ANDOVER
RETAIL MARKET ANALYSIS

Prepared for

City of Andover

May 2012

McCOMB GROUP, Ltd.
REAL ESTATE AND RETAIL CONSULTANTS

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INTRODUCTION

McComb Group, Ltd. was engaged by the City of Andover to conduct market analysis to determine the amount of commercial land that is supportable in Andover in future years. The objective of this engagement was to identify future demand for retail stores in each of the commercial areas. Work tasks conducted as part of this engagement are summarized below.

- ♦ Three of Andover's commercial areas—Bunker Lake Road between Hanson Boulevard and Round Lake Boulevard; Bunker Lake Road and Seventh Avenue; and Hanson Boulevard and Crosstown Boulevard—were evaluated to identify strengths and weaknesses as a location for retail, food service, services, and service office uses. Factors that were evaluated include, but were not limited to: location, circulation, access, visibility, current and future traffic counts, and relationship to adjacent uses. The tenant mix in each of Andover's retail areas was identified and categorized by type.

- ♦ Shopping areas that are competitive with Andover commercial areas were identified and evaluated. Principal competitors were identified and evaluated for anchor stores and tenant mix. New developments anticipated in competitive shopping areas were identified, to the extent possible, to determine possible competitive impacts.

- ♦ Business owners and/or managers in each of Andover's existing retail areas were interviewed to obtain impressions of retailing in Andover, the area from which they draw their customers, and input on strengths and weaknesses, as well as to identify what they think should be done to improve business in Andover.

- ♦ Businesses in Andover retail areas were asked to participate in a survey of their customers to determine where they live and work, and why they shop at that business. The survey was designed to be executed by employees of each store as customers paid for their goods or services. Survey results were used to identify the primary trade area for each shopping area.

- ♦ Residential building permit trends from 1991 to 2011 in Andover and other trade area communities were evaluated to determine historic building trends. These building permit trends were compared with historic trends in the North Growth Corridor to identify changes in building activity and market share. Future estimates of household growth were prepared by year for the period 2012 to 2035. The results of this analysis were incorporated in trade area growth estimates in the trade area analysis.

- ♦ Retail trade areas were delineated for three Andover shopping areas based on arterial road patterns, drive times, and McComb Group experience. Trade area delineation took into consideration competitive shopping areas in surrounding communities, school district boundaries, and newspaper circulation area. The economy of the trade area was analyzed to identify and quantify those factors that generate support for retail and service establishments. Factors that were evaluated include, but were not limited to: daytime employment, population, households, and household income for 1990, 2000, 2011, and 2016. Trade area residential growth trends were evaluated to determine household growth potential for target years of 2015, 2020, 2025, 2030, and 2035. Retail purchasing power of trade area households was identified for the same target years.

- ♦ Retail sales trends for Andover were analyzed utilizing information from the U.S. Census of Retail Trade for 2002 and 2007 to determine current Andover market share. Market share changes between 2002 and 2007 were identified.

- ♦ Future commercial development potential in each of Andover's retail areas were estimated taking into consideration competitive impacts, trade area demographics, trade area purchasing power, and estimated market share. Based on this analysis and current trends, future retail and service sales potential was estimated by business type. These retail sales estimates were converted to square feet of space by type of business establishment. Those businesses with sufficient retail sales potential for profitable operation in Andover were identified. Estimates of retail, service, and service office space supported by sales potential were be prepared for target years of 2015, 2020, 2025, 2030, and 2035.

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

Report Purpose

This report was prepared in accordance with our proposal dated November 4, 2011. This report was prepared with the understanding that the results of our work will be used by the client to determine the future demand for commercial land in Andover. Our report was prepared for that purpose and is subject to the following qualifications:

- Our analysis did not ascertain the legal and regulatory requirements applicable to this project including zoning, other state, and local government regulations, permits, and licenses. No effort was made to determine the possible effect on the proposed project of present or future federal, state, or local legislation, or any environmental or ecological matters.

- Our report and analysis was based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and discussions with the client. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved will vary from the analysis.

- Our analysis did not evaluate management's effectiveness nor are we responsible for future marketing efforts and other management actions upon which actual results are dependent.

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

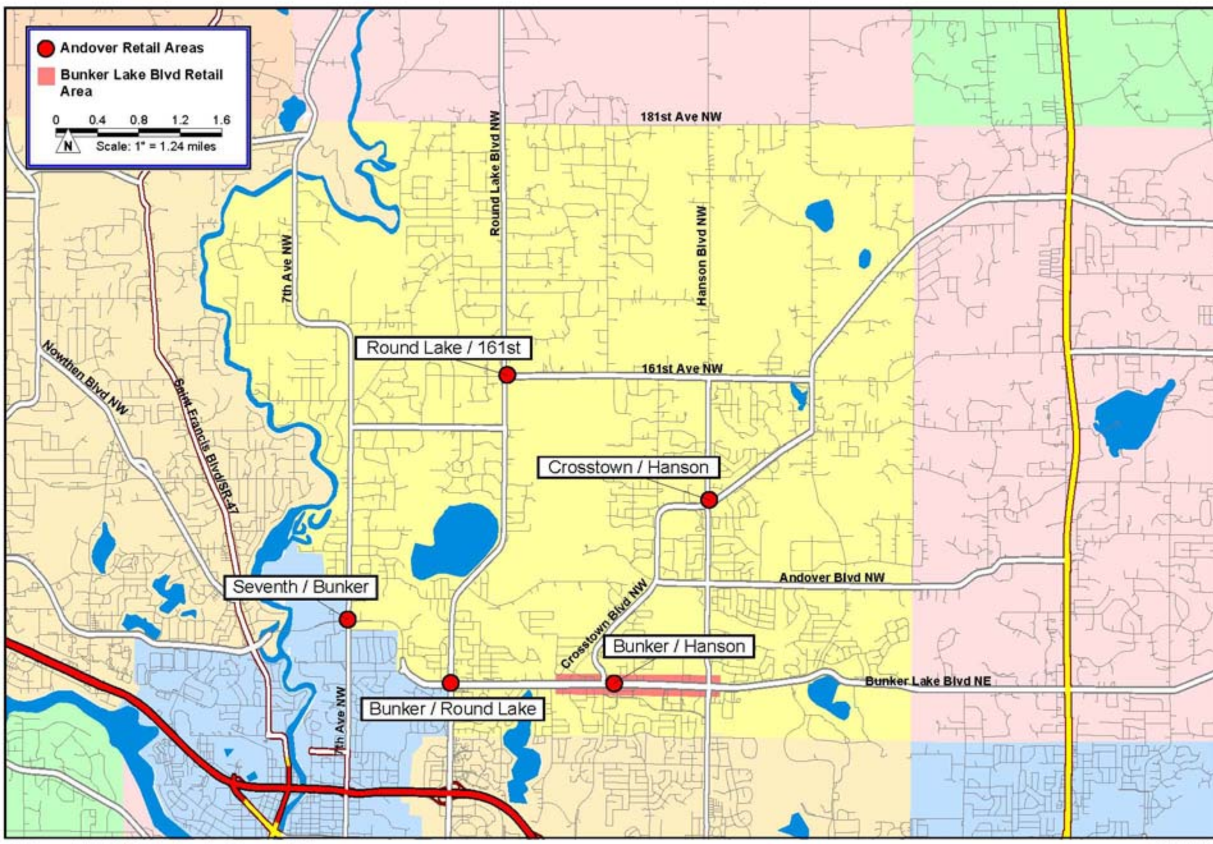
Chapter I

ANDOVER SHOPPING AREAS

Andover is located in the northern portion of the Twin Cities Metropolitan Area. Residential growth in the past 10 years created demand for retail and service establishments, which manifested in five retail concentrations throughout the city, as shown on Map 1. These retail nodes are of various sizes and meet the convenience needs of area residents. These retail areas are described below and their tenant mix is contained in Table 1.

Map 1

ANDOVER RETAIL AREAS



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Retail Areas

Andover's five retail areas include Bunker/Hanson (from Hanson Boulevard to Crosstown), Bunker/Round Lake (from Crosstown to Round Lake), Crosstown/Hanson, Seventh/Bunker, and Round Lake/161st Avenue. Retail area names have been abbreviated to simplify the report. These retail areas offer a variety of goods and services for area consumers.

Table 1

SUMMARY OF ANDOVER RETAIL TENANT MIX BY AREA

Merchandise Category	Bunker Lake Bunker/ Hanson	Bunker Lake Bunker/ Round Lake	Crosstown/ Hanson	Seventh/ Bunker	Round Lake/ 161st	Total
CONVENIENCE GOODS						
Food Stores	1	1				2
Drugstore/Pharmacy	1	2	1			4
Hardware		1				1
Liquor/Wine	1	1	1		1	4
Flowers/Plant Store	1					1
Subtotal	4	5	2	0	1	12
FOOD SERVICE						
Full Service	1	2	2			5
Limited Service	3	6	5			14
Snacks & Beverage Places	2	1	2			5
Subtotal	6	9	9	0	0	24
CONVENIENCE/GAS	5	1	1			7
SHOPPING GOODS						
General Merchandise	2					2
Clothing and Accessories	1					1
Home Furnishings		1				1
Home Appliances/Music	1	1				2
Other Shopping Goods		6	3			9
Subtotal	4	8	3	0	0	15
OTHER STORES						
Building Materials/Garden	5	1			1	7
Motor Vehicles & Parts		1			1	2
Subtotal	5	2	0	0	2	9
Total Retail	**24**	**25**	**15**	**0**	**3**	**67**
SERVICES						
Personal Care	8	7	4			19
Dry Cleaning/Laundry			1			1
Personal Services	4	2	2			8
Recreation/Entertainment	2	1				3
Household Goods Repair		1				1
Automotive Services	5	2	1	1	2	11
Other Services	5	4	2	1	1	13
Financial	12	5	2		1	20
Other Offices (Other than Financi	4		1			5
Medical	5	8	7			20
Other	2					2
Community	1			1	1	3
Total Services	**48**	**30**	**20**	**3**	**5**	**106**
TOTAL	**72**	**55**	**35**	**3**	**8**	**173**
VACANT	**8**	**4**	**1**	**0**	**2**	**15**

Source: McComb Group, Ltd.

- **Bunker/Hanson** includes the area from Hanson Boulevard to Crosstown Drive, a 1.4 mile stretch of retail and service establishments along Bunker Lake Boulevard. This retail strip contains over 70 retail and services establishments, including 24 retail stores and 48 service providers. Retail establishments include Target, Festival Foods, Walgreens, Northgate Liquors, and The Dollar Store, along with a number of food service options. There are twice as many service establishments as retail with the largest categories being financial services, personal care, automotive services, and medical. This area will soon be augmented by a Walmart Supercenter with about 150,000 square feet. With a supermarket, discount store, and soon a supercenter, this area would be considered a community shopping area. Ten percent of the store fronts are vacant.

- **Bunker/Round Lake** is the retail area from Crosstown Drive to Round Lake Boulevard and contains 55 retail and service establishments. This retail area is located in the southwestern corner of Andover, adjacent to Anoka and Coon Rapids. Although some of these businesses are located in the city of Anoka, they function as one center and therefore are included in the tenant mix. This retail area is anchored by King's County Market, CVS, Walgreens, and Fratallone's Ace Hardware. Additional retail options include nine food service establishments, eight shopping goods stores, two other retail stores, and one convenience/gasoline store. There are 30 service establishments with medical and personal care providers as the largest categories, followed by financial services. This area serves the convenience shopping needs of area residents. Currently, seven percent of the store fronts are vacant.

- **Crosstown/Hanson Boulevard** retail node is located about 1.75 miles north of Bunker Lake Boulevard and contains 35 retail and service establishments. Service establishments (20) outnumber retail establishments (15) with the service largest categories being medical and personal care. Retail establishments include drug and liquor stores, nine food service options, and three shopping goods stores. This retail node is located in close proximity to community services such as the YMCA, Andover City Hall and Community Center, Oakview Middle School, and Andover Elementary School. At the time of the field survey, only one store front was vacant in this area.

- **Round Lake/161st** retail node is located north on Round Lake Boulevard about three miles from Bunker Lake Boulevard. This retail area has eight businesses: five services and three retail establishments including a liquor store. There were two vacant store fronts in this area.

- **Seventh/Bunker** retail area is located on the western boundary of Andover, adjacent to Anoka. Currently, this area is home to an Anoka County Library, Anoka Area Ice Arena and Slim's Motor Clinic. Planning for development is currently in the works for the Anoka portion of this area, and may include single family homes and townhomes in addition to commercial retail/office/restaurants, according to the City of Anoka.

Bunker/Hanson and Bunker/Round Lake shopping areas will be combined into an area called Bunker Lake since they tend to serve the same trade area. These two areas are likely to expand toward each other in the future.

Regional Access

Three major north-south roadways funnel traffic through Andover's commercial areas. Seventh Avenue, Round Lake Boulevard, and Hanson Boulevard all provide direct access to TH-10 from the north. Crosstown Boulevard is an important regional route from northern Blaine. These major roadways all intersect with Bunker Lake Boulevard in Andover and are major commuter routes to and from the Twin Cities.

Traffic Counts

Traffic counts in Andover, in general, have fluctuated moderately between 2005 and 2010, as shown in Table 2; however, Bunker Lake Boulevard and Crosstown Boulevard experienced some minor decreases. This table reinforces the north/south commuter movements that pass through Andover on Seventh Avenue, Round Lake Boulevard, and Hanson Boulevard.

Table 2

ANDOVER RETAIL AREAS AVERAGE DAILY TRAFFIC COUNTS

Location	2005	2010	2030
Bunker Lake Boulevard			
Bunker Lake Blvd., East of Hanson Blvd.	13,500	14,900	21,200
Bunker Lake Blvd., West of Hanson Blvd.	18,700	13,200	NA
Bunker Lake Blvd., West of Crosstown	17,600	15,300	NA
Bunker Lake Blvd., East of Round Lake Blvd.	22,000	21,100	26,600
Bunker Lake Blvd., West of 7th Avenue	17,000	18,200	NA
Bunker Lake Blvd., East of 7th Avenue	11,500	13,700	NA
Hanson Boulevard			
Hanson Blvd., North of Bunker Lake Rd.	16,300	18,100	29,700
Hanson Blvd., South of Bunker Lake Rd.	19,700	18,700	30,900
Hanson Blvd., North of Crosstown	7,000	7,200	10,700
Hanson Blvd., South of Crosstown	12,700	14,000	NA
7th Avenue			
7th Avenue, North of Bunker Lake Rd.	15,500	15,600	18,200
7th Avenue, South of Bunker Lake Rd.	15,200	14,900	27,200
Crosstown Boulevard			
Crosstown Blvd., North of Bunker Lake Rd.	8,200	8,000	NA
Crosstown Boulevard., South of Bunker Lake Rd.	11,400	11,200	16,900
Crosstown Boulevard., West of Hanson Blvd.	8,100	7,800	NA
Crosstown Boulevard., East of Hanson Blvd.	6,500	7,700	NA
Round Lake Boulevard			
Round Lake Blvd., South of Bunker Lake Blvd.	29,000	31,000	38,800
Round Lake Blvd., North of Bunker Lake Blvd.	19,500	18,300	24,700
Round Lake Blvd., North of 161st Ave.	12,500	12,100	14,000
Round Lake Blvd., South of 161st Ave.	13,500	15,200	16,400
161st Avenue			
161st Ave., West of Round Lake Blvd.	1,100	1,150	NA
161st Ave., East of Round Lake Blvd.	5,400	6,400	10,000

Source: Minnesota Department of Transportation and Anoka County.

Round Lake Boulevard south of Bunker Lake Boulevard has the highest traffic counts within Andover. This area carried over 31,000 vehicles daily in 2010, which is an increase from 29,000 in 2005. These counts are estimated at 38,800 in 2030. Bunker Lake Boulevard east of Round Lake Boulevard has the second highest average daily traffic count in 2010 with 21,100 average daily trips, a slight decrease since 2005. However, 2030 traffic counts are estimated at 26,600.

North/south commuter routes have generally seen increases in average daily vehicle counts. Hanson Boulevard around the vicinity of Bunker Lake Boulevard carried over 18,000 vehicles daily in 2010. Hanson Boulevard north of Bunker Lake Boulevard had an average daily vehicle count of 18,100 in 2010, an 1,800 trip increase since 2005. Hanson Boulevard, south of Bunker Lake Boulevard had an average daily vehicle count of 18,700 in 2010, a decrease of 1,000 since 2005. As you travel north on Hanson Boulevard, the vehicle trips decrease, with 7,200 trips north of Crosstown Boulevard in 2010. In 2030, estimated traffic counts in these areas are significantly higher, 29,700, 30,900, and 10,700, respectively.

Seventh Avenue traffic counts north of Bunker Lake Boulevard were 15,600 in 2010, a slight increase from 2005; counts on Seventh Avenue south of Bunker Lake Boulevard were 14,900 in 2010 a slight decrease from 2005. Estimated 2030 traffic counts are 18,200 and 27,200, respectively.

Round Lake Boulevard carried between 12,000 and 31,000 vehicles daily in 2010. Average daily traffic counts south of Bunker Lake Boulevard are the highest with 31,000 vehicles daily, while traffic counts north of Bunker Lake Boulevard were 18,300 in 2010. Farther north on Round Lake Boulevard, traffic counts were 15,200 south of 161st Avenue and 12,100 north of 161st Avenue in 2010.

Chapter II

COMPETITIVE SHOPPING AREAS

Andover retail and service establishments compete with a variety of other shopping areas. Competitive shopping areas, shown on Map 2, are located in such a way that they provide various levels of convenience goods, shopping goods, and services to trade area residents. These shopping areas function as regional, community, neighborhood, or convenience centers. Some areas may contain uncoordinated retail buildings of varying size, quality and condition. Competitive shopping areas shown on Map 2 are summarized in Table 3 and the text below.

Map 2

COMPETITIVE SHOPPING AREAS

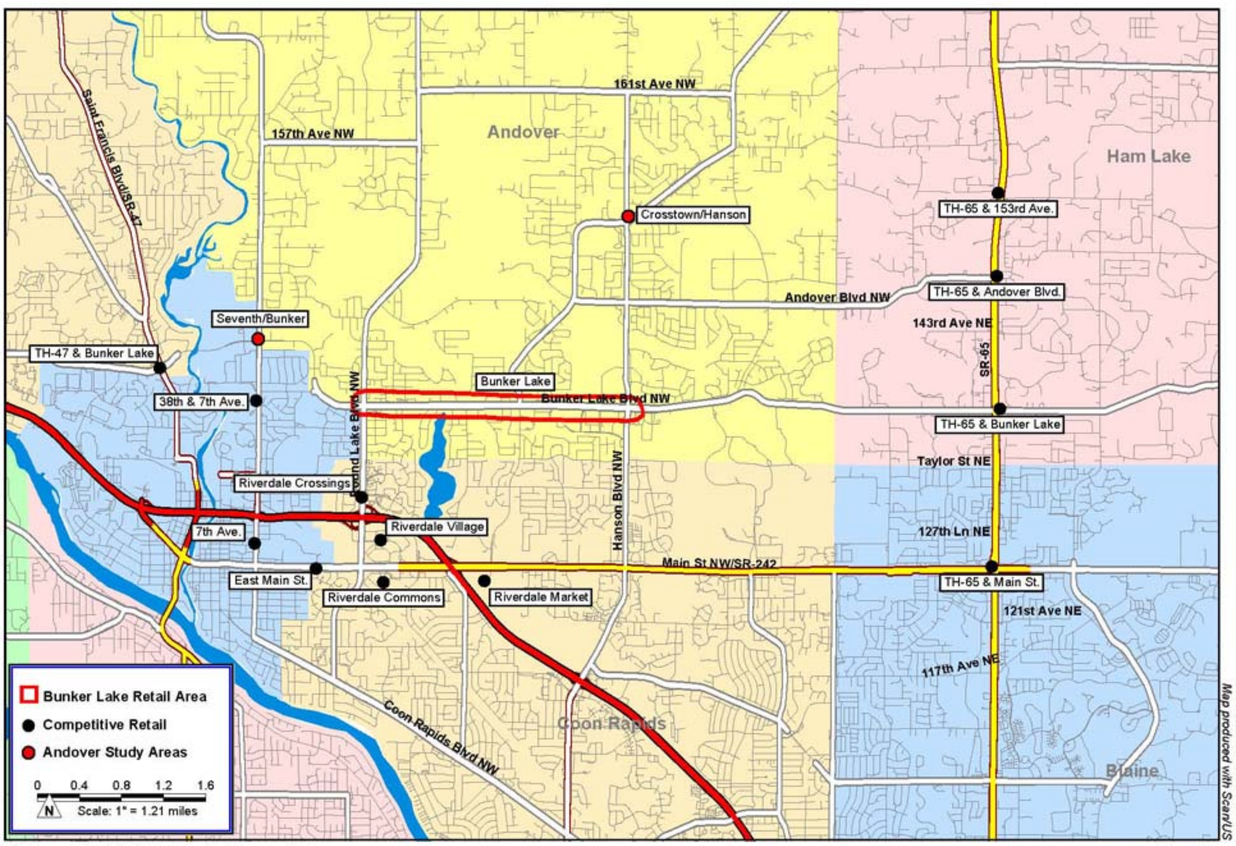

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Table 3

SUMMARY OF ANDOVER COMPETITIVE TENANT MIX BY AREA

	Riverdale Area				Anoka				TH-65				
Merchandise Category	Riverdale Crossing	Riverdale Village	Riverdale Commons	Riverdale Market	TH-47 & Bunker Lake	7th Avenue	East Main St.	38th Ave. & 7th Ave.	Main Street	Bunker Lake	153rd Ave. NE	Andover Blvd.	Total
CONVENIENCE GOODS													
Food Stores	2		1						2				5
Specialty Food Stores			1					1	2				4
Drugstore/Pharmacy		1				1			1				3
Hardware													0
Liquor/Wine	1		1		1				1	1		1	6
Flowers/Plant Store									1				1
Health Food/Nutrition/Diet	1	1			2					1			5
Subtotal	4	2	3	0	3	1	0	1	7	2	0	1	24
FOOD SERVICE													
Full Service	5	7	1	1	3				3			1	21
Limited Service	7	6	8	1	7	4			12	1		1	47
Snacks & Beverage Places			2		2				2				6
Subtotal	12	13	11	2	12	4	0	0	17	1	0	2	74
CONVENIENCE/GAS	2		2		2	1		2	2	1			12
SHOPPING GOODS													
General Merchandise	1	4	2										7
Clothing and Accessories	2	15			1				1		1	1	21
Shoes	1	3											4
Home Furnishings		4	3		1	1				3			12
Home Appliances/Music	1	5	1	1					1				9
Other Shopping Goods	8	10	11	1	1	1	1		5			2	40
Subtotal	13	41	17	2	3	2	1	0	7	3	1	3	93
OTHER STORES													
Building Materials/Garden	2	1	2	1	1					1	1	2	11
Motor Vehicles & Parts	2		1						4	3		5	15
Subtotal	4	1	3	1	1	0	0	0	4	4	1	7	26
Total Retail	**35**	**57**	**36**	**5**	**21**	**8**	**1**	**3**	**37**	**11**	**2**	**13**	**229**
SERVICES													
Personal Care	5	3	5	1	6	1	1	1	9	1			33
Dry Cleaning/Laundry	1		1		1				1				4
Personal Services	3	4	2	1	1		1	2	7			1	22
Recreation/Entertainment	1				1				2			1	5
Automotive Services	4		1		2	1		1	4	3	1	2	19
Other Services	2	2			4	1		2	5	8			24
Financial	4	2	9	2	5	3	2		5	1		1	34
Other Offices (Other than Financial)	3		1		2		1	1		2		1	11
Medical	3		6		2	2			7			2	22
Other				1						1			2
Community						1							1
Total Services	**26**	**11**	**25**	**5**	**24**	**9**	**5**	**7**	**40**	**16**	**1**	**8**	**177**
TOTAL	**61**	**68**	**61**	**10**	**45**	**17**	**6**	**10**	**77**	**27**	**3**	**21**	**406**
VACANT	**7**	**13**	**0**	**0**	**9**	**2**	**0**	**0**	**13**	**1**	**0**	**1**	**44**

Source: McComb Group, Ltd.

REGIONAL SHOPPING INFLUENCES

Regional shopping options include large concentrations of retail and services. Riverdale, located a few miles southwest of Andover is the most competitive regional shopping area for Andover.

Riverdale Area

Riverdale, located in the greater TH-10 and Main Street area, is a major shopping area in Coon Rapids containing almost 900,000 square feet of retail space with easy access for shoppers. Riverdale has four different shopping areas—Riverdale Crossings, Riverdale Village, Riverdale Commons, and Riverdale Market. These shopping areas have 133 retail stores and 67 services for a total of 200 establishments. This represents almost half of the competitive retailers.

- **Riverdale Crossings**, located north of TH-10 and west of Round Lake Boulevard, is anchored by Cub Foods and Walmart. This retail area contains 35 retail establishments and 26 service establishments with food service, other shopping goods, and personal care services being the largest categories. Additional services located east of Round Lake Boulevard are also included in this area. Ten percent of the store fronts are vacant.

- **Riverdale Village**, located on the north side of Main Street east of Round Lake Boulevard, is directly north of Riverdale Commons. This center is anchored by Kohl's, Sears, and Best Buy, and contains 13 food service options and over 40 shopping goods stores. There are 11 service providers in this area which include personal care, personal services, and financial services. Costco and Menards are also located east of Riverdale Village and are included in the tenant mix. Vacancy in this retail area is currently 16 percent of the store fronts.

- **Riverdale Commons**, south of Main Street and east of Round Lake Boulevard, is anchored by a Target PFresh, Home Depot, and Rainbow Foods. This area contains 61 business establishments with many limited service food choices, other shopping goods, and other services, including personal care, financial, and medical services.

- **Riverdale Market**, located south of Main Street and east of TH-10, is anchored by Lowe's and contains nine other retail and service establishments.

The Northtown retail area, locate about seven miles southeast of Andover in Blaine, does not directly compete with the stores in Andover; it does, however, influence area shopping habits because of its concentration of anchor stores and large number of other retailers. Northtown Mall is home to approximately 80 retail tenants including: Best Buy, Burlington Coat Factory, Herberger's, Home Depot, LA Fitness, Aéropostale, Bath and Body Works, Hot Topic, Journeys, Victoria's Secret, and other popular retailers. Additional big box retailers located in the area are Cub Foods, Target, Marshalls, Rainbow, Walmart, and Kmart.

CONVENIENCE AND NEIGHBORHOOD SHOPPING AREAS

Convenience and neighborhood shopping areas also compete with Andover shopping areas. Convenience retail areas serve small trade areas and are typically anchored by small convenience food markets and other convenience retailers. Neighborhood scale shopping areas are generally anchored by supermarkets, drug, liquor, and hardware stores. These anchors are complemented by other retail stores, food services, and a wide variety of services. Nearby convenience and neighborhood shopping areas are described below.

Anoka

Anoka has four convenience retail areas that are competitive with Andover shopping areas.

- **TH-47 and Bunker Lake Boulevard,** or the Rum River retail area, is located at the intersection of TH-47 and Bunker Lake Boulevard, west of the Rum River. This retail area has 45 establishments including 21 retail stores and 24 services. Food service, personal care, and financial services are the largest categories. Nine vacant store fronts, including a drug store, represent a 16.7 percent vacancy rate. This area is direct competition to the Seventh/Bunker retail area.

- **7th Avenue** retail area stretches along 7th Avenue in Anoka, from Main Street north to TH-10. This area has eight retail establishments and nine service establishments and serves the convenience needs of local residents.

- **East Main Street** is a small commercial area that has five service establishments and one shopping goods establishment. This mini-commercial area is located along Main Street at 9th Avenue South in Anoka, west of Riverdale.

- **38th Avenue and 7th Avenue** is a small commercial area located north of TH-10 between TH-10 and Bunker Lake Boulevard. In total, there are 10 business establishments: three retail stores and seven service establishments.

TH-65 Corridor

The TH-65 corridor is developing as a growing retail corridor in northern Blaine and Ham Lake, with four shopping areas.

- **TH-65/Main Street** is the largest competitive concentration in northern Blaine. This retail node contains approximately 77 establishments with 37 retail stores and 40 service providers. This neighborhood shopping area is anchored by Cub Foods, Walgreens, Aldi, and Northgate Liquors. Thirteen store fronts, representing 14.4 percent, are vacant.

- **TH-65/Bunker Lake** shopping area has 27 retail and service establishments including 11 retail stores and 16 service providers. Home furnishings and motor vehicles and parts are the largest retail categories; while automotive services is the largest service category.

- **TH-65/153rd Avenue** contains only three establishments--a bridal shop, garden center, and a tire and auto service center.

- **Andover Boulevard** shopping area contains 13 retail stores and eight service establishments. The largest categories are motor vehicles and parts and automotive services. There is one vacant store front in this area.

NEW RETAIL DEVELOPMENT

Typically, increased residential development stimulates increased commercial development. However, current economic conditions have slowed residential development resulting in reduced tenant demand for retail space. Competitive communities' plans to develop additional retail include:

- The City of Coon Rapids is concentrating on redevelopment of Coon Rapids Boulevard, developing neighborhood centers, offices, and high density residential uses. The City has been acquiring properties and some development has occurred. According to the Economic Development Website (February 2012), this development will not include large concentrations of retail or big box retail, as they do not believe they can compete with retailers at TH-10.

- In Blaine, Walmart is planning on constructing a 150,000 square foot store off TH-65 at 117th and Ulysses Street, just south of the Lowes store. A second new Walmart is also planned for Blaine at I-35W.

SUMMARY

Andover commercial area business establishments compete with all of these shopping areas. While Riverdale serves the shopping needs of trade area residents, convenience and neighborhood centers are close to home for area residents and provide a wide variety of convenience goods. Area consumers will use these smaller retail centers for their convenience needs and to avoid more congested shopping areas.

Chapter III

ANDOVER MERCHANT INTERVIEWS SUMMARY

Interviews were conducted with 14 Andover area business owners. A list of the interview participants is included in Table 4. The primary purpose of these interviews was to determine opinions related to the strengths and weaknesses of Andover, and to solicit ideas and opinions regarding changes to retail within Andover. All responses are verbatim and reflect the respondents' personal opinions; they were not screened for accuracy.

Table 4

ANDOVER INTERVIEW PARTICIPANTS

Establishments	
ABC Mini Storage	McDonalds
Andover Liquor	Pappy's Café
Andover Physical Therapy	Slims Motor Clinic
Beef O'Bradys	Tanners
Festival Foods	Target
King's County Market	Time To Thrift
Mama Valenti's Pizzeria	US Bank

Customer Draw

When asked what area they draw their customers from, Andover businesses that offer convenience retail or services responded they tend to draw customers from the immediate area--Andover, Coon Rapids, Ramsey, Blaine, and Anoka. St. Francis, located about 12 miles north of Andover, was also mentioned by five of the respondents. Five other business owners stated that their customer draw was from a much broader geography. Other replies include:

- Directly around me, but I have to do a lot of marketing.
- Up and down Hanson Boulevard, some come from the Riverdale area because it is too busy over there.
- School visitors.
- In the area north of here

Other Businesses That Attract Customers

When asked, "Are there other businesses in Andover that attract customers that shop at your store?", the responses were in relationship to where the business was located. Businesses located in the smallest retail areas mentioned that there was nothing around them that attracted customers. Businesses located in the Bunker/Round Lake retail area mentioned various businesses in the immediate area that attracted customers to their stores. For other retail areas, the schools and YMCA (4 respondents each) are positive draws for customers, as well as the ice arena and movie theater (2 respondents each). Additional comments are listed below:

- We are more of a destination ourselves.
- Target, we saw an increase in our sales when they came.

- Maybe the movie theater.
- Movie theater and bowling alley.
- DSTI machine shop.

Primary Strengths

When asked to describe the primary strengths of doing business in Andover, four respondents felt that the population was a strength for Andover. Three of the businesses felt that Andover was a nice community, with loyal people and high incomes. Additionally, two respondents mentioned the presence of families and the low crime rate as strengths for Andover. Other responses include:

- Nice people, they are considerate. The residents take pride in their community and our store.
- Residents are young and vibrant.
- Depends on the economic times – used to be manufacturing and construction.
- I grew up here, so I love it.
- Multi-family housing helps.
- Fiscally conservative town.

In general, these comments suggest that business owners have positive feelings about Andover, in particular the residents; they see Andover as a good location for them that has many strengths.

Primary Weaknesses

When asked to describe the weaknesses of doing business in Andover, five respondents mentioned that there was a lack of commercial, industry (daytime population) or retail businesses and four respondents felt that Andover had high property taxes. The lack of a draw was mentioned by two respondents, while another respondent felt that Andover was not a coordinated commercial/business community. This was reinforced by another respondent that felt it was too spread out, with no community cohesiveness, and two other respondents stated there was no official "Downtown." Other respondents are concerned about various other issues; these verbatim responses are included below:

- Andover is a tough crowd – they expect more. Community standards are high.
- Some business owners don't have integrity.
- Lack of growth, there are a lot of empty spaces.
- Too far off freeway, if we were closer to Highway 10, it would help.
- No water and sewer, therefore no one can build or expand. I have no intention to expand.
- City is extremely difficult to work with. No major roadways or highways. Politics are negative, it's not a business friendly community. Not a lot of other restaurants. No reason to come and mill around.
- Too many gas stations – not enough job opportunities.

- Signage is a problem.
- The city is not open to me expanding.
- I cannot absorb the increase in taxes – they keep raising my taxes.
- SAC & WAC fees are out of line.

There were a variety of issues and concerns from Andover business owners; however, the lack industry, specifically jobs, was mentioned by almost half of the respondents.

New Businesses For Andover

When asked "What types of new business would you like to see in Andover?" respondents overwhelmingly wanted something that created more jobs. Nine out of the 14 survey participants mentioned that they wanted more employment in the area including: manufacturing (6 respondents), office (4 respondents), industrial and factory (2 respondents each) and high tech and research and development (1 respondent each). Additionally, over half of the respondents would like to see more restaurants in Andover, both fast food and full service were equally mentioned. Other ideas that were offered by respondents:

- More retail (4 respondents)
- Entertainment (2 respondents)
- No more sports bars (2 respondents)
- Discount grocery
- Something unique
- No more chains
- No more liquor stores
- Some clothing options, home improvement, old fashioned shoe store/repair, office supply

Overall, survey respondents would like to see more businesses within Andover, with the main emphasis on increasing employment and offering more restaurants or food service options.

Retail Sales Trends Since 2007

One half of the respondents have seen increases in sales since 2007, three respondents have seen decreases, two respondents report flat sales, and two respondents were from businesses that were still in their first year of business. Businesses that have experienced an increase in sales attribute it to their marketing efforts (4 respondents), positive reputation (2 respondents), and population growth (2 respondents). Additionally, two respondents felt that the struggling economy has affected them positively. Businesses that experienced decreases in sales attribute it to the economy (2 respondents), competition (2 respondents), and loss of businesses in the area. Other responses include the following.

Reasons for sales increases:

- For a while we were unknown, now it's getting better. Coon Rapids is seeing a busy time, so people come over here because it's more quiet.

- Prices at my store have not changed, we've seen an increase in customers. We've also made some internal changes.
- We just expanded.
- We partner with the local sports teams and activity groups – we support them through fund raising and our name gets out there through our goodwill. Awareness of where we are. The special events that we are allowed to have.

Reasons for flat sales:

- Good reputation, repeat customers, good location, we are centrally located.
- Our customer count stayed the same, they are just purchasing less. The economy and our business model.

Over half of the respondents reported increased or flat sales and many attribute that to marketing and reputation, both positive attributes of Andover businesses. Although, the economy has played a role in both the success and detriment of local businesses, it was not the leading cause of changes in sales within Andover.

Plans For Changes To Business Within Next Three Years

Nine of the 14 respondents had specific plans for changes to their business in the next three years. Three respondents want to expand, three respondents plan on adding services or products, and three respondents are planning a remodel or "facelift" of their existing business. Two of the 14 respondents did not have any plans for changes in the next three years; one respondent had just completed a major expansion; and the other respondent recently had his expansion plan denied. Additional responses include:

- Waiting to see how my corner gets developed – I will change with it.
- I would love to sell, but it's not attractive to anyone.
- We want to improve, we are always re-inventing.

In general, Andover businesses continue to improve their facilities and business operations which will allow them to continue to grow and remain competitive.

Changes That Would Improve Their Business

When asked what could be done to improve retail business for all retail businesses in Andover, signage issues were mentioned by five of the 14 respondents, two respondents mentioned more businesses and increased traffic, and two respondents mentioned a better economy. Additional responses include:

- We need a center big enough to offer everything that people need – like Riverdale.
- Better access for my center.
- There is no freeway here, so it is difficult. Make an effort to get magnet business in here.
- Get rid of Obama! We need more employees, not enough opportunities for employment.
- The city is good, nothing to change.

- Getting some more office density and daytime population growth.
- More involvement as a business community. Advertising is too expensive, maybe we should have some kind of Andover advertising.
- City should offer TIF to make starting a business a reasonable venture.
- It's not necessarily Andover that has the power to change, Minnesota, as a state, doesn't support businesses.
- Special event limits – we are limited by the city to a certain number of events a year. Events really help us get recognized and we get repeat business from them.

Other Comments

As a final question, the business owners were asked if they had any further comments or questions. Respondent verbatim responses are reported below:

- City and government tend to get in the way of business by passing ordinances that get in the way of development. There have recently been issues in Chaska and St. Francis that have hindered growth or actually closed businesses. These governmental entities fail to see the importance of what businesses need; they need to have a business representative or advisory group of business people to advise of issues they are facing. Andover is making positive moves; however, policies, procedures, and ordinances need to be reviewed if the goal is to grow the city.
- Do something with the upper half of Andover.
- There is no uniformity on laws and ordinance enforcement. Business owners need to get involved and support each other for the common goal of business growth.
- Andover is a wonderful area to add a manufacturing based employer.

Summary

The purpose of this survey was to determine the respondents' opinions and perceptions of being a business owner in Andover. In general, retailers enjoy their locations within Andover; and each of these retailers has unique positives and negatives that are specific to their business. In general, these comments suggest that business owners have positive feelings about Andover, in particular the residents; they see Andover as a good location for them that has many strengths.

Andover business owners are concerned about the lack of industry, specifically jobs; this theme was present throughout the interview. They would like to see more businesses within Andover; with the main emphasis on increasing employment and offering more restaurants or food service options.

Sales for area businesses have been increasing in the last five years as business owners continue to market and grow their businesses. Interview results indicate that Andover businesses will continue to improve their facilities and business operations; this will allow them to continue to grow and remain competitive.

Chapter IV

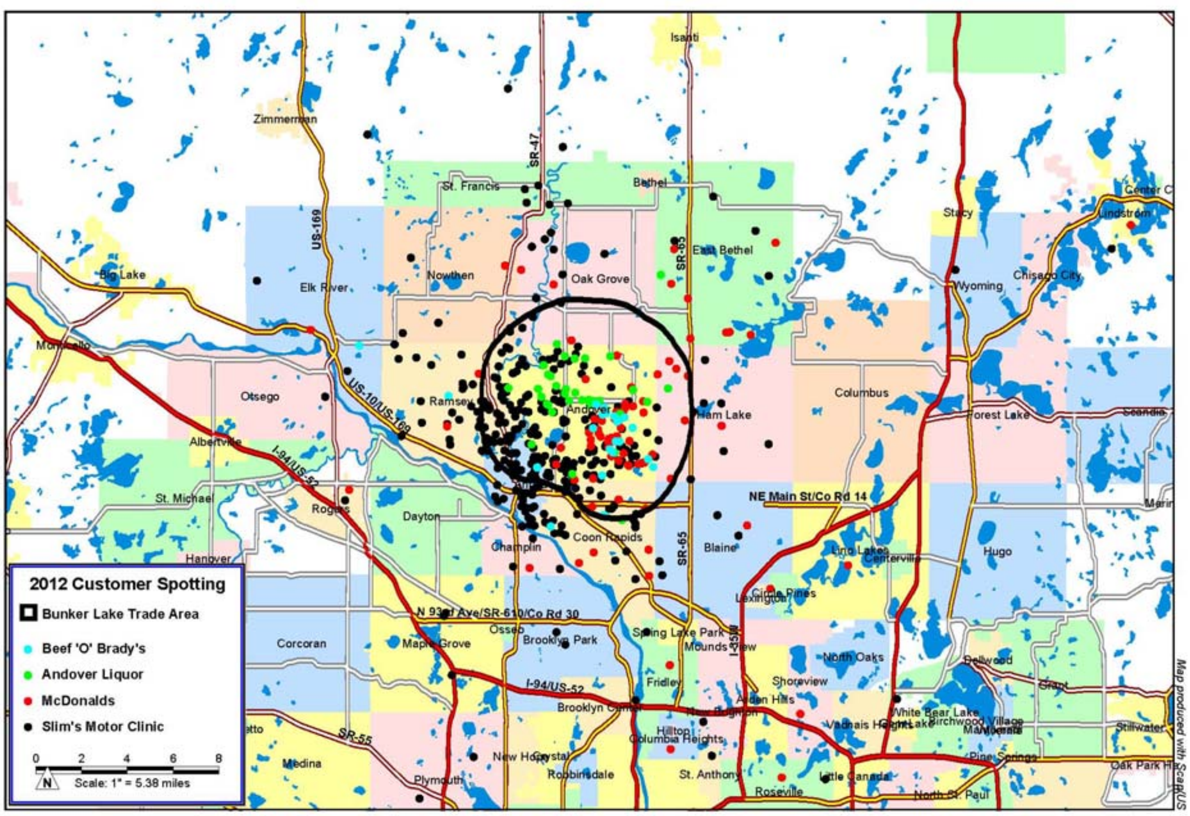
ANDOVER CUSTOMER SURVEY

Retail and service businesses in Andover's retail areas were asked to conduct a brief survey of their customers as part of this study. Three businesses--Andover Liquor, Beef 'O' Brady, and McDonalds--participated in this survey to determine home address, work zip code, and trip purpose of their customers. These business participants collected information from 177 respondents, which provided important information on Andover's customer base. Slim's Motor Clinic provided addresses for its customers, which was also used for determining Andover's retail areas' trade areas. Artistic Treasures, while participating in the survey, provided zip codes but not addresses. This information was used in analyzing Andover's customer base, but is not included in the customer survey results. Survey respondent addresses were geocoded to determine geographic distribution of customers.

Results from the Andover customer survey were used to determine trade areas for Andover retail areas. This chapter focuses on the Bunker Lake trade area of Andover. Customer survey home addresses were geocoded and plotted on a map. The distribution of respondents clusters in Andover with smaller concentrations in the surrounding cities, as shown on Map 3. Slim's Motor Clinic has many more dots because they represent customers not survey respondents. This business also pulls customers from a further distance. It's location at Seventh and Bunker Lake also explains the heavy customer concentration in Anoka.

Map 3

ANDOVER CUSTOMER SPOTTING
BUNKER LAKE TRADE AREA



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Survey responses by city, as shown in Table 5, show that 74.0 percent of the survey respondents live within the Bunker Lake trade area, with the majority (65.5 percent) of those respondents living in Andover. Inflow customers (respondents that live outside the trade area) represented 26.0 percent.

Table 5

ANDOVER CUSTOMER SURVEY; FEBRUARY/MARCH 2012
BUNKER LAKE TRADE AREA
SURVEY RESPONDENTS BY RESIDENCE LOCATION

Residence Location	Number	Percent	
Trade Area			
Andover	116	65.5	%
Ham Lake	7	4.0	
Coon Rapids	5	2.8	
Anoka	2	1.1	
Oak Grove	1	0.6	
Subtotal	131	74.0	%
Inflow	46	26.0	%
No Response	-	-	%
Total	177	100.0	%

Source: McComb Group, Ltd.

Only 75 respondents (42.4 percent) divulged a work zip code. Of those 75 respondents, 52.0 percent work in zip code 55304 (Andover, Anoka, and Ham Lake), as shown in Table 6. Twelve percent of respondents work in other trade area communities.

Table 6

ANDOVER CUSTOMER SURVEY; FEBRUARY/MARCH 2012
BUNKER LAKE TRADE AREA
SURVEY RESPONDENTS BY WORK LOCATION

	Residence Location								
	Trade Area			Inflow			Total		
Work Location	Number	Percent		Number	Percent		Number	Percent	
Trade Area									
55304 - Andover/Ham Lake	32	82.1	%	7	17.9	%	39	52.0	%
55448 - Coon Rapids	2	100.0		-	-		2	2.7	
55303 - Anoka	6	85.7		1	14.3		7	9.3	
Subtotal	40	83.3	%	8	16.7	%	48	64.0	%
Inflow	20	74.1	%	7	25.9	%	27	36.0	%
Total	60	80.0	%	15	20.0	%	75	100.0	%

Source: McComb Group, Ltd.

Survey responses to the question: "Why did you stop here today?" are contained in Table 7. "Close to home" (79.4 percent) and "regular customer" (55.0 percent) were the most frequent responses for trade area respondents. Twenty percent of the respondents shopped because it was "close to work," demonstrating that Andover draws customers from the area's businesses. The most frequent response from inflow customers was "regular customer" (24.4 percent) and "close to work" (22.2 percent). Responses for "running errands" and "driving by" are typical of response levels in other surveys.

Table 7

ANDOVER CUSTOMER SURVEY; FEBRUARY/MARCH 2012
BUNKER LAKE TRADE AREA
SURVEY RESPONDENTS BY REASON FOR STOPPING

	Trade Area		Inflow		Total	
Reason	Number	Percent	Number	Percent	Number	Percent
Close to Home	104	79.4 %	8	17.8 %	112	63.6 %
Close to Work	25	19.1	10	22.2	35	19.9
Driving By	23	17.6	6	13.3	29	16.5
Running Errands	17	13.0	4	8.9	21	11.9
Regular Customer	72	55.0	11	24.4	83	47.2
Other	29	22.1	21	46.7	50	28.4
Total Respondents	131	74.4 %	45	25.6 %	176	100.0 %

Source: McComb Group, Ltd.

The distribution of female and male respondents from the trade area, shown in Table 8, was higher for males (52.7 percent) compared to females (38.2 percent), which is unusual for surveys of this type. Inflow shoppers were more evenly distributed by gender. Over 7.0 percent of respondents did not respond to this question. Some respondents indicated both genders, which appears to reflect shopper parties of two or more.

Table 8

ANDOVER CUSTOMER SURVEY; FEBRUARY/MARCH 2012
BUNKER LAKE TRADE AREA
SURVEY RESPONDENTS BY GENDER

	Trade Area		Inflow		Total	
Gender	Number	Percent	Number	Percent	Number	Percent
Female	50	38.2 %	21	45.7 %	71	40.1 %
Male	69	52.7	20	43.5	89	50.3
Both	3	2.3	1	2.2	4	2.3
Subtotal	122	93.1 %	42	91.3 %	164	92.7 %
No Response	9	6.9	4	8.7	13	7.3
Total	131	100.0 %	46	100.0 %	177	100.0 %

Source: McComb Group, Ltd.

Survey responses for all respondents by day are shown in Table 9. Responses were highest toward the middle of the week on Tuesday and Wednesday, 28.8 percent and 27.1 percent, respectively. Friday had the lowest response with 1.7 percent.

Table 9

ANDOVER CUSTOMER SURVEY; FEBRUARY/MARCH 2012
BUNKER LAKE TRADE AREA
SURVEY RESPONDENTS BY DAY OF SURVEY

Day	Trade Area			Inflow			Total		
	Number	Percent		Number	Percent		Number	Percent	
Sunday	13	13.5	%	6	27.3	%	19	16.1	%
Monday	12	12.5		1	4.5		13	11.0	
Tuesday	24	25.0		10	45.5		34	28.8	
Wednesday	27	28.1		5	22.7		32	27.1	
Thursday	10	10.4		-	-		10	8.5	
Friday	2	2.1		-	-		2	1.7	
Saturday	8	8.3		-	-		8	6.8	
Subtotal	96	100.0	%	22	100.0	%	118	100.0	%

Source: McComb Group, Ltd.

Chapter V

RESIDENTIAL GROWTH TRENDS

Future demand for retail space in Andover is dependent on future residential growth in Andover's trade areas. McComb Group maintains an historical database of Seven-County Metropolitan Area (Metro Area) growth trends since 1970. This database demonstrates that the Metro Area has eight growth corridors that tend to capture roughly the same percent of household growth each year unless altered by a new freeway, river crossing, or similar event. These relationships provide a basis for estimating how future household growth may occur in the future. The database was used to estimate future household growth from 2012 to 2035.

Andover is located in the North Growth Corridor. Building permits for the North Growth Corridor communities, Andover's trade area communities, and the City of Andover for the period 1991 through 2011 were compared with Metro Area building permits in Table 10.

Table 10

NORTH GROWTH CORRIDOR AND ANDOVER
RESIDENTIAL BUILDING PERMITS; 1991 TO 2011

		North Growth Corridor		Trade Area Communities		Andover	
Year	Metro Area	Building Permits	Market Share	Building Permits	Market Share	Building Permits	Market Share
1991	12,060	1,872	15.52 %	1,260	67.31 %	280	22.2 %
1992	15,632	2,666	17.05	1,799	67.48	484	26.9
1993	15,882	2,877	18.11	1,743	60.58	514	29.5
1994	14,205	2,090	14.71	1,145	54.78	400	34.9
1995	13,956	2,017	14.45	1,110	55.03	305	27.5
1996	14,098	2,177	15.44	1,090	50.07	272	25.0
1997	13,234	2,030	15.34	1,055	51.97	282	26.7
1998	15,817	2,660	16.82	1,246	46.84	448	36.0
1999	17,679	2,664	15.07	1,167	43.81	411	35.2
2000	17,050	2,004	11.75	748	37.33	342	45.7
2001	16,788	2,362	14.07	978	41.41	285	29.1
2002	19,782	2,341	11.83	828	35.37	218	26.3
2003	20,973	3,326	15.86	1,247	37.49	182	14.6
2004	19,832	3,037	15.31	898	29.57	251	28.0
2005	11,514	2,786	24.20	1,080	38.77	226	20.9
2006	12,109	1,649	13.62	587	35.60	153	26.1
2007	8,039	1,115	13.87	486	43.59	91	18.7
2008	4,711	506	10.74	187	36.96	49	26.2
2009	4,028	498	12.36	131	26.31	47	35.9
2010	5,014	639	12.74	193	30.20	71	36.8
2011	3,875	698	18.01	130	18.62	58	44.6
Total	289,618	42,014	14.51 %	19,108	45.48 %	5,369	28.1 %

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

Annual Metro Area building permits ranged from 12,060 to 17,679 between 1991 and 1999. As the housing boom unfolded, building permits increased from 17,679 in 1999, peaked at 20,973 in 2003, which was followed by a decline to 4,028 in 2009 and a slight recovery to 5,014 units in 2010. Building permits in 2011 fell short of 2010 totals by 1,139 permits.

North Growth Corridor market share of the Metro Area building permits has averaged 15.1 percent between 1991 and 2011. During the last four years (2008 through 2011), building permits ranged from 506 in 2008 to 698 in 2011. During the 4-year period 2000 through 2004, the North Growth Corridor maintained an average market share of 13.8 percent. In 2005, there was a large increase in market share in the North Growth Corridor; however, market share dropped to 13.6 percent in 2006 and has averaged 13.6 percent each since 2006, indicating that the North Growth Corridor was maintaining market share. Even though building permits have declined sharply, the North Growth Corridor has maintained a relatively consistent market share. If the 2005 market share of 24.2 percent is excluded from the total, the 11-year average market share was 13.7 percent.

Trade area communities include Andover, Anoka, Oak Grove, Ramsey, Coon Rapids and Ham Lake. Building permits in these communities fluctuated between 1991 and 1999 with a low of 1,055 building permits and a high of 1,799. In 2000, building permits decreased significantly from 1,167 in 1999 to 748 in 2000 and gradually increased to 1,247 in 2003. However, in 2004 building permits decreased to 898 and increased again to 1,080 in 2005. In 2006, building permits within the trade area communities dropped to an all time low of 587 and continued to decrease significantly to 130 by 2011.

Trade area community's market share of building permits experienced a gradual decreasing trend from 1991 to 2011. Market share for trade area communities ranged from a high of 67.5 percent in 1992 to a low of 18.6 percent in 2011. Market share averaged 55.3 percent from 1991 to 1999, fell to an average of 37.3 percent from 2000 to 2008, and declined rapidly from 26.3 percent in 2009 to 18.6 percent in 2011.

While trade area communities experienced a decreasing trend in share of Metro Area building permits, the City of Andover's market share of the trade area communities building permits fluctuated significantly over the 21-year period. The largest fluctuation in market share occurred between 2000 and 2003, when market share dropped from 45.7 percent to 14.6 percent. From 2004 to 2006, Andover's share of the market averaged 25.0 percent, dropped to 18.7 percent in 2007 and bounced back to 26.2 percent in 2008. From 2008 to 2011, Andover's building permit market share has steadily increased to 44.6 percent in 2011.

Future household growth projections from 2012 to 2035 for Andover's trade area are based on estimated future North Growth Corridor communities' residential market share of the Metro Area contained in Table 11. Future Metro Area households are shown in the first column for 2012 through 2035. These estimates reflect a growth rate that is about two-thirds of recent trends. Assuming that the North Growth Corridor will capture 15.0 percent of the increased growth, similar to the past, and the trade area communities will capture between 29.0 and 34.0 percent of the increase, the estimated household growth would be about 10,376 households. Because the trade area geography is smaller than the combined trade area communities, it is estimated that Andover's trade area share of the household growth will range from 33.0 to 38.5 percent of the trade area communities growth, which is 3,562 additional households over the 23-year period.

Table 11

HOUSEHOLD PROJECTIONS; 2012 TO 2035
METRO AREA AND TRADE AREA

			Market Share					Total
	Metro Area		North	Trade Area Communities		Trade Area		Trade Area
Year	Households	Increase	@ 15.0%	Percent	Households	Percent	Households	Household
2012	1,138,072	10,207	1,531	31.0	475	38.5	183	22,319
2013	1,148,371	10,300	1,545	32.0	494	38.5	190	22,813
2014	1,158,764	10,393	1,559	33.0	514	38.5	198	23,327
2015	1,169,251	10,487	1,573	34.0	535	38.5	206	23,862
2016	1,179,771	10,520	1,578	34.0	537	37.5	201	24,399
2017	1,190,385	10,614	1,592	34.0	541	36.5	198	24,940
2018	1,201,095	10,710	1,606	34.0	546	35.5	194	25,486
2019	1,211,901	10,806	1,621	33.0	535	35.0	187	26,021
2020	1,222,805	10,903	1,636	32.0	523	35.0	183	26,545
2021	1,230,890	8,085	1,213	32.0	388	35.0	136	26,933
2022	1,239,029	8,139	1,221	32.0	391	35.0	137	27,323
2023	1,247,221	8,192	1,229	32.0	393	35.0	138	27,717
2024	1,255,468	8,247	1,237	32.0	396	35.0	139	28,112
2025	1,263,769	8,301	1,245	31.0	386	34.0	131	28,498
2026	1,271,591	7,823	1,173	30.0	352	34.0	120	28,850
2027	1,279,463	7,871	1,181	30.0	354	34.0	120	29,205
2028	1,287,383	7,920	1,188	30.0	356	34.0	121	29,561
2029	1,295,351	7,969	1,195	30.0	359	34.0	122	29,920
2030	1,303,370	8,018	1,203	30.0	361	33.0	119	30,280
2031	1,310,807	7,437	1,116	29.0	324	33.0	107	30,604
2032	1,318,286	7,479	1,122	29.0	325	33.0	107	30,929
2033	1,325,808	7,522	1,128	29.0	327	33.0	108	31,257
2034	1,333,373	7,565	1,135	29.0	329	33.0	109	31,586
2035	1,340,982	7,608	1,141	29.0	331	33.0	109	31,917
Total		213,117	31,968		10,376		3,562	

Source: McComb Group, Ltd.

Andover's trade area has historically captured 35 percent of trade area community households. Due to the current sluggish economy and the low rate of building permits, the capture rate for 2012 and 2013 is estimated at 38.5 percent, gradually decreasing to 33.0 percent by 2035. Trade area households are estimated at 22,319 in 2012 and are expected to gradually increase to 26,545 in 2020 and 31,917 in 2035.

Chapter VI

ANDOVER TRADE AREAS

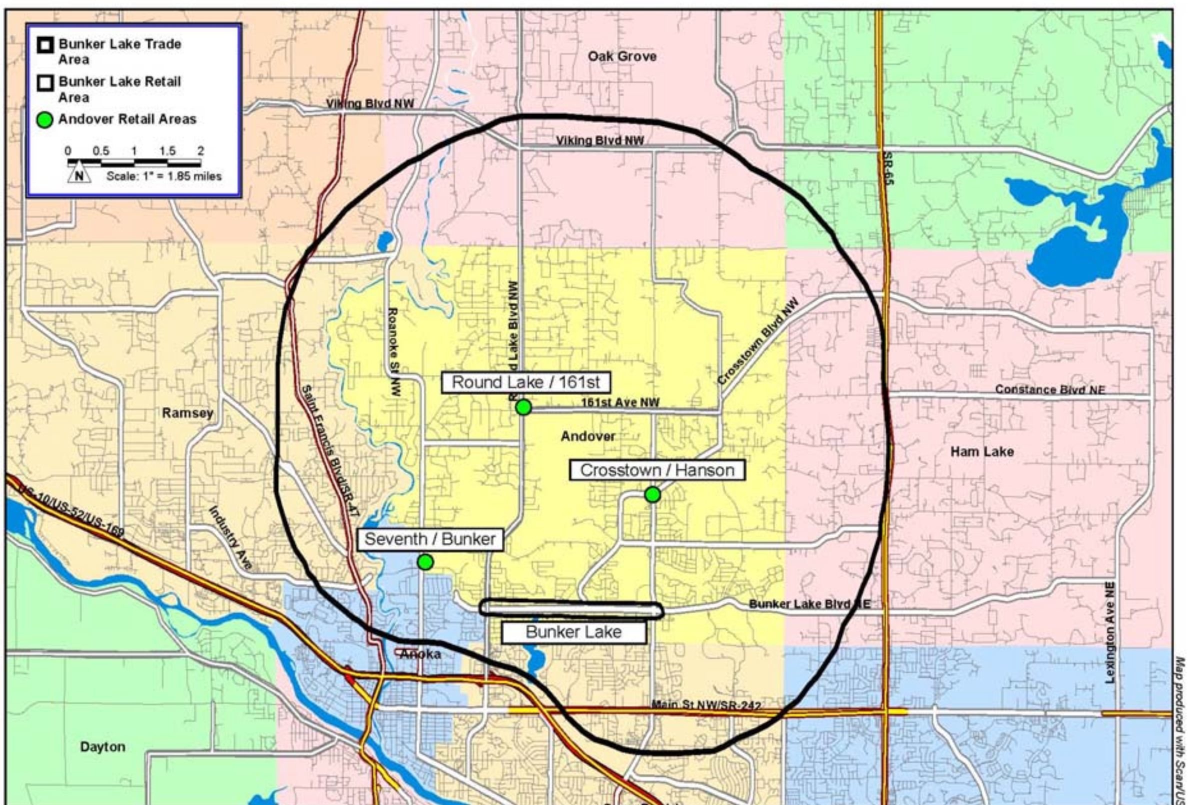
Trade area analysis was conducted for three of Andover's retail nodes: Bunker Lake, Crosstown/Hanson, and Seventh/Bunker. These trade areas were delineated by McComb Group based on the location of competitive retail areas, arterial road networks, natural boundaries, customer survey results, and previous experience.

BUNKER LAKE TRADE AREA

The Bunker Lake trade area serves the retail businesses located in the Bunker/Hanson and Bunker/Round Lake retail nodes, as shown on Map 4. The Bunker Lake trade area extends east to TH-65, north to County Road 22 (Viking Boulevard), west to TH-47, and south to TH-10. This trade area covers approximately 70 square miles and includes the city of Andover, and portions of Oak Grove, Ramsey, Anoka, Coon Rapids, Ham Lake, Nowthen, East Bethel, and Blaine.

Map 4

BUNKER LAKE TRADE AREA



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Population and Households

Population and household growth for the Bunker Lake trade area is similar to that of the other trade areas, and higher than the Minneapolis-St. Paul MSA (MSA), as shown on Table 12. The Bunker Lake trade area had a population of 35,808 in 1990 and increased to 55,607 by 2000, an annual growth rate of 4.5 percent. By 2011, this trade area increased by 1.34 percent annually to

64,391 people. Estimates show an increase of 1.84 percent annually through 2016 to 70,538 people as the housing market recovers.

Trade area households are growing in a similar fashion. In 1990, trade area households totaled 10,748 and increased to 17,835 by 2000, an annual increase of 5.19 percent. In 2011, households were estimated at 21,844, an annual growth rate of 1.86 percent. Future households are estimated to increase to 24,399 by 2016, an annual growth rate of 2.24 percent.

Table 12

ANDOVER RETAIL TRADE AREAS AND MINNEAPOLIS-ST. PAUL MSA
POPULATION AND HOUSEHOLDS: 1990 AND 2000 CENSUS; 2011 AND 2016 ESTIMATED

	Bunker Lake	Crosstown/ Hanson	Seventh/ Bunker	Minneapolis- St. Paul MSA
Population				
1990	35,808	19,677	13,821	2,542,631
2000	55,607	32,683	20,089	2,968,806
2011E	64,391	37,460	23,412	3,314,929
2016E	70,538	40,842	25,848	3,455,173
Annual Growth Rate				
1990-2000	4.50 %	5.20 %	3.81 %	1.56 %
2000-2011E	1.34	1.25	1.40	1.01
2011E-2016E	1.84	1.74	2.00	0.83
Households				
1990	10,748	5,871	4,036	961,627
2000	17,835	10,160	6,303	1,136,615
2011E	21,844	12,351	7,862	1,285,939
2016E	24,399	13,737	8,852	1,338,939
Annual Growth Rate				
1990-2000	5.19 %	5.64 %	4.56 %	1.69 %
2000-2011E	1.86	1.79	2.03	1.13
2011E-2016E	2.24	2.15	2.40	0.81

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

Household Income

Average household income for the Bunker Lake trade area, shown in Table 13, is estimated at $88,009 in 2011, 11.5 percent above the MSA average household income of $78,944. Average household income is expected to increase to $97,759 by 2016.

Table 13

ANDOVER RETAIL TRADE AREAS AND MINNEAPOLIS-ST. PAUL MSA
AVERAGE AND MEDIAN HOUSEHOLD INCOME: 1990 AND 2000 CENSUS; 2011 AND 2016 ESTIMATED

	Bunker Lake	Crosstown/ Hanson	Seventh/ Bunker	Minneapolis- St. Paul MSA
Average Household Income				
1990	$ 50,767	$ 49,869	$ 52,497	$ 43,703
2000	82,997	85,909	85,681	67,713
2011E	88,009	94,988	94,737	78,944
2016E	97,759	105,237	104,959	86,142
Median Household Income				
1990	$ 46,301	$ 45,168	$ 47,308	$ 37,631
2000	71,194	74,391	71,491	54,734
2011E	78,478	81,069	75,878	62,514
2016E	84,923	87,656	82,241	66,520

E: Estimated.
Source: McComb Group, Ltd.

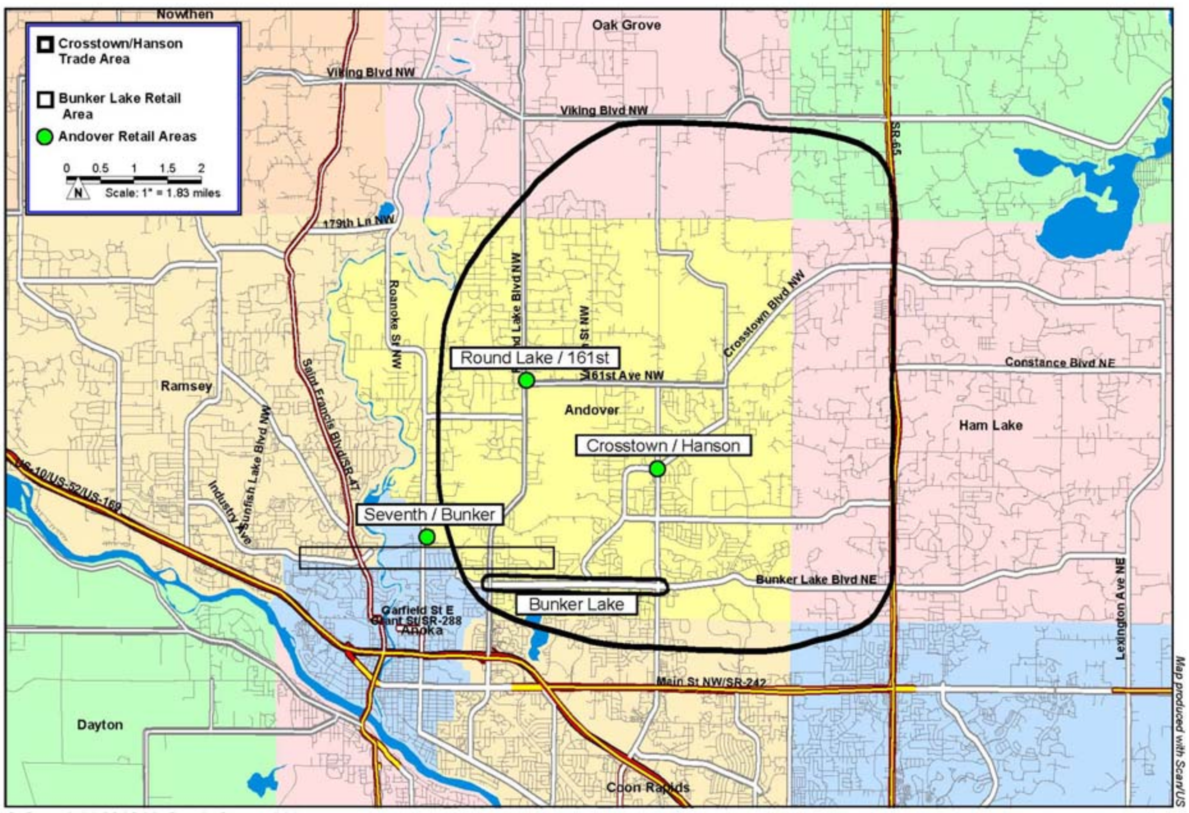
Other significant characteristics of the Bunker Lake trade area are contained in the demographic and income snapshot contained in Table 18 at the end of this chapter.

CROSSTOWN/HANSON TRADE AREA

The Crosstown/Hanson trade area is located about 1.8 miles north of Bunker Lake Boulevard on Hanson Boulevard, as shown on Map 5. The Crosstown/Hanson trade area extends east to TH-65, north to County Road 22 (Viking Boulevard), west to Seventh Avenue, and south to 131st Avenue in Anoka. This trade area covers approximately 47 square miles and includes the city of Andover, and portions of Oak Grove, East Bethel, Ham Lake, Coon Rapids, and Blaine. Community services such as Andover City Hall and Andover Community Center, as well as Andover Elementary and Oakview Middle School, are also located at the Crosstown Boulevard and Hanson Boulevard intersection.

Map 5

CROSSTOWN/HANSON TRADE AREA



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Population and Households

Population for the Crosstown/Hanson trade area was 19,677 in 1990 and increased to 32,683 by 2000, an annual increase of 5.2 percent. Between 2000 and 2011, trade area population increased to 37,460 at an annual rate of 1.25 percent. Households are estimated to increase further to 40,842 by 2016, an increase of 1.74 percent annually.

Households within the Crosstown/Hanson trade area increased from 5,871 in 1990 to 10,160 households in 2000, 5.64 percent annually. In 2011, trade area households totaled 12,351, which represented a 1.79 percent annual growth rate. Trade area households are estimated to increase to 13,737 by 2016.

Household Income

Average household income for the Crosstown/Hanson trade area was $94,988 in 2011, the highest average household income of Andover's retail trade areas. Estimates indicate an increase to $105,237 by 2016, which is also higher than the other Andover retail trade area average household incomes.

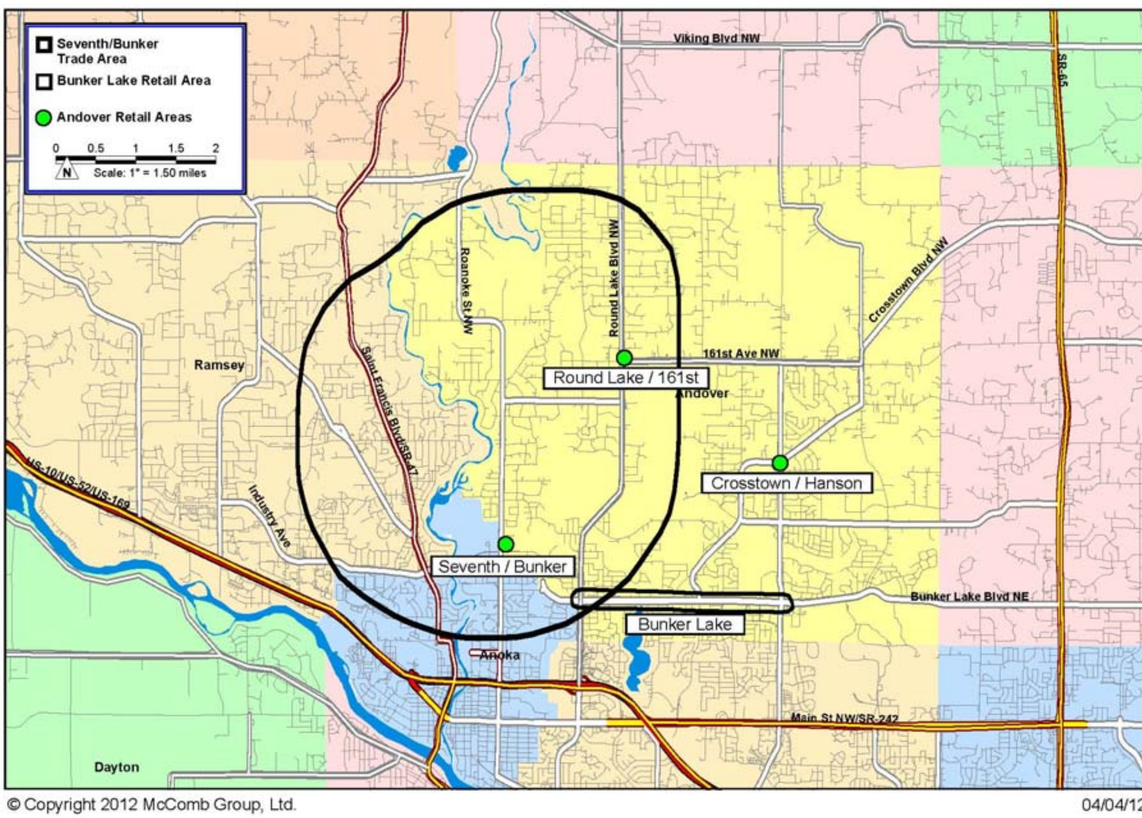
Other significant characteristics of the Crosstown/Hanson trade area are contained in the demographic and income snapshot contained in Table 19 at the end of this chapter.

SEVENTH/BUNKER TRADE AREA

The Seventh/Bunker trade area, shown on Map 6, includes portions of Andover, Ramsey, and Anoka. This retail trade area extends 0.70 miles east of Round Lake Boulevard, north to 179th Lane, west to Sunfish Lake Boulevard in Ramsey and south to Grant Street in Anoka, covering over 22 square miles. This is Andover's smallest retail trade area.

Map 6

SEVENTH/BUNKER TRADE AREA



Population and Households

Population growth in the trade area averaged 3.81 percent between 1990 and 2000, increasing trade area population to 20,089 in 2000. From 2000 to 2011, trade area population grew at 1.4 percent annually to 23,412 by 2011. Estimates indicate an annual growth rate of 2.0 percent for trade area population between 2011 and 2016 to a total of 25,848. This represents the highest growth rate of any of the Andover retail trade areas and also higher than the MSA.

Households within the Seventh/Bunker trade area have been increasing. Households in 1990 totaled 4,036 and increased to 6,303 by 2000. In 2011, there were 7,862 households within the trade area representing a 2.03 percent annual growth rate between 2000 and 2011. Household estimates for 2016 show households increasing at 2.40 percent annually to about 8,852 households by 2016.

Household Income

Average household income for this trade area was $94,737 in 2011, which is similar to both the Bunker Lake trade area and the Crosstown/Hanson trade area, and higher than the MSA average household income of $78,944. Future estimates show an increase to $104,959 average household income for the trade area by 2016.

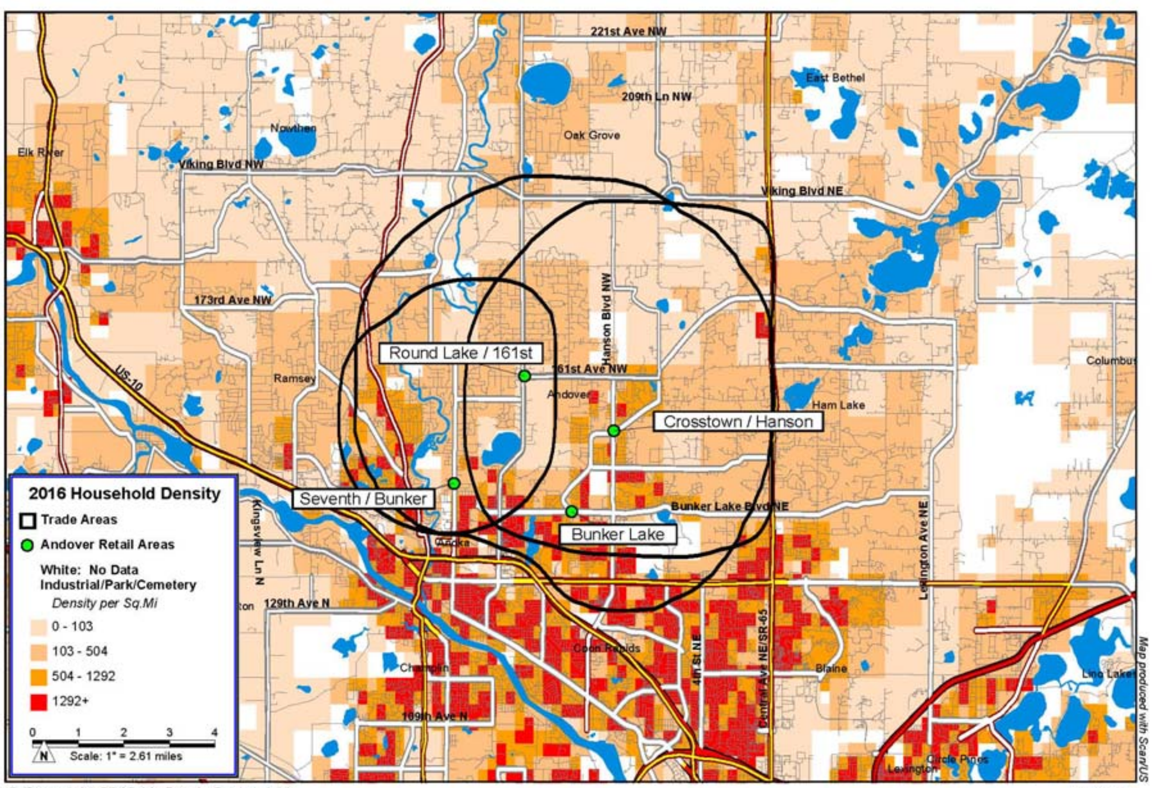
Other significant characteristics of the Seventh/Bunker trade area are contained in the demographic and income snapshot contained in Table 20 at the end of this chapter.

HOUSEHOLD DENSITY DISTRIBUTION

Future household density for 2016 for the Andover trade areas is shown on Map 7. Andover's areas of high household density are located around Bunker Lake Boulevard and also around Hanson Boulevard, near the Crosstown Avenue intersection.

Map 7

ANDOVER TRADE AREAS
ESTIMATED 2016 HOUSEHOLD DENSITY



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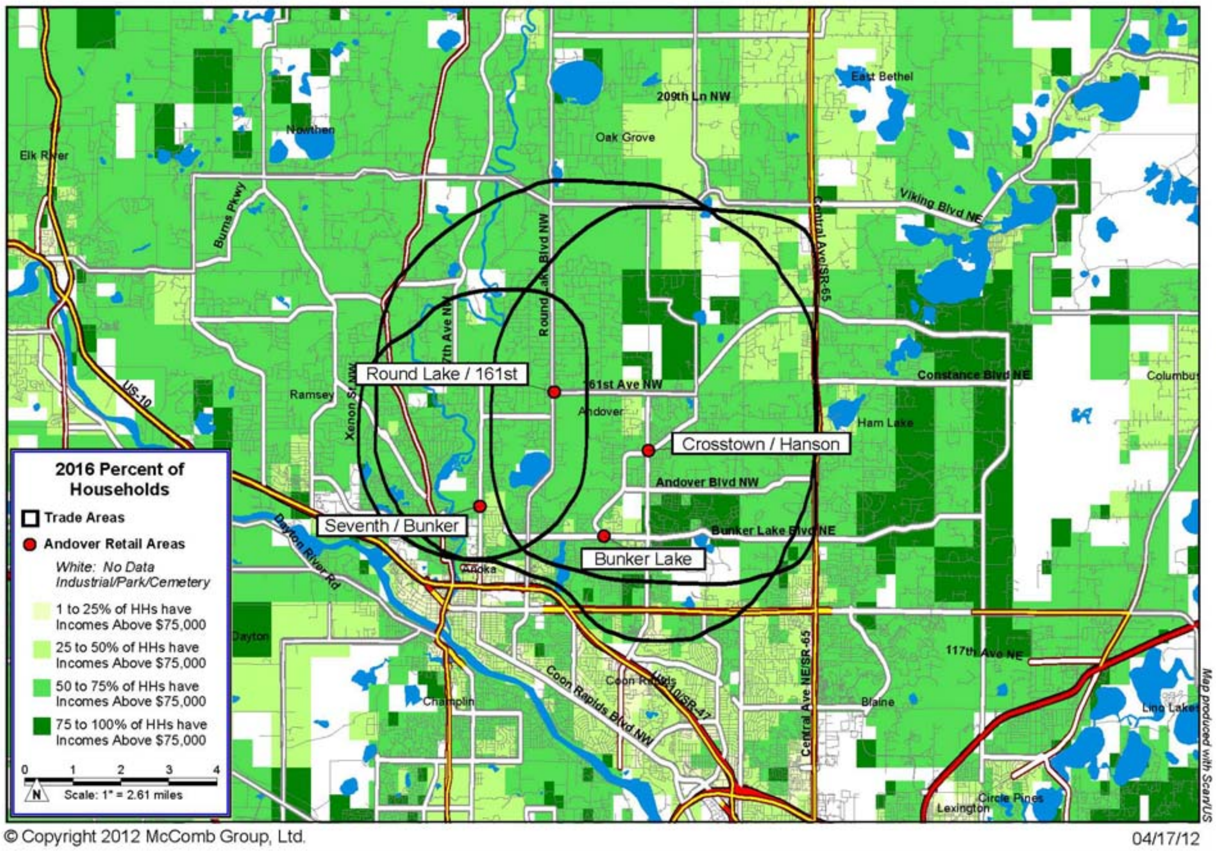
HOUSEHOLD INCOME DISTRIBUTION

Distribution of households with incomes above $75,000 in 2016, shown on Map 8, demonstrates that more affluent households are distributed throughout the trade area with higher concentrations north of the Crosstown/Hanson retail node and east of the Bunker Lake retail area.

Map 8

ANDOVER TRADE AREAS
ESTIMATED 2016 HOUSEHOLD INCOME: PERCENT ABOVE $75,000



The proportion of households in each of the Andover retail trade areas and MSA with incomes above $75,000, $100,000, and $150,000 are shown in Table 14. In 2011, households with incomes above $75,000 were highest in the Crosstown/Hanson trade area with 57.0 percent, followed by Bunker Lake trade area with 54.1 percent, and Seventh/Bunker trade area with 51.4 percent. Households with incomes above $100,000 in 2011 were over 30.0 percent in all three trade areas with Crosstown/Hanson trade area being the highest with 36.2 percent.

Table 14

ANDOVER RETAIL TRADE AREAS AND MINNEAPOLIS-ST. PAUL MSA
HOUSEHOLD INCOME DISTRIBUTION: 1990 AND 2000 CENSUS; 2011 AND 2016 ESTIMATED

	Bunker Lake		Crosstown/ Hanson		Seventh/ Bunker		Minneapolis- St. Paul MSA	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Households above $75,000								
1990	1,445	13.4 %	748	12.8 %	578	14.3 %	107,842	11.2 %
2000	7,935	44.5	4,892	48.2	2,790	44.3	357,670	31.5
2011E	11,819	54.1	7,040	57.0	4,038	51.4	521,591	40.6
2016E	14,490	59.4	8,555	62.3	5,036	56.9	593,485	44.3
Households above $100,000								
1990	507	4.7 %	274	4.7 %	214	5.3 %	47,969	5.0 %
2000	3,852	21.6	2,376	23.4	1,390	22.0	192,041	16.9
2011E	7,284	33.4	4,468	36.2	2,443	31.1	326,699	25.4
2016E	9,466	38.8	5,746	41.8	3,231	36.5	388,379	29.0
Households above $150,000								
1990	134	1.2 %	76	1.3 %	58	1.4 %	17,264	1.8 %
2000	1,043	5.9	676	6.7	414	6.6	67,087	5.9
2011E	2,366	10.8	1,563	12.7	739	9.4	128,480	10.0
2016E	3,144	12.9	2,034	14.8	1,009	11.4	155,408	11.6

E: Estimated.
Source: McComb Group, Ltd.

EMPLOYMENT

Wage and salary employment trends for Andover, Anoka County, and the Metro Area are shown in Table 15. This table covers the period from 2000 to 2010, which is the latest employment information that is available. This data is compiled by the U.S. Census and is based on the location where payroll checks are issued.

Table 15

WAGE AND SALARY EMPLOYMENT
TOTAL ALL INDUSTRIES
ANDOVER, ANOKA COUNTY AND METRO AREA

Year	Andover	Anoka County	Metro Area
2000	3,303	108,922	1,600,760
2001	3,178	109,591	1,598,260
2002	3,269	108,687	1,565,562
2003	3,496	110,423	1,561,078
2004	3,789	112,051	1,573,609
2005	4,029	114,447	1,593,973
2006	4,123	115,825	1,615,282
2007	4,237	116,207	1,622,699
2008	4,328	113,970	1,612,809
2009	4,416	107,642	1,541,821
2010	4,431	105,286	1,536,460
Change	2.98 %	(0.34) %	(0.41) %

Source: Minnesota Department of Employment and Economic Development.

In Andover, total employment was 3,303 in 2000, declined to 3,178 in 2001, and then rose to a peak of 4,431 in 2010. Andover's employment continued to increase through the great recession.

Andover employment trends compare favorably to Anoka County. While Andover experienced steady growth since 2001, Anoka County has experienced a decline in 2002 followed by growth through 2007. Due to the great recession, employment declined steadily through 2010. Metro Area wage and salary employment declined from 2000 to 2003, increased to 2007, and declined from 2007 through 2010.

Employment for each retail trade area in Andover is shown in Table 16. The Bunker Lake trade area has the highest number of employees with over 11,000 employees, with 32 percent of the employment in the commercial industry, followed by office occupation employment at 21.9 percent, and industrial at 16.1 percent. Crosstown/Hanson trade area has over 8,600 employees with 32.6 percent of the jobs being in the commercial industry, followed by industrial jobs at 21.2 percent, and office occupations at 16.4 percent. The Seventh/Bunker trade area has the lowest number of employees with 4,255, with almost 30.0 percent of the employment in the office industry, followed by 26.8 percent in the commercial industry.

Table 16

ANDOVER RETAIL TRADE AREAS
EMPLOYMENT BY INDUSTRY; 2011

	Bunker Lake		Crosstown/ Hanson		Seventh/ Bunker	
Industry	Number	Percent	Number	Percent	Number	Percent
Office	2,460	21.9 %	1,412	16.4 %	1,261	29.6 %
Education	1,377	12.3	779	9.0	599	14.1
Industrial	1,802	16.1	1,832	21.2	428	10.0
Manufacturing	487	4.3	540	6.3	535	12.6
Commercial	3,594	32.1	2,808	32.6	1,139	26.8
Medical Services	98	0.9	95	1.1	34	0.8
Agricultural	190	1.7	167	1.9	61	1.4
Other	1,202	10.7	991	11.5	200	4.7
Total	11,210	100.0 %	8,624	100.0 %	4,255	100.0 %

Source: 2011 AGS Estimates, Scan/US, Inc.

Andover retail trade areas have slightly more white collar employment than blue collar employment, as shown in Table 17. The top white collar occupations for all trade areas are professional specialty, administrative support, and executive/management. The top blue collar occupations for the trade areas include services--other site and crafts/repair: site. All three trade areas average about 10 employees per firm.

Table 17

ANDOVER RETAIL TRADE AREAS
EMPLOYMENT BY OCCUPATION; 2011

Occupation	Bunker Lake Number	Bunker Lake Percent		Crosstown/ Hanson Number	Crosstown/ Hanson Percent		Seventh/ Bunker Number	Seventh/ Bunker Percent	
White Collar Occupations									
Executive/Management	1,174	10.5	%	914	10.6	%	453	10.6	%
Professional Specialty	1,880	16.8		1,215	14.1		806	18.9	
Technical	196	1.7		154	1.8		72	1.7	
Sales Professional	315	2.8		276	3.2		97	2.3	
Sales Clerical	821	7.3		642	7.4		292	6.9	
Administrative Support	1,820	16.2		1,380	16.0		685	16.1	
Technical/Sales Field	33	0.3		32	0.4		1	0.0	
Subtotal	6,239	55.7	%	4,613	53.5	%	2,406	56.5	%
Blue Collar Occupations									
Private Household Workers	-	-	%	-	-	%	-	-	%
Protective Services	161	1.4		129	1.5		49	1.2	
Service, Other Site	1,934	17.3		1,479	17.1		673	15.8	
Service, Other Field	76	0.7		32	0.4		49	1.2	
Agriculture	277	2.5		220	2.6		100	2.4	
Crafts/Repair: Site	1,113	9.9		929	10.8		438	10.3	
Construc/Repair/Mining: Field	462	4.1		428	5.0		133	3.1	
Machine Operators	261	2.3		217	2.5		150	3.5	
Transportation	376	3.4		312	3.6		131	3.1	
Laborers	311	2.8		265	3.1		126	3.0	
Subtotal	4,971	44.3	%	4,011	46.5	%	1,849	43.5	%
Total Employees	11,210			8,624			4,255		
Average Employees Per Firm	9.9			10.2			10.8		

Source: 2011 AGS Estimates, Scan/US, Inc.

DEMOGRAPHIC CHARACTERISTICS

Demographic characteristics for Andover's trade areas and the MSA are summarized in the demographic snapshots contained in Tables 18, 19, 20, and 21 at the end of this chapter. These snapshots contain census data for 1990 and 2000, as well as estimates for 2011 and 2016. These estimates were provided by Scan/US, Inc., a source of Census comparable demographic information. Significant characteristics of Andover's trade areas include the following:

- Andover retail trade areas have a median age between 35 and 36 in 2011, which is the same as the MSA median age of 36.

- Andover retail trade areas population are estimated to increase at less than two percent annually, which is above the MSA's annual population growth rate of 0.83 percent.

- In 2011, approximately 29 percent of the population in each of the Andover trade areas was under the age of 19. By 2016, the Andover trade areas are expected to have approximately 28 percent of the population under the age of 19, which is similar to the MSA's percentage of 27.3 percent under the age of 19.

- In 2011, approximately 10.0 percent of the population in the Andover trade areas was over the age of 65, which is expected to increase to about 12.0 percent by 2016. The MSA had 10.6 percent of the population over the age of 65 in 2011, with expectations of an increase to 12.2 percent by 2016.

- By 2016, almost 60 percent of the households within the Andover trade areas will have incomes above $75,000, compared to only 44.3 percent in the MSA.

- Over 90 percent of the population within the Andover trade areas is Caucasian, which is expected to remain constant through 2016.

Additional demographic characteristics for Andover's trade areas are contained in Appendix B.

PURCHASING POWER

Retail sales potential for the Andover trade areas is based on estimated purchasing power and market share that can be achieved from the trade areas. Retail sales from residents living outside the trade areas are inflow sales. Purchasing power estimates of trade area residents are derived from retail sales by store type as reported by the Census of Retail Trade in 2002 and 2007. Retail sales for 2007 through 2012 were estimated using information available from the U.S. Department of Commerce. Future purchasing power estimates are expressed in constant 2011 dollars and reflect projected household growth.

Purchasing power is based on the number of trade area households adjusted to reflect income characteristics. Purchasing power, for the purpose of this analysis, includes retail categories that are characteristic of tenants that could be located in Andover. The estimated retail purchasing power summary table for the Andover trade areas for 2012 and 2015 is shown in Table 22. The purchasing power estimates used in this analysis are condensed from the full purchasing power tables, which are contained in a separate Appendix. These estimates represent the potential dollar sales for a broad range of retail stores generated by residents of each trade area.

Total purchasing power for the Bunker Lake trade area is estimated at $870.2 million in 2012 and is expected to increase to about $947.6 million by 2015, an annual growth rate of 2.9 percent in constant 2011 dollars. Purchasing power for shopping goods in this trade area is expected to increase from $259.6 million in 2012 to $282.7 million in 2015. Convenience goods purchasing power for this trade area was estimated at $147.8 million in 2012, estimated to increase to $161.0 million by 2015.

The Crosstown/Hanson trade area purchasing power is estimated at $519.4 million for 2012 and is expected to increase to about $564.3 million by 2015, an annual growth rate of 2.8 percent in constant 2011 dollars. Purchasing power for shopping goods in this trade area is expected to increase from $155.8 million in 2012 to $169.3 million in 2015. Convenience goods purchasing power for this trade area was estimated at $88.7 million in 2012, and is estimated to increase to $96.4 million by 2015.

Andover's Seventh/Bunker trade area purchasing power is increasing at a 3.0 percent annually in constant 2011 dollars, increasing from a total purchasing power of $303.8 million in 2012 to $332.2 million by 2015. Shopping goods purchasing power, estimated at $90.7 million in 2012, is anticipated to increase to $99.1 million in 2015. Estimates indicate that convenience goods purchasing power is $51.6 million in 2012 and is likely to increase to $56.4 million by 2015.

Table 22

ANDOVER RETAIL TRADE AREAS
RETAIL PURCHASING POWER; 2012 AND 2015
(In Thousands of Constant 2011 Dollars)

Merchandise Category	2012	2015
Bunker Lake Trade Area		
Shopping Goods	$ 259,615	$ 282,710
Food Service & Drinking	97,709	106,403
Convenience Goods	147,803	160,950
Gasoline Service Stations & Convenience	107,439	116,995
Other Stores	257,631	280,546
Total	$ 870,197	$ 947,604
Crosstown/Hanson Trade Area		
Shopping Goods	$ 155,839	$ 169,331
Food Service & Drinking	55,681	60,503
Convenience Goods	88,722	96,400
Gasoline Service Stations & Convenience	64,493	70,075
Other Stores	154,648	168,034
Total	$ 519,383	$ 564,343
Seventh/Bunker Trade Area		
Shopping Goods	$ 90,652	$ 99,105
Food Service & Drinking	34,118	37,300
Convenience Goods	51,607	56,422
Gasoline Service Stations & Convenience	37,513	41,013
Other Stores	89,955	98,347
Total	$ 303,845	$ 332,187

Source: McComb Group, Ltd.

Table 18

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Bunker Lake Trade Area 6/29/2012

SNAPSHOT	1990 Census	2000 Census	2011 Estimated	2016 Projected
Population	35,808	55,607	64,391	70,538
Households	10,748	17,835	21,844	24,399
Families	9,426	15,022	17,736	19,810
Per Capita Income	$ 15,349	$ 26,726	$ 29,906	$ 33,871
Median Household Income	$ 46,301	$ 71,194	$ 78,478	$ 84,923
Average Household Income	$ 50,767	$ 82,997	$ 88,009	$ 97,759
Average Household Size	3.31	3.11	2.94	2.88
Median Age	28	33	35	37

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2011	2011 - 2016
Population	4.50 %	1.34 %	1.84 %
Households	5.19	1.86	2.24
Families	4.77	1.52	2.24
Median Household Income	4.40	0.89	1.59
Average Household Income	5.04	0.53	2.12

	1990 Census		2000 Census		2011 Estimated		2016 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	571	5.3 %	481	2.7 %	751	3.4 %	775	3.2 %
$15,000 - $24,999	781	7.3	617	3.5	801	3.7	818	3.4
$25,000 - $34,999	1,623	15.1	1,001	5.6	1,283	5.9	1,296	5.3
$35,000 - $49,999	3,153	29.4	2,326	13.0	2,440	11.2	2,373	9.7
$50,000 - $74,999	3,168	29.5	5,468	30.7	4,748	21.7	4,647	19.0
$75,000 - $99,999	938	8.7	4,083	22.9	4,534	20.8	5,024	20.6
$100,000 - $149,999	373	3.5	2,809	15.8	4,918	22.5	6,321	25.9
$150,000 +	134	1.2	1,043	5.9	2,366	10.8	3,144	12.9

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	13,486	37.7 %	20,006	36.0 %	19,130	29.7 %	20,000	28.4 %
20-24	2,207	6.2	2,354	4.2	4,150	6.4	4,953	7.0
25-34	7,227	20.2	8,291	14.9	8,710	13.5	8,860	12.6
35-44	6,825	19.1	11,561	20.8	9,893	15.4	9,455	13.4
45-54	3,908	10.9	7,711	13.9	9,452	14.7	10,071	14.3
55-64	1,338	3.7	3,815	6.9	6,747	10.5	8,640	12.2
65-74	531	1.5	1,238	2.2	3,922	6.1	5,501	7.8
75-84	285	0.8	492	0.9	1,738	2.7	2,250	3.2
85+	NA	NA	138	0.2	649	1.0	807	1.1

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	35,080	98.0 %	53,392	96.0 %	58,933	91.5 %	64,567	91.5 %
Black	111	0.3	441	0.8	1,579	2.5	1,726	2.4
Native American	209	0.6	216	0.4	268	0.4	295	0.4
Asian/Pacific Islander	338	0.9	674	1.2	1,864	2.9	2,020	2.9
Other Races	71	0.2	884	1.6	1,748	2.7	1,930	2.7
Hispanic (Any Race)	278	0.8	607	1.1	1,549	2.4	2,415	3.4

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

Table 19

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Crosstown/Hanson Trade Area 6/29/2012

SNAPSHOT	1990 Census	2000 Census	2011 Estimated	2016 Projected
Population	19,677	32,683	37,460	40,842
Households	5,871	10,160	12,351	13,737
Families	5,230	8,779	10,437	11,608
Per Capita Income	$ 14,921	$ 26,797	$ 31,346	$ 35,427
Median Household Income	$ 45,168	$ 74,391	$ 81,069	$ 87,656
Average Household Income	$ 49,869	$ 85,909	$ 94,988	$ 105,237
Average Household Size	3.35	3.22	3.03	2.97
Median Age	28	32	35	36

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2011	2011 - 2016
Population	5.21 %	1.25 %	1.74 %
Households	5.64	1.79	2.15
Families	5.32	1.59	2.15
Median Household Income	5.12	0.78	1.57
Average Household Income	5.59	0.92	2.07

	1990 Census		2000 Census		2011 Estimated		2016 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	288	4.9 %	266	2.6 %	442	3.6 %	444	3.2 %
$15,000 - $24,999	502	8.6	321	3.2	335	2.7	336	2.4
$25,000 - $34,999	957	16.3	511	5.0	709	5.7	708	5.2
$35,000 - $49,999	1,685	28.8	1,092	10.8	1,282	10.4	1,228	8.9
$50,000 - $74,999	1,679	28.7	3,075	30.3	2,541	20.6	2,466	17.9
$75,000 - $99,999	473	8.1	2,515	24.8	2,572	20.8	2,809	20.4
$100,000 - $149,999	198	3.4	1,700	16.7	2,905	23.5	3,712	27.0
$150,000 +	76	1.3	676	6.7	1,563	12.7	2,034	14.8
POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	7,590	38.6 %	12,232	37.4 %	11,215	29.9 %	11,673	28.6 %
20-24	1,224	6.2	1,254	3.8	2,368	6.3	2,811	6.9
25-34	4,075	20.7	4,742	14.5	5,182	13.8	5,255	12.9
35-44	3,627	18.4	7,148	21.9	5,804	15.5	5,539	13.6
45-54	2,085	10.6	4,299	13.2	5,523	14.7	5,869	14.4
55-64	714	3.6	2,054	6.3	3,717	9.9	4,750	11.6
65-74	259	1.3	604	1.8	2,249	6.0	3,147	7.7
75-84	100	0.5	256	0.8	1,013	2.7	1,315	3.2
85+	NA	NA	93	0.3	389	1.0	482	1.2
RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	19,280	98.0 %	31,554	96.5 %	34,793	92.9 %	37,938	92.9 %
Black	57	0.3	175	0.5	677	1.8	738	1.8
Native American	118	0.6	117	0.4	131	0.3	142	0.3
Asian/Pacific Islander	182	0.9	350	1.1	926	2.5	992	2.4
Other Races	39	0.2	487	1.5	934	2.5	1,032	2.5
Hispanic (Any Race)	157	0.8	345	1.1	884	2.4	1,372	3.4

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

Table 20

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Seventh/Bunker Trade Area 7/2/2012

SNAPSHOT	1990 Census	2000 Census	2011 Estimated	2016 Projected
Population	13,821	20,089	23,412	25,848
Households	4,036	6,303	7,862	8,852
Families	3,573	5,427	6,538	7,361
Per Capita Income	$ 15,630	$ 26,989	$ 27,617	$ 31,445
Median Household Income	$ 47,308	$ 71,491	$ 75,878	$ 82,241
Average Household Income	$ 52,497	$ 85,681	$ 94,737	$ 104,959
Average Household Size	3.37	3.16	2.96	2.90
Median Age	28	33	36	38

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2011	2011 - 2016
Population	3.81 %	1.40 %	2.00 %
Households	4.56	2.03	2.40
Families	4.27	1.71	2.40
Median Household Income	4.22	0.54	1.62
Average Household Income	5.02	0.92	2.07

	1990 Census		2000 Census		2011 Estimated		2016 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	218	5.4 %	197	3.1 %	227	2.9 %	232	2.6 %
$15,000 - $24,999	258	6.4	185	2.9	332	4.2	344	3.9
$25,000 - $34,999	585	14.5	352	5.6	488	6.2	488	5.5
$35,000 - $49,999	1,210	30.0	843	13.4	932	11.9	918	10.4
$50,000 - $74,999	1,187	29.4	1,935	30.7	1,844	23.5	1,834	20.7
$75,000 - $99,999	364	9.0	1,400	22.2	1,595	20.3	1,806	20.4
$100,000 - $149,999	156	3.9	976	15.5	1,704	21.7	2,222	25.1
$150,000 +	58	1.4	414	6.6	739	9.4	1,009	11.4

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	5,167	37.4 %	7,146	35.6 %	6,980	29.8 %	7,331	28.4 %
20-24	909	6.6	870	4.3	1,508	6.4	1,807	7.0
25-34	2,647	19.2	3,017	15.0	2,855	12.2	2,899	11.2
35-44	2,636	19.1	3,956	19.7	3,675	15.7	3,494	13.5
45-54	1,658	12.0	2,905	14.5	3,310	14.1	3,552	13.7
55-64	515	3.7	1,502	7.5	2,780	11.9	3,597	13.9
65-74	199	1.4	446	2.2	1,483	6.3	2,102	8.1
75-84	86	0.6	184	0.9	592	2.5	775	3.0
85+	NA	NA	63	0.3	230	1.0	290	1.1

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	13,541	98.0 %	19,350	96.3 %	21,456	91.6 %	23,680	91.6 %
Black	49	0.4	122	0.6	505	2.2	562	2.2
Native American	81	0.6	85	0.4	109	0.5	122	0.5
Asian/Pacific Islander	129	0.9	243	1.2	686	2.9	759	2.9
Other Races	23	0.2	290	1.4	656	2.8	724	2.8
Hispanic (Any Race)	110	0.8	203	1.0	562	2.4	887	3.4

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

Table 21

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Minneapolis-St. Paul MSA 6/29/2012

SNAPSHOT	1990 Census	2000 Census	2011 Estimated	2016 Projected
Population	2,542,631	2,968,806	3,314,929	3,455,173
Households	961,627	1,136,615	1,285,939	1,338,939
Families	649,907	744,303	827,409	853,514
Per Capita Income	$ 16,667	$ 26,641	$ 30,976	$ 33,765
Median Household Income	$ 37,631	$ 54,734	$ 62,514	$ 66,520
Average Household Income	$ 43,703	$ 67,713	$ 78,944	$ 86,142
Average Household Size	2.59	2.56	2.53	2.53
Median Age	32	34	36	37

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2011	2011 - 2016
Population	1.56 %	1.01 %	0.83 %
Households	1.69	1.13	0.81
Families	1.37	0.97	0.62
Median Household Income	3.82	1.22	1.25
Average Household Income	4.48	1.40	1.76

	1990 Census		2000 Census		2011 Estimated		2016 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	158,760	16.5 %	104,519	9.2 %	111,662	8.7 %	115,958	8.7 %
$15,000 - $24,999	145,590	15.2	104,638	9.2	100,008	7.8	96,976	7.2
$25,000 - $34,999	151,645	15.8	125,123	11.0	113,642	8.8	106,520	8.0
$35,000 - $49,999	206,924	21.6	179,335	15.8	174,035	13.5	168,367	12.6
$50,000 - $74,999	188,993	19.7	265,330	23.3	265,001	20.6	257,633	19.2
$75,000 - $99,999	59,873	6.2	165,629	14.6	194,892	15.2	205,106	15.3
$100,000 - $149,999	30,705	3.2	124,954	11.0	198,219	15.4	232,971	17.4
$150,000 +	17,264	1.8	67,087	5.9	128,480	10.0	155,408	11.6
POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	738,155	29.0 %	873,680	29.4 %	915,753	27.6 %	944,248	27.3 %
20-24	193,055	7.6	193,790	6.5	219,087	6.6	224,573	6.5
25-34	511,549	20.1	457,105	15.4	475,975	14.4	455,546	13.2
35-44	415,664	16.3	528,024	17.8	483,451	14.6	470,632	13.6
45-54	253,035	10.0	405,724	13.7	507,168	15.3	504,649	14.6
55-64	180,490	7.1	225,540	7.6	361,901	10.9	437,134	12.7
65-74	139,086	5.5	145,808	4.9	188,446	5.7	247,941	7.2
75-84	111,458	4.4	100,485	3.4	109,683	3.3	116,318	3.4
85+	NA	NA	38,650	1.3	53,465	1.6	54,132	1.6
RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,347,622	92.3 %	2,556,851	86.1 %	2,685,735	81.0 %	2,802,332	81.1 %
Black	90,071	3.5	157,963	5.3	245,723	7.4	254,948	7.4
Native American	24,267	1.0	21,590	0.7	22,936	0.7	23,780	0.7
Asian/Pacific Islander	65,618	2.6	124,025	4.2	191,192	5.8	198,353	5.7
Other Races	15,053	0.6	108,377	3.7	169,343	5.1	175,760	5.1
Hispanic (Any Race)	37,942	1.5	99,121	3.3	189,272	5.7	241,178	7.0

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

Chapter VII

RETAIL SALES TRENDS

Future sales potential is based on market share that can be achieved taking into consideration trade area households, future growth, and potential competitive developments. Market share estimates for the Andover retail trade areas are based on analysis conducted as part of this engagement, which included 2002 and 2007 retail and service sales in Andover, and McComb Group's knowledge of the MSA retail market.

Retail Sales

Retail sales information for Andover from the U.S. Census of Retail Trade for 2002 and 2007, the latest information available, is shown in Table 23. The Retail Census reported data for 51 retailers in 2002 and 41 retailers in 2007.

Table 23

ANDOVER RETAIL AND SERVICES SALES: 2002 AND 2007
(Thousands of Dollars)

	2002		2007		Growth
	Number	Dollars	Number	Dollars	Rate
RETAIL TRADE	51	$ 82,366	41	$145,762	12.09 %
Convenience Retail					
Food and beverage stores	7	$ 32,616	6	$ 41,649	5.01 %
Health and personal care stores	4	$ 8,163	5	$ 17,839	16.92 %
Food Service					
Food services	9	$ 8,407	23	$ 15,650	13.23 %
Full service eating places			6	$ 5,550	
Limited-service eating places			17	$ 10,100	
Convenience/Gasoline	8	$ 19,945	5	$ 37,775	13.63 %
Shopping Goods					
General merchandise stores			1	D	
Clothing and clothing accessories stores	3	$ 2,012	1	D	
Electronics and appliance stores			1	D	
Sporting goods, hobby, book, and music stores	1		2	D	
Miscellaneous store retailers	9		7	D	
Home Improvement					
Building material/garden equipment & supplies dealers	11	$ 13,061	5	$ 6,121	(14.07) %
Lawn and garden equipment and supplies stores			2	D	
Motor Vehicle & Parts					
Motor vehicle and parts dealers	4	$ 1,980	2	D	
SERVICES					
Personal and laundry services	9		20	$ 7,128	
Personal care services	7		17	$ 6,911	
Beauty salons	5	$ 3,491	11	$ 6,135	11.94 %
Nail and skin care services	1		6	776	
Repair Services					
Repair and maintenance	22	$ 8,611	16	D	
Automotive repair and maintenance	12	$ 6,956	13	$ 6,058	(2.73) %
Automotive mechanical/electrical repair & maintenance	9		7	$ 3,216	
Automotive body, paint, interior, and glass repair			6	$ 2,842	
HEALTH CARE					
Health care and social assistance	21	$ 23,808	30	$ 35,860	8.54 %
Ambulatory health care services	13	$ 19,471	16	$ 29,931	8.98 %

Source: U.S. Census Bureau.

Retail sales increased from $82.4 million in 2002 to $145.8 million in 2007, an annual growth rate of 12.1 percent. Sales of food and beverage stores increased from $32.6 million in 2002 to $41.6 million in 2007, an annual growth rate of 5.0 percent. Food service establishments increased from nine in 2002 to 23 in 2007, with most of the growth occurring in the limited service category. Food service sales increased from $8.4 million to $15.7 million, an annual rate of 13.2 percent. The number of gasoline/convenience stores decreased from eight to five; however sales increased significantly from $19.9 million in 2002 to $37.8 million in 2007, an annual growth rate of 13.6 percent.

Retail sales for health and personal care stores, primarily drug stores, more than doubled to $17.8 million, an annual increase of 16.9 percent. Building materials sales decreased from $13.1 million to $6.1 million reflecting a slower pace of home construction and fewer stores. In 2002, there were five beauty salons, which increased to 11 by 2007, with sales increases of 11.9 percent annually. Motor vehicle repair and maintenance decreased at an annual rate of 2.7 percent. Health care and social assistance increased from $23.8 million in 2002 to $35.9 million in 2007, an annual growth rate of 8.54 percent; while ambulatory health care services saw an increase of 9.0 percent annually.

In general, Andover's retail sales have increased in the convenience retail, food services, convenience/gasoline, personal services, and health care categories, which are typically purchased close to home. Shopping goods, home improvements, and auto parts and auto repair have been weak.

Market Share

Andover's retail and service market share for 2007 are contained in Table 24. Purchasing power for 2007 was calculated by McComb Group's sales potential model. Retail sales derived from Andover's trade areas were estimated for each retail category to determine trade area sales and market share as a percent of purchasing power. Using food stores as an example, 2007 purchasing power was about $77.1 million. Retail sales were $35.0 million with 80 percent of those sales assumed to be from the primary trade area. This results in trade area sales of $28.0 million, which is 36.3 percent of estimated primary trade area purchasing power.

Drug store market share was estimated at 44.2 percent. Liquor store sales, estimated at $6.6 million, resulted in a market share of 41.5 percent. Full service restaurant market share was 11.8 percent compared to 28.1 percent in the limited service category. In the convenience/gasoline category, market share is estimated at 30.0 percent. Home improvement, building materials have a very low market share of 5.7 percent. Service market share for individual categories ranges from 37.7 percent for automotive body repair to 70.7 percent for beauty salons. Health care services had a market share of 16.1 percent. These market share calculations were used to estimate future market share for Andover and determine the amount of additional retail space that can be supported in Andover. In six of the 13 categories, Andover market share is above 40 percent.

Table 24

ANDOVER RETAIL AND SERVICES SALES: 2007
(Thousands of Dollars)

	Purchasing Power	Sales	Trade Area Sales Percent	Trade Area Sales Dollars	Market Share
RETAIL STORES					
Convenience Retail					
Food Stores	$ 77,145	$ 35,036	80.0%	$ 28,029	36.33 %
Drug Stores	$ 32,281	$ 17,839	80.0%	$ 14,271	44.21 %
Liquor Stores	$ 12,733	$ 6,613	80.0%	$ 5,290	41.55 %
Food Service					
Full-Service Eating Places	$ 35,427	$ 5,550	75.0%	$ 4,163	11.75 %
Limited-Service Eating Places	$ 26,964	$ 10,100	75.0%	$ 7,575	28.09 %
Convenience/Gasoline	$ 94,297	$ 37,775	75.0%	$ 28,331	30.04 %
Home Improvement					
Building Material/Garden Equipment & Supplies Dealers	$ 69,955	$ 6,121	65.0%	$ 3,979	5.69 %
SERVICES					
Personal Care Services	$ 8,375	$ 6,911	75.0%	$ 5,183	61.89 %
Beauty Salons	$ 6,508	$ 6,135	75.0%	$ 4,601	70.70 %
Repair Services					
Automotive Repair and Maintenance	$ 9,454	$ 6,058	75.0%	$ 4,544	48.06 %
Automotive Mechanical Repair	$ 3,800	$ 3,216	75.0%	$ 2,412	63.47 %
Automotive Body, Paint, Interior, and Glass Repair	$ 5,654	$ 2,842	75.0%	$ 2,132	37.70 %
HEALTH CARE					
Ambulatory Health Care Services	$ 139,553	$ 29,931	75.0%	$ 22,448	16.09 %

Source: U.S. Census Bureau.

Retail and service sales potential for Andover's retail areas is based on market share that can be achieved taking into consideration past market share trends, trade area households, future growth, and potential competitive developments. Market share estimates are based on analysis conducted as part of this engagement, McComb Group's knowledge of the MSA retail market, and analysis contained in Table 24. Sales potential was estimated for target years 2015, 2020, 2025, 2030, and 2035 to identify growth in retail and service sales as trade area households and purchasing power increase.

Resident purchasing power for each trade area is derived from Table 22 in Chapter VI. Market share was estimated for each retail and service category taking into consideration past market share performance, trade area size, competitive store locations, and industry experience. Trade area market share for each of Andover's retail areas by store type is shown in Table 25. Market share will vary for each retail area based on trade area population and households and competition from larger trade areas. Bunker Lake retail area will have the highest market share due to its larger population and number of retail stores and services. The Crosstown/Hanson and Seventh/Bunker trade areas overlap a portion of the Bunker Lake trade area, which reduces the sales potential for the smaller retail areas.

Using the Bunker Lake trade area as an example, supermarket market share is 35 percent with an estimated 80 percent of the sales being derived from the primary trade area. Supermarket market share in the Crosstown/Hanson retail area is estimated at 15 percent with 85 percent of the sales being derived from the primary trade area. Supermarket market share in the Seventh/Bunker trade area is 10 percent with 85 percent of the sales being derived from the primary trade area. Market share for drug, liquor, and hardware stores is estimated at 45 percent in the Bunker Lake retail area with 80 percent of the sales being derived from the primary trade area. Market share is lower in each of the other trade areas. Food service market share is estimated at 25 percent with 65 percent of the sales being derived from the trade area in the case of full service restaurants and 75 percent for limited service restaurants and snack and beverage places. In the shopping goods category, discount stores and superstores are estimated to derive 60 percent of their sales from the trade area. In the case of discount stores, 65 percent of the sales are estimated to be derived from the trade area. The proposed Walmart Supercenter is expected to draw from a wide area. As a result, 50 percent of its sales are assumed to be derived from outside the trade area. This methodology is represented by the other retail categories and for each of the three shopping areas. In the non-general merchandise shopping goods retail categories, trade area market share is estimated at 10 percent with 75 percent of the sales derived from outside the trade area. Services market share is estimated at 30 to 65 percent of trade area purchasing power depending on the category with 75 percent of the sales derived from the trade area. Health care market share is estimated at 20 percent with 75 percent of the sales derived from the trade area.

Table 25

ANDOVER RETAIL AREAS
MARKET SHARE AND TRADE AREA SALES

Store Type	Bunker Lake Trade Area Market Share	Bunker Lake Trade Area Sales	Crosstown/Hanson Trade Area Market Share	Crosstown/Hanson Trade Area Sales	Seventh/Bunker Trade Area Market Share	Seventh/Bunker Trade Area Sales
Convenience Goods						
Supermarkets	35 %	80 %	15 %	85 %	10 %	85 %
Other Food Stores	25	80	25	85	20	85
Drug & Proprietary Stores	45	80	35	85	10	85
Liquor	45	80	35	85	20	85
Hardware Stores	45	80	35	85	20	85
Other Convenience Stores	35	80	35	85	20	85
Food Service						
Full Service Restsaurants	25 %	65 %	15 %	65 %	10 %	65 %
Limited Service Restaurants	25	75	15	75	15	75
Snack and Beverage Places	25	75	20	75	15	75
Gasoline/Convenience Stores	35 %	75 %	10 %	65 %	10 %	65 %
Shopping Goods						
General Merchandise						
Discount Stores	60 %	65 %	15 %	75 %	- %	- %
Superstores	60	50	15	75	-	-
Department Stores	25	65	15	75	-	-
Variety Stores	40	75	30	75	30	75
Misc. General Merchandise	40	75	30	75	30	75
Apparel & Accessories	10	75	10	75	10	75
Furniture & Home Furnishings	10	75	10	75	10	75
Electronics & Appliances Stores	10	75	10	75	10	75
Other Shopping Goods	10	75	10	75	10	75
Other Retail Stores						
Building Materials	35 %	65 %	- %	- %	0-20 %	85 %
Auto Parts & Accessories	35	80	25	80	15	85
Services	30-65 %	75 %	25-35 %	85 %	15 %	85 %
Health Care	20 %	75 %	15 %	85 %	5 %	85 %

Source: McComb Group, Ltd.

Sales Potential

Estimating retail and service space demand is a two-step process. Sales potential for each retail or service category is estimated first to determine if retail sales are sufficient to support a store. Next, store size is determined based on store productivity and typical store size for each category. This methodology is illustrated for the Bunker Lake trade area for 2015 in Tables 26 and 27. These tables use supermarkets as an example to illustrate how supportable square footage of retail stores and services is determined. Supermarket resident purchasing power in 2015 is estimated at $90.1 million in constant 2011 dollars, as shown in Table 26. Market share of 35 percent results in $31.5 million of trade area sales. Adding inflow sales of $7.9 million results in total estimated sales of about $39.4 million. Estimated sales potential for drug stores is about $22.5 million and $8.9 million for liquor stores. The general merchandise category is slightly more complicated because discount stores (Target) and warehouse clubs and supercenters (Costco and Walmart Supercenter) compete with each other and sales potential can transfer between store types. Discount store sales potential is $47.3 million, which compares to warehouse club and supercenter sales potential of $69.0 million. Walmart Supercenters typically have retail sales that are higher than discount stores.

Table 26

BUNKER LAKE TRADE AREA
RETAIL PURCHASING POWER, MARKET SHARE, AND SALES POTENTIAL; 2015
BY MERCHANDISE CATEGORY
(In Thousands of Dollars)

Merchandise Category	Resident Purchasing Power	Estimated Market Share	Trade Area Sales	Trade Area Percent	Other Shoppers	Estimated Total Sales
Convenience Goods						
Supermarkets	$ 90,139	35.0 %	$ 31,549	80 %	$ 7,887	$ 39,436
Drug & Proprietary Stores	40,052	45.0	18,023	80	4,506	22,529
Hardware	6,133	45.0	2,760	80	690	3,450
Liquor	15,798	45.0	7,109	80	1,777	8,886
Florist	2,323	35.0	813	80	203	1,016
General Merchandise						
Discount Stores	$ 51,203	60.0 %	$ 30,722	65 %	$16,543	$ 47,265
Wareshouse Clubs and Supercenters	57,522	60.0	34,513	50	34,513	69,026

Source: McComb Group, Ltd.

Supportable Space

Retail gross leasable area (GLA) supported by estimated sales potential for each retail store category is based on estimated sales per square foot (in 2011 dollars) by store type. Sales per square foot estimates are derived from median store sales per square foot for each tenant type contained in *Dollars & Cents of Shopping Centers*, and have been increased to reflect sales per square foot in 2011. Supportable GLA is calculated by dividing sales potential by sales per square foot. This analysis was used to provide an estimate of the supportable square footage in each retail store category.

Supportable square feet of GLA is based on estimated sales divided by typical sales per square foot for each retail store type, as shown in Table 27. Using supermarkets as an example, supportable GLA is based on sales potential of $39.4 million divided by $460 per square foot resulting in supportable GLA of about 85,700 square feet. Discount store supportable square footage is about 189,000 square feet, which is larger than the typical Target store of about 125,000 square feet. Supportable square footage of warehouse clubs and supercenters is 153,000 square feet, which is about the size of the proposed Walmart Supercenter, which indicates there will be some sales transfer from discount supportable square footage to the warehouse club and supercenter category. Supportable GLA is determined for other stores in the manner described above.

Table 27

BUNKER LAKE TRADE AREA
RETAIL SALES POTENITAL AND SUPPORTABLE SPACE; 2015
BY MERCHANDISE CATEGORY

Category	Estimated Sales Potential	Sales Sq. Ft.	Supportable Sq. Ft.	Store Size Low	Store Size Median	Store Size High
Convenience Goods						
Supermarkets	$ 39,436,000	$ 460	85,730	31,245	52,419	69,462
Drug & Proprietary Stores	22,529,000	460	48,976	8,280	11,700	23,714
Hardware	3,450,000	185	18,649	5,638	13,831	27,743
Liquor	8,886,000	375	23,696	1,305	2,856	7,210
Florist	1,016,000	190	5,347	766	1,600	5,396
General Merchandise						
Discount Stores	$ 47,265,000	$ 250	189,060	57,720	94,788	141,986
Warehouse Clubs and Supercenters	69,026,000	450	153,391	90,134	151,980	217,447

Source: McComb Group, Ltd.

The last three columns in this table contain the low, median, and high store size for each store type from *Dollars & Cents of Shopping Centers*, published by the Urban Land Institute. Median store size indicates a typical size for a store in each retail category. To the extent that supportable square footage is about the same as the median store size or larger, sales potential exists to support that store type. Complete tables showing supportable square footage by retail and service category for each target year are contained in Appendix E.

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

Chapter VIII

RETAIL DEVELOPMENT POTENTIAL

Andover is a growing community in the northern MSA. Factors that support retail and service potential in Andover include:

- Andover's employment has increased steadily from 3,303 in 2000 to 4,431 in 2010, an average annual growth rate of 3.0 percent. Remarkably, employment increased during the recession that began at the end of 2007.

- Bunker Lake Boulevard is evolving as Andover's major retail area anchored by County Market, Festival Foods, Target, and soon by a Walmart Supercenter.

- Households in the Bunker Lake trade area are expected to increase from 21,844 in 2011 to about 24,400 in 2016, an annual growth rate of 2.24 percent.

- One-third of Bunker Lake trade area households had incomes above $100,000 in 2011. This percentage is expected to increase to 38.8 percent in 2016.

- Bunker Lake average household income of $88,009 in 2011 is 11.5 percent above the MSA average household income of $78,944. Household income is estimated to increase to $97,759 in 2016, 13.5 percent above the MSA average of $86,142.

- Crosstown/Hanson trade area households are expected to grow from 12,351 in 2011 to 13,737 in 2016, an annual growth rate of 2.15 percent.

- Crosstown/Hanson trade area average household income was estimated at $94,988 in 2011, 20.3 percent of the MSA. Average household income is expected to increase to $105,237 in 2016, 22.2 percent above the MSA.

- In the Crosstown/Hanson trade area, 36.2 percent of the households had incomes above $100,000 in 2011. This projection is expected to increase to 41.8 percent in 2016.

Andover has the potential to support additional retail stores and services based on its growing trade area affluence and population.

BUNKER LAKE RETAIL AREA

Bunker Lake retail area extends about 2.5 miles along Bunker Lake Boulevard between Hanson and Round Lake Boulevards. Each end is anchored by a retail area with about 25 retail stores. The Bunker/Hanson area is evolving as a community size shopping area anchored by Target, Festival Foods, and a future Walmart Supercenter. The Bunker/Round Lake area at the west end has a larger concentration of convenience retailers due to its location near the Riverdale area. These two shopping areas interact with each other. As a result, they are anticipated to grow toward each other as retail potential expands.

Development potential for retail stores, food service, and services is closely related to trade area household growth. Primary trade area households are expected to increase to 23,862 by 2015 and continue growing to over 31,900 households by 2035, as shown in Table 28. Household growth projections are based on residential market demand development potential. If residential development exceeds or is below this estimate, development potential will be higher or lower than projected.

Categories of retail stores and services and square footages that are supportable in the Bunker Lake retail area are based on trade area sales potential. These estimates are summarized in Table 28 for each target years (2015, 2020, 2025, 2030, and 2035). Supportable space by business category is contained in Table 28A at the end of this chapter.

Table 28

BUNKER LAKE RETAIL AREA SUPPORTABLE SPACE; 2015 TO 2035

Merchandise Category	2015	2020	2025	2030	2035
HOUSEHOLDS	23,862	26,545	28,498	30,280	31,917
Convenience Goods	295,600	423,600	355,600	387,700	412,600
Shopping Goods	334,200	370,700	384,700	394,700	405,000
Other Retail Stores	70,000	73,000	96,000	103,000	110,000
Services	382,800	435,800	501,200	569,600	641,700
Health Care Services	87,900	103,400	120,500	137,500	148,000
Total	1,170,500	1,406,500	1,458,000	1,592,500	1,717,300

Source: McComb Group, Ltd.

Development potential identified in Tables 28 and 28A includes existing businesses in the Bunker Lake retail area as well as the additional space that can be added in the future. The existing space must be taken into account when considering additional space. It is unlikely that all of the business establishments identified in Table 28A will choose to locate in the Bunker Lake retail area. Also, businesses not anticipated in this analysis may choose to locate in this retail area.

Convenience Goods

The Bunker Lake retail area is currently well represented by convenience goods stores. Future growth will create support for additional stores. Food service is an under represented category, particularly full service restaurants. This area has six of Andover’s seven convenience stores.

Shopping Goods

This category is/will be dominated by Target and Walmart. The draw of these two stores will attract shoppers that may provide support for other shopping goods stores. These stores, however, will need to be unique and develop a following and have strong destination characteristics.

Other Retail Stores

This category consists of stores that typically have strong destination characteristics and serve specific needs, generally building materials, lawn and garden, and automotive. The trade area is not large enough to support a home center.

Services

Most services are convenience or destination types of businesses. A destination service provider may have a special relationship with their client, which build a continuing relationship. Others may be patronized because they are conveniently located.

Medical

This area has a number of medical offices including a HealthPartners Clinic. As population increases, additional medical offices and clinics can be supported.

Summary

Bunker Lake retail area incorporates the trade areas for other retail areas in Andover and has the largest population. Bunker Lake will be Andover's dominate retail area and will be the choice for retail and service establishments that desire a large population trade area. Also, there are many retailers that need trade areas with larger populations to support a store and are unlikely to locate in Andover.

CROSSTOWN/HANSON RETAIL AREA

Crosstown/Hanson's trade area is estimated to have 13,462 households in 2015, increasing to over 17,700 in 2035. Current trade area households are less than two-thirds of the Bunker Lake trade area households. The small number of households limits retail potential in this area.

Categories of retail stores and services and square footages that are possible in the Crosstown/Hanson retail area are based on trade area sales potential. These estimates are contained in Table 29 for each target year (2015, 2020, 2025, 2030, and 2035). Sales potential analysis indicates that supportable square footage of retail stores and services will increase from about 155,600 million square feet in 2015 to over 251,000 square feet in 2035. Supportable space by business type is contained in Table 29A at the end of this chapter.

Table 29

CROSSTOWN/HANSON RETAIL AREA SUPPORTABLE SPACE; 2015 TO 2035

Merchandise Category	2015	2020	2025	2030	2035
HOUSEHOLDS	13,462	14,895	15,946	16,902	17,778
Convenience Goods	65,600	70,100	76,300	88,300	92,900
Shopping Goods	4,900	4,900	5,400	5,700	6,700
Services	72,500	83,800	95,300	116,300	131,100
Health Care Services	12,600	14,600	14,600	20,400	20,400
Total	155,600	173,400	191,600	230,700	251,100

Source: McComb Group, Ltd.

Estimated supportable square footage for each business type is contained in Table 29A. Retail potential identified includes existing businesses in the Crosstown/Hanson retail area, as well as additional space that can be added in the future. Not all of these businesses will choose to locate in the Crosstown/Hanson retail area. Others may choose to locate in Andover, but may want to locate in some other retail area.

Crosstown/Hanson is primarily a convenience retail area and is likely to remain so. The area's retail potential is enhanced by the nearby City Hall, Community Center, Oakville Middle School, Andover Elementary School and YMCA, which attract shoppers to the area. Retail offerings include convenience retailers, food services, convenience/gasoline stores, and limited shopping goods and services. Future growth will increase potential in these categories, with the potential to add additional food services, personal services, and medical offices.

SEVENTH/BUNKER RETAIL AREA

The intersection of Seventh Avenue and Bunker Lake Boulevard is a potential retail area. At the present time, there is an auto repair establishment with a strong following according to consumer research. The eastern portion of the area is in Andover and the western portion is in Anoka. The trade area for this location is constrained by the Bunker/Round Lake retail area and the Rum River shopping area in Anoka.

The Seventh/Bunker trade area has a relatively small number of households when compared to other Andover retail areas. Households in 2015 are estimated at about 8,654 increasing to about 11,800 in 2035. Supportable retail space is estimated at 27,100 square feet in 2015, increasing to 40,200 in 2035, as shown in Table 30. Categories of retail stores and services and square footages that are supportable in the Seventh/Bunker retail area are limited by sales potential. These estimates are contained in Table 30A for each target year (2015, 2020, 2025, 2030, and 2035) at the end of this chapter.

Table 30

SEVENTH/BUNKER RETAIL AREA SUPPORTABLE SPACE; 2015 TO 2035

Merchandise Category	2015	2020	2025	2030	2035
HOUSEHOLDS	8,654	9,703	10,483	11,199	11,860
Convenience Goods	19,500	19,500	22,500	22,500	25,500
Services	7,600	13,600	13,600	14,700	14,700
Total	27,100	33,100	36,100	37,200	40,200

Source: McComb Group, Ltd.

Convenience goods retail potential is limited to liquor, food service, and convenience/gasoline categories. A full service restaurant would need to have high destination characteristics. This is also true of the personal services and health care categories. In addition, these businesses could also locate in the Anoka portion of the area. Of the above categories, the most likely development is a small convenience center anchored by a convenience/gasoline and liquor store with a few service establishments.

SUMMARY

Bunker Lake retail area is evolving as a community sized shopping area anchored by two supermarkets, Target, and soon a Walmart Supercenter. The Walmart Supercenter will increase customer traffic at Bunker Lake attracting a larger share of customers from outside the trade area. Bunker Lake is well-served in the convenience and gas/convenience category with future demand resulting from future growth.

Food service is a challenging category at this time. The recent recession caused a shift in spending from full service to limited service establishments (fast food and quick casual). Andover's retail areas are unlikely to appeal to the national or regional restaurant chains. However, a locally-owned full service restaurant with a good chef would be a good alternative. A locally-owned full service restaurant franchise would also be a possibility. This type of restaurant would not need a high profile building and be known for its quality food.

Bunker Lake has a trade area that will support smaller shopping goods stores. This is demonstrated by the 10 existing stores. Expansion in this category is likely to be limited to stores with products that are not sold at Target or Walmart, or have merchandise that complements these stores' offerings.

Demand for service establishments expands with population and household growth. Sixty percent of Andover's retail establishments are services with virtually all categories represented. Andover Lanes and Andover Cinema are important anchors for Andover.

Retail potential in Andover will continue to expand. Growth potential could be enhanced by marketing Andover to those businesses that are desired by the community.

SUPPORTABLE SPACE BY CATEGORY

Retail GLA supported by estimated sales potential for each retail store category for each retail area are contained in Tables 28A, 29A, and 30A. Supportable space estimates for 2015, 2020, 2025, 2030, and 2035 are calculated and described in Chapter VII.

The last three columns in these tables contain the low, median, and high store size for each store type from *Dollars & Cents of Shopping Centers*, published by the Urban Land Institute. Median store size indicates a typical size for a store in each retail category. To the extent that supportable square footage is about the same as the median store size or larger, sales potential exists to support that store type. Complete tables showing supportable square footage by retail and service category for each target year are contained in Appendix E.

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

Table 28A

BUNKER LAKE RETAIL AREA
SUPPORTABLE SPACE: RETAIL STORES
BY MERCHANDISE CATEGORY
(Gross Leasable Area)

Merchandise Category	2015	2020	2025	2030	2035	Store Size Low	Store Size Median	Store Size High
CONVENIENCE GOODS								
Food Stores								
Supermarkets	86,000	100,000	100,000	125,000	125,000	31,245	52,419	69,462
Specialty food stores	5,000	5,000	5,000	5,000	5,000	1,188	2,400	6,000
Drug & proprietary stores	42,000	56,000	56,000	56,000	56,000	8,280	11,700	23,714
Hardware	18,000	18,000	18,000	18,000	18,000	5,638	13,831	27,743
Liquor	23,000	23,000	23,000	30,000	30,000	1,305	2,856	7,210
Florist	5,000	5,000	5,000	5,000	7,500	766	1,600	5,396
Food/health supplement stores	1,600	1,600	1,600	1,600	1,600	1,200	1,234	1,968
Food Service								
Full-service restaurants	45,000	52,000	60,000	67,000	75,000	2,000	4,500	9,775
Limited service restaurants	27,000	33,000	36,000	39,000	42,000	1,335	3,000	3,400
Snack & beverage places	8,000	95,000	11,000	1,100	12,500	850	1,500	2,495
Gasoline Svs Stations/Conv.								
Gas/Convenience food stores	35,000	35,000	40,000	40,000	40,000	1,500	2,933	6,121
Subtotal - Convenience Goods	295,600	423,600	355,600	387,700	412,600			
SHOPPING GOODS								
General Merchandise								
Discount stores	135,000	135,000	135,000	135,000	135,000	57,720	94,788	141,986
Warehouse Clubs and Supercenters	153,000	175,000	175,000	175,000	175,000	90,134	151,980	217,447
Dollar stores	8,000	8,000	8,000	8,000	8,000	2,726	8,000	13,788
Apparel & Accessories								
Clothing Stores								
Womens clothing	4,200	4,200	4,200	4,200	8,500	2,074	4,200	8,740
Family clothing	8,000	8,000	12,000	12,000	12,000	2,374	8,000	28,228
Shoe Stores								
Family shoe stores			3,500	3,500	3,500	2,021	3,388	10,234
Athletic footwear			1,500	1,500	2,000	1,535	3,284	11,314
Furniture & Home Furnishings								
Furniture	8,000	8,000	8,000	8,000	12,000	3,108	7,927	36,712
Floor coverings	-	3,500	3,500	3,500	3,500	1,229	3,593	7,819
All other home furnishings stores	4,000	4,000	4,000	7,000	7,000	2,868	3,570	6,500
Electronics & Appliances Stores								
Radio, tv & electronics stores	7,000	7,000	7,000	12,000	12,000	1,208	3,406	10,451
Other Shopping Goods								
General Line Sporting Gds.			4,500	4,500	4,500	3,765	5,850	28,128
Specialty Line Sporting Gds.	4,500	4,500	4,500	4,500	4,500	1,097	2,449	4,356
Jewelry stores	2,000	2,000	2,000	4,000	4,000	790	1,450	3,410
Hobby, toy & game	-	3,000	3,000	3,000	3,000	1,604	4,050	25,861
Gift, novelty & souvenirs	3,500	3,500	3,500	3,500	5,000	2,369	4,422	7,015
Optical goods stores	3,000	3,000	3,000	3,000	3,000	885	1,561	4,068
All other health & personal care	2,000	2,000	2,500	2,500	2,500	697	1,786	3,084
Subtotal - Shopping Goods	342,200	370,700	384,700	394,700	405,000			
OTHER RETAIL STORES								
Building Materials & Garden Supplies								
Paint, glass & wallpaper	4,000	7,000	7,000	7,000	7,000	2,348	3,533	5,028
Outdoor power equipment	8,000	8,000	16,000	16,000	16,000	N/A	N/A	N/A
Retail nurseries, lawn & garden	30,000	30,000	45,000	45,000	45,000	N/A	15,000	N/A
Motor Vehicles & Parts Dealers								
Auto parts & accessories stores	14,000	14,000	14,000	21,000	21,000	2,232	6,500	13,000
Tire dealers	14,000	14,000	14,000	14,000	21,000	3,514	6,944	12,014
Subtotal - Other Retail Stores	70,000	73,000	96,000	103,000	110,000			

Source: McComb Group, Ltd.

Table 28A (continued)

BUNKER LAKE RETAIL AREA
SUPPORTABLE SPACE: SERVICES AND HEALTH CARE
BY MERCHANDISE CATEGORY
(Gross Leasable Area)

Merchandise Category	2015	2020	2025	2030	2035	Store Size Low	Store Size Median	Store Size High
SERVICES								
Personal Care Services								
Beauty Shops/Nail Salons	18,000	22,000	25,000	28,000	32,000	900	1,400	3,480
Nail Salons	2,200	2,200	3,000	3,300	4,000	773	1,200	1,807
Other Personal Care Services	3,000	3,300	3,900	4,500	5,000	703	1,488	4,128
Drycleaning & Laundry Services								
Drycleaning & Laundry Services (except coin-op.)	4,500	4,500	4,500	6,000	6,000	1,038	1,608	2,731
Other Personal Services								
Child Day Care Services	28,000	35,000	42,000	42,000	42,000	3,059	5,050	7,495
Photographic Studios	2,000	2,000	2,000	4,000	4,000	990	1,866	2,550
Veteranarian Services	12,000	12,000	12,000	18,000	18,000	1,346	2,122	2,701
Pet Care	3,000	4,500	4,500	6,000	6,000		1,200	
Recreation/Entertainment								
Bowling	30,000	30,000	30,000	30,000	30,000			
Physical Fitness Facilites	44,000	44,000	60,000	60,000	70,000	1,433	6,448	32,170
Cinema	35,000	35,000	35,000	35,000	35,000			
Professional Services								
Professional Offices	28,000	33,000	39,000	44,000	50,000	711	2,092	6,264
Financial	30,000	35,000	40,000	55,000	65,000			
Insurance	20,000	25,000	30,000	35,000	40,000			
Other Services	40,000	50,000	60,000	75,000	90,000			
Household Goods Repair								
Home/Garden Equip. & Appliance Repair/Maint.	2,000	2,000	2,000	2,000	3,000			
Reupholstery & Furniture Repair	1,100	1,100	1,100	1,100	2,000		600	
Garment Repair and Alteration Services	1,000	1,000	1,000	1,000	1,500	680	1,185	1,488
Computer & Office Machine Repair	2,400	3,600	3,600	5,000	7,000		1,200	
Automotive Repair and Maintenance								
General Automotive Repair	40,000	48,000	54,000	60,000	66,000	2,400	6,200	10,624
Automotive Transmission Repair	6,000	6,000	6,000	6,000	6,000			
Paint or Body Repair Shops	20,000	26,000	32,000	32,000	38,000			
Automotive Glass Replacement	4,500	4,500	4,500	4,500	9,000			
Automotive Oil Change & Lubrication Shops	2,500	2,500	2,500	5,000	5,000			
Carwashes	3,600	3,600	3,600	7,200	7,200			
Subtotal - Services	382,800	435,800	501,200	569,600	641,700			
HEALTH CARE								
Offices of Physicians	55,000	65,000	75,000	85,000	90,000	969	1,652	4,008
Offices of Dentists	25,000	30,000	35,000	40,000	45,000	1,090	1,700	3,970
Offices of Chiropractors	3,500	4,000	4,000	6,000	6,000	1,090	1,600	3,970
Offices of Optometrists	1,400	1,400	2,000	2,000	2,500	1,074	1,620	4,347
Physical & Occupational Therapists	3,000	3,000	4,500	4,500	4,500	1,090	1,600	3,970
Subtotal - Health Care	87,900	103,400	120,500	137,500	148,000			
TOTAL	1,178,500	1,406,500	1,458,000	1,592,500	1,717,300			

Source: McComb Group, Ltd.

Table 29A

CROSSTOWN/HANSON RETAIL AREA
SUPPORTABLE SPACE: RETAIL STORES, SERVICES, AND HEALTH CARE
BY MERCHANDISE CATEGORY
(Gross Leasable Area)

Merchandise Category	2015	2020	2025	2030	2035	Store Size Low	Store Size Median	Store Size High
CONVENIENCE GOODS								
Drug & proprietary stores	14,000	14,000	14,000	14,000	14,000	8,280	11,700	23,714
Hardware	8,000	8,000	8,000	12,000	12,000	5,638	13,831	27,743
Liquor	10,000	10,000	10,000	10,000	10,000	1,305	2,856	7,210
Florist	-	1,600	1,600	1,600	3,200	766	1,600	5,396
Food/health supplement stores	-	-	1,200	1,200	1,200	1,200	1,234	1,968
Food Service								
Full-service restaurants	14,000	14,000	19,000	24,000	24,000	2,000	4,500	9,775
Limited service restaurants	10,000	12,000	12,000	14,000	16,000	1,335	3,000	3,400
Snack & beverage places	3,600	4,500	4,500	5,500	6,500	850	1,500	2,495
Gasoline Svs Stations/Conv.								
Gas/Convenience food stores	6,000	6,000	6,000	6,000	6,000	1,500	2,933	6,121
Subtotal - Convenience Goods	65,600	70,100	76,300	88,300	92,900			
SHOPPING GOODS								
Other Shopping Goods								
Specialty sporting goods	2,500	2,500	3,000	3,000	4,000	1,097	2,449	4,356
Musical instruments	1,200	1,200	1,200	1,200	1,200	2,432	7,324	26,094
Optical goods	1,200	1,200	1,200	1,500	1,500	885	1,561	4,068
Subtotal - Shopping Goods	4,900	4,900	5,400	5,700	6,700			
SERVICES								
Personal Care Services								
Beauty Shops/Nail Salons	7,200	8,500	10,000	12,000	14,000	900	1,400	3,480
Nail Salons	1,200	1,200	1,200	2,400	2,400	773	1,200	1,807
Other Personal Care Services	1,500	2,000	2,500	2,800	3,200	703	1,488	4,128
Drycleaning & Laundry Services								
Drycleaning & Laundry Services	2,000	2,000	2,000	2,500	2,500	1,038	1,608	2,731
Other Personal Services								
Child Day Care Services	6,000	6,000	6,000	6,000	6,000	3,059	5,050	7,495
Photographic Studios	1,500	1,500	1,500	1,500	1,500	990	1,866	2,550
Veteranarian Services	3,600	3,600	3,600	3,600	5,000	1,346	2,122	2,701
Pet Care	1,500	1,500	1,500	1,500	1,500		1,200	
Recreation								
Physical Fitness Facilites	6,500	6,500	6,500	13,000	13,000	1,433	6,448	32,170
Professional Services								
Professional Offices	12,000	14,000	16,000	19,000	20,000	711	2,092	6,264
Financial	5,000	7,500	10,000	12,500	15,000			
Insurance	5,000	7,500	10,000	12,500	15,000			
Other Services	7,500	10,000	12,500	15,000	20,000			
Automotive Repair and Maintenance								
General Automotive Repair	6,000	6,000	6,000	6,000	6,000	2,400	6,200	10,624
Paint or Body Repair Shops	6,000	6,000	6,000	6,000	6,000			
Subtotal - Services	72,500	83,800	95,300	116,300	131,100			
HEALTH CARE								
Offices of Dentists	8,000	10,000	10,000	15,000	15,000	1,090	1,700	3,970
Offices of Chiropractors	3,000	3,000	3,000	3,000	3,000	1,090	1,600	3,970
Physical and Occupational Therapists	1,600	1,600	1,600	2,400	2,400	1,090	1,600	3,970
Subtotal	12,600	14,600	14,600	20,400	20,400			
TOTAL	155,600	173,400	191,600	230,700	251,100			

Source: McComb Group, Ltd.

Table 30A

SEVENTH/BUNKER RETAIL AREA
SUPPORTABLE SPACE: RETAIL STORES AND SERVICES
BY MERCHANDISE CATEGORY
(Gross Leasable Area)

Merchandise Category	2015	2020	2025	2030	2035	Store Size Low	Store Size Median	Store Size High
CONVENIENCE GOODS								
Liquor	5,000	5,000	5,000	5,000	5,000	1,305	2,856	7,210
Food Service								
Full-service restaurants	6,500	6,500	6,500	6,500	6,500	2,000	4,500	9,775
Limited service restaurants	3,000	3,000	6,000	6,000	9,000	1,335	3,000	3,400
Gasoline Svs Stations/Conv.								
Gas/Convenience food stores	5,000	5,000	5,000	5,000	5,000	1,500	2,933	6,121
Subtotal - Convenience Goods	19,500	19,500	22,500	22,500	25,500			
SERVICES								
Personal Care Services								
Beauty Shops/Nail Salons	1,400	1,400	1,400	2,500	2,500	900	1,400	3,480
Other Personal Services								
Child Day Care Services	-	6,000	6,000	6,000	6,000	6,000	5,050	7,495
Automotive Repair and Maintenance								
General Automotive Repair	6,200	6,200	6,200	6,200	6,200	2,400	6,200	10,624
Subtotal - Services	7,600	13,600	13,600	14,700	14,700			
TOTAL	27,100	33,100	36,100	37,200	40,200			

Source: McComb Group, Ltd.

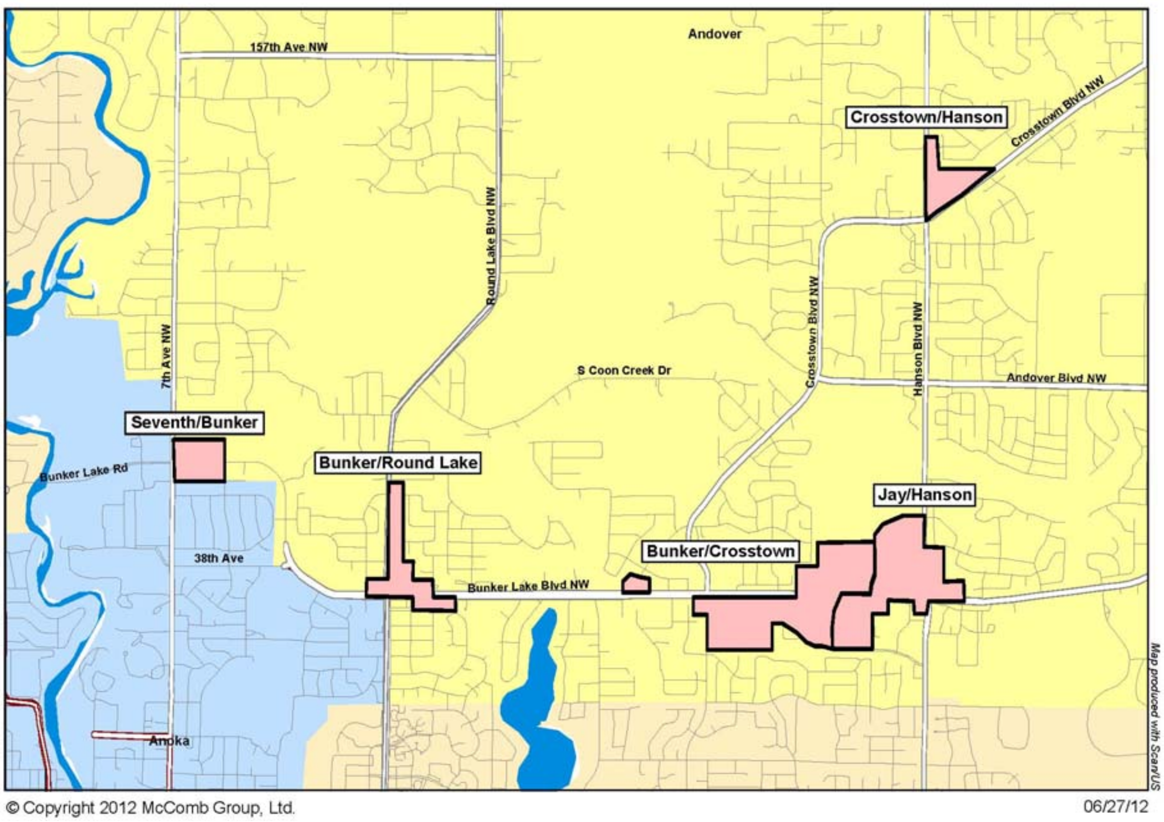
Chapter IX

SUPPORTABLE RETAIL LAND

Retail areas evaluated in this report included Bunker Lake, Crosstown/Hanson, and Seventh/Bunker. Bunker Lake, the primary retail area, was divided into three geographic areas, as shown in Table 31. Parcels were allocated by land use based on McComb Group field work and parcel data provided by the City of Andover. The geography for each area is shown on Map 9. These areas contain about 330 acres, as shown in Table 31, comprised of land occupied by retail, other commercial (but not retail), vacant parcels, and land devoted to retention ponds.

Map 9

ANDOVER RETAIL AREAS



The Bunker Lake area has about 276 acres located in three sub-areas. Land area occupied by retail buildings is about 141 acres or 51 percent. Other commercial uses total 61.9 acres or 22 percent, while 46 acres are vacant. Retention ponds total about 36 acres or 13 percent of the land.

The Crosstown/Hanson area is about 25 acres with retail land use of about 12.5 acres or about 50 percent. Non-retail includes the post office. Vacant land consists of five parcels, and one parcel of about three acres is a retention pond. Seventh/Bunker retail area contains about 29 acres: two acres are developed and seven are vacant.

These three areas contain a total of 333 acres, of which 156 acres or 47 percent are occupied by retail.

Table 31

ANDOVER COMMERCIAL LAND BY USE; 2012
(Acres)

Area	Retail	Non-Retail	Vacant	Retention Ponds	Total
Bunker Lake					
Jay/Hanson	39.14	21.22	28.64 *	2.11	91.11
Bunker/Crosstown	76.27	37.86	15.12 *	33.78	163.03
Bunker/Round Lake	25.93	2.84	2.62	-	31.39
Subtotal	141.34	61.92	46.38	35.89	285.53
Crosstown/Hanson	12.56	4.90	17.89 *	3.30	38.65
Seventh/Bunker	2.02	-	7.00	-	9.02
Total	155.92	66.82	71.27	39.19	333.20

* Excludes retention ponds.
Source: City of Andover and McComb Group, Ltd.

Retail Density

Retail density is usually expressed in square feet of building area per acre of land. Typically, retail density for a developed site with building, parking, and setbacks will average about 10,000 square feet per acre at full utilization, excluding retention ponds. The Bunker/Round Lake sub-area approaches this density with an average of 9,191 square feet per acre, as shown in Table 32. Two other areas—Bunker/Crosstown and Crosstown/Hanson—average about 7,000 square feet per acre. Estimates of retail space in the Bunker/Crosstown area assume that the proposed 150,000 square foot Walmart Supercenter is constructed. The Jay/Hanson area has less density at the present time as it is less developed. It appears that, over time, density could increase.

Table 32

ANDOVER RETAIL SPACE PER ACRE

Area	Retail Land	Retail Sq. Ft.	Retail Sq. Ft. per Acre
Bunker Lake			
Jay/Hanson	39.14	102,967	2,631
Bunker/Crosstown	76.27	532,231	6,978
Round Lake/Bunker	25.93	238,310	9,191
Subtotal	141.34	873,508	6,180
Hanson/Crosstown	12.56	88,794	7,070
7th & Bunker	2.02	3,334	1,650
Total	155.92	965,636	6,193

Source: City of Andover and McComb Group, Ltd.

Retail density influences the amount of land necessary to accommodate future retail space demand. Future retail land demand is estimated for three densities: 5,000, 7,000, and 9,000 square feet per acre. The lower the density the larger the amount of land needed to accommodate retail development.

Bunker Lake Area

Supportable space in the Bunker Lake retail area is estimated at 1,170,000 square feet in 2015, increasing to 1,717,000 square feet in 2035, as shown in Table 33. Deducting the existing 873,000 square feet of retail space, results in 297,000 square feet of additional space in 2015. If this retail space was developed at 9,000 square feet to the acre, about 33 acres would be needed. While it appears that this could be accommodated by the 46 acres of vacant land, parcel size and location may make it impossible to accommodate the additional building area. If the average density is 7,000 square feet per acre, land area increases to 43 acres. At an average density of 5,000 square feet, 60 acres would be needed. As the amount of retail space increases, the acres of land also increase. In 2035, accommodating 844,000 square feet of retail space would require about 94 acres at 9,000 square feet to the acre. At 7,000 square feet per acre, 121 acres would be needed. This demonstrates the benefit of encouraging greater density as available land becomes scarce.

Table 33

BUNKER LAKE ESTIMATED SUPPORTABLE RETAIL LAND

Item	2015	2020	2025	2030	2035
Supportable Space (000)	1,170	1,406	1,458	1,592	1,717
Less: Existing Space (000)	873	873	873	873	873
Additional Space (000)	297	533	585	719	844
Vacant Land (acres)	46	46	46	46	46
Additional Acres					
@ 9,000 sq. ft./acre	33	59	65	80	94
@ 7,000 sq. ft./acre	43	76	84	103	121
@ 5,000 sq. ft./acre	60	107	117	144	169

Source: McComb Group, Ltd.

Bunker Lake is likely to experience the greatest demand from retailers due to its larger trade are and concentration of retail space. It is unlikely that all of the retailers represented in the supportable space estimates are likely to locate in the Bunker Lake retail area. Other commercial businesses, however, may continue to seek to locate in the area. Taking this into consideration, the amount of new retail development could be one-half to two-thirds of the additional retail space estimated in Table 33.

Crosstown/Hanson Area

Supportable space in the Crosstown/Hanson retail area is estimated at about 156,000 square feet in 2015, increasing to 251,000 square feet in 2035, as shown in Table 34. Deducting the existing 89,000 square feet of retail space, results in 67,000 square feet of additional space in 2015. If this retail space was developed at 9,000 square feet to the acre, about eight acres would be needed. Current vacant land is estimated at 18 acres, indicating sufficient acreage for future development needs. If the average density is 7,000 square feet per acre, needed land area increases to 10 acres. The amount of land needed increases steadily between 2015 and 2035. Accommodating 162,000 square feet of retail space in 2035 would require about 18 acres at 9,000 square feet to the acre and 23 acres at 7,000 square feet per acre.

Table 34

CROSSTOWN/HANSON ESTIMATED SUPPORTABLE RETAIL LAND

Item	2015	2020	2025	2030	2035
Supportable Space (000)	156	173	192	231	251
Less: Existing Space (000)	89	89	89	89	89
Additional Space (000)	67	84	103	142	162
Vacant Land (acres)	18	18	18	18	18
Additional Acres					
@ 9,000 sq. ft./acre	8	9	12	16	18
@ 7,000 sq. ft./acre	10	12	15	20	23
@ 5,000 sq. ft./acre	13	17	21	28	32

Source: McComb Group, Ltd.

As a neighborhood convenience retail area, Crosstown/Hanson is unlikely to achieve this high level of demand due to site constraints and competition from the Bunker/Hanson retail area.

Seventh/Bunker Area

Supportable space in the Seventh/Bunker retail area is estimated at about 27,000 square feet in 2015, increasing to 40,000 square feet in 2035, as shown in Table 35. Deducting the existing building of 3,332 square feet, results in about 24,000 square feet of supportable space in 2015. If this retail space was developed at 9,000 square feet to the acre, about three acres would be needed. If the average density is 7,000 square feet per acre, needed land area increases to four acres. At an average density of only 5,000 square feet, five acres would be needed. The amount of land needed increases to five acres at 7,000 square feet per acre in 2035. As indicated previously, this is a less attractive retail area due to competition, small trade area, and likely competition from potential retail stores in the Anoka portion of this area.

Table 35

SEVENTH/BUNKER ESTIMATED SUPPORTABLE RETAIL LAND

Item	2015	2020	2025	2030	2035
Seventh/Bunker					
Supportable Space (000)	27	33	36	37	40
Less: Existing Space (000)	3	3	3	3	3
Additional Space (000)	24	30	33	34	37
Vacant Land (acres)	7	7	7	7	7
Additional Acres					
@ 9,000 sq. ft./acre	3	4	4	4	4
@ 7,000 sq. ft./acre	4	5	5	5	5
@ 5,000 sq. ft./acre	5	6	7	7	8

Source: McComb Group, Ltd.