Market Analysis for the Anoka TOD Station Area Plan Update

Anoka, Minnesota

Prepared for HKGi and the City of Anoka

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Table of Contents

Executive Summary

As a part of a larger master planning process, the City of Anoka and HKGi, engaged LOCi Consulting LLC to complete a market analysis of the potential for development and redevelopment in the Anoka Transit Oriented Development (TOD) Station Area in Anoka, Minnesota.

Purpose and Scope

The purpose of this analysis is to analyze and understand the market potential for medium- and high-density residential and commercial uses in the Anoka TOD Station Area.

This analysis includes:

- An analysis of the site characteristics of the Anoka TOD Station Area.
- An analysis of key demographic and economic trends in the area.
- A review of the multifamily housing market in Anoka and adjacent communities, including an overview of existing supply and housing units that are currently being marketed.
- An analysis of the retail real estate market in Anoka and adjacent communities
- Estimates of demand for for-sale condominiums and townhomes, market-rate and affordable rental units, and restaurant and retail space.
- Discussions of other uses that are being considered at the Anoka TOD Station Area.

Key Findings from the Site Analysis

Strengths of the Anoka TOD Station Area

- Existing Anoka Station transit infrastructure. The transit station is an existing asset that has the potential to generate demand for residential and commercial development.
- Parcels available for immediate development. There are several vacant parcels that are ready for development and a few parcels that could be redeveloped quickly.
- Proximity to Rum River greenspace and trails. The Station Park and Rum River trail system provides a nice natural amenity that is attractive for potential residents to the area. These amenities also have the potential to generate demand for commercial uses.
- Proximity to Downtown Anoka and Riverdale shopping district. The Station Area is close to amenities that are attractive to potential residents and commercial tenants and owners.
- Significant traffic counts on Highway 10. This major transportation corridor has the potential to generate demand for commercial users.
- Good visibility from Highway 10 along Pierce Street. The properties on the south side of the Station Area can be seen by traffic passing through the area.
- Access to Highway 10 from Seventh Avenue with full-service interchange. The interchange on Seventh provides connectivity to the regions highway system. This connectivity is attractive to both potential residents and commercial users.
- Employment base in Anoka. There are large employers in Anoka that drive demand for new homes and generate consumer spending.

Challenges for the Anoka TOD Station Area

- Low ridership numbers for Northstar line. There are still significant unknowns about the future of the commuter rail.
- Some existing uses conflict with new development. The area’s history as an industrial district means that there are existing uses that would conflict with development and redevelopment, especially for residential uses.

- Generally poor connections to Seventh Avenue and Ferry Street. The major connection points for the Station Area can be challenging to navigate. Existing traffic counts through the Station Area are low as a result.
- No signalized intersection at Pierce Street and Seventh Avenue. The primary entrance point for properties on the south side of the Station Area adjacent to Highway 10 is not easy to navigate from Seventh Avenue or from Highway 10.
- Transportation network requires some wayfinding. Because of the railroad, there is poor connectivity across the Station Area, creating barriers within the district.
- Train traffic noise. The freight trains along the BNSF generate significant noise that could be unattractive for potential residents.
- Parcels along Highway 10 are narrow. The areas that may have the greatest commercial potential might be challenging to develop because of their size and shape.
- Not intuitively connected to Downtown Anoka. While Downtown Anoka is close to the Station Area, the two districts are disconnected, separated by a residential neighborhood and Highway 10.

Residential Uses: Findings and Recommendations

Residential Demand Estimates

Figures E1 through E2 show summaries of the residential demand calculations for high-density general occupancy for-sale and rental housing. The full calculations are found in the Appendix of this report. Although some of the demand calculations provide for point estimates, data in the summary is provided as a range of units.

For-Sale Townhome Demand

- Figure E1 shows the summary of the demand calculations for for-sale townhomes in the Anoka TOD Station Area PMA. We find demand for between 250 and 300 units between 2023 and 2028.
- This demand calculation is for the entire primary market area, but we believe the Anoka TOD Station Area has the potential to capture much of this demand should this type of housing be developed.
- We believe that most of this demand would be for multilevel townhomes priced between $300,000 and $450,000, targeted to younger professionals with and without children looking to live in an association-maintained home in a suburban downtown district. We did not find significant demand for higher-priced townhome units (Greater than $450,000).
- We do not recommend planning for-sale condominiums in the Anoka TOD Station Area. The market for condominiums is focused on higher-income buyer segments. Only a handful of projects are currently being marketed, and they tend to be located in central business districts or high-income suburban enclaves like North Oaks or Lake Minnetonka communities.

Recommendations for Townhomes and Condominiums

- For-sale units would work well in the area north of the railroad tracks—but may require planning for conflicting adjacent uses. The large parcels of land north of the tracks present a good opportunity for residential development. However, current adjacent uses conflict with residential uses and may need to be repositioned before development can occur.
- For-sale units should be a mix of attached back-to-back and side-by-side units. These units are being marketed in the PMA now.
- Units should be priced $300,000 to $450,000 and targeted toward entry and move-up buyers. The demand calculations show there is demand in these price points. Higher income buyers may not want to live close to the active rail line.
- Densities would be higher than current market at over 11 units per acre. It is likely that higher densities would be required at this site than are currently being marketed in the PMA.

E1 For-Sale Townhome Demand for Anoka TOD Station Area PMA, 2023-2028

	Estimated Base Price	Estimated Demand
Townhomes and Twinhomes		
Entry-Level Homebuyers Incomes: $100,000-$150,000	$300,000 - $450,000	280 - 290
Mid-Level Homebuyers Incomes: $150,000-$200,000	$450,000 - $600,000	20 - 30
Higher-Level Homebuyers Incomes: $200,000 and Higher	Greater than $600,000	20 - 30

Source: LOCi Consulting LLC

E2 Rental Housing Demand for Anoka TOD Station Area PMA, 2023-2028

	Estimated Rents	Estimated Demand (Units)
Affordable Rental Housing Units (Income Restricted)		
Up to 50% AMI	$0 - $1,400	610 - 620
50% to 60% AMI	$1,400 - $1,680	120 - 130
Workforce Rental Units		
60% to 80% of AMI	$1,680 - $2,130	80 - 90
Market-Rate Rental Units		
80% of AMI to Incomes of $100,000	$2,130 - $2,500	60 - 70
Incomes of $100,000 and higher	Greater than $2,500	80 - 90

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

- We do not recommend general-occupancy condominiums. This product type only works in a few areas of the Twin Cities.

Rental Housing Demand

- Figure E2 shows the summary of demand for rental housing in the Anoka TOD Station Area PMA.
- Note that as with the townhome demand calculations, this analysis is for the entire primary market area. For rental housing, we believe the Station Area could capture most of this demand should rental housing be developed.
- The analysis finds demand for between 220 and 250 market-rate rental units. That includes demand for units sometimes referred to as "workforce housing." We define this as housing targeted to households that earn between 60% and 80% of area median income $67,800 and $82,200). We separate this out in the analysis

because, while many market-rate units fall into these rent ranges, there may be some funding sources available to subsidize housing targeted to these households.

- For market-rate rental demand, developers could build rental housing targeted to households with a range of incomes. We do not recommend developers target higher end renters for a project in the Anoka TOD Station Area.
- Developers may also want to consider multilevel townhome rental units to meet some of this need. These structures could have three- and four-bedroom units targeted to households with families. We believe these types of rental housing would be well received by the market. But it may cost more to develop than a single structure with more units.
- The analysis finds demand for over 700 units of rental housing targeted to households with incomes less than 60% of Area Median Income ($67,800).
- This income threshold is based on income limits set for the Metro Area by the Department of Housing and Urban Development (HUD).
- Should affordable rental housing be developed in the Station Area, we recommend that developers focus on one-, two-, and three-bedroom units in apartment style buildings to meet the affordable rental demand.

Recommendations for Rental Housing

- Rental buildings would also work well in the zone north of the railroad tracks. Renters might be more willing to live in areas with conflicting uses, as long as those uses can be buffered as best as possible.
- Projects could include a mix of market rate and affordable development. There is demand for both types of housing.
- Market rate rents should start at $1,400 per month. The demand calculations find demand highest for these rents. There is some demand for units with rents above $2,500 per month. These units would most likely work best closer to the river and farther from the railroad tracks and conflicting uses.

Retail and Restaurant Uses: Findings and Recommendations

Retail and Restaurant Demand

Figure E3 shows a summary of the retail demand calculation in the Appendix for the Anoka TOD Station Area PMA between 2023 and 2028.

- There is demand for between 35,000- and 50,000-square feet of new retail and restaurant space in

E3 Demand for New Retail Space in Anoka TOD Station Area PMA, 2023-2028

	Estimated Rent per Square Foot per Year	Estimated Demand (Square Footage)
Retail Commercial Space in the PMA		
Supporting Sales of $450 to $550 per Square Foot	$40 - $50	35,000 - 50,000
Retail Commercial Space at the Site		
Supporting Sales of $450 to $550 per Square Foot	$40 - $50	1,800 - 5,000

Source: LOCi Consulting LLC

the Anoka TOD Station Area PMA between 2023 and 2028.

- Because of constraints of the site, the Anoka TOD Station Area itself would likely capture a small percentage of that demand. We estimated demand for retail and restaurant space at the Anoka TOD Station Area is about 1,500- to 5,000-square feet between 2023 and 2028.
- Low traffic counts through the Station Area would likely only appeal to a smaller subset of destination retailers, limiting the amount of retail the site could support.

General Retail Recommendations

- Plan for potential destination retail uses along Highway 10. The parcels with visibility along the freeway have the best potential for destination retail. Retail users could include:
  - Furniture
  - Home goods
  - Specialty
  - Maker's space
- Consider improvements to access the Station Area from Pierce/Seventh intersection. Changing the signal at this intersection would improve access to the Station Area and make retail more viable.
- For the long term, plan for convenience retail space at Pleasant/Fourth intersection, near Anoka Station. The station represents a significant transit infrastructure investment. Over time it will likely generate more potential for convenience retail as use increases. In the near term, convenience retail is not viable.
- Consider city programming (food truck fair, arts/crafts fair, etc.) that could bring energy to the Station Area. Unique programing could create some destination energy within the Station Area.

Restaurant Recommendations

- There will be minimal demand for restaurant space in the Station Area in the next five years. There is not enough traffic to support new restaurants.
- As the area develops beyond five years, plan for possible restaurant uses at Pierce/Seventh and Pleasant/Fourth intersections. As residential is developed and the neighborhood evolves, there may be potential for restaurant spaces near key intersections.

Other Potential Uses: Findings and Recommendations

Food Hall

Retail uses discussed in the previous section include restaurants and food halls. However, because there were particular questions about food halls specifically, additional high-level research was conducted.

A food hall is an eating destination that contains multiple restaurants, usually counter service with common seating and eating areas. While some food halls include chain restaurants, they are more often than not a showcase for local or regional restaurants.

- A food hall concept—if pursued—would work better in Downtown Anoka and could drive additional traffic to existing businesses. We believe a food hall in the Anoka TOD Station Area would just take away energy from downtown restaurants and bars, splitting the area into two destinations and diluting the draw for each.

Light Industrial, Office, and Medical Office

As the Anoka TOD Station Area transitions away from heavier industrial uses, light industrial, office, and medical office uses could possibly develop in their place at the Station Area.

- There is limited existing demand for light industrial, office, and medical office uses at the Anoka TOD Station Area in the near term. Transportation corridors through the area are not convenient enough for these uses. These users want better access for customers, employees, and suppliers.
- There may be very specialized light industrial/medical office users who would want locations in the Station Area.

- As with all commercial uses near the Highway 10 Seventh Avenue Interchange, it is important to explore options to enhance Pierce Street/Seventh Avenue intersection. This connectivity to Highway 10 is critical to attracting these commercial users.

Hospitality Uses

Another possible use for consideration at the Anoka TOD Station Area is hospitality. Hospitality is defined as full-service hotels (with food and beverage service), limited-service hotels, and extended stay hotels. Most of these hotel types offer meeting and event space as well.

The City of Anoka is engaged with a consultant to assess the need for new hotel rooms and meeting space in the City of Anoka. The results of this study will provide overall market conditions and guidance on the potential for this type of use in the overall city.

- Unless parcels nearest to Highway 10/Seventh interchange can be made available, do not consider hospitality uses at the Station Area. There could be potential in this area if demand is found through the hospitality market study and those parcels could be made available.

Community Center Uses

City officials also suggested a community center as a potential use for the site. Depending on the wishes of the community and established need, a community center could include an exercise facility, indoor/outdoor athletic spaces, indoor/outdoor aquatic center, and/or public meeting spaces.

- If it is found that there is a need for a community center, consider the Anoka TOD Station Area as a location. The first step is to determine the overall need and community preferences, rather than let the availability of the location drive the discussion.

Introduction

As a part of a larger master planning process, the City of Anoka and HKGi, engaged LOCi Consulting LLC to complete a market analysis of the potential for development and redevelopment in the Anoka Transit Oriented Development (TOD) Station Area in Anoka, Minnesota.

Purpose and Scope

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This analysis includes:

- An analysis of the site characteristics of the Anoka TOD Station Area.
- An analysis of key demographic and economic trends in the area.
- A review of the multifamily housing market in Anoka and adjacent communities, including an overview of existing supply and housing units that are currently being marketed.
- An analysis of the retail real estate market in Anoka and adjacent communities, including a review of recent retail trends and an overview of retailers, retail nodes, and shopping centers in the area.
- Interviews with real estate agents, housing developers, brokers, and others knowledgeable about for-sale and rental housing and commercial real estate in the area.
- Estimates of demand for for-sale condominiums and townhomes, market-rate and affordable rental units, and restaurant and retail space.
- Discussions of other uses that are being considered at the Anoka TOD Station Area.

Data Resources and Study Limitations

The data in this market analysis are compiled from a variety of sources, including interviews with property owners, developers, real estate agents, city officials and others, along with secondary demographic, economic, and competitive resources. Sources are identified in the figures.

LOCi Consulting believes that these sources are reliable. However, there is no way to authenticate this data and information. LOCi Consulting does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgement. The data in this analysis includes the most up-to-date information available at the time of this analysis.

The conclusions and recommendations in this market analysis are based on the best judgements and analysis at the time of the study. LOCi Consulting makes no guarantees or assurances that the projections or conclusions will be realized as stated.

1. Site Analysis

This section reviews the regional context, defines the Anoka Transit Oriented Development (TOD) Station Area for this analysis, and assesses the strengths and weaknesses of the area that impact the potential for development and redevelopment.

Regional Context

The city of Anoka is located in the northwestern portion of the Twin Cities Metropolitan Area at the confluence of the Mississippi River and the Rum River. Anoka is the county seat of Anoka County. The city is about 20 miles from Downtown Minneapolis and about 24 miles to the Minneapolis-St. Paul International Airport. Map 1.1 shows the city of Anoka and adjacent communities.

The city first developed as a logging town with a number of sawmills and wood production businesses. Later, the area served as a regional center for farming in Anoka County and other adjacent counties. In 1898, the state of Minnesota established a state hospital in Anoka, which is now the Anoka-Metro Regional Treatment Center (located just north of the Anoka TOD Station Area).

As the Twin Cities Metropolitan area grew out towards Anoka, the city retained its status as a regional center for communities in the northwest metro. The Anoka County government center and courthouse are located in Downtown Anoka. And, immediately adjacent to the city, Mercy Hospital—a 470-bed facility—is located in Coon Rapids.

Anoka TOD Station Area Defined

The Anoka TOD Station Area is a transit-oriented redevelopment area that centers around the Anoka Station stop for the Northstar Commuter Rail line. Located at 2718 4th Avenue, the station features bicycle lockers and two park and ride lots. The north lot has 181 spaces, and the south lot has 196 spaces, with a total capacity of 377 vehicles. The commute time to downtown Minneapolis from this station is about 32 minutes.

Map 1.2 shows the defined the Anoka TOD Station Area for the purposes of this analysis. The southern boundary of the Station Area is US Highway 10; the western border is the Rum River; the northern border is Grant Street; and the eastern border is Seventh Avenue.

Anoka Station parking structure, looking north Fourth Avenue

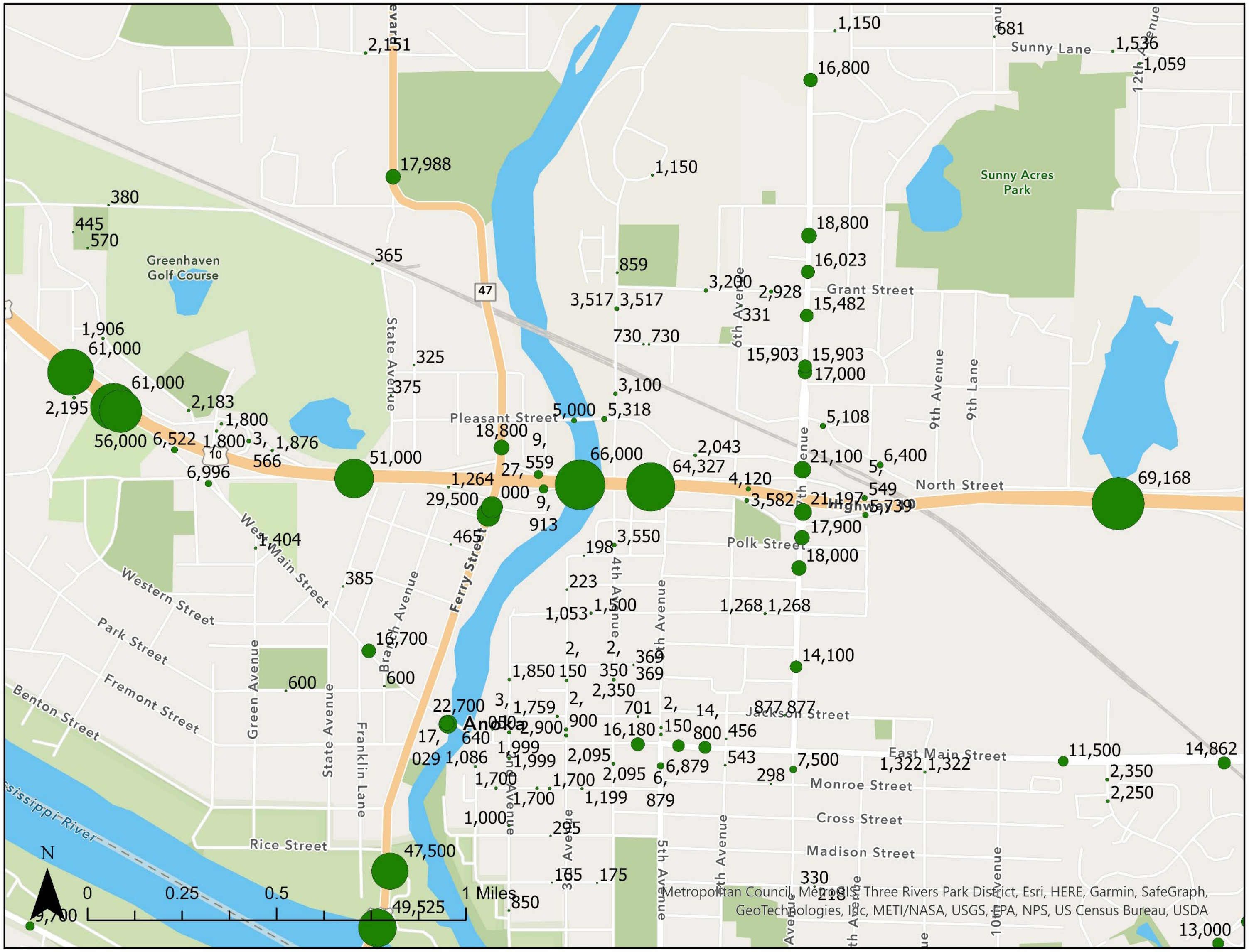
Map 1.1: Anoka TOD Station Area – Anoka, Minnesota

Source: ESRI, LOCi Consulting LLC

Map 1.2: Defined Areas for the Anoka TOD Station Area

Source: City of Anoka; ESRI, LOCi Consulting LLC

Map 1.3: Traffic Counts in and near the Anoka TOD Station Area



Source: ESRI, LOCi Consulting LLC

Riverside on Fourth development, looking southwest Fourth Avenue

The current uses within the Anoka TOD Station Area and the immediate nearby areas are characterized by a mix of commercial and residential. The eastern portion of the area and the immediate blocks adjacent to Highway 10 have several blocks of existing single-family homes. The areas immediately adjacent to the Anoka Station are primarily industrial with a few larger vacant parcels also adjacent to the station. Station Park is located in the northwest corner of the Station Area adjacent to the Rum River. The park has a small playground and pavilion and provides connections to the trail system adjacent to the river.

The Anoka TOD Station Area is located about six blocks north of Downtown Anoka and about 1.5 miles east of the Riverdale shopping district in Coon Rapids.

Transportation Infrastructure

Northstar Commuter Rail Corridor

In 2009, commuter rail service in the Northstar corridor opened in November 2009 between downtown Minneapolis and the City of Big Lake. The Metro Transit operated service uses the existing Burlington Northern Santa Fe (BNSF) railroad to provide service.

From 2011 through 2019, Northstar had between 2,200 and 3,300 weekday riders during the morning and evening peak commute hours of service. The COVID-19 pandemic led to a dramatic decrease in ridership. In 2022, Northstar carried about 300 daily riders.

The Metropolitan Council is currently studying the options to address the ridership challenges with the Northstar line. The organization is considering six transit scenarios across three transit modes commuter rail, extended rail, and express bus. The Metropolitan Council is considering five factors: ridership, financial performance, accessibility and equity, community development, and environmental sustainability.

- Commuter rail at current service level (4 trips/day + restore special events)
- Commuter rail at pre-Covid service level (12 trips/day + special events)
- Extend rail service to St. Cloud – Base (4 daily trips)
- Extend rail service to St. Cloud – High (9 daily trips)

- Replace rail service with express bus – Base (30-min peak service)
- Replace rail service with express bus – High (15-min peak service)

Much of this analysis was completed in 2023 and discussions about the preferred option are still ongoing with the Metropolitan Council, the Federal Transit Administration, the Federal Railroad Administration, and corridor cities.

In addition to the Northstar line traffic, the BNSF railroad also sees freight train traffic of between 40 and 60 trains per day, often traveling at speeds of over 70 miles per hour.

US Highway 10

U.S. Highway 10 is the southern border of the Anoka TOD Station Area and is a major east-west highway that serves the northwestern Metro Area north of the Mississippi River. A divided highway throughout most of Minnesota, the road enters the state in Moorhead and travels through Detroit Lakes, Wadena, Staples, Little Falls, St. Cloud, and Elk River. It becomes a limited access freeway in Anoka and passes through Coon Rapids, Blaine, and Mounds View. It enters St. Paul paired with Interstate 35E and exits paired with US Highway 61. Highway 10 exits the state just north of Hastings as a two-lane highway.

The City of Anoka and the Minnesota Department of Transportation (MnDOT) are reconstructing significant components of Highway 10 from the west City limit line with Ramsey to just east of the 7th Avenue interchange. The two-year reconstruction project is nearly complete.

Other Arterial Infrastructure

The Anoka TOD Station Area is also served by two north-south arterials. Seventh Avenue is the eastern boundary of the Station Area and has a full-service interchange with Highway 10 in the southeast corner. This interchange is a key access point for the Station Area. Seventh Avenue connects the area with Anoka High School and Bunker Lake Boulevard to the north and Main Street to the south.

Fourth Avenue is the other north-south arterial through the Station Area. Fourth Avenue connects the area to Downtown Anoka to the south and the terminates north at the Anoka Metro Regional Treatment Center.

Highway 10, looking west from North Street

Intersection of Pierce Street and Seventh Avenue, looking east

Across the Rum River from the Station Area, Minnesota Highway 47 (Ferry Street) runs north-south connecting the Anoka County Fairgrounds and the western portion of Anoka to US Highway 169 and Highway 10. Highway 47 is connected to the Station Area via Pleasant Street. Highway 47 runs concurrently with Highway 10 southeast of the Station Area. The City of Anoka and the Minnesota Department of Transportation are currently studying improvements for Highway 47 north of Ferry Street that would address safety issues at existing railroad crossing.

Traffic Counts

Map 1.3 (on Page 13) shows traffic counts on major highways near the Anoka Station Area. Traffic counts are:

- Highway 10 between Ferry Street and Seventh Avenue: 64,000-66,000 vehicles per day
- Ferry Street north of Highway 10: 18,000 vehicles per day
- Seventh Street north of Highway 10: 21,000 vehicles per day
- General traffic through the Station Area: 730-5,300 vehicles per day

Visibility and Access

The south side of the Anoka Station Area along Pierce Street has good visibility for traffic traveling both east and west along Highway 10. Visibility to the rest of the Station Area from other major roads is limited. Visibility to the Station Area from Highway 47 is blocked by neighborhoods and the Rum River. Visibility to the potential development areas of the Station Area from Seventh Avenue is blocked by the existing residential neighborhood on the east side of the Station Area.

All of the access points to the Station Area require some navigation. The main access points to the Station Area are:

- Pierce Street and Seventh Avenue—This intersection serves as the southeastern entrance point to the Station Area and provides the best access to Pierce Street and the properties adjacent to Highway 10. The intersection does not have a signal and can be challenging to navigate from both Seventh Avenue and the exits from Highway 10.

Kwik Trip Gas Station and Convenience Store on Seventh Avenue, looking west

Anoka Station, looking northwest

- Buchanan Street and Seventh Avenue—This signalized intersection just south of the Kwik Trip Gas Station provides the best access from the east to the Station Area. It only provides access to the portions of the Station Area north of the railroad tracks, however.
- Johnson Street and Seventh Avenue—This intersection does provide access, but Johnson Street is a small, primarily residential, street.
- Grant Street and Seventh Avenue—This signalized intersection provides the best access to the Station Area from the northwest. Grant Street is primarily residential.
- Fourth Avenue—On the southeast side of the Station Area, Fourth Avenue provides the most direct link to Downtown Anoka. Fourth Avenue does not have an interchange with Highway 10 and is primarily residential on the blocks between the Station Area and downtown.
- Pleasant Street—Pleasant Street provides the connection to the western portion of Anoka across the Rum River from the Station Area. Pleasant Street intersects with Highway 47 (Ferry Street) immediately after crossing the river. There is a full-service interchange just south of that intersection, connecting Highway 10, Highway 169, and Highway 47. While Pleasant Street provides good access, it does require some navigation.

Strengths of the Anoka TOD Station Area

- **Existing Anoka Station transit infrastructure.** The transit station is an existing asset that has the potential to generate demand for residential and commercial development.
- **Parcels available for immediate development.** There are several vacant parcels that are ready for development and a few parcels that could be redeveloped quickly.
- **Proximity to Rum River greenspace and trails.** The Station Park and Rum River trail system provides a nice natural amenity that is attractive for potential residents to the area. These

Industrial property adjacent to north Anoka Station parking lot

Rum River at Station Park, overlooking BNSF bridge over river

amenities also have the potential to generate demand for commercial uses.

- **Proximity to Downtown Anoka and Riverdale shopping district.** The Station Area is close to amenities that are attractive to potential residents and commercial tenants and owners.
- **Significant traffic counts on Highway 10.** This major transportation corridor has the potential to generate demand for commercial users.
- **Good visibility from Highway 10 along Pierce Street.** The properties on the south side of the Station Area can be seen by traffic passing through the area.
- **Access to Highway 10 from Seventh Avenue with full-service interchange.** The interchange on Seventh provides connectivity to the region's highway system. This connectivity is attractive to both potential residents and commercial users.
- **Employment base in Anoka.** There are large employers in Anoka that drive demand for new homes and generate consumer spending.

Challenges for the Anoka TOD Station Area

- **Low ridership numbers for Northstar line.** There are still significant unknowns about the future of the commuter rail.
- **Some existing uses conflict with new development.** The area's history as an industrial district means that there are existing uses that would conflict with development and redevelopment, especially for residential uses.
- **Generally poor connections to Seventh Avenue and Ferry Street.** The major connection points for the Station Area can be challenging to navigate. Existing traffic counts through the Station Area are low as a result.
- **No signalized intersection at Pierce Street and Seventh Avenue.** The primary entrance point for properties on the south side of the Station Area adjacent to Highway 10 is not easy to navigate from Seventh Avenue or from Highway 10.

Rum River trails at Station Park, looking north

- **Transportation network requires some wayfinding.** Because of the railroad, there is poor connectivity across the Station Area, creating barriers within the district.
- **Train traffic noise.** The freight trains along the BNSF generate significant noise that could be unattractive for potential residents.
- **Parcels along Highway 10 are narrow.** The areas that may have the greatest commercial potential might be challenging to develop because of their size and shape.
- **Not intuitively connected to Downtown Anoka.** While Downtown Anoka is close to the Station Area, the two districts are disconnected, separated by a residential neighborhood and Highway 10.

2. Demographic and Economic Analysis

LOCi Consulting reviewed demographic and economic trends in the market that would be served by residential and commercial uses in the Anoka TOD Station Area. This section provides an overview of those trends.

Primary Market Area for the Anoka Station Area

LOCi Consulting defines the primary market area (PMA) for both housing and retail uses in the Anoka TOD Station Area using a group of city boundaries that are generally within 10 to 15 minutes' drive from the site. Map 2.1 shows the PMA.

The PMA includes the following communities:

- Anoka
- Andover
- Champlin
- Coon Rapids
- Dayton
- Ramsey

Map 2.2 shows five-, 10-, and 15-minute drive-time rings around the Anoka TOD Station Area. Retailers and other commercial real estate users often use these drive-time rings to determine trade areas for site selection decisions. We include demographics for these areas in many of the tables that follow.

We believe that demand for real estate uses at new developments in the Anoka TOD Station Area would primarily come from the defined PMA. It is estimated that demand from outside the area would account for about 20% of total demand.

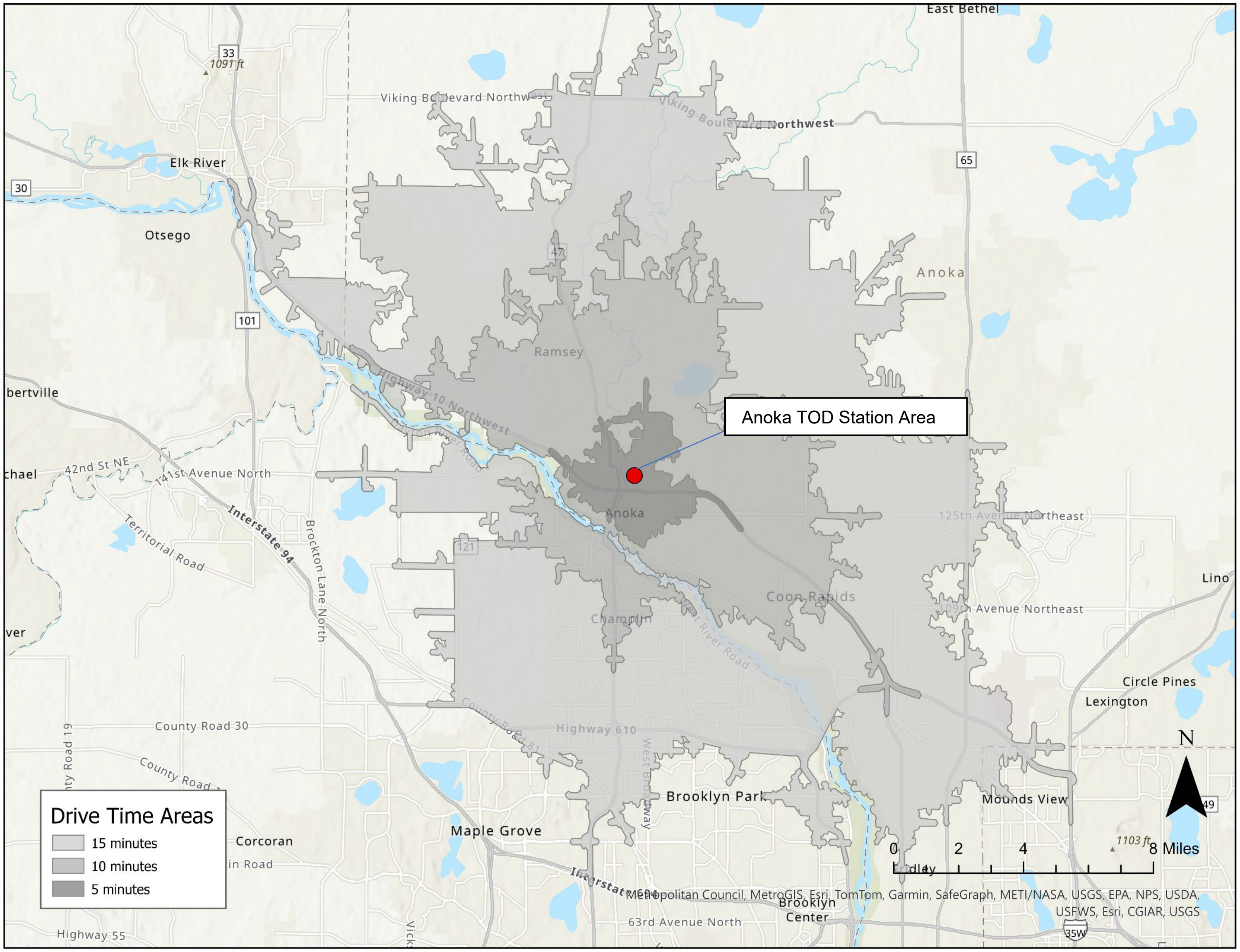
Population and Households

Figures 2.3 and 2.4 show population and household growth for the Anoka TOD Station Area PMA, the City of Anoka, the three drive-time rings, and other comparison areas. Figures 2.5 and 2.6 show visualizations for this data with the blue bars showing the totals and the orange triangles showing the growth (right axis).

The data is from ESRI, a nationally recognized data provider used by governments, real estate developers, and retailers for location analytics. Data for 2023 are estimates and data for 2028 are projections.

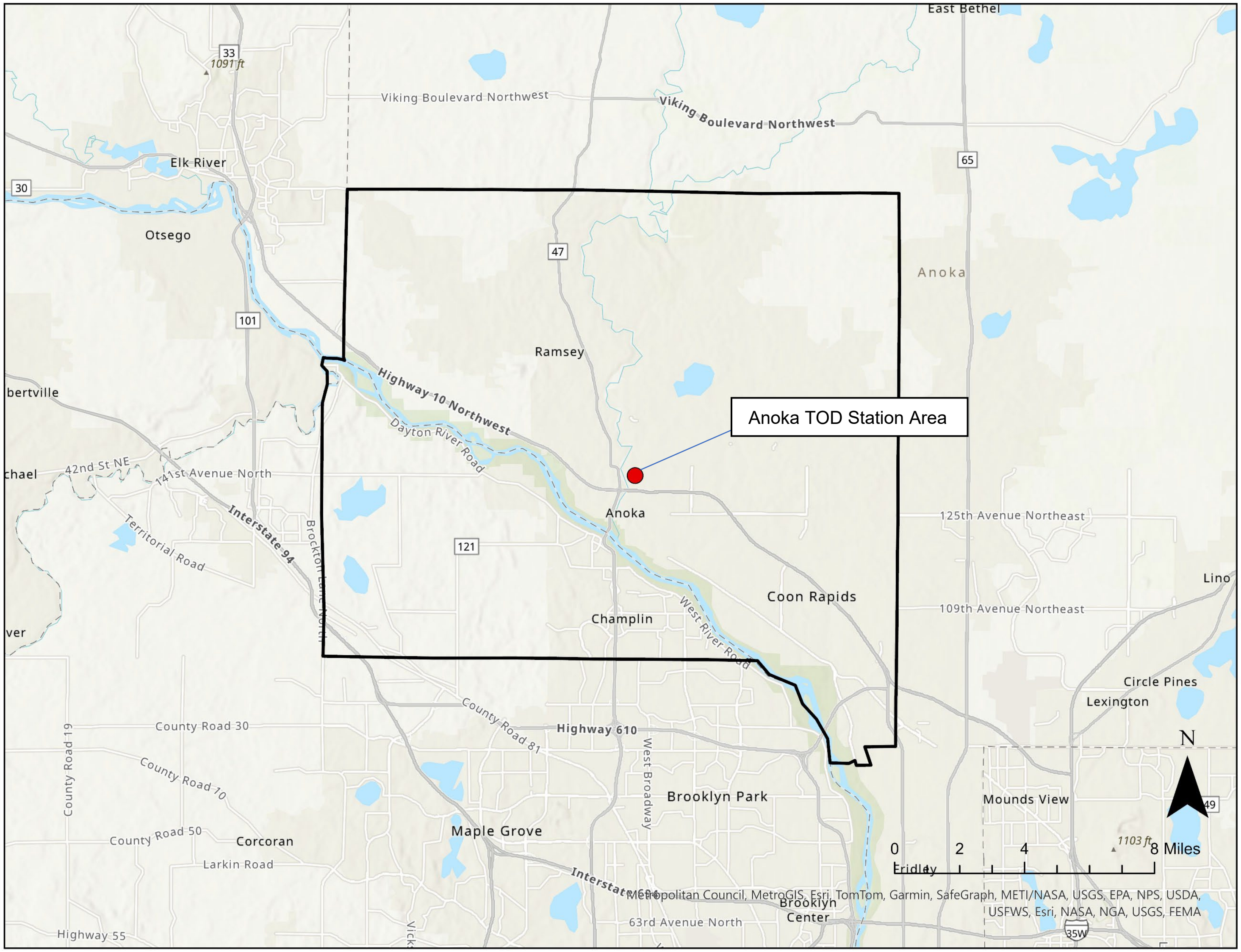
- The PMA population is about 179,000 people and 66,000 households. About 88,000 people live within 10 minutes' driving time of the Anoka TOD Station Area.
- Overall, the PMA is projected to see annual population growth of about 0.4% per year. That growth is slightly lower than the Minneapolis-St. Paul CBSA as a whole.
- The population is projected to grow faster in the undeveloped areas farther from the site. The five- and 10-minute drive-time areas are projected to grow by 0.6% per year, and the 15-minute drive-time area is projected to grow by 0.8% per year.
- Map 2.7 shows population density in the PMA in 2023. Each dot represents 25 people.
- The areas of the PMA with the greatest population density are located south and east of the site in the cities of Anoka and Coon Rapids and across the Mississippi River in the city of Champlin.
- Map 2.8 shows projected population growth between 2023 and 2028 for each block group in and near the Anoka TOD Station Area PMA.
- While most intense on the western and northern sides of the PMA, there are pockets of projected population growth across the PMA.

Map 2.1: Drive-time Rings Around the Anoka TOD Station Area



Source: ESRI, LOCi Consulting LLC

Map 2.2: Anoka TOD Station Area Primary Market Area (PMA)



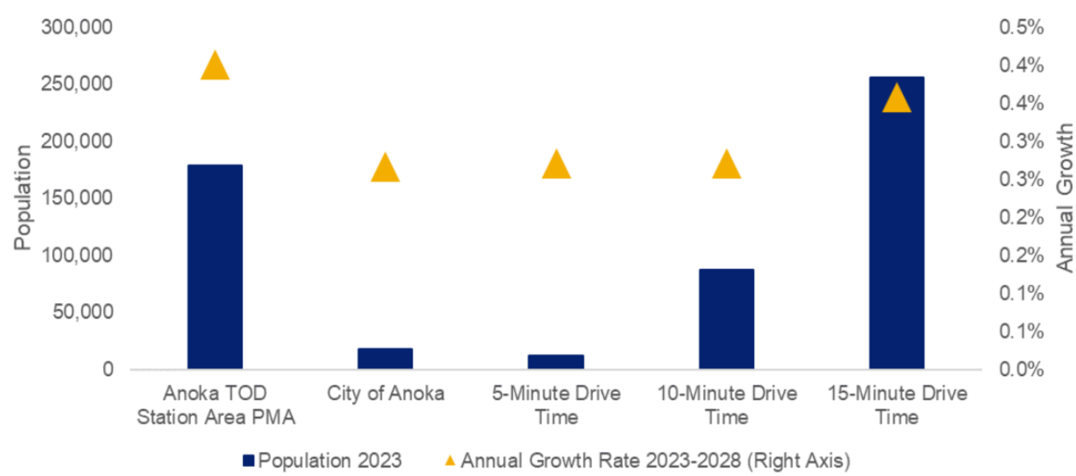
Source: ESRI, LOCi Consulting LLC

2.3 Population and Population Growth

	Census 2010	Census 2020	Estimate 2023	Forecast 2028	Annual Growth Rate 2010-2023	Annual Growth Rate 2023-2028
Anoka TOD Station Area PMA	160,629	172,954	179,008	182,626	0.8%	0.4%
City of Anoka	17,153	17,921	17,943	18,183	0.3%	0.3%
5-Minute Drive Time	11,033	11,735	11,849	12,010	0.6%	0.3%
10-Minute Drive Time	81,481	86,716	87,774	88,970	0.6%	0.3%
15-Minute Drive Time	229,839	250,098	256,347	260,969	0.8%	0.4%
Anoka County	330,844	363,887	374,735	384,372	1.0%	0.5%
Minneapolis-St. Paul CBSA	3,333,633	3,690,261	3,771,316	3,866,869	1.0%	0.5%
Minnesota	5,303,925	5,706,494	5,798,827	5,898,938	0.7%	0.3%
United States	308,745,538	331,449,281	337,470,185	342,640,129	0.7%	0.3%

Source: US Census Bureau; ESRI; LOCi Consulting LLC

2.4 Population and Projected Growth Chart



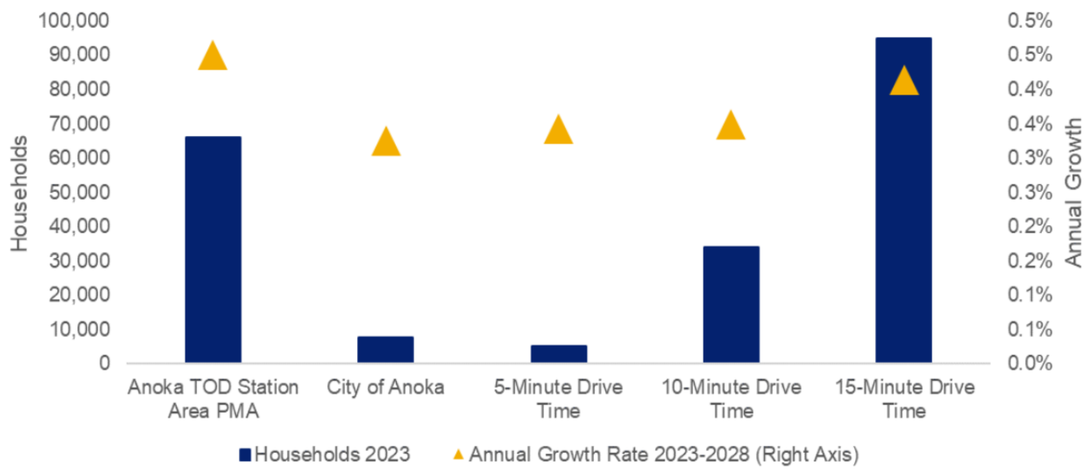
Source: US Census Bureau; ESRI; LOCi Consulting LLC

2.5 Households and Household Growth

	Census 2010	Census 2020	Estimate 2023	Forecast 2028	Annual Growth Rate 2010-2023	Annual Growth Rate 2023-2028
Anoka TOD Station Area PMA	58,397	63,807	66,098	67,602	1.0%	0.5%
City of Anoka	7,063	7,578	7,645	7,770	0.6%	0.3%
5-Minute Drive Time	4,531	4,947	4,994	5,080	0.8%	0.3%
10-Minute Drive Time	30,587	33,376	33,924	34,521	0.8%	0.3%
15-Minute Drive Time	84,401	92,534	95,009	96,991	0.9%	0.4%
Anoka County	121,227	133,879	138,159	142,122	1.0%	0.6%
Minneapolis-St. Paul CBSA	1,293,601	1,434,315	1,469,248	1,512,916	1.0%	0.6%
Minnesota	2,087,227	2,253,990	2,297,371	2,348,606	0.7%	0.4%
United States	116,716,292	126,817,580	129,917,449	133,099,006	0.8%	0.5%

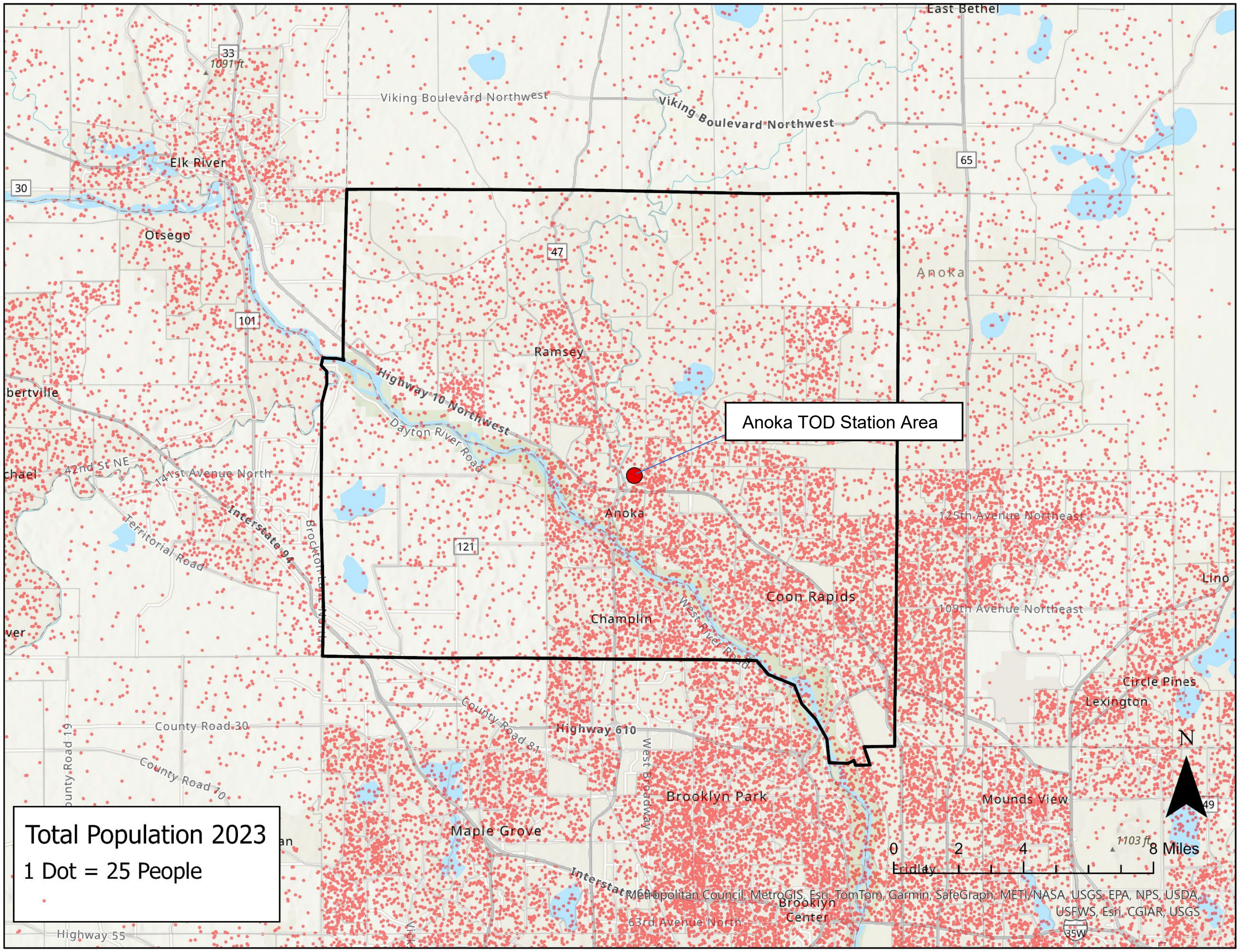
Source: US Census Bureau; ESRI; LOCi Consulting LLC

2.6 Households and Projected Growth Chart



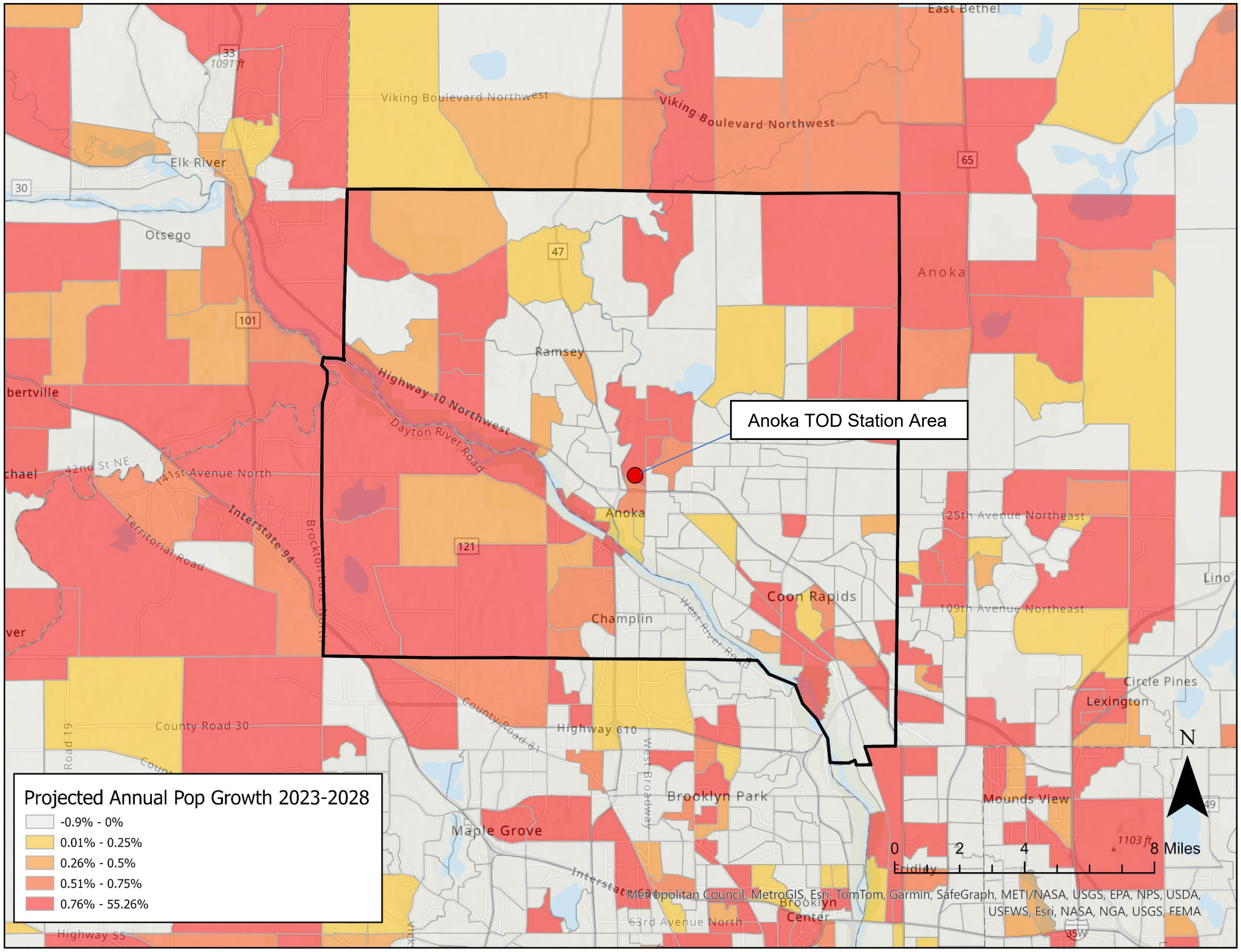
Source: US Census Bureau; ESRI; LOCi Consulting LLC

Map 2.7: Population Density in the Anoka TOD Station Area PMA, 2022



Source: ESRI, LOCi Consulting LLC

Map 2.8: Projected Annual Population Growth in the Anoka TOD Station Area PMA, 2023-2028



Source: ESRI, LOCi Consulting LLC

Median Household Income

Figures 2.9 shows the median household income for the Anoka TOD Station Area PMA, the City of Anoka, the drive-time rings, and comparison areas. Figure 2.10 shows a visualization of this data with the blue bars representing the median incomes and the orange triangles showing the annual projected growth (right axis).

- The median household income for the Anoka TOD Station Area PMA is about $92,000, about 3% higher than the Twin Cities Metro Area.
- Incomes in immediate areas around downtown are lower than the PMA as a whole. The five-minute drive-time median household income is estimated to be $67,000.
- Income growth and decline can be caused by new households moving into or out of the PMA, or by changes in incomes that occur as households in an area age. Inflation is also driving increases. In the PMA, median incomes are projected to grow by about 2.4% per year over the period. For the 2023 estimates, ESRI generally assumes that inflation is 2.5%.
- Retailers pay close attention to an area's median income when making site location decisions.
- Housing developers also consider income when analyzing the feasibility of residential development. Using a median household income of $92,000, the median household could afford to spend about $27,600 on housing per year—or about $2,300 per month. (This assumes these households spend 30% of their income on housing.)
- Map 2.11 shows median household incomes by Census Block Group in 2023. The maps shows that incomes in the older, more developed areas immediately adjacent to the Anoka TOD Station Area are generally lower than the block groups in the less developed outer areas of the PMA.

Households by Age and Income

Figure 2.12 shows households by age and income for the Anoka TOD Station Area PMA. Figure 2.12 shows median household income by age for the PMA and the Twin Cities Metro Area.

- The majority of household growth is projected to occur in households over age 65 and in higher income groupings. Many of these households are resident households aging into these groups, not new households to the area. Many may be looking for maintenance-free housing options that could be provided in the Anoka TOD Station Area.
- Some growth is also projected for the age 25-to-34-year-old households. These age groups are one of the primary markets for general occupancy rental housing.
- The data from Figure 2.12 is used in the demand projections found in the Appendix of this report.
- Figure 2.13 shows the distribution of income across age groups. Generally, incomes increase as householders age into their 40s and 50s—their peak earning years—and then begin to decline as those householders begin to move out of the labor market.
- Median household incomes in the Anoka TOD Station Area PMA are similar to the Metro Area across most age groups.

Median Home Values

Figure 2.14 shows the median home value for the Anoka TOD Station Area PMA, the City of Anoka, the drive-time rings, and comparison areas.

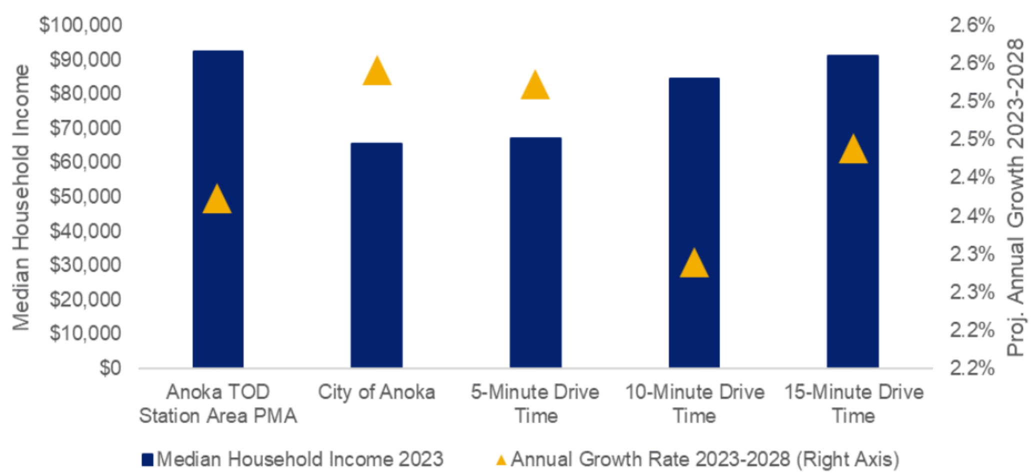
- The estimated median home value for the Anoka TOD Station Area PMA is about $339,000.
- Median values for homes closer to the Anoka TOD Station Area tend to be slightly lower than those further away.

2.9 Median Household Income and Income Growth

	Estimate 2023	Forecast 2028	Annual Growth Rate 2023-2028
Anoka TOD Station Area PMA	$92,432	$103,932	2.4%
City of Anoka	$65,577	$74,343	2.5%
5-Minute Drive Time	$66,978	$75,863	2.5%
10-Minute Drive Time	$84,354	$94,465	2.3%
15-Minute Drive Time	$90,988	$102,640	2.4%
Anoka County	$90,027	$101,234	2.4%
Minneapolis-St. Paul CBSA	$89,972	$102,872	2.7%
Minnesota	$80,483	$90,958	0.0%
United States	$72,603	$82,410	2.6%

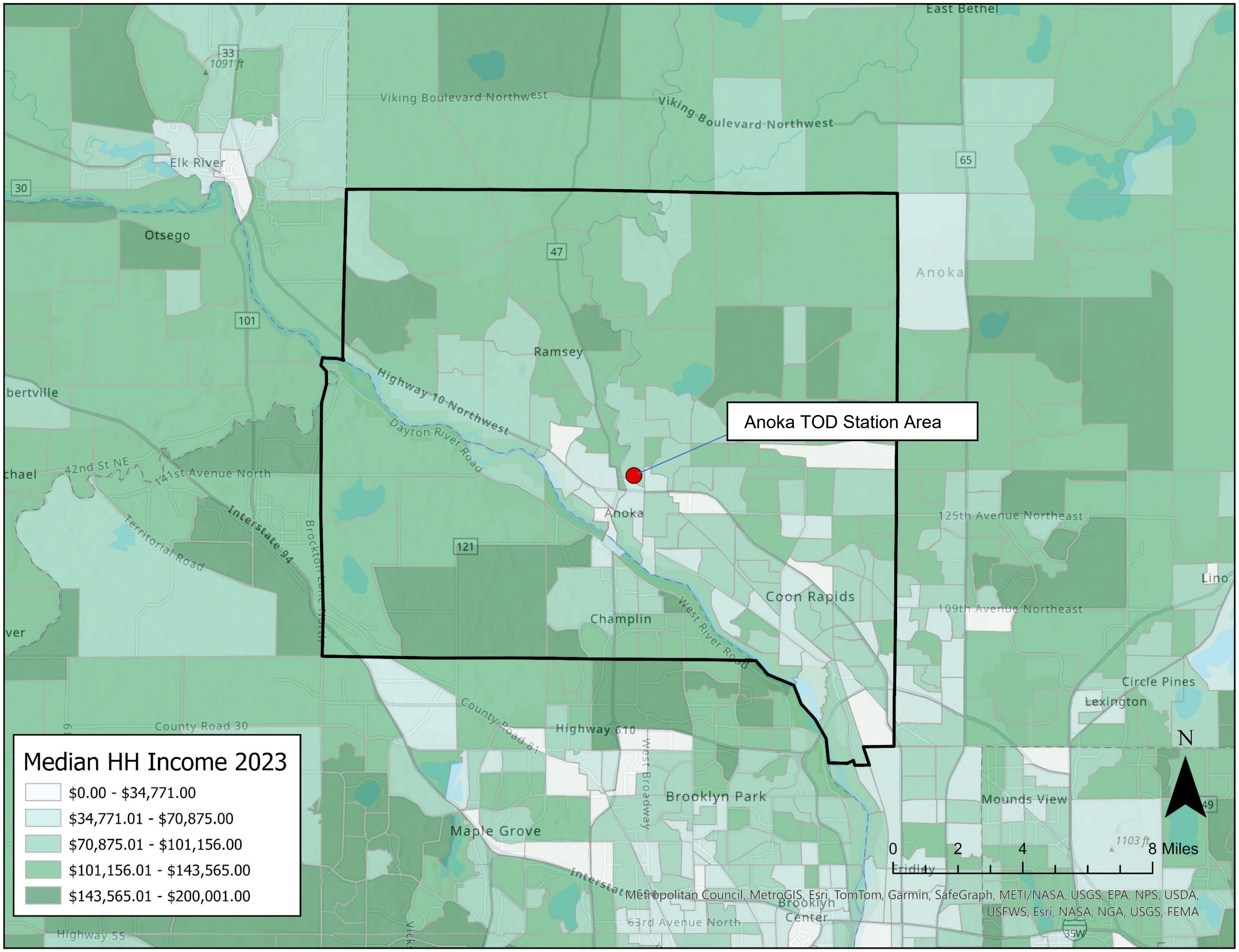
Sources: US Census Bureau; ESRI; LOCi Consulting LLC

2.10 Median Household Income Chart



Source: US Census Bureau; ESRI; LOCi Consulting LLC

Map 2.11: Median Household Income in the Anoka TOD Station Area PMA, 2023



Source: ESRI, LOCi Consulting LLC

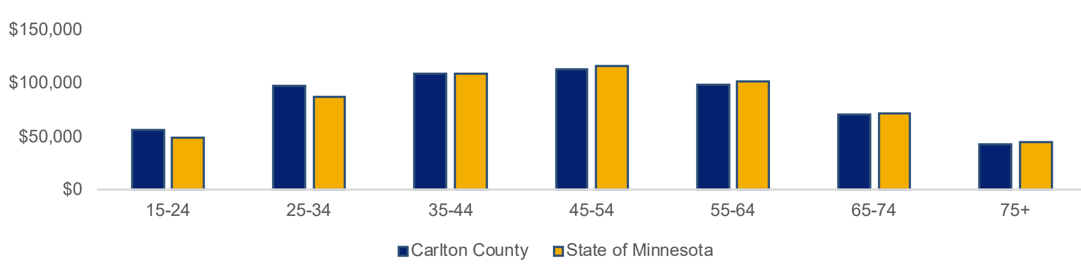
2.12 Households by Age and Income in Anoka TOD Station Area PMA

2023	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than $15,000	137	335	298	380	648	580	557
$15,000-$24,999	100	215	224	193	458	443	681
$25,000-$34,999	141	453	338	342	524	655	995
$35,000-$49,999	219	748	730	657	1,063	1,254	1,202
$50,000-$74,999	339	1,603	1,714	1,626	2,176	2,435	1,095
$75,000-$99,999	259	1,810	2,005	1,789	2,044	1,571	455
$100,000-$149,999	165	2,444	3,326	3,230	3,031	1,576	382
$150,000-$199,999	61	1,519	1,831	2,109	2,070	974	400
$200,000+	17	982	1,940	1,991	1,655	695	201
Median HH Inc.	$56,553	$98,000	$109,017	$112,923	$98,751	$70,978	$43,014
State of Minnesota	$49,084	$87,831	$109,409	$116,077	$102,144	$71,672	$44,699

2028	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than $15,000	139	260	266	299	455	510	693
$15,000-$24,999	72	130	150	113	255	318	617
$25,000-$34,999	120	319	268	225	335	540	1,092
$35,000-$49,999	190	549	590	476	690	1,021	1,376
$50,000-$74,999	336	1,346	1,560	1,353	1,734	2,505	1,508
$75,000-$99,999	261	1,560	1,983	1,623	1,751	1,733	656
$100,000-$149,999	197	2,375	3,709	3,164	2,966	2,019	668
$150,000-$199,999	79	1,774	2,432	2,396	2,463	1,512	814
$200,000+	19	1,138	2,431	2,139	1,879	1,026	417
Median HH Inc.	$61,069	$107,932	$119,343	$122,711	$112,755	$83,303	$51,585
State of Minnesota	$53,192	$101,151	$120,603	$126,898	$116,037	$84,957	$54,181

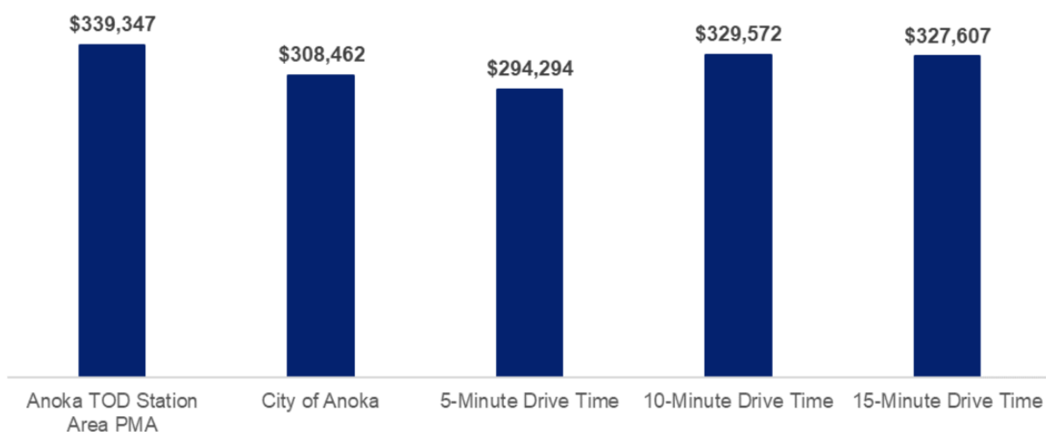
Source: ESRI; LOCi Consulting LLC

2.13 Median Income by Age of Householder, 2023



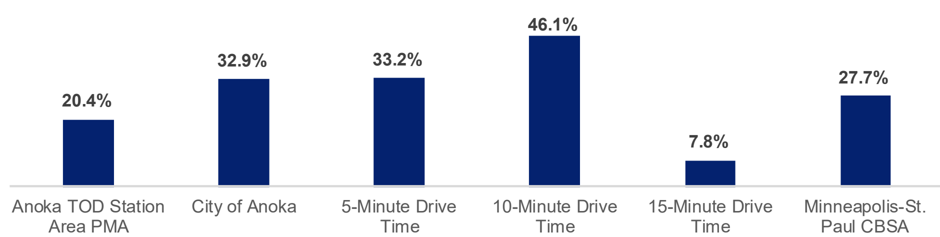
Sources: ESRI; LOCi Consulting LLC

2.14 **Median Home Value in the Anoka TOD Station Area PMA, 2023**



Source: US Census Bureau; ESRI; LOCi Consulting LLC

2.15 **Household Rental Rates in the Anoka TOD Station Area PMA, 2022**



Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC

Renter versus Owner Households

Figure 2.15 (on the previous page) shows the percentage of households that rent their homes for the drive-time rings, the Anoka TOD Station Area PMA, and comparison areas. This data is from the American Community Survey of the US Census.

- About one in five (20.4%) households rent in the Anoka TOD Station Area PMA. The rental rate for the PMA is lower than the Metro Area by nearly seven percentage points.

Daytime Population

Figure 2.16 shows the daytime population for the Anoka TOD Station Area PMA, the City of Anoka, the drive-time rings, and comparison areas. This data shows the base of workers in each area. Employment is a driver of demand both for residential and commercial uses at the Anoka TOD Station Area.

- Daytime population can be broken down into residential population and worker population. Note that this data may underrepresent hybrid workers as it is built on surveys completed prior to and during the COVID19 pandemic. The data is still valuable because it is expected that many of these trends will continue with possibly more hybrid workers in the future.
- The daytime population for the Anoka TOD Station Area PMA is smaller than the resident population, meaning each day more workers commute out of the PMA than commute into it. With about 147,000 people, the daytime population is about 18% lower than the resident population. There are an estimated 65,000 workers in the PMA, both residents and commuters.
- Map 2.17 shows the daytime population in the PMA. Each dot represents 25 people.

Commute Shed

LOCi Consulting reviewed commute shed data for the City of Anoka from the US Census Bureau's Longitudinal Employer-Household Dynamics data. The data includes all primary private jobs and is from 2021.

Because this data was collected during employment disruptions caused by the COVID19 pandemic, the data may not reflect current commuting patterns. However, the data does provide directional information from a point-in-time estimate of commuting origin and destinations patterns for the city of Anoka.

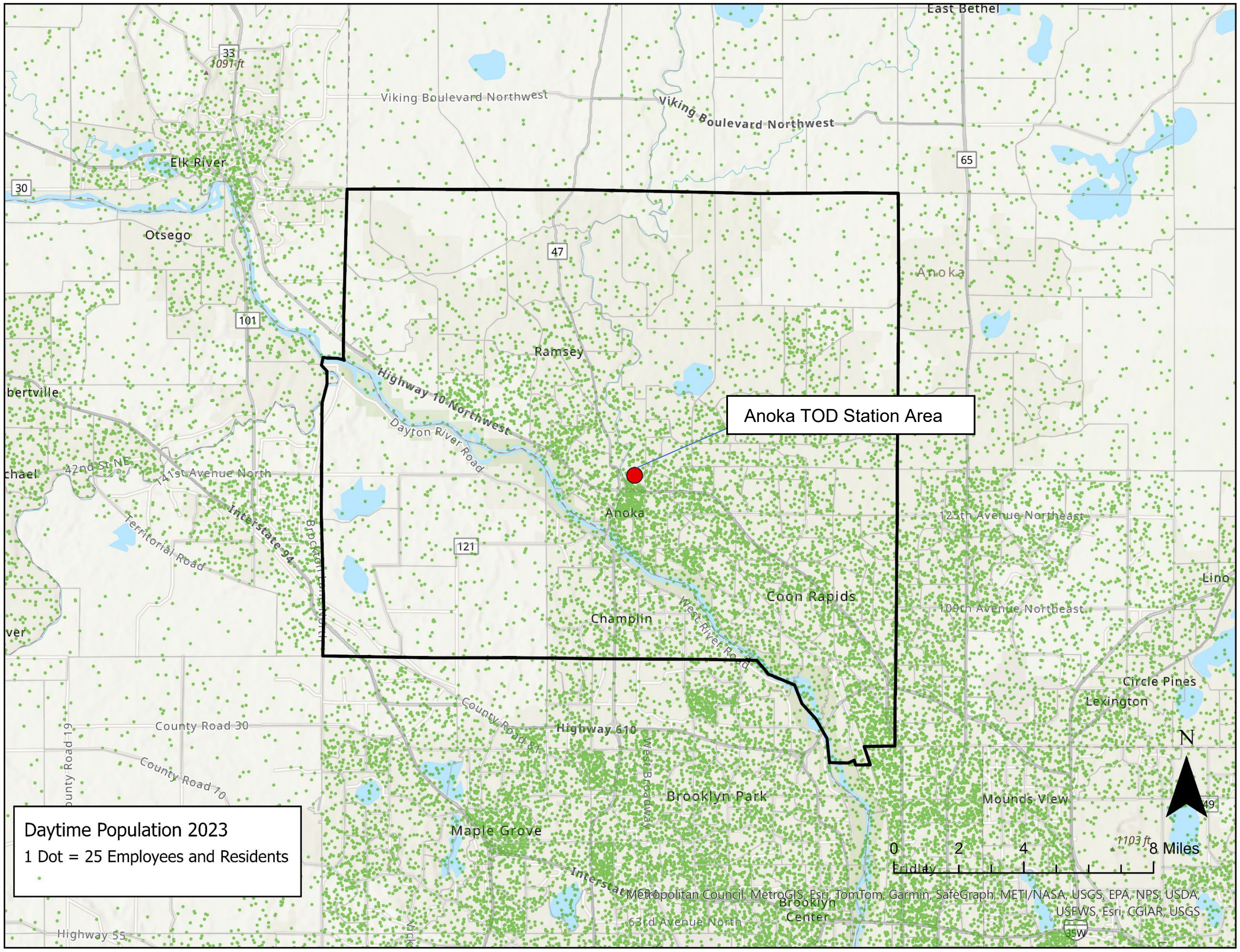
- The top five work destinations for working residents of Anoka were Anoka (12.7%), Minneapolis (11.3%), Coon Rapids (8.7%), St. Paul (4.2%), and Ramsey (3.7%).
- The top five originations for workers in Anoka were Coon Rapids (9.6%), Ramsey (7.6%), Anoka (7.4%), Blaine (5.3%), and Brooklyn Park (3.5%).

2.16 Daytime Population, 2023

	Resident Population	Daytime Population	Daytime Population: Workers	Daytime Population: Residents
Anoka TOD Station Area PMA	179,008	147,345	65,109	82,236
City of Anoka	17,943	22,964	13,749	9,215
5-Minute Drive Time	11,849	16,796	10,813	5,983
10-Minute Drive Time	87,774	83,080	41,027	42,053
15-Minute Drive Time	256,347	225,954	107,183	118,771

Source: US Census Bureau; ESRI; LOCi Consulting LLC

Map 2.17: Daytime Population Density in the Anoka TOD Station Area PMA, 2023



Source: ESRI, LOCi Consulting LLC

Consumer Expenditure

Figures 2.18 and 2.19 show consumer expenditure in the Anoka TOD Station Area PMA, including estimates for 2023 and forecasts for 2028. This data comes from ESRI and is used to forecast demand for overall retail space in the market. Only consumer spending categories associated with retail purchases are shown in the data. The data is shown in 2023 dollars, meaning it has been adjusted by LOCi Consulting to remove ESRI's assumed 2.5% per year inflation.

- In 2023, it is estimated that households in the PMA spend $1.5 billion on consumer goods. The consumer spending shown in the figure includes sale at physical locations along with e-commerce sales.
- Shown in Figure 2.19, the largest areas of consumer demand growth are in grocery stores and restaurants.
- The Census Bureau surveys retailers to estimate the percentage of retail sales that come from e-commerce channels. In the first quarter of 2023, consumers spent 15.6% of their retail spending through e-commerce channels.
- E-commerce sales surged during the COVID19 shutdown. E-commerce retail spending jumped from 11.9% in the first quarter of 2020 to 16.4% in quarter two. By the fourth quarter of 2020, the percentage was 15.1%.
- For the purposes of our demand analysis, LOCi Consulting uses a 15% figure. We believe this will be the average percentage over the 2023 to 2028 period.
- As more retailers transition to "omnichannel" formats, consumer demands for e-commerce options will continue to grow. There will always be "Amazon-proof" businesses that will ensure that much of retail is still done in brick-and-mortar locations. And retailers will limit e-commerce options because the economics of e-commerce can be challenging—margins for goods sold online are generally lower. But consumers will continue to demand the convenience that these channels offer, and we believe growth will continue.

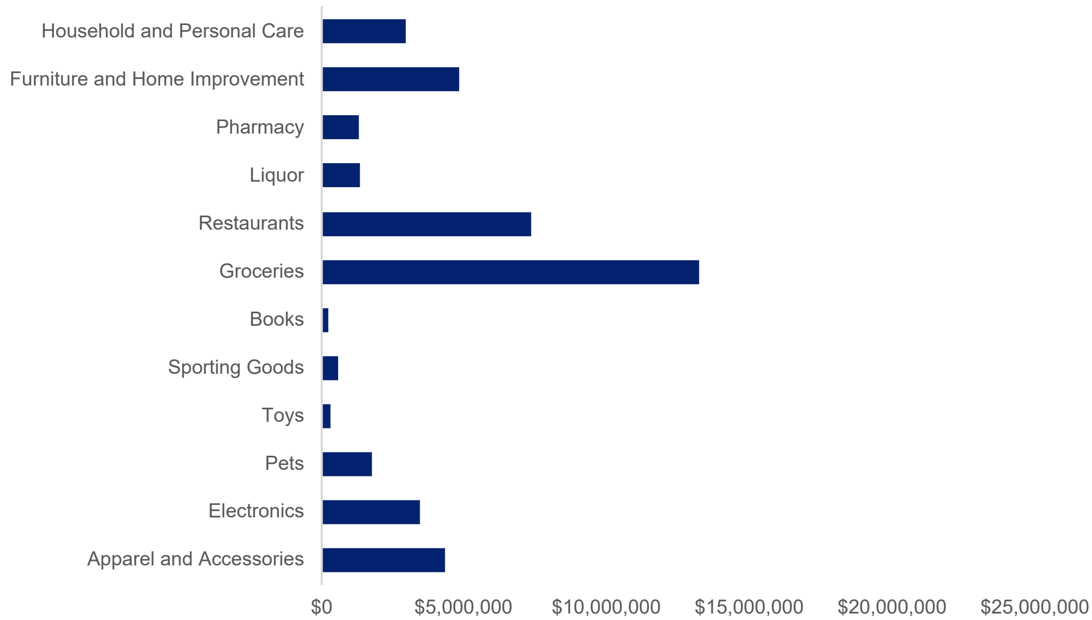
2.18 **Consumer Spending in Retail Categories In the Anoka TOD Station Area PMA**

	Estimate 2023	Forecast 2028	Growth 202-2028
Apparel and Accessories	$160,496,981	$164,819,996	$4,323,015
Electronics	$127,585,939	$131,042,948	$3,457,009
Pets	$65,288,320	$67,081,056	$1,792,736
Toys	$11,840,156	$12,156,835	$316,679
Sporting Goods	$22,286,766	$22,876,245	$589,479
Books	$9,277,239	$9,530,577	$253,338
Groceries	$488,803,039	$502,045,805	$13,242,766
Restaurants	$273,224,797	$280,570,721	$7,345,924
Liquor	$49,912,656	$51,277,274	$1,364,618
Pharmacy	$46,937,341	$48,234,817	$1,297,476
Furniture and Home Improvement	$177,886,811	$182,729,183	$4,842,372
Household and Personal Care	$108,288,787	$111,228,626	$2,939,839
Total	$1,541,828,832	$1,583,594,082	$41,765,250

* Data is shown in 2023 Dollars, adjusted from ESRI projection. ESRI assumes 2.5% inflation.

Source: US Census Bureau; ESRI; LOCi Consulting LLC

2.19 Forecasted Growth in Consumer Spending in the PMA, 2023-2028



* Data is shown in 2022 Dollars, adjusted from ESRI projection. ESRI assumes 2.5% inflation.

Source: US Census Bureau; ESRI; LOCi Consulting LLC

3. Residential Market Analysis

This section presents data on the multifamily housing market in the Anoka Transit-Oriented Development (TOD) Station Area Primary Market Area (PMA). The review includes the for-sale housing market for both existing and newly constructed homes and the multifamily rental housing market, both market rate and affordable. Because of their densities, these multifamily housing types would most likely be considered for redevelopment in Anoka TOD Station Area.

For-Sale Housing Trends for Existing and New Homes

For for-sale housing, the housing product types that would be most appropriate for development at the Anoka TOD Station area would be condominiums and attached and detached townhomes. These types of housing provide the density that would be required in the Station Area. Definitions of these types of housing follow.

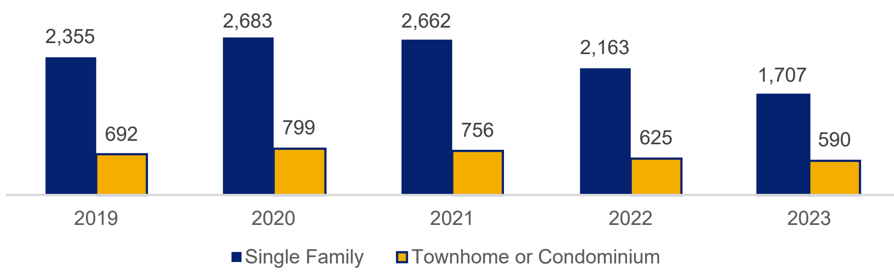
- Condominiums are owner-occupied apartment-style buildings where the owner owns the unit but not the land under the unit. Owners have access to common areas of the property and pay an association fee for maintenance, insurance, lawncare and snow removal. Developers have been reluctant to build new condominium projects in Minnesota over the last ten to 15 years because legal risk associated with how developers must warrantee the property to the homeowners' association. New developments are occurring, but they have typically been in high-density areas like Downtown Minneapolis or high-income enclaves like North Oaks or communities along Lake Minnetonka.
- Cooperatives are another housing product that is similar to condominiums. These buildings are also apartment style structures, but in this case the homeowner owns shares in the property, not the unit itself. In Minnesota, cooperatives are typically age-restricted properties.
- Townhomes are association-maintained properties where the homeowner owns the structure and, typically, the land under the units. These properties can be attached or detached. Detached townhomes (often marketed as "Villas" or "Patio Homes") can have the look and feel of traditional single-family housing. But these units are often developed on smaller lot within the development. As with condominiums, homeowners pay an association fee that typically covers insurance, lawncare, and snow removal. The fee may include some external maintenance to the property.

LOCi Consulting collected data on the for-sale home market in the Anoka TOD Station Area PMA—both single-family detached homes and attached townhomes and condominiums. The data includes almost all existing home transactions and most of the new construction transactions. The data is collected from the Minneapolis Area Association of Realtors.

Figure 3.1 shows closed real estate transactions in the PMA from 2019 through 2023. Figure 3.2 shows the median sales price for single-family homes over this period in the PMA and Figure 3.3 shows the median sales price for townhomes and condominiums over this period in the PMA. Figure 3.4 shows the average days on the market for homes in the PMA and the Metropolitan Area over the periods analyzed.

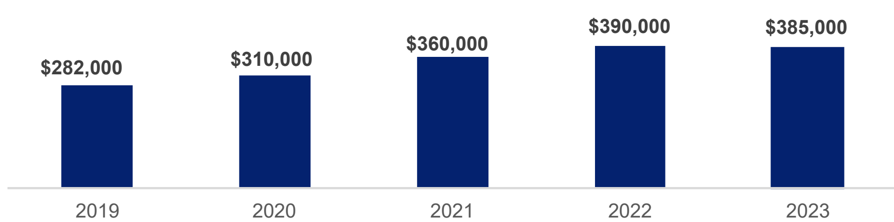
- The number of transactions slowed between 2021 and 2023, as the effects of higher interest rates pushed down overall demand and slower housing production. Total transactions declined by nearly one-third (32.7%).
- Townhome and condominium transactions made up between 22% to 25% per year of all transactions in the PMA.

3.1 Residential Real Estate Transactions in the PMA



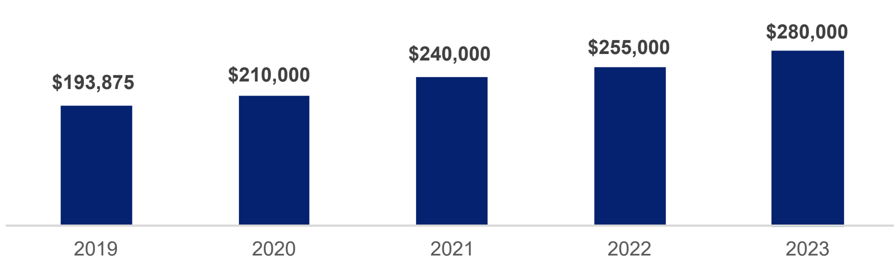
Source: Multiple Listing Service; LOCi Consulting LLC

3.2 Median Sales Price of Single Family Home Sales in the PMA



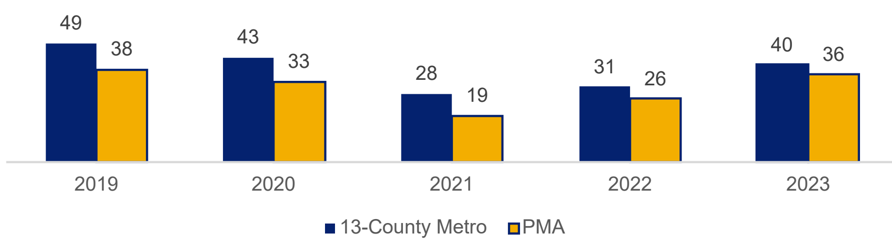
Source: Multiple Listing Service; LOCi Consulting LLC

3.3 Median Sales Price of Townhomes and Condominiums in the PMA



Source: Multiple Listing Service; LOCi Consulting LLC

3.4 Average Days on the Market for Home Sales in the Metro Area and the PMA



Source: Multiple Listing Service; LOCi Consulting LLC

- Condominiums make up only a small portion of the transactions in the PMA. Of the townhome and condominium transactions over this period, only about 6% of all transaction were condominiums.
- The median sale price for single-family detached homes in the PMA was $385,000 in 2023, up 36.5% from 2019. The median sale price for attached townhomes and condominiums was $280,000 in 2023, an increase of 44.4% from 2019.
- Average days on the market—a measure of the time it takes for homes to sell—crept back up since 2021, again reflecting a slowdown in transactions and available inventory caused by increasing interest rates.
- Figure 3.5 shows the distribution of sale prices for newly constructed, attached townhomes in the PMA. Because of its density, this product type is the most likely to be developed at the Anoka TOD Station Area. Pricing for new attached townhomes typically starts at about $290,000 and most units are priced below $450,000.

Profile of Actively-Marketing For-Sale Condominiums and Townhomes in the PMA

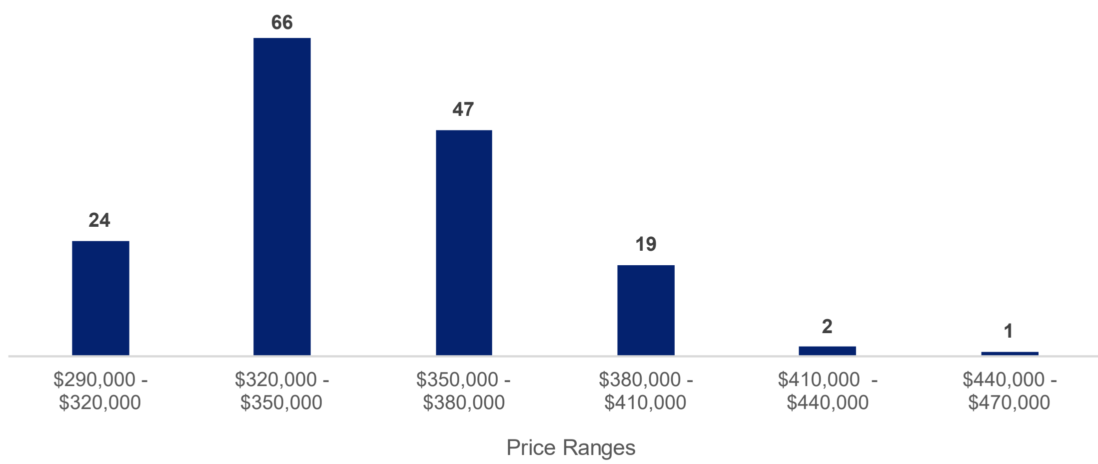
LOCi Consulting collected data on actively marketing for-sale condominiums and attached and detached townhomes in the Anoka TOD Station Area PMA. Actively marketing projects in the PMA are profiled to best understand average sale prices, absorptions, and features and amenities that are currently being offered in the marketplace.

No newer condominium projects—for-sale apartment-style developments—are actively marketing in the PMA.

Figure 3.6 shows the townhome developments profiled in the PMA. Map 3.7 shows the location of the profiled properties.

- The *Riverside on Fourth* development is not shown in Figure 3.6 because that project is not currently marketing. Adjacent to the Anoka TOD Station Area that detached townhome development consisted of 56 units on 5.6 acres. Units are multilevel with between 1,700- and 1,900-square feet. Units sold for between $325,000 and $471,000. All 56 units have sold.
- Nine competitive townhome developments were identified in the PMA, totaling 485 units. Of those, 136 units remain available.
- All of the townhomes profiled are association maintained.
- Four of the profiled properties are attached townhome developments. Those developments have a total of 286 units with 75 units available.

3.5 Distribution of Sale Prices for New, Attached Townhomes in PMA, 2022-2023



Source: Multiple Listing Service; LOCi Consulting LLC

- Attached townhomes are targeted to more price sensitive homebuyers, primarily younger buyers. The units often have primary suites on the second level, which makes them less appealing to older, more affluent buyers who prefer single-level living spaces.
- In the Twin Cities Metro Area, the primary two types of attached townhome units offered are quad units with four units per building and side-by-side units. Side-by-side units typically offer more space and are priced higher than quad units. These units typically have three or four bedrooms, although some of the units offer optional bedrooms that can be added prior to construction.
- Only the *Lynnwood* development in Ramsey offers back-to-back units in the PMA. Because of their more modest pricing and higher density, this style might be appropriate for development in the Anoka TOD Station Area.
- Attached townhome units range in size from 1,610- to 1,954-square feet.
- The profiled attached townhomes range from $298,000 to $449,000. The price per square foot ranges from $185 to $230.
- Finishes for the attached townhomes marketing are nice and new but tend to be more modest than higher priced single-family homes and detached townhomes marketing in the area. Some of the developments provide community space for the larger overall development, which may include both single-family homes and detached townhomes.
- Five of the profiled properties are detached townhome developments. Those developments have a total of 199 units with 61 units available.

3.6 Actively Marketing For-Sale Townhome Developments in the PMA, March 2024

Property	Units	Avail. Units	Unit Type	Size of Unit	Base Price	Price per Square Foot	Services and Amenities
Attached Townhomes							
Brookside Villas	11	10	Side by Side				One-story townhomes with owners' suite with walk-in closet and adjoining bath and walk-in shower, fireplace, 10 foot ceilings, and concrete patio. Association fee is $240/month (Building exterior, insurance, sanitation, and snow removal/lawncare).
Brookside Construction			2BR/2BA	1,610	$391,500 - 449,900	$243 - 279	
Coon Rapids							
Balsam Pointe	98	29	Side by Side				Two-story townhomes in buildings with three to six units. Units include center island, pantry, great room, patio, and main suite with walk-in closet. Bedrooms on second floor. Association fee is $256/month (Exterior maintenance, insurance, sanitation, and snow removal/lawn care).
DR Horton			3BR/2BA	1,687 - 1,894	$325,000 - 389,900	$193 - 231	
Dayton			4BR/3BA	1,965	$387,900 - 391,000	$197 - 199	
Parkside Village	58	3	Side by Side				Two-story townhomes in buildings with five and six units. Units include main-level flex room plus a great room, dining, and kitchen with center island stainless appliances, quartz countertops, primary suite with private bath, and upstairs laundry. Association fee is $230/month (Exterior maintenance, insurance, sanitation, and snow removal/lawn care).
Centra Homes			3BR/2BA	1,618 - 1,954	$299,000 - 319,900	$185 - 198	
Ramsey							

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* Data collected in February and March 2024

Source: Northstar MLS; interviews; LOCi Consulting LLC

3.6 Actively Marketing For-Sale Townhome Developments in the PMA, March 2024 (Cont.)

Property	Units	Avail. Units	Unit Type	Size of Unit	Base Price	Price per Square Foot	Services and Amenities
Attached Townhomes (Continued)							
Lynwood *Lennar* Ramsey	119	33	Side by Side 3BR/2BA Back to Back 3BR/2BA	 1,804 - 1,906 1,782 - 1,800	 $329,000 - 365,000 $298,000 - 332,000	 $182 - 202 $167 - 186	Two-story townhomes in buildings with four to 10 units. Units include center island, pantry, great room, patio, and main suite with walk-in closet. Bedrooms on second floor. Association fee is $225 (Exterior maintenance, insurance, sanitation, and snow removal/lawn care).
Detached Townhomes							
Pinewski Development *Novak Fleck* Anoka	28	26	Detached Villas 2BR/2BA	 1,653	 $435,000 - 465,000	 $263 - 281	Single-level detached townhomes. Units include four-season porch, vaulted ceilings, laminate wood floors, center island in kitchen, pantry, quartz counter tops, and main floor laundry. Association fee is $200/month (Sanitation, and snow removal/lawn care).
Nightingale Villas *Dane Allen Homes* Andover	22	12	Detached Villas 2BR/2BA 3BR/2BA 3BR/3BA	 1,419 - 1,562 1,660 - 1,720 2,099	 $465,000 - 543,000 $524,900 - 551,600 $552,000	 $328 - 383 $316 - 332 $263	Single-level and one-and-a-half story detached townhomes with vaulted ceiling, granite countertops, main-level owners' bedroom, walk-in main suite closets, two- and three-car attached garages. Association fee is $175/month (sanitation and snow removal/lawncare).

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* Data collected in February and March 2024

Source: Northstar MLS; interviews; LOCi Consulting LLC

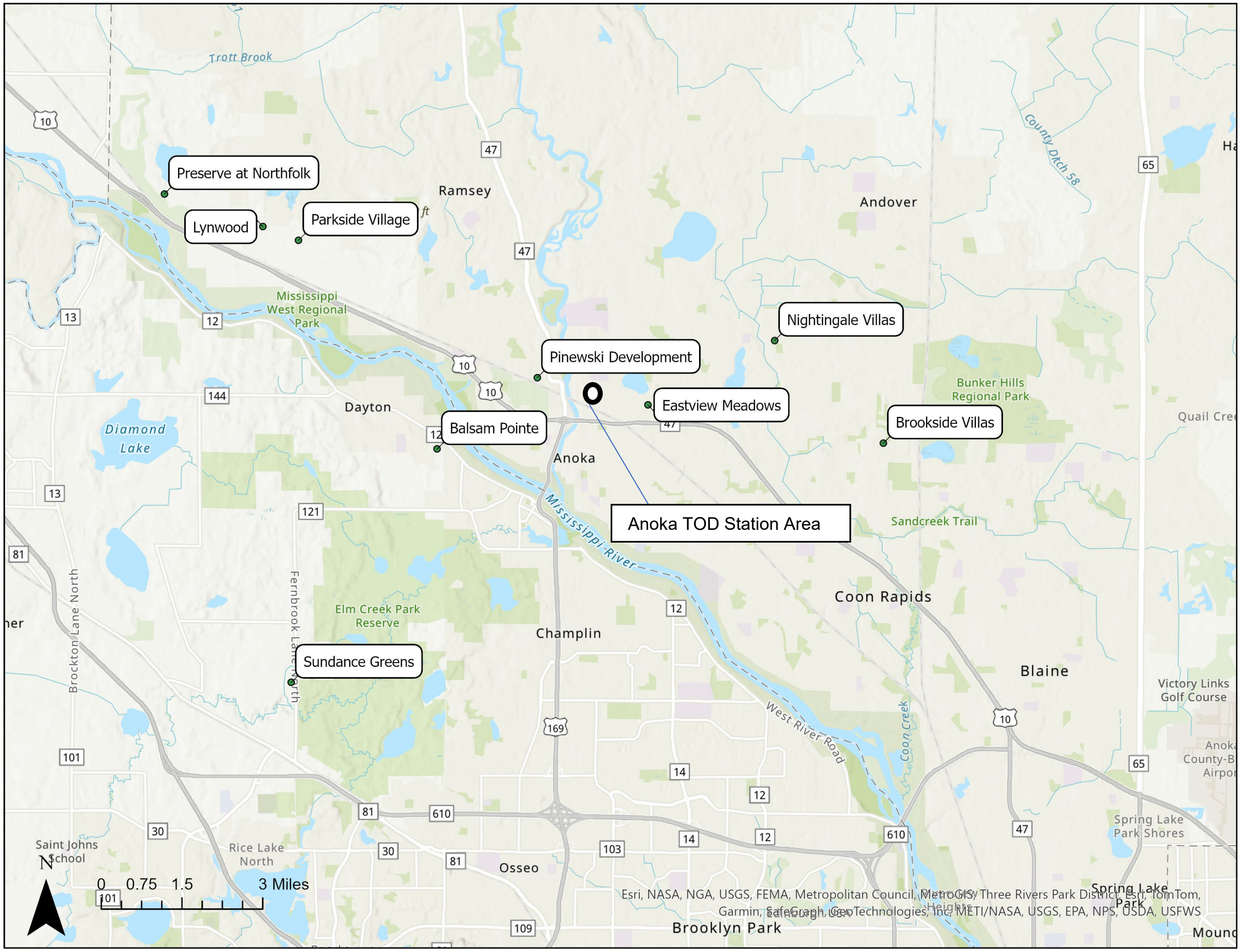
3.6 Actively Marketing For-Sale Townhome Developments in the PMA, March 2024 (Cont.)

Property	Units	Avail. Units	Unit Type	Size of Unit	Base Price	Price per Square Foot	Services and Amenities
Detached Townhomes (Continued)							
Eastview Meadows	28	3	Detached Villas				Single-level detached townhomes. Units include custom cabinetry, granite countertops, stainless steel appliances, sun room, porch, and main level laundry room. Association fee is $160/month (Sanitation and snow removal/lawn care).
Shade Tree Construction			2BR/2BA	1,562	$399,000 - 418,000	$255 - 268	
Anoka							
Sundance Greens	25	17	Detached Villas				Single-story detached townhomes with finished lower level. Units include higher-level finishes and main level owners' suite. Association fee is $169/month (Insurance, sanitation, and snow removal/lawn care).
4th and 5th Addition			3BR/3BA	3,000	$665,000	$222	
Regency Homes			4BR/3BA	3,500	$699,900	$200	
Dayton							
Preserve at Northfolk	96	3	Detached Villas				One- and two-story detached townhomes. Units include front porch, vaulted ceilings, kitchens with island and walk in pantry, sun porch, gas fireplace, patio, and main floor laundry. Two-story units have bedrooms on second floor. Association fee is $210/month (sanitation and snow removal/lawn care).
2nd Addition			3BR/2BA	1,559 - 2,051	$376,990 - 407,990	$242 - 262	
Capstone Homes			4BR/3BA	2,425	$399,990	$165	
Ramsey			5BR/3BA	2,824	$419,990	$149	

* Data collected in February and March 2024

Source: Northstar MLS; interviews; LOCi Consulting LLC

Map 3.7: Actively Marketed For-Sale Attached Townhomes in the PMA



Source: ESRI; LOCi Consulting LLC

- Detached townhome units range in size from 1,419- to 3,500-square feet. Detached townhomes range from $377,000 to $699,000. The price per square foot ranges from $199 to $265.
- Detached townhomes are typically targeted to move-up buyers or empty-nesters who are looking for maintenance free living with the same experience as a single-family home. Many of these units are single level and have the main bedroom suite on the first level.
- The association fee for all townhome developments typically ranges from about $160 to $250 per month and includes insurance, lawncare, and snow removal.
- Figure 3.8 shows the estimated units per acre for townhome developments in the PMA. Attached townhomes average 6.9 units per acre, and detached townhomes average 4.5 units per acre.

Rental Market Trends

The apartment market in the Minneapolis-St. Paul Metro Area has been strong over the last several years. Driven by a tight labor market, strong wage growth, and lack of affordable for-sale housing, demand for rental has driven absorption across the market.

At the same time, apartment developers continue to deliver new units to the market. According to CoStar, a national real estate data provider, 11,000 new rental units came online in 2022 in the Minneapolis-St. Paul market, nearly 2.5 times the average number delivered in the three years prior to the beginning of the pandemic (2017-2019).

On average across the metropolitan area, supply of new units has outpaced demand, increasing the vacancy rate to 7.6% in the fourth quarter of 2023. In general, the market is considered to be at "equilibrium" when the vacancy rate is at 5%. At that point there are enough renters for property owners to be profitable and to be in a position to

3.8 **Marketing For-Sale Townhomes in Primary Market Area**

Development	City	Units	Estimated Acreage	Units Per Acre
Attached Townhomes				
Brookside Villas	Coon Rapids	11	2.0	5.5
Balsam Pointe	Dayton	98	10.5	9.3
Parkside Village	Ramsey	58	6.5	8.9
Lynwood	Ramsey	119	30.0	4.0
Average				**6.9**
Detached Townhomes				
Nightingale Villas	Andover	22	8.5	2.6
Pinewski Development	Anoka	28	8.2	3.4
Eastview Meadows	Anoka	28	7.0	4.0
Sundance Greens	Dayton	25	NA	NA
Preserve at Northfolk	Ramsey	96	30.0	3.2
Riverside on Fourth	Anoka	56	6.0	9.3
Average				**4.5**

Source: Northstar MLS; interviews; LOCi Consulting LLC

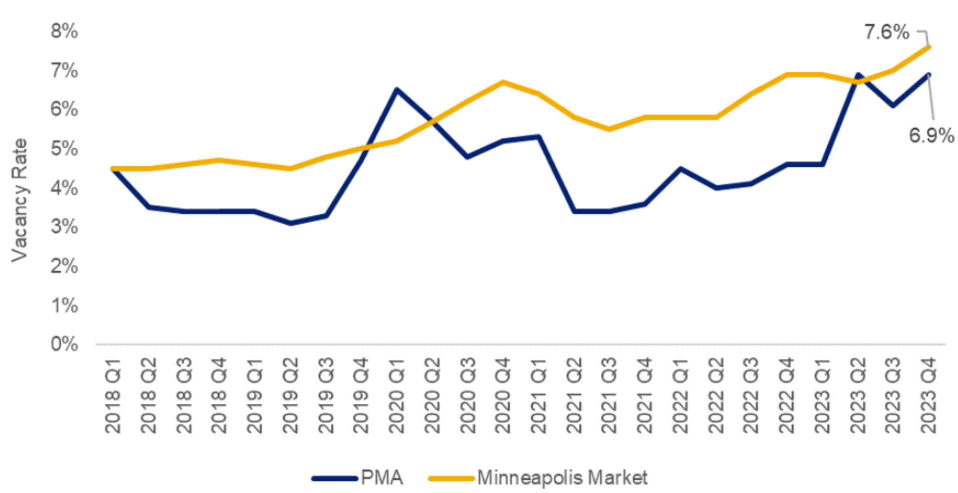
reinvest in their properties in order for them to remain marketable. Vacancies below 5% indicate a tight rental market, in which rents are likely to increase at rates well above other household costs. Typically, such low vacancies signal to real estate developers that enough excess demand exists in the market to support new construction, provided prevailing target market households can afford rents needed to cover the cost of new construction.

It is likely that the current vacancy rate will result in slower apartment development in the near future. Higher interest rates, higher construction costs, and supply chain disruptions are also putting headwinds on new development across the market. However, demand continues to be driven by the high costs of home ownership.

Figure 3.9 shows vacancy rate for the PMA and for the Twin Cities market as a whole. Figure 3.10 shows the average asking rent in the PMA and the Twin Cities Market as a whole. Data for both tables is from CoStar, a nationally recognized commercial real estate data source.

- Mentioned previously, the vacancy rate in the Minneapolis-St. Paul Metro was 7.6% in the fourth quarter of 2023.
- The vacancy rate for the Metro Area was below 5.0% from 2013 until the end of 2019. The rate rose above 5.0% in the first quarter of 2020 and has remained above that level since.
- The vacancy rate for the PMA was 6.9% in the fourth quarter of 2023. With the exception of a few periods when new supply of units came on the market, the vacancy rate in the PMA has generally been lower than the Metro Area vacancy rate.
- The average rent in the Twin Cities Market was $1,436 per month in the fourth quarter of 2023. Average rents have risen about 2.3% per year since the fourth quarter of 2020 across the market as a whole.
- The average rent in the PMA was $1,383 per month in the fourth quarter of 2022. Reflecting the lower vacancy, rents have increased 3.3% per year since the fourth quarter of 2020.

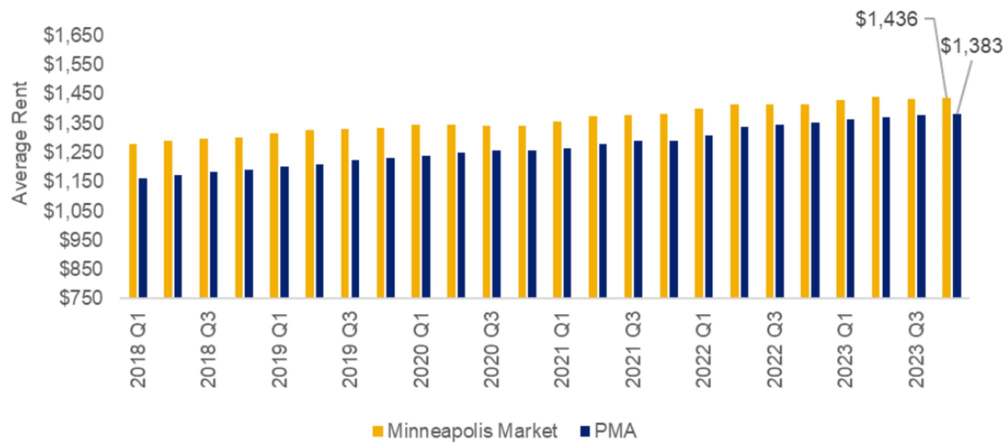
3.9 Vacancy Rates for Rental in the Preliminary PMA and the Metro Area



* Data is Q1 2018 to Q4 2024

Source: CoStar; LOCi Consulting LLC

3.10 **Average Rent for Rental in the Preliminary PMA and Metro Area**



* Data is Q1 2018 to Q4 2024

Source: CoStar; LOCi Consulting LLC

Profile of Newer Rental Properties in the Anoka TOD Station Area PMA

LOCi Consulting profiled recently constructed rental developments in the Anoka TOD Station Area PMA. These properties—all built since 2019—are profiled to best understand average rents, occupancies, and features and amenities that are currently being offered in the marketplace. The list includes both affordable—properties with income restrictions—and market-rate properties.

Figure 3.11 shows the rental properties identified and profiled in the PMA. It does not include age-restricted apartments. Map 3.12 shows the location of these properties.

Income-Restricted Rental Properties

- Two newer income-restricted properties were identified in the PMA—one in Coon Rapids and one in Ramsey. These properties total 222 units.
- Income restrictions can vary by property and by specific unit. Income restrictions range from 30% to 60% of Area Median Income. Rents are restricted based on the specific income restrictions for the particular unit.
- There are five vacancies in the newer income-restricted properties for a vacancy rate of 2.3%. Building managers said these properties lease up quickly, stay full, and vacant units fill quickly.
- Units range in size from 711- to 1,513-square feet.
- Rents range from $1,300 to $1,717 per month, or $1.13 to $1.83 per square foot per month. Rents are restricted and set by the terms of the financing used for development.

Market Rate Rental Properties

- LOCi Consulting profiled eight newer projects with a total of 1,085 units.
- One project—*Field and Grove Townhomes*—is a townhome-style rental project with tuck under garages for each unit. The other properties are traditional apartment-style buildings.

3.11 Profiles of Recently-Developed Rental Communities in the PMA, March 2024

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Income-Restricted Rental Housing								
Spring House Apartments 9401 Springbrook Dr NW Coon Rapids *Year Built: 2021*	168	5		1BR 2BR 3BR	711 - 786 1,040 - 1,042 1,317 - 1,513	$1,300 $1,464 $1,717	$1.65 - 1.83 $1.40 - 1.41 $1.13 - 1.30	Income restriction is restricted to households earning at or below 60% of Area Median Income. Includes elevator, playground, fitness center, community room, community WIFI, and underground parking.
Greenway Terrace Apts. 7562 NW 146th Ave Ramsey *Year Built: 2019*	54	0		1BR 2BR 3BR	1,037 1,174 1,470	NA NA NA	NA NA NA	Income restriction is restricted to households earning at or below 30% and 50% of Area Median Income. Includes fitness center, laundry facilities, off street parking, playground, homework room, garden plots, and community room.
Market-Rate Rental Housing								
Field and Grove Townhome 11848 Emery Oaks Ln N Champlin *Year Built: 2024*	40	34		2BR 3BR	1,600 1,800	$2,595 - 2,695 $2,895 - 3,095	$1.62 - 1.68 $1.61 - 1.72	Rental townhomes with barbecue gathering space and pet run. Units have attached two-car garages.

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* Data collected in February and March 2024

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

3.11 Profiles of Recently-Developed Rental Communities in the PMA, March 2024 (Continued)

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Market-Rate Rental Housing (Cont.)								
CR Crossing	43	21	6	Studio	453 - 534	NA - NA	NA - NA	Includes washer and dryer in unit, over size windows, dishwasher, central islands, open concept, lounge area with balcony, barbecue patio area, and fire pit.
4021 Coon Rapids Blvd NW			35	1BR	509 - 722	$1,390 - 1,645	$2.28 - 2.73	
Coon Rapids			2	2BR	940	$1,895 - 1,945	$2.02 - 2.07	
Year Built: 2023								
(Opened November 2023)								
Golden Aspen Flats	150	12	10	Studio	570	$1,395 - 1,425	$2.45 - 2.50	Includes fitness center, community room, patio with barbeque area, storage units, in-unit washer/dryer, balcony, walk-in closet, stainless steel appliances, granite countertops, and underground parking. Opened May 2023.
10200 Goldenrod St NW			107	1BR	736 - 835	$1,570 - 1,775	$2.13 - 2.13	
Coon Rapids			30	2BR	914 - 1,150	$1,765 - 2,025	$1.76 - 1.93	
			3	3BR	1,363	$2,265 - 2,295	$1.66 - 1.68	
Year Built: 2023								
Aurora Vista	150	58	22	Studio	573 - 690	$1,325 - 1,470	$2.31 - 2.13	Includes fitness center, playground, underground garage, package receiving, business center, high speed internet, clubhouse, outdoor patio/picnic area, pet wash station, and dog park.
14221 Inca St			77	1BR	745 - 861	$1,400 - 1,780	$1.88 - 2.07	
Andover			51	2BR	977 - 1,246	$1,875 - 2,195	$1.76 - 1.92	
Year Built: 2023								
Aster Apartments	192	12	1	Studio	645	$1,514	$2.35	Includes coworking space, fitness center, outdoor pool, playground, underground garage, package receiving, business center, high speed internet, clubhouse, and outdoor patio/picnic area.
3130 NW Northdale Blvd			110	1BR	572 - 953	$1,484 - 1,923	$2.02 - 2.59	
Coon Rapids			73	2BR	1,061 - 1,272	$2,024 - 2,049	$1.61 - 1.91	
			8	3BR	1,490	$2,720	$1.83	
Year Built: 2023								

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* Data collected in February and March 2024

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

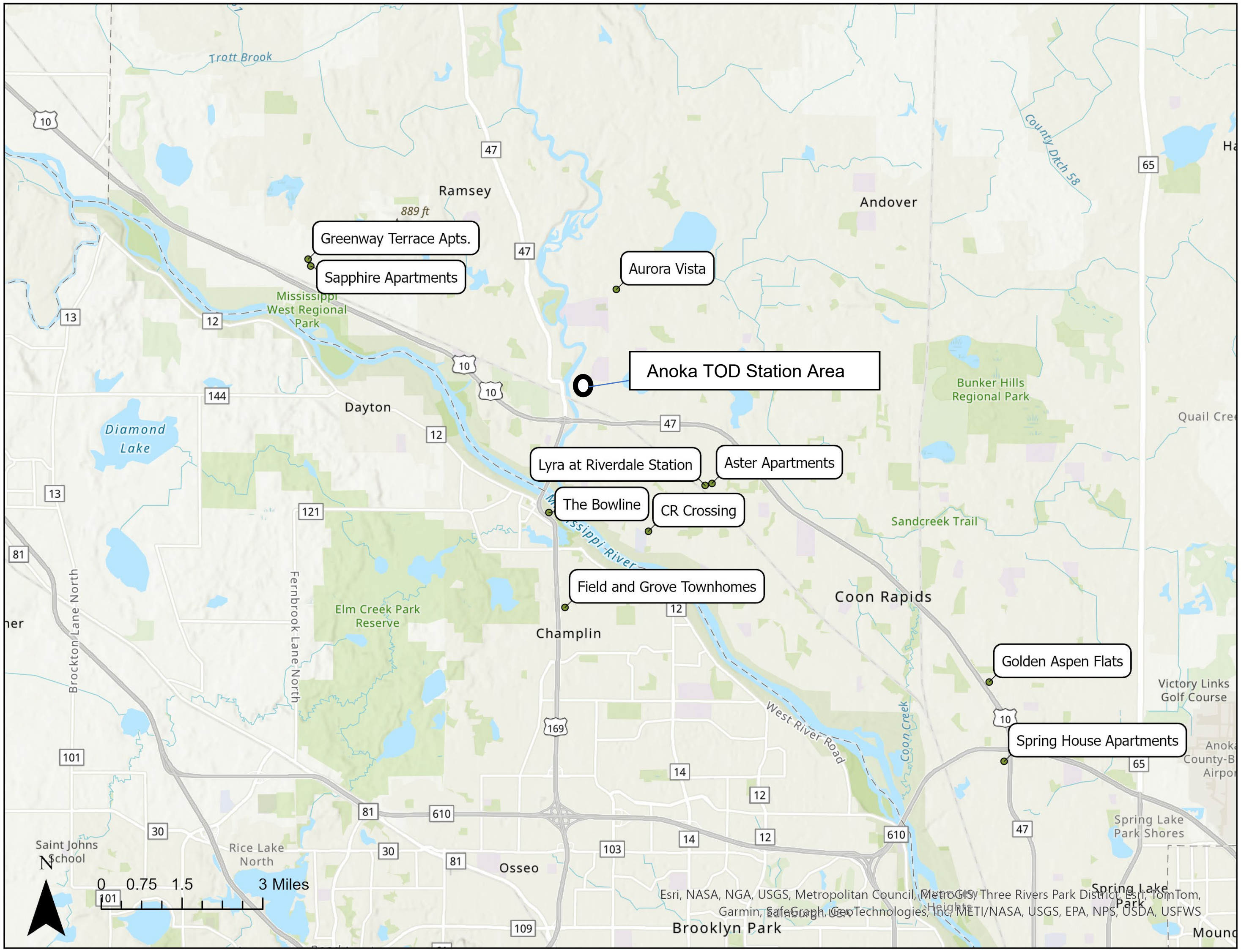
3.11 Profiles of Recently-Developed Rental Communities in the PMA, March 2024 (Continued)

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Market-Rate Rental Housing (Cont.)								
The Bowline	212	6	10	Studio	485	$1,333	$2.75	Includes pickleball courts, outdoor kitchen, private theater, coworking space, fitness center, outdoor pool, playground, underground garage, package receiving, business center, high speed internet, clubhouse, and outdoor patio/picnic area.
220 E River Parkway			105	1BR	535 - 978	$1,432 - 1,735	$1.77 - 2.68	
Champlin			76	2BR	996 - 1,350	$2,240 - 2,549	$1.89 - 2.25	
			21	3BR	1,454 - 1,516	$3,116	$2.06 - 2.14	
Year Built: 2022								
Sapphire Apartments	118	11	67	1BR	671 - 842	$1,410 - 1,520	$2.10 - 1.81	Includes fitness center, indoor pool, hot tub, grill area and patio space, washer and dryer in unit, community room, lounge, billiard room, coffee bar, dog park, parking lot with garages available, and private patios/balconies.
7555 145th Ave			44	2BR	879 - 1,214	$1,665 - 1,940	$1.60 - 1.89	
Ramsey			7	3BR	1,522 - 1,611	$2,280 - 2,305	$1.43 - 1.50	
Year Built: 2020								
Lyra at Riverdale Station	180	1		Studio	572 - 800	$1,244 - 1,325	$1.66 - 2.17	Includes community room, outdoor patio, outdoor pool, fitness center, washer and dryer in unit, pet washing station, coworking space, pet exercise area, and underground parking.
3120-3140 Northdale Blvd				1BR	709 - 986	$1,460 - 1,705	$1.73 - 2.06	
Coon Rapids				2BR	978 - 1,086	$1,842 - 2,067	$1.88 - 1.90	
				3BR	1,443 - 1,444	$2,513 - 2,523	$1.74 - 1.75	
Year Built: 2020								

* |* Data collected in February and March 2024

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

Map 3.12: Profiled Rental Properties in the Anoka TOD Station Area PMA



Source: ESRI; LOCi Consulting LLC

- At the time of the survey, there were 155 units vacant for a vacancy rate of 14.3%. A vacancy rate of 5% is considered to be the level where the market is in equilibrium.
- All but two of the projects opened since 2022 and can still be considered within their initial lease up period.
- Unit sizes range from 453- to 1,800-square feet.
- Rents range from $1,244 to $3,095 per month, or $1.43 to $2.75 per square foot per month.
- Units typically include in unit washers and dryers. Some of the of the properties include community rooms and outdoor gathering spaces.
- Most of the newer rental projects offer underground parking.
- Figure 3.13 shows the units per acre for the projects profiled. The average units per acre for affordable housing properties is 31.6. The average units per acre for market-rate properties is 37.7.

Pending Multifamily Housing Developments in the PMA

LOCi Consulting contacted city staff to identify planned and pending for-sale multifamily developments in the PMA. The projects identified are attached for-sale townhomes and rental apartments and townhomes.

Anoka

- In summer of 2024, Volunteers of America opened Nolte River Place, an 80-unit affordable senior housing apartment building located within the Anoka TOD Station Area. The project provides one- and two-bedroom units, eight units for

3.13 Densities of Newly Built Rental Properties in the PMA

Development	City	Year Built	Units	Estimated Acreage	Units Per Acre
		Affordable Rental Properties			
Spring House Apartments	Coon Rapids	2021	168	4.6	36.4
Greenway Terrace Apartments	Ramsey	2018	54	2.0	26.8
Average					**31.6**
		Market Rate Rental Properties			
Field and Grove Townhomes	Champlin	2024	40	1.2	33.3
CR Crossing	Coon Rapids	2023	43	0.8	50.9
Golden Aspen Flats	Coon Rapids	2023	150	5.9	25.5
Aurora Vista	Andover	2023	150	NA	NA
Aster Apartments	Coon Rapids	2023	192	6.3	30.6
The Bowline	Champlin	2022	212	3.6	58.2
Lyra at Riverdale Station	Coon Rapids	2020	180	5.1	35.3
Sapphire Apartments	Ramsey	2020	118	3.9	30.3
Average					**37.7**

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

formerly unhoused senior veterans, and 10 designated units for Project Rental Assistance Contracts (PRAC) vouchers. The on-site amenities include a community room, exercise room, underground parking, hair salon, and library. This project is not included in the demand calculations for the site because it is age restricted.

- In 2021, MWF Properties proposed a 131-unit market-rate apartment building on the site of the existing Northstar parking lot at the southeast corner of 4th Avenue and Johnson Street. The project did not move forward but city staff said that the developer has expressed interest in continuing discussions with the city.
- Gramercy Development has proposed a multiphase mixed-use development for several parcels within the Anoka TOD Station Area. The first phase would be located at the large parcel on the east side of 4th Avenue between Grant Street and Johnson Street. The proposal includes 40 side-by-side townhomes and a 120- to 140-unit apartment building. Later phases would include significant areas within the Station Area and would include a mix of uses—ranging from restaurant and retail space to professional office/light industrial space. The developer is still in conversations with the city about the project.

Andover

- Lennar is developing a large residential development called *The Fields of Winslow Cove* that will include detached townhomes. Located on Prairie Road, the first phase is under construction and is planned to include 36 units. The second phase has been approved and is planned to include 32 detached townhomes. The majority of the overall development is single family homes. The first phase is included in the demand calculations.
- At the intersection of Hanson Boulevard and Crosstown, Silvercrest Development had proposed a senior housing development with 217 age-restricted units. The project would include a mix of independent living, assisted living, and memory care. The project has not received final approval and is not included in the demand calculations.

Champlin

- City staff said that a developer has proposed an apartment building on a vacant parcel in the northeast corner of 117th Avenue and Highway 169. But the city council has not been supportive of apartments at that site and the developer withdrew the proposal.

Coon Rapids

- The city of Coon Rapids has approved Cedarwood, a for-sale eight-unit multi-family development. Each unit has three bedrooms, three bathrooms, and an outdoor deck. The project is located at 9730 University Avenue. This project is included in the demand calculations.
- Suite Living Senior Care has proposed a 32-unit assisted living and memory care facility at 725 96th Avenue. A second phase could include an additional 40 units of assisted living and memory care. This project has been approved but is not yet under construction.
- The city has approved the Tronson Reserve Apartments at 1354 121st Avenue. The project includes 31-unit market-rate rental townhomes. This project has not yet begun construction and is not included in the demand calculations.
- Norbella Senior Living has been approved to build a 40-unit senior assisted living and memory care facility at 3011 124th Avenue. Building amenities include a commercial kitchen, community dining room, beauty salon, lounge areas, community patio and walking paths.

Dayton

- Pride of Homes, LLC, is proposing to develop six townhomes in two buildings within the Historic Village area of the city at the intersection of Levee Street and Dayton Avenue. This project has not been fully approved by the city.
- WME Real Estate Holdings has proposed a 50.9-acre development located southwest of Interstate 94 and south of Dayton Parkway. The proposal would include two apartment buildings comprising 250 units (125 each), six townhome buildings comprising 36 units, and eight mid-

density buildings comprising 88 units. The proposal has not been approved by the city.

- Enclave Companies has proposed a concept plan for seven three-story market rate apartment buildings. The project would consist of approximately 363 units with one-, two- and three-bedrooms and would be located at a 25.61-acre site northeast of the intersection of County Road 81 and Territorial Road. This project has not been approved by the city.

Ramsey

- Ravenswick Village 4th Addition was approved by the city in 2023 and is under construction. This project includes 27 units of side-by-side townhomes. This project is included in the demand calculations.
- Centra Homes has received approval for Waterfront Village, a 110-unit detached townhome development to be located at the southwest corner of Bunker Lake Boulevard Northwest and Zeolite Street Northwest. Construction has not begun on this development, and it is not included in the demand calculations.
- Senior Housing Partners is proposing Haviland Fields, a multi-phase residential development that would consist of a 160-unit apartment building designed for senior living, 280-unit general-occupancy apartment building, and 10 duplex-style attached townhome buildings with 20 total units. The project would be located at 14501 Nowthen Boulevard Northwest. The project has not been approved by the city and is not included in the demand calculations.
- Norhart has proposed a mixed-use apartment building with 223 general-occupancy units and 5,000-square feet of ground-level retail space at a location between Sunwood Drive Northwest and Zeolite Street Southwest. The project has not been approved and is not included in the demand calculations.

Residential Uses: Findings and Recommendations

Residential Demand Estimates

Figures 4.9 through 4.10 show summaries of the residential demand calculations for high-density general occupancy for-sale and rental housing. The full calculations are found in the appendix. Although some of the demand calculations provide for point estimates, data in the summary is provided as a range of units.

Note that for the most part, the demand forecasts are mutually exclusive, meaning there is little overlap between demand for different product types. Where there is overlap, it is noted.

For-Sale Townhome Demand

- Figure 4.9 shows the summary of the demand calculations for for-sale townhomes in the Anoka TOD Station Area PMA. We find demand for between 250 and 300 units between 2023 and 2028.
- This demand calculation is for the entire primary market area, but we believe the Anoka TOD Station Area has the potential to capture much of this demand should this type of housing be developed.
- This demand is driven by younger first-time homebuyers who tend to be more price sensitive and empty nesters, move-up homebuyers looking for association-maintained, single-level housing options.
- We believe that most of this demand would be for multilevel townhomes priced between $300,000 and $450,000, targeted to younger professionals with and without children looking to live in an association-maintained home in a suburban downtown district. We did not find significant demand for higher-priced townhome units (Greater than $450,000).

4.9 For-Sale Townhome Demand for Anoka TOD Station Area PMA, 2023-2028

	Estimated Base Price	Estimated Demand
Townhomes and Twinhomes		
Entry-Level Homebuyers Incomes: $100,000-$150,000	$300,000 - $450,000	280 - 290
Mid-Level Homebuyers Incomes: $150,000-$200,000	$450,000 - $600,000	20 - 30
Higher-Level Homebuyers Incomes: $200,000 and Higher	Greater than $600,000	20 - 30

Source: LOCi Consulting LLC

4.10 Rental Housing Demand for Anoka TOD Station Area PMA, 2023-2028

	Estimated Rents	Estimated Demand (Units)
Affordable Rental Housing Units (Income Restricted)		
Up to 50% AMI	$0 - $1,400	610 - 620
50% to 60% AMI	$1,400 - $1,680	120 - 130
Workforce Rental Units		
60% to 80% of AMI	$1,680 - $2,130	80 - 90
Market-Rate Rental Units		
80% of AMI to Incomes of $100,000	$2,130 - $2,500	60 - 70
Incomes of $100,000 and higher	Greater than $2,500	80 - 90

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

- We do not recommend planning for for-sale condominiums at the Anoka TOD Station Area. The market for condominiums is focused on higher-income buyer segments. Only a handful of projects are currently being marketed, and they tend to be located in central business districts or high-income suburban enclaves like North Oaks or Lake Minnetonka communities.

Rental Housing Demand

- Figure 4.10 shows the summary of demand for rental housing in Anoka TOD Station Area PMA.
- Note that as with the townhome demand calculations, this analysis is for the entire primary market area. For rental housing, we believe the Station Area could capture most of this demand should rental housing be developed.
- The analysis finds demand for between 220 and 250 market-rate rental units. That includes demand for units sometimes referred to as "workforce housing." We define this as housing targeted to households that earn between 60% and 80% of area median income $67,800 and $82,200). We separate this out in the analysis because, while many market-rate units fall into these rent ranges, there may be some funding sources available to subsidize housing targeted to these households.
- For market-rate rental demand, developers could build rental housing targeted to households with a range of incomes. We do not recommend developers target higher end renters for a project in the Anoka TOD Station Area.
- Developers may also want to consider multilevel townhome rental units to meet some of this need. These structures could have three- and four-bedroom units targeted to households with families. We believe these types of rental housing would be well received by the market. But it may cost more to develop than a single structure with more units.
- The analysis finds demand for over 700 units of rental housing targeted to households with incomes less than 60% of Area Median Income ($67,800).
- This income threshold is based on income limits set for the Metro Area by the Department of Housing and Urban Development (HUD).
- Should affordable rental housing be developed in the Station Area, we recommend that developers focus on one-, two-, and three-bedroom units in apartment style buildings to meet the affordable rental demand.

Recommendations for Townhomes and Condominiums

- **For-sale units would work well in the area north of the railroad tracks—but may require planning for conflicting adjacent uses.** The large parcels of land north of the tracks present a good opportunity for residential development. However, current adjacent uses conflict with residential uses and may need to be repositioned before development can occur.
- **For-sale units should be a mix of attached back-to-back and side-by-side units.** These units are being marketed in the PMA now.
- **Units should be priced $300k to $450k and targeted toward entry and move-up buyers.** The demand calculations show there is demand in these price points. Higher income buyers may not want to live close to the active rail line.
- **Densities would be higher than current market at over 11 units per acre.** It is likely that higher densities would be required at this site than are currently being marketed in the PMA.
- **We do not recommend general-occupancy condominiums.** This product type only works in a few areas of the Twin Cities.

Recommendations for Rental Housing

- **Rental buildings would also work well in the zone north of the railroad tracks.** Renters might be more willing to live in areas with conflicting uses, as long as those uses can be buffered as best as possible.
- **Projects could include a mix of market rate and affordable development.** There is demand for both types of housing.

- **Market rate rents should start at $1,400 per month.** The demand calculations find demand highest for these rents. There is some demand for units with rents above $2,500 per month. These units would most likely work best closer to the river and farther from the railroad tracks and conflicting uses.

4. Retail and Restaurant Analysis

This section examines the restaurant and retail market in the Anoka Transit-Oriented Development (TOD) Station Area Primary Market Area (PMA).

Retail real estate has seen dramatic change in the last 10 years. Even prior to the COVID19 pandemic, shifting incomes, changing consumer preferences, and the growth of e-commerce had resulted in a significant number of store closures and shuttered shopping centers across the country. With the pandemic, many of these trends that were negatively impacting retail have accelerated. Other trends that were trending positive—like the growth of health clubs and experiential retail—have now reversed and slowed considerably.

On the other side, many retail concepts did well during the coronavirus pandemic. Grocery stores, liquor stores, and home improvement all experienced strong sales during this period. And retail concepts that have been able leverage their e-commerce operations and alternative methods of delivery—like curbside pickup—were able to maintain most of their sales.

While there have been significant disruptions, the traditional analytic lens of retail has stayed relatively consistent. Based on an understanding of consumer spending in an area and the ability to target the right retail to capture that spend, the framework provides a tool to understand how these shifts drive changes in demand for retail space.

Retail and restaurant space can be found in malls, shopping centers, and freestanding buildings—both individual structures and street-front business districts. Mixed-use projects—where retail is combined with residential or office—have also become popular with developers and local planners.

Retail is often viewed along a spectrum of convenience versus destination. Convenience retailers are grocery stores, drugstores, liquor stores, home improvement stores, coffee shops, and quick-service and fast-casual restaurants. At the destination end of the spectrum are department stores, apparel and accessories stores, furniture, electronics, sporting goods, higher-end restaurants. General merchandisers and clubs—like Costco, Target, and Walmart—seek to capitalize on spending from both ends of the spectrum.

The location of a planned retail development determines which types of retail will succeed. Convenience locations need more frequent trips and generally higher population densities to drive smaller purchases and support lower margins. Destination retail may need higher incomes and proximity to similar types of retail to support the fact that their customers make less frequent trips to their establishments.

Retail Overview in the Anoka TOD Station Area PMA

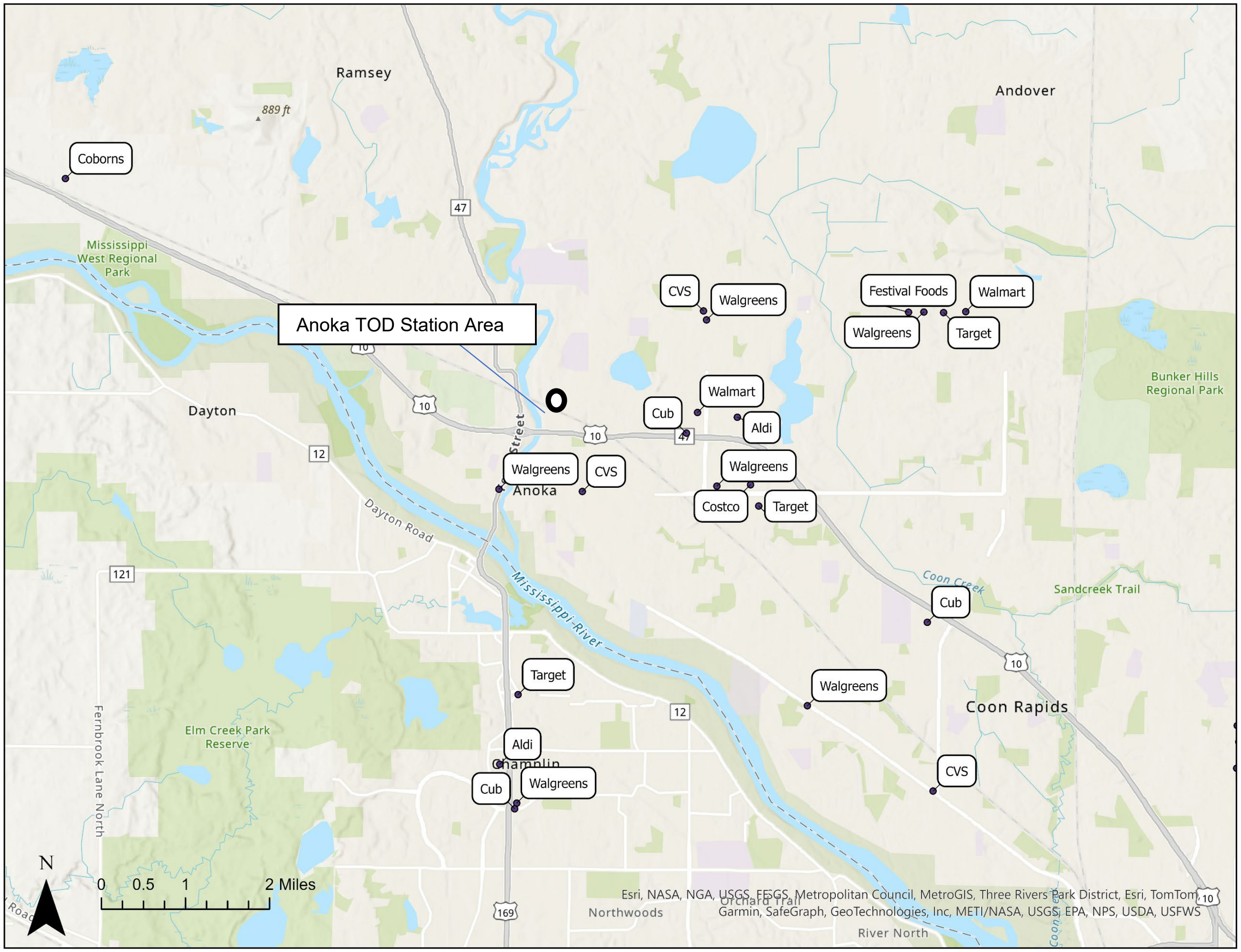
With exception to the Kwik Trip gas station and convenience store, there are almost no restaurant and retail uses in and near the Anoka TOD Station Area. The closest restaurant and retail options are located about 0.5 miles south in Downtown Anoka or about 1.0 miles east at the Riverdale shopping district in Coon Rapids. There is also a retail node developing north about 1.5 miles at the intersection of Seventh Avenue and Bunker Lake Road.

Map 4.1 shows an overview of the major retail outlets that serve the Anoka TOD Station Area PMA. The map includes grocery stores, general merchandise stores, and national pharmacy chains—Walgreens and CVS.

Grocery Stores and Neighborhood Shopping Centers

- Shopping centers and retail nodes anchored by grocery stores are called neighborhood retail. These shopping areas tend to be smaller and serve trade areas of about 20,000 people, typically within about three miles of the shopping center.

Map 4.1: Grocery Stores, General Merchandize Stores, and National Pharmacy in the PMA



Source: Retailer websites; SNAP data; DataVu; ESRI; LOCi Consulting LLC

- The closest grocery stores to the Station Area are Cub Foods and Aldi, both just across the eastern border of Anoka in the Riverdale shopping district. Cub is a full-service grocery store with a pharmacy. Aldi is a specialty discount grocery store.
- Technically, the Coon Rapids Cub Foods is located in a community center—in the following discussion—because it is in a center with a general merchandise retail anchor as well. The Aldi is a freestanding retail store.
- Also in the PMA, a Coburn's grocery store anchors a neighborhood shopping center in Ramsey, and Country Market grocery store anchors a neighborhood shopping center in Andover.

General Merchandise Stores and Community Shopping Centers

- Community shopping center and community retail nodes are typically anchored by one or more general merchandise retailer—typically Target or Walmart. In addition to the general merchandise retailer, the shopping centers often have an additional grocery store or pharmacy. These retail nodes serve much larger trade areas, with between 75,000 and 150,000 people within three to six miles of the node.
- The closest general merchandise store and community shopping center is the Walmart in the same center with the Cub Foods described above. There is also a Target located just south of the Walmart in the Riverdale shopping district. Both general merchandise stores offer expanded grocery sections.
- The PMA has several other community retail nodes as well. Across the Mississippi River in Champlin, Target anchors a community shopping center, and, farther east on Bunker Lake Boulevard, Target, and Walmart anchor two community centers in Andover.

Power Centers

- Power centers are shopping centers with a mix of big box grocery stores and general merchandise stores, along with "junior box" retailers (e.g., Best Buy, Michaels, Hobby Lobby, TJ Maxx, Ross's Dress for Less, Ulta Beauty, Five Below, etc..), These centers can also include home improvement stores.
- The Riverdale shopping district, which includes a few separate shopping centers and has a significant big box presence with Target, Costco, Menards, and Best Buy could be classified as a power center.

Regional Malls and Regional Shopping Nodes

- Regional malls are traditionally anchored by two or more department stores and serve 100,000 to 500,000 people within five to 10 miles.
- The Anoka TOD Station Area PMA is not served by a traditional regional mall. *Northtown Mall*—a regional enclosed mall is located about eight miles from the Anoka TOD Station Area.
- This shopping format is evolving to meet changing consumer demands. Department stores are struggling and are no longer dependable anchors. Many mall owners are looking to add traffic drivers like entertainment and general merchandise and grocery stores. Others are looking to create mixed-use centers by adding residential development.
- While not technically a regional mall, *the Shoppes at Arbor Lakes* has a comparable retail draw to a regional mall. The walkable shopping district is anchored by Costco, Nordstrom Rack, Burlington, Trader Joes, Whole Foods, Cub Food, Lunds & Byerly's, and H&M, *The Shoppes at Arbor Lakes* could be technically classified as a lifestyle center. This type of shopping district is not enclosed like a traditional mall and is characterized by landscaping and streetscapes designed to feel like a small town.

Market Conditions for Retail Commercial Real Estate in the Metro Area

Responding to increased consumer expenditure, local and national retailers have sought additional retail space. While at the same time, commercial real estate developers faced significant headwinds with rising construction costs and supply-chain challenges, resulting in fewer new projects being developed to respond to this demand. In fact, with demolitions and redevelopments, the base inventory of retail space in the Metro Area actually contracted significantly. These factors have kept retail vacancy rates low and increased rents at existing properties.

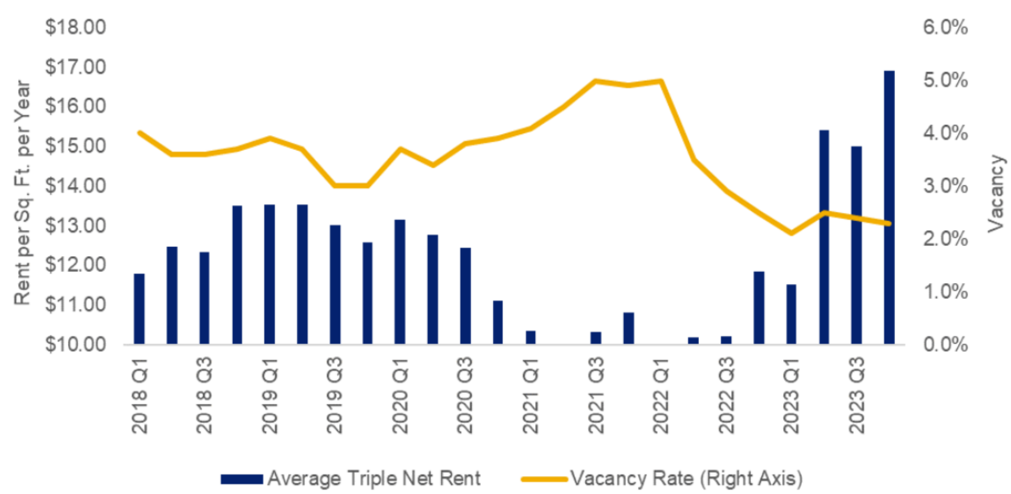
Using data from CoStar—a national commercial real estate data service used by commercial brokers and retail site selectors—LOCi Consulting reviewed retail real estate data for the PMA.

CoStar data is not perfect. It does not include vacant data that is not being listed by brokers. Further, CoStar data includes many single-user properties in its data that are often not considered in other sources. As a result, the denominator tends to be larger, so vacancy rates are lower than other sources.

Figures 4.2 and 4.3 show average retail lease rates per square foot per year, vacancy rates, and absorption for the PMA. Lease rates are shown for triple net leases—those leases do not include expenses like utilities, taxes, or common area maintenance. Those expenses are paid by the tenant.

- The vacancy rate for retail commercial real estate space in the PMA was 2.3% in the fourth quarter of 2023.
- Vacancies have remained low across the Minneapolis market as new supply has primarily been built-to-suit a particular retailer. Few large shopping centers have been developed in the market, and the ones that have been built already have most of their space committed.
- The average rent for retail space was $16.90 per square foot per year in the PMA in the second quarter of 2023. (Lease rates shown are triple net—where the tenant pays for expenses, taxes, and common area maintenance.)
- Rents grew on average 15% per year between 2020 and 2023. Between 2010 and 2019, the average annual rental growth was 0.5% per year.

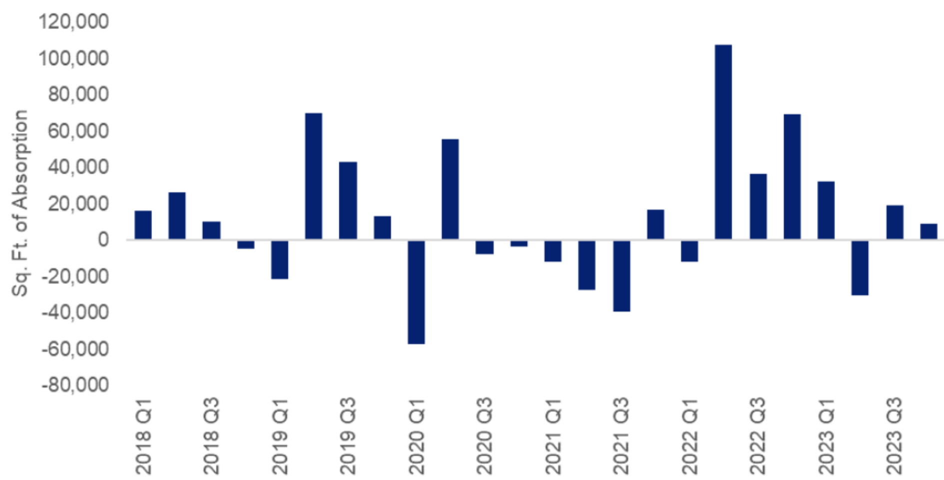
4.2 Average Lease and Vacancy Rates for Retail Space in the PMA



* Data is Q1 2018 to Q4 2023

Source: CoStar; LOCi Consulting LLC

4.3 Net 12-Month Absorption for Retail Space in the PMA



* Data is Q1 2018 to Q4 2023

Source: CoStar; LOCi Consulting LLC

- Absorption has generally been net positive in the PMA since 2021. Average absorption per year was about 13,000-square feet per year since the end of 2021.

Shopping Centers in the Anoka TOD Station Area PMA

Figure 4.4 shows the largest shopping centers in the Anoka TOD Station Area PMA. This data was collected from listings and other commercial real estate data sources. Vacant space includes space that is actually being listed as available. Map 4.5 shows the location of the shopping centers in this list.

- There are 17 shopping centers with greater than 50,000-square feet of retail space in the PMA.
- Coon Rapids accounts for all but three of the largest shopping centers.
- The average vacancy rate for the largest shopping centers is 3.4%.
- Not shown int the table, listed lease rates for available spaces in these centers range from $8 to $25 per square foot per year. Many of the listings do not include asking rents, so the rents for listed properties likely represent the lower end of rents that many retailers would actually pay. (Lease rates shown are triple net—where the tenant pays for expenses, taxes, and common area maintenance.)

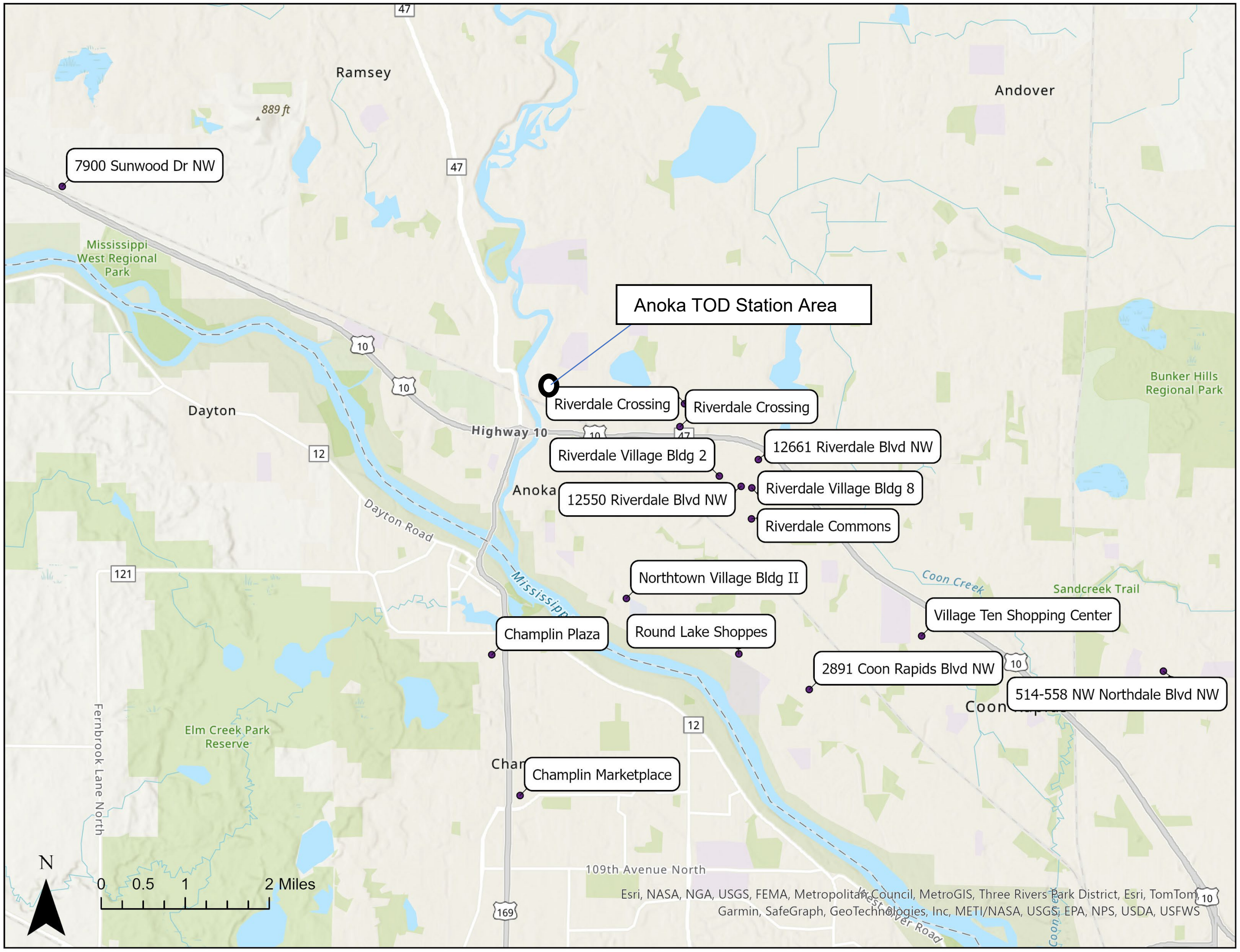
4.4 Largest Shopping Centers in PMA

Development	Address	City	Year Built	Square Feet	Vacancy
Riverdale Crossing	12900-13020 Riverdale Dr NW	Coon Rapids	1990	188,280	0.0%
Riverdale Commons	3300-3550 124th Ave NW	Coon Rapids	1998	185,099	3.8%
Riverdale Village Bldg 8	12519-12785 Riverdale Blvd NW	Coon Rapids	2000	121,312	0.0%
Village Ten Shopping Center	2090-2104 NW Northdale Blvd	Coon Rapids	1971	120,967	0.0%
2891 Coon Rapids Blvd NW	2891 Coon Rapids Blvd NW	Coon Rapids	1966	111,851	0.0%
Northtown Village Bldg II	40-60 Coon Rapids Blvd NW	Coon Rapids	1995	105,337	0.0%
12550 Riverdale Blvd NW	12550 Riverdale Blvd NW	Coon Rapids	2003	93,480	0.0%
Champlin Plaza	12325-12455 Champlin Dr	Champlin	1980	88,332	1.7%
Champlin Marketplace	11420-11464 N Marketplace Dr	Champlin	1999	80,317	0.0%
Northtown Village Bldg I	10-20 Coon Rapids Blvd NW	Coon Rapids	1995	78,776	0.0%
Riverdale Crossing	13040-13060 Riverdale Dr NW	Coon Rapids	1990	76,091	10.5%
Springbrook Mall	77-141 85th Ave NW	Coon Rapids	1980	71,047	6.1%
7900 Sunwood Dr NW	7900 Sunwood Dr NW	Ramsey	2005	61,975	0.0%
Riverdale Village Bldg 2	3577-3589 River Rapids Dr NW	Coon Rapids	1999	60,261	14.5%
Round Lake Shoppes	3351-3397 Coon Rapids Blvd NW	Coon Rapids	1987	60,152	22.0%
514-558 NW Northdale Blvd NW	514-558 NW Northdale Blvd NW	Coon Rapids	1958	58,722	0.0%
12661 Riverdale Blvd NW	12661 Riverdale Blvd NW	Coon Rapids	1999	48,171	0.0%

* Data collected in February and March 2024.

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

Map 4.8: Profiled Retail Properties in the Anoka TOD Station Area PMA



Source: Listing; interviews; Costar; ESRI; LOCi Consulting LLC

Pending Retail Developments in the PMA

LOCi Consulting contacted city staff to identify planned and pending retail developments in and near the PMA.

Anoka

- In 2020, Ryan Companies proposed an 80,000-square-foot grocery store at the intersection of Seventh Avenue and Bunker Lake Road. The project would have required the city to sell land for the project and provide significant investments towards new road infrastructure. After several delays on the project, the city withdrew support for the project, taking the funding off of the table but keeping options open for the project should the developers get the project on track.
- The City of Anoka is pursuing a commercial developer to construct a 30,000-square-foot building on a city-owned, 1.7-acre site at East Main Street and 7th Avenue. An 8,000- to 10,000-square-foot municipally operated liquor store would operate on the first floor and the second floor would be leased or sold to retail and office users. The city is planning to reopen a second liquor store that it was forced to close and sell when Highway 10 reconstruction significantly changed impacted access. The city is planning for the new development to be complete in 2026.

Andover

- No projects were identified.

Champlin

- Mississippi Crossing Market is under construction on East River Parkway east of the Bowline Apartments. The 5,500 square-foot site plan for a was approved by City Council in 2022 and is expected to open in the summer of 2024. The market will specialize in grab-n-go deli items like sandwiches, soups, salads, baked goods, coffee, fresh meats and produce. This project is included in the demand calculations.
- City staff said that they have been approached by developers who want to build a restaurant along the river south and east of the Mississippi Crossing Market. Plans have been discussed that would range in size from a 10,000- to 16,000-square feet restaurant. No specific projects have moved forward yet.
- Two special use projects are moving through the process in Champlin—a 40,000-square foot church and an 11,000-square foot daycare facility. Neither of these projects are considered competitive with development at the Anoka TOD Station Area.

Coon Rapids

- The City of Coon Rapids approved the Coon Rapids Boulevard Retail Center, an 8,375-square foot multi-tenant retail building. Developers will remove the existing gas station and car wash to redevelop the site located at 2825 Coon Rapids Boulevard. Construction has not begun, and this project is not included in the demand calculations.
- City officials approved a new Chase Bank to be located in the Riverdale shopping district. The 3,293-square foot will include a 24-hour drive-thru ATM on site. The bank will redevelop the existing parking lot and share the site with an existing commercial building.
- Car wash operators will build a new 4,870-square foot Silverstar Car Wash at 2085 Northdale Boulevard.
- Developers have been approved to build an 1,860 Take 5 Oil Change at 11851 Hanson Boulevard. The building will share parking with the neighboring Shine Car Wash.
- The city approved the construction of 12,296-square foot Sola Salon Studios at 12725 Riverdale Boulevard in the Riverdale shopping district.

Dayton

- No projects were identified.

Ramsey

- A 20,664-square-foot Aldi grocery store is under construction at the intersection of Sunwood Drive Northwest and Zeolite Street Northwest across from the existing Coburn-anchored Northstar

Shopping Center. Thie project is included in the demand calculations.

- Owners of Complete Auto Service are proposing a 9,832-square-foot repair shop that would be located at 5195 142nd Avenue Northwest. This project has not been approved yet.
- Also discussed in the pending residential section, Norhart has proposed a mixed-use apartment building with 223 general-occupancy units and 5,000-square feet of ground-level retail space at a location between Sunwood Drive Northwest and Zeolite Street Southwest. The project has not been approved and is not included in the demand calculations.
- Stories Foundation has purchased a half-acre city lot at 7790 Sunwood Drive Northwest. It plans to build a 12,000-square-foot facility that includes a café, retail store, and apartments with a rooftop patio. The project is approved but construction has not yet begun. This project is not included in the demand calculations.

Retail and Restaurant Uses: Findings and Recommendations

Retail and Restaurant Demand

Figure 4.9 shows a summary of the retail demand calculation in the Appendix for the Anoka TOD Station Area PMA between 2023 and 2028.

- There is demand for between 35,000- and 50,000-square feet of new retail and restaurant space in the Anoka TOD Station Area PMA between 2023 and 2028.
- Because of constraints of the site, the Anoka TOD Station Area itself would likely capture a small percentage of that demand. We estimated demand for retail and restaurant space at the Anoka TOD Station Area is about 1,500- to 5,000-square feet between 2023 and 2028.
- Low traffic counts through the Station Area would appeal to a smaller subset of destination retailers, limiting the amount of retail the site could support.

General Retail Recommendations

- **Plan for potential destination retail uses along Highway 10.** The parcels with visibility along the freeway have the best potential for destination retail. Retail users could include:
  - Furniture
  - Home goods
  - Specialty
  - Maker's space
- **Consider improvements to access the Station Area from Pierce/Seventh intersection.** Changing the signal at this intersection would improve access to the Station Area and make retail more viable.

4.9 Demand for New Retail Space in Anoka TOD Station Area PMA, 2023-2028

	Estimated Rent per Square Foot per Year	Estimated Demand (Square Footage)
Retail Commercial Space in the PMA		
Supporting Sales of $450 to $550 per Square Foot	$40 - $50	35,000 - 50,000
Retail Commercial Space at the Site		
Supporting Sales of $450 to $550 per Square Foot	$40 - $50	1,800 - 5,000

Source: LOCi Consulting LLC

- **For the long term, plan for convenience retail space at Pleasant/Fourth intersection, near Anoka Station.** The station represents a significant transit infrastructure investment. Over time it will likely generate more potential for convenience retail as use increases. In the near term, convenience retail is not viable.
- **Consider city programming (food truck fair, arts/crafts fair, etc.) that could bring energy to the Station Area.** Unique programing could create some destination energy within the Station Area.

Restaurant Recommendations

- **There will be minimal demand for restaurant space in the Station Area in the next five years.** There is not enough traffic to support new restaurants.
- **As the area develops beyond five years, plan for possible restaurant uses at Pierce/Seventh and Pleasant/Fourth intersections.** As residential is developed and the neighborhood evolves, there may be potential for restaurant spaces near key intersections.

5. Other Potential Uses

This section presents a high-level analysis of other potential uses at the Anoka Transit-Oriented Development (TOD) Station Area. The list of potential uses was developed from a joint meeting/workshop with the Anoka City Council, Planning Commission, Economic Development Commission, and Housing and Redevelopment Authority board in December 2023.

Food Hall

Retail uses discussed in the previous section include restaurants and food halls. However, because there were particular questions about food halls specifically, additional high-level research was conducted.

A food hall is defined as an eating destination that contains multiple restaurants, usually counter service with common seating and eating areas. While some food halls include chain restaurants, they are more often than not a showcase for local or regional restaurants.

Site Characteristics

Food halls tend to be successful when they can function as a destination for local eaters and tourists in the evening and a lunchtime crowd of daytime employees from businesses nearby. They are often located near a tourist attraction. While food halls can become a destination that drives traffic to a given area, the best ones already have existing traffic drivers that support their businsess.

Chelsea Market in New York City

The Anoka TOD Station Area does not have an additional traffic driver that could help support a food hall. Downtown Anoka has a daytime workforce at several of the larger employers and there are employers along Highway 10. But these workers are not concentrated near the Station Area and would not provide the additional traffic that would help the food hall be financially viable.

Market Conditions

Prepandemic, food halls established themselves as a new and exciting concept. In recent years, many have started to show signs of financial stress. One developer interviewed said that one reason food halls have struggled is that they are challenging to operate. He said that essentially the operator must manage all of the separate leases for the individual restaurants while at the same time managing their own relationship with their landlord. He said he looked into developing one and decided against it because of the risk. He said that is especially true in a low traffic area.

Recommendations for Food Halls

- **A food hall concept—if pursued—would work better in Downtown Anoka and could drive additional traffic to existing businesses.** We believe a food hall in the Anoka TOD Station Area would just take away energy from downtown restaurants and bars, splitting the area into two destinations.

Light Industrial, Office, and Medical Office

As the Anoka TOD Station Area transitions away from heavier industrial uses, light industrial, office, and medical office uses could possibly develop in their place at the Station Area.

Site Characteristics

The area of the Station Area south of train tracks and north of Highway 10 could be a suitable location for these uses, especially for parcels along Highway 10 with visibility to traffic. However, users may have issues with access for customers, employees, and suppliers.

For medical office users, those physician groups, specialty medical providers, and clinic operators are unlikely to consider this location because they want to be proximate to hospitals or near high traffic drivers (grocery stores, convenience shopping, etc.). At this point, there still are many options for medical office developers to consider that meet these requirements.

Market Conditions

The office market is still in a state of uncertainty as the labor market adjusts to new workplace patterns after the COVID19 pandemic. Most office development in PMA in the last few years has been medical office.

Industrial development has been strong in the last five years. Most development has focused on industrial real estate that supports warehousing, logistics, and distribution. The parcels at the Station Area are too small to support these types of uses and the city would unlikely want uses with such low jobs per acre ratios.

Light Industrial, Office, and Medical Office Recommendations

- **There is limited existing demand for these uses at the Anoka TOD Station Area in the near term.** Transportation corridors through the area are not convenient enough for these uses. These users want better access for customers, employees, and suppliers.
- **There may be very specialized light industrial/medical office users who would want locations in the Station Area.**
- **As with all commercial uses near the Highway 10 Seventh Avenue Interchange, it is important to explore options to enhance Pierce Street/Seventh Avenue intersection.** This connectivity to Highway 10 is critical to attracting these users.

Hospitality Uses

Another possible use for consideration at the Anoka TOD Station Area is hospitality. Hospitality is defined as full-service hotels (with food and beverage service), limited-service hotels, and extended stay hotels. Most of these hotel types offer meeting and event space as well.

Site Characteristics

Because of the access to and visibility from Highway 10, only the parcels on the southeast corner of the Anoka TOD Station Area should be considered for hospitality uses. The remaining portions of the Station Area likely would not provide the convenient access that a hotel operator would need to support occupancy and revenue necessary.

Hospitality Market Conditions

The City of Anoka is engaged with a consultant to assess the need for new hotel rooms and meeting space in the City of Anoka. The results of this study will provide overall market conditions and guidance on the potential for this type of use in the overall city.

In addition, we identified one pending hospitality use in the Anoka TOD Station Area PMA:

- Developers are building a 98-room Home 2 Suites, a mid-scale hotel with all suites to cater to extended-stay travelers in Ramsey. The hotel would be located at 7895 Sunwood Drive Northwest and is expected to open in 2024.

Hospitality Recommendations

- **Unless parcels nearest to Highway 10/Seventh interchange can be made available, do not consider hospitality uses at the Station Area.** There could be potential in this area, if those parcels could be made available.

Community Center Uses

City officials also suggested a community center as a potential use for the site. Depending on the wishes of the community and established need, a community center could include an exercise facility, indoor/outdoor athletic spaces, indoor/outdoor aquatic center, and/or public meeting spaces.

Site Characteristics

The Station Area would work well as a location for a community center. Activities at a community center need to be conveniently located but do not require the visibility that commercial spaces often do. Additionally, the park and trails system along the Rum River would provide an excellent amenity for a community center use. The community center would also enhance the residential uses in the Station Area.

Community Center Demand and Feasibility

A more detailed analysis would need to be conducted to determine if there is additional need for the components of a community center beyond what is already offered by the city's parks and recreation. The existing aquatic facilities are not located near the Station Area, so it might be challenging to offer two of those types of facilities. Further, community centers often require significant operational subsidy from city resources.

Community centers also compete with non-profit fitness organizations (YMCA, YWCA, etc.) and private fitness centers (Lifetime Fitness, Anytime Fitness, etc.). One new center is planned for the city of Anoka.

- Jam Hops, a for-profit after school programming business, is building a 22,000-square-foot facility at 14200 Limonite Street Northwest. The facility will be designed for a children's recreation facility. Jam Hops also operates a facility in the city of Anoka.

Community Center Recommendations

- **If it is found that there is a need for a community center, consider the Anoka TOD Station Area as a location.** The first step is to determine the overall need, rather than let the availability of the location drive the discussion.

Appendix

A.1 Market-Rate For-Sale Townhome Demand in the PMA, 2023 to 2028

	Entry-Level [1]	Move-Up [2]	Higher-Level [3]
Demand from Household Growth in the PMA			
Age/income qualified households in 2023	13,860	8,758	7,347
Age/income qualified households in 2028	15,217	8,062	7,508
Projected growth of the age/income qualified market	1,357	-696	161
Estimated percentage that will choose new for-sale housing	95%	94%	100%
Units needed to meet demand from household growth in the PMA	1,293	-	161
Demand from For-Sale Housing Turnover in the PMA			
Estimated number of households that own in the PMA in 2023	13,205	8,255	7,346
Pct. that will seek new for-sale housing between 2023 and 2028	29%	29%	29%
Pct. that will choose new for-sale housing	0%	5%	5%
Units needed to meet demand from turnover in PMA	-	119	106
Demand from Outside the PMA			
Estimated demand from outside PMA	20%	20%	20%
Total Demand for For-Sale Housing in the PMA	1,616	149	334
Demand for Higher-Density For-Sale Housing			
Estimated demand for townhomes and condominiums	25%	20%	10%
Units needed to meet demand from outside the PMA	404	30	33
Demand in the PMA			
Total for-sale demand in PMA	404	30	33
Minus vacant and competitive planned units at 95% occupancy	120	10	5
Units needed in the PMA	284	20	28

1. Entry-Level age/income qualified households are households under age 65 with incomes between $100,000 and $150,000 plus 85% of households age 65 and over with incomes between $100,000 and $150,000. 15% of households age 65 plus are assumed to prefer age-restricted housing. For 2028, incomes thresholds increased by 2.5% per year to account for inflation.
2. Move-Up age/income qualified households are households under age 65 with incomes between $150,000 and $200,000 plus 85% of households age 65 and over with incomes between $150,000 and $200,000. For 2028, incomes thresholds increased by 2.5% per year to account for inflation.
3.Higher-Level age/income qualified households are households under age 65 with incomes greater than $200,000 plus 85% of households age 65 and over with incomes greater than $200,000. For 2028, incomes thresholds increased by 2.5% per year to account for inflation.

Source: LOCi Consulting LLC

A.2 Market-Rate Rental Demand in the PMA, 2023 to 2028

Demand from Household Growth in the PMA	Market Rate Low[1]	Market Rate High[2]
Age/income qualified households in 2023[1]	5,700	29,965
Age/income qualified households in 2028[1]	5,189	30,786
Projected growth of the age/income qualified market	-511	822
Estimated percentage that will choose new market-rate rental housing	11%	4%
Units needed to meet demand from household growth in the PMA	0	32
Demand from Rental Turnover in the PMA		
Estimated number of market-rate rental households in PMA in 2023	600	1,158
Pct. that will seek new rental housing between 2023 and 2028	73%	73%
Pct. that will choose new market-rate rental housing	20%	10%
Units needed to meet demand from rental turnover in PMA	88	85
Demand from Outside the PMA		
Estimated demand from outside PMA	20%	20%
Units needed to meet demand from outside the PMA	22	29
Demand in the PMA		
Total market-rate rental demand in PMA	110	146
Minus vacant and competitive planned units at 95% occupancy	49	49
Units needed in the PMA	61	97

1. Market Rate Low age/income qualified households are households under age 65 with incomes between $82,500 and $100,000 plus 85% of households age 65 and over with incomes between $82,500 and $100,000. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2028, incomes thresholds increased by 2.5% per year to account for inflation.
2. Market-Rate High age/income qualified households are households under age 65 with incomes above $100,000 plus 85% of households age 65 and over with incomes above $100,000. For 2028, incomes thresholds increased by 2.5% per year to account for inflation.

Source: LOCi Consulting LLC

A.3 Affordable Rental Demand in the PMA, 2023 to 2028

Demand from Household Growth in the PMA	Up to 50% AMI [1]	50% to 60% AMI [2]	60% to 80% AMI [3]
Age/income qualified households in 2023	16,083	4,677	7,242
Age/income qualified households in 2028	16,304	4,909	7,552
Projected growth of the age/income qualified market	220	232	310
Estimated percentage that will choose new affordable rental housing	55%	42%	2%
Units needed to meet demand from household growth in the PMA	122	98	7
Demand from Existing Households in the PMA			
Cost-burdened rental households that are age/income qualified [4]	161	0	0
Housing units estimated to be severely inadequate [5]	119	1	2
Estimated demand from mobility from single-family to affordable rental (1%)	88	2	83
Units needed to meet demand from existing households in the PMA	368	3	100
Demand from Outside the PMA			
Estimated demand from outside PMA	20%	20%	20%
Units needed to meet demand from outside the PMA	122	25	27
Demand in the PMA			
Total affordable rental demand in PMA	612	126	134
Minus planned units at 95% occupancy	0	0	49
Units needed in the PMA	612	126	85

1. Age/income qualified households are households under age 65 with incomes below $55,900 plus 85% of households age 65 and over with incomes below $55,900. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2028, income thresholds are increased 2.5% per year to account for inflation.

2. Age/income qualified households are households under age 65 with incomes between $55,900 and $67,800 plus 85% of households age 65 and over with incomes between $55,900 and $67,800. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2028, income thresholds are increased 2.5% per year to account for inflation.

3. Age/income qualified households are households under age 65 with incomes between $67,800 and $82,200 plus 85% of households age 65 and over with incomes between$67,800 and $82,200. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2028, income thresholds are increased 2.5% per year to account for inflation.

4. It is assumed that 33% of the severly cost-burdened households would be candidates for new affordable rental housing.

5. Estimated percentage of housing units in rural US that are classified as severely inadequate is 1.1%, according to American Housing Survey, Census Bureau, 2019.

Source: LOCi Consulting LLC

A.10 Retail Space Demand in the PMA, 2023-2028

Increase in Consumer Demand in 2023 Dollars, 2023 to 2028	$41,765,250
Percent of Consumer Demand Spent at Brick and Mortar Retail	85%
Demand from Brick-and-Mortar Retail in PMA	$35,500,000
Minus Percentage Sales Leakage Outside of the PMA (Net of E-Commerce Sales)	5%
Equals Consumer Demand for Retail Sales in PMA	$34,000,000
Divided by Average Sales per Square Foot	$450 - $550
Equals Demand for New Retail Space in PMA	62,000 - 76,000
Minus Existing Vacant Retail Space at 5% vacancy	0
Minus Estimated New Retail Space Under Construction	26,164
Equals Demand for New Retail Space	35,836 - 49,836
Estimated Percentage Capturable by Anoka TOD Station Area	4% - 8%
Equals Demand for New Retail Space in Anoka TOD Station Area	1,433 - 3,987

Source: ESRI; LOCi Consulting LLC

About LOCi Consulting LLC

LOCi Consulting LLC was founded by Grant Martin in 2019. The company is dedicated to the belief that location intelligence drives critical strategy for any organization.

Grant has over 15 years' experience conducting market research studies and providing critical recommendations for a wide range of real estate uses, including residential, retail, office/industrial, healthcare, and mixed use. He has presented meaningful and actionable recommendations to CEOs and CFOs, corporate real estate committees, city councils and economic development boards, and industry associations.

For over 10 years, Grant developed and led new store forecasting strategy, property portfolio optimization, and location-based analytics for Target Corporation. As Director of Regional Market Analysis, Grant and his team owned the geographic infrastructure and provided key data and market intelligence that continues to drive successful location strategy for the organization. Grant also managed regional market planning teams for Target, directing retail market research in a wide variety of markets across the United States and Canada.

Grant has completed over 60 market studies across the United States. Prior to coming to Target, Grant was Director of Market Research at Clifton Larson Allen, where he consulted with senior living and healthcare clients, estimating demand and providing strategic recommendations. He also conducted a wide variety of research for real estate uses at Maxfield Research Inc., including studies for multifamily, single-family, office, industrial, hospitality and mixed-use projects.

Grant is a member of the International Council of Shopping Centers, where he is a member of the North American Research Group; the Minnesota Shopping Center Association; and the Minnesota Commercial Association of Realtors. He is a licensed real estate broker in Minnesota.

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