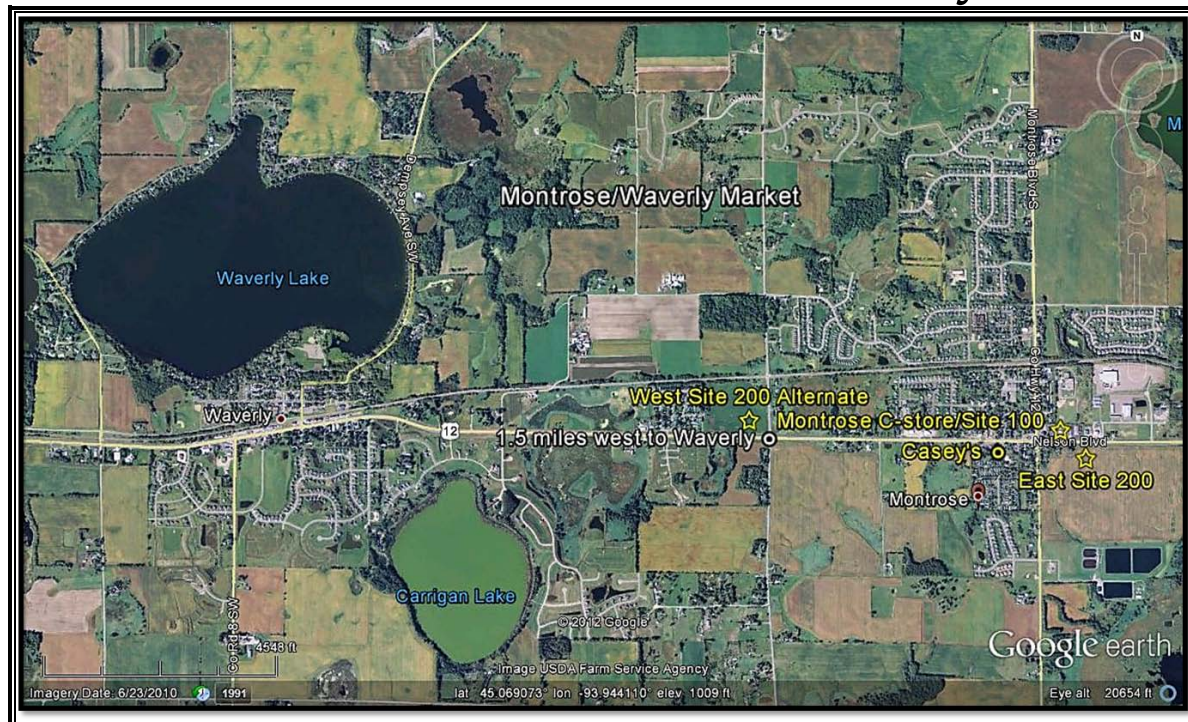


Retail Food Market Survey



Montrose, Minnesota

Project #MNTRS101

Prepared for:

The City of Montrose

August, 2012

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EXECUTIVE SUMMARY

Purpose

The City of Montrose, Minnesota has contracted with Keith Wicks and Associates to conduct a Grocery Feasibility Study of the retail food trading area for the city. The purpose of this project is twofold:

- A. **Primary purpose** is to provide sales projections for the proposed grocery store.
- B. **Secondary purpose** is to provide insight into store format, layout, merchandising, operations and promotions to target the operation to the local demographics and retail setting.

Primary Purpose

1. **Grocery feasibility.** What is the sales potential for the prospective grocery store and which of the three, alternative sites is best for short- and long-term development?
2. **Three-year sales forecast.** At what rate of growth will the sales mature in years two and three?
3. **Threats** -- rumored or planned competitive changes and the impact on the proposed grocery store's potential.

Secondary Purpose

1. **Recommended format:** Full service grocery with fuel center. Montrose/Waverly retail market is significant but comparatively small. Fuel in itself is typically not very profitable, but it increases the grocery store's physical and business character and adds consumer traffic for related sales potential...depending on end details for format and operation. A sales forecast update can be requested upon identification of retailer and retail model.
2. **Recommended grocery store size:** projecting two grocery store sizes to address site situations and short- and long-term grocery development strategy. Projected store size considers reasonable \$/square foot productivity:
 - a. 9,000 square feet for short-term development strategy (see Scenario 1 on Page 6).
 - b. 14,000 square feet with support of a new retail complex (see Scenario 2 on next Page 7).

Sites Tested

Three sites are considered for the proposed Montrose grocery store:

East Site 100 – 9,000 square foot grocery store. Acquire, expand and convert the existing 7,000 sf Montrose Convenience Store strip center, a steel structure building consisting of the 2,500 square foot c-store plus two shops (laundromat and a vacancy). This site is situated at the east side of Montrose along the north side of US Highway 12. Expansion: economical plan for adding outdoor walk-in coolers and a new, palletized receiving area at the facility's west end. **Site 100 is considered the baseline for grocery store feasibility with:**

- Short-term development possibility.
- Presuming that the site is available at reasonable investment or lease.
- Low cost of entry compared to Site 200.
- Advantage of an existing fuel center for broadening the grocery store business model.

East Site 200 – Site 200 is situated at the southeast quadrant of US Highway 12 and State Highway 25/Buffalo Avenue. This is a hypothetical scenario for a ground-up developed 14,000 sf grocery store as anchor tenant of a new Montrose retail district (shopping center). East Site 200 is tested for this scenario because:

- The east side is an interceptive position for Twin Cities traffic gravitation for both Montrose and Waverly.
- Association with existing Montrose retail: Citizens Bank, the new liquor store and the U.S. Post Office.
- The sites assumed direct access to both Highway 12 and County Road 12 (Montrose Boulevard).

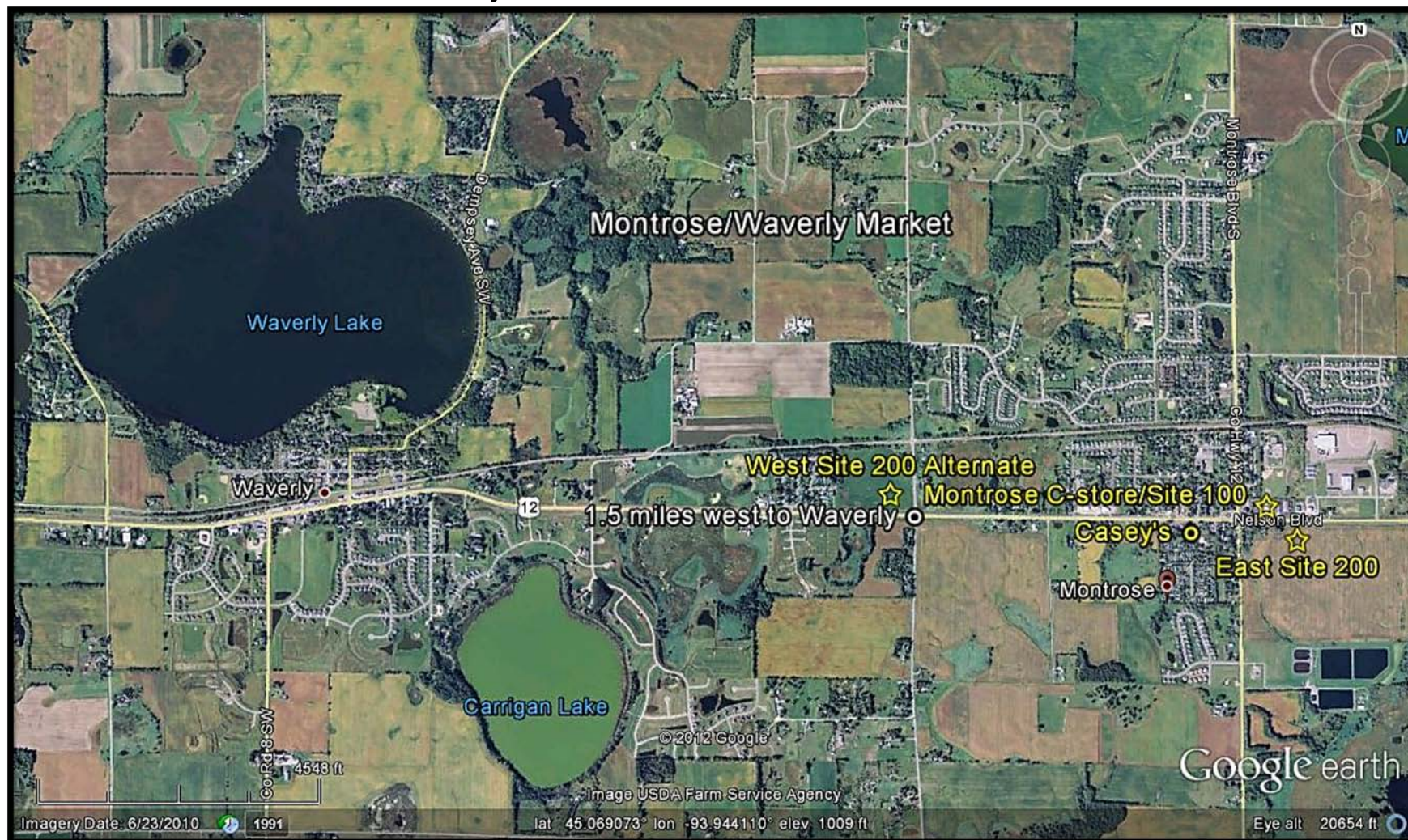
West Site 200 Alternate – The west site is located at the northwest quadrant of US Highway 12 and Clementa Avenue SW. This site can be argued as the better market position because:

- It is a more centralized position to the populace of Montrose and Waverly.

Feasibility of the 14,000 sf grocery store scenario will rely on broadened attraction and traffic of an associated shopping center. This survey additionally projects and makes recommendations for the associate shopping center (see this report's section: Recommended Montrose Shopping Center Model).

Either site can be made to work but might have upside or downside with regard to this survey's Site 200 sales forecast, as related to feasibility of engagement with either site's owner and respective development costs.

Overview of Montrose Grocery Store Sites



Grocery Store Scenarios

<u>Scenario #</u>	<u>Comments</u>
Current Market	The assessed market positions of all primary supermarket competitors affecting the defined trade area as of July, 2012 (time of field study). The assessed competitive structure and market are constructed in a computer sales model which in turn is used to forecast each scenario's performance potential for the proposed grocery store.
Projected Market	<p>Projecting 24 months to store opening and settled, first year end sales performance, and further projecting 2% annual inflation of consumers' retail food expenditures and a cautious forecast of population growth per housing growth.</p> <p><i>Tactic #1</i> = Market date is moved forward to July, 2014 to show changes to the competitive make up of the market as a result of population change and inflation. No new site open.</p> <p><i>Tactic #2</i> = Tests Site 100 for a 9,000 square foot conventional grocery operation. It is assumed that this location would include an adjacent fuel-center.</p> <p><i>Tactic #3</i> = Tests Site 200 for a 14,000 square foot conventional grocery operation. It is assumed that this operation would include an adjacent fuel center, along with a minimum of 1-3 other small retail shops to create added attraction to the location.</p>

Grocery Operation Assumptions

Key assumptions related to the projected Montrose Grocery Store:

- The operating structure of the grocery operation will be that of a conventional grocery operation.
- Grocery store additionally features fuel service at competitive pricing, but no fuel rewards program.
- Store opening: July, 2013 or twelve months for space negotiations, planning and store fit-up for the operation. Thereby first year-end sales projected as July, 2014 in the sales model.
- Forward Market -- projecting trade area population to increase +2.2% per year through the timeline of this survey.
- Inflation -- retail food expenditures (PCE) are projected to increase +2.0% per year.
- Site traits -- in general, the subject site is assumed to have business supportive traits regarding retail profile, traffic flow, parking ratio and business setting. See specific site evaluations on pages 10-18.

CONCLUSION

The combined market of Montrose and Waverly warrant full service grocery but the small retail market also warrants a carefully defined plan for the short- and long-term development options.

Currently, community residents drive for full-service grocery, 7 miles West to Howard Lake (against the grain of metro gravitation), 7 miles East to Delano, 8 miles South to Watertown, or 8 miles North to Buffalo, which has the strongest competitive retail district.

The two tested sites present presumed economical market entry (East Site 100) and the ideal grocery store development plan (Site 200). It might be that the ideal plan is deemed feasible and executed for a short-term store opening, or that Site 100 becomes a Phase I grocery store development followed by Phase II relocation to the Site 200 plan, allowing time to assemble that plan with either the West Site 200 property owner (Shingobee) or with the East Site 200 property owner.

Additional sites and scenarios can be tested upon request.

Grocery Sales Forecasts

East Site 100 Three-Year Sales Forecast

Store Map Key	Format	Size	Year-1 Ending 07/2014	Year-2 Ending 07/2015	Year-3 Ending 07/2016
100	Conventional	9,000 sf	\$46,568	\$49,829	\$53,246

East Site 100 – Sales Breakdown By Department					
Dept.	Distribution %	Year-1	Year-2	Year-3	Comments
Grocery	47.00%	\$21,887	\$23,420	\$25,026	Conventional grocery variety; natural foods in mix w/larger store scenario.
Meat	15.00%	\$6,985	\$7,474	\$7,987	On-site prep.; featured Choice grade product; limited variety but distinct with some signatures fare. No service case.
Produce	9.00%	\$4,657	\$4,485	\$4,792	Bulk merchandising & seasonal local product affair especially in season.
Fresh Bakery	2.00%	\$931	\$997	\$1,065	Small store scenario limited to truck-in product by a quality external partner. The large store scenario can work with an external bakery partner, too, but more so than the scenario, warrants “fresh product” presentation.
Deli	6.00%	\$2,328	\$2,990	\$3,195	The fuel center supports a tailored deli format with beverage bar and limited prepared food (hot dogs, pizza, fried chicken). The small store can support a small service case with the right mix of cheese, lunch meat and salads with a fried food case. The large store is assumed to have an expanded footprint especially in one-touch product (no prep or service).
Dairy	10.00%	\$4,657	\$4,983	\$5,325	Potential strong distribution w/fuel convenience.
Frozen	6.00%	\$2,794	\$2,990	\$3,195	The small store format has limited potential in this area. The larger store can increase this another percentage point.
G.M.	5.00%	\$2,328	\$2,491	\$2,662	General merchandise including seasonal.
Weekly Totals	100%	\$46,568	\$49,829	\$53,246	

Note: The sales forecast represent year-ending weekly sales.

**East Site 200 In-hand With Associate Shopping Center
Three-Year Sales Forecast**

Store Map Key	Format	Size	Year-1 Ending 07/2014	Year-2 Ending 07/2015	Year-3 Ending 07/2016
200	Conventional	14,000 sf	\$75,817	\$80,935	\$86,284

East Site 200 – Sales Breakdown By Department

Dept.	Distribution %	Year-1	Year-2	Year-3	Comments
Grocery	44.00%	\$33,359	\$35,611	\$37,965	Conventional grocery variety with natural foods in mix.
Meat	15.00%	\$11,373	\$12,140	\$12,943	On-site prep.; featured Choice grade product; expanded signature fare. No service case.
Produce	10.00%	\$7,582	\$8,094	\$8,628	Bulk merchandising & seasonal local product especially in season.
Fresh Bakery	3.00%	\$2,275	\$2,428	\$2,589	This store size can work with a quality external bakery partner, too, but more so than the small store, warrants “fresh product” presentation.
Deli	6.00%	\$4,549	\$4,856	\$5,177	The fuel center is the variable here regarding how it might or might not be effectively positioned on a shopping center site. The assumption here is for a conventional grocery deli but upside with the right fuel center situation in relation to this department. Format with beverage bar and limited prepared food (hot dogs, pizza, fried chicken).
Dairy	10.00%	\$7,582	\$8,094	\$8,628	Standard dairy department.
Frozen	7.00%	\$5,307	\$5,665	\$6,040	A more significant department in the larger format.
G.M.	5.00%	\$3,791	\$4,047	\$4,314	General merchandise including seasonal.
Weekly Totals	100%	\$75,817	\$80,935	\$86,284	

Note: The sales forecast represent year-ending weekly sales.

East Site 100 Fuel Center Forecast

9,000 SF Grocery Store; No Fuel Rewards

Scenario: Existing 3 MPD, Single Island Fuel Center with Canopy

Fuel Volume Forecast	First Year Ending					YEAR 2		YEAR 3	
	Sector	Capture	Transactions	Av. Fill	Gallons	Growth		Growth	
2010 Traffic Counts									
Primary route: Highway 12	12,000	Competitive	672	10.00	6,720	5%	7,056	3%	7,268
Cross Street: St. Route 25	4,950	Competitive	139	10.00	1,386	5%	1,455	3%	1,499
Other		none							
Estimated Weekly Grocery Transaction	2,587	Capture	336	10.00	3,363	5%	3,531	3%	3,637
Weekly	n/a		1,147		11,469		12,043		12,404
			Transactions		Gallons	Aver. growth along with 2% inflation			
Monthly			4,915		49,155		51,612		53,160
Example sales per gallon	\$3.50				\$172,041		\$180,642		\$186,060

Assumptions

1. Banner -- either hold the current Clark banner or convert as same grocery banner for broadened grocery profile.
2. **Transient traffic capture** is assumed to be competitive to that of Casey's.
3. **Fuel center:** pumps appear in good condition; canopy needs a makeover; very nice electronic fuel pylon sign at roadside. No fuel rewards.

East Site 200 Fuel Center Forecast

14,000 SF Grocery Store and Shopping Center; No Fuel Rewards

Scenario: 4 MPD Fuel Center with Canopy; At Roadside & Convenient to Supermarket.

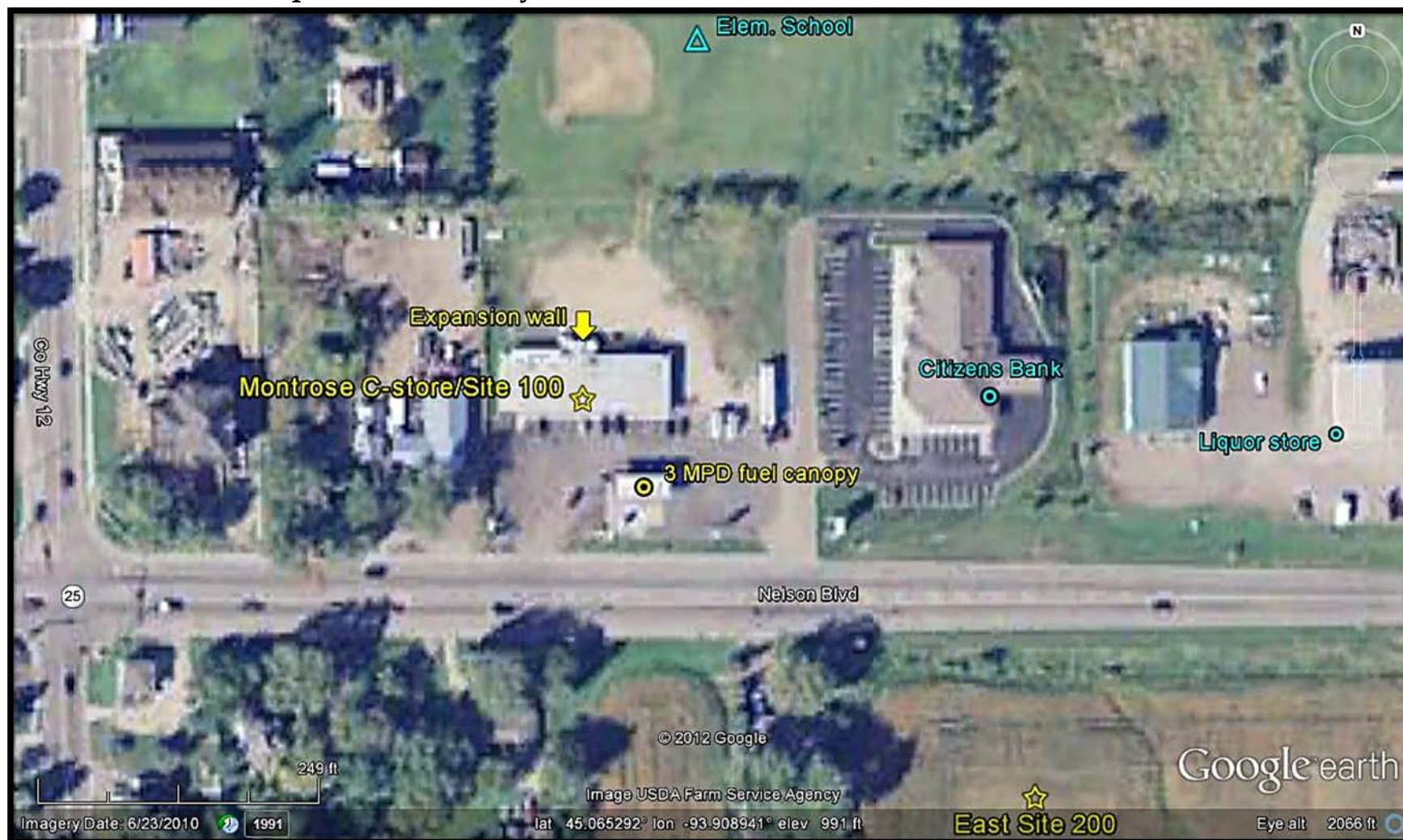
Fuel Volume Forecast	First Year Ending					YEAR 2		YEAR 3	
	Sector	Capture	Transactions	Av. Fill	Gallons	Growth		Growth	
2010 Traffic Counts									
Primary route: Highway 12	12,000	Competitive	840	10.00	8,400	5%	8,820	3%	9,085
Cross Street: St. Route 25	4,950	Competitive	173	10.00	1,733	5%	1,819	3%	1,874
Other		none							
Estimated Weekly Grocery Transaction	2,587	Capture	388	10.00	3,881	5%	4,075	3%	4,197
Weekly	n/a		1,401		14,013		14,714		15,155
			Transactions		Gallons	Aver. growth along with 2% inflation			
Monthly			6,006		60,057		63,060		64,951
Example sales per gallon	\$3.50				\$210,200		\$220,709		\$227,329

Assumptions

1. Banner -- Same grocery banner for broadened grocery profile.
2. **Transient traffic capture** is assumed to be competitive to that of Casey's.
3. **Fuel center**: new facilities; unmanned format, recommending position with convenience to the grocery store (inside sales advantage) and to roadside; pylon sign; 24-hour credit card reader. Unmanned pumps appear in good condition; canopy needs a makeover; very nice electronic fuel pylon sign at roadside. No fuel rewards.

Fuel rewards might double the projected grocery capture, or about another 3,000 gallons.

East Site 100 – 9,000 Square Foot Grocery Store



East Site 100 Evaluation
Montrose, MN
Northeast Quadrant of U.S. Highway 12 & County Road 12 (Buffalo Ave)

Total Land Area	2.03 Acres.
Total Building Area (sf)	9,000 square feet is tested with the associate fuel center.
Existing Land Use	Montrose Convenience Store and Fuel Center.
Adjacent Land Use	Commercial.
Road Conditions	<p>U.S. Highway 12: Two lanes, with left-hand turn lane, 35 mile-per-hour speed limit, in good physical condition.</p> <p>This highway is the primary east/west roadway servicing the southern portion of Wright County, and carries a considerable amount of transient and commuter traffic.</p> <p>2010 ADT = 12,000.</p> <p>County Road 12 (Buffalo Avenue): Two lane road, 30 mile-per-hour speed limit, in good physical condition.</p> <p>This roadway offers direct access to the City of Buffalo to the north, and the City of Watertown to the south.</p> <p>2010 ADT = 4,950.</p>
Traffic Controls	There is a full traffic light at the intersection of US Hwy 12 and SH 25/CR 12, but no light at the access to the site. Right and left-hand turn lanes into the site will be necessary to assist with access to the site, and help alleviate safety concerns.

Site 100 Ratings

DIRECTION	ACCESSIBILITY	VISIBILITY	INGRESS/EGRESS
North	Good	Poor	Poor
South	Good	Poor	Poor
East	Very Good	Good	Good
West	Very Good	Good	Fair
Traffic Flow		Best counts in market (+20%).	
Transient Exposure		Interceptive to both communities Twin Cities gravitation.	
Placement in City		Best all-around commercial dynamic.	
Location Relative to Population		East end of the two communities' populace but best traffic exposure.	
Position to traffic		"Going home side" of Highway 12 and workable sight lines.	
Parking		New lot needed at the site's east side (gravel) as the fuel center takes up a good share of the field between the store and Hwy. 12.	
Overall Site Rating		Workable.	
Ratings: Excellent, very good, good, fair, poor, and not applicable			

East Site 100 Overview

"C" – Store Site 100: The conversion of Montrose Convenience Store would seem to be the most economical entry into this market and with existing fuel facilities. The size being tested at this location includes approximately 7,000 square feet of existing building space, which could be fitted with a loading dock and outside walk-in coolers, bringing the total size to a projected 9,000 square foot grocery store.

This location has the same advantages as that of East Site 200 but, again said, the presumed lower cost of entry, and is situated on the "going home" side of Highway 12.

East Site 200 - 14,000 Square Foot Grocery Store



East Site 200 Evaluation
Montrose, MN
Southeast Quadrant of U.S. Highway 12 & State Highway 25 (Buffalo Avenue)

Total Land Area	36.67 Acres.
Total Building Area (sf)	14,000 square feet is tested developed with an associate shopping center.
Existing Land Use	Agriculture.
Adjacent Land Use	Agriculture and residential.
Road Conditions	<p><i>U.S. Highway 12:</i> Two lanes, with left-hand turn lane, 35 mile-per-hour speed limit, in good physical condition.</p> <p>This highway is the primary east/west roadway servicing the southern portion of Wright County, and carries a considerable amount of transient and commuter traffic.</p> <p>2010 ADT = 12,000.</p> <p><i>State Highway 25 (Buffalo Avenue):</i> Two lane road, 30 mile-per-hour speed limit, in good physical condition.</p> <p>This roadway offers direct access to the City of Buffalo to the north, and the City of Watertown to the south.</p> <p>2010 ADT = 4,950.</p>
Traffic Controls	There is a full traffic light at the intersection of US Hwy 12 and SH 25. Direct access to the site from both US Hwy 12 and SH 25 are assumed. Right and left-hand turn lanes at points of ingress/egress will be necessary to ease ingress/egress, and to help alleviate safety concerns.

East Site 200 Ratings

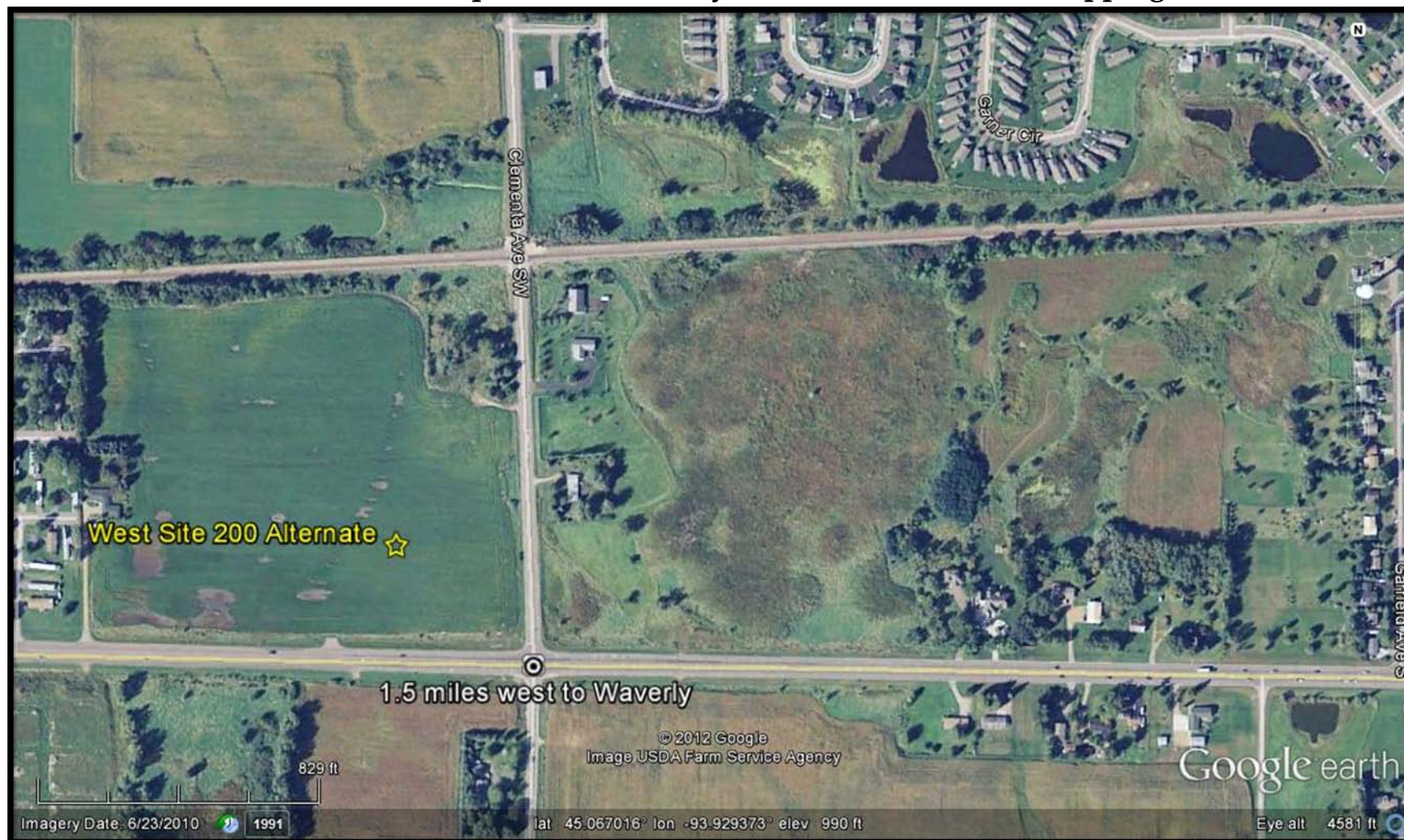
DIRECTION	ACCESSIBILITY	VISIBILITY	INGRESS/EGRESS
North	Good	Assumed Good	Assumed Good
South	Good	Assumed Good	Assumed Good
East	Very Good	Assumed Good	Assumed Good
West	Very Good	Assumed Good	Assumed Good
Traffic Flow		Best counts in market (+20%).	
Transient Exposure		Interceptive to both communities Twin Cities gravitation.	
Placement in City		Best all-around commercial dynamic.	
Location Relative to Population		East end of the two communities' populace but best traffic exposure.	
Placement in Center		Premium, anchor position.	
Center Parking		Assumed Good	
Overall Site Rating		Physically Good.	
Ratings: Excellent, very good, good, fair, poor, and not applicable			

East Site 200 Conclusion

Located in the southeast quadrant of U.S. Highway 12 and State Highway 25, this site is presently occupied by agricultural concerns. It provides the best dynamic for the grocery store, but a case can be made for West Site 200 to outperform this site, upon the right retail plan. East Site 200 relates better to Montrose's established retailers despite that being a light structure and modest mix of business; not enough to support the larger store format without development of the assumed, associate shopping center.

Other advantages include; direct access to both U.S Highway 12 and State Highway 25, ample room for a larger grocery footprint...including fuel center, as well as additional retail shops, thereby creating a contending retail district that would be able to draw business from a wider radius.

West Site 200 Alternate - 14,000 Square Foot Grocery Store With Associate Shopping Center



**West Site 200 Evaluation
Montrose, MN
Southeast Quadrant of U.S. Highway 12 & Clementa Avenue SW**

Total Land Area	36.67 Acres.
Total Building Area (sf)	14,000 square feet is tested as anchor tenant of a shopping center development.
Existing Land Use	Agriculture.
Adjacent Land Use	Agriculture and residential.
Road Conditions	<p><i>U.S. Highway 12:</i> Two lanes with center left turn. In good physical condition.</p> <p>This highway is the primary east/west roadway servicing the southern portion of Wright County, and carries a considerable amount of transient and commuter traffic.</p> <p>2010 ADT = 9,600 west of Clementa Ave.; 10,300 to the east.</p> <p><i>Clementa Avenue</i> – No counts. Two lanes. Not a primary cross street but it is a through rural access route.</p>
Traffic Controls	Stop signs at Clementa Avenue.

West Site 200 Ratings

DIRECTION	ACCESSIBILITY	VISIBILITY	INGRESS/EGRESS
North	Fair	Assumed Good	Assumed Good
South	Fair	Assumed Good	Assumed Good
East	Very Good	Assumed Good	Assumed Good
West	Very Good	Assumed Good	Assumed Good
Traffic Flow		Reasonable, but no controls might raise congestion issues at peak times.	
Transient Exposure		Fair to good with missing exposure to greater traffic counts at the east side of town.	
Placement in City		A new district development where potential depends on the strength of that plan.	
Location Relative to Population		Best central position to the populace of the Montrose and Waverly community.	
Placement in Center		Premium, anchor position.	
Center Parking		Assumed Good	
Overall Site Rating		Physically Good	
Ratings: Excellent, very good, good, fair, poor, and not applicable			

Site Overview

West Site 200: Located in the northwest quadrant of U.S. Highway 12 and Clementa Avenue. The site is controlled by Shingobee commercial development. It is an alternate site to East Site 200 which is judged to be more favorable at this time and without further detail of a shopping center plan. East Site 200 has a stronger dynamic related to higher traffic counts, a *main & main* intersection and some established retail at that location. In contrast, West Site 200 is a startup commercial location but is the most central position to the populace of the Montrose and Waverly communities. The central location broadens the store's convenience strength and market shares accordingly. Again, that advantage is quite dependent on the development plan providing the grocery store with a supportive associate retail complex. The new district will increase traffic similar to that at the east side of town (20% greater). The right plan can raise the grocery store's sales forecast upward of +10%.

Trade Area

The City of Montrose is located along U.S. Highway 12 in southeast Wright county, approximately 30 miles west of downtown Minneapolis.

The trade area used for this analysis was defined by using the following data:

- Traffic Counts
- Road Network
- Surrounding Retail Competition
- Physical Barriers

The boundaries of the trade area are as follows:

<u>Direction</u>	<u>Distance (miles)</u>	<u>Boundary</u>
North	6.5	County Road 35
South	6.5	County Road 112
East	4.5	County Highway 14
West	5.0	Gowan Avenue SW

The trade area used for the grocery analysis includes only the primary trading area for the City of Montrose. The trade area consists of the communities of Montrose and Waverly and the contiguous rural sectors.

There are a couple large employers in town, but most residents commute to the metro region for employment.

Prior to the recession, Montrose was a popular “bedroom” community, with young families moving to the area due to affordability of land and housing, and a strong school system (Buffalo School District). New housing growth is expected to pick back up as the economy rebounds.

Development is heaviest in Buffalo, Delano and Howard Lake.

Trade Area Demographics

2000 Pop.	% White	% Black	% Asian	% Hisp	% College Degree	Median Age	Average HH Income	Average HH Size
8,030	98.2	0.3	0.3	1.1	22.4	46.7	\$64,251	2.90
2011 Pop.	% White	% Black	% Asian	% Hisp	% College Degree	Median Age	Average HH Income	Average HH Size
10,713	96.6	0.6	0.7	2.5	31.5	47.1	\$86,739	2.77
2016 Pop.	% White	% Black	% Asian	% Hisp	% College Degree	Median Age	Average HH Income	Average HH Size
12,229	96.5	0.6	0.7	3.1	31.0	49.3	\$94,100	2.91

Source: Microsoft Corporation.

Population

Trade Area Population & Potential Summary	
June 2012	
Potential	\$660,483
P.C.E.	\$52.75
2000 Census Population	8,030
2012 Estimated Population	12,522
2016 Estimated Population	13,096

Note: The populations used in the sales model have been adjusted based on information gathered from the City of Montrose and internet sources. Therefore, the current and forecasted population figures to the left are slightly higher than those provided by Microsoft Corporation above.

Wright County Population Trends

<u>City</u>	<u>2000</u>	<u>2010</u>
Buffalo	10,097	15,453
Cokato	2,727	2,694
Delano	3,837	5,464
Howard Lake	1,853	1,962
Maple Lake	1,633	2,059
Montrose	1,143	2,847
Rockford	3,484	3,890
Waverly	732	1,357
County Total	89,896	124,700

Montrose Residential Building Permit Activity (New Units)

<u>Year</u>	<u>#Permits</u>
2007	29
2008	24
2009	23
2010	17
2011	14
2012	16 (through 6/19/2012)

Competitive Overview

There are seven grocery competitors identified as having a considerable impact on the defined Montrose grocery trading area. The stronger competitors are located to the north in the City of Buffalo (Walmart Supercenter & Cub Foods), as well as a fairly new Coborn's in the City of Delano. The remaining four stores are smaller conventional formats, located around the periphery of the trade area.

There are currently no mainstream grocery operations located within the defined trading area for the Montrose market. A small grocery operation, formerly located in Waverly, has closed. The higher than normal level of float dollars currently leaving the trade area indicate business leaking to other grocery operations found in the Twin Cities (i.e., Sam's Club, Costco, Trader Joe's, Aldi, etc.).

Chain Summary

Chain Name	# of Facs	-----Chain Total-----				Vol/ SqFt	Avg Image	Market Share
		Volume	Average	Size	Average			
*Wal-Mart SC	1	645,000	645,000	70,000	70,000	9.21	132	26.92
*Cub Foods	1	630,000	630,000	75,500	75,500	8.34	127	26.29
*Coborn's	2	480,000	240,000	72,000	36,000	6.67	105	18.85
*Howard Lake Food	1	40,000	40,000	8,500	8,500	4.71	71	1.34
*Market Place Fd	1	100,000	100,000	18,000	18,000	5.56	88	3.34
*Supervalu	1	50,000	50,000	9,500	9,500	5.26	72	.83
Totals	7	1,945,000		253,500				77.57
Averages			277,857		36,214	7.67		

* Chain includes facilities with draw less than 29.99

Note: The sales volumes used in this analysis exclude the following; Pharmacy sales, fuel center sales and liquor sales. For Walmart Supercenter, only that size and sales attributed to typical supermarket sales are used. Expanded general merchandise size and sales are excluded.

Future Competition

There are two competitors planned in area communities that are in various stages of development. Neither of these potential competitors is expected to have a significant impact on a grocery operation in the City of Montrose.

Buffalo Co-op – A small Co-op is in the planning stages for the community of Buffalo, with an anticipated opening in 2013. The name of the co-op will be “Local Roots Food Co-op”. They are looking for a location in the central business district of Buffalo, but none has been secured at this time.

Crow Wing Food Co-op – The City of Rockford is in the planning stages for opening a 12,000 square foot co-op store to be located on the west side of town in the Rockford Mall.

Neither of these two potential market changes could be confirmed and therefore are not included in the sales projections. If constructed, neither of the two potential changes are expected to have a significant impact on the Montrose market.

Map Key 1
Walmart SC
1315 State Highway 25 North
Buffalo, MN



Weekly volume = \$645,000 or \$9.21 per square foot
26.92% Market Share
Total Grocery Area = 70,000 square feet

Map Key 2
Cub Foods
1008 State Highway 55 East
Buffalo, MN



Weekly volume - \$630,000 or \$8.34 per square foot
26.29% Market Share
Total Area - 75,500 square foot

Map Key 3
Coborn's
205 1st Street South
Buffalo, MN



Weekly volume - \$125,000 or \$4.46 per square foot
5.22% Market Share
Total Area - 28,000 square foot

Map Key 4
Howard Lake Foods
603 8th Ave.
Howard Lake



Weekly volume - \$40,000 or \$4.71 per square foot
1.34% Market Share
Total Area - 8,500 square foot

Map Key 5
Coborn's
1400 Babcock Blvd
Delano, MN



Weekly volume - \$355,000 or \$8.07 per square foot
13.63% Market Share
Total Area - 44,000 square foot

Map Key 6
Marketplace Foods
310 Lewis Ave. S.
Watertown



Weekly volume - \$100,000 or \$5.56 per square foot
3.34% Market Share
Total Area - 18,000 square foot

Map Key 7
Glenn's Supervalu
491 Main Avenue West
Winsted



Weekly volume - \$50,000 or \$5.26 per square foot
.83% Market Share
Total Area - 9,500 square foot

Methodology

During the month of July, 2012, a field visit to the Montrose, MN area was conducted to collect demographic data, competitor identification/evaluation, changes in the marketplace, traffic flow information, and to review the characteristics of the subject site. This data, combined with observations of the analyst, are used to produce a current market simulation. This simulation is then used to formulate the individual tactics based on future supply and demand characteristics in the trade area.

The leakage in the trade area (22.43%) is primarily due to the usual convenience stores and drug stores within the study area, the minimal draw of supermarkets outside of the study area, general merchandise stores that carry food items, and club stores.

At all supercenter facilities, only the area and sales designated to normal supermarket facilities are included in the sales model. Expanded non-foods area and sales have been excluded.

At those stores offering gasoline islands, the weekly gasoline volume has been subtracted from the stores' total weekly volume.

At those stores offering in-store pharmacies, the weekly pharmacy volume has been subtracted from the stores' total weekly volume.

At those stores offering liquor departments, the weekly liquor volume has been subtracted from the stores' total weekly volume.

CURRENT MARKET ASSESSMENT								Comments
M.K.	Store	TSQFT	Sales	\$/SF	Draw*	\$ in T.A.	Mk. Shr.	
1	Wal-Mart SC Buffalo	70,000	\$645,000	\$9.21	25%	\$161,250	26.92%	Expanded to supercenter in 2003. Major influence on trade area.
2	Cub Foods Buffalo	75,500	\$630,000	\$8.34	25%	\$157,500	26.29%	Average Cub operation. Major influence on trade area.
3	Coborn's Buffalo	28,000	\$125,000	\$4.46	25%	\$31,250	5.22%	Looking for relocation site. Poor Coborn's operation.
4	Howard Lake Foods Howard Lake	8,500	\$40,000	\$4.71	20%	\$8,000	1.34%	Small conventional store. Nash Finch supplied store.
5	Coborn's Delano	44,000	\$355,000	\$8.07	23%	\$81,650	13.63%	Strong Coborn's operation. Major influence on trade area.
6	Marketplace Foods Watertown	18,000	\$100,000	\$5.56	20%	\$20,000	3.34%	Decent conventional operation. Affiliated supplied store.
7	Glenn's Supervalu Winsted	9,500	\$50,000	\$5.26	10%	\$5,000	0.83%	Small conventional store. Supervalu supplied store.
	7 Competitors Totals	253,500	1,945,000			\$464,650	77.57%	
	Competitors Averages	36,214	\$277,857	\$7.67	21.14	\$66,378	11.08%	

**CURRENT MARKET SIMULATION
MONTROSE, MINNESOTA
JULY, 2012 MARKET DATE**

TRADE AREA TOTALS

Trade Area	Jul 2012
Population	12,074
Potential	599,000
Facility Volume	464,650
Float Amount	134,350
Float Percent	22.43%
P.C.E.	49.61

STORES IN OPERATION

Facility Map Key	Name	---Jul 2012 --- Volume /SqFt	Total Area	Draw	Image
1	Wal-Mart SC	645,000 9.21	70,000	25	132
2	Cub Foods	630,000 8.34	75,500	25	127
3	Coborn's	125,000 4.46	28,000	25	90
4	Howard Lake Food	40,000 4.71	8,500	20	71
5	Coborn's	355,000 8.07	44,000	23	120
6	Market Place Fd	100,000 5.56	18,000	20	88
7	Supervalu	50,000 5.26	9,500	10	72
Total		1,945,000	253,500		
Average		277,857 7.67	36,214		100

CHAIN SUMMARY

Chain Name	# of Facs	Volume	Average	Size	Average	Vol/ SqFt	Avg Image	Market Share
*Wal-Mart SC	1	645,000	645,000	70,000	70,000	9.21	132	26.92
*Cub Foods	1	630,000	630,000	75,500	75,500	8.34	127	26.29
*Coborn's	2	480,000	240,000	72,000	36,000	6.67	105	18.85
*Howard Lake Food	1	40,000	40,000	8,500	8,500	4.71	71	1.34
*Market Place Fd	1	100,000	100,000	18,000	18,000	5.56	88	3.34
*Supervalu	1	50,000	50,000	9,500	9,500	5.26	72	.83
Totals	7	1,945,000		253,500				77.57
Averages			277,857		36,214	7.67		

* Chain includes facilities with draw less than 29.99

SECTOR DATA - JULY, 2012

Sector Map Key	-----Jul 2012----- Population	PCE	Potential	-----Float----- Percent	Amount
1	2,227	48.50	108,010	24.41	26,361
2	1,593	48.17	76,735	26.22	20,119
3	1,287	51.00	65,637	23.58	15,475
4	965	50.86	49,080	21.66	10,631
5	1,340	48.19	64,575	21.71	14,017
5.1	2,963	49.66	147,143	20.10	29,580
6	1,699	51.69	87,821	20.69	18,167
Total	12,074		599,000		134,350
Average		49.61		22.43	

STORE MARKET SHARE BY SECTOR

Jul 2012 Facility Sector	1 Wal-Mart --M.S.--	2 Cub Food --M.S.--	3 Coborn's --M.S.--	4 Howard L --M.S.--	5 Coborn's --M.S.--	6 Market P --M.S.--	7 Superval --M.S.--
1	29.77	26.74	4.92	3.40	7.73	1.93	1.12
2	19.91	17.63	2.66	2.63	17.55	9.87	3.53
3	14.59	14.37	2.29	.29	36.19	8.35	.35
4	35.06	32.26	7.39	.69	2.54	.28	.11
5	30.18	30.84	6.75	.47	8.88	1.01	.16
5.1	28.76	28.21	5.52	.95	13.58	2.44	.45
6	28.72	32.35	7.16	.10	10.39	.55	.04
Total	26.92	26.29	5.22	1.34	13.63	3.34	.83

Jul 2012 Facility Sector	Total --M.S.--
1	75.59
2	73.78
3	76.42
4	78.34
5	78.29
5.1	79.90
6	79.31
Total	77.57

Population and Potential Profile

	2012
Potential	\$599,000
P.C.E.	\$49.61
2010 Census Population	10,305
2012 Estimated Population	12,074
2016 Estimated Population	13,116

The current population in the trade area is 12,074 people and the average P.C.E. is \$49.61, ranging from a high of \$51.69 in Sector 6 to a low of \$48.17 in Sector 2. The total potential is \$599,000, and the 7 facilities identified are receiving \$464,650 or a 77.57% market share. Total float, which consists of minor facilities and leakage, is \$134,350 or 22.43%.

The 2012 estimated median income for the trade area is \$70,980 with an average household size of 2.74 people. The demographic makeup is 96.5% white, 0.6% black, 2.4% Hispanic and 0.7% Asian. Additionally, 28.2% of the trade area residents are under the age of 18, 9.2% are over the age of 65.

Facility Profile

	2012
Number of Facilities - Total	7
Total Trade Area Potential	\$599,000
Facility Sales Within Trade Area	\$464,650
Facility Percent	77.57%
Float	\$134,350
Float Percent	22.43%
Highest Volume Facility	
Wal-Mart SC - Map Key 1	\$645,000
Largest Facility	
Cub Foods - Map Key 2	75,500 SF
Sales Per Total Area Square Foot - Average	\$7.67
High (Wal-Mart SC - Map Key 1)	\$9.21
Low (Coborn's - Map Key 3)	\$4.46

Combined, the 7 facilities contain a total of 253,500 square feet with total sales of \$1,945,000. The facilities average 36,214 square feet and \$277,857 in sales. The average sales per square foot is \$7.67. There are 21. square feet per capita, 0.05 persons per square foot and 1,725 persons per facility.

MARKET PROJECTION
MONTROSE, MINNESOTA
JULY 2014 MARKET DATE
ASSUMES A JULY 2013 OPEN DATE
RESULTING SALES REPRESENT FIRST YEAR-END AVERAGE WEEKLY SALES
A 2.0% ANNUAL INFLATION RATE IS ASSUMED

TRADE AREA TOTALS

Trade Area	Jul 2012	Jul 2014	% Change
Population	12,074	12,596	4.32
Potential	599,000	649,975	8.51
Facility Volume	464,650	504,039	8.48
Float Amount	134,350	145,937	8.62
Float Percent	22.43	22.45	
P.C.E.	49.61	51.60	4.01

TACTIC #1
DO-NOTHING REPORT
NO NEW SITE OPEN
POPULATION CHANGE AND INFLATION ONLY

Facility Map Key	Name	Forecast		Current		T.A. Diff.	%	Fcst Total Area	Draw	Image
		---Jul 2014 --- Volume /SqFt		---Jul 2012 --- Volume /SqFt						
1	Wal-Mart SC	660,033	9.43	645,000	9.21	15,033	2	70,000	25	132
2	Cub Foods	642,471	8.51	630,000	8.34	12,471	2	75,500	25	127
3	Coborn's	125,849	4.49	125,000	4.46	849	1	28,000	25	90
4	Howard Lake Food	41,254	4.85	40,000	4.71	1,254	3	8,500	20	71
5	Coborn's	362,106	8.23	355,000	8.07	7,105	2	44,000	23	120
6	Market Place Fd	102,292	5.68	100,000	5.56	2,292	2	18,000	20	88
7	Supervalu	50,384	5.30	50,000	5.26	384	1	9,500	10	72
Totals		1,984,389		1,945,000		39,389				
Averages		283,484	7.83	277,857	7.67			36,214		100

CHAIN SUMMARY

Chain Name	# of Facs	-----Chain Total----- Volume	Average	Size	Average	Vol/ SqFt	Avg Image	Market Share
Wal-Mart SC	1	660,033	660,033	70,000	70,000	9.43	132	27.12
Cub Foods	1	642,471	642,471	75,500	75,500	8.51	127	26.15
Coborn's	2	487,955	243,977	72,000	36,000	6.78	105	18.59
Howard Lake Food	1	41,254	41,254	8,500	8,500	4.85	71	1.42
Market Place Fd	1	102,292	102,292	18,000	18,000	5.68	88	3.43
Supervalu	1	50,384	50,384	9,500	9,500	5.30	72	.83
Totals	7	1,984,389		253,500				77.55
Averages			283,484		36,214	7.83		

TACTIC #2
9,000 SQUARE FOOT "CONVENTIONAL" GROCERY STORE AT SITE 100
NORTHEAST CORNER OF US HIGHWAY 12 & COUNTY ROAD 12
"C"-STORE SITE

Facility Map Key	Name	Forecast		Current		T.A. Diff.	%	Fcst Total Area	Draw	Image
		---Jul 2014 --- Volume	/SqFt	----Jul 2012 ---- Volume	/SqFt					
1	Wal-Mart SC	645,163	9.22	645,000	9.21	163	0	70,000	25	132
2	Cub Foods	628,443	8.32	630,000	8.34	-1,557	0	75,500	25	127
3	Coborn's	123,300	4.40	125,000	4.46	-1,700	-1	28,000	25	90
4	Howard Lake Food	40,343	4.75	40,000	4.71	343	1	8,500	20	71
5	Coborn's	354,805	8.06	355,000	8.07	-195	0	44,000	23	120
6	Market Place Fd	100,496	5.58	100,000	5.56	496	0	18,000	20	88
7	Supervalu	49,927	5.26	50,000	5.26	-73	0	9,500	10	72
100	Subject Site	46,568	5.17	0	0.00	41,911	0	9,000	90	70
Totals		1,989,046		1,945,000		39,389				
Averages		248,631	7.58	277,857	7.67			32,813		96

CHAIN SUMMARY

Chain Name	# of Facs	-----Chain Total-----				Vol/ SqFt	Avg Image	Market Share
		Volume	Average	Size	Average			
Wal-Mart SC	1	645,163	645,163	70,000	70,000	9.22	132	24.83
Cub Foods	1	628,443	628,443	75,500	75,500	8.32	127	23.99
Coborn's	2	478,106	239,053	72,000	36,000	6.64	105	17.08
Howard Lake Food	1	40,343	40,343	8,500	8,500	4.75	71	1.28
Market Place Fd	1	100,496	100,496	18,000	18,000	5.58	88	3.15
Supervalu	1	49,927	49,927	9,500	9,500	5.26	72	.76
Subject Site	1	46,568	46,568	9,000	9,000	5.17	70	6.45
Totals	8	1,989,046		262,500				77.55
Averages			248,631		32,813	7.58		

GROWTH PATTERN - MAP KEY 100

Facility Map Key = 100

Jul 2014

	Average Sales /SqFt	Ending Sales /SqFt		
1st Year	44,887	4.99	46,568	5.17
2nd Year	48,360	5.37	49,829	5.54
3rd Year	51,119	5.68	53,246	5.92

Inflation is 2%

BASIS OF SALES REPORT

Subject Site	-----Sales Transfer-----				--Total Transfer--	
Map Key 100	Jul 2014	Percent	Jul 2015	Jul 2016	Sales	Percent
Competition	40,194	86.31	1,069	1,062	42,326	79.49
Population	895	1.92	946	990	2,831	5.32
Inflation	822	1.76	920	1,023	2,764	5.19
Outside Trade Area	4,657	10.00	326	342	5,325	10.00
Total	46,568	100.00	3,261	3,417	53,246	100.00
Cumulative	46,568		49,829	53,246		

Competition		-----Sales Transfer-----				-Total Transfer-	
Map Key	Name	Jul 2014	Percent	Jul 2015	Jul 2016	Sales	Percent
1	Wal-Mart SC	-14,251	-9.24	-378	-375	-15,004	-9.73
2	Cub Foods	-13,451	-9.02	-357	-354	-14,162	-9.50
3	Coborn's	-2,445	-8.65	-65	-64	-2,575	-9.11
4	Howard Lake Food	-866	-10.97	-23	-23	-912	-11.56
5	Coborn's	-7,021	-9.00	-188	-187	-7,396	-9.48
6	Market Place Fd	-1,725	-8.80	-47	-47	-1,818	-9.27
7	Supervalu	-437	-9.32	-12	-12	-460	-9.82
Total		-40,194	-9.10	-1,069	-1,062	-42,326	-9.58
Cumulative		-40,194		-41,264	-42,326		

FACILITY VOLUME BY SECTOR - MAP KEY 100

Facility Map Key = 100

Jul 2014

Draw = 90

Market Share Cutoff = 0

Sector Map Key	Sector Share	Expected Volume	Population	Potential	Float	Miles
1	8.12	9,920	2,420	122,112	24.41	2.96
2	5.08	4,243	1,667	83,543	26.22	3.84
3	4.43	3,105	1,321	70,093	23.58	3.72
4	1.59	834	990	52,386	21.66	4.96
5	5.27	3,630	1,375	68,938	21.71	1.95
5.1	11.89	18,821	3,063	158,254	20.10	.35
6	1.44	1,359	1,760	94,650	20.69	4.66
TA Total	6.45	41,911	12,596	649,975	22.45	
Sales Forecast		46,568				

TACTIC #3
14,000 SQUARE FOOT "CONVENTIONAL" GROCERY STORE AT SITE 200
SOUTHEAST CORNER OF US HIGHWAY 12 & STATE HIGHWAY 25
HYPOTHETICAL "OPTIMAL" SITE

Facility Map Key	Name	Forecast ---Jul 2014 ---		Current ----Jul 2012 ----		T.A. Diff.	% Chg	Fcst Total Area	Draw	Image
		Volume	/SqFt	Volume	/SqFt					
1	Wal-Mart SC	636,030	9.09	645,000	9.21	-8,970	-1	70,000	25	132
2	Cub Foods	619,814	8.21	630,000	8.34	-10,186	-2	75,500	25	127
3	Coborn's	121,740	4.35	125,000	4.46	-3,260	-3	28,000	25	90
4	Howard Lake Food	39,793	4.68	40,000	4.71	-207	-1	8,500	20	71
5	Coborn's	349,968	7.95	355,000	8.07	-5,032	-1	44,000	23	120
6	Market Place Fd	99,208	5.51	100,000	5.56	-792	-1	18,000	20	88
7	Supervalu	49,599	5.22	50,000	5.26	-401	-1	9,500	10	72
200	Alternate Site	75,817	5.42	0	0.00	68,236	0	14,000	90	85
Totals		1,991,970		1,945,000		39,389				
Averages		248,996	7.45	277,857	7.67			33,438		98

CHAIN SUMMARY

Chain Name	# of Facs	-----Chain Total-----				Vol/ SqFt	Avg Image	Market Share
		Volume	Average	Size	Average			
Wal-Mart SC	1	636,030	636,030	70,000	70,000	9.09	132	23.43
Cub Foods	1	619,814	619,814	75,500	75,500	8.21	127	22.66
Coborn's	2	471,709	235,854	72,000	36,000	6.55	105	16.09
Howard Lake Food	1	39,793	39,793	8,500	8,500	4.68	71	1.20
Market Place Fd	1	99,208	99,208	18,000	18,000	5.51	88	2.96
Supervalu	1	49,599	49,599	9,500	9,500	5.22	72	.71
Alternate Site	1	75,817	75,817	14,000	14,000	5.42	85	10.50
Totals	8	1,991,970		267,500				77.55
Averages			248,996		33,438	7.45		

GROWTH PATTERN - MAP KEY 200

Facility Map Key = 200

Jul 2014

	Average Sales /SqFt		Ending Sales /SqFt	
1st Year	73,283	5.23	75,817	5.42
2nd Year	78,619	5.62	80,935	5.78
3rd Year	82,985	5.93	86,284	6.16

Inflation is 2%

BASIS OF SALES REPORT

Alternate Site		-----Sales Transfer-----		--Total Transfer--			
Map Key	200	Jul 2014	Percent	Jul 2015	Jul 2016	Sales	Percent
Competition		65,463	86.34	1,605	1,589	68,657	79.57
Population		1,435	1.89	1,510	1,575	4,520	5.24
Inflation		1,338	1.76	1,491	1,650	4,479	5.19
Outside Trade Area		7,582	10.00	512	535	8,628	10.00
Total		75,817	100.00	5,117	5,349	86,284	100.00
Cumulative		75,817		80,935	86,284		

Competition		-----Sales		Transfer-----		-Total Transfer-	
Map Key	Name	Jul 2014	Percent	Jul 2015	Jul 2016	Sales	Percent
1	Wal-Mart SC	-23,012	-15.86	-561	-556	-24,129	-16.63
2	Cub Foods	-21,733	-15.47	-530	-525	-22,788	-16.22
3	Coborn's	-3,943	-14.76	-96	-95	-4,135	-15.48
4	Howard Lake Food	-1,389	-18.91	-34	-34	-1,458	-19.85
5	Coborn's	-11,675	-15.95	-289	-286	-12,250	-16.74
6	Market Place Fd	-2,962	-16.18	-75	-74	-3,110	-16.99
7	Supervalu	-750	-17.21	-19	-19	-788	-18.07
Total		-65,463	-15.76	-1,605	-1,589	-68,657	-16.53
Cumulative		-65,463		-67,068	-68,657		

FACILITY VOLUME BY SECTOR - MAP KEY 200

Facility Map Key = 200

Jul 2014

Draw = 90

Market Share Cutoff = 0

Sector Map Key	Sector Share	Expected Volume	Population	Potential	Float	Miles
1	12.23	14,936	2,420	122,112	24.41	2.98
2	9.52	7,949	1,667	83,543	26.22	3.74
3	7.48	5,244	1,321	70,093	23.58	3.64
4	2.44	1,279	990	52,386	21.66	5.07
5	8.72	6,011	1,375	68,938	21.71	2.06
5.1	19.38	30,673	3,063	158,254	20.10	.45
6	2.26	2,142	1,760	94,650	20.69	4.73
TA Total	10.50	68,236	12,596	649,975	22.45	
Sales Forecast		75,817				

Store Type Abbreviations/Definitions

SUPER - Super Store: Complete full-line, self-service market with health and beauty care items and pharmacies operating in a sales area of more than 30,000 square feet with an annual sales volume of at least \$10 million.

CONV - Conventional Supermarket: Complete, full-line, self-service market with an annual sales volume of at least \$2 million. These stores can take several forms, such as upscale operations (CONUP), price operations (CONPR), or regular supermarkets.

SUPRT - Superette: Self-service store handling groceries, meats, and produce, usually in a sales area of less than 6,000 square feet, with an annual sales volume of less than \$2 million.

SPCTR - Supercenter: A large food/drug combination unit and mass merchandiser operating under one roof. The formats are typically over 150,000 square feet in total size, offer a full line of grocery and non-grocery product, and are increasingly likely to include a full complement of ancillary services. As a result, 40% of the sales floor is devoted to comparable grocery store merchandise.

WHSE - Warehouse Store: A full-line, self-service market with a warehouse atmosphere operating in a sales area of more than 30,000 square feet, with an annual sales volume of at least \$5 million.

COMBO - Combination Store: Complete, full-line self-service market operating in a sales area of more than 45,000 square feet with an annual sales volume of at least \$10 million, at least 40% of which is in non-foods.

GRMET - Gourmet Supermarket: A supermarket offering gourmet and high-end items as well as standard products, with an emphasis on services such as freshly prepared take-out meals, home delivery, catering, etc.

LA - Limited Assortment: A store with under 1,500 items, primarily dry grocery with very few if any perishables. Very low margin and labor ratio. Practically no service. Also referred to as Box Store.

SPEC - Specialty Store: A superette type operation offering products with emphasis on items being all natural (i.e., organically grown produce, grain fed meats).

CO-OP - Food Co-op: A co-operatively owned food retail operation which is operated by its members/customers. Co-ops cater to the needs of their members; however, most are open to the public for a surcharge.

Definitions

STUDY AREA: Area that contains population that could contribute to the sales of a store(s) located at a site(s), also referred to as the trade area.

SECTORS: Geographic units of study area.

NODE: The point within a sector that optimizes the origin of the shopping trip for the population.

PULLING POWER: The attraction a store exerts upon the population.

DRAW: Portion of a store's total sales derived from the study area.

IMAGE: A ranking number for each store as determined by the model. It represents the acceptability of the stores in the study area to the people within the trade area of each store.

P.C.E.: Per capita weekly expenditure for food.

FLOAT: Portion of the potential within the study area that is not captured by the identified stores.

BARRIERS: Physical or psychological obstacles that impair travel and accessibility to site.

Qualifier

This report is furnished pursuant to a request by the client, The City of Montrose, Minnesota. In the use of this market analysis, the client acknowledges that while it believes the services to be performed hereunder by Keith Wicks & Associates will be a valuable tool in management decision making, it also understands that an important part of said services involves subjective judgment, which is dependent upon the correctness of the information made available to Keith Wicks & Associates. Therefore, the client further acknowledges its understanding that Keith Wicks & Associates does not guarantee any result from the use of the analysis or other services performed hereunder, nor shall Keith Wicks & Associates be responsible for any loss incurred as a result of the use of said analysis or other services.

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

Source Data

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

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

"2010 Census of Population and Housing" for Minnesota CPH-5-45, FL94-171 Data, STFIA and STF3A. Per Capita Expenditure Program, Sector 2010, LOCUS and UDS.

Editor & Publisher, Inc., 2010 Market Guide.

Planning Department, City of Montrose.

Wright County Planning Department.

Metropolitan Regional Council of Governments

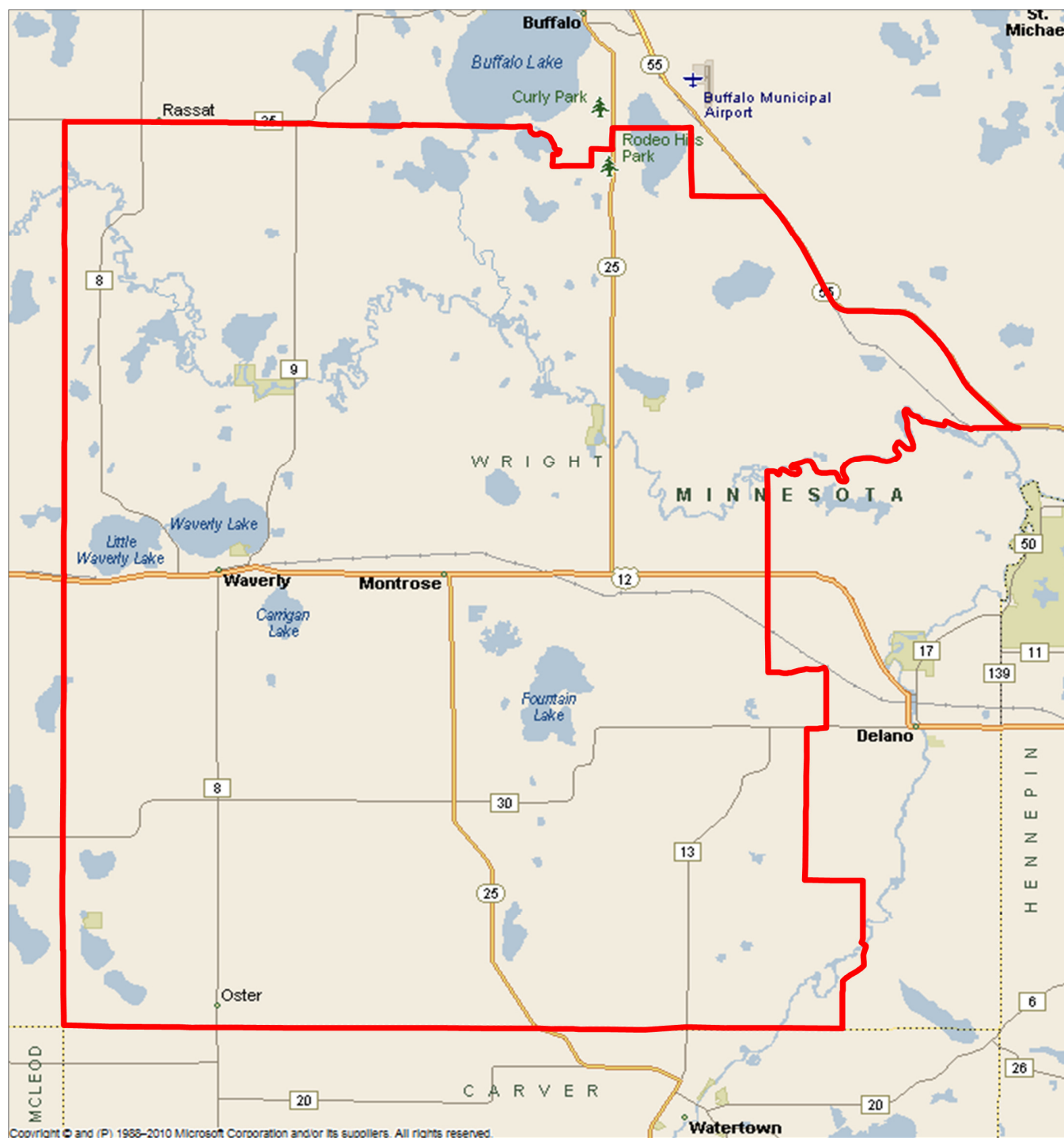
2011/2016 population estimates, "P-Census".

Minnesota Department of Transportation.

Google Earth – Aerial Photos.



Montrose, MN Trade Area





Demographic Trend

Demographic Trend	Montrose, MN Trade Area Summary					
	2000 Census	%	2011 Estimate	%	2016 Projection	%
Population by Sex	8,030		10,713		12,229	
Average HH Size	2.90		2.77		2.91	
Male	4,153	51.7%	5,769	53.9%	6,591	53.9%
Female	3,877	48.3%	4,944	46.1%	5,638	46.1%
Population by age	8,030		10,713		12,229	
0 to 4 years	517	6.4%	1,005	9.4%	1,107	9.1%
5 to 9 years	608	7.6%	870	8.1%	1,022	8.4%
10 to 14 years	728	9.1%	780	7.3%	867	7.1%
15 to 19 years	649	8.1%	848	7.9%	997	8.2%
20 to 24 years	406	5.1%	716	6.7%	931	7.6%
25 to 29 years	450	5.6%	669	6.2%	664	5.4%
30 to 34 years	550	6.8%	750	7.0%	704	5.8%
35 to 39 years	747	9.3%	798	7.4%	791	6.5%
40 to 44 years	715	8.9%	703	6.6%	684	5.6%
45 to 49 years	622	7.7%	787	7.3%	868	7.1%
50 to 54 years	524	6.5%	796	7.4%	1,005	8.2%
55 to 59 years	466	5.8%	588	5.5%	795	6.5%
60 to 64 years	304	3.8%	410	3.8%	525	4.3%
65 to 69 years	232	2.9%	355	3.3%	476	3.9%
70 to 74 years	171	2.1%	212	2.0%	288	2.4%
75 to 79 years	162	2.0%	164	1.5%	231	1.9%
80 to 84 years	97	1.2%	128	1.2%	127	1.0%
85 years and over	82	1.0%	134	1.3%	147	1.2%
Median Age	35.7		33.1		33.7	
Population by race	8,030		10,713		12,229	
One race	7,968	99.2%	10,589	98.8%	12,085	98.8%
White	7,882	98.2%	10,345	96.6%	11,806	96.5%
Black	28	0.3%	68	0.6%	75	0.6%
American Indian/Alaska Native	13	0.2%	17	0.2%	20	0.2%
Asian	21	0.3%	74	0.7%	85	0.7%
Hawaiian/Pacific Islander	0	0.0%	1	0.0%	1	0.0%
Some Other Race	24	0.3%	84	0.8%	98	0.8%
Two or More Races	62	0.8%	124	1.2%	144	1.2%
Hispanic or Latino origin	90		272		383	
One race	82	91.1%	255	93.8%	357	93.2%
White	57	63.3%	166	61.0%	251	65.5%
Black	0	0.0%	4	1.5%	5	1.3%
American Indian/Alaska Native	2	2.2%	0	0.0%	0	0.0%
Asian	1	1.1%	3	1.1%	5	1.3%
Hawaiian/Alaska Native	0	0.0%	0	0.0%	0	0.0%
Some Other Race	22	24.4%	82	30.1%	96	25.1%
Two or More Races	8	8.9%	17	6.3%	26	6.8%
Households by age of householder	2,769		3,861		4,199	



Demographic Trend

Demographic Trend	Montrose, MN Trade Area Summary					
	2000 Census	%	2011 Estimate	%	2016 Projection	%
15 to 24 years	94	3.4%	184	4.8%	223	5.3%
25 to 34 years	417	15.1%	701	18.2%	646	15.4%
35 to 44 years	773	27.9%	858	22.2%	800	19.1%
45 to 54 years	601	21.7%	888	23.0%	1,000	23.8%
55 to 64 years	439	15.9%	591	15.3%	748	17.8%
65 to 74 years	246	8.9%	358	9.3%	461	11.0%
75 to 84 years	163	5.9%	201	5.2%	236	5.6%
85 years and over	36	1.3%	80	2.1%	85	2.0%
Median Age of Householder	46.7		47.1		49.3	
Households by income	2,769		3,861		4,199	
Less than \$10,000	113	4.1%	132	3.4%	129	3.1%
\$10,000 to \$14,999	125	4.5%	157	4.1%	147	3.5%
\$15,000 to \$19,999	117	4.2%	60	1.6%	51	1.2%
\$20,000 to \$24,999	128	4.6%	119	3.1%	116	2.8%
\$25,000 to \$29,999	140	5.1%	71	1.8%	64	1.5%
\$30,000 to \$34,999	135	4.9%	131	3.4%	115	2.7%
\$35,000 to \$39,999	147	5.3%	187	4.8%	180	4.3%
\$40,000 to \$44,999	95	3.4%	118	3.1%	107	2.5%
\$45,000 to \$49,999	143	5.2%	128	3.3%	120	2.9%
\$50,000 to \$59,999	371	13.4%	409	10.6%	397	9.5%
\$60,000 to \$74,999	464	16.8%	607	15.7%	621	14.8%
\$75,000 to \$99,999	406	14.7%	802	20.8%	963	22.9%
\$100,000 to \$124,999	189	6.8%	454	11.8%	565	13.5%
\$125,000 to \$149,999	87	3.1%	167	4.3%	225	5.4%
\$150,000 to \$199,999	54	2.0%	151	3.9%	188	4.5%
\$200,000 and over	55	2.0%	168	4.4%	211	5.0%
Median Household Income	\$ 56,509		\$ 70,811		\$ 75,951	
Average household income	\$ 64,251		\$ 86,739		\$ 94,100	
Per capita income	\$ 22,156		\$ 31,261		\$ 32,311	
Marital Status, 15 years and over	6,177		8,101		9,278	
Never Married	1,498	24.3%	2,007	24.8%	2,305	24.8%
Now Married	3,766	61.0%	4,852	59.9%	5,543	59.7%
Separated	124	2.0%	155	1.9%	179	1.9%
Widowed	296	4.8%	380	4.7%	437	4.7%
Divorced	493	8.0%	707	8.7%	814	8.8%



Population by Employment Trend

Population by Employment Trend	Montrose, MN Trade Area Summary					
	2000 Census	%	2011 Estimates	%	2016 Projections	%
Population by labor force	6,037		7,918		9,067	
Civilian Employed	4,420	73.2%	5,369	67.8%	6,411	70.7%
Civilian Unemployed	156	2.6%	659	8.3%	458	5.1%
In Armed Forces	0	0.0%	2	0.0%	0	0.0%
Not In Labor Force	1,461	24.2%	1,888	23.8%	2,198	24.2%

Educational Attainment Trend	Montrose, MN Trade Area Summary					
	2000	%	2011	%	2016	%
Educational attainment	5,122		6,494		7,305	
Less than 9th grade	266	5.2%	96	1.5%	73	1.0%
9th to 12th grade, no diploma	473	9.2%	435	6.7%	385	5.3%
High school graduate	2,079	40.6%	2,420	37.3%	2,583	35.4%
Some college, no degree	1,158	22.6%	1,500	23.1%	1,676	22.9%
Associate degree	441	8.6%	714	11.0%	917	12.6%
Bachelor's degree	536	10.5%	1,076	16.6%	1,370	18.8%
Graduate or profession degree	169	3.3%	253	3.9%	301	4.1%



Demographic Trends 1980-2020

Demographic Trends 1980-2020	Montrose, MN Trade Area Summary	
Population		
1980 Population	6,946	
1990 Population	7,353	
2000 Population	8,030	
2010 Estimate	10,713	
2015 Projection	12,229	
2020 Projection	14,559	
Median Age		
1980 Median Age	25.2	
1990 Median Age	30.1	
2000 Median Age	35.7	
2010 Median Age	33.1	
2015 Median Age	33.7	
Households		
1980 Households	2,091	
1990 Households	2,343	
2000 Households	2,769	
2010 Households	3,861	
2015 Households	4,199	
2020 Households	4,990	
Average Household Income		
1980 Average Income	\$ 20,458	
1990 Average Income	\$ 43,337	
2000 Average Income	\$ 64,251	
2010 Average Income	\$ 86,739	
2015 Average Income	\$ 94,100	
Median Household Income		
1980 Median Income	\$ 18,686	
1990 Median Income	\$ 35,265	
2000 Median Income	\$ 56,509	
2010 Median Income	\$ 70,811	
2015 Median Income	\$ 75,951	



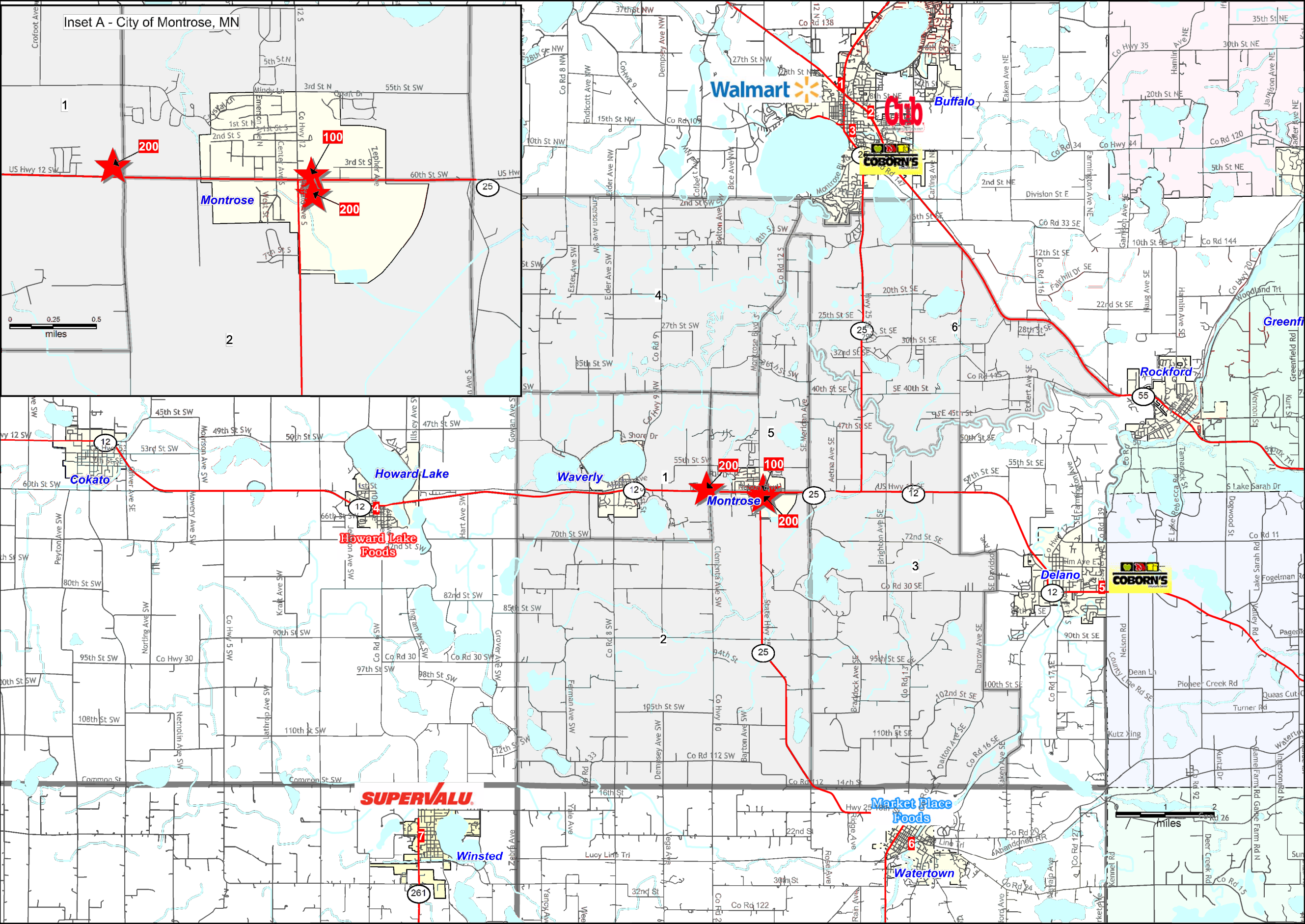
Consumer Spending Summary

Consumer Spending Summary	Montrose, MN Trade Area Summary							
	2011 Aggregate Expenditure Estimate	%	2016 Aggregate Expenditure Estimate	%	2011 Annual Average per Household	2016 Annual Average per Household	Average Annual Growth (%)	2011 Market Index to USA
Total expenditure	\$ 248,127,874		\$ 286,124,463		\$ 64,265	\$ 68,141	3.06%	114
Total non-retail expenditures	\$ 143,525,759	57.8%	\$ 165,729,323	57.9%	\$ 37,173	\$ 39,469	3.09%	115
Total retail expenditures	\$ 104,602,114	42.2%	\$ 120,395,139	42.1%	\$ 27,092	\$ 28,672	3.02%	114
Apparel	\$ 11,854,490	4.8%	\$ 13,704,721	4.8%	\$ 3,070	\$ 3,264	3.12%	114
Men's apparel	\$ 2,275,479	0.9%	\$ 2,626,805	0.9%	\$ 589	\$ 626	3.09%	115
Boys' apparel	\$ 579,302	0.2%	\$ 676,416	0.2%	\$ 150	\$ 161	3.35%	115
Women's apparel	\$ 3,916,297	1.6%	\$ 4,506,127	1.6%	\$ 1,014	\$ 1,073	3.01%	113
Girls' apparel	\$ 801,902	0.3%	\$ 938,217	0.3%	\$ 208	\$ 223	3.40%	117
Infants' apparel	\$ 536,852	0.2%	\$ 622,333	0.2%	\$ 139	\$ 148	3.18%	116
Footwear	\$ 1,848,770	0.7%	\$ 2,115,043	0.7%	\$ 479	\$ 504	2.88%	114
Apparel services and accessories	\$ 1,895,889	0.8%	\$ 2,219,782	0.8%	\$ 491	\$ 529	3.42%	112
Contributions	\$ 9,298,582	3.7%	\$ 10,870,628	3.8%	\$ 2,408	\$ 2,589	3.38%	111
Education	\$ 5,956,526	2.4%	\$ 7,058,158	2.5%	\$ 1,543	\$ 1,681	3.70%	110
Books and supplies	\$ 837,997	0.3%	\$ 993,288	0.3%	\$ 217	\$ 237	3.71%	111
Tuition	\$ 5,118,527	2.1%	\$ 6,064,871	2.1%	\$ 1,326	\$ 1,444	3.70%	110
Entertainment	\$ 13,963,522	5.6%	\$ 16,141,450	5.6%	\$ 3,617	\$ 3,844	3.12%	115
Fees and admissions	\$ 3,687,420	1.5%	\$ 4,339,016	1.5%	\$ 955	\$ 1,033	3.53%	114
Video and audio equipment	\$ 4,756,413	1.9%	\$ 5,461,544	1.9%	\$ 1,232	\$ 1,301	2.96%	114
Recreational equipment and supplies	\$ 5,519,691	2.2%	\$ 6,340,892	2.2%	\$ 1,430	\$ 1,510	2.98%	117
Food and beverages	\$ 37,601,339	15.2%	\$ 43,153,261	15.1%	\$ 9,739	\$ 10,277	2.95%	114
Food at home	\$ 19,253,051	7.8%	\$ 21,963,678	7.7%	\$ 4,987	\$ 5,231	2.82%	114
Food away from home	\$ 15,454,423	6.2%	\$ 17,847,738	6.2%	\$ 4,003	\$ 4,250	3.10%	115
Alcoholic beverages	\$ 2,893,867	1.2%	\$ 3,341,845	1.2%	\$ 750	\$ 796	3.10%	112
Gifts	\$ 6,610,273	2.7%	\$ 7,702,288	2.7%	\$ 1,712	\$ 1,834	3.30%	112
Health care	\$ 14,809,103	6.0%	\$ 16,835,285	5.9%	\$ 3,836	\$ 4,009	2.74%	113
Health care insurance	\$ 7,151,596	2.9%	\$ 8,123,580	2.8%	\$ 1,852	\$ 1,935	2.72%	113
Health care services	\$ 3,560,028	1.4%	\$ 4,061,220	1.4%	\$ 922	\$ 967	2.82%	113
Health care supplies and equipment	\$ 4,097,481	1.7%	\$ 4,650,483	1.6%	\$ 1,061	\$ 1,108	2.70%	114
Household furnishings and equipment	\$ 11,230,393	4.5%	\$ 13,059,136	4.6%	\$ 2,909	\$ 3,110	3.26%	117
Household textiles	\$ 776,815	0.3%	\$ 898,397	0.3%	\$ 201	\$ 214	3.13%	115
Furniture	\$ 3,107,213	1.3%	\$ 3,618,566	1.3%	\$ 805	\$ 862	3.29%	118
Floor coverings	\$ 390,603	0.2%	\$ 460,126	0.2%	\$ 101	\$ 110	3.56%	114
Major appliances	\$ 1,282,700	0.5%	\$ 1,478,531	0.5%	\$ 332	\$ 352	3.05%	116
Housewares and small appliances	\$ 5,673,065	2.3%	\$ 6,603,515	2.3%	\$ 1,469	\$ 1,573	3.28%	117
Shelter	\$ 47,865,883	19.3%	\$ 55,339,141	19.3%	\$ 12,397	\$ 13,179	3.12%	114
Mortgage interest	\$ 20,129,618	8.1%	\$ 23,534,741	8.2%	\$ 5,214	\$ 5,605	3.38%	118
Property taxes	\$ 8,647,385	3.5%	\$ 10,114,500	3.5%	\$ 2,240	\$ 2,409	3.39%	116
Miscellaneous Owned Dwelling Costs	\$ 6,521,697	2.6%	\$ 7,565,312	2.6%	\$ 1,689	\$ 1,802	3.20%	114
Rental costs	\$ 9,697,043	3.9%	\$ 10,736,952	3.8%	\$ 2,512	\$ 2,557	2.14%	107
Other lodging	\$ 2,870,141	1.2%	\$ 3,387,636	1.2%	\$ 743	\$ 807	3.61%	110



Consumer Spending Summary

Consumer Spending Summary	Montrose, MN Trade Area Summary							
	2011 Aggregate Expenditure Estimate	%	2016 Aggregate Expenditure Estimate	%	2011 Annual Average per Household	2016 Annual Average per Household	Average Annual Growth (%)	2011 Market Index to USA
Household operations	\$ 9,031,168	3.6%	\$ 10,569,169	3.7%	\$ 2,339	\$ 2,517	3.41%	114
Babysitting and elderly care	\$ 2,102,714	0.8%	\$ 2,475,867	0.9%	\$ 545	\$ 590	3.55%	114
Household services	\$ 1,627,321	0.7%	\$ 1,898,307	0.7%	\$ 421	\$ 452	3.33%	114
Alimony And Child Support	\$ 1,292,126	0.5%	\$ 1,509,011	0.5%	\$ 335	\$ 359	3.36%	111
Household Supplies	\$ 4,009,009	1.6%	\$ 4,685,982	1.6%	\$ 1,038	\$ 1,116	3.38%	114
Miscellaneous expenses	\$ 4,084,398	1.6%	\$ 4,671,076	1.6%	\$ 1,058	\$ 1,112	2.87%	114
Personal care	\$ 3,585,572	1.4%	\$ 4,127,587	1.4%	\$ 929	\$ 983	3.02%	114
Personal insurance	\$ 2,579,347	1.0%	\$ 3,014,471	1.1%	\$ 668	\$ 718	3.37%	113
Reading	\$ 806,920	0.3%	\$ 930,025	0.3%	\$ 209	\$ 221	3.05%	113
Tobacco	\$ 1,536,420	0.6%	\$ 1,720,150	0.6%	\$ 398	\$ 410	2.39%	112
Transportation	\$ 50,383,397	20.3%	\$ 57,927,421	20.2%	\$ 13,049	\$ 13,796	2.99%	117
New vehicle purchase	\$ 13,407,918	5.4%	\$ 15,592,027	5.4%	\$ 3,473	\$ 3,713	3.26%	120
Used vehicle purchase	\$ 7,854,822	3.2%	\$ 8,894,936	3.1%	\$ 2,034	\$ 2,118	2.65%	116
Motorcycles (new and used)	\$ 370,175	0.1%	\$ 426,093	0.1%	\$ 96	\$ 101	3.02%	128
Vehicle finance charges	\$ 2,422,915	1.0%	\$ 2,781,016	1.0%	\$ 628	\$ 662	2.96%	120
Gasoline and oil	\$ 11,163,068	4.5%	\$ 12,750,874	4.5%	\$ 2,891	\$ 3,037	2.84%	118
Vehicle repair and maintenance	\$ 3,857,674	1.6%	\$ 4,431,765	1.5%	\$ 999	\$ 1,055	2.98%	116
Vehicle insurance	\$ 5,620,075	2.3%	\$ 6,437,027	2.2%	\$ 1,456	\$ 1,533	2.91%	116
Public transportation	\$ 2,858,957	1.2%	\$ 3,330,563	1.2%	\$ 740	\$ 793	3.30%	112
Other transportation costs	\$ 2,827,792	1.1%	\$ 3,283,120	1.1%	\$ 732	\$ 782	3.22%	114
Utilities	\$ 16,930,541	6.8%	\$ 19,300,494	6.7%	\$ 4,385	\$ 4,596	2.80%	113



Montrose, MN
MNTSR101
Study Area Map

- 1 - Walmart
- 2 - Cub
- 3 - Coborn's
- 4 - Howard Lake Foods
- 5 - Coborn's
- 6 - Market Place Foods
- 7 - SuperValu
- 100 - Site
- 200 - Site
- 200 - Alternate Site

- Detailed Streets
- Major Road Network
- Railroads
- Sector Boundaries
- Streams, Rivers, & Lakes

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