

# Development Market Context

## North Mankato, MN

Findings & Recommendations  
US Highway 14/CR 41 Interchange –  
Broader Northport area  
December 13, 2019

# Market Study Focus

## **Sectors**

- Retail/services
- Eating/drinking/hotel
- Multifamily housing
- Industrial

## **Context for Change**

- Steady moderate population growth
- Success of Northport industrial park
- Retail store closures in Mankato
- Distribution of existing development
- Land suitability

# Research Methods

## **Traditional market analysis**

- Demand indicators by sector
  - Development trends
  - Trade area analysis
- Competitive context
- Data sources
  - ESRI/Business Analyst
  - Costar
  - Building permit data

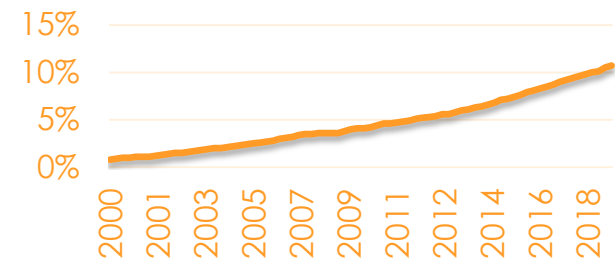
# Market Overview

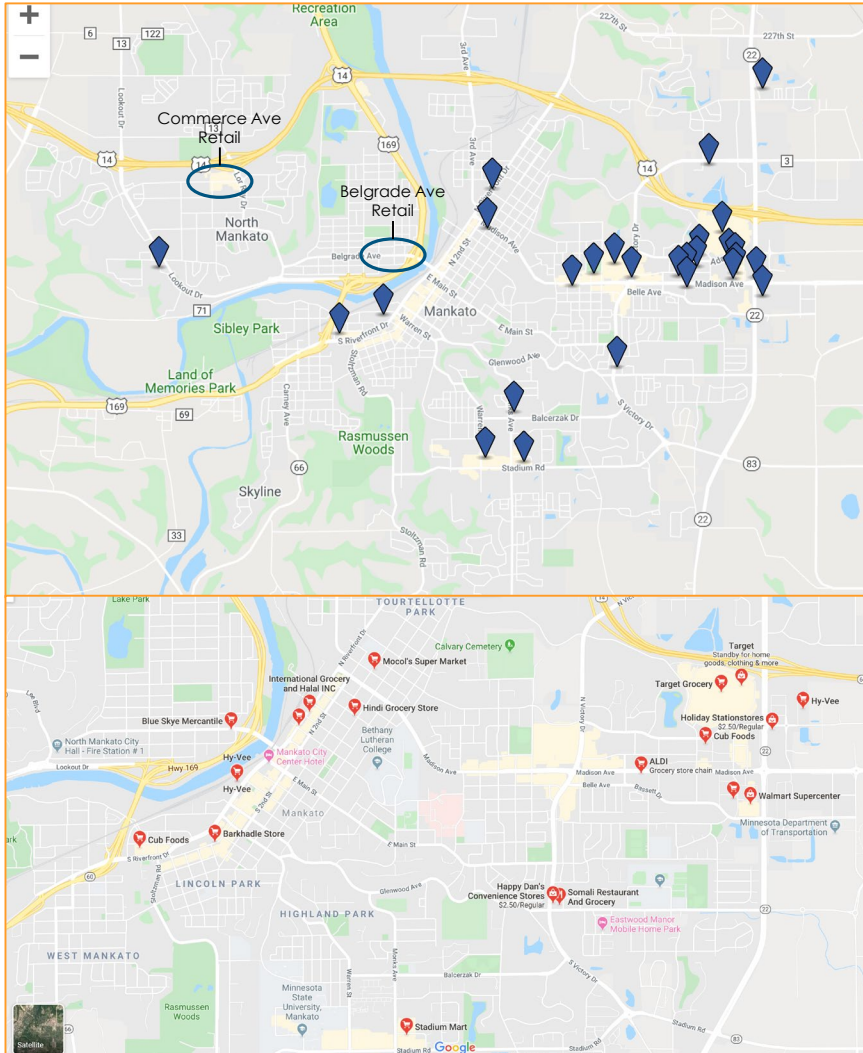
## Retail, Food/Beverage

### Trends

- **Dynamic market sector!**
- Internet shopping growing, store-based retail shrinking
- Anchor store closures, retail center repositioning
- Shift to experience retail
  - Events, customer service
  - Eating/drinking businesses
  - Personal services

**E-Commerce Sales as % of Total Retail Sales**





# Retail

## Competitive Context

- Top map identifies
  - Regional mall, community centers, neighborhood centers, strip malls
- Lower map shows
  - Mankato area grocery stores
- Existing retail development is skewed west
- North Mankato retail is primarily located in three areas
  - Downtown
  - Lookout Drive
  - Commerce Drive

## A map of the Mankato, Minnesota area, showing a red-outlined polygon representing the 'Retail Trade Area'. The map includes major roads like Highway 14, Highway 169, and Highway 68. It also shows geographical features like the Minnesota River, Seven Mile Creek County Park, and Minneopa State Park. The text 'Retail Trade Area' is overlaid in large red letters. The Google logo is visible at the bottom center.



# Grocery Store Viability:

## Small Store (25,000 s.f.)

	Population	Purchasing Power
Needed	5,000	\$10 million
Available - Trade Area	$17,500 * 33\% =$ 5,800	$\$33.4 \text{ million} * 33\% =$ \$11 million

# Trade Area Analysis

- Existing households may support a small (25,000 s.f.) grocery store, as well as additional neighborhood oriented goods and services.
- Groceries typically represent a little less than half of consumer spending on neighborhood serving goods and services. Purchasing power is present to support some additional neighborhood goods and services.
- This analysis is based strictly on existing households and population. Future housing and population growth would strengthen the retail market.
- Not taken into consideration: site characteristics
  - Strong connection, visibility to Highway 14
  - Offers the opportunity to create ideal site configuration and access for retailers
  - May be perceived as still isolated
  - Traffic volumes are relatively low
  - Is it too close to existing retail areas??



# Retail - Interview Summary

## Findings

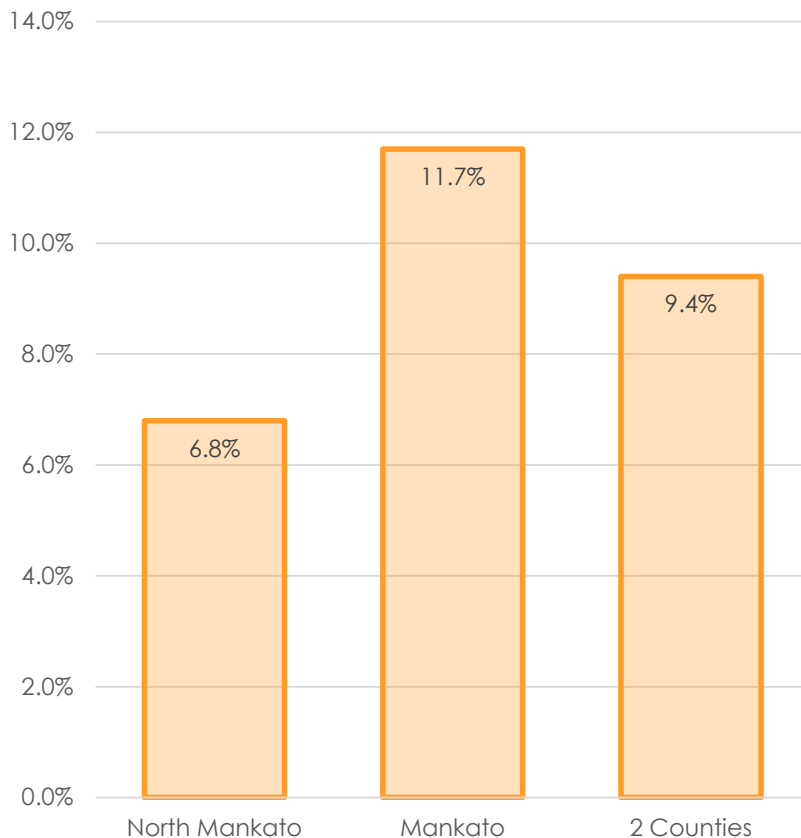
- Views varied
  - Attractive location for retail (1)
  - Viable in a five to ten year time frame (1)
  - Not likely to be much retail ever (2)
- Requires a recognized anchor store or restaurant, something not offered in other locations
- Hotel might work, with restaurant
  - Would support the industrial businesses and ballparks

# Retail Market Summary

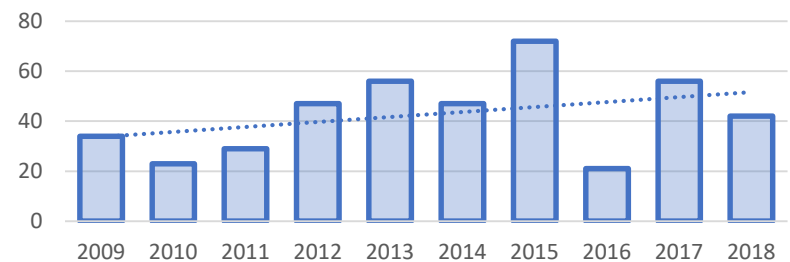
- Assets
  - Highway interchange, visibility
  - Land availability
  - Ability to configure new development in an optimal way for a retail center (not true at Commerce Drive)
  - Lack of competing areas nearby (?)
- Challenges
  - Perceived as pioneering in the short term
  - Lower traffic volumes
  - Existing population hasn't reached the area
- Findings
  - Retail development in the short to medium term is plausible, but not a foregone conclusion (retail store developers are more active than retail center developers)
  - If retail center development is desired
    - Guide land to accommodate potential buildout—i.e. grocery store anchored neighborhood center and hotel
    - Build the context for retail through housing growth, continued industrial development north of highway
    - May require some patience, and turning down other opportunities

# Population/Housing Growth

## Population Growth Since 2010

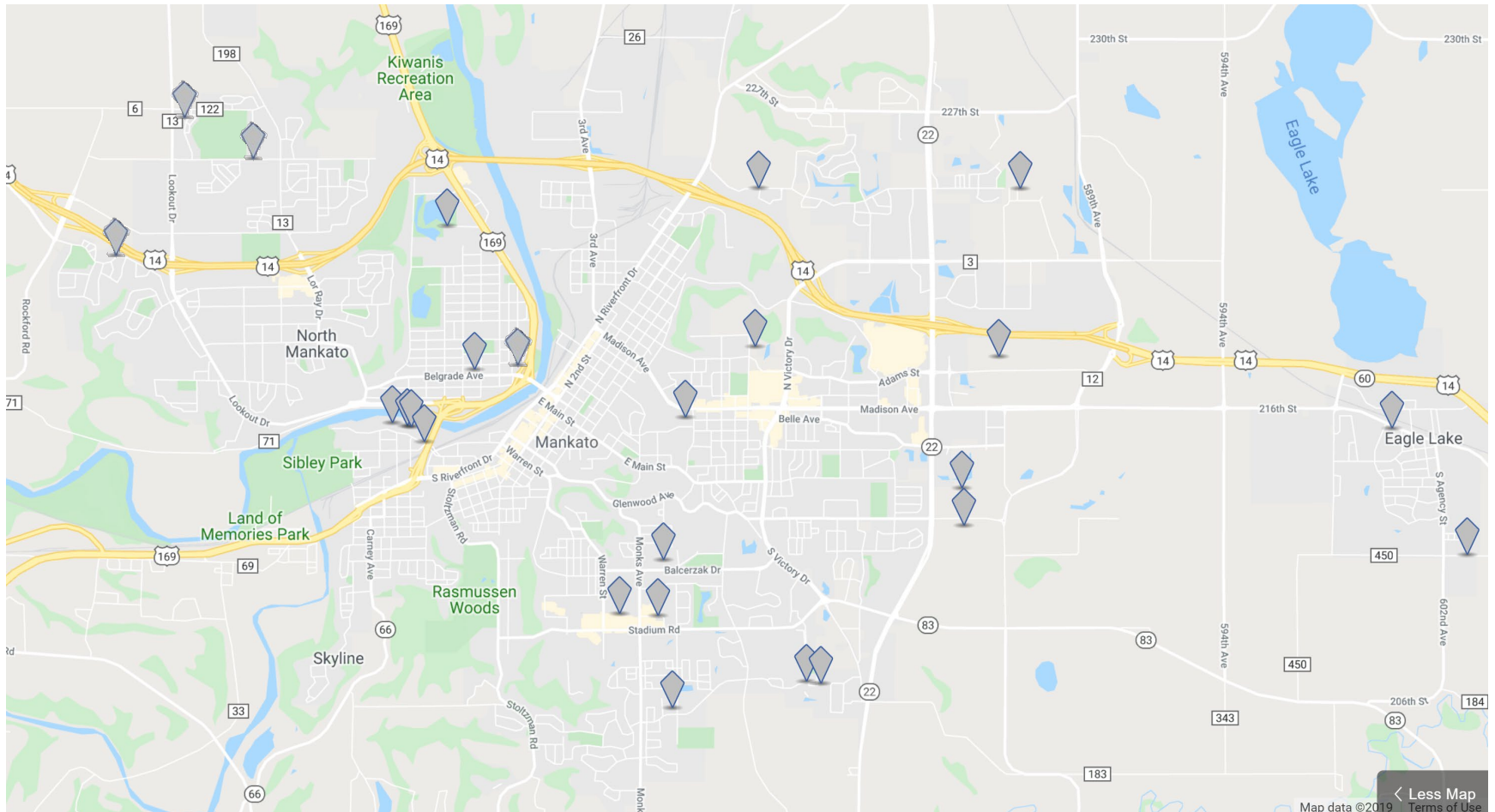


## Housing Permits - N Mankato



- North Mankato permitted around 40 housing units per year in last 10 years
- Development has been largely through low density ownership housing
- Multifamily housing is most active development sector nationwide, and is occurring in the Mankato region
- MF rental housing is important to support business growth, and to provide options for seniors

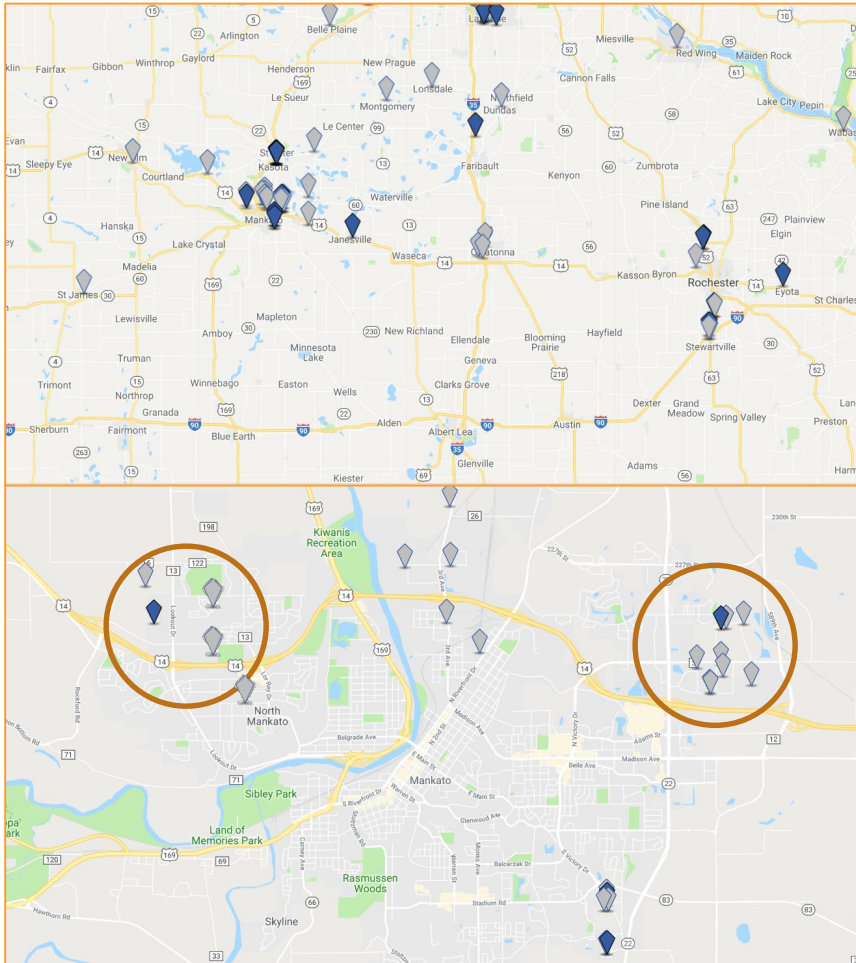
# Multifamily Development Since 2010



# Housing Market Summary

- Assets
  - Land availability
  - Good workforce housing location because of proximity to industrial park
  - Strong connectivity, with nearby freeway interchange
- Challenges
  - Lack of retail services (and schools, parks?)
- Low density ownership housing will remain attractive
  - Range of product types could include traditional SF, patio homes, twin homes
- Multifamily development
  - Suitable location for apartments (consensus feedback from interviews)
  - Existing housing growth is to the north
  - Workforce housing, senior housing are needed

# Industrial Competitive Context



- Top map shows Mankato region's competitive context
- Lower map shows
  - Local industrial areas
  - Two are well positioned for additional industrial growth
- Many assets support Northport industrial development
  - Large parcel availability
  - Great access to transportation network
  - Land characteristics—flat, uncontaminated
  - **SUPPORTIVE PUBLIC SECTOR ENVIRONMENT**

# Industrial Demand Summary

- Assets
  - Large parcel availability
  - Great access to transportation network
  - Land characteristics—flat, uncontaminated
  - SUPPORTIVE PUBLIC SECTOR ENVIRONMENT
- Challenges
  -
- Northport will continue to be attractive for industrial development
  - No clouds on the horizon
  - Suitable for wide range of industrial and business enterprises, including continued growth in printing, trucking clusters
  - No specific “missing opportunities” were identified

# Next Steps

- Bolton & Menk to develop Land Use Scenarios
- Bolton & Menk to develop Future Land Use Map of preferred concept

The future land use plan developed for the NW Growth Area will be included as an addendum to the updated North Mankato Comprehensive Plan