.82%	\$3,505,370	\$69,542	1	\$ 702,987	\$ 18,51	3 19.6%	80.4%	\$ 2,092,383	\$ 85,623	trusiness from beyond, executions is continuing the modern market, in contrast, True Value is an established hardware and			
Gifts	9.49%	\$23,227,751	\$446,688	2	\$ 1,565,244	\$ 30,10	1 6.7%	93%	\$ 21,662,507	\$ 416,587	NYA commercial planning opens opportunity for existing and new.			
Entortalment	6.7%	\$ 18,330,500	\$ 232,510	Misc	\$ -	\$ -	0.00%	190%	\$ 18,330,500	\$ 352,510	FVI category total enty, Mi			
Furniture, Home Furnishing	2,25%	\$6,146,219	\$118,197	2	\$ 1,030,784	\$ 19,87	3 16.8%	83.2%	\$ 5,115,435	\$ 98,374	events like Stiftungsfest, a Too challenging for a small			
Furniture	1.04%	\$2,835,786	\$54,534	0	\$368,207	\$7,0	81 13.0%	40.1%		\$47,453	merket. Might support a			
Home Furnishings	1.21%	\$3,310,433	\$63,662	2	\$662,577	\$12,7	42 20,0%	4			specialty store with a part ecommerce business plan			
Automotive	19.43%	\$53,149,100	\$1,022,098	5	\$16,858,348	\$ 818,43	-	68.8%	\$ 36,590,752	\$ 703,668				
Dealers	16.16%	\$44,194,478	\$849,894	1	\$12,877,921	\$247,6				\$602,241	(imited , local service			
Other Vehicle Dealers Aftermarket Parts & Tires	1.57%	\$4,666,744 \$4,287,879	\$89,745 \$82,459	Misc 4	\$1,087,358	\$20,9 \$49,8	-		\$3,079,386	\$59,219 \$82,593	limited , local service Established with Corquest			
	4.1%	\$ 11,320,008	\$ 217,692	0	\$	\$.	0.00%	190.0%	\$ 11,320,009		NAFA local stores. Opportunity in a supportiv business setting, e.g.,			
Ciething & Accessories	******	A mediantelegation	A manhage	-	7		400000	# AA SA LEE	A selepaions	4 001452	nestress satities 644			
Clathing & Accessories							+				Downtown Norwood Citizens and Idein am			
Clothing & Accessories	n/a	1/8	n/a	2	n/a	n/a	n/a	r/a	n/a	rı/e	Downtown Norwood Citizens and Rein are established, Opportunity i ATM sender in grosery stor Recommending a leaging			

Commercial Categories

Consumer Demand

NYA Captured Trade

NYA Trade Not Captured

First column: list of measurable commercial categories, identified per retail census. Next column group: market demand by category. Weekly and annual sales. Third column group: share of market captured by businesses in NYA's trade area. Last column group: share of market not captured by NYA trade area businesses.

Source: ScanUS demographic service, and Environics consumer analytics (Claritas data).

expensions.

1. "T.A." is NYA primary retail trade area. "Demand" is total market potential, "Supply" is estimated sales captured by competitors within the trade area; predominantly within City of NYA.

2. "Opportunity/Gap Analysis" is the estimated consumer expenditures not captured by NYA businesses.

3. Business assessments are pre-pendemic, so business fallout could affect NYA's existing businesses, the options and priorities for future growth.

NYA COMMERCIAL MARKET STUDY (continued)

Conclusion

The table below identifies suggested areas for developing NYA's commercial services. It presents commercial categories, the market potential, and first-pass business development scenario(s).

The table is followed with a phased marketing plan for EDC to consider for the 2021 update of NYA Commercial Development Plan.

The development scenarios are a starting point for understanding the commercial market, business situation and outlook, for decision to engage next step feasibility assessment.

NYA COMMERCIAL DEVELOPMENT STRATEGY													
		NYA	COM	MERC	HAL	DEV	ELOPME	NT STR	ATEG	Υ			
		wket Situ	rtion				d Davelopn						
	Est. Total	Est. Sales Astrocal	Est. Sales With	Market Market		Total SF	Project	Projected	Not Now	Widy&	Development Scenario		
NYA Grocery Store 1A. Floral (sublease)	24,000	Closed	\$115,000	17.3%	\$4.79			\$104,409			Options: by an independent grocer or food co-op Decisions and details could affect store size, as would subleasing; upsizing to 15-20,000 sf.		
	Closed	n/a	n/a	<u> </u>	<u> </u>	300	\$ 271,463	\$5,220	100.0%	\$17.40	One of local, independent florists.		
1B. Pharmacy (aublease) Z. Florne Solutions True	2,000		\$ 16,000	n/a	\$6.00	1,000	\$ 977,268	\$16,794	17.5%	\$18.79	Marsden Pharm sublease in grac, store; Good Times Lkq. expands into vacated Rx space.		
Makus A. V	10,000	,,,,,,	\$ 37,000	-	\$3.70	10,000	\$ 2,183,740	\$41,995	13.5%	\$4.20	Strong location, established situation, Strategy		
, Appliance & Matress		\$ 624,000	\$ 12,000	n/a	-	Inct.	-	-	-	i i	16V9TRG6S DOSHIVE offects of NYA Commercial		
Total True Value Sales	Incl.	\$ 1,300,000	\$ 25,000	19.8%	\$2.50	Incl.	\$ -				Plan. Group marketing, strengthened business setting, increased traffic.		
3. Food Service & Drinks													
New, Full-service Restaurant						5,000	\$ 2,097,680	\$40,340	75.0%	90.07	Objective of developing more their exists, regarding culsine and entertainment. Either further developing en actaining or new restaurant.		
New Coffeehouse w/Drive-Thru						500	\$ 302,998	\$5,827	90.0%	844 DE	Community and traffic are transfer to support a		
New, Fast Food						4000	\$ 520,000	\$10,000	100,0%	\$5.00	collectiouse. Freesterding or sublesse in groc, store. E.g., Mexican, Chinese, begels & collec.		
5. Liquor Expansion		\$ 1,028,560	\$19,780		40.00	3,500	1,213,701	\$23,340	18.0%	20.07	O		
6. Small Businesses Upside	Initial meeting	js for market a	wareness, si	uation ov	erview,	and discuss	ing scenarios for	upside busines	s.		demonstration of the second desirement of the		
7. Lodobo	A lodging spe	cific survey as B&B scenario	susses fees!	billity and	provides	Someonto i	or a business to	operate at least	80% occup	ancy; fea	sibility withwithout a pool. Also assessing		
9. Tacoma Strin Contac	Discuss an u		n group busin	ess or the	amed fo		n identity. Possib	fy a central serv	ices model	(shared a	admin & marketing), e.g. heelift & wallness,		
						including	nmmunicotione	and compelent	10.000	NAME OF	ee, commercial districts.		
						,		ava combiblise	to support	NYAS THE	ee, commercial districts.		

PHASE 1 First Year Planning



 Continue developing NYA's community marketing program and identifying what's "more" in NYA.

Tailor the program, for retail effective impressions that increase market awareness, identify the attractions, campaigns, and events.

Promote the entity, groups, and independents.

In turn, a business's participation in community marketing programs could return benefits in cost savings, competitiveness, and sales.

NYA COMMERCIAL MARKET STUDY (continued)

PHASE 1 First Year Planning (continued)

• Grocery store development – identify as many details as possible for the prospective sites, and the business development incentives that EDC can help identify, for an interested party to commit to next step feasibility assessment.

Prepare a marketing package for independent grocers and grocery a wholesaler's business development department to help identify candidates. Note: the proposed 13,000 sf store size might change, per location, retailer, and lease matters:

- Sublease Option A Marsden Pharmacy relocates to the grocery store, to gain business exposure, drive-thru service, and improved competitiveness.
 In turn, Good Times Liquor expands into the vacated pharmacy space.
- o Sublease Option B − 1 of 3 small, local florists (Floral Defined, Gemma Floral, Sunshine Inspiration) reposition to the grocery store, to gain business exposure in a competitive retail location.

Sublease Option C – a coffeehouse could be developed in the Faxon corridor or possibly in grocery store sublease space. There might be option of drive-thru service. Strategy would manage beverage-bakery-snack service with grocery's retail service.

Phase 2 Years 2-3 Planning Recommendations

- Consider conceptual plans for premium properties, as a marketing starting point, e.g., Econofoods facility, the Triangle, Sinclair, and Mill properties.
- Hotel market feasibility survey investigate feasibility of investing into a lodging market feasibility survey. This may be a Phase 2 exercise, regarding effects of pandemic times. It might also be a longer-term development, to meet base occupancy criteria.

The study can also address feasibility of a B & B operation as a traditional home conversion or contemporary model with converting other facilities (masonry, metal building) or possibly a tiny home/condo concept.

- Develop a conceptual plan for Downtown Norwood, and inventory of commercial properties, to begin marketing.
- **Identify local sourced products** from the NYA community and near, to promote in commercial development strategy and NYA's farmer's market.

Phase 3 – Strategy Update

• Update NYA Commercial Development Strategy for the accomplishments and fresh outlook, in timeline of 3-5 years.



NYA Commercial Districts - Situation & Outlook



- A. Primary Commercial District one-mile corridor of Highway 212, from Tacoma Avenue westward to Reform Street.
 - 1) Faxon Road intersection
 - a) Heart of the district, with majority of NYA commercial services. Also has the most commercial growth potential.



- 1. Faxon Road intersection (continued)
 - a.) Growth outlook first, commercial growth opportunity is with existing businesses:
 - North of Highway 212: Home Solutions True Value, Family Dollar, Holiday Station Store, Sinclair, Klein Bank, NAPA Auto.
 - South of Highway 212: McDonalds is the standout brand and positioned in proximity of Subway, Good Times Liquor, Marsden Pharmacy, Citizen's State Bank, Unhinged Pizza, Lazy Loon Bowling & Event Center, and U.S. Post Office.
 - a) Proposed NYA grocery store Section 1 of the report explains the feasibility. A site is yet to be chosen, so a site at the Faxon Road corridor would have exposure to NYA's busiest commercial area.
 - The vacant grocery facility is too large for the proposed grocer but could be divided for multiple businesses, e.g., grocer & shops, restaurant & shops, shops with shared admin and marketing.
 - b) Sinclair property high profile site, northwest corner of the highway intersection. Key commercial position, and potential contribution to community and commercial impressions, e.g., grocery store, restaurant, hotel.







Closed Grocery Store Property

B. Faxon Road Corridor

- 3. Growth outlook
 - c) Existing businesses assess current situation in modern times, and plan for protecting that business and capturing fair share of market growth:
 - 1) Resources chains have central operations for developing and maintaining stores...independents might not have or know sources for assistance in planning, forecasting, funding, and marketing.
 - EDC can initiate awareness of the market study, community growth outlook and discussions for their upside opportunity. Those with sources can engage planning assistance and a process for development.
 - EDC can help those in need of planning sources. Organize work sessions for how to prepare for a process, and contacts that can assist.
 - 2) Marketing assistance commercial businesses likely have a marketing program. Chains have central services which independents might have, e.g., True Value. If not an independent develops their own program.
 - EDC can help businesses in need to organize and make contacts for developing an opportunity to tailor to modern times or associate with community marketing programs.
 - 3) Business upgrades some businesses are comfortable in the current business model. Others might have upside through remodeling, expanding, or relocating. If landlocked from expanding, then relocation might be a solution. Example: Good Time Liquor, Marsden Pharmacy, and Subway share a building, landlocked from expansion; repositioning scenario:
 - Marsden Pharmacy relocates to the new grocery store, possibly gaining exposure and adding drive-thru service.
 - o In turn, Good Times Liquor expands into the vacant Rx space.
 - 4) Entertainment the commercial development plan will develop business, including entertainment attractions. Today's community attractions include school and church activities, outdoor experience, a seasonal farmers market and home experiences. Golfing in Chaska, Waconia and Glenco.
 - Restaurant business has upside for existing and new businesses to adding more dining variety and entertainment experience, e.g., Mexican, German, micro-brewery (e.g., https://brickfieldbrewing.com/), social & family experience. Also, dining with a view, patio, rooftop. A coffeehouse can capture local and transient trade with the right location.
 - 5) **Special attractions** for consideration in development and marketing: Stiftungsfest, Bongards Creameries, Baylor Regional Park, event centers, farm experience, farm to store and locally sourced programs.

C. Reform Street intersection – emerging commercial area at the west end of the commercial district and Highway 212. Newer Kwik Trip and small strip center (Snap Fitness, Southwest Eye Care). Near NYA schools.



1. Growth outlook

- a) *Triangle* property potential commercial property, possibly for the proposed grocery store, or a plan to develop a strip center.
- b) Future commercial growth beyond the Triangle property, NYA city limits and commercial area end at Reform Street but abut farm field to the west.



View northwest from Reform and 212, toward Kwik Trip and strip center (right side)

c)

D. Tacoma Avenue - NYA's east side gateway, and access to Tacoma West Industrial Park. Commercial business is an approximate 30,000 sf L-shaped strip center at the southwest quadrant of the Highway 212 intersection. Indirect access to center via Railroad Avenue.



Outlook: the existing commercial property is mostly vacant complex except for Creative Hair salon and Elite Dance Co. Family Dollar relocated from here to Faxon Road, in 2016.

The indirect access makes this a challenging retail location. It has marketable sight lines to the highway, 20K+ sf of available space, and proximity to the Industrial Park.

- 1) **Group tenanting strategy** group model with shared admin and marketing, e.g., tech services, health care, personal care (build upon current tenants). Possibly a mixed model, e.g., offices with heated storage units, or restaurant.
- 2) **Hotel:** the property to the west of the strip center, wrapped by Railroad Avenue seems fitting for a hotel. Possibly with a branded restaurant to add to this area's business setting.

Option: developing a new commercial property at the Highway 212 intersection.

E. **Downtown Young America** – situations with both downtowns remains similar to that assessed with the 2016 report. Downtown Young America:



- 1) Willkommen Memorial Park Pavilion and Heritage & Preservation Society are featured attractions at Main Street's west end. The park is home to the Young America Cardinals baseball team, and NYA's annual Stiftungsfest.
- 2) Existing businesses: Northside Grill, Last Call Saloon, Tanglez Salon. Outlook:
 - a) Northside Grill is an active, neighborhood restaurant, bar & seasonal patio. It might have upside with the new community commercial strategy and marketing.
 - b) The Olde Mill House available property at downtown's east end. Situated between Young America Lake and downtown's east end (light industrial).

Maybe NYA's most intriguing facility for creative application of commercial business, e.g., spa, B&B lodging, restaurant & gifts, crafts.

Potential property with a countryside view.





F. Downtown Norwood – the west end is at Reform Street, ¼-mile south of Highway 212. Community services concentrated at the west end: City Hall & Library, Oak Grove Senior Center, Roy Clay Community Bldg., and NYA Sports Complex ballfield.



A two-block corridor from Reform Street, eastward along Elm Street. Existing businesses: Pour House (recently renovated neighborhood bar), The Quilting Grounds, (2) salons in close proximity, On Point Nutrition. A small Hardware Hank store closed at the east end, since the 2016 study.

Vacant commercial properties will eventually be assumed in the growth market.

Opportunity to guide the development with a conceptual plan for a village-like complement of shops, services, and entertainment, maybe an artisan, health & holistic, tech theme.

Identify a plan and document the available properties, stats, and status. A plan that identifies new business development incentives, then supporting the businesses, with the community commercial marketing plan.

Visitors are accommodated by street parking and downtown parking lots.

F. Downtown Norwood (continued)

View east along Elm Street, from Reform Street



View west from Morse Street



APPENDIX

Definitions

STUDY AREA/TRADE AREA: delineated, primary area of business for the subject commercial categories, projected sites and businesses.

SECTORS: the areas of study for market assessment and projected business performance.

DRAW: share of total sales from consumers within the primary trade area. A business can capture additional other than *trade area category potential, from* consumers residing beyond the trade area, and from other expenditure categories (e.g., a grocery store capturing restaurant trade).

FLOAT: that portion of trade area potential leaking to competition in other markets beyond the trade aera.

BARRIERS: physical or psychological obstacles that affect consumer gravitation (e.g., rivers, limited access freeways, commercial and industrial buffers).

Qualifier

This study is furnished pursuant to a request by the City of Norwood Young America, Minnesota. The request is to conduct a grocery store study and to update the original commercial market study, with collecting latest information on population changes, assessing competitive structure, creating and updating market and sales models. Thereby providing first-pass forecasts and development recommendations. The client acknowledges that while it believes the services to be performed hereunder by Keith Wicks & Associates will be a valuable tool in management decision making it also understands that an important part of said services involves subjective judgment, which is dependent upon the correctness of the information made available, and the timeline in relation to project developments. Therefore, the client further acknowledges its understanding that Keith Wicks & Associates does not guarantee any result from the use of the analysis or other services performed hereunder, not shall Keith Wicks & Associates be responsible for any loss incurred as a result of the use of said analysis or other services.

The projections are based on the conditions identified in the study. Deviation from the study assumptions or changes in economic conditions could cause significant variation between these projections and actual sales. The possibility of this occurring increases with time.

Source Data

"Number of Inhabitants, Minnesota," 2010 Census of Population, U.S. Depart. of Commerce, Bureau of the Census.

"Block Statistics, Minnesota," 2010 Census of Housing, U.S. Department of Commerce, Bureau of the Census.

"2010 Census of Population and Housing" for Minnesota.

Per capita expenditure, LOCUS and U.S. Census demographic profile of the specific market and surrounding areas.

Carver County information sources.

Minnesota Department of Transportation.

ReGIS (Sites USA) and Environics demographic and mapping services.

Internet resources

Original, field study, 2016, and survey update meetings with City of Norwood Young America, Economic Development Committee.