WAYZATA RETAIL MARKET STUDY

Prepared for

City of Wayzata

August 2007

McCOMB GROUP, Ltd.

REAL ESTATE AND RETAIL CONSULTANTS

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TABLE OF CONTENTS

TABLE OF CONTENTS (cont.)

LIST OF TABLES

LIST OF TABLES

LIST OF MAPS

LIST OF FIGURES

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Findings

Wayzata's downtown retail area serves what is most likely the most affluent trade area in Minnesota, which is estimated to have an average household income of $123,700 in 2011. This trade area is expected to have over 38,000 households with incomes above $100,000 in 2011. Trade area households have been growing at about 1.7 percent annually. Wayzata residents represent about 37 percent of the convenience goods customers and 20 percent of shopping goods customers. This means that Wayzata merchants depend on shoppers from outside Wayzata for 63 to 80 percent of their annual sales.

Notwithstanding all of the positive characteristics of its location and trade area, there are signs of weakness and decline in Downtown Wayzata.

The number of retail stores in Wayzata declined by 20 percent between 1997 and 2002. This decline appears to be continuing. Retail sales increased from $300 million to $314 million between 1997 and 2002, a growth rate of less than one percent. Retail sales are not keeping up with inflation.

Based on merchant interviews, this trend appears to be continuing. Six merchants reported declining sales since 2002, two reported stable sales, and four reported increased sales. One merchant reported sales were down 10 percent over the past five years and another reported a 10 percent increase for the same period. Ten percent sounds good, but it is less than inflation over the same period.

Downtown Wayzata has four retail areas with about 304,000 square feet of space. This sounds impressive, but Downtown Wayzata does not appear to be that large to a customer. That is because the four areas are separate and distinct, and are not connected by convenient, attractive pedestrian pathways.

Central Lake Street, from Superior Boulevard to Ben and Jerry's is what most shoppers perceive to be Downtown Wayzata. This area contains about 104,000 square feet of retail space. The buildings, for the most part, are attractive, well maintained, have good merchants and the sidewalk areas are attractive. This is Downtown Wayzata's 100 percent location.

The East Lake Street area includes Wayzata Village Shops, an aging shopping center that is functionally and physically obsolete and is in need of a complete renovation, or demolition and replacement with a building designed to meet the needs of today's retailers.

Wayzata Bay Center is also functionally and physically obsolete. It is planned for demolition to be replaced by a new development. Relocation of Superior Boulevard to the east will create a large gap between these two retail areas. Planning for relocation of Superior Boulevard should also include additional retail space west of the relocated street. This should be done in a way that creates a pedestrian connection from Central Lake Street to Wayzata Bay.

West Lake Street has become an office service area and has only five retail stores. This does not permit comparison shopping. This area is only suitable for destination type retailers whose customers don't intend to shop or browse at other stores. Retailers in the West Lake Street area that are not consistent with the above definition should consider a different location in Downtown Wayzata.

Retail rents in prime downtown locations in Wayzata are comparable to regional mall rents without the benefit of anchor stores to attract customers. At regional malls, like Ridgedale, the small retail stores benefit from the shopper traffic attracted by anchor stores. They pay for this customer traffic in their rent. There is no comparable quid pro quo in Downtown Wayzata. Building owners and retailers need to find a way to increase marketing for Downtown.

High rents, combined with low capitalization rates combine to increase property assessed values, which result in increased property taxes and higher operating costs. It is difficult for a merchant to survive when operating expenses and taxes are increasing and sales are stable or declining.

The pedestrian environment east of Sunsets is dreadful. The sidewalks are narrow and uninviting. They do not encourage a shopper to venture to the shops beyond.

Competition for Downtown Wayzata is increasing. The Shoppes at Arbor Lakes contains tenants that are attractive to Wayzata trade area shoppers. Ridgedale is exploring options to increase its size and add more stores. These new stores would be of a type and price point that will appeal to Wayzata trade area residents.

Downtown Wayzata has a customer base that is growing older and decreasing in size. This is the result of changes in lifestyle, seasonal living patterns, and mortality. That customer travels more, spends winter in warmer areas and even changes its residence to avoid Minnesota taxes. To counter out this trend, Downtown needs to attract lots of new, younger customers.

Wayzata's retail areas are fairly well defined and surrounded by development that limits the ability for expansion. As a result, it is unlikely there will be any significant increases in retail space in Wayzata. As trade area population and households increase, this is likely to result in increased sales potential as opposed to more retail space. Developers and retailers will seek the opportunity to add additional retail space in other parts of the trade area that will compete with Downtown Wayzata. Wayzata should be proactive and attract stores before some other location is developed.

Recommendations

Wayzata businesses, residents and the City of Wayzata need to join forces in coordinating a plan to support and undertake activities and improvements to address the issues described above and others that affect retailing in Wayzata.

Downtown Wayzata should be repositioned as a lifestyle shopping area with a market position focused on its trade area. Lifestyle centers feature a narrow range of merchandise at above average prices and offer good to excellent service. Stores sell apparel and other shopping goods merchandise that support trade area residents' lifestyles, activities and interests. Several restaurants are included in the tenant mix.

Downtown Wayzata faces the same challenges as a shopping center that is 25 to 40 years old. It must be redeveloped and remerchandised to adjust its tenant mix to changing trade area demographics. Demographic characteristics in Downtown Wayzata's trade areas have changed and the retail area needs to be redeveloped and remerchandised to focus more clearly on current trade area demographics.

Outdated and obsolete retail buildings should be updated. National and regional retailers and shopping centers plan on refurbishing their stores and shopping centers on a seven to ten year cycle. These updated shopping environments make old centers look even older.

More stores should be attracted to Wayzata including national and regional stores with brand identity that appeal to a younger customer. Many of Wayzata's trade area residents want to shop at the "hot and trendy" brands. They should have the opportunity to do so in Downtown Wayzata. These stores attract customers that will shop at the local stores. If these stores are not in Wayzata, trade area shoppers will go where they are located.

Marketing must be a top priority. Regional malls have marketing funds that retail stores and the mall owner contribute to. This marketing is in addition to the anchor store customer traffic. Downtown Wayzata needs a marketing program that is funded by both businesses and landlords. The budget must be large enough to have an impact.

Retail store hours in Downtown Wayzata should be extended to at least 8:00 pm on weekdays to provide time for trade area residents that work outside Wayzata an opportunity to shop on weeknights. The number of downtown stores that are open past 6:00 pm is not sufficient to attract customers on a regular basis. Many trade area residents cannot shop before 6:00 p.m.

The pedestrian environment for shoppers needs to be improved. Central Lake Street, East Lake Street, and Wayzata Bay need to be connected by an unbroken shopper experience.

The Wayzata Camber of Commerce, one of this study's sponsors, asked that the report comment on three subjects: first floor retail in the West Lake Street area, parking lot by Sunsets and a proposed boardwalk.

The West Lake Street area should continue its evolution as an office and professional service area. New structures in this area should have space consistent with the types of businesses that are growing and expanding in that area. Retail is most likely to gravitate away from this area in the future.

The parking area near Sunsets should remain as parking. This lot is conveniently located in Central Lake Street and has a high utilization by customers of Downtown Wayzata business establishments. One of the reasons that lifestyle shopping centers are so popular with shoppers is the convenient parking that is offered. Customers of lifestyle centers view convenience as a primary attribute and parking has much to do with the convenience of this type of shopping center.

A boardwalk from the area near Sunsets to the Depot has been proposed to provide access to the lakefront. The proposed boardwalk would create a walkway and provide access to the lakefront, but the concept needs to be expanded to provide for greater activity. This could include creating attractive seating areas or small activity areas on the boardwalk. Based on observation, there appears to be a shortage of transient dock slips in Downtown Wayzata. The addition of transient slips as well as some rental slips would provide additional activity and interest for pedestrians utilizing the boardwalk. The boardwalk should be more than just a sidewalk constructed above the lake.

INTRODUCTION

McComb Group, Ltd. was engaged by the City of Wayzata to conduct market analysis for Downtown Wayzata for use by Wayzata retailers and as part of the City's comprehensive plan update. Work tasks conducted during this engagement are summarized below.

- Retail, food service, and service establishments in Downtown and along Wayzata Boulevard were identified and categorized by type. Retail areas were identified and evaluated to determine their suitability for commercial development. Factors that were evaluated include, but were not limited to: ingress and egress, access, visibility, current and future traffic counts, and relationship to adjacent uses.

- Shopping areas that are competitive with Downtown Wayzata were identified and evaluated. Principal competitors were identified and evaluated for tenant mix, anchor stores, and market orientation. Future commercial developments that could affect Downtown Wayzata or its trade area were identified.

- Retail store owners and/or managers were interviewed to obtain their impressions of retailing in Downtown Wayzata; the area from which they draw their customers, to obtain their input on strengths and weaknesses, and identify what they think should be done to improve business in Wayzata.

- Businesses in Wayzata Bay Center and Downtown were asked to participate in a survey of their customers to determine where they live and work, and why they shop at that business. This information was used to help identify the trade area for Downtown Wayzata and the amount of inflow patronage.

- Retail sales trends in Wayzata were examined to determine market share trends. This included City of Wayzata retail sales from 1997 and 2002 from the Retail Census updated by McComb Group.

- Based on arterial road patterns, competitive shopping areas, drive times, and McComb Group experience, the trade areas for Downtown Wayzata were delineated. 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: population, households, building permits, and household income. Trade area growth trends were evaluated to determine residential growth potential for target years 2010 and 2015. Retail and service purchasing power for trade area households was estimated using McComb Group's proprietary retail purchasing power model that contains sales potential for over 100 business establishments.

- Market demand for retail, food service, and service business establishments in Wayzata were identified based on estimated trade area population and household growth taking into consideration competitive impacts, trade area demographics, trade area purchasing power and estimated market share. Based on analysis of purchasing power, competitive shopping areas and current retail trends, future demand for retail space was estimated by business type. Estimates of retail, food service and services space supportable by sales potential was prepared for 2010. Sales potential was converted to square feet of building area by type of business establishment.

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

Report Purpose

This report was prepared in accordance with our proposal dated May 14, 2007. This report was prepared with the understanding that the results of our work will be used by the City of Wayzata to evaluate future retail potential in Wayzata as part of the comprehensive plan update. 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

WAYZATA SHOPPING AREAS

Wayzata is a historic community located on the north shore of Lake Minnetonka in the western Twin Cities Metropolitan Area. The city's retail areas are undergoing gradual evolution in response to national and local trends. Wayzata Bay Center, an aging, enclosed mall, neighborhood center, is proposed for redevelopment.

Retail Areas

Wayzata has two major retail areas, Downtown and Wayzata Boulevard east of Superior Boulevard. Downtown contains about 304,000 square feet compared to 162,000 square feet on Wayzata Boulevard, as shown by Table 1. Most of the retail activity in Downtown is along Lake Street and, in a linear configuration, divided into four areas that do not encourage pedestrian interaction. These areas are shown on Figure 1.

Table 1

WAYZATA RETAIL GROSS LEASABLE AREA

Area	Square Feet
Central Lake Street	104,000
East Lake Street	52,000
Wayzata Bay Center	127,000
West Lake Street	21,000
Subtotal Downtown	304,000
Wayzata Boulevard	162,000
Total	466,000

Source: Weber Architects & Planners.

- **Central Lake Street** stretches from Superior Boulevard to just west of Walker Avenue and contains 32 retail establishments and 22 services, as shown in Table 2. Central Lake Street has the largest concentration of apparel and accessories stores with 12 of the Downtown area's 25 stores in this category. Six other shopping goods stores are the next largest category. Food service is equally divided between four full service and four limited service restaurants. Retail stores west of Broadway benefit from the Lake Minnetonka vista; while the area east of Broadway has stores on both sides of Lake Street. This is the most attractive section of Downtown Wayzata's retail area. This area contains approximately 104,000 square feet of space. Retail rents are also the highest ranging from $30.00 to $40.00 per square foot. Central Lake Street is the 100 percent retail location in Downtown Wayzata and it has benefited from periodic updating and reinvestment.

Figure 1
DOWNTOWN WAYZATA RETAIL AREAS

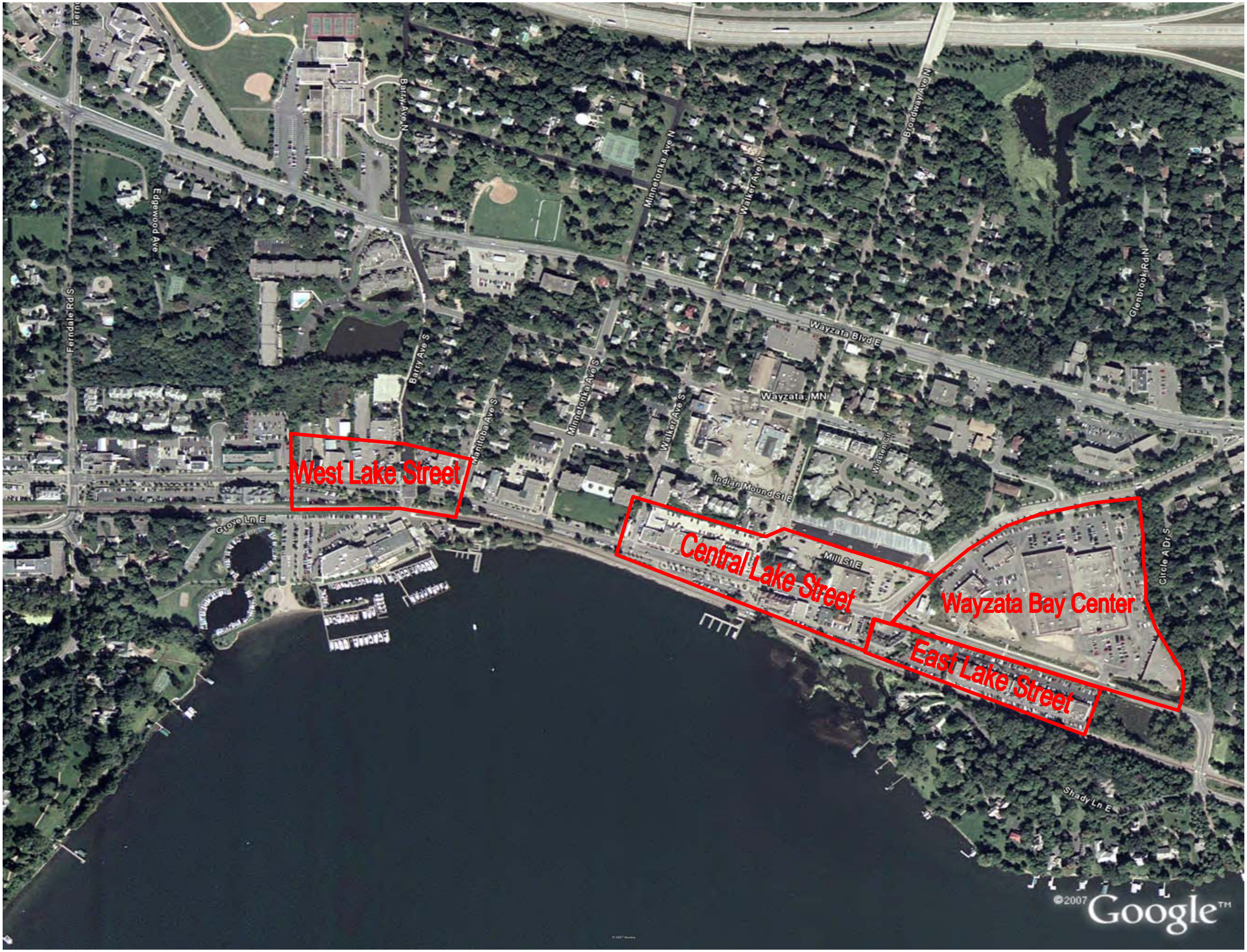

Table 2

WAYZATA BUSINESS ESTABLISHMENTS

Establishment Type	Downtown Central Lake St.	East Lake St.	Wayzata Bay Center	West Lake St.	Other Downtown	Total Downtown	Wayzata Blvd.	Total All
CONVENIENCE RETAIL								
Food	1	3	1			5	1	6
Drug Store							1	1
Liquor			1			1		1
Hardware			1			1		1
Floral	1			1	2	4		4
Video							1	1
Convenience Retail Subtotal	2	3	3	1	2	11	3	14
FOOD SERVICE								
Full Service	4	4	2	1		11	1	12
Limited Service	4		1			5	7	12
Subtotal Food Service	8	4	3	1		16	8	24
CONVENIENCE/GASOLINE								
Convenience/Gasoline			1			1	3	4
SHOPPING GOODS								
Apparel/Accessories	12	6	6	1		25	2	27
Furniture & Home Furnishings	2	2	2	3	1	10	4	14
Electronics							3	3
Other Shopping Goods	6	6	2		2	16	6	22
Pre-Owned Merchandise	2	1				3	3	6
Subtotal Shopping Goods	22	15	10	4	3	54	18	72
RETAIL TOTAL	**32**	**22**	**17**	**6**	**5**	**82**	**32**	**114**
SERVICES								
Personal Care	5	5	3			13	7	20
Personal Services		3	1	4	1	9	4	13
Auto Services			1	1		2	1	3
Business Services	1		1			2	3	5
Laundry/Dry Cleaning				1		1	3	4
Financial	6			10		16	4	20
Real Estate	1			8		9	2	11
Insurance				1		1		1
Medical				3		3	2	5
Dental				5		5		5
Entertainment/Recreation	1		2		1	4		4
Professional Services	1	1		5		7	1	8
Other Services							2	2
Fraternal							1	1
Other Office	7	1	1	20		29	7	36
SERVICES TOTAL	**22**	**10**	**9**	**58**	**2**	**101**	**37**	**138**
TOTAL	**54**	**32**	**26**	**64**	**7**	**183**	**69**	**252**
VACANT		1	5			6	2	8

Source: McComb Group, Ltd.

- **East Lake Street** comprises the area on the south side of Lake Street, east of Superior Boulevard including Wayzata Village Shops, and contains 22 retail stores and 10 services. Six apparel and accessories stores and six other shopping goods stores represent the largest retail categories in this area. Four small full service restaurants and five personal care establishments represent other major categories in this area. East Lake Street contains approximately 52,000 square feet of retail GLA and rents range from $15.00 to $25.00 per square foot. Businesses along Lake Street in this area suffer from a shortage of convenient parking. Sidewalks are narrow, uninviting and do not encourage pedestrians to use them. Buildings in this area are older and generally offer dated retail environments.

- **Wayzata Bay Center**, with 127,000 square feet, has experienced increasing vacancy over the past several years. This enabled Foursome to expand its offerings to represent five of the six apparel and accessories stores. The center currently contains 17 retail stores and 9 services. Shopping goods are represented by ten business establishments. As an enclosed neighborhood center, Wayzata Bay Center is surrounded by a parking lot, which while providing convenient parking for customers, separates its from the other retail areas in Downtown Wayzata. The center currently has about five vacancies. Retail rents range from $15.00 to $25.00 per square foot.

- **West Lake Street** is a two block retail area extending from Manitoba Avenue to Edgewood Avenue. Professional offices and services also extend further to the west. Retail offerings in the West Lake Street area are limited with only six establishments. The major focus of the western downtown area is services with a total of 58 service establishments, 20 representing offices, 10 financial institutions, and 8 real estate offices. This area contains about 21,000 square feet of retail space, of which 12,500 is represented by the Boat Works building, leaving 8,500 square feet for retail establishments. The four shopping goods business establishments are too limited in number to benefit from comparison shopping. They serve as destination visits for their customers. This area is gradually evolving into an office area, which makes it more difficult for the retail establishments to attract customers.

Seven other retail and service establishments are located in the vicinity of Minnetonka and Manitoba Avenues, and Rice Street including five retail stores and two services.

Downtown contains about three-quarters of the retail and service establishments in Wayzata. With 82 retail stores and over 300,000 square feet of retail space, Downtown has a large number of stores and a sizable number of gross leasable area. The Downtown area, however, does not appear to have that magnitude because the retail space is distributed over four relatively disconnected shopping areas that are not conducive to pedestrian interconnection. Physical separation of the four shopping areas results in Downtown’s shopping area to be perceived as the Central Lake Street area.

Wayzata Boulevard

Colonial Square, anchored by Lunds, is the centerpiece of the Wayzata Boulevard shopping area. Colonial Square, with 93,200 square feet including a 43,978 square foot Lunds store, contains 32 retail establishments. This area has Wayzata's largest concentration of limited service restaurants (seven) and one full service establishment. Eighteen shopping goods stores are located in this area with other shopping goods and home furnishings being the largest categories. Personal care and personal services are represented by seven and four establishments, respectively. Retail rents in this area range from $15.00 to $25.00 per square foot and the one vacant space is offered at $25.00 per square foot. The Wayzata Boulevard shopping area contains about 162,000 square feet or about 35 percent of the retail space in Wayzata.

Traffic Counts

Traffic counts in Wayzata are highest on Wayzata Boulevard, east of Central Avenue, which recorded 22,600 trips in 2005, as shown in Table 3. Traffic counts drop to 13,000 west of Central Avenue. Superior Boulevard south of Wayzata Boulevard ranks third with 11,700 trips per day, which declines to 8,900 trips south of Rice Street. Lake Street has good traffic counts west of Superior Boulevard with 11,500 trips and 11,700 west of Minnetonka Avenue.

Table 3

WAYZATA RETAIL AREA TRAFFIC COUNTS

Location	2005
Wayzata Boulevard	
East of Central Avenue	22,600
West of Central Avenue	13,000
Superior Boulevard	
South of Wayzata Boulevard	11,700
South of Rice Street	8,900
Lake Street	
West of Superior Boulevard	11,500
West of Minnetonka Avenue	11,700

Source: SRF Consulting Group, 2005.

Accessibility

Wayzata is served by TH-12, which runs along Wayzata's northern boundary and serves as a primary route to and from west metro area communities. This major artery to the Twin Cities can see as many as 55,000 cars daily. Additionally, TH-101 provides access from Plymouth to the north and Minnetonka from the south.

Other primary east-west routes through Wayzata include Shoreline Drive (County Road 15), which provides access from the lake areas including Orono, Minnetonka Beach and Mound; and McGinty Road (County Road 16), which provides access from Minnetonka.

Chapter II

COMPETITIVE SHOPPING AREAS

Wayzata retail and service establishments are competitive with a wide variety of shopping areas in Hennepin County. Downtown Wayzata merchants compete with stores located in other similar shopping areas including super regional malls, lifestyle centers, and shopping districts. These shopping areas, shown on Map 1, contain retail stores that are generally competitive with those located in Downtown Wayzata. Tenant mix of each of the competitive retail areas is contained in Table 4 and permits comparison with the tenant mix of Downtown Wayzata.

Super Regional Shopping Centers

Ridgedale Center is the primary super regional mall competition for Downtown Wayzata. Super regional malls cater to a wide market area with broad demographics. As a result, their stores represent price points from moderate to better, but tend to emphasize more popular prices and fashions.

- **Ridgedale Center** (1,044,000 square feet) opened in 1974 and is anchored by Macy's, Sears and JC Penney department stores. Ridgedale contains 135 stores including the three department stores. Its tenant mix consists of 100 small specialty stores including 47 apparel and accessories stores and 41 stores selling other shopping goods. Retail stores are complemented by six full service restaurants and twelve limited service restaurants. Only twelve establishments are devoted to services. At the time of this survey, Ridgedale had ten vacant stores. While Ridgedale has a larger number of retail stores than Downtown Wayzata, the number of better price point stores is limited due to the trade area demographics and the need to appeal to a broad segment of trade area households.

Lifestyle Centers

Downtown Wayzata is competitive with two lifestyle centers: The Shoppes at Arbor Lakes located to the northwest in Maple Grove, and Galleria located to the southeast in Edina.

- **The Shoppes at Arbor Lakes** (367,503 square feet) opened in 2003 and contains 73 stores. Arbor Lakes is surrounded by two power centers: Maple Grove Crossing (267,170 square feet) and The Fountains at Arbor Lakes (800,000 square feet). Stores in these latter two centers are not competitive with Downtown Wayzata. The Shoppes at Arbor Lakes contains 56 shopping goods stores including 35 stores that offer apparel and accessories, and 10 other shopping goods establishments. This center contains six full service restaurants and four limited service restaurants and has five service establishments. At the time of this survey, Arbor Lakes had two vacant spaces.

Map 1

COMPETITIVE SHOPPING AREAS

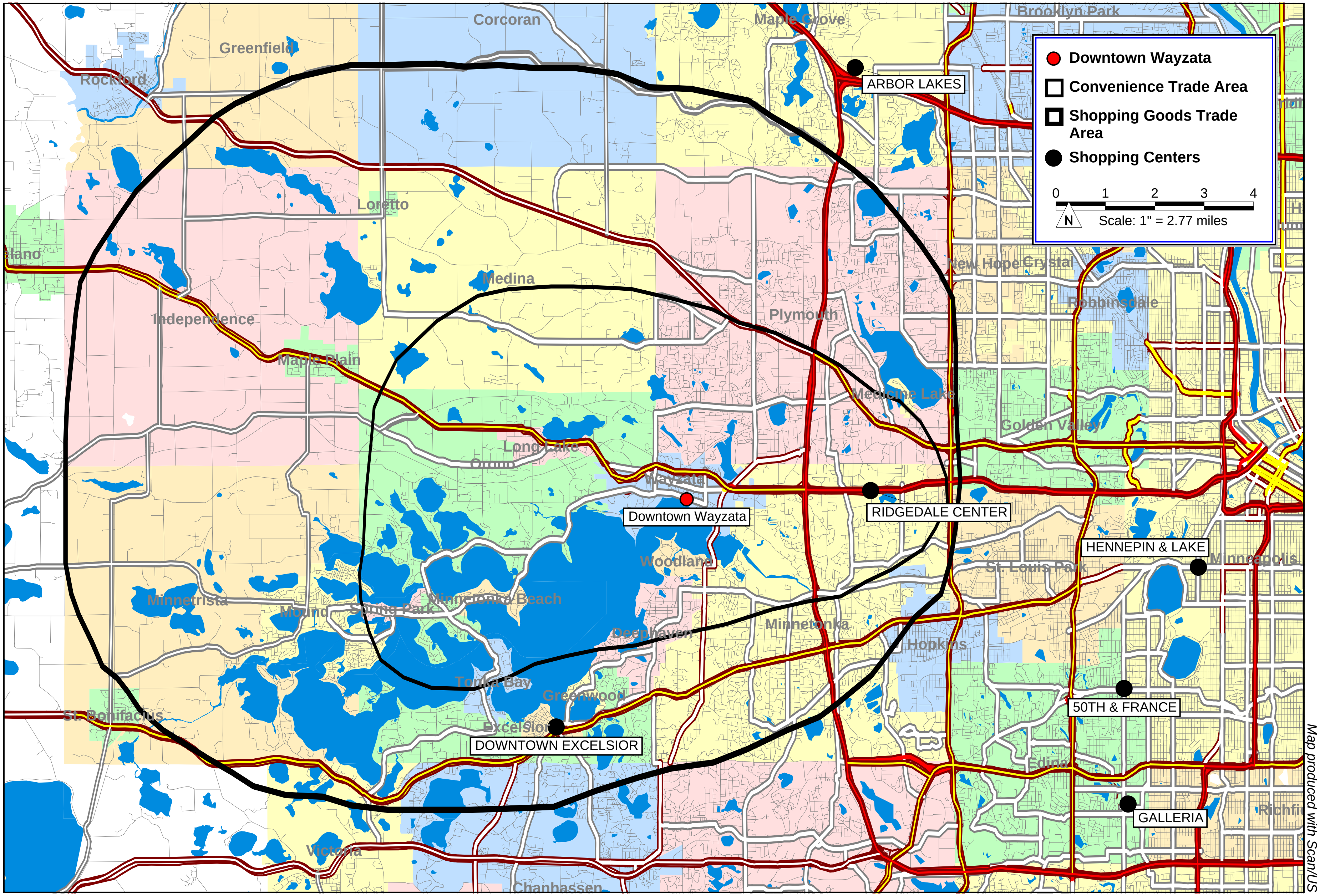

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Table 4

WAYZATA AND COMPETITIVE RETAIL AREAS

Establishment Type	Downtown Wayzata	Ridgedale	Lifestyle Centers: Arbor Lakes	Lifestyle Centers: Galleria	District Shopping Area: Downtown Excelsior	District Shopping Area: 50th & France	District Shopping Area: Hennepin & Lake	Similar Shopping Areas: Grand Avenue	Similar Shopping Areas: Woodbury Lakes
CONVENIENCE RETAIL									
Food	5	1	2	1	1	2	2	6	1
Drug Store						1		2	
Liquor	1				1	1		2	
Hardware	1							1	
Floral	4				1	2		3	
Video								1	
Convenience Retail Subtotal	11	1	2	1	3	6	2	15	1
FOOD SERVICE									
Full Service	11	6	6	3	9	9	19	17	3
Limited Service	5	12	4	1	5	6	5	13	4
Food Service Subtotal	16	18	10	4	14	15	24	30	7
CONVENIENCE/GASOLINE									
Convenience/Gasoline	1	1			2	1		1	
SHOPPING GOODS									
General Merchandise		3							
Apparel/Accessories	25	47	35	23	4	24	17	13	30
Furniture & Home Furnishings	10	3	8	12	8	3	2	11	5
Electronics		8	2	2	4		1	1	2
Other Shopping Goods	16	41	10	14	17	13	16	22	7
Pre-Owned Merchandise	3	1	1		4		3	1	
Shopping Goods Subtotal	54	103	56	51	37	40	39	48	44
RETAIL TOTAL	**82**	**123**	**68**	**56**	**56**	**62**	**65**	**94**	**52**
SERVICES									
Personal Care	13	4	2	2	11	15	8	12	5
Personal Services	9	1			6	6	2	2	1
Auto Services	2	1			2				
Business Services	2							1	
Laundry/Dry Cleaning	1				1			2	
Financial	16	3	1	1	4		2	4	1
Real Estate	9				3	2		3	
Insurance	1				3	2			
Medical	3				10		1	5	
Dental	5				4	2		1	
Entertainment/Recreation	4		1		3	3	4	2	
Professional Services	7				5	2			
Other Services		3	1		1	2	1	4	
SERVICES TOTAL	**72**	**12**	**5**	**3**	**53**	**34**	**18**	**36**	**7**
TOTAL	**154**	**135**	**73**	**59**	**109**	**96**	**83**	**130**	**59**
Vacant	6	10	2		6	6	13	4	10

Source: McComb Group, Ltd.

- **Galleria** (417,800 square feet) opened in 1973 and was subsequently expanded. This center is anchored by Gabberts Furniture and Barnes & Noble. Crate & Barrel has announced plans to relocate its Southdale store to Galleria this fall. Galleria has 59 retail stores and services, and contains 51 shopping goods stores, 23 of which offer apparel and accessories. Other shopping goods are represented by 14 stores, followed by furniture and home furnishings with 12 stores. Food service is a small category with three full service restaurants and one limited service establishment, and there are only three service tenants. Galleria had no vacant spaces.

District Shopping Areas

Three district shopping areas: Downtown Excelsior, 50th & France, and Hennepin & Lake are competitive with Downtown Wayzata. Each of these centers has a slightly different merchandise orientation.

- **Downtown Excelsior** contains 56 retail stores with 37 shopping goods establishments, of which other shopping goods are the major focus with 17 stores. Apparel and accessories are limited with only four stores. The second largest category is furniture and home furnishings with eight stores. Food service is represented by nine full service restaurants and five limited service establishments. As a true downtown, Excelsior has 53 service establishments of various types. The largest categories are personal care with 11 establishments and medical with 10 establishments. At the time of this survey, there were six vacant spaces in Downtown Excelsior. Most of the retail stores in Downtown Excelsior are located along a two block stretch of Water Street, making for a pedestrian-friendly, urban shopping environment.

- **50th & France** in Edina contains 96 business establishments, of which 34 are services and 62 are retail stores. Apparel and accessories is the largest category with 24 stores followed by other shopping goods with 13 stores. The area includes nine full service restaurants and six limited service restaurants. Fifteen personal care establishments dominate the 34 service establishments in the shopping area. Located around the corner of 50th and France, the shopping area extends roughly one block in each direction making for a pedestrian-friendly environment. At the time of this survey, there were six vacant spaces.

- **Hennepin & Lake** shopping area contains 83 retail and service establishments. This area is anchored by Calhoun Square, which is in the process of delayed redevelopment. As a result, the shopping area currently has 13 vacant spaces. The area contains 39 shopping goods stores. Seventeen apparel and accessories stores are complemented by 16 other shopping goods stores, which represent 33 of the 39 shopping goods stores. Hennepin & Lake is a popular dining destination with 19 full service restaurants and 5 limited service establishments.

Similar Shopping Areas

Two similar shopping areas in the Twin Cities area are Grand Avenue, a district shopping area, and Woodbury Lakes, a lifestyle center. While these centers are not competitive, they reflect the merchandise mix found at competitive shopping areas.

- **Grand Avenue** is a district shopping area in St. Paul that stretches along Grand Avenue from Dale on the east to Hamline on the west, making for a very linear shopping area. Grand Avenue has a total of 130 retail stores and services including 94 retail establishments. The 48 shopping goods stores include 22 other shopping goods stores and 13 apparel and accessories stores. Grand Avenue has 17 full service restaurants and 13 limited service restaurants. Convenience retail is represented by 15 stores including six selling food, three florists and two stores each for drug and liquor. One-third of the 36 service establishments are represented by personal care establishments. The next largest category is medical with five establishments. At the time of our visit, there were four vacant spaces on Grand Avenue.

- **Woodbury Lakes** (398,000 square feet) opened in 2005 and is not fully developed at this time. The center has 52 retail stores, 44 of which represent shopping goods stores, and 7 service establishments. Of this total, 30 are apparel and accessories stores followed by seven other shopping goods stores. Food service is represented by three full service restaurants and four limited service establishments. Five personal care establishments are represented among the seven service establishments. At the time of this visit, there were ten vacant spaces.

Summary

Apparel and accessories stores, other shopping goods stores, and food service are major business concentrations at most of the competitive shopping areas. This indicates that Downtown Wayzata should focus on enhancing its shopping goods presentation, particularly apparel and accessories, other shopping goods, and home furnishings to offer selection and variety that will increase Downtown's attraction to a broader spectrum of shoppers seeking upper moderate and better price point merchandise. Additional restaurants will increase the area attraction to a younger customer.

Potential Competition

A lifestyle center has been proposed for a site along Park Place Boulevard in the southwest quadrant of I-312 and TH-100 in St. Louis Park. This center, to be developed by Duke Realty Corporation, is in the early stages of planning and has not been approved by the city. If built, this center is proposed to contain about 250,000 square feet of retail GLA and a cinema, and would be competitive with the proposed Wayzata Bay redevelopment. The trade area for this center overlaps the portion of the Wayzata Bay trade area east of I-494.

Chapter III

SURVEY RESULTS

Two surveys were conducted in Downtown Wayzata. Businesses were asked to conduct a short survey of customers as they paid for their goods or services. Business owners and/or managers were interviewed to obtain their impressions of retailing in Downtown Wayzata, obtain their input on strengths and weaknesses, and identify what they think should be done to improve business in Wayzata.

CUSTOMER SURVEY

Retail and services businesses in Downtown Wayzata were asked to conduct a brief survey of their customers as part of this study. Six businesses participated in this survey to determine home zip code, work zip code, and trip purpose of their customers.

Businesses that participated in the survey are listed in Table 9 at the end of the Customer Survey section. These participants collected surveys from 487 respondents and provide important information on the Downtown Wayzata customer base. Two businesses, Data Doctors and The Foursome, chose to provide customer visit information for their businesses.

Table 5

DOWNTOWN WAYZATA TRADE AREA
SURVEY RESPONDENTS BY CITY

	Trade Area			
	Convenience Goods		Shopping Goods	
City	Number	Percent	Number	Percent
Trade Area				
Wayzata	97	37.3 %	45	19.8 %
Plymouth	51	19.6	56	24.7
Minnetonka	19	7.3	22	9.7
Long Lake	11	4.2	11	4.8
Orono	4	1.5	15	6.6
Mound	4	1.5	6	2.6
Medina	8	3.1	1	0.4
Deephaven	3	1.2	6	2.6
Maple Plain	1	0.4	3	1.3
Shorewood	1	0.4	4	1.8
Minnetrista	3	1.2	-	-
Excelsior	2	0.8	1	0.4
Corcoran	-	-	2	0.9
Independence	1	0.4	-	-
Tonka Bay	1	0.4	-	-
Subtotal	206	79.2 %	172	75.8 %
Other Cities	36	13.8 %	54	23.8 %
Missing Cases	18	6.9 %	1	0.4 %
Total	260	100.0 %	227	100.0 %

Source: McComb Group, Ltd.

Results from the Wayzata customer survey and information provided by The Foursome and Data Doctors were used to determine the convenience and shopping goods trade areas of Downtown Wayzata. About 80 percent of survey respondents live within Downtown Wayzata's convenience trade area. Convenience trade area survey results by city, shown in Table 5, indicate that 37.3 percent of the respondents live in Wayzata. This demonstrates that Wayzata convenience goods stores derive over 60 percent of their business from customers living outside Wayzata. Shopping goods stores obtain about 20 percent of their business from Wayzata residents and 80 percent is from outside the city.

Home zip codes of survey respondents were evaluated to help determine the draw of Downtown Wayzata, in the event retailers choose to market to specific zip codes. The specific zip codes, along with downtown customer penetration are shown in Table 6.

Table 6

DOWNTOWN WAYZATA TRADE AREA
SURVEY RESPONDENTS BY ZIP CODE

	Trade Area			
	Convenience Goods		Shopping Goods	
City	Number	Percent	Number	Percent
Trade Area				
55391	108	41.5 %	64	28.2 %
55447	43	16.5	41	18.1
55356	17	6.5	13	5.7
55345	9	3.5	11	4.8
55446	6	2.3	10	4.4
55364	6	2.3	9	4.0
55305	6	2.3	7	3.1
55331	5	1.9	8	3.5
55340	4	1.5	2	0.9
55441	2	0.8	4	1.8
55359	2	0.8	2	0.9
55422	1	0.4	2	0.9
55357	-	-	2	0.9
55384	-	-	1	0.4
Subtotal	209	80.4 %	176	77.5 %
Other Zip Codes	47	18.1 %	50	22.0 %
Missing Cases	4	1.5 %	1	0.4 %
Total	260	100.0 %	227	100.0 %

Source: McComb Group, Ltd.

Survey responses to the question: "Why did you stop here today?" are contained in Table 7. "Regular customer" was the most frequent response (55.4 percent), followed by "close to home" (53.5 percent) of convenience goods trade area respondents. Shopping goods trade area respondents tend to be loyal with 68.3 percent considering themselves "regular customers". Almost half (45.8 percent) consider Downtown "close to home" and 34 percent "close to work". Patrons that consider themselves "regular customers" tend to be shoppers that also consider

Downtown to be “close to home” or “close to work”. Over 30 percent of respondents shopped because it was “close to work”, demonstrating that Downtown Wayzata draws customers from the area’s businesses. Responses for “running errands”, “driving by”, and “other” are typical of response levels in other surveys.

Table 7

DOWNTOWN WAYZATA TRADE AREA
REASON FOR STOPPING

	Trade Area			
	Convenience Goods		Shopping Goods	
Reason	Number	Percent	Number	Percent
Close to Home	139	53.5 %	104	45.8 %
Close to Work	39	15.0	77	33.9
Driving By	25	9.6	26	11.5
Running Errands	52	20.0	22	9.7
Regular Customer	144	55.4	155	68.3
Other	27	10.4	49	21.6
No Response	1	0.4	3	1.3
Total Respondents	260	100.0 %	227	100.0 %

Source: McComb Group, Ltd.

Reasons for stopping by city, as shown in Table 8, shows the reason “close to home” are high for communities that are located close to Wayzata, such as Long Lake, Plymouth and Minnetonka. The City of Orono, however, is a farther distance from Downtown Wayzata and responses of “close to home” were given by 80 percent of shopping goods trade area respondents that live in Orono. Other communities are also noted on Table 8; however, because of low sample size are not included in the reasons for stopping analysis. Survey respondents also rank high in regular customer responses. Proximity to the consumers’ place of work is also a reason the respondents stopped to shop. Close to work responses (34.1 percent) from shopping goods trade area customers are twice that of convenience goods trade area respondents.

Downtown Wayzata also benefits from residents of Minnetonka and Orono that consider themselves to be “regular customers” of Downtown Wayzata retailers. The distribution of responses between trade area and inflow (other zip codes) markets reinforces the convenience nature of shopping in Wayzata. People shopping in Wayzata, do so, generally because it is convenient and the commercial area is located either close to home, close to work or a place that they pass in the course of routine travel.

Summary

Survey results indicate that businesses in Downtown Wayzata tend to serve residents within Wayzata, north to Plymouth, west to Long Lake and east to Minnetonka; however, it also has the strength to pull from outside the immediate area. Downtown Wayzata retailers serve the needs of trade area residents, and collectively are important to other businesses because customers have the potential to conveniently cross-shop on the same trip creating a destination retail area.

Table 8

WAYZATA CUSTOMER SURVEY; MAY 2007
HOME CITY BY REASON FOR STOPPING

City	Close to Home		Close to Work		Driving By		Running Errands		Regular Customer		Other		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Convenience Goods Trade Area														
Wayzata	82	84.5 %	12	12.4 %	9	9.3 %	15	15.5 %	64	66.0 %	6	6.2 %	97	40.1 %
Plymouth	31	60.8	2	3.9	8	15.7	12	23.5	27	52.9	3	5.9	51	21.1
Minnetonka	7	36.8	2	10.5	2	10.5	5	26.3	13	68.4	1	5.3	19	7.9
Long Lake	6	54.5	1	9.1	1	9.1	5	45.5	5	45.5	-	-	11	4.5
Orono	1	25.0	1	25.0	2	50.0	2	50.0	2	50.0	1	25.0	4	1.7
Mound	-	-	2	50.0	-	-	2	50.0	3	75.0	-	-	4	1.7
Medina	5	62.5	2	25.0	-	-	2	25.0	4	50.0	-	-	8	3.3
Deephaven	2	66.7	-	-	-	-	-	-	2	66.7	1	33.3	3	1.2
Maple Plain	1	100.0	-	-	-	-	-	-	1	100.0	-	-	1	0.4
Shorewood	-	-	1	100.0	-	-	1	100.0	-	-	-	-	1	0.4
Minnetrista	-	-	-	-	1	33.3	1	33.3	-	-	1	33.3	3	1.2
Excelsior	-	-	-	-	-	-	-	-	1	50.0	1	50.0	2	0.8
Corcoran	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independence	1	100.0	-	-	-	-	-	-	1	100.0	-	-	1	0.4
Tonka Bay	-	-	-	-	-	-	1	100.0	-	-	-	-	1	0.4
Other Cities	1	2.8	12	33.3	2	5.6	5	13.9	13	36.1	9	25.0	36	14.9
Total Respondents	139	57.4 %	39	16.1 %	25	10.3 %	52	21.5 %	144	59.5 %	27	11.2 %	242	100.0 %
Shopping Goods Trade Area														
Wayzata	30	66.7 %	15	33.3 %	3	6.7 %	2	4.4 %	34	75.6 %	6	13.3 %	45	19.9 %
Plymouth	29	51.8	15	26.8	9	16.1	7	12.5	42	75.0	13	23.2	56	24.8
Minnetonka	15	68.2	6	27.3	2	9.1	4	18.2	15	68.2	7	31.8	22	9.7
Long Lake	8	72.7	4	36.4	2	18.2	3	27.3	9	81.8	1	9.1	11	4.9
Orono	12	80.0	3	20.0	-	-	2	13.3	13	86.7	-	-	15	6.6
Mound	2	33.3	4	66.7	1	16.7	-	-	4	66.7	-	-	6	2.7
Medina	1	100.0	1	100.0	-	-	-	-	1	100.0	-	-	1	0.4
Deephaven	5	83.3	3	50.0	-	-	-	-	4	66.7	2	33.3	6	2.7
Maple Plain	1	33.3	2	66.7	2	66.7	-	-	3	100.0	1	33.3	3	1.3
Shorewood	-	-	-	-	-	-	-	-	4	100.0	1	25.0	4	1.8
Excelsior	-	-	-	-	-	-	-	-	1	100.0	-	-	1	0.4
Corcoran	1	50.0	-	-	-	-	-	-	1	50.0	1	50.0	2	0.9
Other Cities	-	-	24	44.4	7	13.0	3	5.6	23	42.6	17	31.5	54	23.9
Total Respondents	104	46.0 %	77	34.1 %	26	11.5 %	22	9.7 %	155	68.6 %	49	21.7 %	226	100.0 %

Source: McComb Group, Ltd.

Table 9

WAYZATA CUSTOMER SURVEY, MAY 2007
SURVEY PARTICIPANTS

Coastal Seafoods	Polly Berg, Inc.
Elegant X	Wayzata Bar & Grill
The Good Life Gifts	Wayzata Wine & Spirits

Source: McComb Group, Ltd.

WAYZATA MERCHANT INTERVIEWS SUMMARY

Interviews were conducted with 13 Wayzata area business owners and business managers. The primary purpose of the interviews was to determine opinions related to the strengths and weaknesses of the Downtown Wayzata area and solicit ideas and opinions regarding changes to retail within Downtown Wayzata.

Primary Strengths of Doing Business in Downtown Wayzata

When asked to describe the primary strengths of doing business in Downtown Wayzata, respondents felt that the area restaurants were a strength for Downtown Wayzata's retail area. Secondly, they felt that the lakefront and beautiful outdoor atmosphere enhanced the shopping experience and drew people to the area. "Variety of businesses" was also mentioned as a Downtown Wayzata strength.

There were five comments relating to the area being "clean" and "quaint" and "nice for people to walk from shop to shop", while others had these comments to offer:

- It's a great draw for people for meetings
- It's a destination
- There are activities going on
- Good traffic in the summer
- Residency is recession proof
- Fun place to shop
- We have great parking
- Service oriented people and businesses
- Longevity has created good customer base

In general, these comments and opinions suggest that business owners have positive feelings about Downtown Wayzata's retail areas. They like the excitement of the lakeshore and beautiful surroundings and the destination it creates for area consumers.

Primary Weaknesses of Doing Business in Downtown Wayzata

Business owners that were interviewed seemed to have an ongoing concern about the already high cost of operating a business in Downtown Wayzata and the fear of costs increasing more. High taxes and high rent were the biggest complaints of respondents. The increasing rents were of great concern by many respondents who have seen the rents increase up to as much as $40 a square foot. Many of these retailers have done their homework and quoted much lower rents in surrounding communities.

Other comments related to the area “snow birds” which cause a decrease in foot traffic in the winter months and sign ordinances that restrict signage for both businesses and parking. Area residents’ perception that Downtown Wayzata is “too expensive” is also considered a weakness, along with the Wayzata Bay Center being “outdated” and in transition.

Respondents also had issues relating to the City of Wayzata’s actions towards area business owners. Statements were made that include: “City is not pro-business”, “City dictates and holds personal stance against owners”, and “City is reluctant to change”. Other statements such as “Landlords are not accommodating”, “it’s difficult for entrepreneurs to work together”, and “There is not an organized Wayzata marketing effort”.

Other weaknesses include:

- No consistency in hours
- Less foot traffic
- No reasons for younger people and families to shop
- Condos broke up retail synergy
- Taxes in Edina are half of Wayzata
- Parking
- Upper and lower parts of Wayzata need definition and signs
- Too many stores are closing

There are a wide variety of issues and concerns from many business owners in Downtown Wayzata. Obviously, the most frequently noted concerns relate to costs, both in taxes and rents. Recently, Downtown Wayzata has experienced a number of store closings, which are directly related to the increased cost of operating a business in Downtown Wayzata and decreased foot traffic.

New Businesses for Downtown Wayzata

It’s of no surprise that respondents asked for “more retail variety” in general. The idea of more boutiques and high-end shops was mentioned by respondents. In addition, respondents felt that there needed to be more places for younger people to shop, something to draw the new, younger families into Downtown Wayzata.

The idea of a grocery store was also mentioned by a third of the respondents. Trader Joes, Kowalski’s and “any reasonable grocery store” were offered as suggestions. Other respondents offered these suggestions for new businesses in Downtown Wayzata:

- Drug Store
- Restaurants
- Cooking Class Store
- Art Galleries

- Mens Clothing
- Big Box Retailer
- Home Furnishings
- Designers
- Hardware Store
- Chipotle
- Punch Pizza
- Card Shop

Additionally, some respondents also offered ideas of what they DO NOT want:

- No More Services
- No More Restaurants
- No More Salons
- No Big Boxes

Obviously, there are differing opinions as to what Downtown Wayzata needs in the form of new retail businesses. It was evident that the respondents were aware of the need to increase retail offerings in order to increase foot traffic.

Retail Sales Trends Since 2002

There was no commonality between businesses when analyzing retail sales growth of the responding merchants over the last five years. Six of the respondents knew that they experienced a decrease in sales, four cited an increase in sales and two respondents had stable sales since 2002. The extent of the increase/decrease was not known by the majority of respondents; however, one retailer saw an increase of ten percent and another saw a decrease of ten percent.

Competition, vacancies and "less traffic (foot)" were mentioned the most as causes for the decrease in sales. Other causes for decreased or level sales over the last five years were:

- Economy
- Taxes
- Lost too many stores across the street which decreased traffic to the area. Losing Quilted Bear hurt
- The grocery store, Ben Franklin and Drug store closed
- Spent less time with business
- Retail climate in Wayzata
- Big Boxes

Causes for increased sales:

- Moved location, used to be tucked away. Larger store now so that we can carry more inventory
- Hard work
- Increased retail sales at service establishments

Plans for Changes to Business Within Next Three Years

Many of the business owners already have plans to change their current operations or have implemented changes. Four of the thirteen respondents had no plans to change anything; others will be implementing the following:

- Market differently
- Closing store
- We have new ownership, it's uncertain at this time
- Moving to Plymouth
- Increase stylists and stations
- Move to another location in Wayzata, but not Lake Street because the rent is too high
- Become more involved in Chamber

Changes That Would Improve <u>Their</u> Business

Respondents were asked for changes that could be made that would improve their particular business. The most mentioned changes that would improve retailers businesses were: "Changes to Wayzata Bay Shopping Center to attract people", "signage" and "lower rents". Other changes included:

- More foot traffic
- Downtown needs to expand and grow to draw more people
- More events like Chili Days
- We should do a survey of customers to see what they think

Obviously, the message is that Downtown Wayzata needs more shoppers; they need something to create more foot traffic to increase their sales.

Changes That Would Improve Retail Business <u>for All Retailers</u>

On a broader scope, respondents were asked for ideas for changes that would improve the general state of retail for all area retailers. "Better signage" on roads for parking and area businesses was the number one suggestion, followed by lower taxes and more pedestrian friendly. Other suggestions include:

- City council is not retailer friendly, they don't have a clue about shopping center operations
- There is less traffic because Wayzata Bay Center is half empty
- We need a marketing effort from city
- Too many vacant spaces
- More ways to draw people to Wayzata
- More variety of specialty shops
- No national chains

As a final question, we asked the business owners for their comments and questions. Respondent verbatim are listed below:

- Love it here!

- Love the town! I truly want to see it survive.
- For many years, were the strongest association (WBSC), we worked as a team with ads, TV, etc. There was strength. Now, since the boutiques are gone, retail has changed, but Wayzata hasn't.
- High end stores don't go well with Plymouth and surrounding areas. Need retail that the "not so high end" shoppers would want.
- I researched rents up in Colonial Square and they are $28 +$10 CAM Sq Ft and the heart of Wayzata is the same. The east end is $17 to $19. I'm moving to Plymouth where the rent is $13 + $7 taxes and CAM in a much nicer building and the size I wanted.
- There is a misconception that it is too expensive for people to shop.
- I was bummed when I heard that Trader Joes wasn't going to locate in Wayzata.
- It's no longer a fun place to shop, there are too many closings. People don't seem to be spending as much money as they used to.
- Real estate values are causing property taxes to go up and will cause retail to leave the city. All that will be left is restaurants and non-retail businesses.

The purpose of this survey was to determine the respondent’s opinions and perceptions of being a business owner in Downtown Wayzata. Responses show both satisfaction and discontent with the current state of retailing in Downtown Wayzata. While respondents are excited about Wayzata’s lakeshore appeal and area purchasing power, they are concerned about the decreased foot traffic and departure of retailers. The perception that the City of Wayzata is not supportive of retailers is a concern and causing retailer discontent with local decision makers. Additionally, the area is starting to see changes in demographics, with more residents leaving for the winter. Because of these changes in area demographics, creating appeal to younger shoppers should not be overlooked.

Chapter IV

WAYZATA TRADE AREA

Downtown Wayzata has two trade areas: one for convenience goods stores and a second for shopping goods stores. These trade areas, shown on Map 2, were delineated by McComb Group based on the location of competitive shopping areas, arterial road network, natural boundaries, previous experience and also utilizing data from the Wayzata customer survey.

The convenience goods trade area extends north into Medina, east to TH-169, south to TH-5, and west to the western most city limits of Orono. The convenience goods trade area includes the communities of Wayzata, Long Lake, Woodland, Orono, Minnetonka Beach, Spring Park and portions of the following cities: Medina, Plymouth, Minnetonka, Deephaven, Tonka Bay, and Mound.

The shopping goods trade area extends north of Wayzata to County Road 10 in Corcoran, east to TH-169, south to TH-7 and west to the city limits of Independence and Minnetrista. This trade area includes the communities of: Wayzata, Long Lake, Woodland, Orono, Minnetonka Beach, Spring Park, Medina, Plymouth, Minnetonka, Deephaven, Tonka Bay, Medicine Lake, Loretto, Maple Plain, Independence, Greenwood, Excelsior, Shorewood and Mound, and portions of Chanhassen, Corcoran, Victoria, Minnetrista and Hopkins.

Residential Growth Trends

Future residential and population growth in the Wayzata trade areas will reflect growth in the southwestern and western suburbs. Wayzata and its trade areas are part of the west and southwest metropolitan growth corridors, which extend west and southwest from the Twin Cities, and include portions of Hennepin, Wright, and Carver counties.

The west corridor communities contained in the Wayzata trade area experienced an annual population growth rate of 1.63 percent between 1990 and 2000, as shown in Table 10. This was a decline from a 2.83 percent annual growth rate in the previous decade. Since 2000, the growth rate has decreased to 1.10 percent.

The southwest corridor communities within the Wayzata trade area have been growing at a lower rate than the west growth corridor communities. These communities had been increasing population at a rate of 0.85 percent per year from 1990 to 2000, which was down from 1.78 percent annually from 1980 to 1990. Population growth for these communities was even lower from 2000 to 2005 at 0.03 percent annually.

Overall, population in the west and southwest growth corridor trade area communities grew from 154,175 in 1990 to 184,191 in 2005, an increase of 30,016. Trade area communities with the largest population growth rates between 2000 and 2005 include Minnetrista (total) with a 4.76 percent growth rate, Medina (3.56 percent), Independence Township (2.79 percent) and Loretto (2.25 percent).

Map 2

WAYZATA CONVENIENCE AND SHOPPING GOODS TRADE AREAS

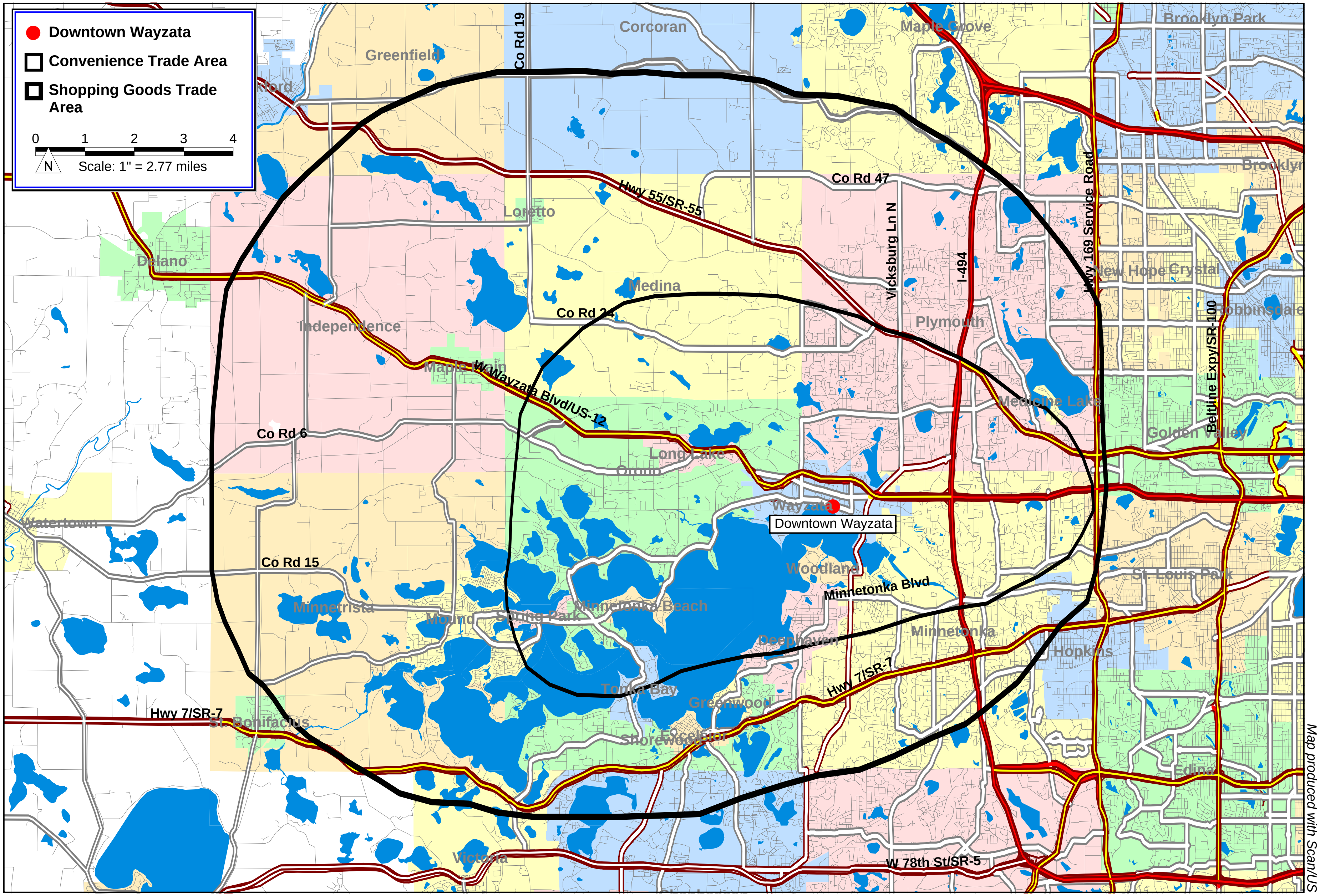

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Table 10

WAYZATA SHOPPING GOODS TRADE AREA COMMUNITIES
WEST AND SOUTHWEST GROWTH CORRIDORS POPULATION; 1970 TO 2005

Community	1970	1980	1990	2000	2005	Growth Rate 1970-80	1980-90	1990-00	2000-05
West Growth Corridor Trade Area Communities									
Corcoran (south)	828	2,126	2,600	2,815	2,942	9.89 %	2.03 %	0.80 %	0.89 %
Minnetonka (north)	12,518	13,535	16,925	17,950	18,075	0.78	2.26	0.59	0.14
Minnetrista (north)	1,509	1,696	1,803	2,284	2,906	1.18	0.61	2.40	4.93
Independence Township	1,993	2,640	2,822	3,236	3,714	2.85	0.67	1.38	2.79
Long Lake	1,506	1,747	1,984	1,842	1,839	1.50	1.28	(0.74)	(0.03)
Loretto	340	297	404	570	637	(1.34)	3.12	3.50	2.25
Maple Plain	1,169	1,421	2,005	2,088	1,982	1.97	3.50	0.41	(1.04)
Medicine Lake	446	419	385	368	359	(0.62)	(0.84)	(0.45)	(0.49)
Medina	2,396	2,623	3,096	4,005	4,770	0.91	1.67	2.61	3.56
Minnetonka Beach	586	575	573	614	625	(0.19)	(0.03)	0.69	0.36
Mound	7,572	9,280	9,634	9,435	9,838	2.05	0.38	(0.21)	0.84
Orono	6,787	6,845	7,285	7,538	7,653	0.09	0.62	0.34	0.30
Plymouth	18,077	31,615	50,889	65,894	70,455	5.75	4.88	2.62	1.35
Spring Park	1,087	1,465	1,571	1,717	1,705	3.03	0.70	0.89	(0.14)
Wayzata	3,700	3,621	3,806	4,113	3,973	(0.22)	0.50	0.78	(0.69)
Woodland	544	526	496	480	528	(0.34)	(0.59)	(0.33)	1.92
Total	61,058	80,431	106,277	124,950	132,001	2.79 %	2.83 %	1.63 %	1.10 %
Southwest Growth Corridor Trade Area Communities									
Deephaven	3,853	3,716	3,653	3,853	3,737	(0.36) %	(0.17) %	0.53 %	(0.61) %
Greenwood	587	653	698	729	759	1.07	0.67	0.44	0.81
Excelsior	2,563	2,523	2,367	2,393	2,380	(0.16)	(0.64)	0.11	(0.11)
Tonka Bay	1,397	1,354	1,472	1,547	1,545	(0.31)	0.84	0.50	(0.03)
Shorewood	4,223	4,646	5,917	7,400	7,551	0.96	2.45	2.26	0.40
Minnetonka (south)	23,762	25,693	32,127	34,074	33,582	0.78	2.26	0.59	(0.29)
Minnetrista (South)	1,393	1,566	1,664	2,109	2,636	1.18	0.61	2.40	4.56
Total	37,778	40,151	47,898	52,105	52,190	0.61 %	1.78 %	0.85 %	0.03 %
Trade Area Total	98,836	120,582	154,175	177,055	184,191	2.01 %	2.49 %	1.39 %	0.79 %

Source: Metropolitan Council.

Trade area communities' household growth is shown in Table 11. This table shows that the west growth corridor communities, as a whole, have grown at a faster rate than the southwest growth corridor communities.

During the 70's, Plymouth and Corcoran experienced annual household growth rates of 8.80 percent and 11.79 percent, respectively; however, household growth in these communities has continued to drop to 2.04 and 1.18 percent, respectively, in 2005. Trade area communities' household growth rate slowed from 3.70 percent from 1980 to 1990 to 1.94 percent for 1900 to 2000 and dropped to 1.38 percent for 2000 to 2005. While household growth rates have declined, households have continued to increase. Future growth is expected to accelerate as development moves west.

Table 11

WAYZATA SHOPPING GOODS TRADE AREA COMMUNITIES
WEST AND SOUTHWEST GROWTH CORRIDORS HOUSEHOLDS; 1970 TO 2005

Community	1970	1980	1990	2000	2005	Growth Rate 1970-80	1980-90	1990-00	2000-05
West Growth Corridor Trade Area Communities									
Corcoran (south)	204	622	773	892	946	11.79 %	2.20 %	1.44 %	1.18 %
Minnetonka (north)	3,180	4,432	6,539	7,485	7,704	3.38	3.96	1.36	0.58
Minnetrista (north)	383	511	626	789	1,023	2.91	2.07	2.33	5.33
Independence Township	532	789	925	1,088	1,253	4.02	1.60	1.64	2.86
Long Lake	422	586	747	756	764	3.34	2.46	0.12	0.21
Loretto	88	109	167	225	251	2.16	4.36	3.03	2.21
Maple Plain	324	465	696	770	761	3.68	4.12	1.02	(0.23)
Medicine Lake	288	162	169	159	158	(5.59)	0.42	(0.61)	(0.13)
Medina	582	765	1,007	1,309	1,616	2.77	2.79	2.66	4.30
Minnetonka Beach	181	187	204	215	218	0.33	0.87	0.53	0.28
Mound	2,355	3,384	3,710	3,982	4,197	3.69	0.92	0.71	1.06
Orono	1,976	2,291	2,613	2,766	2,891	1.49	1.32	0.57	0.89
Plymouth	4,513	10,491	18,361	24,820	27,457	8.80	5.76	3.06	2.04
Spring Park	458	684	741	930	928	4.09	0.80	2.30	(0.04)
Wayzata	1,260	1,560	1,715	1,929	1,872	2.16	0.95	1.18	(0.60)
Woodland	157	183	176	173	189	1.54	(0.39)	(0.17)	1.78
Total	16,903	27,221	39,169	48,288	52,228	4.88 %	3.71 %	2.12 %	1.58 %
Southwest Growth Corridor Trade Area Communities									
Deephaven	1,062	1,223	1,324	1,373	1,369	1.42	0.80	0.36	(0.06)
Greenwood	194	234	250	285	316	1.89	0.66	1.32	2.09
Excelsior	900	1,149	1,160	1,199	1,204	2.47	0.10	0.33	0.08
Tonka Bay	428	495	577	614	624	1.46	1.54	0.62	0.32
Shorewood	1,112	1,484	2,026	2,529	2,634	2.93	3.16	2.24	0.82
Minnetonka (south)	5,908	8,235	12,148	13,908	14,313	3.38	3.96	1.36	0.58
Minnetrista (South)	383	511	626	789	1,023	2.91	2.07	2.33	5.33
Total	7,831	10,725	15,377	17,840	18,594	3.19 %	3.67 %	1.50 %	0.83 %
Trade Area Total	24,734	37,945	54,546	66,128	70,822	4.37 %	3.70 %	1.94 %	1.38 %

Source: Metropolitan Council.

Prior to 2000, household growth rates in the trade area communities had consistently been above the growth rates of Hennepin County, the Metropolitan Area, Minneapolis-St. Paul Metropolitan Statistical Average (MSA), and Minnesota as shown in Table 12. From 2000 to 2005, trade area communities grew at a rate of 1.38 percent annually, slightly below that of the Metro Area and the MSA of 1.49 percent and 1.84 percent, respectively.

Table 12

TRADE AREA COMMUNITIES, WEST AND SOUTHWEST GROWTH CORRIDORS,
HENNEPIN COUNTY, METROPOLITAN AREA, MSA AND MINNESOTA
HOUSEHOLD GROWTH; 1970 TO 2005

Community	1970	1980	1990	2000	2005	Growth Rate 1970-80	1980-90	1990-00	2000-05
Trade Area Communities	24,734	37,946	54,546	66,128	70,822	4.37 %	3.70 %	1.94 %	1.38 %
West Growth Corridor	121,839	143,797	169,229	192,374	203,350	1.67	1.64	1.29	1.12
Southwest Growth Corridor	68,998	98,213	131,585	162,109	182,385	3.59	2.97	2.11	2.39
Hennepin County	356,907	365,536	419,060	456,129	476,941	0.24	1.38	0.85	0.90
Metropolitan Area	541,207	721,444	875,504	1,021,454	1,099,871	2.92	1.95	1.55	1.49
MSA	616,329	788,675	960,170	1,136,615	1,245,240	2.50	1.99	1.70	1.84
Minnesota	1,143,473	1,445,222	1,647,853	1,895,127	2,007,587	2.37	1.32	1.41	1.16

Source: Metropolitan Council.

Building Permits

Building permits for the west and southwest growth corridor communities for the period 1990 to 2006 are compared to the Seven-County Metropolitan Area in Table 13. A total of 264,453 new construction residential building permits were issued in the Seven-County Metro Area between 1990 and 2006. Annual building permits ranged from a low of 11,514 in 2005 to a high of 20,973 in 2003. The average was 15,556 for the 17-year period.

Table 13

WEST AND SOUTHWEST GROWTH CORRIDORS
RESIDENTIAL BUILDING PERMITS; 1990 TO 2006

		West Growth Corridor				Southwest Growth Corridor				
				Trade Area Communities				Trade Area Communities		
Year	Metro Area	Building Permits	Market Share	Market Share	Building Permits	Building Permits	Market Share	Market Share	Building Permits	Total
1990	13,340	898	6.73 %	95.55 %	858	2,226	16.69 %	10.20 %	227	1,085
1991	12,060	735	6.09	88.44	650	2,061	17.09	10.14	209	859
1992	15,632	1,133	7.25	89.76	1,017	2,856	18.27	8.23	235	1,252
1993	15,882	1,160	7.30	89.14	1,034	2,932	18.46	8.97	263	1,297
1994	14,205	1,000	7.04	89.50	895	3,025	21.30	10.81	327	1,222
1995	13,956	1,034	7.41	90.62	937	3,073	22.02	8.33	256	1,193
1996	14,098	1,096	7.77	77.83	853	2,973	21.09	10.76	320	1,173
1997	13,234	732	5.53	70.63	517	2,985	22.56	5.49	164	681
1998	15,817	956	6.04	69.14	661	3,673	23.22	3.95	145	806
1999	17,679	1,150	6.50	63.91	735	3,446	19.49	3.02	104	839
2000	17,050	867	5.09	62.40	541	4,353	25.53	4.23	184	725
2001	16,788	850	5.06	52.94	450	4,057	24.17	4.91	199	649
2002	19,782	1,016	5.14	62.01	630	5,173	26.15	4.70	243	873
2003	20,973	1,439	6.86	76.37	1,099	4,717	22.49	4.01	189	1,288
2004	19,832	1,269	6.40	54.53	692	3,942	19.88	6.95	274	966
2005	11,514	1,357	11.79	63.60	863	3,354	29.13	4.98	167	1,030
2006*	12,611	1,005	7.97	46.27	465	2,713	21.51	5.75	156	621
Total	264,453	17,697	6.69 %	72.88 %	12,897	57,559	21.77 %	6.36 %	3,662	16,559

*Preliminary Data.
Source: U.S. Census and McComb Group, Ltd.

West growth corridor market share of the Seven-County Metro Area new residential growth has averaged 6.7 percent and has ranged from 5.06 percent in 2001 to 11.79 percent in 2005. During the last five years, building permit market share average was 7.63 percent for the west growth corridor. Trade area communities in the west growth corridor captured 12,897 building permits or 72.9 percent of the west growth corridor growth during the past 17 years.

Southwest growth corridor market share of the Seven-County Metro Area new residential growth has averaged 21.8 percent and ranged from 16.7 percent in 1990 to 29.1 percent in 2005. During the last five years, building permit market share averaged 23.8 percent. Trade area communities in the southwest growth corridor captured 3,662 building permits or 6.36 percent of the southwest growth corridor growth during the past 17 years.

Although trade area communities' building permit market share experienced 17 years of ups and downs, it has averaged 6.43 percent over the 17-year period. The average over the last five years was similar at 5.86 percent.

Future Trade Area Households

Estimated household growth from 2006 to 2025 for Wayzata's trade areas are based on west and southwest growth corridor residential market share of the Seven-County Metropolitan Area growth. These estimates are contained in Table 14.

Table 14

WAYZATA TRADE AREA
HOUSEHOLD PROJECTIONS; 2006 TO 2025
METRO AREA AND TRADE AREA

			West Growth Corridor			Southwest Growth Corridor			
	7-County Metro Area		Market Share	Trade Area		Market Share	Trade Area		Trade Area
Year	Households	Increase	@ 7.5%	Percent	Households	@ 24%	Percent	Households	Households
2006	1,134,819								77,247
2007	1,151,841	17,022	1,277	62.0 %	792	4,085	6.2 %	253	78,292
2008	1,169,119	17,278	1,296	62.0	803	4,147	6.2	257	79,352
2009	1,186,656	17,537	1,315	62.0	815	4,209	6.2	261	80,429
2010	1,204,456	17,800	1,335	62.0	828	4,272	9.2	393	81,649
2011	1,222,522	18,067	1,355	61.0	827	4,336	6.2	269	82,745
2012	1,240,860	18,338	1,375	61.0	839	4,401	6.0	264	83,848
2013	1,259,473	18,613	1,396	61.0	852	4,467	6.0	268	84,967
2014	1,278,365	18,892	1,417	61.0	864	4,534	6.0	272	86,104
2015	1,297,541	19,175	1,438	60.0	863	4,602	6.0	276	87,243
2016	1,317,004	19,463	1,460	60.0	876	4,671	6.0	280	88,399
2017	1,336,759	19,755	1,482	60.0	889	4,741	5.9	280	89,568
2018	1,356,810	20,051	1,504	60.0	902	4,812	5.9	284	90,754
2019	1,377,162	20,352	1,526	60.0	916	4,885	5.9	288	91,958
2020	1,397,820	20,657	1,549	59.0	914	4,958	5.9	293	93,165
2021	1,418,787	20,967	1,573	59.0	928	5,032	5.9	297	94,389
2022	1,440,069	21,282	1,596	59.0	942	5,108	5.8	296	95,627
2023	1,461,670	21,601	1,620	59.0	956	5,184	5.8	301	96,884
2024	1,483,595	21,925	1,644	59.0	970	5,262	5.8	305	98,159
2025	1,505,849	22,254	1,669	58.0 %	968	5,341	5.8 %	310	99,437
Total		371,030	27,827		16,743	89,047		5,447	

Source: McComb Group, Ltd.

Households in the Seven-County Metropolitan Area are estimated to increase at 1.5 percent over the next 20 years, a growth rate similar to the past ten years. At this rate, the Metropolitan Area would add about 371,030 homes by 2025. Assuming that the west growth corridor will capture 7.5 percent of the increase and the southwest growth corridor capturing 24 percent of the increase, similar to the past, the estimated household growth would be about 116,874 households for the west and southwest growth corridors combined. Trade area communities are estimated to capture a declining percentage of new households in the next 20 years as developable land declines. During this period, the percentage of new households in Wayzata's trade area communities is estimated to decline gradually from 62.0 percent in 2006 to 58.0 percent in 2025 for the west growth corridor communities, and 6.2 percent in 2006 to 5.8 percent for the southwest growth corridor. In 2006, trade area households were 77,247, the Wayzata trade area is expected to capture an average of 60.3 percent of the west growth corridor growth and 6.1 percent of the southwest growth corridor growth over the next 20 years, bringing the trade area households to a total of 99,437 by 2025 assuming the urban services will be available to support that growth.

Population and Households

Population and household growth trends for the City of Wayzata, Wayzata's convenience and shopping goods trade areas and Minneapolis-St. Paul Metropolitan Statistical Area (MSA), shown in Table 15, incorporate the growth trends from the previous section. The City of Wayzata experienced population and household annual growth rates of over three percent from 1990 to 2000; however, the annual growth rates have dropped to levels more similar to the trade areas and MSA. The convenience and shopping goods trade areas and the MSA have been growing at similar rates over the last ten years.

Table 15

CITY OF WAYZATA, WAYZATA CONVVENIENCE AND SHOPPING GOODS TRADE AREAS
AND MINNEAPOLIS-ST. PAUL MSA
POPULATION AND HOUSEHOLDS: 1990 AND 2000 CENSUS; 2006 AND 2011 ESTIMATED

	Population		Households	
Trade Area / Year	Number	Rate of Change	Number	Rate of Change
City of Wayzata				
1990	2,977	N/A	1,310	N/A
2000	4,113	3.29 %	1,929	3.95 %
2006 E	4,146	0.13	2,094	1.38
2011 E	4,174	0.13	2,214	1.12
Wayzata Convenience Trade Area				
1990	59,157	N/A	22,091	N/A
2000	67,296	1.30 %	26,848	1.97 %
2006 E	68,581	0.32	29,367	1.51
2011 E	70,234	0.48	31,557	1.45
Wayzata Shopping Goods Trade Area				
1990	155,165	N/A	57,616	N/A
2000	181,380	1.57 %	69,926	1.96 %
2006 E	186,915	0.50	77,247	1.67
2011 E	190,907	0.42	82,745	1.38
Minneapolis-St. Paul MSA				
1990	2,537,677	N/A	959,070	N/A
2000	2,968,806	1.58 %	1,136,615	1.71 %
2006 E	3,183,477	1.17	1,294,208	2.19
2011 E	3,351,906	1.04	1,422,203	1.90

N/A: Not Available.

E: Estimated.

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

The City of Wayzata's population increased annually by 3.29 percent from 1990 to 2000, increasing the population from 2,977 to 4,113. From 2000 to 2006, population increased from 4,113 to 4,146, a 0.13 percent increase per year. It is estimated that the City of Wayzata's population will continue to grow at 0.13 percent per year until 2011, increasing the population to 4,174. The City of Wayzata households increased at an annual rate of 3.95 percent from 1990 to 2000, increasing the households from 1,310 in 1990 to 1,929 in 2000. Annual household growth rates dropped to 1.38 percent for 2000 to 2006, and the growth rate for 2006 to 2011 is estimated at 1.12 percent, increasing City of Wayzata households to 2,214 by 2011. Wayzata may be experiencing modest official population declines as older residents change their residence for tax purposes, but retain a local residence. One of the primary indicators for population and household growth is postal customers, which could include seasonal residents.

Convenience trade area population increased at a rate of 1.30 percent from 59,157 people in 1990 to 67,296 people in 2000. Population growth rates dropped to 0.32 percent from 2000 to 2006 and the growth rate for 2006 to 2011 is estimated at 0.48 percent, increasing convenience trade area population to 70,234 by 2011. Household growth in the convenience trade area has been higher than population growth, increasing at a rate of 1.97 percent between 1990 and 2000 and 1.51 percent in 2006. Households are estimated to increase from 29,367 in 2006 to 31,557 by 2011.

Shopping goods trade area population has been increasing at a similar rate. Shopping goods trade area population was 155,165 in 1990 and increased to 181,380 in 2000, an annual increase of 1.57 percent. Trade area population increased further to 186,915 in 2006 and is estimated to increase to 190,907 by 2011, an annual increase of 0.42 percent. Shopping goods trade area households increased by 1.96 percent annually from 1990 to 2000, increasing the households from 57,616 in 1990 to 69,926 in 2000. Households continued to increase by 1.67 percent annually to 77,247 households in 2006; and further estimates show trade area households increasing to 82,745 by 2011, an annual increase of 1.38 percent.

Household density for the Wayzata trade areas is shown on Map 3. Household density is generally higher in the eastern half of the shopping goods trade area. Household density drops west of Wayzata except for the Mound vicinity. Clusters of household density can be found in smaller cities along major arteries leading from the west to the Twin Cities Metropolitan Area.

Household Income

Average household income in each of the City of Wayzata, Wayzata's trade areas, and Minneapolis-St. Paul MSA is shown in Table 16.

Table 16

CITY OF WAYZATA, WAYZATA CONVENIENCE AND SHOPPING GOODS TRADE AREAS AND
MINNEAPOLIS-ST. PAUL MSA
AVERAGE AND MEDIAN HOUSEHOLD INCOMES
1990 AND 2000 CENSUS; 2006 AND 2011 ESTIMATED

Income Type / Year	City of Wayzata	Wayzata Convenience Trade Area	Wayzata Shopping Goods Trade Area	Minneapolis-St. Paul MSA
Average Household Income				
1990	$ 64,051	$ 73,269	$ 65,031	$ 43,726
2000	136,378	117,061	107,928	67,713
2006 E	158,112	123,983	115,359	76,477
2011 E	164,085	131,737	123,685	82,628
Median Household Income				
1990	$ 42,128	$ 55,246	$ 51,598	$ 37,650
2000	61,302	77,261	76,750	54,601
2006 E	70,162	87,294	87,236	62,601
2011 E	75,086	95,033	95,172	68,762

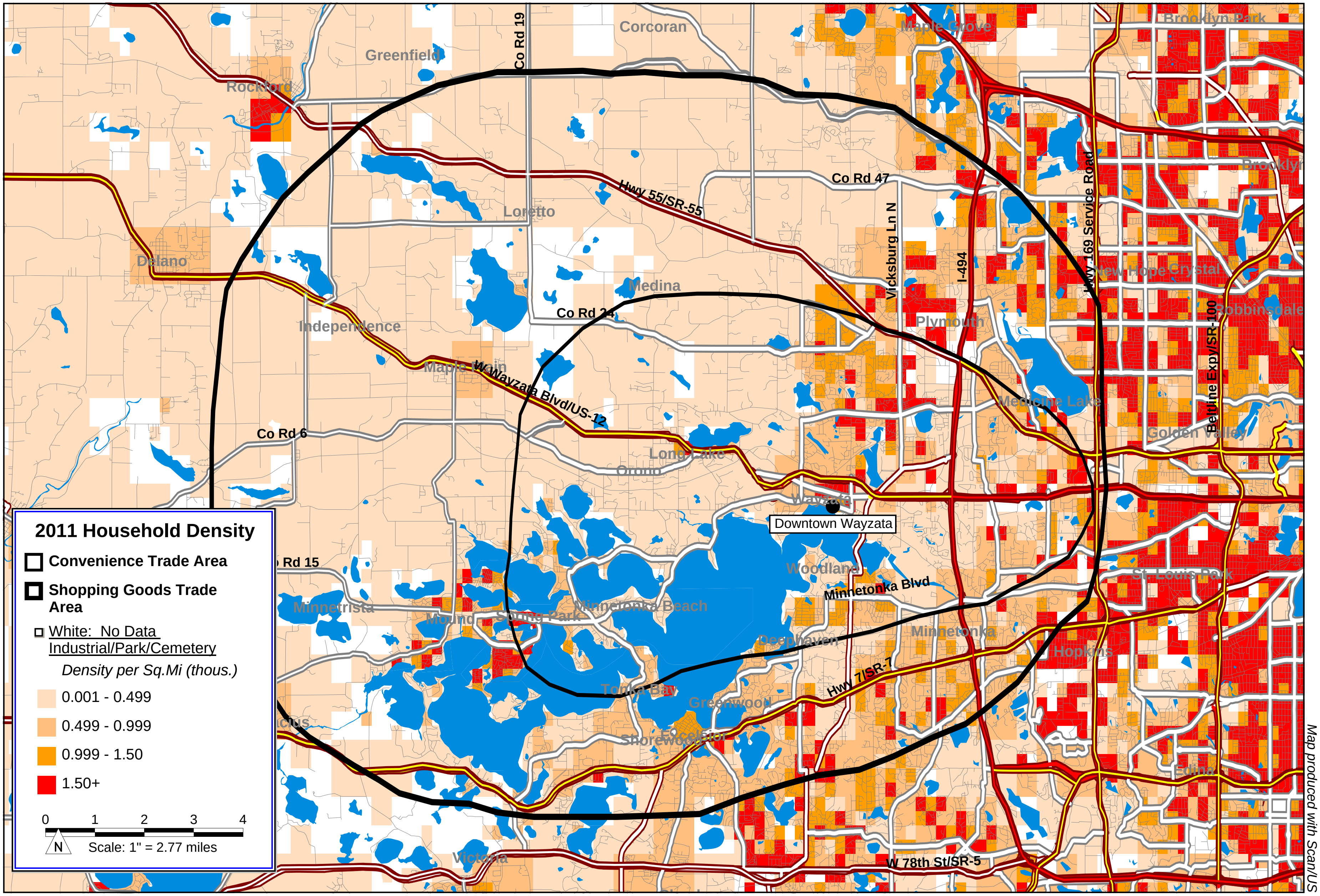
E: Estimated.

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

The City of Wayzata has higher average incomes than both trade areas and the MSA. Average household income for the City of Wayzata was $136,378 in 2000, increased to $158,112 in 2006 and is expected to increase to $164,085 by 2011. While the City of Wayzata's average

Map 3

WAYZATA TRADE AREAS 2011 HOUSEHOLD DENSITY



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household income is much higher than the trade areas; the median income is lower than both the convenience trade area and the shopping goods trade area. This reflects Wayzata's role as a true city, which has broader demographic characteristics than the typical suburban community.

Average household income for the convenience trade area is slightly higher than that of the shopping goods trade area; however, both trade areas average household incomes exceed those of the Minneapolis-St. Paul MSA. In 1990, average household incomes for the convenience trade area and shopping goods trade area were $73,269 and $65,031, respectively, compared to $43,726 in the Minneapolis-St. Paul MSA. Household incomes increased to $117,061 in the convenience trade area and $107,928 in the shopping goods trade area for 2000; while the MSA averaged $67,713. Further increases brought the convenience trade area average to $123,983 in 2006; while the shopping goods averaged $115,359 and the MSA averaged $76,477. It is estimated that by 2011, average household income will reach $131,737 in the convenience trade area and $123,685 in the shopping goods trade area; and the Minneapolis-St. Paul MSA average household income is estimated to increase to $82,628.

The City of Wayzata and the Wayzata trade areas have a high proportion of households with incomes above $100,000 and $150,000 as shown in Table 17. In 2006, households with incomes above $100,000 were 37.2 percent, 40.9 percent and 41.6 percent, respectively, for the City of Wayzata, convenience trade area and shopping goods trade area. Households with incomes above $150,000 in 2006 were 22.7 percent for the convenience trade area and 21.1 percent for the shopping goods trade area. Similar patterns are estimated for household incomes in 2011.

Table 17

CITY OF WAYZATA, WAYZATA CONVENIENCE AND SHOPPING GOODS TRADE AREAS
AND MINNEAPOLIS-ST. PAUL MSA
HOUSEHOLD INCOME DISTRIBUTION
1990 AND 2000 CENSUS; 2006 AND 2011 ESTIMATED

	City of Wayzata	Convenience Trade Area	Shopping Goods Trade Area	Minneapolis-St. Paul MSA
Households above $100,000				
1990	14.6 %	18.1 %	14.1 %	5.0 %
2000	32.1	33.3	32.8	16.9
2006	37.2	40.9	41.6	23.8
2011	39.9	45.2	46.5	28.6
Households above $150,000				
1990	7.8 %	8.9 %	6.3 %	1.8 %
2000	22.4	18.1	16.0	5.9
2006	24.6	22.7	21.1	8.5
2011	26.6	26.1	25.0	10.9

Source: McComb Group, Ltd.

The Minneapolis-St. Paul MSA distribution of household incomes is much lower than that of the western suburbs, including Wayzata and its trade areas. Households with incomes above $100,000 was represented by 23.8 percent of MSA households in 2006 and estimated to reach 28.6 percent by 2011. Households with incomes above $150,000 were 8.5 percent in 2006 and are estimated to increase to 10.9 percent by 2011.

Wayzata's trade areas have a large number of households with incomes above $100,000, as shown in Table 18. In 2006, an estimated 32,139 shopping goods trade area households had incomes above $100,000. This is expected to increase to over 38,400 in 2011. Shopping goods trade area households with average household incomes above $150,000 were estimated at 16,271 in 2006 and are expected to increase to over 20,600 in 2011.

Table 18

CITY OF WAYZATA, WAYZATA CONVENIENCE AND SHOPPING GOODS TRADE AREAS
AND MINNEAPOLIS-ST. PAUL MSA
HOUSEHOLD INCOME DISTRIBUTION: 1990 AND 2000 CENSUS; 2006 AND 2011 ESTIMATED

	City of Wayzata	Convenience Area	Shopping Goods Area	Minneapolis-St. Paul MSA
Households above $100,000				
1990	191	3,998	8,119	47,903
2000	621	8,936	22,921	192,041
2006	779	12,025	32,139	308,112
2011	883	14,279	38,423	406,108
Households above $150,000				
1990	102	1,971	3,649	17,256
2000	433	4,865	11,163	67,087
2006	516	6,666	16,271	110,253
2011	588	8,239	20,655	154,552

Source: McComb Group, Ltd.

Distribution of households with incomes above $100,000 is shown on Map 4. This map demonstrates that affluent households are distributed throughout Wayzata's trade areas; however, the highest concentration is around Lake Minnetonka.

Communities that comprise Wayzata's convenience and shopping goods trade area have a high proportion of employed adults, as shown in Table 19. This information, from the U.S. Census Bureau, identifies where residents of a community worked in 2000.

Table 19

POPULATION, EMPLOYED ADULTS, PLACE OF WORK; 2000
WAYZATA AND OTHER TRADE AREA COMMUNITIES

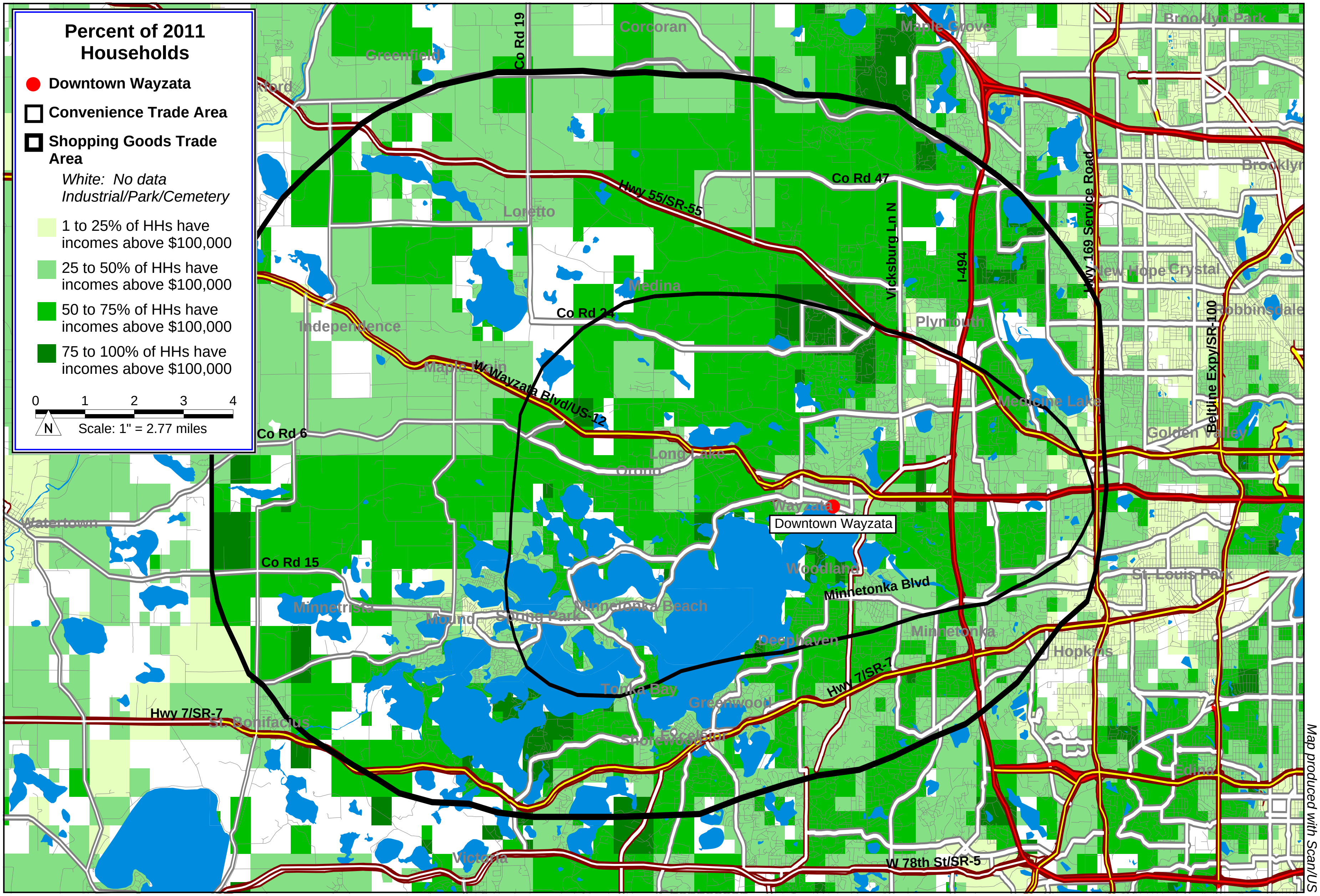
		Other Trade Area Communities	
Characteristic	City of Wayzata	Convenience Goods	Shopping Goods
Population	4,113	133,759	174,998
Population 20-64	2,397	83,023	108,153
Employed Adults	2,068	74,462	97,086
Percent	86.3 %	89.7 %	89.8 %
Work in Wayzata	557	1,621	2,155
Percent	26.9 %	2.2 %	2.2 %
Work Elsewhere	1,511	72,841	94,931
Percent	73.1 %	97.8 %	97.8 %

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

Wayzata's 2,068 employed adults represent a small portion of trade area employed adults. Only 557 of those employed adults worked in Wayzata. More importantly, 1,511 worked elsewhere. In the convenience trade area, 1,621 of the adults worked in Wayzata and 72,841, or 98 percent,

Map 4

WAYZATA TRADE AREAS 2011 HOUSEHOLD INCOME: PERCENT OF HOUSEHOLDS ABOVE $100,000



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worked elsewhere. With traffic congestion during the evening rush hour, it is likely that most of these employed adults are commuting in the period prior to 6:00 pm.

Demographic Characteristics

Demographic characteristics for the City of Wayzata, Wayzata's convenience and shopping goods trade areas, and Minneapolis-St. Paul MSA are summarized in the demographic snapshots contained in Tables 20, 21, 22 and 23. These snapshots contain census data for 1990 and 2000, as well as estimates for 2006 and 2011. These estimates were provided by Scan/US, Inc., a source of demographic information. Significant characteristics of Wayzata's trade areas include the following:

- The Wayzata shopping goods trade area had an estimated 32,139 households with incomes above $100,000 in 2006. This includes 16,271 households with incomes above $150,000.
- The City of Wayzata has a much higher median age of 47 for 2006 and 49 for 2011 than both the convenience trade area and the shopping goods trade areas. The median age for the convenience trade area was 42 in 2006 and is expected to increase to 43 by 2011. The shopping goods trade area median age was 40 in 2006 and is estimated at 42 for 2011.
- The City of Wayzata has a higher proportion of population age 65 and over than both the convenience trade area and the shopping goods trade area. In 2006, the City of Wayzata had 20.3 percent of its population in the above 65 category compared to 11.4 percent of the convenience goods trade area population and 9.9 percent of the shopping goods trade area population. This distribution is expected to change slightly by 2011, with the City of Wayzata having 21.1 percent above age 65, the convenience trade area is estimated at 12.4 percent and the shopping goods trade area is estimated to have 10.9 percent of its population above age 65.
- The City of Wayzata household size is much smaller than that of both Wayzata trade areas. In 2006, the City of Wayzata had an average household size of 1.91, compared to 2.27 in the convenience trade area and 2.38 in the shopping goods trade area. By 2011, the average household size for all areas is expected to decrease slightly.

Additional demographic characteristics for the convenience and shopping goods trade areas and the Minneapolis-St. Paul MSA are contained in Appendix A.

Purchasing Power

Retail sales potential for Wayzata 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 1997 and 2002. Retail sales for 2003 through 2006 were estimated using information available from the U.S.

Table 20

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

City of Wayzata 9/7/2007

SNAPSHOT	1990 Census	2000 Census	2006 Estimated	2011 Projected
Population	2,977	4,113	4,146	4,174
Households	1,310	1,929	2,094	2,214
Families	768	1,041	1,127	1,190
Per Capita Income	$ 27,519	$ 65,687	$ 82,435	$ 90,115
Median Household Income	$ 42,128	$ 61,302	$ 70,162	$ 75,086
Average Household Income	$ 64,051	$ 136,378	$ 158,112	$ 164,085
Average Household Size	2.26	2.06	1.91	1.82
Median Age	37	44	47	49

TRENDS	Annual Percent Change 1990 - 2000	2000 - 2006	2006 - 2011
Population	3.28 %	0.13 %	0.13 %
Households	3.94	1.38	1.12
Families	3.09	1.33	1.09
Median Household Income	3.82	2.28	1.37
Average Household Income	7.85	2.50	0.74

	1990 Census		2000 Census		2006 Estimated		2011 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	210	16.1 %	192	10.0 %	118	5.6 %	116	5.2 %
$15,000 - $24,999	203	15.5	126	6.5	204	9.7	213	9.6
$25,000 - $34,999	196	15.0	190	9.8	180	8.6	188	8.5
$35,000 - $49,999	218	16.7	249	12.9	227	10.8	217	9.8
$50,000 - $74,999	190	14.5	360	18.7	382	18.2	372	16.8
$75,000 - $99,999	98	7.5	191	9.9	204	9.7	225	10.2
$100,000 - $149,999	89	6.8	188	9.7	263	12.6	295	13.3
$150,000 +	102	7.8	433	22.4	516	24.6	588	26.6

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	686	23.1 %	859	20.9 %	820	19.8 %	800	19.2 %
20-24	173	5.8	180	4.4	156	3.8	158	3.8
25-34	542	18.2	485	11.8	418	10.1	358	8.6
35-44	474	15.9	576	14.0	531	12.8	486	11.6
45-54	356	12.0	661	16.1	718	17.3	714	17.1
55-64	277	9.3	495	12.0	666	16.1	779	18.7
65-74	249	8.4	388	9.4	388	9.4	471	11.3
75-84	219	7.3	313	7.6	280	6.8	258	6.2
85+	NA	NA	156	3.8	169	4.1	150	3.6

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,924	98.2 %	3,953	96.1 %	3,736	90.1 %	3,524	84.4 %
Black	15	0.5	17	0.4	143	3.4	267	6.4
Native American	2	0.1	13	0.3	18	0.4	19	0.5
Asian/Pacific Islander	31	1.1	63	1.5	131	3.2	204	4.9
Other Races	5	0.2	67	1.6	118	2.8	160	3.8
Hispanic (Any Race)	24	0.8	58	1.4	93	2.2	122	2.9

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

Table 21

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Wayzata Convenience Trade Area 9/7/2007

SNAPSHOT	1990 Census	2000 Census	2006 Estimated	2011 Projected
Population	59,157	67,296	68,581	70,234
Households	22,091	26,848	29,367	31,557
Families	16,122	17,970	19,650	21,095
Per Capita Income	$ 27,445	$ 47,473	$ 54,694	$ 61,091
Median Household Income	$ 55,246	$ 77,261	$ 87,294	$ 95,033
Average Household Income	$ 73,269	$ 117,061	$ 123,983	$ 131,737
Average Household Size	2.63	2.44	2.27	2.23
Median Age	35	40	42	43

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2006	2006 - 2011
Population	1.30 %	0.32 %	0.48 %
Households	1.97	1.51	1.45
Families	1.09	1.50	1.43
Median Household Income	3.41	2.06	1.71
Average Household Income	4.80	0.96	1.22

	1990 Census		2000 Census		2006 Estimated		2011 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	1,759	8.0 %	1,387	5.2 %	1,178	4.0 %	1,168	3.7 %
$15,000 - $24,999	2,306	10.4	1,556	5.8	1,567	5.3	1,571	5.0
$25,000 - $34,999	2,553	11.6	2,305	8.6	2,053	7.0	2,084	6.6
$35,000 - $49,999	4,017	18.2	3,424	12.8	3,249	11.1	3,081	9.8
$50,000 - $74,999	4,923	22.3	5,214	19.4	5,126	17.5	5,051	16.0
$75,000 - $99,999	2,513	11.4	4,025	15.0	4,168	14.2	4,324	13.7
$100,000 - $149,999	2,027	9.2	4,071	15.2	5,359	18.2	6,040	19.1
$150,000 +	1,971	8.9	4,865	18.1	6,666	22.7	8,239	26.1

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	16,248	27.5 %	17,867	26.6 %	17,292	25.2 %	17,450	24.8 %
20-24	3,367	5.7	2,940	4.4	2,652	3.9	2,784	4.0
25-34	9,581	16.2	8,180	12.2	7,231	10.5	6,454	9.2
35-44	11,207	18.9	11,855	17.6	11,153	16.3	10,510	15.0
45-54	8,284	14.0	11,664	17.3	12,772	18.6	12,832	18.3
55-64	5,044	8.5	7,059	10.5	9,626	14.0	11,479	16.3
65-74	3,184	5.4	4,070	6.0	4,213	6.1	5,272	7.5
75-84	2,241	3.8	2,648	3.9	2,472	3.6	2,373	3.4
85+	NA	NA	1,011	1.5	1,169	1.7	1,081	1.5

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	57,391	97.0 %	63,179	93.9 %	60,206	87.8 %	58,062	82.7 %
Black	583	1.0	1,376	2.0	3,462	5.0	5,522	7.9
Native American	149	0.3	163	0.2	245	0.4	280	0.4
Asian/Pacific Islander	899	1.5	1,531	2.3	2,796	4.1	4,029	5.7
Other Races	136	0.2	1,047	1.6	1,872	2.7	2,342	3.3
Hispanic (Any Race)	478	0.8	1,089	1.6	1,709	2.5	2,272	3.2

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

Table 22

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Wayzata Shopping Goods Trade Area 9/7/2007

SNAPSHOT	1990 Census	2000 Census	2006 Estimated	2011 Projected
Population	155,165	181,380	186,915	190,907
Households	57,616	69,926	77,247	82,745
Families	42,393	49,183	54,444	58,408
Per Capita Income	$ 24,184	$ 42,034	$ 48,460	$ 54,531
Median Household Income	$ 51,598	$ 76,750	$ 87,236	$ 95,172
Average Household Income	$ 65,031	$ 107,928	$ 115,359	$ 123,685
Average Household Size	2.67	2.56	2.38	2.31
Median Age	34	39	40	42

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2006	2006 - 2011
Population	1.57 %	0.50 %	0.42 %
Households	1.96	1.67	1.38
Families	1.50	1.71	1.42
Median Household Income	4.05	2.16	1.76
Average Household Income	5.20	1.12	1.40

	1990 Census		2000 Census		2006 Estimated		2011 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	4,612	8.0 %	3,477	5.0 %	3,136	4.1 %	3,160	3.8 %
$15,000 - $24,999	6,041	10.5	4,123	5.9	3,850	5.0	3,781	4.6
$25,000 - $34,999	7,118	12.4	5,430	7.8	5,005	6.5	5,132	6.2
$35,000 - $49,999	11,457	19.9	8,887	12.7	8,281	10.7	7,750	9.4
$50,000 - $74,999	13,784	23.9	13,522	19.3	13,369	17.3	13,072	15.8
$75,000 - $99,999	6,428	11.2	11,565	16.5	11,467	14.8	11,426	13.8
$100,000 - $149,999	4,470	7.8	11,758	16.8	15,868	20.5	17,768	21.5
$150,000 +	3,649	6.3	11,163	16.0	16,271	21.1	20,655	25.0

POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	44,184	28.5 %	52,103	28.7 %	51,207	27.4 %	51,377	26.9 %
20-24	9,181	5.9	7,752	4.3	7,238	3.9	7,625	4.0
25-34	28,116	18.1	21,701	12.0	19,519	10.4	17,566	9.2
35-44	29,565	19.1	34,414	19.0	32,576	17.4	30,425	15.9
45-54	19,699	12.7	30,986	17.1	34,587	18.5	34,879	18.3
55-64	12,204	7.9	16,788	9.3	23,284	12.5	28,080	14.7
65-74	7,610	4.9	9,756	5.4	10,421	5.6	13,150	6.9
75-84	4,612	3.0	5,968	3.3	5,756	3.1	5,619	2.9
85+	NA	NA	1,912	1.1	2,326	1.2	2,185	1.1

RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	150,592	97.1 %	170,740	94.1 %	164,787	88.2 %	158,795	83.2 %
Black	1,430	0.9	2,925	1.6	8,479	4.5	13,951	7.3
Native American	397	0.3	399	0.2	630	0.3	728	0.4
Asian/Pacific Islander	2,360	1.5	4,484	2.5	7,961	4.3	11,196	5.9
Other Races	386	0.2	2,833	1.6	5,058	2.7	6,238	3.3
Hispanic (Any Race)	1,314	0.8	2,595	1.4	4,153	2.2	5,478	2.9

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

Table 23

McComb Group, Ltd.

DEMOGRAPHIC AND INCOME SNAPSHOT

Minneapolis-St. Paul MSA 9/7/2007

SNAPSHOT	1990 Census	2000 Census	2006 Estimated	2011 Projected
Population	2,537,677	2,968,806	3,183,477	3,351,906
Households	959,070	1,136,615	1,294,208	1,422,203
Families	648,159	744,303	850,619	937,431
Per Capita Income	$ 16,667	$ 26,641	$ 31,907	$ 35,977
Median Household Income	$ 37,650	$ 54,601	$ 62,601	$ 68,762
Average Household Income	$ 43,726	$ 67,713	$ 76,477	$ 82,628
Average Household Size	2.59	2.56	2.41	2.31
Median Age	32	34	36	37

	Annual Percent Change		
TRENDS	1990 - 2000	2000 - 2006	2006 - 2011
Population	1.58 %	1.17 %	1.04 %
Households	1.71	2.19	1.90
Families	1.39	2.25	1.96
Median Household Income	3.79	2.30	1.90
Average Household Income	4.47	2.05	1.56

	1990 Census		2000 Census		2006 Estimated		2011 Projected	
HOUSEHOLDS BY INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	158,154	16.5 %	104,519	9.2 %	99,435	7.7 %	99,550	7.0 %
$15,000 - $24,999	145,153	15.2	104,638	9.2	101,157	7.8	100,102	7.0
$25,000 - $34,999	151,215	15.8	125,123	11.0	120,082	9.3	125,439	8.8
$35,000 - $49,999	206,404	21.6	179,335	15.8	178,898	13.8	173,236	12.2
$50,000 - $74,999	188,607	19.7	265,330	23.3	281,435	21.7	284,103	20.0
$75,000 - $99,999	59,767	6.2	165,629	14.6	205,089	15.8	233,665	16.4
$100,000 - $149,999	30,647	3.2	124,954	11.0	197,859	15.3	251,556	17.7
$150,000 +	17,256	1.8	67,087	5.9	110,253	8.5	154,552	10.9
POPULATION BY AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<19	737,005	29.0 %	873,680	29.4 %	885,026	27.8 %	902,003	26.9 %
20-24	193,287	7.6	193,790	6.5	216,341	6.8	227,434	6.8
25-34	510,323	20.1	457,105	15.4	439,470	13.8	434,959	13.0
35-44	414,646	16.3	528,024	17.8	510,905	16.0	477,556	14.2
45-54	252,397	9.9	405,724	13.7	489,259	15.4	528,477	15.8
55-64	180,054	7.1	225,540	7.6	322,787	10.1	407,161	12.1
65-74	138,743	5.5	145,808	4.9	168,199	5.3	219,774	6.6
75-84	111,076	4.4	100,485	3.4	103,852	3.3	108,114	3.2
85+	NA	NA	38,650	1.3	47,638	1.5	46,428	1.4
RACE AND ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,342,781	92.3 %	2,556,851	86.1 %	2,660,079	83.6 %	2,737,139	81.7 %
Black	90,055	3.5	157,963	5.3	205,332	6.4	243,820	7.3
Native American	24,248	1.0	21,590	0.7	18,686	0.6	16,587	0.5
Asian/Pacific Islander	65,582	2.6	124,025	4.2	171,567	5.4	210,660	6.3
Other Races	15,011	0.6	108,377	3.7	127,813	4.0	143,700	4.3
Hispanic (Any Race)	37,820	1.5	99,121	3.3	145,591	4.6	180,608	5.4

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

Department of Commerce. Future purchasing power estimates are expressed in constant 2006 dollars and reflect projected household growth. Household growth is based on the analysis described earlier in this chapter.

Purchasing power is based on the number of trade area households adjusted to reflect income characteristics. Purchasing power, for the purpose of this analysis, includes retail categories that are characteristics of tenants that could be located in Wayzata. Estimated retail purchasing power summary tables for the Wayzata trade areas for 2006, 2010, 2015, 2020 and 2025 are shown in Table 24. 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 Wayzata's convenience trade area was estimated at $1.2 billion in 2006 and is expected to increase to almost $2.0 billion by 2025, an annual growth rate of 2.9 percent in constant 2006 dollars. Purchasing power for shopping goods in this trade area is expected to increase from $333.7 million in 2006 to $375.2 million in 2010, further increasing to almost $570.4 million by 2025. Food service and drinking purchasing power for this trade area was $120.2 million in 2006, estimated to increase to $135.1 million in 2010 and potentially to $205.4 million by 2025.

Table 24

WAYZATA CONVENIENCE AND SHOPPING GOODS TRADE AREAS
RETAIL PURCHASING POWER; 2006 TO 2025
(In Thousands of Dollars)

Merchandise Category	2006	2010	2015	2020	2025
Convenience Trade Area					
Shopping Goods	$ 333,731	$ 375,182	$ 432,700	$ 497,719	$ 570,387
Food Service & Drinking	120,152	135,074	155,782	179,192	205,354
Convenience Goods	235,200	264,417	304,951	350,773	401,984
Gasoline Service Stations & Convenience	92,149	103,595	119,475	137,428	157,492
Other Stores	376,842	423,651	488,595	562,017	644,067
Total	$ 1,158,074	$ 1,301,919	$ 1,501,503	$ 1,727,129	$ 1,979,284
Shopping Goods Trade Area					
Shopping Goods	$ 885,611	$ 993,110	$ 1,143,674	$ 1,315,724	$ 1,512,806
Food Service & Drinking	318,840	357,544	411,749	473,693	544,649
Convenience Goods	624,147	699,905	806,018	927,275	1,066,173
Gasoline Service Stations & Convenience	244,532	274,213	315,787	363,295	417,711
Other Stores	1,000,014	1,121,398	1,291,415	1,485,692	1,708,237
Total	$ 3,073,144	$ 3,446,170	$ 3,968,643	$ 4,565,679	$ 5,249,576

Source: McComb Group, Ltd.

Wayzata's shopping goods trade area purchasing power is increasing at a 2.9 percent annual growth rate, increasing from a total purchasing power of $3.1 billion in 2006 to $5.2 billion by 2025. Shopping goods purchasing power, estimated at $885.6 million in 2006, is anticipated to increase to over $993.1 million in 2010, expanding to over $1.5 billion by 2025. Estimates indicate that food service and drinking purchasing power was $318.8 million in 2006 and is likely to increase to $357.5 million in 2010. By 2025, food service and drinking purchasing power will exceed $544.6 million.

Chapter V

DOWNTOWN WAYZATA SALES POTENTIAL

Downtown Wayzata's retail area is facing many challenges as identified in the *Summary of Findings*. There are many factors that support the changes that are necessary to update the retail area. Factors that support these changes and new development include:

- Household income in the City of Wayzata was estimated at $158,112 in 2006.
- Shopping goods trade area household income in 2006 was estimated at $115,359 and is projected to increase to $123,685 in 2011. This is the highest average household income of any trade area in Minnesota.
- Wayzata has a real downtown overlooking Lake Minnetonka -- a setting that is unique for a shopping area.
- In 2011, almost half (46.5 percent) of the shopping goods trade area households are expected to have household income above $100,000. This represents 38,423 households.
- Wayzata shopping goods trade area is expected to have 20,655 households with incomes above $150,000 in 2011.
- Wayzata shopping goods trade area population is highly educated with 46.3 percent of the population having college degrees and 16.9 percent having graduate degrees in 2006.

Wayzata's favorable trade area demographic characteristics will be attractive to retailers that can bring retail stores that trade area residents are now visiting at other comparable shopping areas in the Twin Cities and shopping centers outside Minnesota.

Retail Sales

Future sales potential is based on market share that can be achieved by Wayzata merchants taking into consideration trade area households, future growth and potential competitive developments. Market share estimates for Wayzata are based on analysis conducted as a part of this engagement, 1997 and 2002 retail and service sales in Wayzata and McComb Group knowledge of the Twin Cities retail market.

Retail sales in Wayzata increased from $300.1 million in 1997 to $314.5 million in 2002, according to U.S. Census of Retail Trade, as shown in Table 25. This represented an annual average increase of 0.9 percent, indicating that in current dollars retail sales in Wayzata declined during that five-year period. There were, however, significant differences in sales performance within individual categories. Categories that registered increases in sales include clothing and accessories stores (6.8 percent annually), building material and garden equipment stores (4.6 percent annually), and men's clothing stores (4.5 percent annually). Sales declines were recorded by grocery stores, specialty food stores, food service, furniture and home furnishings stores, and other shopping goods stores. Retail establishments in Wayzata declined from 99 in

1997 to 79 in 2002, a decline of 20 percent. This explains the overall sluggish retail sales performance between 1997 and 2002.

Table 25

WAYZATA RETAIL SALES: 1997 AND 2002

Store Type	1997 Number	1997 Dollars	2002 Number	2002 Dollars	Growth Rate
CONVENIENCE					
Food and beverage stores	8		4		
Grocery Stores		$ 33,772		$ 19,060	(10.8)
Specialty food stores	6	8,245	3	4,785	(10.3)
Health and personal care stores	9	7,931	8	8,023	0.2 %
FOOD SERVICE					
Food services & drinking places					
Full Service Eating Places	D	$ 14,886	D	$ 13,636	(1.7) %
Limited Service Eating Places	12	11,398	12	10,444	(1.7)
GASOLINE/CONVENIENCE					
Gasoline stations	5	$ 13,716	5	$ 13,831	0.2 %
SHOPPING GOODS					
Clothing and clothing accessories stores	25	$ 22,111	20	$ 30,780	6.8 %
Clothing Stores	21	D	17	27,804	
Mens clothing stores	3	2,550	3	3,185	4.5
Children's and infants' clothing stores	3	1,438	2	D	
Family clothing stores	D	D	3	D	
Furniture and home furnishings stores	10	5,526	9	5,208	(1.2)
Furniture stores	D	D	3	2,580	
Home furnishings stores	8	D	6	2,628	
Other home furnishings stores	6	3,616	4	D	
Electronics and appliance stores	4	2,621	4	3,669	7.0
Computer and software stores	1	D	D	D	
Camera and photographic supplies stores	1	D	1	D	
OTHER SHOPPING GOODS					
Office supplies, stationery and gift stores	9	D	5	$ 2,719	
Office supplies and stationery stores	1		D		
Sporting goods, hobby, book and music stores	13	$ 10,369	8	8,648	(3.6) %
Sporting goods, hobby and musical instrument stores	10	8,046	5	6,438	(4.4)
Sporting goods stores	5	4,410	D	D	
General-line sporting goods stores	3	D	1	D	
Hobby, toy and game stores	3	D	D	D	
Book, periodical and music stores	3	2,323	3	2,210	(1.0)
Book stores and news dealers	2	D	2	D	
Specialty book stores	1		1		
Gift, novelty, and souvenir stores	8	4,059	D	D	
Used merchandise stores	D	D	3	948	
Other miscellaneous store retailers	3	828	D	D	
Miscellaneous store retailers	16	6,196	12	D	
Building material and garden equipment and supplies dealers	3	4,347	4	5,434	4.6
Paint and wallpaper stores	1	D	D	D	
Motor vehicle and parts dealers	6	165,875	4	178,990	1.5
Automobile dealers	3	D	2	D	
New car dealers	D	D	2	D	
Other motor vehicle dealers	1	D	D	D	
TOTAL	99	$ 300,145	79	$ 314,527	0.9 %

D: Suppressed by U.S. Census Bureau.
Source: U.S. Census Bureau and McComb Group, Ltd.

Service establishments, on the other hand, have recorded increases in sales between 1997 and 2002, as shown in Table 26. Services sales have increased at a rate faster than inflation in personal care services, dry cleaning and laundry services, and repair and maintenance.

Table 26

WAYZATA SERVICES SALES: 1997 AND 2002

Store Type	1997 Number	1997 Dollars	2002 Number	2002 Dollars	Growth Rate
SERVICES					
Personal care services	12	$ 3,442	12	$ 4,960	7.6 %
Beauty shops	11	D	11	D	
Personal & laundry services	D	6,569	D	9,285	7.2
Drycleaning & laundry serivces	4	1,714	2	2,187	5.0
Repair & Maintenance	8	3,645	8	4,436	4.0
Automotive repair & Maintenance	4	3,030	3	3,098	0.4
Personal & household goods repair & maintenance	D	D	D	1,338	
Other automotive repair & maintenance	1	D	1	D	
Carwashes	1	D	1	D	
Total	28	N/A	25	N/A	
HEALTH CARE					
Ambulatory health care					
Offices of physicians	14	10,386	11	21,700	15.9 %
Offices of dentists	20	9,497	19	15,858	10.8
Offices of other health practitioners	5	1,080	5	2,615	19.3
Total	39	$ 20,963	35	$ 40,173	13.9 %

D: Suppressed by U.S. Census Bureau.
Source: U.S. Census Bureau and McComb Group, Ltd.

In the health care category, sales have increased from $21.0 million in 1997 to $40.2 million in 2002. About half of these sales are accounted for by offices of physicians, which have increased at an average annual rate of 15.9 percent, and offices of dentists have increased at an annual rate of 10.8 percent.

During the period 1997 to 2002, Wayzata service establishments also declined, as did health care establishments. While these categories were experiencing increases in sales, the number of establishments decreased slightly.

Market Share

Market share for Wayzata retail and service establishments in 2002 is estimated in Table 27, which also contains Wayzata retail and service sales for 2002. Purchasing power was calculated for 2002 by McComb Group. Retail sales derived from Wayzata's trade areas were estimated for each retail category to determine trade area sales and market share as a percent of purchasing power. Using liquor stores as an example, retail sales were about $1.9 million with 85 percent of the sales from the primary trade area. This results in trade area sales of $1.6 million, which is 8.8 percent of estimated purchasing power of $17.8 million. Market share for liquor stores, grocery stores, health and personal care stores, and gasoline stations are based on convenience trade area purchasing power. Market share for these four categories range from 8.8 percent to 14.7 percent, a very narrow range.

Table 27

WAYZATA RETAIL AND SERVICES MARKET SHARE: 2002

(In Thousands of Dollars)

Store Type	Purchasing Power	Retail Sales	Trade Area Percent	Trade Area Sales	Market Share
CONVENIENCE					
Grocery Stores	$ 134,377	$ 19,060	85 %	$ 16,201	12.1 %
Specialty food stores	8,380	4,785	80	3,828	45.7
Health and personal care stores	46,508	8,023	85	6,820	14.7
Liquor Stores	17,821	1,854	85	1,576	8.8
FOOD SERVICE					
Full Service Eating Places	$ 125,955	$ 13,636	80 %	$ 10,909	8.7 %
Limited-service eating places	92,942	10,444	95	9,922	10.7
GASOLINE/CONVENIENCE					
Gasoline stations	$ 81,781	$ 13,831	85 %	$ 11,756	14.4 %
SHOPPING GOODS					
Clothing and clothing accessories stores	$ 108,146	$ 30,780	70 %	$ 21,546	19.9 %
Clothing Stores	92,943	27,804	70	19,463	20.9
Mens clothing stores	4,571	3,185	65	2,070	45.3
Furniture and home furnishings stores	86,594	5,208	80	4,166	4.8
Furniture stores	43,424	2,580	80	2,064	4.8
Home furnishings stores	20,315	2,628	80	2,102	10.3
Electronics and appliance stores	79,737	3,669	80	2,935	3.7
Other Shopping Goods					
Office supplies, stationery and gift stores	$ 55,613	$ 2,719	80 %	$ 2,175	3.9 %
Sporting goods, hobby, book and music stores				-	
Sporting goods, hobby and musical instrument stores	45,202	6,438	80	5,150	11.4
Book, periodical and music stores	10,412	2,210	80	1,768	17.0
Used merchandise stores	4,825	948	80	758	15.7
Building material and garden equipment	21,778	5,434	80	4,347	20.0
Motor vehicle and parts dealers				-	
Automobile dealers	591,428	171,118	50	85,559	14.5
Other motor vehicle dealers	46,471	7,872	50	3,936	8.5
SERVICES					
Personal care services	$ 10,456	$ 4,960	85 %	$ 4,216	40.3 %
Drycleaning & laundry services	2,259	2,187	90	1,968	87.1
Repair & maintenance	29,949	4,436	90	3,992	13.3
Automotive repair & maintenance	12,570	3,098	90	2,788	22.2
Personal & household goods repair & maintenance	1,712	1,338	90	1,204	70.3
HEALTH CARE					
Ambulatory health care	$ 77,422	$ 40,173	85 %	$ 34,147	44.1 %
Offices of physicians	45,506	21,700	85	18,445	40.5
Offices of dentists	16,760	15,858	85	13,479	80.4
Offices of other health practitioners	10,437	2,615	85	2,223	21.3

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

Market share in the shopping goods category has a far broader range, which is related to the number of stores represented in each category. Clothing and clothing accessories stores recorded sales of $30.8 million with $21.5 million being derived from the trade area for a market share of 19.9 percent. Men's clothing stores achieved a 45.3 percent market share. Furniture and home furnishings stores achieved a market share of 4.8 percent. In the other shopping goods category, market share ranged from 11.4 percent to 17.0 percent in book and periodical store category. Building material and garden equipment stores recorded a 20 percent market share; while automobile dealers achieved 14.5 percent.

Market share in the service categories ranged from a low of 13.3 percent in repair and maintenance to a high of 87.1 percent in dry cleaning and laundry services. Health care market share ranged from 21.3 percent in offices of other health practitioners to 80.4 percent in offices of dentists. The above analysis demonstrates that Wayzata service and health care establishments are achieving solid market share performance. In the convenience category, market shares of about 15 percent are reasonable given the competition from surrounding retail areas. Some of the shopping goods categories, such as menswear, are achieving very high levels of market share, while other categories are achieving much lower market share, indicating an opportunity for improvement. Based on sales performance in other categories, it appears that food service sales could also be increased.

Table 28

CITY OF WAYZATA
MARKET SHARE AND TRADE AREA SALES

Store Type	Market Share	Trade Area Sales
Convenience Goods		
Supermarkets	20 %	85 %
Other Food Stores	25	85
Drug & Proprietary	20	85
Liquor	12	85
Hardware Stores	15	85
Other Convenience Stores	20	85
Food Service	15 %	65-70 %
Gasoline/Convenience Stores	15 %	70 %
Shopping Goods		
Apparel & Accessories	20-50 %	65 %
Furniture & Home Furnishings	15	65
Electronics & Appliances Stores	15	70
Other Shopping Goods	20	65
Other Retail Stores		
Building Materials	25 %	85 %
Auto Parts & Accessories	15-20	85
Services	15-80 %	85 %
Health Care	25-75 %	85 %

Source: McComb Group, Ltd.

Retail and service sales potential for Wayzata retail areas is based on market share that can be achieved taking into consideration past trends in Wayzata, 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 Twin Cities area retail market, and analysis contained in Table 28. 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 by store type is shown in Table 28. Using the convenience goods category as an example, market share is estimated at 12 to 25 percent with 85 percent of the sales derived from the primary trade area. Food service market share is estimated at 15 percent with 65 to 70 percent of the sales being derived from the primary trade area. In the shopping goods category, market share ranges from 15 to 50 percent depending on store category. In the shopping goods category, most stores are estimated to derive 65 percent of their sales from the trade area, with the exception of electronics and appliance stores. Market share in services and health care are estimated at 15 to 80 percent with 85 percent of the sales from the trade area.

Sales Potential

Estimated retail and service space demand is a two-step process. Sales potential for each retail or service category is estimated first to determine if retail sales are sufficient to support a store. Next, store size is determined based on sales productivity and typical store size for each category. This methodology is illustrated for 2010 in Tables 29 and 30. These tables use convenience goods stores as an example to illustrate how supportable square footage of retail stores and services is determined.

Using liquor stores as an example, resident purchasing power in 2010 is estimated at $22.6 million as shown in Table 29. Market share of 12 percent results in $2.7 million in trade area sales. Adding inflow sales of $478,000, results in total estimated sales of about $3.2 million. Estimated sales potential is about $12.3 million for drug stores and $1.6 million for hardware stores. The same approach is used for other retail and service categories. Sales potential for other retail stores and services is contained in the Appendices (under separate cover).

Table 29

CITY OF WAYZATA CONVENIENCE GOODS STORES
RETAIL PURCHASING POWER, MARKET SHARE AND SALES POTENTIAL; 2010
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						
Other Convenience Goods						
Drug & proprietary stores	$ 52,224	20.0%	$ 10,445	85%	$ 1,843	$ 12,288
Hardware	9,029	15.0	1,354	85	239	1,593
Liquor	22,574	12.0	2,709	85	478	3,187
Florist	4,393	25.0	1,098	85	194	1,292
Food/health supplement stores	1,464	25.0	366	85	65	431

Source: McComb Group, Ltd.

Supportable square footage of drug stores is 23,400, which is equivalent to two drug stores indicating Wayzata could support a second drug store. This, however, would be dependent on Wayzata having a site that met the drug store's site criteria.

Supportable GLA for liquor stores is based on sales potential of $3.2 million divided by $375 per square foot, resulting in supportable square footage of 8,500 square feet, as shown in Table 30. The last column in this table contains the median store size from *Dollars & Cents of Shopping Centers*, published by the Urban Land Institute, for each store type. Median store size indicates a typical size for a store in each retail category. To the extent that supportable square footage is about the same as the median store size or larger, sales potential exists to support that store type. Complete tables showing supportable square footage by retail and service category for each target year are contained in the Appendices.

Table 30

CITY OF WAYZATA CONVENIENCE GOODS STORES
RETAIL SALES POTENTIAL AND SUPPORTABLE SPACE; 2010
BY MERCHANDISE CATEGORY

Category	Estimated Sales Potential	Sales/ Sq. Ft.	Supportable Square Feet	Median Store Size
CONVENIENCE GOODS				
Other Convenience Goods				
Drug & proprietary stores	$ 12,288,000	$ 525	23,406	11,153
Hardware	1,593,000	185	8,611	7,857
Liquor	3,187,000	375	8,499	3,850
Florist	1,292,000	225	5,742	1,700
Food/Health Supplement Stores	431,000	275	1,567	1,400

Source: McComb Group, Ltd.

Store types and median store sizes used in this analysis are based on current retail formats and store size. Recent trends have been for many store types to increase in size to accommodate a larger selection of merchandise and increase customer attraction.

Retail gross leasable area (GLA) supported by estimated sales potential for each retail store category is based on estimated sales per square foot (in 2007 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 2006. 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.

Retail Potential

Wayzata's trade areas have the potential to support more retail space than can be accommodated by the existing retail areas. This creates the enviable situation where developers and building owners can choose from a wide variety of businesses to occupy their space.

Estimated Wayzata sales potential and support square feet by retail store type for shopping goods is contained in Table 31. In almost every category, supportable space exceeds the median store size. There are some shoe and luggage categories where median store size is larger than supportable square feet.

Table 31

CITY OF WAYZATA SHOPPING GOODS STORES
RETAIL SALES POTENTIAL AND SUPPORTABLE SPACE; 2010
BY MERCHANDISE CATEGORY

Category	Estimated Sales Potential	Sales/ Sq. Ft.	Supportable Square Feet	Median Store Size
SHOPPING GOODS				
Apparel & Accessories				
Clothing Stores				
Mens and boys	$ 4,472,000	$ 280	15,971	4,275
Womens clothing	15,131,000	300	50,437	2,350
Children's & infant	3,652,000	350	10,434	3,720
Family clothing	35,826,000	375	95,536	4,850
Clothing accessories stores	1,217,000	435	2,798	1,125
Other clothing stores	4,695,000	325	14,446	2,725
Shoe Stores				
Men's	$ 354,000	$ 525	674	1,100
Women's	428,000	375	1,141	1,600
Children's & infant	198,000	400	495	1,200
Family shoe stores	3,378,000	325	10,394	2,250
Athletic footwear	1,591,000	350	4,546	3,750
Furniture & Home Furnishings				
Furniture	$ 12,746,000	$ 400	31,865	2,400
Floor coverings	6,485,000	225	28,822	3,600
Window treatment stores	298,000	210	1,419	1,200
All other home furnishings stores	5,963,000	300	19,877	4,500
Electronics & Appliances Stores				
Household appliance stores	$ 3,599,000	$ 275	13,087	4,200
Radio, tv & electronics stores	16,957,000	350	48,449	3,150
Computers & Software	4,776,000	1,000	4,776	1,350
Other Shopping Goods				
Sporting goods	$ 12,720,000	$ 270	47,111	4,600
General Line Sporting Gds.	5,466,000	270	20,244	4,600
Specialty Line Sporting Gds.	7,255,000	270	26,870	4,600
Book stores & newsdealers	4,074,000	250	16,296	3,700
Office supplies & stationery stores	21,765,000	250	87,060	4,344
Stationery Stores and Office Supply	19,082,000	375	50,885	1,050
Musical Instrument & Supplies	2,683,000	240	11,179	7,300
Jewelry stores	6,857,000	950	7,218	1,250
Hobby, toy & game	4,969,000	350	14,197	2,750
Camera & photographic supply	2,286,000	475	4,813	1,475
Gift, novelty & souvenirs	6,360,000	250	25,440	2,800
Luggage & leather goods	397,000	300	1,323	1,900
Sewing, needlework & piece goods	2,485,000	150	16,567	12,400
Pet stores	3,677,000	300	12,257	2,700
Art dealers	894,000	325	2,751	1,400
Optical goods stores	2,982,000	350	8,520	1,500
Pre-Recorded Tapes, Compact Discs	1,800,000	275	6,545	4,100
Cosmetics, beauty supplies & perfume	1,946,000	520	3,742	1,500
All other health & personal care	3,677,000	275	13,371	1,650

Source: McComb Group, Ltd.

In most convenience goods categories, shown in Table 32, supportable square footage is also larger than median store size. The same is true of the services and health care categories shown in Table 33.

These estimates of supportable square feet are likely to be understated due to the high trade area household income. Also, there are likely to be a large proportion of high income and asset households where there are few constraints on discretionary spending. These estimates include existing stores in Wayzata. The square feet in each category need to be considered when adding new stores. If building owners pay attention to having a balanced merchandise mix, this should not be a constraint. The market analysis indicates market support for the retail component of Wayzata Bay as well as any other remerchandising and re-tenanting that is considered in the future.

Table 32

CITY OF WAYZATA CONVENIENCE AND OTHER RETAIL STORES
RETAIL SALES POTENTIAL AND SUPPORTABLE SPACE; 2010
BY MERCHANDISE CATEGORY

Category	Estimated Sales Potential	Sales/ Sq. Ft.	Supportable Square Feet	Median Store Size
CONVENIENCE GOODS				
Food Stores				
Grocery stores	$ 40,052,000	$ 490	81,739	42,228
Supermarkets	39,276,000	490	80,155	45,946
Convenience food	969,000	300	3,230	2,000
Specialty food stores				
Meat Markets	$ 1,045,000	$ 225	4,644	2,300
Fish & Seafood Markets	380,000	250	1,520	2,200
Fruit & Vegetable Markets	665,000	200	3,325	2,000
Other Specialty Food Stores	1,045,000	225	4,644	2,000
Baked Goods	380,000	575	661	1,800
Confectionery and Nut Stores	285,000	500	570	1,200
All Other Specialty Food Stores	380,000	365	1,041	1,800
Other Convenience Goods				
Drug & proprietary stores	$ 12,288,000	$ 525	23,406	11,153
Hardware	1,593,000	185	8,611	7,857
Liquor	3,187,000	375	8,499	3,850
Florist	1,292,000	225	5,742	1,700
Food/Health Supplement Stores	431,000	275	1,567	1,400
Food Service & Drinking Places				
Food Service				
Full-service restaurants	$ 36,969,000	$ 450	82,153	5,800
Limited service restaurants	25,331,000	550	46,056	1,000
Cafeterias	0	235	0	10,000
Snack & beverage places				
Ice Cream & Soft Serve	830,000	625	1,328	650
Frozen Yogurt	93,000	600	155	550
Doughnut Shops	1,107,000	625	1,771	625
Bagel Shops	554,000	600	923	600
Coffee Shops	1,569,000	410	3,827	
Cookie Shops	93,000	450	207	600
Other Snack Shops	1,016,000	450	2,258	650
Gasoline Svs Stations/Conv.				
Gas/Convenience food stores	$ 19,924,000	$ 1,350	14,759	2,400
Other Gas Stations & Truck Stops	2,274,000	875	2,599	2,000
OTHER RETAIL STORES				
Building Materials & Garden Supplies				
Building materials & supplies stores				
Paint, glass & wallpaper	$ 3,783,000	$ 225	16,813	3,500
Motor Vehicles & Parts Dealers				
Auto parts, accessories & tires				
Auto parts & accessories stores	2,175,000	200	10,875	6,500
Tire dealers	1,808,000	200	9,040	2,500

Source: McComb Group, Ltd.

Table 33

CITY OF WAYZATA SERVICES AND HEALTH CARE
SALES POTENTIAL AND SUPPORTABLE SPACE; 2010
BY SERVICES CATEGORY

Category	Estimated Sales Potential	Sales/ Sq. Ft.	Supportable Square Feet	Median Store Size
Personal Care Services				
Barber shops	$ 191,000	$ 200	955	725
Beauty Shops	6,081,000	250	24,324	1,200
Nail salons	353,000	225	1,569	975
Diet & weight reducing services	272,000	150	1,813	1,900
Drycleaning & Laundry Services				
Drycleaning & laundry services (except coin-op.)	$ 2,693,000	$ 150	17,953	1,600
Other Personal Services				
One Hour Photo Finishing	$ 149,000	$ 375	397	800
Child Day Care Services	2,905,000	N/A	N/A	5,000
Funeral Homes & Funeral Services	814,000	N/A	N/A	N/A
Photographic Studios	909,000	275	3,305	1,800
Veteranarian Services	1,819,000	225	8,084	2,200
Pet Care	272,000	75	3,627	1,200
Rental and Leasing				
Formalwear & costume rental	$ 396,000	$ 254	1,559	1,100
Video tape and disc rental	991,000	200	4,955	6,000
Recreation				
Bowling Centers	$ 625,000	$ 110	5,682	20,000
Physical fitness facilites	3,041,000	80	38,013	6,500
Professional Services				
Offices of real estate agents & brokers	$ 9,951,000	$ 300	33,170	2,000
Household Goods Repair				
Home & Garden Equipment & Appliance Repair	$ 313,000	$ 175	1,789	NA
Reupholstery & furniture repair	218,000	155	1,406	600
Footwear and leather goods repair	27,000	220	123	650
Watch, clock and jewelry repair	54,000	155	348	900
Garment repair and alteration services	41,000	175	234	825
Automotive Repair and Maintenance				
General automotive repair	$ 4,684,000	$ 200	23,420	NA
Automotive exhaust system repair	122,000	200	610	NA
Automotive transmission repair	299,000	200	1,495	NA
Carburetor repair shops	326,000	200	1,630	NA
Brake, front end & wheel alignment	231,000	200	1,155	NA
Electrical repair shops, motor vehicle	41,000	200	205	NA
Paint or body repair shops	3,326,000	200	16,630	NA
Automotive glass replacement	1,018,000	200	5,090	NA
Automotive oil change & lubrication shops	488,000	200	2,440	NA
Carwashes	611,000	200	3,055	NA
Health Care				
Offices of physicians				
Offices of physicians (except mental health specialists)	$ 29,833,000	$ 285	104,677	1,800
Offices of physicians, mental health specialists	684,000	285	2,400	1,800
Offices of dentists	18,733,000	285	65,730	2,300
Offices of other health practitioners				
Offices of chiropractors	1,262,000	250	5,048	1,600
Offices of optometrists	716,000	250	2,864	1,600
Offices of mental health practitioners (except physicians)	565,000	285	1,982	1,800
Offices of physical, occup, & speech therapists & audiologists				
Speech therapist & audiologists	108,000	250	432	1,600
Physical & occupational therapists	1,607,000	250	6,428	1,600
Offices of all other health practitioners				
Offices of podiatrists	174,000	285	611	1,800
Offices of all other misc. health practitioners	978,000	285	3,432	1,800

Source: McComb Group, Ltd.