

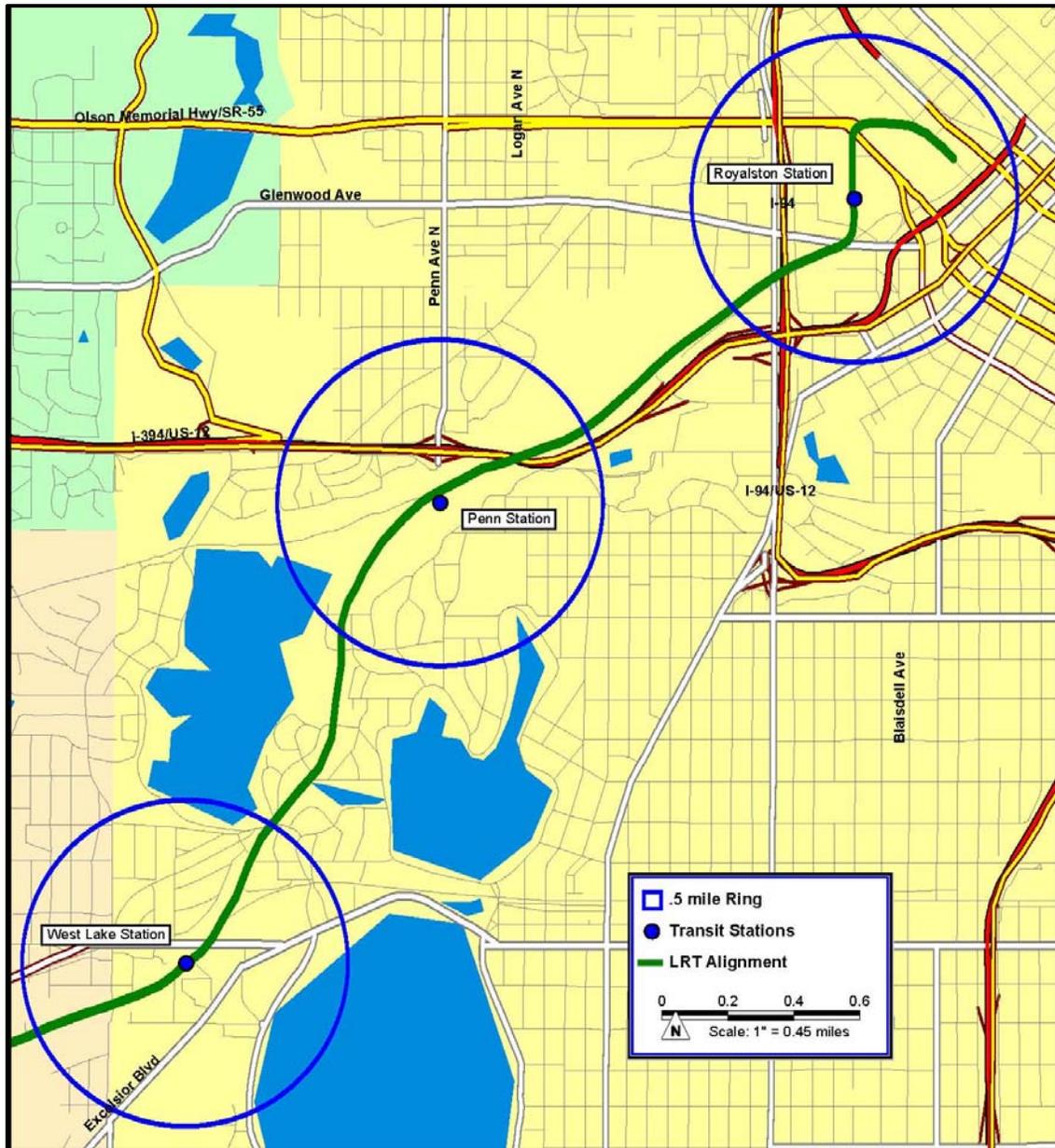
Chapter 1

STUDY AREAS

This report contains a market assessment for three station areas along the proposed Southwest Corridor LRT line in Minneapolis. These stations are Royalston, Penn, and West Lake, shown on Map 1-1. Each of these station areas has different physical, demographic, and economic characteristics.

Map 1-1

STUDY AREAS



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Map produced with Scan/US

Royalston Station is located west of Downtown Minneapolis in an industrial area that developed during the early 1960s. Predominate uses in the immediate vicinity of the Royalston Station are light industrial, wholesaling, and City of Minneapolis repair and maintenance facilities. There are a few food distribution businesses located near the Minneapolis Farmers Market. Target Field is located nearby.

Penn Station is located in a predominately single family residential area. Adjacent to the proposed station area is an office/light industrial area that was developed during the 1960s. This area is undergoing evolution as one of the light industrial buildings has been demolished and the other is vacant. These properties are being marketed as the location of a multi-story office building.

West Lake Street Station is located in the heart of a vibrant mixed-use area that includes retail, office, and high density residential. The station area is diverse including single family homes, condominiums, apartments, office, and retail stores. In addition, the Minneapolis Chain of Lakes provides recreational amenities.

Each of these station areas represent development opportunities that can respond to future demand for office, retail, residential, and multi-family demand.

Chapter 2

ECONOMIC BASE

Redevelopment potential in the Southwest Corridor station areas around the Royalston, Penn, and West Lake LRT stations will be influenced by employment, population, and household trends in the Metro Area and City of Minneapolis. This chapter reviews recent economic base trends in the Metro Area.

Employment

Wage and salary employment for the period 2000 to 2009 for the Metro Area, Minneapolis, and the station areas are contained in Table 2-1. Wage and salary employment is based on workers compensation forms filed with the State of Minnesota and do not include self employed individuals, which typically represent about three to four percent of total employment. Changes in employment are an important economic indicator of demand for new development. Employment in the Metro Area was 1.6 million in 2000 and declined steadily to 1,561,078 in 2003 and then increased to 1,622,699 in 2007 at the peak of the economic expansion. This is about 22,000 more jobs than in 2000. Employment then declined to 1,538,653 in 2009 as the recession deepened. Employment trends in Minneapolis were similar to the Metro Area, but the decline was more severe.

Table 2-1
WAGE AND SALARY EMPLOYMENT; 2000 TO 2009
METRO AREA, MINNEAPOLIS, AND STATION AREAS

Year	Metro Area	Minneapolis	Minneapolis CBD	SW Corridor* Station Areas
2000	1,600,760	308,758	168,244	22,763
2001	1,598,260	305,880	166,319	23,110
2002	1,565,562	294,162	158,861	22,027
2003	1,561,078	286,631	154,225	21,978
2004	1,573,609	285,883	155,353	22,047
2005	1,593,973	287,552	156,623	22,447
2006	1,615,282	294,370	161,706	22,039
2007	1,622,699	292,833	160,044	20,930
2008	1,612,665	290,989	159,046	18,798
2009	1,538,653	280,299	154,470	17,912

*Includes zip codes 55405, 55408 and 55416.

Source: Minnesota Department of Employment and Economic Development and McComb Group, Ltd.

Minneapolis employment was 308,758 in 2000 and decreased steadily to 285,888 in 2004, which was followed by a rebound to 294,370 in 2006. At this point, employment was about 14,000 jobs below 2000. A recession induced decline further reduced employment by about 14,000 employees to 280,299 in 2009. Minneapolis employment trends are below those of the Metro

Area. Employment in the Minneapolis CBD represents over 50 percent of the City of Minneapolis employment and drives demand for office space outside the downtown area. Employment in Downtown Minneapolis was 168,244 in 2000 and began a steady decline to 155,353 in 2004, a decline of almost 13,000 jobs. Employment increased modestly to 161,706 in 2006, an increase of about 6,300 jobs. Employment then declined further to 154,470 in 2009, a loss of about 7,200 jobs.

Employment in the Southwest station areas as measured by zip codes 55405, 55408, and 55416 has followed trends similar to the Metro Area and Minneapolis. Employment in these zip codes is grouped together by the Minnesota Department of Employment and Economic Development and generally includes Southwest Minneapolis and a portion of St. Louis Park. Employment in the station area corridor peaked in 2001 at 23,110 and has fluctuated around 22,000 jobs until 2006 when employment began a decline to 17,912 jobs in 2009, an 18.7 percent decrease.

Employment by two-digit North American Industrial Classification System categories for the Metro Area is contained in the Table 2-2. Data for some years in some industries is incomplete, but trends in employment by industry group are evident from this table. Industries that were growing during the 2000 to 2007 period are likely to expand more rapidly as the Metro Area recovers from the recession. Industries that were adding employment during the period 2000 to 2007 include: finance and insurance; real estate, rental and leasing; professional and technical services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and public administration. During the two years following 2007, mining added 102 jobs; utilities increased by 459 jobs; educational services added 4,732 jobs; and health care and social assistance increased by 11,447 employees. These four categories added over 16,000 jobs. All other categories declined during this period.

Wage and salary employment in Minneapolis for the period 2000 to 2009 is contained in Table 2-3. Employment categories with increasing employment for the period 2000 through 2007 include: real estate, rental and leasing (1,098 employees); management of companies and enterprises (2,382 employees); educational services (2,399 jobs); health care and social assistance (6,238 employees); arts, entertainment, and recreation (978 jobs); and accommodation and food services (2,654 jobs). Since the recession began, the only categories to add jobs are management of companies and enterprises (203 employees); education services (408 jobs); health care and social assistance (409 jobs); and arts, entertainment, and recreation (17 jobs). Looking to the future, it is likely that those categories that were exhibiting growth in the period 2000 to 2007, as well as those that continued to add jobs during the recession, will lead the employment recovery over the next few years. However, the significant employment decline reported across many of the industrial categories helps to explain the high levels of vacancy in office and industrial space in the Metro Area.

Employment in the Southwest Corridor zip codes followed a declining trend during the 2000 to 2009 period falling from 23,110 in 2001 to 17,912 in 2009. During the 2000 to 2007 period, only two categories registered increased employment: finance and insurance (1,451 jobs), and arts, entertainment, and recreation (63 jobs).

Table 2-2
METRO AREA EMPLOYMENT, 2000 TO 2009

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total, All Industries	1,600,760	1,598,260	1,565,562	1,561,078	1,573,609	1,593,973	1,615,282	1,622,699	1,612,665	1,538,653
Agriculture, Forestry, Fishing & Hunting	2,832	2,852	2,849	2,807	3,158	3,190	3,246	3,153	3,021	3,047
Mining	389	387	423	428	431	378	358	336	488	438
Construction	75,163	206,874	76,778	75,157	77,546	78,475	75,850	71,463	64,944	53,481
Manufacturing	217,162	84,014	193,778	187,621	184,797	186,238	185,244	182,469	178,115	161,333
Utilities	6,819			5,956	5,933	5,807	5,667	5,418	5,747	5,877
Wholesale Trade	83,662		81,453	82,380	81,947	82,515	83,933	84,226	83,142	76,682
Retail Trade	173,328			169,048	168,878	170,162	169,639	169,435	164,316	153,945
Transportation and Warehousing	77,388			68,052	68,376	69,293	67,273	67,428	66,216	61,422
Information						44,470	43,374	44,017	43,678	41,866
Finance and Insurance	99,422								104,839	102,776
Real Estate and Rental and Leasing	27,558								29,216	27,924
Professional and Technical Services	102,289			94,778	94,217	95,950	100,619		103,674	97,031
Management of Companies and Enterprises	63,899	59,862	55,721	53,673	57,535	56,249	57,846	58,998	63,199	62,012
Administrative and Waste Services	97,592			87,895	89,378	91,825	95,991		91,890	82,953
Educational Services	101,929	106,350	107,872	108,144	110,262	113,117	117,119	118,049	121,077	122,781
Health Care and Social Assistance	162,034	167,154	174,282	181,041	184,608	189,138	198,416	204,394	211,447	215,841
Arts, Entertainment, and Recreation	24,991								29,033	28,767
Accommodation and Food Services	113,726								125,963	121,175
Other Services, Ex. Public Admin	55,633		62,308	63,332	62,844	63,754	64,601	65,785	55,707	52,832
Public Administration									66,915	66,370

Source: Minnesota Department of Employment and Economic Development QCEW Data.

Table 2-3
MINNEAPOLIS EMPLOYMENT: 2000 TO 2009

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total, All Industries	308,758	305,880	294,162	286,631	285,883	287,552	294,370	292,833	290,989	280,299
Construction	22,680	21,233	18,809	17,416	16,693	16,635	16,575	16,452	16,566	14,637
Manufacturing	4,514	11,951	11,348	10,937	10,841	9,664	9,680	9,737	2,982	2,983
Utilities	12,234	18,083	17,016	16,412	16,635	16,664	15,062	14,998	14,908	13,891
Wholesale Trade	18,952	11,918	13,751	12,556	11,631	11,480	11,064	10,849	7,774	7,454
Retail Trade	16,332	29,826	5,206	5,304	5,957	6,292	6,238	6,291	6,116	5,902
Transportation and Warehousing	4,597	13,834	12,720	13,472	14,282	14,860	15,887	16,246	17,306	16,449
Information	32,229	13,864	14,125	14,125	26,722	26,972	28,311	27,811	15,100	13,344
Finance and Insurance	18,360	25,412	41,839	42,288	42,238	42,383	44,196	45,913	45,721	46,322
Real Estate and Rental and Leasing	39,675	4,605	20,637	20,430	21,664	22,028	22,806	23,705	5,583	5,600
Professional and Technical Services	21,051	11,190	13,509	13,260	12,840	12,968	12,673	12,929	10,470	22,505
Management of Companies and Enterprises	13,272	13,384	13,509	13,260	12,840	12,968	12,673	12,929	12,488	12,296
Administrative and Waste Services										
Educational Services										
Health Care and Social Assistance										
Arts, Entertainment, and Recreation										
Accommodation and Food Services										
Other Services, Ex. Public Admin										
Public Administration										

Source: Minnesota Department of Employment and Economic Development QCEW Data.

Table 2-4

SOUTHWEST CORRIDOR EMPLOYMENT, 2000 TO 2009
ZIP CODE 55405, 55408 AND 55416

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total All Industries	22,763	23,110	22,027	21,978	22,047	22,447	22,039	20,930	18,798	17,912
Construction	839	923	803	721	590	592	628	560	560	356
Manufacturing	940	845	753	687	650	653	598	556	560	512
Wholesale Trade	1,328	1,299	1,260	1,284	1,179	1,042	858	806	679	598
Retail Trade	2,906	2,871	2,826	2,819	2,692	2,778	2,763	2,678	2,599	2,406
Information	472	470	378	407	402	413	466	418		
Finance and Insurance	453	523	1,097	1,823	2,220	2,716	2,971	1,904	762	1,950
Real Estate and Rental and Leasing	610	655	713	711	734	719	625	595	509	483
Professional and Technical Services	1,323	1,541	1,372	1,318	1,141					995
Management of Companies and Enterprises	2,719	2,707								
Administrative and Waste Services	1,322	1,310							1,289	
Educational Services	1,073		948	831	761	717	699	680	678	695
Health Care and Social Assistance	2,048	1,979	1,839	1,775	1,706	1,619	1,658	1,727	1,720	1,857
Arts, Entertainment, and Recreation	412	410	480	537	554	558	509	475	494	491
Accommodation and Food Services	3,619	3,656	3,602	3,405	3,521	3,486	3,535	3,591	3,597	3,521
Other Services, Ex. Public Admin	2,133	2,301	2,340	2,323	2,299	2,161	2,004	2,018	1,829	1,184

Source: Minnesota Department of Employment and Economic Development QCEW Data.

The Metro Area and the City of Minneapolis face challenging employment trends as the area recovers from the current recession. During the seven-year period between the peak of the (1992 to 2000) economic boom and 2007 the peak of the last economic boom, the Metro Area added only 22,000 jobs. In Minneapolis, employment in 2007 was almost 16,000 jobs lower than at the previous peak in 2000. Downtown Minneapolis followed a similar trend where employment in 2007 was 8,200 jobs lower than in 2000. Employment in the Southwest Corridor zip codes declined by 4,851 jobs or 21.3 percent.

Employment trends during the last ten years present a challenging climate for new real estate development. Employment growth has been weak in the Metro Area, Minneapolis, the Downtown area, and Southwest Corridor station areas. Minneapolis and the Metro Area are currently recovering from the recent recession, but future trends in employment are uncertain.

Station Area Employment

Estimated employment and occupations for 2010 are contained in Table 2-5 for the Metro Area, Minneapolis, and the three station areas. The Royalston Station area is estimated to have 15,889 employees working in 996 business establishments. White collar occupations represent 60.2 percent of the employees compared to a white collar distribution of 67.4 percent in the City of Minneapolis. In the Penn Avenue Station area, employment is estimated at 773 in 75 business establishments. White collar occupations predominate at 75.2 percent of the employment. West Lake Street Station area is estimated to have 4,210 employees in 259 business establishments. White collar occupations represent 60.7 percent of the work force.

Table 2-5
EMPLOYMENT AND OCCUPATIONS; 2010

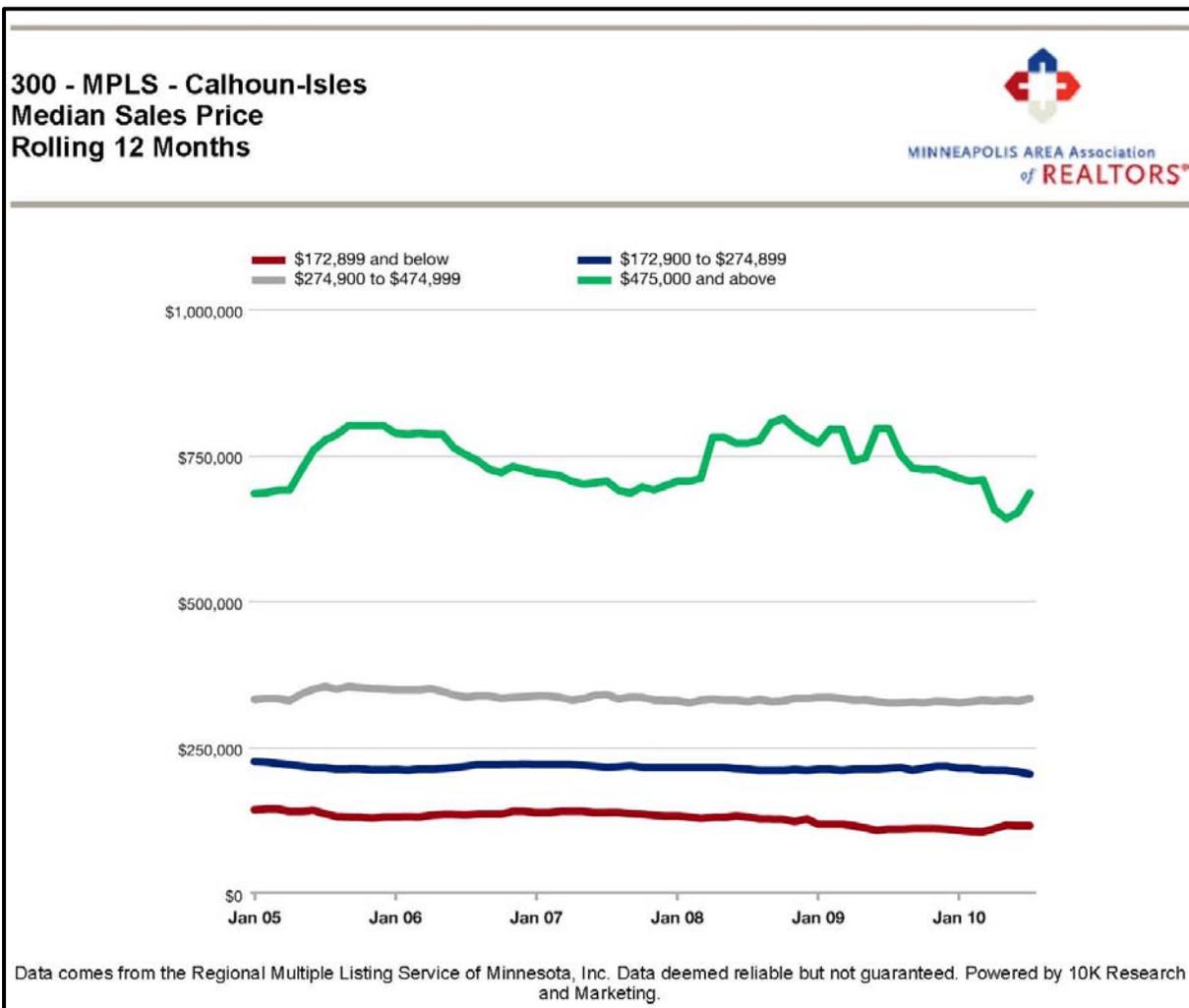
Category	Metro Area	Minneapolis	Royalston	Penn	West Lake
Total Businesses	107,450	17,569	996	75	259
Total Employees	1,808,237	335,370	15,889	773	4,210
Average Employees Per Firm	16.8	19.1	16.0	10.3	16.2
White Collar Occupations (Percent)	62.7 %	67.4 %	60.2 %	75.2 %	60.7 %
Blue Collar Occupations (Percent)	37.3	32.6	39.8	24.8	39.3

Source: Scan/US and McComb Group, Ltd.

Home Prices

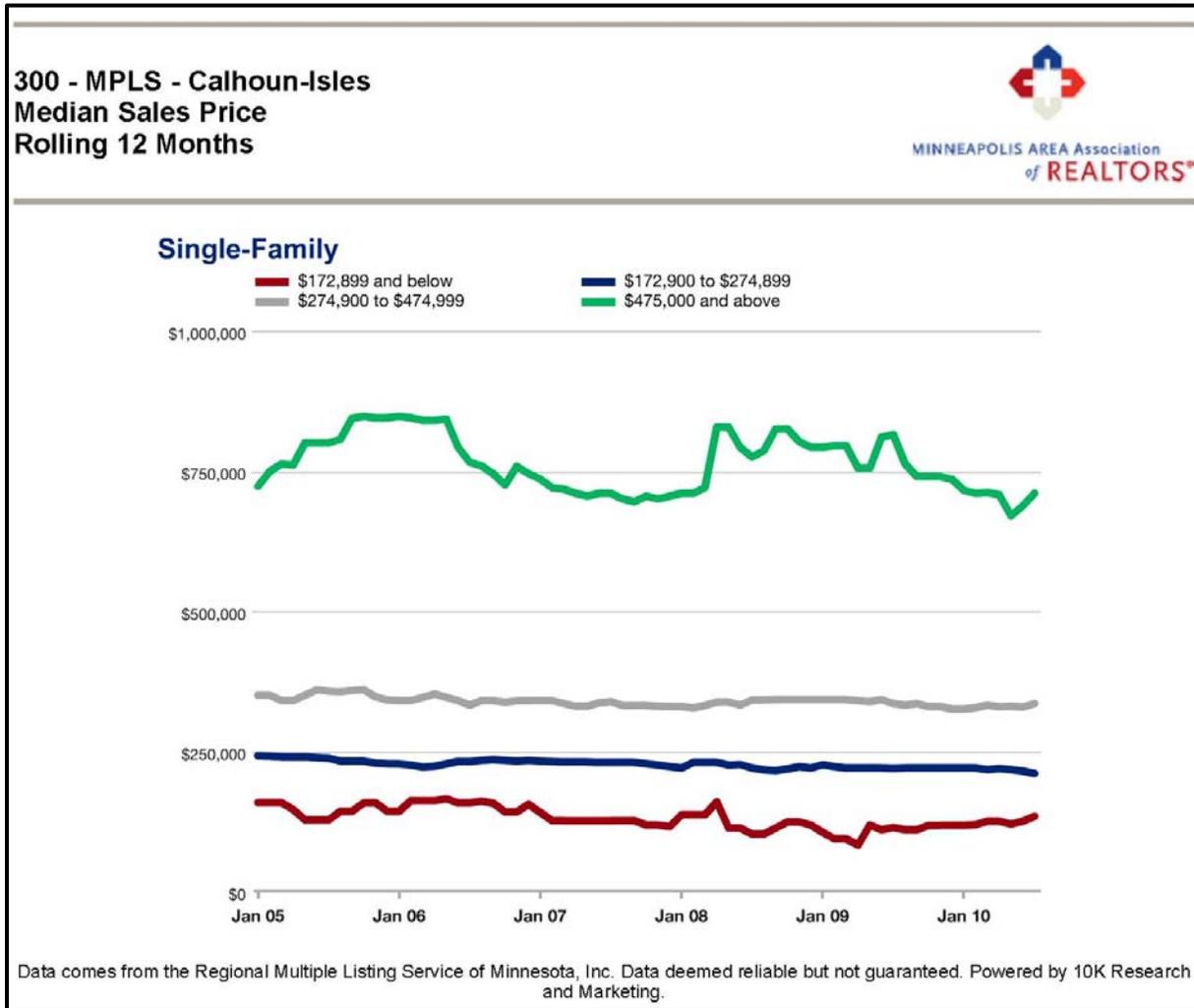
Home prices in the three station areas have been relatively stable since the real estate market peaked in July 2006. The Royalston, Penn, and West Lake Station areas are all located in the Minneapolis Calhoun-Isles district of the Regional Multiple Listing Services of Minnesota. Historic sales trends for all types of homes in that area, contained in Figure 2-1, show relative stability for homes in the two categories between \$172,900 and \$474,999, which is the likely price point for most new housing that could be built in the station areas. This figure shows that home prices in the \$172,900 to \$274,899 bracket, as well as those in the more expensive \$274,900 to \$474,999 bracket have been relatively stable and have not suffered the price declines that have occurred in other areas.

Figure 2-1



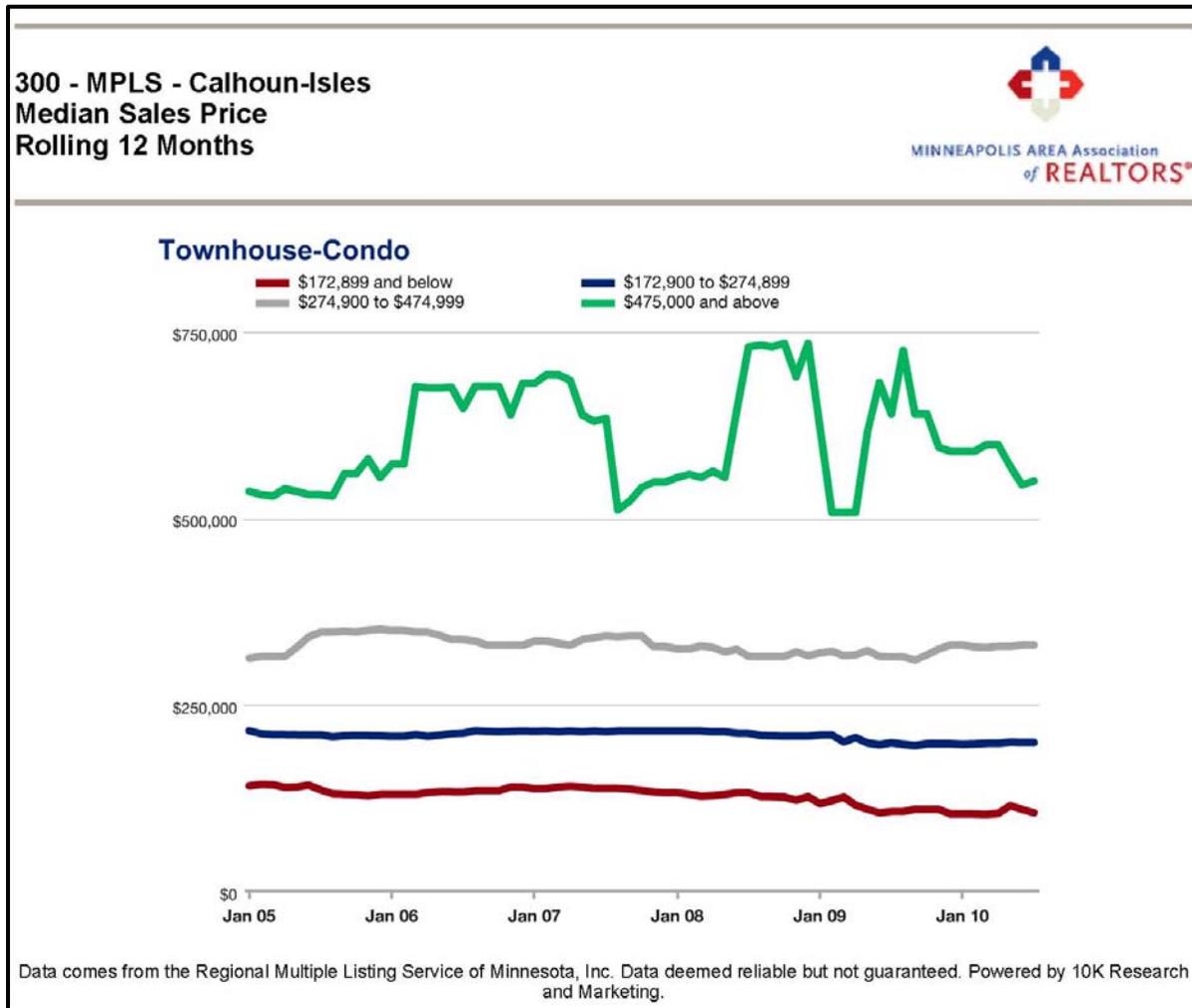
Single family home prices (Figure 2-2) in these two categories (\$172,900 to \$274,899 and \$274,900 to \$474,999) exhibit slightly more price volatility, but have been relatively stable. The lowest price category \$172,899 has experienced greater price volatility. This is the category where most of the mortgage foreclosures have occurred. Price trends in upper bracket homes reflect changes in the value of homes sold, not relative changes as sales of homes over one million dollars has slowed considerably.

Figure 2-2



Median sales prices of townhouse and condominiums (Figure 2-3) reflect trends similar to single family homes since there are fewer sales transactions in this category. There is slightly more volatility, but the trend is relatively stable in the mid range price categories. These charts demonstrate that home prices in the vicinity of the three station areas have been relatively stable and have been relatively unaffected by the national real estate market, which has declined 30 percent since 2006 according to Case-Shiller, a subsidiary of Standard & Poor's Financial Services, LLC. This demonstrates a strong demand for housing in the vicinity of the station areas.

Figure 2-3



Population

Population in the Metro Area, Minneapolis, and the three station areas are contained in Table 2-6. Metro Area population grew at a 1.45 percent annual rate between 1990 and 2000. The growth rate dropped about in half to 0.75 percent between 2000 and 2010. Minneapolis population increased between 1990 and 2000 reaching 382,618 which was followed by a slight decline in the period 2000 to 2010. This decline in population can be explained by vacant foreclosed homes and an increase in apartment vacancy rates. Population has been declining in the Royalston Station area. This decline is undoubtedly related to the renewal activities in the Heritage Park area where a large public housing project was demolished and replaced with less dense housing. Population decline in the Penn Station area appears to reflect the impact of home foreclosures and declining family size. West Lake is the only station area to show increases in population, which is related to development of rental and condominium buildings. Population in Minneapolis and each of the station areas should rebound in the near future as foreclosed homes are purchased, residents move in, and vacancy declines in rental apartments, a trend that is currently underway. For example, in the 12 months ending December 2010, 76 foreclosed or lender-mediated homes have been purchased in the Calhoun-Isles district.

Table 2-6

METRO AREA, MINNEAPOLIS, AND ONE-HALF MILE STATION AREAS
POPULATION 1990 AND 2000 CENSUS, 2010 ESTIMATED

Year	Metro Area	Minneapolis	Royalston	Penn	West Lake
1990	2,288,499	357,936	3,451	2,856	3,583
2000	2,642,056	382,618	2,761	2,424	4,713
2010	2,847,981	371,252	2,655	2,318	5,288
Growth Rate					
1990-2000	1.45 %	0.67 %	(2.21) %	(1.63) %	2.78 %
2000-2010	0.75	(0.30)	(0.39)	(0.45)	1.16

Source: Scan/US and McComb Group, Ltd.

Households

Household growth trends in the Metro Area have mirrored the trend in population, increasing by 1.56 percent annually in the period 1990 to 2000, and at a slightly lower rate of 0.96 per year between 2000 and 2010. Minneapolis households increased from 1990 to 2000 at an annual rate of 0.39 percent, which represented an increase of almost 6,250 units. Households have declined modestly during the last 10 years due to foreclosures and increasing apartment vacancy rates in recent years. Changes in station area households in Royalston and Penn are similar to the causes for population decline. Household increases in the West Lake Station area relate to the construction of new condominiums and apartment buildings.

Table 2-7

METRO AREA, MINNEAPOLIS, AND ONE-HALF MILE STATION AREAS
HOUSEHOLDS 1990 AND 2000 CENSUS, 2010 ESTIMATED

Year	Metro Area	Minneapolis	Royalston	Penn	West Lake
1990	875,354	156,110	1,627	1,128	2,119
2000	1,021,454	162,352	1,185	1,039	2,794
2010	1,124,010	161,491	1,060	1,008	3,232
Growth Rate					
1990-2000	1.56 %	0.39 %	(3.12) %	(0.82) %	2.80 %
2000-2010	0.96	(0.05)	(1.11)	(0.30)	1.47

Source: Scan/US and McComb Group, Ltd.

Household Income

Median and average household income are contained in Table 2-8. Median household income in Minneapolis was \$41,780 in 2010, which is 35 percent below the Metro Area median household income. Median household income in the Royalston Station area is estimated at \$34,767 in 2010, 17 percent below the Minneapolis median household income. In contrast, median

household income at Penn and West Lake Station areas is well above the Minneapolis and even Metro Area median household income. Penn Station area median household income is estimated at \$110,034, 160 percent above the Minneapolis median household income. West Lake Station area median household income is 87 percent above the Minneapolis median household income.

Table 2-8
 METRO AREA, MINNEAPOLIS, AND ONE-HALF MILE STATION AREAS
 MEDIAN AND AVERAGE HOUSEHOLD INCOME
 1990 AND 2000 CENSUS, 2010 ESTIMATED

Year	Area	Minneapolis	Royalston	Penn	West Lake
Median Household Income					
1990	\$ 38,038	\$ 27,211	\$ 17,007	\$ 59,221	\$ 37,378
2000	54,667	38,369	31,457	92,538	60,211
2010	64,571	41,780	34,767	110,034	78,205
Average Household Income					
1990	\$ 44,291	\$ 32,875	\$ 27,346	\$ 76,842	\$ 54,240
2000	68,484	52,179	53,834	130,756	99,696
2010	86,887	64,932	66,721	162,544	132,421

Source: Scan/US and McComb Group, Ltd.

Average household income shows a similar relationship to median household income. Distribution of household income is contained in Table 2-9. The distribution of household income in the three station areas demonstrates the diversity of the City of Minneapolis. In the Royalston Station area, 10.9 percent of the households have incomes over \$150,000 compared to 6.7 percent in that category in the City of Minneapolis.

Table 2-9
 METRO AREA, MINNEAPOLIS, AND ONE-HALF MILE STATION AREAS
 HOUSEHOLD INCOME DISTRIBUTION PERCENT; 2010 ESTIMATED

	Metro Area	Minneapolis	Royalston	Penn	West Lake
Less than \$15,000	8.9 %	18.5 %	32.2 %	3.9 %	7.1 %
\$15,000 - \$24,999	7.5	12.5	12.0	3.1	7.5
\$25,000 - \$34,999	8.3	11.3	8.2	2.9	8.2
\$35,000 - \$49,999	13.0	15.4	8.7	9.1	13.6
\$50,000 - \$74,999	19.5	16.6	17.0	16.9	14.1
\$75,000 - \$99,999	15.1	9.6	5.8	16.9	11.8
\$100,000 - \$149,999	16.4	9.4	5.2	17.3	13.7
\$150,000 +	11.2	6.7	10.9	29.9	24.0

Source: Scan/US and McComb Group, Ltd.

Race and Ethnicity

Race and ethnicity for the Metro Area, Minneapolis, and the three station areas are contained in Table 2-10. Minneapolis, as expected, has a higher proportion of minorities than the Metro Area. In the Royalston Station area, minorities represent about 50 percent of the population with

black representing about two-thirds of the minority population. Minorities represent less than 10 percent of the population in the Penn Avenue and West Lake Station areas.

Table 2-10

METRO AREA, MINNEAPOLIS, AND ONE-HALF MILE STATION AREAS
RACE AND ETHNICITY PERCENT; 2010 ESTIMATED

	Metro Area	Minneapolis	Royalston	Penn	West Lake
2010					
White	83.6 %	66.6 %	50.7 %	90.4 %	90.1 %
Black	7.7	20.2	33.8	4.6	4.6
Native American	0.9	2.4	4.7	0.2	0.4
Asian/Pacific Islander	5.8	7.0	7.8	3.8	3.9
Other Races	2.0	3.8	3.1	1.0	1.0
Hispanics (any race)	5.5	13.0	12.5	3.1	2.5

Source: Scan/US and McComb Group, Ltd.

Demographic snapshots containing additional demographic characteristics for the Metro Area and the City of Minneapolis are contained in Tables 2-11 and 2-12. Demographic snapshots for each of the station areas are contained in their respective chapters of this report.

Future Development Potential

The current recession ended in July 2009 and employment is slowly recovering as of December 2010. With current vacancy rates of 20 percent (about 5.1 million square feet) in Downtown Minneapolis office buildings, there is five to six years of absorption available. In buildings outside the CBD, only 345,000 square feet (15.5 percent) is vacant indicating less ability to accommodate office demand for large users. As the recovery continues, office demand is likely to recover faster in those business categories that were growing during the 2000 to 2007 period. These businesses are candidates for build to suit single occupancy buildings that would be consistent with the Royalston Station area.

At the present time, multi-family rental vacancies are dropping below 5.0 percent and rental rates are firming. This will be followed by increasing rental rates. As population and households continue to increase, the demand for apartments will grow providing support for new multi-family housing. New apartments in station areas along Hiawatha and University Avenues have leased well as renters respond to the convenience of LRT. This trend provides support for rental apartments at the Penn Station, which is located in the desirable Bryn Mawr neighborhood.

The West Lake Station area is one of the City's most desirable residential areas. Virtually every building developed in this area over the past 40 years has leased or sold well when appropriately priced. Short-term development opportunities are limited by a lack of available sites. The desirability of this area is unlikely to change in the foreseeable future. Longer term, redevelopment potential will be hindered by high land assembly costs and poor soils in some areas.

Table 2-11



DEMOGRAPHIC AND INCOME SNAPSHOT

Metro Area

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		2,288,499		2,642,056		2,847,981
Households		875,354		1,021,454		1,124,010
Families		583,709		658,159		709,686
Per Capita Income	\$	17,068	\$	27,227	\$	34,638
Median Household Income	\$	38,034	\$	54,667	\$	64,571
Average Household Income	\$	44,266	\$	68,484	\$	86,887
Average Household Size		2.56		2.53		2.48
Median Age		32		34		37

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	1.45 %	0.75 %
Households	1.56	0.96
Families	1.21	0.76
Median Household Income	3.69	1.68
Average Household Income	4.46	2.41

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	143,627	16.4 %	94,987	9.3 %	100,529	8.9 %
\$15,000 - \$24,999	131,500	15.0	94,307	9.2	84,138	7.5
\$25,000 - \$34,999	136,174	15.6	112,850	11.0	93,824	8.3
\$35,000 - \$49,999	187,213	21.4	159,411	15.6	146,468	13.0
\$50,000 - \$74,999	173,809	19.9	233,614	22.9	219,487	19.5
\$75,000 - \$99,999	56,410	6.4	148,115	14.5	169,773	15.1
\$100,000 - \$149,999	29,188	3.3	114,688	11.2	184,203	16.4
\$150,000 +	16,817	1.9	63,482	6.2	125,588	11.2

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	652,211	28.5 %	768,028	29.1 %	779,946	27.4 %
20-24	175,561	7.7	173,732	6.6	184,232	6.5
25-34	467,473	20.4	411,155	15.6	368,261	12.9
35-44	376,100	16.4	469,324	17.8	412,332	14.5
45-54	228,026	10.0	363,592	13.8	451,868	15.9
55-64	163,796	7.2	200,980	7.6	338,687	11.9
65-74	125,647	5.5	130,615	4.9	177,033	6.2
75-84	99,529	4.3	90,292	3.4	91,062	3.2
85+	NA	NA	34,338	1.3	44,560	1.6

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	2,096,440	91.6 %	2,238,117	84.7 %	2,382,117	83.6 %
Black	89,473	3.9	156,620	5.9	218,365	7.7
Native American	23,339	1.0	20,417	0.8	25,447	0.9
Asian/Pacific Islander	64,595	2.8	122,239	4.6	164,381	5.8
Other Races	14,652	0.6	104,663	4.0	57,671	2.0
Hispanic (Any Race)	36,641	1.6	95,902	3.6	156,550	5.5

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

Table 2-12



DEMOGRAPHIC AND INCOME SNAPSHOT

City of Minneapolis

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		357,936		382,618		371,252
Households		156,110		162,352		161,491
Families		75,318		73,939		71,273
Per Capita Income	\$	14,626	\$	23,203	\$	28,955
Median Household Income	\$	27,213	\$	38,369	\$	41,780
Average Household Income	\$	32,875	\$	52,179	\$	64,932
Average Household Size		2.19		2.25		2.18
Median Age		32		31		35

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	0.67 %	-0.30 %
Households	0.39	-0.05
Families	-0.18	-0.37
Median Household Income	3.50	0.86
Average Household Income	4.73	2.21

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	46,875	30.0 %	28,511	17.6 %	29,904	18.5 %
\$15,000 - \$24,999	31,079	19.9	23,063	14.2	20,165	12.5
\$25,000 - \$34,999	24,532	15.7	22,907	14.1	18,271	11.3
\$35,000 - \$49,999	24,988	16.0	27,360	16.9	24,806	15.4
\$50,000 - \$74,999	18,276	11.7	29,007	17.9	26,768	16.6
\$75,000 - \$99,999	5,493	3.5	14,614	9.0	15,545	9.6
\$100,000 - \$149,999	3,111	2.0	10,567	6.5	15,249	9.4
\$150,000 +	1,794	1.1	6,323	3.9	10,783	6.7

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	85,220	23.8 %	98,304	25.7 %	93,953	25.3 %
20-24	37,656	10.5	40,953	10.7	35,544	9.6
25-34	83,153	23.2	78,978	20.6	58,638	15.8
35-44	56,128	15.7	60,904	15.9	53,017	14.3
45-54	27,361	7.6	45,961	12.0	53,294	14.4
55-64	22,050	6.2	22,640	5.9	38,296	10.3
65-74	22,706	6.3	15,332	4.0	19,389	5.2
75-84	23,640	6.6	13,172	3.4	11,693	3.1
85+	NA	NA	6,374	1.7	7,428	2.0

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	279,626	78.1 %	249,186	65.1 %	247,286	66.6 %
Black	47,232	13.2	68,818	18.0	75,007	20.2
Native American	12,243	3.4	8,378	2.2	8,876	2.4
Asian/Pacific Islander	15,488	4.3	23,744	6.2	26,032	7.0
Other Races	3,347	0.9	32,492	8.5	14,051	3.8
Hispanic (Any Race)	7,732	2.2	29,175	7.6	48,116	13.0

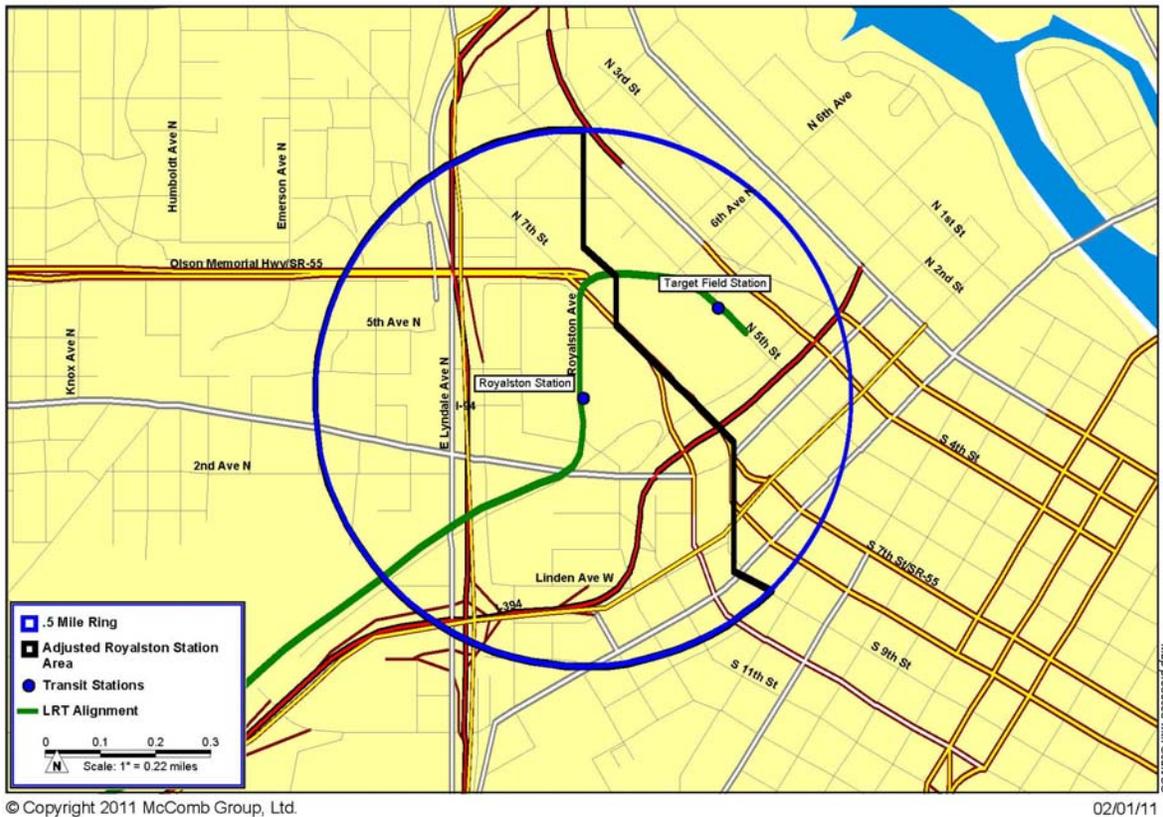
Source: U.S. Census, Scan/US, Inc. and McComb Group, Ltd.

Chapter 3

ROYALSTON STATION

The Royalston Station is located at the northwest fringe of downtown Minneapolis on Royalston Avenue between Glenwood Avenue and Olson Memorial Highway, as shown on Map 3-1. The station is located in an area where the diagonal street grid of downtown intersects with the north/south street grid of the rest of Minneapolis and is also bisected by I-394 and I-94 and the BNSF railroad tracks, as shown on Figure 3-1. This results in large, irregular land parcels and inhibits pedestrian access from more than one-quarter mile.

Map 3-1
ROYALSTON STATION AREA



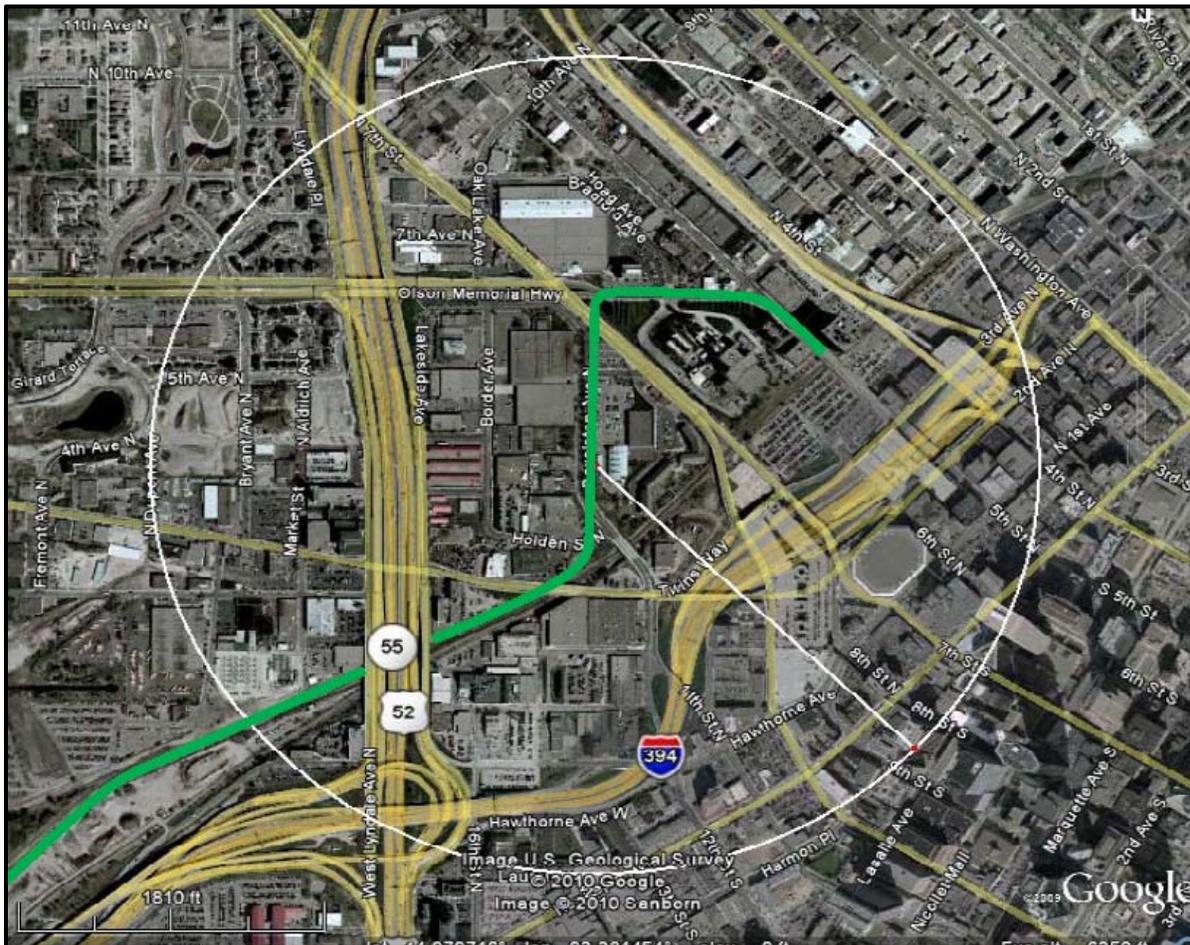
Royalston Station area includes commercial, light industrial, and public buildings. Notable station area buildings include the Minneapolis Public Works Royalston Maintenance Facility, Traffic Engineering building, Curry Maintenance Facility, and Farmer's Market. Other public structures include Target Field, Hennepin Energy Recovery Center, and a large Metro Transit Maintenance Garage and associated buildings.

The largest area without recent development is the area bounded by Royalston, Glenwood, Lakeside, and Olson Memorial Highway. This area has been identified as having long range station area development potential.

International Market Square, a home furnishing/designer showroom, is about three blocks west, but the walking distance to the station is about seven to eight blocks from the Market Square entrance.

Figure 3-1

ROYALSTON STATION AREA ONE-HALF MILE RING



Royalston Station Area

This station is located a short distance from the Target Field Station, which will be closer for potential riders in the northeast portion of the station area one-half mile ring. Because of this, the station area has been adjusted to identify the area that is closer to the Target Field Station, as shown on Map 3-1. This station area extends west to Dupont Avenue, north to the intersection of Fifth Street North and 10th Avenue North, east to Hennepin Avenue, and south to Laurel Avenue. The adjusted station area includes the portion of the 0.5 mile radius located generally south and west of Seventh Street.

Population and Households

Population and household growth trends within the Royalston Station area and adjusted station area, Minneapolis, and the Metro Area are compared in Table 3-1. Population and households within the Royalston Station area have declined from 1990 through 2010 as a result of renewal activities west of I-94. Population and households are anticipated to increase in the future due primarily to new developments in the Warehouse District, South Hennepin Avenue, and the area west of I-94.

Station area 2010 population is estimated at 2,655 compared to the adjusted station area population of 1,737. Based on available land and warehouse buildings, any population and

household growth will occur in the Warehouse District, along Hennepin Avenue south of 10th Street and west of I-94.

Table 3-1

ROYALSTON STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
POPULATION AND HOUSEHOLDS: 1990 AND 2000 CENSUS; 2010 ESTIMATED

	Royalston Station Area	Adjusted Royalston Station Area	Minneapolis	Metro Area
Population				
1990	3,451	2,426	357,936	2,288,499
2000	2,761	1,816	382,618	2,642,056
2010E	2,655	1,737	371,252	2,847,981
Annual Growth Rate				
1990-2000	(2.21) %	(2.85) %	0.67 %	1.45 %
2000-2010E	(0.39)	(0.44)	(0.30)	0.75
Households				
1990	1,627	947	156,110	875,234
2000	1,185	709	162,352	1,021,454
2010E	1,060	606	161,491	1,124,010
Annual Growth Rate				
1990-2000	(3.12) %	(2.85) %	0.39 %	1.56 %
2000-2010E	(1.11)	(1.56)	(0.05)	0.96

E: Estimated.

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

Station area household trends have followed the same pattern as population, decreasing from 1,627 in 1990 to 1,060 in 2010. Adjusted station area households have declined from 947 in 1990 to 606 in 2010.

Household Income

Average household income in the adjusted station area is lower than the full station area, Minneapolis, and Metro Area, as shown in Table 3-2. Adjusted station area average household income in 2010 is estimated at \$60,919 compared to the full station area, which has average household income of \$66,721.

Table 3-2

ROYALSTON STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
AVERAGE AND MEDIAN HOUSEHOLD INCOMES: 1990 AND 2000 CENSUS; 2010 ESTIMATED

Income Type / Year	Royalston Station Area	Adjusted Royalston Station Area	City of Minneapolis	Metro Area
Average Household Income				
1990	\$ 27,346	\$ 20,702	\$ 32,875	\$ 44,266
2000	53,834	52,675	52,179	68,484
2010 E	66,721	60,919	64,932	86,887
Median Household Income				
1990	\$ 17,007	\$ 13,974	\$ 27,211	\$ 38,034
2000	31,457	30,412	38,369	54,667
2010 E	34,767	30,424	41,780	64,571

E: Estimated.

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

Table 3-3



DEMOGRAPHIC AND INCOME SNAPSHOT

Royalston Station Area

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		3,451		2,761		2,655
Households		1,627		1,185		1,060
Families		517		180		167
Per Capita Income	\$	13,818	\$	28,508	\$	34,504
Median Household Income	\$	17,007	\$	31,457	\$	34,767
Average Household Income	\$	27,346	\$	53,834	\$	66,721
Average Household Size		1.91		1.38		1.40
Median Age		30		34		37

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	-2.21 %	-0.39 %
Households	-3.11	-1.11
Families	-10.00	-0.74
Median Household Income	6.34	1.01
Average Household Income	7.01	2.17

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	846	52.1 %	357	30.1 %	341	32.2 %
\$15,000 - \$24,999	258	15.9	158	13.3	128	12.0
\$25,000 - \$34,999	108	6.6	155	13.0	87	8.2
\$35,000 - \$49,999	158	9.7	123	10.3	92	8.7
\$50,000 - \$74,999	133	8.2	217	18.3	181	17.0
\$75,000 - \$99,999	46	2.9	66	5.6	61	5.8
\$100,000 - \$149,999	42	2.6	42	3.6	56	5.2
\$150,000 +	34	2.1	68	5.8	116	10.9

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	897	26.0 %	360	13.0 %	505	19.0 %
20-24	326	9.4	311	11.3	216	8.1
25-34	814	23.6	715	25.9	461	17.3
35-44	479	13.9	597	21.6	491	18.5
45-54	291	8.4	383	13.9	393	14.8
55-64	254	7.4	204	7.4	350	13.2
65-74	204	5.9	112	4.1	154	5.8
75-84	188	5.4	59	2.1	58	2.2
85+	NA	NA	20	0.7	27	1.0

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	1,856	53.8 %	1,501	54.4 %	1,346	50.7 %
Black	654	19.0	797	28.9	896	33.8
Native American	49	1.4	127	4.6	125	4.7
Asian/Pacific Islander	877	25.4	142	5.2	206	7.8
Other Races	15	0.4	194	7.0	82	3.1
Hispanic (Any Race)	81	2.4	221	8.0	332	12.5

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

Table 3-4



DEMOGRAPHIC AND INCOME SNAPSHOT

Royalston Adjusted Station Area

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		2,426		1,816		1,737
Households		947		709		606
Families		401		104		99
Per Capita Income	\$	8,835	\$	26,073	\$	29,314
Median Household Income	\$	13,974	\$	30,412	\$	30,424
Average Household Income	\$	20,702	\$	52,675	\$	60,919
Average Household Size		2.35		1.43		1.48
Median Age		24		33		35

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	-2.86 %	-0.44 %
Households	-2.86	-1.56
Families	-12.66	-0.46
Median Household Income	8.09	0.00
Average Household Income	9.79	1.46

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	567	60.0 %	224	31.6 %	223	36.7 %
\$15,000 - \$24,999	155	16.4	92	12.9	76	12.5
\$25,000 - \$34,999	49	5.2	103	14.5	46	7.6
\$35,000 - \$49,999	76	8.1	64	9.1	44	7.3
\$50,000 - \$74,999	56	5.9	141	19.8	116	19.1
\$75,000 - \$99,999	16	1.7	32	4.5	26	4.3
\$100,000 - \$149,999	15	1.6	20	2.9	25	4.1
\$150,000 +	12	1.2	34	4.8	51	8.4

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	899	37.1 %	280	15.4 %	393	22.6 %
20-24	219	9.0	205	11.3	137	7.9
25-34	513	21.2	467	25.7	292	16.8
35-44	306	12.6	390	21.5	313	18.0
45-54	169	6.9	256	14.1	251	14.4
55-64	137	5.6	119	6.6	211	12.1
65-74	99	4.1	60	3.3	94	5.4
75-84	85	3.5	29	1.6	30	1.7
85+	NA	NA	10	0.5	16	0.9

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	868	35.8 %	902	49.7 %	750	43.2 %
Black	616	25.4	578	31.8	663	38.2
Native American	38	1.6	96	5.3	95	5.5
Asian/Pacific Islander	895	36.9	116	6.4	174	10.0
Other Races	9	0.4	124	6.8	54	3.1
Hispanic (Any Race)	58	2.4	137	7.5	221	12.7

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

Twenty-two percent of the households within the station area have incomes above \$75,000 in 2010 compared to 16.8 percent in the adjusted station area. Minneapolis proportion of households with incomes above \$75,000 was 25.7 percent in 2010. Additional demographic characteristics are contained in Tables 3-3 and 3-4.

Automobile Ownership

Household vehicle ownership, shown in Table 3-5, indicates that about 41 percent of households within the adjusted station area do not have a vehicle. Renters are less likely to own a vehicle than homeowners.

Table 3-5
ROYALSTON STATION AREA AND ADJUSTED STATION AREA
ACCESS TO VEHICLES, 2010

Vehicles	Owners		Renters		Total	
	Number	Percent	Number	Percent	Number	Percent
Station Area						
Households	102		696		798	
0 vehicles	16	15.7 %	291	41.8 %	307	38.5 %
1 vehicle	42	41.2	329	47.3	371	46.5
2 vehicles	31	30.4	63	9.1	94	11.8
3 vehicles	7	6.9	6	0.9	13	1.6
4 vehicles	3	2.9	7	1.0	10	1.3
5+ vehicles	3	2.9	1	0.1	4	0.5
Autos available	155		513		668	
Avg autos	1.52		0.74		0.84	
Adjusted Station Area						
Households	95		511		606	
0 vehicles	14	14.7 %	239	46.8 %	253	41.7 %
1 vehicle	40	42.1	224	43.8	264	43.6
2 vehicles	30	31.6	36	7.0	66	10.9
3 vehicles	6	6.3	5	1.0	11	1.8
4 vehicles	3	3.2	6	1.2	9	1.5
5+ vehicles	2	2.1	1	0.2	3	0.5
Autos available	142		340		482	
Avg autos	1.49		0.66		0.80	

Source: ScanUS.

Employment

Royalston station area employment by occupation is shown in Table 3-6. Royalston station area employment in 2010 is estimated at 15,889 with an average of 16 employees per firm. Over 60 percent of station area occupations are white collar. Royalston's adjusted station area has an estimated 5,288 employees with 57 percent of the occupations being white collar such as executives/management; professional; technical, sales professionals, and clerical; and administrative support. This indicates that about two-thirds of the daytime population is in the area closest to the Target Field Station.

Table 3-6

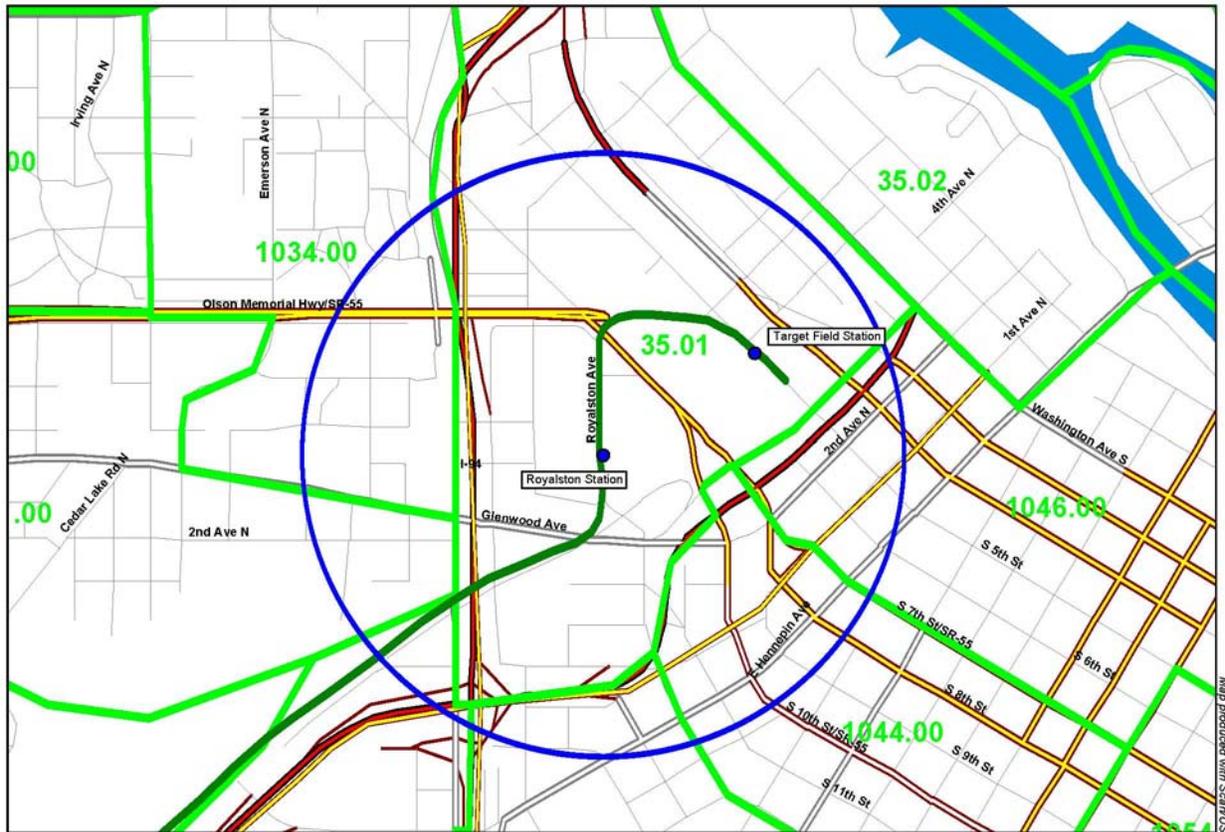
ROYALSTON STATION AREA
EMPLOYMENT BY OCCUPATION; 2010

	Royalston Station Area		Adjusted Royalston Station Area	
Total Businesses	996		330	
Total Employees	15,889		5,288	
Average Employees Per Firm	16.0		16.0	
White Collar Occupations	9,600	60.4 %	2,986	56.5 %
Blue Collar Occupations	6,069	38.2 %	2,275	43.0 %

Source: McComb Group, Ltd. and P Census.

Employment trends from 2002 through 2008 for Census Tract 35.01 are contained in Table 3-7. Census Tract 35.01, shown on Figure 3-2, is generally bounded by Washington Avenue North, Plymouth Avenue, I-94, and I-394. This census tract covers a broader geography than the Royalston station area. Employment has declined from 6,445 in 2003 to 3,910 in 2008. Employment for 2009 is not available. Employment began declining before the recession began in December 2007. The largest categories are transportation and warehousing followed by manufacturing and wholesale trade.

Figure 3-2
CENSUS TRACT 35.01



Map produced with ScanUS
01/31/11

Table 3-7
ROYALSTON CENSUS TRACT 35.01 EMPLOYMENT TRENDS

	2008		2007		2006		2005		2004		2003		2002	
	Count	Share												
Total All Jobs	3,910	100.0%	4,201	100.0%	4,172	100.0%	3,767	100.0%	5,863	100.0%	6,445	100.0%	6,127	100.0%
Jobs by Worker Age														
Age 29 or younger	818	20.9%	814	19.4%	768	18.4%	816	21.7%	1,067	18.2%	1,135	17.6%	1,180	19.3%
Age 30 to 54	2,309	59.1%	2,582	61.5%	2,645	63.4%	2,381	63.2%	3,920	66.9%	4,366	67.7%	4,090	66.8%
Age 55 or older	783	20.0%	805	19.2%	759	18.2%	570	15.1%	876	14.9%	944	14.6%	857	14.0%
Jobs by Earnings Paid														
\$1,250 per month or less	481	12.3%	463	11.0%	495	11.9%	593	15.7%	649	11.1%	750	11.6%	781	12.7%
\$1,251 to \$3,333 per month	1,249	31.9%	1,518	36.1%	1,553	37.2%	1,800	47.8%	2,534	43.2%	2,670	41.4%	2,794	45.6%
More than \$3,333 per month	2,180	55.8%	2,220	52.8%	2,124	50.9%	1,374	36.5%	2,680	45.7%	3,025	46.9%	2,552	41.7%
Jobs by Industry Type (2-digit NAICS)														
Agriculture, Forestry, Fishing and Hunting	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	1	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Utilities	47	1.2%	47	1.1%	50	1.2%	54	1.4%	535	9.1%	512	7.9%	179	2.9%
Construction	131	3.4%	135	3.2%	77	1.8%	108	2.9%	192	3.3%	203	3.1%	161	2.6%
Manufacturing	553	14.1%	636	15.1%	641	15.4%	752	20.0%	638	10.9%	752	11.7%	826	13.5%
Wholesale Trade	441	11.3%	448	10.7%	447	10.7%	521	13.8%	474	8.1%	513	8.0%	508	8.3%
Retail Trade	190	4.9%	228	5.4%	289	6.9%	263	7.0%	322	5.5%	385	6.0%	427	7.0%
Transportation and Warehousing	935	23.9%	1,033	24.6%	1,058	25.4%	227	6.0%	858	14.6%	1,233	19.1%	1,259	20.5%
Information	89	2.3%	161	3.8%	119	2.9%	196	5.2%	175	3.0%	181	2.8%	188	3.1%
Finance and Insurance	22	0.6%	27	0.6%	6	0.1%	9	0.2%	9	0.2%	14	0.2%	10	0.2%
Real Estate and Rental and Leasing	40	1.0%	102	2.4%	102	2.4%	105	2.8%	24	0.4%	20	0.3%	30	0.5%
Professional, Scientific, and Technical Services	376	9.6%	387	9.2%	460	11.0%	434	11.5%	456	7.8%	411	6.4%	357	5.8%
Management of Companies and Enterprises	0	0.0%	0	0.0%	1	0.0%	0	0.0%	155	2.6%	126	2.0%	132	2.2%
Administration & Support, Waste Management and Remediation	71	1.8%	64	1.5%	78	1.9%	333	8.8%	346	5.9%	375	5.8%	361	5.9%
Educational Services	218	5.6%	217	5.2%	166	4.0%	46	1.2%	8	0.1%	4	0.1%	1	0.0%
Health Care and Social Assistance	245	6.3%	195	4.6%	146	3.5%	133	3.5%	129	2.2%	149	2.3%	145	2.4%
Arts, Entertainment, and Recreation	22	0.6%	24	0.6%	26	0.6%	119	3.2%	109	1.9%	102	1.6%	46	0.8%
Accommodation and Food Services	85	2.2%	42	1.0%	37	0.9%	93	2.5%	112	1.9%	127	2.0%	123	2.0%
Other Services (excluding Public Administration)	186	4.8%	196	4.7%	190	4.6%	374	9.9%	1,024	17.5%	1,041	16.2%	1,060	17.3%
Public Administration	259	6.6%	258	6.1%	279	6.7%	0	0.0%	297	5.1%	297	4.6%	314	5.1%

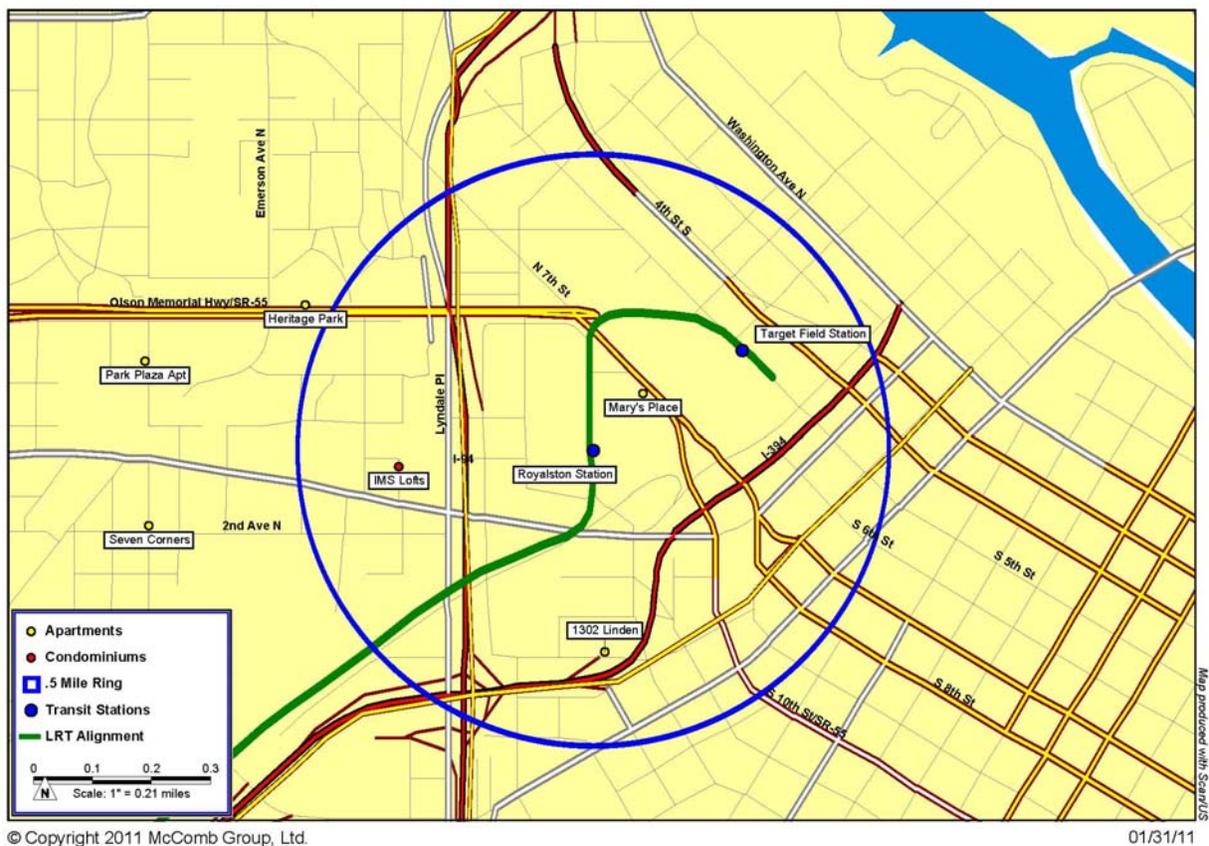
Source: US Census Bureau, LED OnTheMap Origin-Destination Database (Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

Residential

There is no single family housing in the station area. Multi-family housing in the station area is limited to IMS Lofts condominiums located in International Market Square; 1302 Linden Avenue (an apartment building); and Mary's Place, a charitable homeless shelter. IMS Lofts sold very slowly due in part to its location. 1302 Linden, with 42 units, is located about six blocks from the station location south of the BNSF railroad tracks. The limited number of multi-family buildings in the station area demonstrates that developers have not viewed this area as having the characteristics that support multi-family development.

Three other apartment communities (Heritage Park, Park Plaza, and Seven Corners) are located west of the station area, as shown on Map 3-2. Heritage Park and Park Plaza have 462 units and only two units are vacant. Monthly rents range from \$0.95 to \$1.26 per square foot at Park Plaza. No information was available for Seven Corners. These rents will not support market rate apartment construction as the present time.

Map 3-2
ROYALSTON STATION AREA MULTI-FAMILY BUILDINGS



Rental apartments and condominium development began in the Warehouse District east of Washington Avenue in the 1980s taking advantage of the Mississippi River and attractive

warehouse buildings. Development expanded westward to the North Fourth Street where it stopped at the elevated freeway ramp. The Warehouse District is a separate market area and does not influence demand for housing at the Royalston Station.

Industrial Buildings

The immediate station area (bounded by Glenwood Avenue, Royalston, Olson Memorial Highway, and I-94) contains 14 private sector buildings. Most of these buildings appear to be owner-occupied. Information is available for the nine buildings shown in Table 3-8. Total rentable area is about 428,500 square feet. These buildings were built between 1961 and 1966. Seven buildings have single tenants, in many cases owned by the business. Two buildings (415 and 501 Royalston) are multi-tenant buildings with current vacancy of 90 percent or more. Asking net rents for warehouse space are \$4.00 to \$4.75 per square foot and office rents are \$9.00 per square foot. These asking rents are consistent with rental rates for similar industrial properties in Minneapolis.

Table 3-8
ROYALSTON STATION AREA INDUSTRIAL BUILDINGS

Key	Address	Class	Sq Ft	Vacant		Date Built	Rent		Expenses	Taxes
				Sq. Ft.	Percent		Whse	Office		
1	201 Royalston Ave	C	47,861			1966				
2	301 Royalston Ave	C	8,759			1963				
3	315 Royalston Ave	B	7,919			1965				
4	401 Royalston Ave	C	37,148			1961				
5	415 Royalston Ave	C	89,735	83,296	92.8%	1965	\$ 4.00	\$ 9.00	1.35	0.74
6	501 Royalston Ave	B	129,684	116,906	90.1%	1964/2006	4.75	9.00	1.31	0.94
7	621 Olson Memorial Hwy	C	37,525			1965				
8	434 Lakeside Ave	C	52,000			1961				
9	400 Lakeside Ave	C	17,869			1961				
	Total		428,500	200,202	46.7%					

Source: United Properties, Showcase.com, Costar and Welsh.

Property Values

Property parcels in the potential Royalston redevelopment area are contained on Figure 3-3. Property addresses; land, building, and total assessed value; and taxes payable in 2010 are shown for each parcel in Table 3-9. Land and building value taxes payable in 2010 total about \$20.3 million for privately owned property. Parcel 10 (Farmers Market) and Parcel 14 (Public Works Garage) are owned by the City of Minneapolis.

Figure 3-3

POTENTIAL ROYALSTON REDEVELOPMENT AREA



Table 3-9

POTENTIAL ROYALSTON REDEVELOPMENT AREA
ESTIMATED MARKET VALUE, AND 2010 PROPERTY TAXES

Key	Address	Land Sq Ft	Year Built	Estimated Market Value			Total/ Sq. Ft.
				Land	Building	Total	
1	201 Royalston Ave N	98,881	1966	735,000	1,015,000	1,750,000	\$ 17.70
2	301 Royalston Ave N	32,234	1963	257,400	267,600	525,000	16.29
3	315 Royalston Ave N	35,719	1965	257,600	267,400	525,000	14.70
4	401 Royalston Ave N	91,476	1961	765,200	834,800	1,600,000	17.49
5	415 Royalston Ave N	141,134	1965	1,043,100	2,156,900	3,200,000	22.67
6	501 Royalston Ave N	202,118	1964	1,513,000	1,587,000	3,100,000	15.34
7	621 Olson Memorial Hwy	115,434	1965	817,900	1,357,100	2,175,000	18.84
8	434 Lakeside Ave	91,476	1961	638,400	1,511,600	2,150,000	23.50
9	400 Lakeside Ave	44,431	1961	306,500	373,500	680,000	15.30
10	322 Lakeside Ave	92,783	1937	-	-	-	-
11	250 Lakeside Ave	29,621	1991	225,900	4,000	229,900	7.76
12	225 Border Ave	30,928	1966	214,100	331,400	545,500	17.64
13	200 East Lyndale Ave N	36,590	1951	270,500	609,500	880,000	24.05
14	300 Border Ave	107,158	1962	-	-	-	-
15	138 Glenwood Ave N	10,454	0	-	-	-	-
16	144 Glenwood Ave N	64,904	1954	508,400	641,600	1,150,000	17.72
17	160 Glenwood Ave N	30,492	1960	242,400	932,600	1,175,000	38.53
18	188 1/2 Glenwood Ave N	40,075	0	355,700	-	355,700	8.88
19	151 Holden St	15,246	0	104,600	-	104,600	6.86
20	147 Holden St	6,534	0	38,500	-	38,500	5.89
21	1301 Holden St	15,246	0	89,800	-	89,800	5.89
22	136 Pacific Pl	7,405	0	32,100	-	32,100	4.33
Total		1,340,341		8,416,100	11,890,000	20,306,100	\$ 15.15

Source: Hennepin County.

Strengths and Weaknesses

Leasing agents and building representatives familiar with the Royalston area were interviewed. Their comments and observations are summarized below.

Area strengths cited by building representatives included location and proximity to downtown, access to freeways, and central location in the Metro Area. Types of tenants that are seeking space include record storage, manufacturing, and warehousing. Longer term, the area is becoming more attractive and trends are good for the long-term, but activity is low at the present time. One property representative expected no leasing activity for at least two years. Long-term, they expect higher and better uses than the industrial that currently exists in the Royalston area.

For some potential tenants, the fact that the buildings are not in an industrial park and is in the downtown area is a weakness as well as fear of crime due to proximity to Mary's Place. The buildings have older, less functional spaces. Rental rates are declining and are expected to stay flat for a while. Current and foreseeable leasing trends are slow due to economic conditions.

Target Field has cleaned up the area and the Twins have brought money and activity into the neighborhood, but Target Field is too far away to have any significant impact on the site. Season ticket holders have tried to tailgate in the Farmers Market indicating there may be potential to link the Farmers Market with the stadium.

Benefits of an LRT station include stimulating development by employers interested in employee access by LRT, reduce traffic congestion, and bring more people to the area.

Redevelopment Potential

The potential redevelopment area, excluding the Farmers Market, contains 21 parcels with about 28.7 acres excluding ROW. Twelve of the 14 buildings appear to be fully or mostly occupied by one business. Two buildings, 415 and 501 Royalston, have significant vacancies of 83,296 and 116,906 square feet, respectively. Nine buildings on which information is available, contained in Table 3-8, have a total of 428,500 square feet. Total assessor's market value is slightly over \$20.3 million or \$17.98 per square foot.

Two buildings, 415 and 501 Royalston appear to represent a short- to mid-term redevelopment opportunities. These sites contain about 7.9 acres and 90 percent of the buildings' 219,419 square feet are vacant, which represents almost all the vacant space in the area. The 2010 payable assessed value is \$6.3 million or about \$18.35 per square foot of land area. Even assuming that the assessor's value may be low, it appears that this land value could support higher density office/research development. The site has good visibility, is close to downtown, and has convenience access to LRT, bus, and freeways.

Royalston Development Strategy

Preliminary recommendations for station area planning by AECOM anticipate that no immediate land use changes are necessary to capitalize on LRT. Strategic long-term land use recommendations build on the vision of the North Loop Small Area Plan. This includes a mix of office and residential uses. Land use recommendations envision creating a block grid with interior streets of Border Avenue, Third Avenue, and Fourth Avenue, dividing the station area into eight blocks. Office uses are recommended for the five blocks facing I-94 and Olson

Memorial Highway, leaving three blocks for residential development. With three blocks of residential development surrounded by five blocks of office development, taking into consideration the surrounding land uses, it will be difficult to create a sense of neighborhood that would support residential development. Attempting to introduce residential into the station area would necessitate a larger initial acquisition and renewal activity to eliminate existing uses that would detract from the needed residential environment. This area is better suited to office development.

A development strategy of office and/or information technology uses can be implemented in phases, as these buildings are more complimentary with the existing businesses. The appropriate long-term strategy for the Royalston Station area is to redevelop existing parcels with higher density office and research activities as market conditions permit.

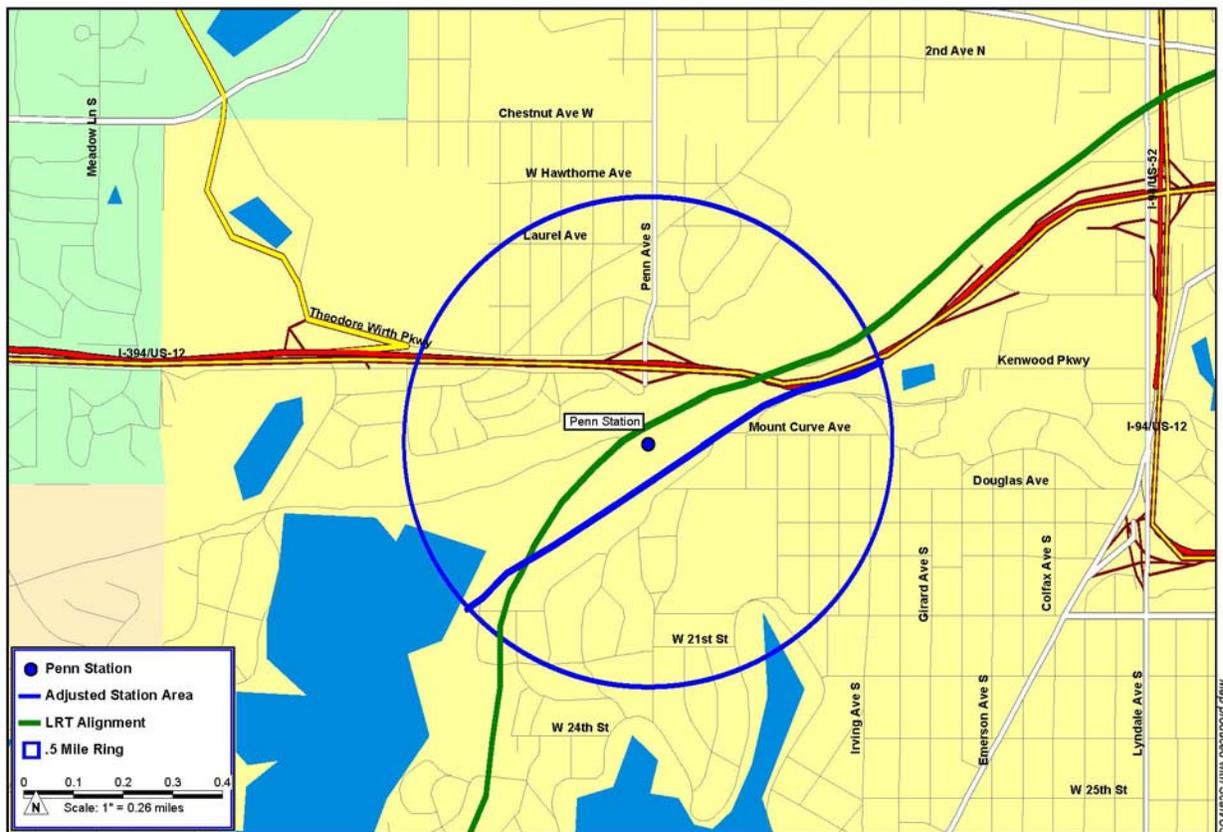
Chapter 4

PENN STATION

Penn Station is located south of I-394 at Penn Avenue, adjacent to the BNSF railroad tracks and Cedar Lake Trail, as shown on Map 4-1. Regional access to the immediate station area is provided by I-394; while Penn Avenue and Wayzata Boulevard provide local access. These roads provide access to a bluff north of the station location, which is located south of the railroad tracks adjacent to a tract of land owned by the Hennepin County Regional Railroad Authority. The Kenwood neighborhood portion of this station area one-half mile ring is on a bluff to the southeast, which prevents access to the station. The bluff is marked by a red line on Figure 4-1. The station area has been adjusted in this report to reflect the bluff's natural barrier to station access. The southern portion of the station area is closer to the 21st Street Station based on the sidewalk and street network. Penn Station area includes parks, sports fields, and other recreation areas. The station area is primarily single family residential with some office uses south of I-394. A small neighborhood shopping area is located at Penn Avenue and Cedar Lake Road about four blocks north of the station.

Map 4-1

PENN STATION AREA



Penn Station Area

The station area (one-half mile radius) for Penn Station and adjusted station area are shown on Figure 4-1. Penn Station area extends west to Xerxes Avenue, north to Hawthorne Avenue, east to Irving Avenue, and south to 21st Street. The adjusted station area includes the portion of the 0.5 mile radius located generally north of the Cedar Lake Trail. The office area at Penn Avenue consists of three office buildings and a vacant warehouse building that is available for redevelopment. This parcel is currently being marketed for development.

Figure 4-1

PENN STATION AREA ONE-HALF MILE RING



Population and Households

Population and household growth trends within the Penn Station area and adjusted station area, City of Minneapolis, and Metro Area are shown in Table 4-1. Population and households within the Penn Station area decreased from 1990 through 2010. Penn adjusted station area population has declined modestly from 1,367 in 2000 to 1,315 in 2010. Households followed a similar trend declining from 617 in 2000 to 603 in 2010.

Table 4-1

PENN STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
POPULATION AND HOUSEHOLDS
1990 AND 2000 CENSUS; 2010 ESTIMATED

	Penn Station Area	Adjusted Penn Station Area	Minneapolis	Metro Area
Population				
1990	2,856	1,346	357,936	2,288,499
2000	2,424	1,367	382,618	2,642,056
2010E	2,318	1,315	371,252	2,847,981
Annual Growth Rate				
1990-2000	(1.63) %	0.15 %	0.67 %	1.45 %
2000-2010E	(0.45)	(0.39)	(0.30)	0.75
Households				
1990	1,128	588	156,110	875,354
2000	1,039	617	162,352	1,021,454
2010E	1,008	603	161,491	1,124,010
Annual Growth Rate				
1990-2000	(0.82) %	0.48 %	0.39 %	1.56 %
2000-2010E	(0.30)	(0.23)	(0.05)	0.96

E: Estimated.

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

Household Income

Average household income in the station area is significantly higher than Minneapolis and Metro Area, as shown in Table 4-2. Average household income in the adjusted station area is estimated at \$100,978 in 2010 compared to \$162,544 in the full station area that includes the affluent Kenwood neighborhood. In the adjusted station area, the highest income households are in the wedge between the BNSF tracks and I-394. Minneapolis average household income is \$64,932 in 2010.

Table 4-2

PENN STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
AVERAGE AND MEDIAN HOUSEHOLD INCOMES
1990 AND 2000 CENSUS; 2010 ESTIMATED

Income Type / Year	Penn Station Area	Adjusted Penn Station Area	City of Minneapolis	Metro Area
Average Household Income				
1990	\$ 76,842	\$ 55,059	\$ 32,875	\$ 44,266
2000	130,756	88,218	52,179	68,484
2010 E	162,544	100,978	64,932	86,887
Median Household Income				
1990	\$ 59,221	\$ 48,292	\$ 27,211	\$ 38,034
2000	92,538	72,567	38,369	54,667
2010 E	110,034	81,143	41,780	64,571

E: Estimated.

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

Sixty-four percent of the households within the station area have incomes above \$75,000 in 2010. The adjusted station area has a smaller proportion of households with incomes over \$75,000, 51.9 percent in 2010. Minneapolis proportion of households with incomes above \$75,000 was 25.7 percent in 2010. Additional station area demographic characteristics are contained in Tables 4-3 and 4-4.

Automobile Ownership

Household vehicle ownership is presented in Table 4-5. Sixty-two percent of households within the adjusted station area have two or more vehicles; while 34.6 percent have one vehicle. Only 19 households or 3.3 percent do not have a vehicle. Renters are less likely to have a vehicle than owners, with 9.9 percent of renters not having a vehicle compared to 2.2 percent of owners not having a vehicle.

Table 4-5
 PENN STATION AREA AND ADJUSTED STATION AREA
 ACCESS TO VEHICLES, 2010

Vehicles	Owners		Renters		Total	
	Number	Percent	Number	Percent	Number	Percent
Station Area						
Households	923		157		1,080	
0 vehicles	15	1.6 %	12	7.6 %	27	2.5 %
1 vehicle	269	29.1	80	51.0	349	32.3
2 vehicles	436	47.2	58	36.9	494	45.7
3 vehicles	170	18.4	7	4.5	177	16.4
4 vehicles	23	2.5	-	-	23	2.1
5+ vehicles	11	1.2	-	-	11	1.0
Autos available	1,807		222		2,029	
Avg autos	1.96		1.41		1.88	
Adjusted Station Area						
Households	503		81		584	
0 vehicles	11	2.2 %	8	9.9 %	19	3.3 %
1 vehicle	163	32.4	39	48.1	202	34.6
2 vehicles	245	48.7	29	35.8	274	46.9
3 vehicles	64	12.7	4	4.9	68	11.6
4 vehicles	11	2.2	-	-	11	1.9
5+ vehicles	9	1.8	-	-	9	1.5
Autos available	940		111		1,051	
Avg autos	1.87		1.38		1.80	

Source: ScanUS.

Table 4-3



DEMOGRAPHIC AND INCOME SNAPSHOT

Penn Station

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		2,856		2,424		2,318
Households		1,128		1,039		1,008
Families		703		590		562
Per Capita Income	\$	31,189	\$	56,058	\$	70,699
Median Household Income	\$	59,221	\$	92,538	\$	110,034
Average Household Income	\$	76,842	\$	130,756	\$	162,544
Average Household Size		2.33		2.27		2.23
Median Age		39		41		44

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	-1.63 %	-0.44 %
Households	-0.82	-0.30
Families	-1.74	-0.48
Median Household Income	4.56	1.75
Average Household Income	5.46	2.20

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	96	8.5 %	42	4.0 %	39	3.9 %
\$15,000 - \$24,999	145	12.8	41	3.9	31	3.1
\$25,000 - \$34,999	133	11.7	40	3.9	29	2.9
\$35,000 - \$49,999	159	14.1	126	12.1	92	9.1
\$50,000 - \$74,999	244	21.6	218	21.0	170	16.9
\$75,000 - \$99,999	123	10.9	188	18.1	170	16.9
\$100,000 - \$149,999	113	10.0	146	14.1	174	17.3
\$150,000 +	116	10.3	238	22.9	301	29.9

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	549	19.2 %	538	22.2 %	489	21.1 %
20-24	138	4.8	83	3.4	76	3.3
25-34	547	19.2	345	14.2	254	10.9
35-44	593	20.8	477	19.7	381	16.4
45-54	337	11.8	518	21.4	524	22.6
55-64	219	7.7	246	10.2	361	15.6
65-74	159	5.6	112	4.6	136	5.9
75-84	314	11.0	78	3.2	64	2.8
85+	NA	NA	26	1.1	32	1.4

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	2,754	96.4 %	2,259	93.2 %	2,095	90.4 %
Black	53	1.9	56	2.3	106	4.6
Native American	6	0.2	3	0.1	5	0.2
Asian/Pacific Islander	32	1.1	64	2.6	88	3.8
Other Races	11	0.4	42	1.7	24	1.0
Hispanic (Any Race)	38	1.3	43	1.8	71	3.1

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

Table 4-4



DEMOGRAPHIC AND INCOME SNAPSHOT

Penn Station -- Portion North of Bluff

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		1,346		1,367		1,315
Households		588		617		603
Families		347		317		306
Per Capita Income	\$	24,661	\$	39,837	\$	46,278
Median Household Income	\$	48,292	\$	72,567	\$	81,143
Average Household Income	\$	55,059	\$	88,218	\$	100,978
Average Household Size		2.22		2.14		2.10
Median Age		36		40		43

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	0.15 %	-0.39 %
Households	0.48	-0.24
Families	-0.89	-0.37
Median Household Income	4.16	1.12
Average Household Income	4.83	1.36

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	57	9.7 %	25	4.1 %	26	4.3 %
\$15,000 - \$24,999	97	16.5	31	5.0	26	4.4
\$25,000 - \$34,999	83	14.1	30	4.9	24	4.0
\$35,000 - \$49,999	92	15.7	84	13.5	67	11.2
\$50,000 - \$74,999	136	23.1	179	29.0	146	24.3
\$75,000 - \$99,999	61	10.4	129	21.0	125	20.8
\$100,000 - \$149,999	42	7.1	78	12.7	100	16.6
\$150,000 +	20	3.5	61	9.8	87	14.5

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	255	18.9 %	269	19.7 %	256	19.5 %
20-24	68	5.1	55	4.0	51	3.9
25-34	314	23.3	225	16.5	169	12.9
35-44	299	22.2	297	21.7	237	18.0
45-54	142	10.6	284	20.8	290	22.1
55-64	100	7.5	113	8.3	175	13.3
65-74	78	5.8	63	4.6	75	5.7
75-84	89	6.6	42	3.0	38	2.9
85+	NA	NA	18	1.3	23	1.7

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	1,285	95.5 %	1,256	91.9 %	1,174	89.3 %
Black	34	2.5	41	3.0	68	5.2
Native American	4	0.3	1	0.1	3	0.2
Asian/Pacific Islander	16	1.2	38	2.7	53	4.1
Other Races	7	0.5	31	2.2	16	1.2
Hispanic (Any Race)	20	1.5	23	1.7	38	2.9

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

Employment

Penn Station area and adjusted station area employment by occupation is shown in Table 4-6. Penn adjusted station area has daytime employment of 538; 74.6 percent of the occupations are white collar.

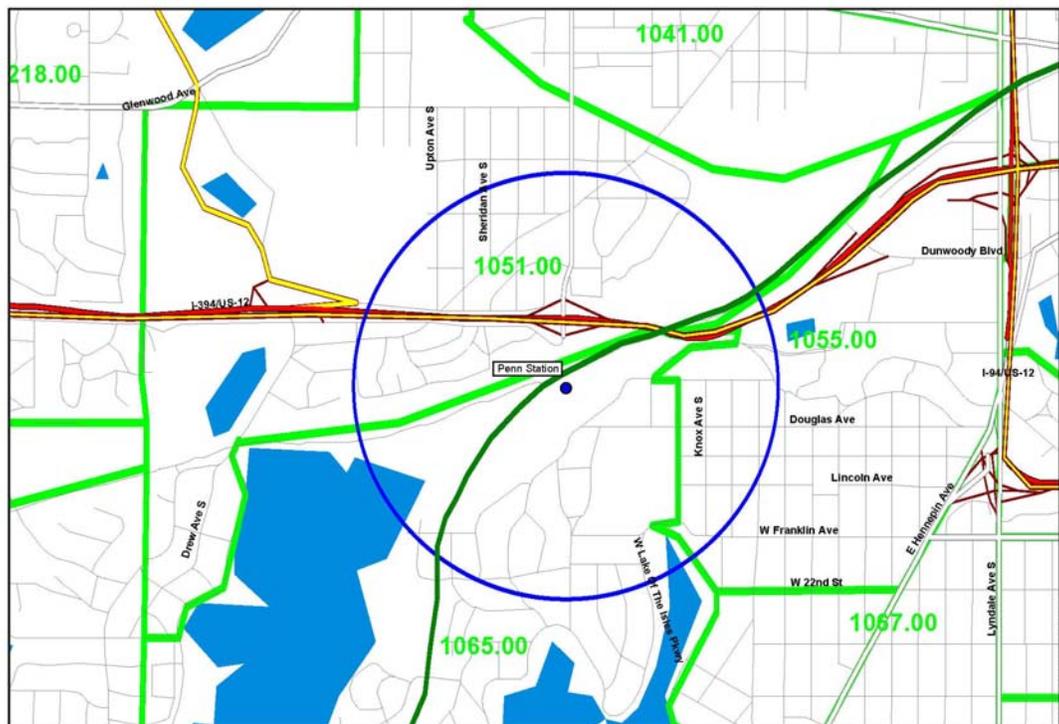
Table 4-6
 PENN STATION AREA
 EMPLOYMENT BY OCCUPATION; 2010

	Penn Station Area		Adjusted Penn Station Area	
Total Businesses	75		55	
Total Employees	773		538	
Average Employees Per Firm	10.3		7.0	
White Collar Occupations	581	75.2 %	401	74.6 %
Blue Collar Occupations	189	24.4 %	135	25.1 %

Source: McComb Group, Ltd. and PCensus.

Employment trends from 2002 through 2008 for Census Tract 1051.00 are contained in Table 4-7. Census Tract 1051, shown in Figure 4.2, is generally bounded by the BNSF railroad tracks on the south and the north, Glenwood Avenue, and France Avenue. This census tract covers a broader geography than the Penn Station area and the Penn Station area covers the south-central portion of the census tract.

Figure 4-2
 CENSUS TRACT 1051



01/31/11

Table 4-7
 PENN CENSUS TRACT 1051.00 EMPLOYMENT TRENDS

	2008		2007		2006		2005		2004		2003		2002	
	Count	Share												
Total All Jobs	2,520	100.0%	1,929	100.0%	2,506	100.0%	2,503	100.0%	2,652	100.0%	2,740	100.0%	2,678	100.0%
Jobs by Worker Age														
Age 29 or younger	618	24.5%	588	30.5%	641	25.6%	676	27.0%	751	28.3%	866	31.6%	904	33.8%
Age 30 to 54	1,537	61.0%	981	50.9%	1,502	59.9%	1,486	59.4%	1,567	59.1%	1,567	57.2%	1,504	56.2%
Age 55 or older	365	14.5%	360	18.7%	363	14.5%	341	13.6%	334	12.6%	307	11.2%	270	10.1%
Jobs by Earnings Paid														
\$1,250 per month or less	278	11.0%	284	14.7%	283	11.3%	368	14.7%	460	17.3%	488	17.8%	608	22.7%
\$1,251 to \$3,333 per month	910	36.1%	922	47.8%	1,146	45.7%	1,418	56.7%	1,535	57.9%	1,628	59.4%	1,544	57.7%
More than \$3,333 per month	1,332	52.9%	723	37.5%	1,077	43.0%	717	28.6%	657	24.8%	624	22.8%	526	19.6%
Jobs by Industry Type (2-digit NAICS)														
Agriculture, Forestry, Fishing and Hunting	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Construction	7	0.3%	7	0.4%	9	0.4%	5	0.2%	6	0.2%	3	0.1%	1	0.0%
Manufacturing	59	2.3%	47	2.4%	38	1.5%	59	2.4%	47	1.8%	60	2.2%	56	2.1%
Wholesale Trade	72	2.9%	93	4.8%	89	3.6%	78	3.1%	81	3.1%	73	2.7%	58	2.2%
Retail Trade	21	0.8%	23	1.2%	21	0.8%	24	1.0%	28	1.1%	37	1.4%	39	1.5%
Transportation and Warehousing	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Information	9	0.4%	10	0.5%	9	0.4%	3	0.1%	6	0.2%	4	0.1%	12	0.4%
Finance and Insurance	19	0.8%	21	1.1%	29	1.2%	25	1.0%	27	1.0%	41	1.5%	43	1.6%
Real Estate and Rental and Leasing	9	0.4%	0	0.0%	1	0.0%	5	0.2%	55	2.1%	57	2.1%	58	2.2%
Professional, Scientific, and Technical Services	281	11.2%	256	13.3%	247	9.9%	227	9.1%	185	7.0%	166	6.1%	188	7.0%
Management of Companies and Enterprises	1,834	72.8%	1,251	64.9%	1,804	72.0%	1,863	74.4%	2,011	75.8%	2,083	76.0%	1,962	73.3%
Administration & Support, Waste Management and Remediation	109	4.3%	149	7.7%	165	6.6%	126	5.0%	125	4.7%	132	4.8%	131	4.9%
Educational Services	6	0.2%	1	0.1%	1	0.0%	3	0.1%	6	0.2%	5	0.2%	6	0.2%
Health Care and Social Assistance	31	1.2%	20	1.0%	33	1.3%	23	0.9%	20	0.8%	33	1.2%	69	2.6%
Arts, Entertainment, and Recreation	6	0.2%	3	0.2%	3	0.1%	6	0.2%	4	0.2%	6	0.2%	6	0.2%
Accommodation and Food Services	15	0.6%	12	0.6%	15	0.6%	10	0.4%	10	0.4%	6	0.2%	12	0.4%
Other Services (excluding Public Administration)	42	1.7%	36	1.9%	42	1.7%	46	1.8%	41	1.5%	34	1.2%	37	1.4%
Public Administration	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Source: US Census Bureau, LED OnTheMap Origin-Destination Database (Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

The portion of the Penn Station area that is outside Census Tract 1051 has virtually no employment as it is almost exclusively residential. Employment in the census tract rose slightly from 2002 to 2003, declined slightly through 2005, and has been generally stable, except for a sharp decline in employment in management of companies and enterprises in 2007 which accounts for the decline in that year. The largest category is management of companies and enterprises, which most likely is the Target office building west of Theodore Wirth Parkway. Professional, scientific, and technical services is the second largest category.

Residential

The station area is predominantly single family housing. Expensive townhomes are located on the bluff along Kenwood Parkway. Field research identified only one, small two-story class C apartment building located at 2823 Wayzata Boulevard. No information is available on the number of units or rents in this building.

Office Buildings

The immediate station area bounded by Wayzata Boulevard, the BNSF railroad tracks, and Thomas Avenue contains four structures: three office buildings and a vacant industrial building. Two of these buildings (2501 and 2523 Wayzata Boulevard) appear to be owner-occupied. The building located at 2311 Wayzata Boulevard, Joffe Medical Building, is a two-story class B building constructed in 1962. The building contains 35,100 square feet on two floors. The building is currently vacant and being marketed at an asking net rent of \$21.50. Joffe Minnesota Property LLC owns three additional parcels, two of which are vacant and the third is occupied by a vacant warehouse building. This site at 1013-1031 Maderia Avenue is being marketed for a class A office building estimated to contain 170,000 square feet on seven floors. The owners are seeking medical tenants.

Strengths and Weaknesses

Leasing agents and building representatives familiar with the Penn area were interviewed. Their comments and observations are summarized below.

The station area has convenient access and good visibility from I-394, and is close to Downtown Minneapolis and St. Louis Park's shops and restaurants. Businesses interested in the area include medical, insurance, software, employment agencies, and professional offices. Market is currently very slow, similar to the rest of the Twin Cities area.

Weaknesses: The office area is very small and the properties are landlocked. Buildings are older, take more upkeep, and in need of upgrades.

Property representatives viewed LRT as a significant benefit for office tenants and their employees. Over the long-term, the area is considered a good location.

Property Value

Property parcels in the vicinity of the Penn Station are shown in Figure 4-3. As indicated earlier, two buildings are owner-occupied. Building 1 is vacant and parcels 2, 3, and 4 appear to represent a development opportunity. Assessor's land value for parcels 2, 3, and 4 totals \$1,139,500 for 132,422 square feet or about \$8.60 per square foot. Adding the value of the

vacant warehouse building estimated at \$1,268,500 increases the value to about \$18.00 per square foot. This land value is supportable by a proposed multi-story office building.

Figure 4-3
PENN STATION AREA BUILDINGS



Table 4-8

PENN STATION AREA BUILDINGS
ESTIMATED MARKET VALUE, AND PROPERTY TAXES

Key	Address	Land Sq Ft	Year Built	Estimated Market Value			Total/ Sq. Ft.
				Land	Building	Total	
1	2311 Wayzata Blvd	39,204	1962	513,600	786,400	1,300,000	\$ 33.16
2	1013 Madeira Ave	29,621	0	252,000	-	252,000	8.51
3	1031 Madeira Ave	88,862	1962	756,500	1,268,500	2,025,000	22.79
4	1035 Madeira Ave	13,939	0	131,000	-	131,000	9.40
5	2501 Wayzata Blvd	89,298	1954	1,003,600	2,496,400	3,500,000	39.19
6	2523 Wayzata Blvd	21,344	1961	304,600	1,495,400	1,800,000	84.33
Total		282,269		2,961,300	6,046,700	9,008,000	\$ 31.91

Source: Hennepin County.

Penn Development Strategy

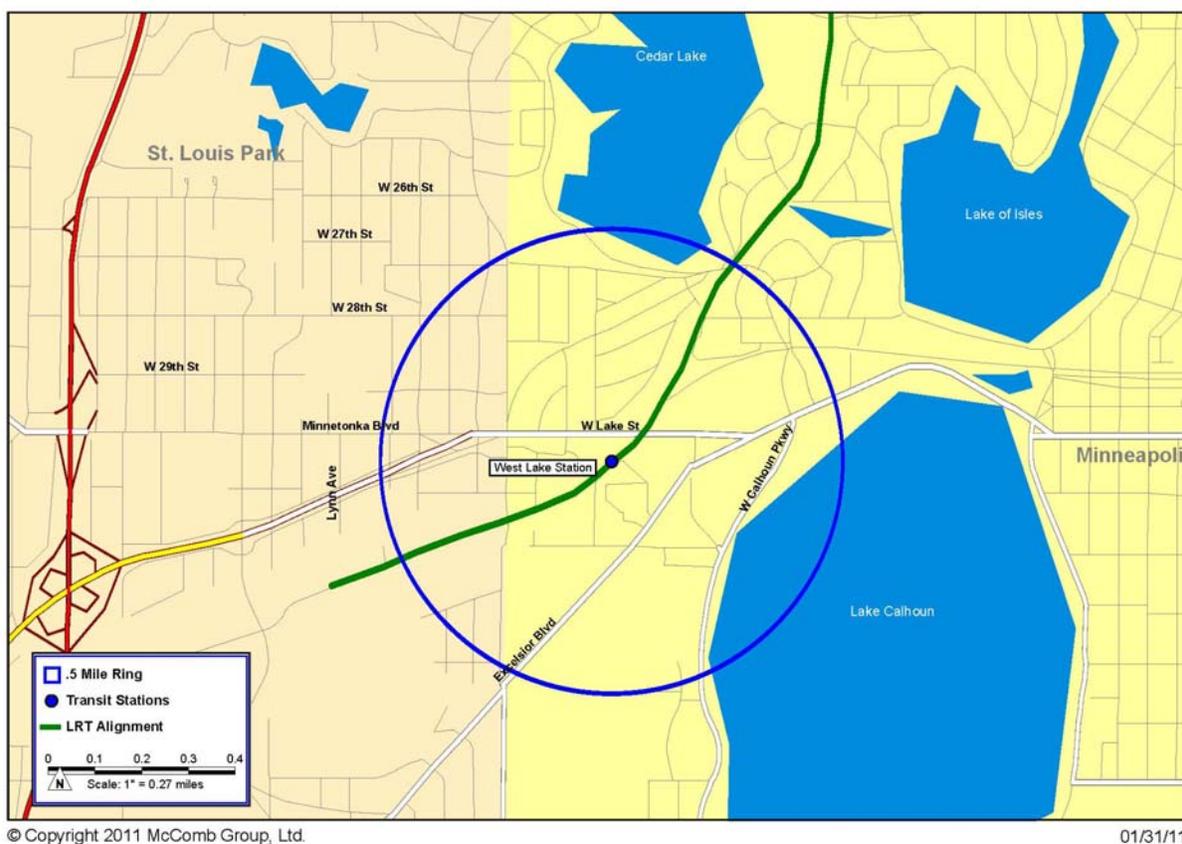
The Penn Station area includes a small office/light industrial area consisting of about 6.5 acres. One parcel (5) occupied by Lurie, Besikof, Lapidus & Co. LLP was constructed in 1954 and is considered historic. Two other buildings (1 and 6) were constructed in 1961 and 1962 and are functional office buildings. The three remaining parcels (2, 3, and 4) are part of a former light industrial complex situated on 3.04 acres. These three parcels are under one ownership and can be developed as market conditions permit. These parcels are currently listed for sale as the potential location for a multi-story office building. This area has also been considered for multi-family residential within the last ten years. This type of development would be consistent with the adjacent office development and would support ridership on the Southwest LRT. AECOM suggested that future development could include horizontal or vertical mixed-use buildings. Horizontal mixed-use appears more likely based on location and market conditions.

Chapter 5

WEST LAKE STATION

West Lake Station is located south of West Lake Street and north of Excelsior Boulevard at Abbott Avenue and 31st Street West, as shown on Map 5-1. This station is located northwest of Lake Calhoun, along the Midtown Greenway, as shown on Figure 5-1, which provides convenient access from the adjacent residential neighborhoods. Located directly west of the station (south of Lake Street) are several low-rise multi-family buildings. The station area east of the LRT line contains some of the City's highest density housing in both apartments and condominiums attracted by the many recreation and open space amenities. In this area, Lake Street is flanked by a retail area with two shopping centers: Calhoun Commons and Calhoun Village. A large portion of the station area, south of 32nd Street is occupied by Minikahda Golf Club. The western portion of the one-half mile station area is located in St. Louis Park and overlaps with the Beltline Station Area. The northeastern portion of the station area overlaps with the 21st Street Station. The West Lake Station is conveniently located for station area residents and businesses.

Map 5-1
WEST LAKE STATION AREA



West Lake Station Area

The station area one-half mile ring for the West Lake Station, shown on Figure 5-1, extends west to Joppa Avenue, north to Cedar Lake, east to Dean Parkway, and south to 34th Street West.

West Lake Street and the Midtown Greenway are the dividing line for station area land use. The area to the north is predominately high volume single family homes or townhouses. The area to the south contains a mix of office, retail, apartments, and condominiums.

Figure 5-1

WEST LAKE STATION AREA ONE-HALF MILE RING



Population and Households

Population and household growth trends within the West Lake Station area, Minneapolis, and Metro Area are shown in Table 5-1. Population and households within the West Lake Station area, particularly the Minneapolis portion, are growing faster than both the City of Minneapolis and the Metro Area.

Station area population increased from 3,583 in 1990 to 5,288 in 2010. Station area households increased from 2,119 in 1990 to 3,232 in 2010, as developers converted under-utilized property to high density housing. Population in the Minneapolis portion of the station area increased from 2,715 in 1990 to 4,213 in 2010. Future growth will depend primarily on redeveloping existing properties to higher density.

Table 5-1

WEST LAKE STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
POPULATION AND HOUSEHOLDS
1990 AND 2000 CENSUS; 2010 ESTIMATED

	West Lake Station Area	Minneapolis Portion	Minneapolis	Metro Area
Population				
1990	3,583	2,715	357,936	2,288,499
2000	4,713	3,737	382,618	2,642,056
2010E	5,288	4,213	371,252	2,847,981
Annual Growth Rate				
1990-2000	2.78 %	3.25 %	0.67 %	1.45 %
2000-2010E	1.16	1.21	(0.30)	0.75
Households				
1990	2,119	1,657	156,110	875,354
2000	2,794	2,318	162,352	1,021,454
2010E	3,232	2,690	161,491	1,124,010
Annual Growth Rate				
1990-2000	2.80 %	3.41 %	0.39 %	1.56 %
2000-2010E	1.47	1.50	(0.05)	0.96

E: Estimated.

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

Household Income

Average household income in the station area is significantly higher than Minneapolis and Metro Area, as shown in Table 5-2. Station area average household income in 2010 is estimated at \$132,421 and is even higher (\$143,616) in the Minneapolis portion of the station area, compared to an average household income of \$64,932 in Minneapolis.

Table 5-2

WEST LAKE STATION AREA, CITY OF MINNEAPOLIS, AND METRO AREA
AVERAGE AND MEDIAN HOUSEHOLD INCOMES
1990 AND 2000 CENSUS; 2010 AND 2015 ESTIMATED

Income Type / Year	West Lake Station Area	Minneapolis Portion	City of Minneapolis	Metro Area
Average Household Income				
1990	\$ 54,240	\$ 55,293	\$ 32,875	\$ 44,266
2000	99,696	107,242	52,179	68,484
2010 E	132,421	143,616	64,932	86,887
Median Household Income				
1990	\$ 37,378	\$ 37,681	\$ 27,211	\$ 38,034
2000	60,211	63,244	38,369	54,667
2010 E	78,205	84,100	41,780	64,571

E: Estimated.

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

Table 5-3



DEMOGRAPHIC AND INCOME SNAPSHOT

West Lake Station Area

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		3,583		4,713		5,288
Households		2,119		2,794		3,232
Families		666		759		846
Per Capita Income	\$	32,666	\$	61,446	\$	83,791
Median Household Income	\$	37,378	\$	60,211	\$	78,205
Average Household Income	\$	54,240	\$	99,696	\$	132,421
Average Household Size		1.66		1.61		1.57
Median Age		35		37		41

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	2.78 %	1.16 %
Households	2.80	1.47
Families	1.32	1.09
Median Household Income	4.88	2.65
Average Household Income	6.28	2.88

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	303	14.3 %	206	7.4 %	229	7.1 %
\$15,000 - \$24,999	393	18.5	263	9.4	243	7.5
\$25,000 - \$34,999	345	16.2	331	11.8	263	8.2
\$35,000 - \$49,999	401	18.9	461	16.5	439	13.6
\$50,000 - \$74,999	317	14.9	477	17.1	457	14.1
\$75,000 - \$99,999	121	5.7	347	12.4	382	11.8
\$100,000 - \$149,999	112	5.3	302	10.8	444	13.7
\$150,000 +	133	6.3	407	14.6	774	24.0

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	327	9.1 %	427	9.1 %	585	11.1 %
20-24	378	10.6	537	11.4	517	9.8
25-34	1,156	32.3	1,422	30.2	1,145	21.7
35-44	562	15.7	684	14.5	716	13.5
45-54	326	9.1	603	12.8	824	15.6
55-64	255	7.1	348	7.4	659	12.5
65-74	271	7.6	221	4.7	337	6.4
75-84	305	8.5	242	5.1	239	4.5
85+	NA	NA	229	4.9	266	5.0

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	3,390	94.6 %	4,370	92.7 %	4,766	90.1 %
Black	90	2.5	125	2.7	245	4.6
Native American	9	0.2	6	0.1	19	0.4
Asian/Pacific Islander	73	2.0	145	3.1	205	3.9
Other Races	21	0.6	68	1.4	53	1.0
Hispanic (Any Race)	54	1.5	70	1.5	130	2.5

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

Table 5-4



DEMOGRAPHIC AND INCOME SNAPSHOT

West Lake Station -- Minneapolis Portion

2/8/2011

SNAPSHOT	1990 Census		2000 Census		2010 Estimated	
Population		2,715		3,737		4,213
Households		1,657		2,318		2,690
Families		516		568		638
Per Capita Income	\$	33,390	\$	68,684	\$	94,356
Median Household Income	\$	37,681	\$	63,244	\$	84,100
Average Household Income	\$	55,293	\$	107,242	\$	143,616
Average Household Size		1.62		1.54		1.50
Median Age		35		37		41

TRENDS	Annual Percent Change	
	1990 - 2000	2000 - 2010
Population	3.25 %	1.20 %
Households	3.42	1.50
Families	0.96	1.17
Median Household Income	5.31	2.89
Average Household Income	6.85	2.96

HOUSEHOLDS BY INCOME	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	236	14.2 %	140	6.0 %	147	5.5 %
\$15,000 - \$24,999	301	18.1	194	8.4	169	6.3
\$25,000 - \$34,999	266	16.0	268	11.6	204	7.6
\$35,000 - \$49,999	314	18.9	393	16.9	367	13.7
\$50,000 - \$74,999	250	15.1	376	16.2	356	13.2
\$75,000 - \$99,999	95	5.7	302	13.0	329	12.2
\$100,000 - \$149,999	89	5.4	262	11.3	383	14.2
\$150,000 +	109	6.6	384	16.6	734	27.3

POPULATION BY AGE	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
<19	223	8.2 %	272	7.3 %	401	9.5 %
20-24	282	10.4	423	11.3	403	9.6
25-34	882	32.5	1,171	31.3	943	22.4
35-44	434	16.0	548	14.7	572	13.6
45-54	254	9.4	478	12.8	663	15.7
55-64	196	7.2	293	7.8	552	13.1
65-74	211	7.8	187	5.0	281	6.7
75-84	232	8.6	188	5.0	187	4.4
85+	NA	NA	178	4.8	211	5.0

RACE AND ETHNICITY	1990 Census		2000 Census		2010 Estimated	
	Number	Percent	Number	Percent	Number	Percent
White	2,577	94.9 %	3,463	92.7 %	3,793	90.0 %
Black	64	2.4	96	2.6	197	4.7
Native American	7	0.3	3	0.1	12	0.3
Asian/Pacific Islander	52	1.9	115	3.1	166	3.9
Other Races	16	0.6	60	1.6	44	1.1
Hispanic (Any Race)	41	1.5	59	1.6	108	2.6

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

Approximately half (49.5 percent) of the households within the station area have incomes above \$75,000 in 2010. In the Minneapolis portion of the station area, 53.7 percent of the households had incomes above \$75,000 in 2010. Additional demographic characteristics are contained in Tables 5-3 and 5-4.

Automobile Ownership

Household vehicle ownership is represented in Table 5-5. Over ninety percent of households within the station area have one or more vehicles; while 9.0 percent of households do not have a vehicle. Renters are more likely to be transit dependent than homeowners, with 13.2 percent or 268 renters not having a vehicle, while 1.9 percent of homeowners do not have a vehicle. An estimated 291 households do not have a vehicle and are transit dependent.

Table 5-5
WEST LAKE STATION AREA
ACCESS TO VEHICLES; 2010

Vehicles	Owners		Renters		Total	
	Number	Percent	Number	Percent	Number	Percent
Households	1,204		2,028		3,232	
0 vehicles	23	1.9 %	268	13.2 %	291	9.0 %
1 vehicle	469	39.0	1,202	59.2	1,671	51.7
2 vehicles	485	40.3	486	24.0	970	30.0
3 vehicles	153	12.7	67	3.3	219	6.8
4 vehicles	49	4.1	4	0.2	53	1.6
5+ vehicles	25	2.1	2	0.1	27	0.8
Autos available	2,223		2,405		4,628	
Avg autos	1.85		1.19		1.43	

Source: ScanUS.

Employment

West Lake Station area employment by occupation is shown in Table 5-6. West Lake Station area has a daytime population of 4,210. Over 60 percent of station area occupations are white collar.

Table 5-6
WEST LAKE STATION AREA
EMPLOYMENT BY OCCUPATION; 2010

	West Lake Street Station Area	
Total Businesses	259	
Total Employees	4,210	
Average Employees Per Firm	16.2	
White Collar Occupations	2,556	60.7 %
Blue Collar Occupations	1,637	38.9 %

Source: McComb Group, Ltd. and PCensus.

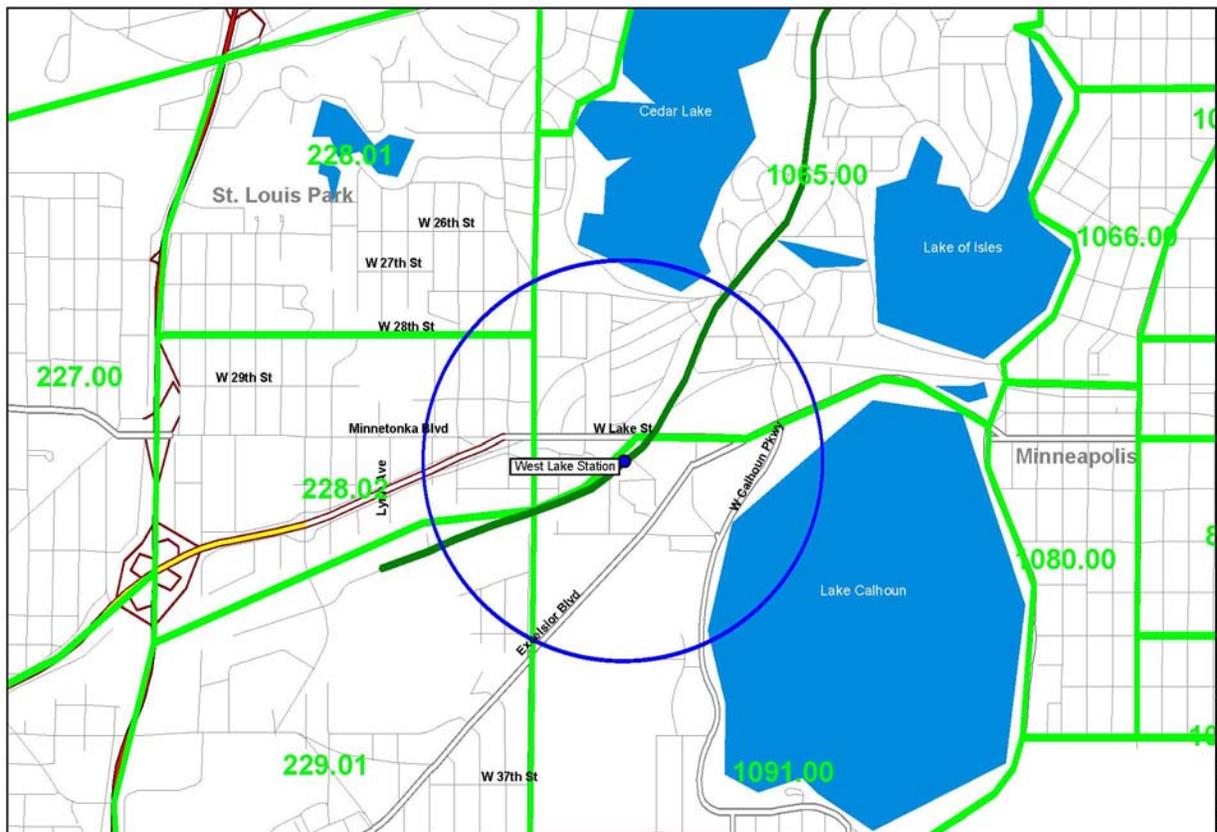
Table 5-7
WEST LAKE CENSUS TRACTS 1065 AND 1091

	2008		2007		2006		2005		2004		2003		2002	
	Count	Share												
Total All Jobs	3,208	100.0%	3,157	100.0%	3,111	100.0%	3,275	100.0%	2,932	100.0%	4,809	100.0%	3,734	100.0%
Jobs by Worker Age														
Age 29 or younger	1,282	40.0%	1,251	39.6%	1,281	41.2%	1,327	40.5%	1,187	40.5%	1,638	34.1%	1,222	32.7%
Age 30 to 54	1,559	48.6%	1,566	49.6%	1,473	47.3%	1,558	47.6%	1,441	49.1%	2,661	55.3%	2,169	58.1%
Age 55 or older	367	11.4%	340	10.8%	357	11.5%	390	11.9%	304	10.4%	510	10.6%	343	9.2%
Jobs by Earnings Paid														
\$1,250 per month or less	1,186	37.0%	1,184	37.5%	1,264	40.6%	1,403	42.8%	1,282	43.7%	1,661	34.5%	1,341	35.9%
\$1,251 to \$3,333 per month	1,069	33.3%	1,060	33.6%	1,063	34.2%	1,062	32.4%	957	32.6%	1,875	39.0%	1,412	37.8%
More than \$3,333 per month	953	29.7%	913	28.9%	784	25.2%	810	24.7%	693	23.6%	1,273	26.5%	981	26.3%
Jobs by Industry Type (2-digit NAICS)														
Agriculture, Forestry, Fishing and Hunting	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	2	0.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Construction	15	0.5%	16	0.5%	31	1.0%	30	0.9%	9	0.3%	13	0.3%	11	0.3%
Manufacturing	22	0.7%	22	0.7%	23	0.7%	24	0.7%	28	1.0%	34	0.7%	37	1.0%
Wholesale Trade	58	1.8%	332	10.5%	247	7.9%	200	6.1%	220	7.5%	221	4.6%	156	4.2%
Retail Trade	640	20.0%	594	18.8%	624	20.1%	489	14.9%	444	15.1%	492	10.2%	516	13.8%
Transportation and Warehousing	4	0.1%	4	0.1%	5	0.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Information	257	8.0%	3	0.1%	9	0.3%	4	0.1%	5	0.2%	13	0.3%	26	0.7%
Finance and Insurance	124	3.9%	88	2.8%	89	2.9%	101	3.1%	58	2.0%	51	1.1%	48	1.3%
Real Estate and Rental and Leasing	101	3.1%	119	3.8%	122	3.9%	136	4.2%	141	4.8%	131	2.7%	158	4.2%
Professional, Scientific, and Technical Services	150	4.7%	139	4.4%	158	5.1%	158	4.8%	204	7.0%	210	4.4%	246	6.6%
Management of Companies and Enterprises	3	0.1%	0	0.0%	0	0.0%	76	2.3%	86	2.9%	95	2.0%	0	0.0%
Administration & Support, Waste Management and Remediation	92	2.9%	155	4.9%	108	3.5%	181	5.5%	65	2.2%	2,022	42.0%	1,336	35.8%
Educational Services	13	0.4%	7	0.2%	3	0.1%	1	0.0%	0	0.0%	2	0.0%	12	0.3%
Health Care and Social Assistance	543	16.9%	539	17.1%	577	18.5%	630	19.2%	586	20.0%	553	11.5%	488	13.1%
Arts, Entertainment, and Recreation	261	8.1%	275	8.7%	268	8.6%	281	8.6%	284	9.7%	240	5.0%	198	5.3%
Accommodation and Food Services	780	24.3%	710	22.5%	698	22.4%	808	24.7%	665	22.7%	607	12.6%	361	9.7%
Other Services (excluding Public Administration)	145	4.5%	154	4.9%	147	4.7%	156	4.8%	137	4.7%	125	2.6%	140	3.7%
Public Administration	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.0%

Source: US Census Bureau, LED OnTheMap Origin-Destination Database (Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002).

The West Lake Station area is located in two census tracts: 1065 to the north and 1091 to the south, as shown on Figure 5-2. Virtually all of the employment concentrations in these two census tracts are located in the West Lake Station area. Employment trends from 2002 through 2008 for these census tracts are contained in Table 5-7. Employment in these two census tracts has declined from 3,734 in 2002 to 2,932 in 2004 and has since recovered to 3,208 in 2008. The major employment decline was in the administrative and support category in 2003 and 2004. Much of this decline was offset by increases in other categories. Categories with increasing employment include retail trade, information, finance and insurance, accommodation and food services.

Figure 5-2
CENSUS TRACTS 1065.00 AND 1091.00

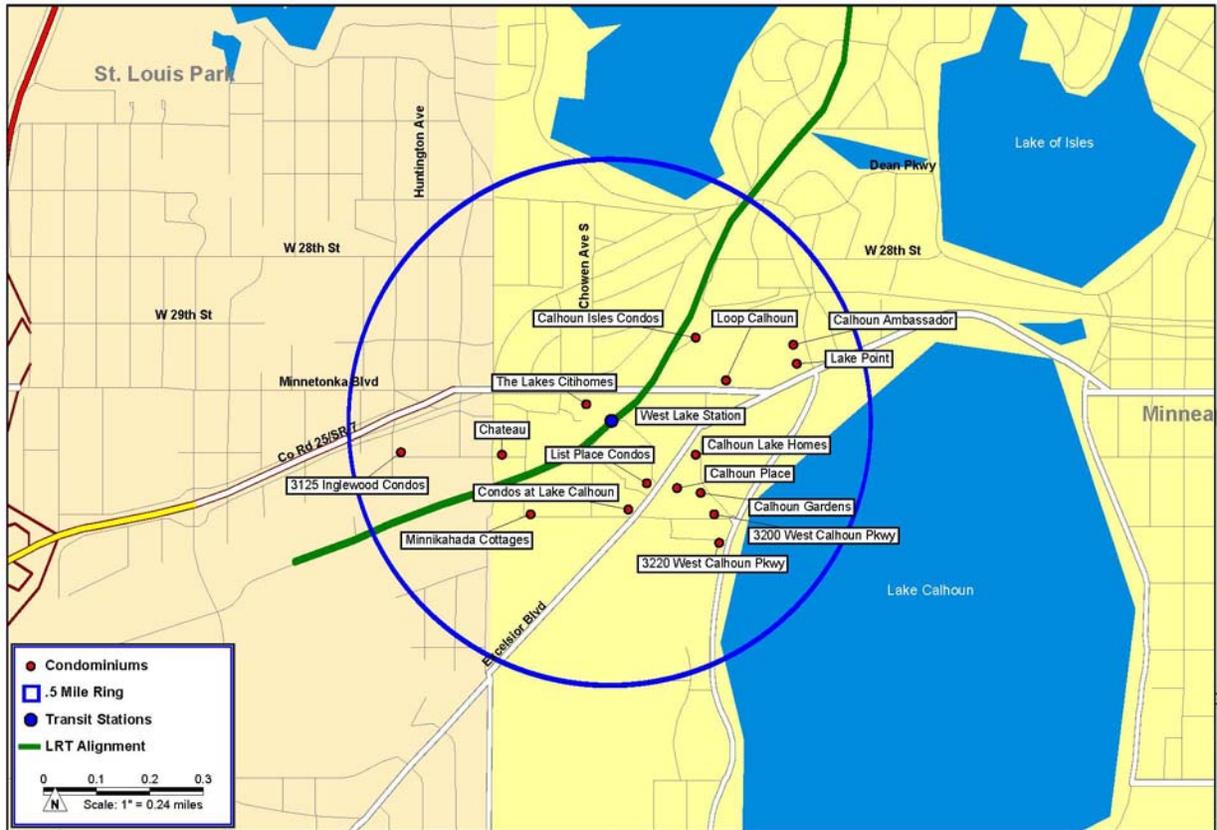


01/31/11

Residential

The West Lake Station area is home to 15 condominium buildings and 16 apartment buildings. Condominiums and apartments in the West Lake Station area are shown on Maps 5-2 and 5-3 and listed in Tables 5-8 and 5-9. There are a total of 1,215 condominium units in buildings ranging in size from five units at List Place Condos to 374 units at Calhoun Isles. These buildings represent a mix of buildings dating from the 1920s to the present time. Several buildings are former apartment buildings converted to condominiums in recent years. The most recent development is Loop Calhoun and Chateau.

Map 5-2 WEST LAKE STATION AREA CONDOMINIUMS



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Table 5-8

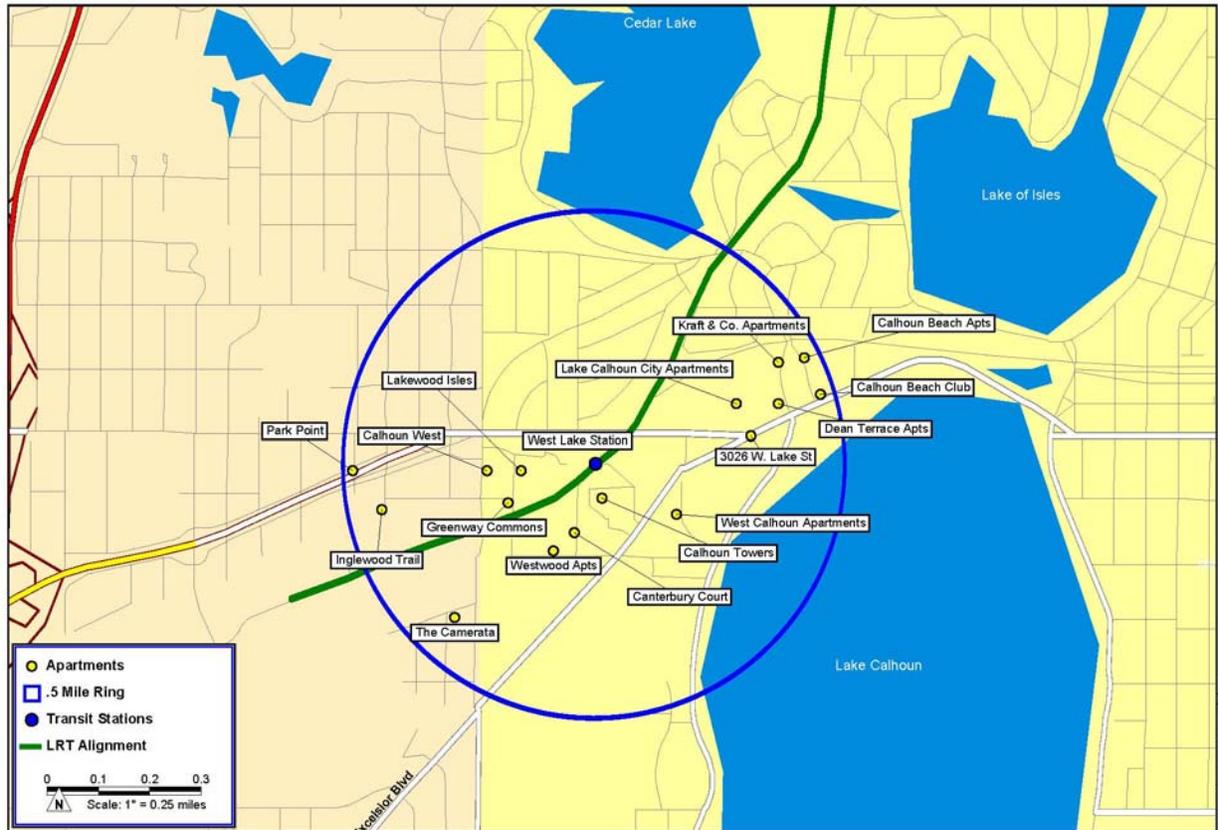
WEST LAKE STATION AREA CONDOMINIUM BUILDINGS

Name	Address	Total Units
Calhoun Isles Condominiums	3141-3151 Dean Court	374
Loop Calhoun	3104 W Lake St	122
Calhoun Ambassador	2928 Dean Parkway	41
Lake Point Condominiums	2950 Dean Parkway	249
Calhoun Lake Homes	3100-3144 Calhoun Parkway	97
Calhoun Place	3131 Excelsior Blvd	109
Calhoun Gardens	3150 W Calhoun Blvd	20
3200 West Calhoun Pkwy	3200 Calhoun Parkway	21
3220 West Calhoun Pkwy	3220 Calhoun Parkway	12
List Place Condos	3400 List Place	5
Condos at Lake Calhoun	3150 Excelsior Blvd	55
Minikahda Cottages	3802-3818 32nd St	9
The Lakes Cithomes	3001-3068 Lake Shore Dr	83
Chateau	3810 W 31st St	12
3125 Inglewood	3125 Inglewood	6
Total		1,215

Source: United Properties and Costar.

Map 5-3

WEST LAKE STATION AREA APARTMENTS



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Table 5-9

WEST LAKE STATION AREA APARTMENT BUILDINGS

Name	Address	Total	Units Vacant	Vacancy Rate
Calhoun Beach Apts	2905/2915 Dean Pkwy	50	-	- %
Kraft & Co. Apartments	2920 Dean Pkwy	53	2	3.8
Calhoun Beach Club	2925 Dean Pkwy	321	24	7.5
Dean Terrace Apts	2936 Dean Pkwy	33	-	-
3026 W. Lake St	3026 W. Lake St	N/A	N/A	NA
Lake Calhoun City Apartments	3036 W. Lake St	153	N/A	NA
West Calhoun	3029 France Ave	122	-	-
Calhoun Towers	3430 List Place	102	-	-
Canterbury Court	3140 Chowen Ave	349	28	8.0
Westwood	3708 W 32nd St	81	-	-
Lakewood Isles	3031 Ewing Ave	181	2	1.1
West Calhoun Apts	3146 W Calhoun Pkwy	62	-	-
Greenway Commons	3811 31st St W	18	-	-
Inglewood Trails	3200 Inglewood	124	7	5.6
The Camerata	5600 Camerata Way	220	7	3.2
Park Point	4300 & 4320 Highway 7	30	-	-
Total		1,899	70	

Source: United Properties, Management Interviews, Internet websites and Costar.

Apartments constitute the largest single land use in the station area vicinity with over 1,900 units in 16 buildings. Buildings range in age from the 1920s to 2005. Lake Calhoun City Apartments, with 153 units, is the most recently constructed apartment building. Rental rates for one- and two-bedroom units range from 0.95 to \$3.03 per square foot for the area's most expensive building. Vacancy rates range from full to 8.0 percent at Canterbury Court. Seven buildings report no vacancy. Apartment demand has been strong in the Uptown area, just to the east, with four recently completed buildings with 574 units, as shown in Table 5-10.

Table 5-10

RECENTLY DEVELOPED UPTOWN AREA APARTMENTS

Name	Address	Total	Vacant	Vacancy Rate
Apartments				
Uptown Lake Apartments	W. Lake St	163	10	6.1 %
Blue Apartments	2922 Aldrich Ave S	242	15	6.2
Murals of Lyn-Lake	2883 Lyndale Ave S	109	-	-
Solhem	Humbolt Ave	60	N/A	N/A

Source: United Properties, Management Interviews, Internet websites and Costar.

Commercial Buildings

There are four significant commercial buildings in the station area: two shopping centers and two office buildings, as shown in Table 5-11. The two shopping centers total 155,000 square feet and consists of Calhoun Commons and Calhoun Village. Calhoun Commons is a class A strip shopping center containing 66,150 square feet and is anchored by Whole Foods who rent a 50,000 square foot store. Whole Foods occupies 40,000 square feet and MGM Liquors occupies 10,000 square feet. Asking net rents are \$24.00 per square foot. Calhoun Village, located on the north side of Lake Street, contains 89,000 square feet and is anchored by Barnes & Noble. Net asking rents are \$24.00 per square foot. Calhoun Commons has no vacant spaces and Calhoun Village has two vacant spaces totaling about 7,000 square feet.

Table 5-11

WEST LAKE STATION AREA COMMERCIAL BUILDINGS

Building	Class	Square Feet	Vacancy Rate	Net Rent	Expense	Tax
Shopping Centers						
Calhoun Commons	A	66,150	N/A	\$24.00	\$ 3.75	\$5.86
Calhoun Village	A	89,000	7.9%	24.00	N/A	6.48
Office Buildings						
Calhoun Executive Center	A	155,000	4.0%	\$24.00	\$ 14.00 *	
Lake Pointe Corporate Center	B	60,000	4.2%	18.00	7.87	\$4.79

* Includes taxes.

Source: McComb Group, Ltd.

Two office buildings total 215,000 square feet. Calhoun Executive Center, on the south side of Lake Street, contains 155,000 square feet of space and has a 4.0 percent vacancy. Net rents are

\$24.00 per square foot. Lake Point Corporate Center, located across the street, contains 60,000 square feet and has a vacancy of 4.2 percent. Asking net rents are \$18.00 per square foot. These vacancy rates compare favorably with the Twin Cities office vacancy rate of 19.9 percent.

Strengths and Weaknesses

Leasing agents and building representatives familiar with the West Lake area were interviewed. Their comments and observations are summarized below.

The West Lake Station area has many strong characteristics and few weaknesses. Strengths cited by real estate brokers included great demographics (high incomes); natural amenities; convenient access to goods, services, and restaurants; and access to lakes, trails, and bike paths. The one weakness that was mentioned was the distance from freeways. An LRT station was perceived as a benefit which would provide additional access for employees and bring more customers to the shopping area.

Property Values

Property parcels in the West Lake Station area were divided into potential development parcels A through F. Parcels A through E are shown in Figure 5-4. Parcel F is located to the west of Parcel E and is not shown. Property information for each development parcel is shown on the following pages.

Figure 5-4

WEST LAKE STATION AREA DEVELOPMENT PARCELS



◆ **Parcel A**

This parcel consists of two properties currently occupied by Calhoun Village and Tryg's Restaurant, as shown on Figure 5-5. The Tryg's Restaurant parcel has a very low density and resulting assessor's market value of only \$29.15 per square foot for taxes payable in 2010.

Calhoun Village consists of about 6.1 acres and has an assessor's land and building value of \$54.48 per square foot. Total assessed value is \$16,876,000 or \$48.49 per square foot.

Figure 5-5

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL A



Table 5-12

**POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL A
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES**

Address	Land Sq. Ft.	Year Built	Estimated Market Value			Total/ Sq. Ft.
			Land	Building	Total	
3118 Lake Street	82,328	2005	\$ 1,810,000	\$ 590,000	\$ 2,400,000	\$29.15
3220 Lake Street	265,716	1988	7,361,200	7,114,800	14,476,000	54.48
Subtotal	348,044		\$9,171,200	\$7,704,800	\$16,876,000	\$48.49

Source: Hennepin County and McComb Group, Ltd.

◆ **Parcel B**

This triangle-shaped property (Figure 5-6) consists of two buildings: a BP service station and a Minneapolis Fire Station, one of the City’s newest. The BP station has an assessor’s land and building value of \$889,000 or \$27.96 per square foot.

Figure 5-6

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL B



Table 5-13

**POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL B
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES**

Address	Land Sq. Ft.	Year Built	Estimated Market Value			Total/ Sq. Ft.
			Land	Building	Total	
3012 Lake Street	31,799	1966	\$ 794,300	\$ 94,700	\$ 889,000	\$27.96
3025 Lake Street	27,878	1992	N/A	N/A	N/A	N/A
Subtotal	59,677		\$ 794,300	\$ 94,700	\$ 889,000	N/A

Source: Hennepin County and McComb Group, Ltd.

◆ **Parcel C**

Parcel C (Figure 5-7) consists of four properties, of which Calhoun Commons shopping center is the largest. Calhoun Commons has an assessor’s market value of \$10,350,000 or \$39.53 per square foot. The other smaller properties range in value from \$30.19 to \$55.79 per square foot. The four parcels have a total value of \$12,484,500 or \$39.86 per square foot.

Figure 5-7

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL C



Table 5-14

**POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL C
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES**

Address	Land Sq. Ft.	Year Built	Estimated Market Value			Total/ Sq. Ft.
			Land	Building	Total	
3040 Excelsior Blvd.	261,796	1999	\$ 6,806,900	\$ 3,543,100	\$ 10,350,000	\$ 39.53
3054 Excelsior Blvd.	18,731	1960	457,600	587,400	1,045,000	55.79
3100 Excelsior Blvd.	20,038	1981	\$ 508,400	\$ 96,600	\$ 605,000	30.19
3120 Excelsior Blvd.	12,632	1986	339,700	144,800	484,500	38.35
Subtotal	313,196		\$ 8,112,600	\$ 4,371,900	\$ 12,484,500	\$ 39.86

Source: Hennepin County and McComb Group, Ltd.

◆ **Parcel D**

Three properties in Parcel D (Figure 5-8) include a small office building, a small condominium, and a vacant parcel. These parcels have a total assessor's market value of \$1,779,100 or \$68.07 per square foot. Calhoun Towers apartment building is not one of the potential redevelopment properties and is excluded from Table 5-15.

Figure 5-8

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL D



Table 5-15

**POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL D
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES**

Address	Land Sq. Ft.	Year Built	Estimated Market Value			Total/ Sq. Ft.
			Land	Building	Total	
3130 Excelsior Blvd.	2,178	1915	\$ 72,000	\$ 359,000	\$ 431,000	\$ 197.89
3400 List Pl	11,761	1926	195,100	988,900	1,184,000	100.67
3404 List Pl	12,197		164,100	-	164,100	13.45
Subtotal*	26,136		\$ 431,200	\$ 1,347,900	\$ 1,779,100	\$ 68.07

Source: Hennepin County and McComb Group, Ltd.

◆ **Parcel E**

Parcel E (Figure 5-9) consists of several properties, the largest of which is Canterbury Court. This property, with 349 units, has an assessor's market value of \$25.8 million or about \$74,000 per unit. Land and building value averages \$87.63 per square foot, which is higher than the other multi-family buildings located to the west. The condominiums at 3150 Excelsior Boulevard have an assessor's market value of \$9,895,500 or \$298.91 per square foot. Properties to the west along 32nd Street West have per square foot land and building values ranging from \$64.00 to \$74.00 per square foot. One vacant parcel (3129) is owned by the Hennepin County Regional Railroad Authority.

Figure 5-9

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL E



Table 5-16

**POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL E
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES**

Address	Land Sq. Ft.	Year Built	Estimated Market Value			Total/ Sq. Ft.
			Land	Building	Total	
3150 Excelsior Blvd.	33,106	1966	\$ 841,000	\$ 9,054,500	\$ 9,895,500	\$ 298.91
3121 Chowen Ave S	145,055	1971	1,875,200	12,524,800	14,400,000	99.27
3140 Chowen Ave S	169,013	1973	2,179,500	9,189,500	11,369,000	67.27
3620 32nd St W	20,473	1964	373,200	1,090,800	1,464,000	71.51
3708 32nd St W	20,038	1966	360,500	1,123,000	1,483,500	74.04
3720 32nd St W	23,522	1966	417,500	1,089,500	1,507,000	64.07
3800-3818 32nd St W	66,211	1996	840,000	3,547,500	4,387,500	66.27
3129 Ewing Ave S	35,284		-	-	-	-
3109 Drew Ave S	2,614		-	-	-	-
Subtotal	515,315		\$ 6,886,900	\$ 37,619,600	\$ 44,506,500	\$ 86.37

Source: Hennepin County and McComb Group, Ltd.

◆ Parcel F

Properties located on either side of 31st Street West in Minneapolis and St. Louis Park are shown on Figure 5-10. This area contains a mix of multi-family and older single family homes and has been undergoing gradual redevelopment. Land values per square foot of the smaller properties in the neighborhood range from \$23.00 to \$35.00 per square foot.

Figure 5-10

POTENTIAL WEST LAKE REDEVELOPMENT AREA – PARCEL F



Table 5-17

POTENTIAL WEST LAKE STATION REDEVELOPMENT AREA -- PARCEL F
ESTIMATED MARKET VALUE AND 2010 PROPERTY TAXES

Address	Square Feet	Year Built	Assessor's Value			Total/ Sq. Ft.
			Land	Building	Total	
Minneapolis						
3050 Ewing Ave S	10,019	1961	\$ 224,700	\$ 1,574,800	\$ 1,799,500	\$ 179.61
3810 31st St W	9,583	2006	323,700	2,496,300	2,820,000	294.26
3818 31st St W	5,227	1977	95,400	175,100	270,500	51.75
3822 31st St W	5,227	1925	95,400	71,600	167,000	31.95
3826 31st St W	4,792	1925	95,400	126,600	222,000	46.33
3811 31st St W	27,443	1970	302,400	822,600	1,125,000	40.99
3823 31st St W	9,148	1925	58,400	156,100	214,500	23.45
Subtotal	71,438		\$ 1,195,400	\$ 5,423,100	\$ 6,618,500	\$ 92.65
St. Louis Park						
3907 Highway 7	50,965	1955	\$ 840,000	\$ 260,000	\$ 1,100,000	\$ 21.58
3914 31st St W	5,227	1926	72,300	109,500	181,800	34.78
3918 31st St W	5,227	2001	72,300	422,900	495,200	94.74
3031 Glenhurst Ave	9,583	1926	96,300	101,700	198,000	20.66
3901 31st St W	5,663	1981	75,000	139,200	214,200	37.83
3907 31st St W	5,227	1925	75,000	132,300	207,300	39.66
3911 31st St W	5,663		76,500	-	76,500	13.51
3917 31st St W	4,792	1924	75,000	62,600	137,600	28.72
3921 31st St W	4,792	1925	75,000	82,000	157,000	32.77
3925 31st St W	14,810	1967	142,000	482,000	624,000	42.13
Subtotal	254,826		\$ 3,990,200	\$ 12,638,400	\$ 16,628,600	\$ 65.25
Total	326,264		5,185,600	18,061,500	23,247,100	\$ 71.25

Source: Hennepin County and McComb Group, Ltd.

These parcels contain a mix of new and older buildings of various values. In some cases, combined land and building values per square foot are low enough to encourage potential redevelopment. In other cases, the land and building values are such that private sector redevelopment is impossible.

Development Strategy

The West Lake redevelopment area's history is one of constant evolution in response to market demand and changes in the Minneapolis economy. Most of the older buildings date from the post WWI period. The current Calhoun Beach Club Apartments was originally built as a residential hotel, then converted to apartments following WWII and expanded with a second apartment tower in the 1990s. Many of the existing buildings have been developed on the sites of former smaller buildings.

Over the past 50 years, properties in this area have undergone gradual redevelopment from lower to higher densities. This process is likely to continue over the next 30 to 40 years and beyond as property values change and buildings become older and possibly obsolete. While it is not possible to predict how this evolution will occur, property age and value provide some clues as to what may occur and where. AECOM proposes a development concept on page 107 of their report that envisions future redevelopment of parcels A, B, C, D, and E. One of the underlying assumptions is that market conditions will drive redevelopment and it can occur without public sector financial assistance. Given the existing densities and real estate values, this may not be possible. Also, the plan envisions retaining existing retail tenants that are considered area assets. This is possible, but increases development complexity as new space must be available for relocation. Redevelopment potential for Parcels A, B, C, D, E, and F is evaluated below based on current values and economics. These scenarios illustrate practical considerations that affect redevelopment planning and execution in any station area.

◆ Parcel A

This parcel consists of two properties currently occupied by Calhoun Village and Tryg's Restaurant. These retail uses represent low density and the Tryg's parcel is underutilized even for a restaurant. At the very minimum, the rear portion of the Tryg's parcel should be included in a potential redevelopment. The two parcels have a 2010 assessor's market value of \$16,876,000. It is unlikely that these parcels could be acquired for that price. In addition, retail leases would need to be terminated and existing buildings demolished, which would increase land costs. If land acquisition, lease terminations, and demolition could be accomplished for \$21.0 million, the land cost would be about \$60.00 per square foot and this may be conservative. A potential development could be mixed-use retail and residential. Calhoun Village has 89,000 square feet of gross leasable area. Current land value is about \$20.00 per square foot of gross leasable area. If this was to be doubled to \$40.00 per square foot of gross leasable area, the land contribution to a new development with 90,000 square feet of retail space would be about \$1.8 million. The remaining land value (about \$19.2 million) would need to be contributed by the residential component, probably condominiums. Assuming land cost of \$35,000 per condominium unit will require a residential component of 550 units or as many as 610 units to provide a 10 percent land cost contingency. This would be a density of 69 to 76 units per acre, not including retail and parking spaces. The residential units would require between 900 and 1,000 parking spaces (1.65 spaces per unit plus guest parking) and the retail component would need a minimum of about 360 spaces. Market conditions

would require three to four residential towers for successful development. This analysis suggests that redevelopment maybe possible under normal housing market conditions, if the unit densities are high enough, but the economic challenges and risk associated with holding high cost land for later development are significant.

◆ **Parcel B**

This parcel has two occupants, an older BP service station on a small triangular site, and one of the newer Minneapolis Fire Stations. It is difficult to envision this parcel being redeveloped in a meaningful manner that would contribute significant tax base to the station area.

◆ **Parcel C**

This parcel consists of Calhoun Commons, which is anchored by Whole Foods, and three smaller properties with an assessor's land and building market value of \$12,484,500. The purchase price, lease termination costs, and demolition would increase this amount significantly. The development economics of this site are likely to be similar to Parcel A, and, as a result, a potential redevelopment to include residential towers, retail, and structural parking are possible under the proper market conditions with high enough density. As with Parcel A, the economic challenges and risks are significant. Possibly this site could be expanded to include the Hennepin County Regional Railroad Authority land to the west.

◆ **Parcel D**

This parcel abuts Calhoun Tower Apartments and consists of two buildings and a vacant lot with an assessor's value of \$1,779,100 or \$68.07 per square foot. This small parcel (26,136 square feet) appears to be best suited for a small office or retail use that does not require much onsite parking. The potential high land costs and small parcel size suggest that public assistance would be needed for redevelopment.

◆ **Parcel E**

Parcel E consists of nine properties, the largest of which is Canterbury Court with 7.2 acres. Two properties (3150 Condominiums and Minikahda Cottages) are owner-occupied. The 3150 Condominium building has an assessor's market value of \$9,895,000 or about \$300.00 per square foot of land area, which suggests that redevelopment is improbable. Minikahda Cottages are relatively new and have an average assessor's market value of about \$440,000 per unit. One small vacant parcel, 3129 Ewing Avenue South, is owned by the Hennepin County Regional Railroad Authority and could be combined with an adjacent parcel. The remaining five parcels are occupied by older low-rise apartment buildings. These buildings, over time, may become candidates for redevelopment. At that time, it would be possible for a phased development on about 11 acres of land. Redevelopment in this area is likely to require public assistance due to high land assembly costs.

The Hennepin County Regional Railroad Authority property represents a short-term infill development opportunity. This parcel could be combined with an unused portion of the adjacent Canterbury Court parking lot to accommodate a townhome development that would likely have market values similar to Minikahda Cottages.

◆ **Parcel F**

Properties located along 31st Street West in Minneapolis and St. Louis Park have been undergoing gradual redevelopment. Land values per square foot of the smaller properties in the neighborhood range from \$23.00 per square foot to \$35.00 per square foot, which can support redevelopment. Gradual redevelopment of this area could continue over the near term when the real estate market recovers.

The high existing land and building values per square foot will inhibit private sector interest in undertaking redevelopment in the West Lake Station area. Over the long-term, the values of some properties may decline, which would increase the potential for private sector redevelopment by reducing site acquisition costs. It is more likely that public sector financial assistance will be required due to the relatively high density that exists on most parcels.

Development Phasing

Redevelopment in Parcels D, E, and F can occur independently of the other parcels. However, redeveloping Parcel C would involve demolishing the Whole Foods store. Whole Foods is the largest retail store in the area and is considered a valuable community asset that should be retained in any redevelopment.

Whole Foods will have its own perspective on redevelopment. If they are like most retailers, they are likely to analyze this proposed relocation from their own perspective. Whole Foods is unlikely to agree to go out of business while a new store is built and lose market share to other supermarkets. They would prefer to be relocated so they could remain in operation. This suggests that Whole Foods be relocated to a new store on Parcel A. Thus, redevelopment of Parcel C is linked to redevelopment of Parcel A; and Parcel A must be completed first if Whole Foods is to be relocated. The challenges to relocating Whole Foods are significant. Phased redevelopment of Parcels A and C will be a complex undertaking and may be impossible to accomplish without public sector participation.

Chapter 6

RECOMMENDATIONS

Construction of the Southwest LRT will have long-term development influences and has the potential to alter development patterns in each station area. How and when redevelopment will occur will depend on a number of factors, including but not limited to, capitalizing on economic growth trends and lifestyle trends, and the ability to conceptualize, design, build, and market transit supportive developments. This will be an evolutionary process of integrating transit with new developments in station areas. AECOM's report establishes a long-term vision for each station area, which can be implemented over time.

Market analysis indicates the potential for near-term redevelopment at Royalston, Penn, and West Lake Station areas. Development concepts for each station area are described below.

◆ **Royalston Station**

The area adjacent to the Royalston Station has been identified for long-term redevelopment to capitalize on LRT potential. A short-term redevelopment opportunity exists in the northeast corner of this area. Two buildings (Parcels 5 and 6) are 90 percent vacant and represent a redevelopment opportunity. These parcels are located in close proximity to the proposed Royalston Station and have relatively low land and building values. These parcels contain about 7.8 acres of land and are bounded by Royalston on the east and north, and Boarder Avenue on the west. The south boundary abuts another building. This parcel is suitable for three or four office buildings of 75,000 to 125,000 square feet of rentable area in a phased development. These buildings could be single tenant (build to suit) or multi-tenant. In today's economy, a single tenant building may be more likely. This development can accommodate extension of Fifth Avenue North from Royalston to Boarder Avenue as envisioned in the AECOM report.

◆ **Penn Station**

Redevelopment in this station area is limited by geography, I-394, the BNSF railroad tracks, and the nearby residential areas. Within this triangular area, adjacent to the planned LRT station, are four parcels (1, 2, 3, and 4) that could be assembled and utilized for multi-family phased development. Parcels 2, 3 and 4 are owned by the same party. Parcels 2 and 4 are vacant and Parcel 3 is a vacant warehouse structure. Parcel 1 is a vacant office building. Together these four parcels total 171,626 square feet of land or 3.94 acres with an assessor's market value of \$3,708,000 or \$21.60 per square foot. This parcel could be developed in conjunction with adjacent land owned by Mn/DOT to provide a gateway entrance to the LRT station below the bluff. This parcel is suitable for a phased residential apartment development with a mix of low-rise and mid-rise buildings.

◆ **West Lake Station**

The West Lake Station area is one of the most densely developed residential areas in Minneapolis. As a result, there is very little vacant or low cost land available in the West Lake Station area. The Hennepin County Regional Railroad Authority owns a small parcel with 35,284 square feet of land adjacent to the LRT right-of-way. This parcel

could be combined with a portion of an adjacent parking lot for Canterbury Court Apartments to create a larger parcel for infill townhome development. This infill development site would be about 1.3 acres. The likely development is for sale townhomes. This parcel is similar to the remnant parcels that existed along the Hiawatha light rail line and were subsequently developed into single family homes and townhomes by a local developer.

Financial feasibility analysis for each of these developments will be conducted in the next phase of this study.