



# RESEARCH TEAM



JAY DEMMA, AICP  
Project Manager

PERKINS+WILL



FAY SIMER, AICP  
Research Assistant

 Stantec

# STUDY PURPOSE

Rapid change is dictating the need to understand the following

1. How much growth can be expected?
2. Which land uses will drive long-term growth?
3. What will the future barriers to growth be?
4. Where will growth be concentrated?



# DEFINITIONS

# EAST DOWNTOWN

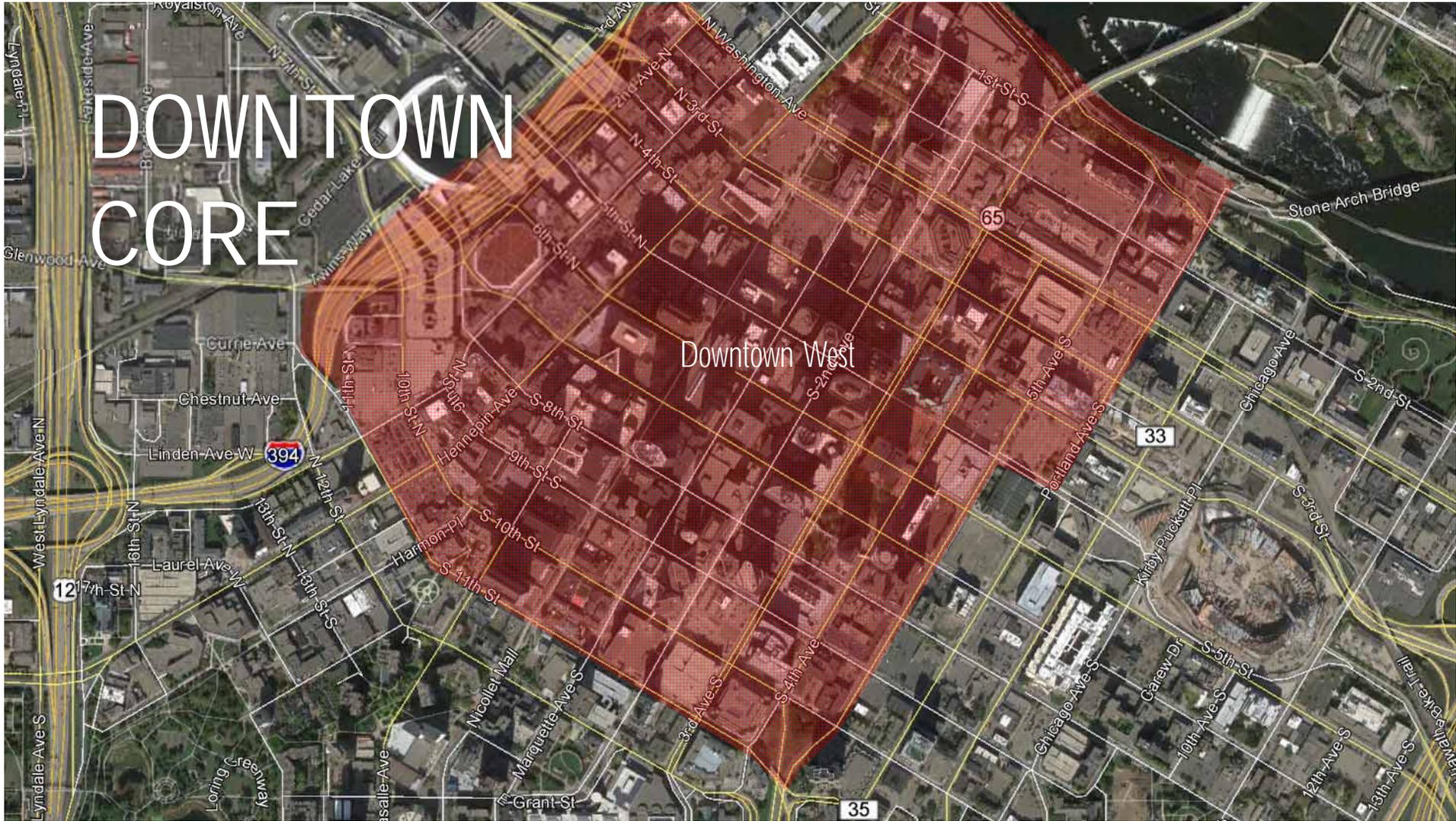
Downtown East

Elliot Park

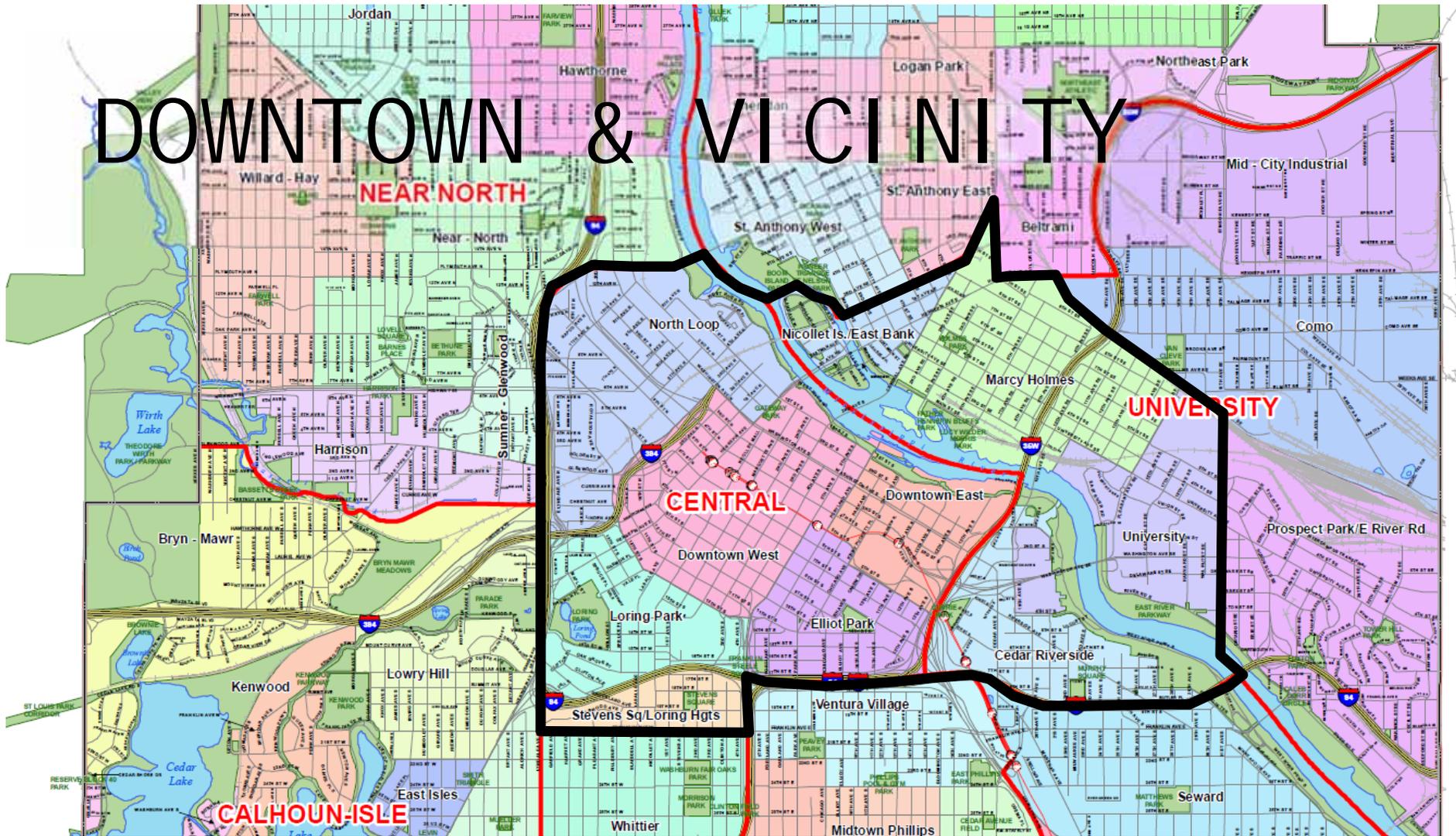


# DOWNTOWN CORE

Downtown West

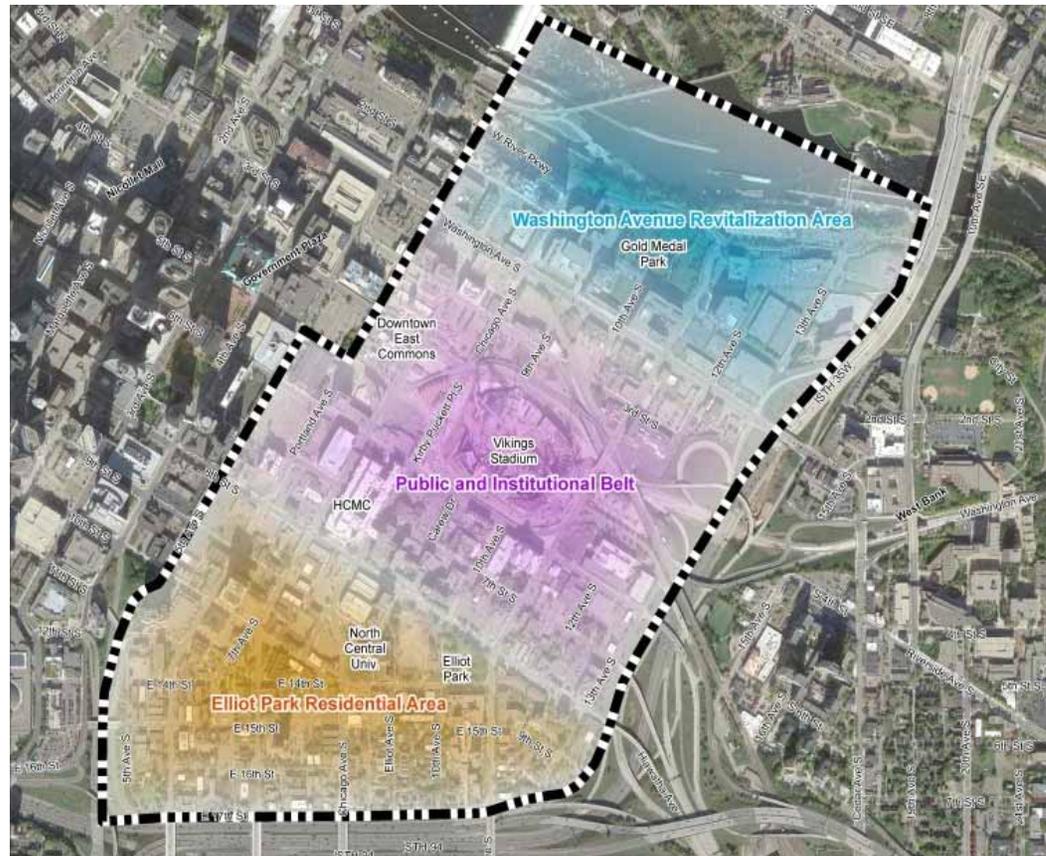


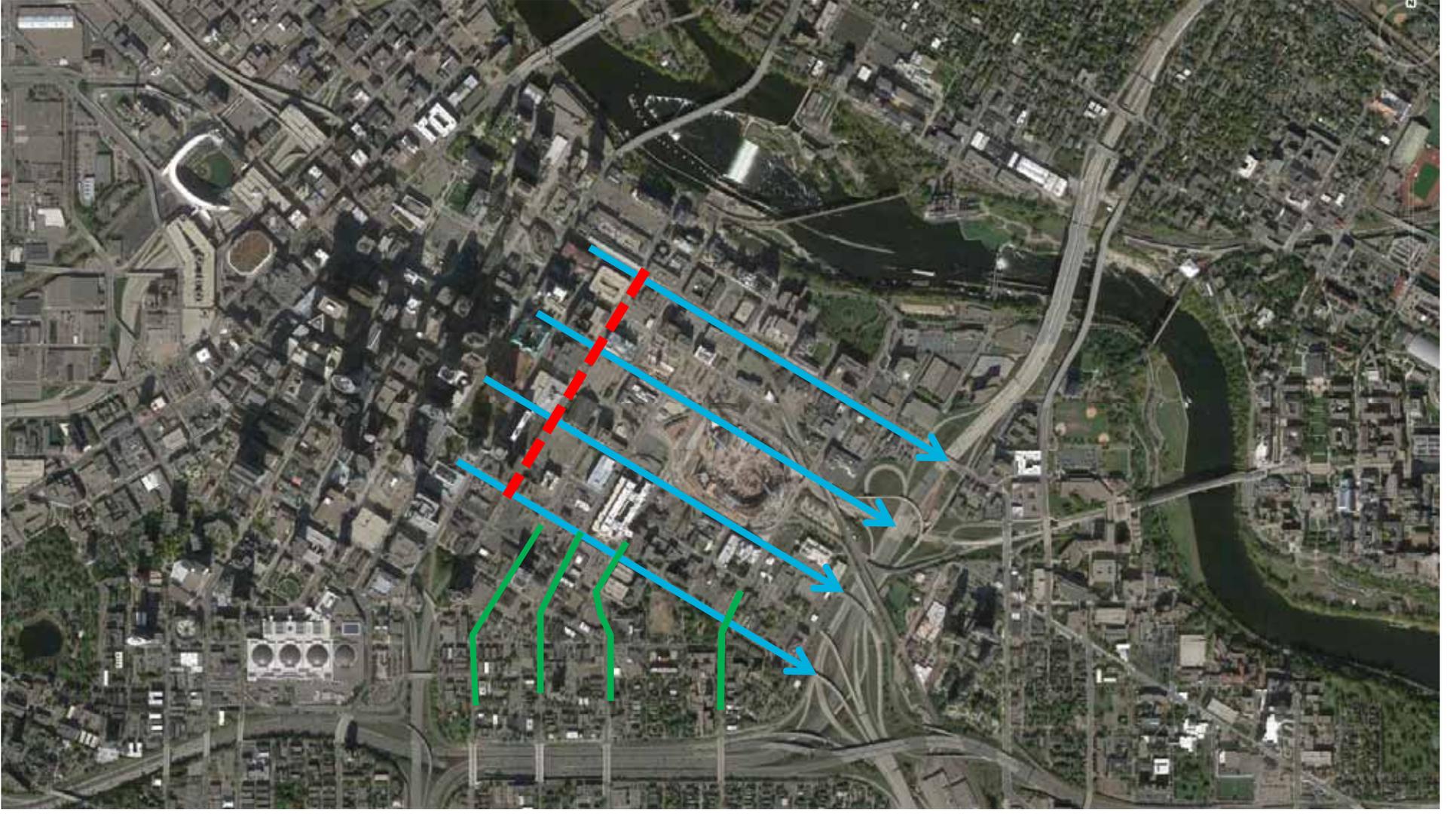
# DOWNTOWN & VICINITY



# LOCATION ANALYSIS

# CHARACTER DI STRI CTS

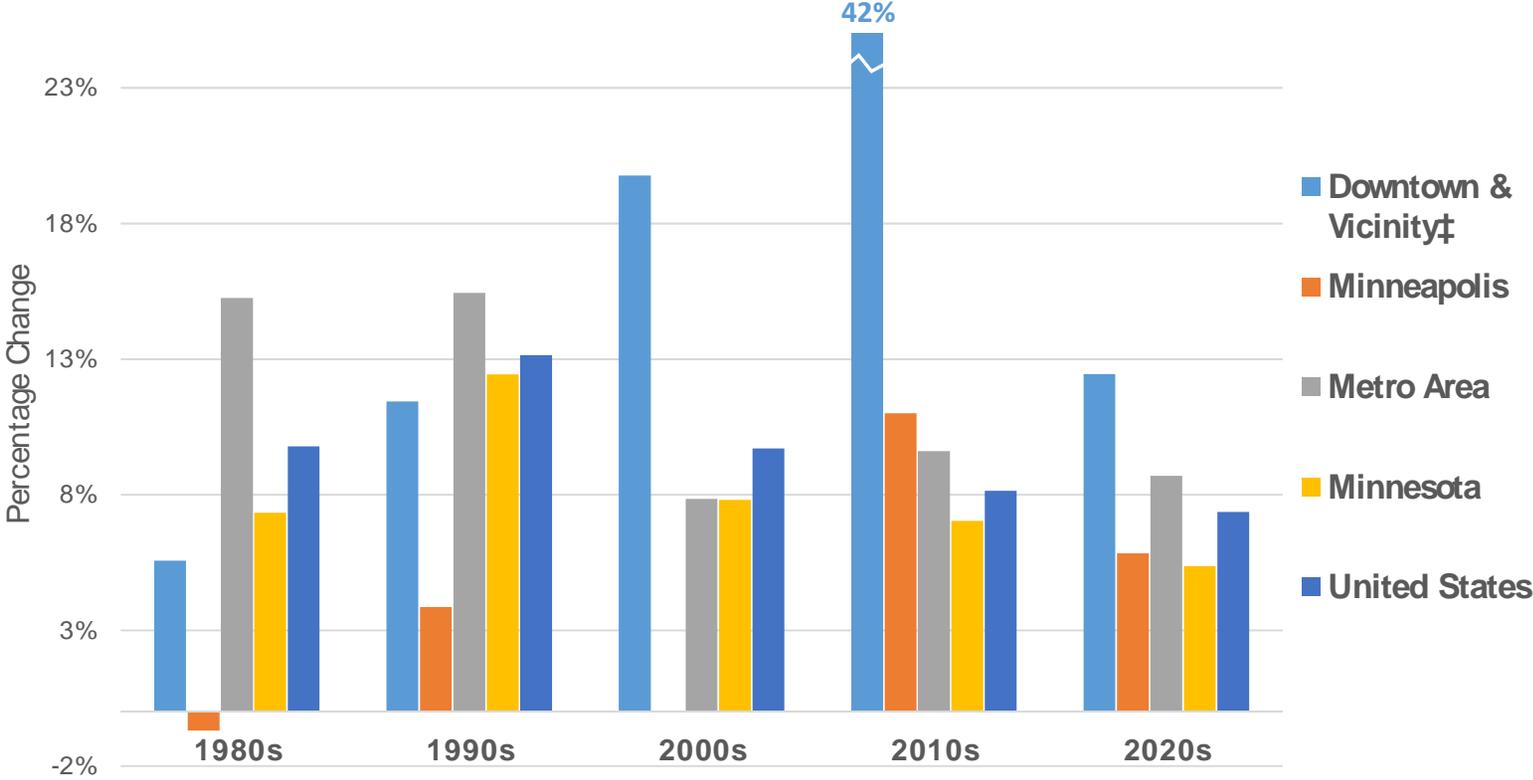






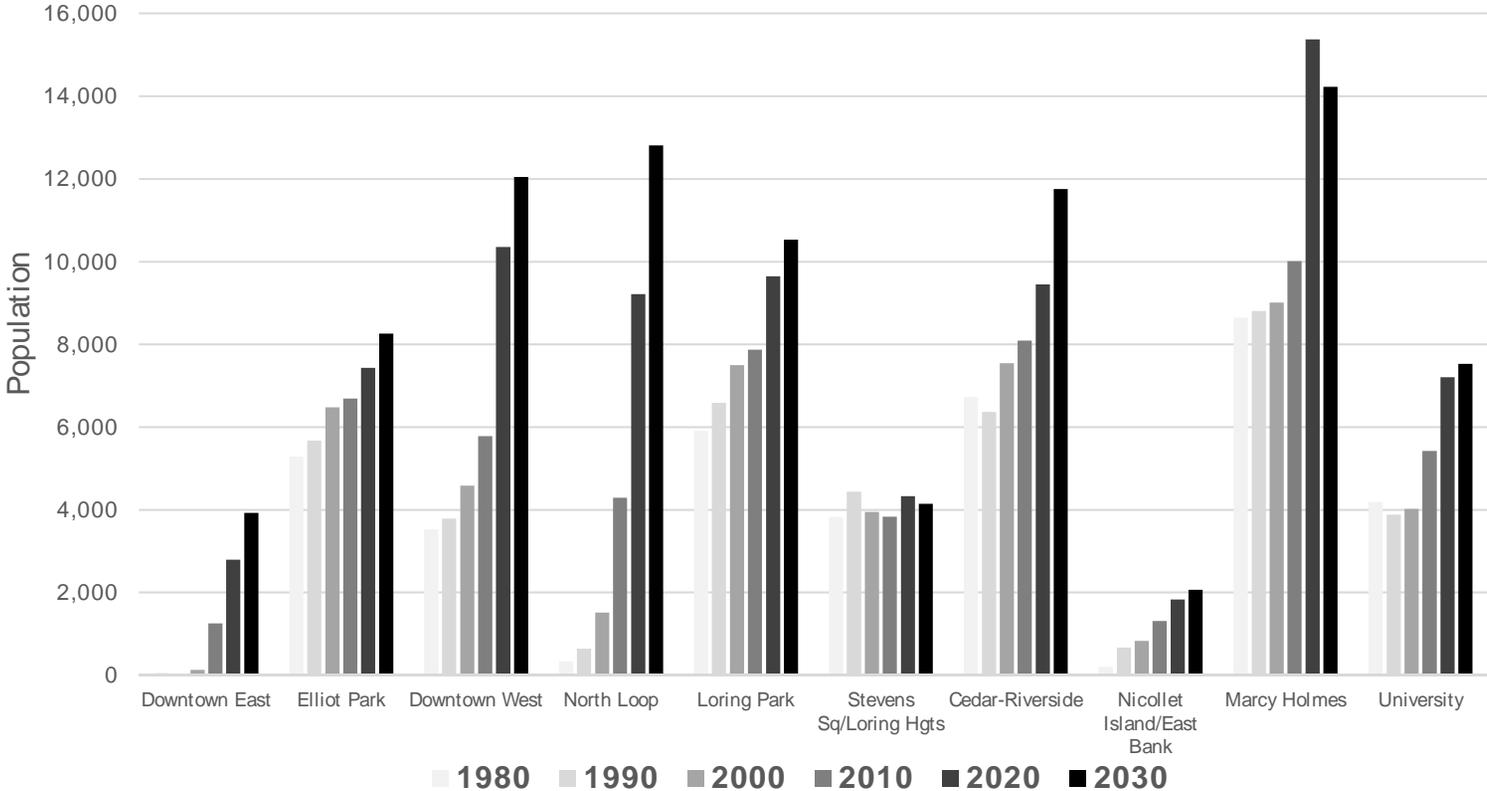
# SOCIO- ECONOMIC ANALYSIS

# POPULATION GROWTH



‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Square/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.  
 Sources: Metropolitan Council; US Census; Minnesota State Demographic Center; Perkins+Will

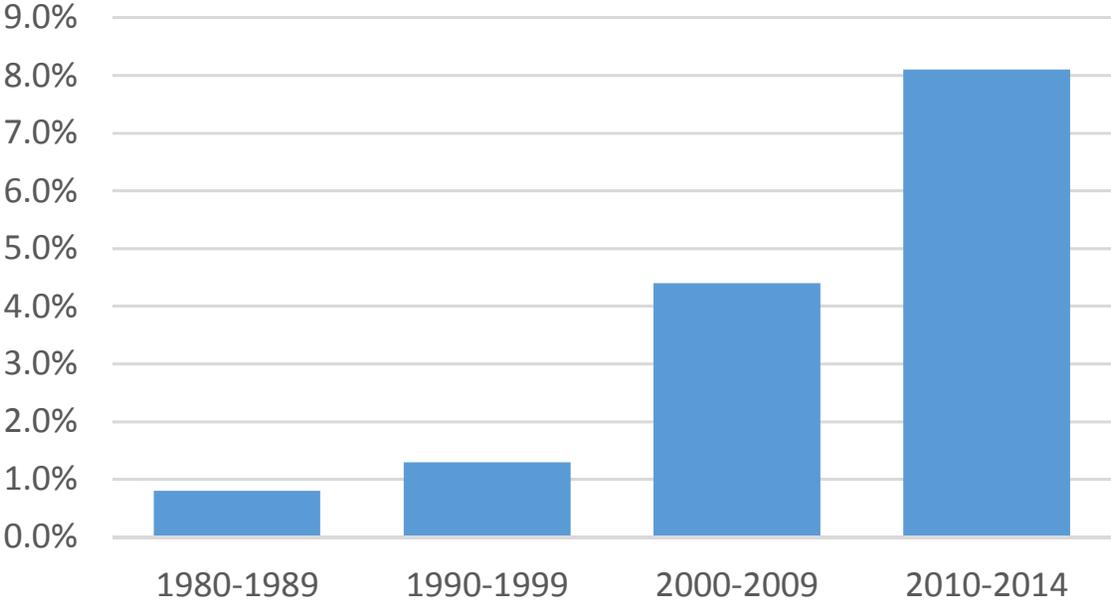
# POPULATION GROWTH



Sources: Metropolitan Council; US Census; Minnesota State Demographic Center; Perkins+Will

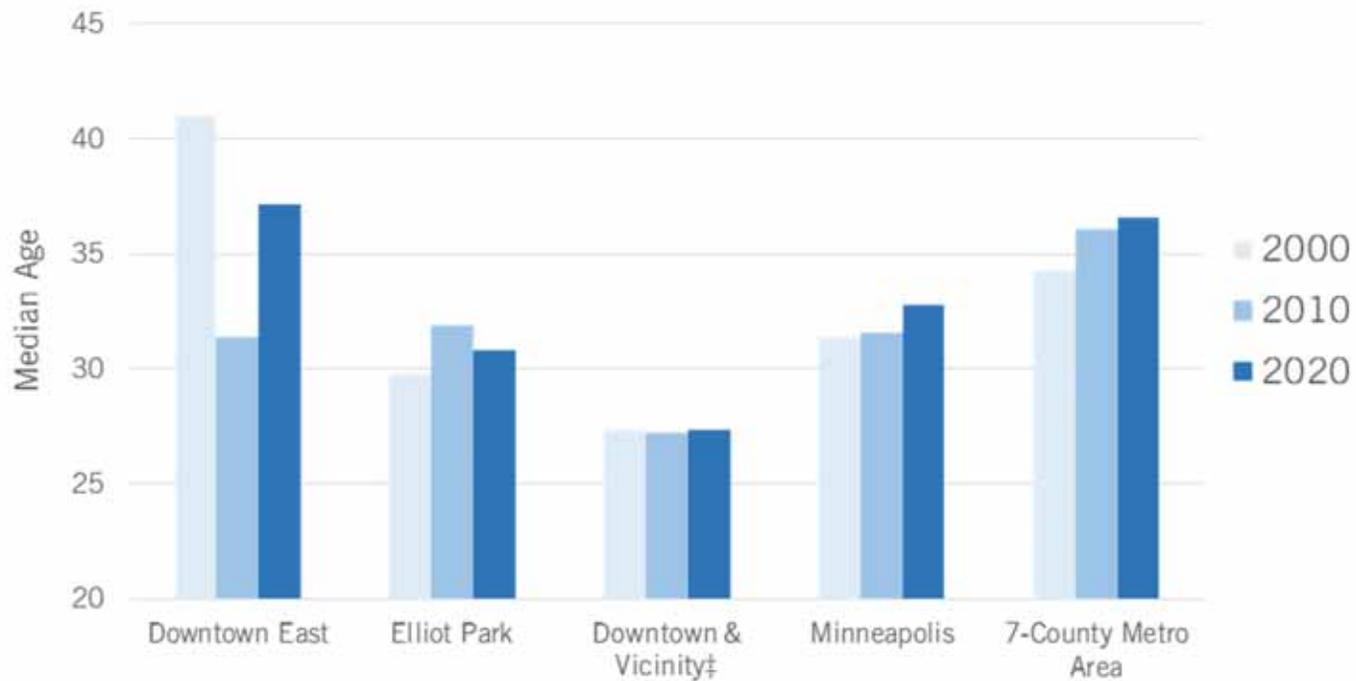
# HOUSEHOLD GROWTH

Proportion of Metro Area Household Growth Captured in Downtown Minneapolis



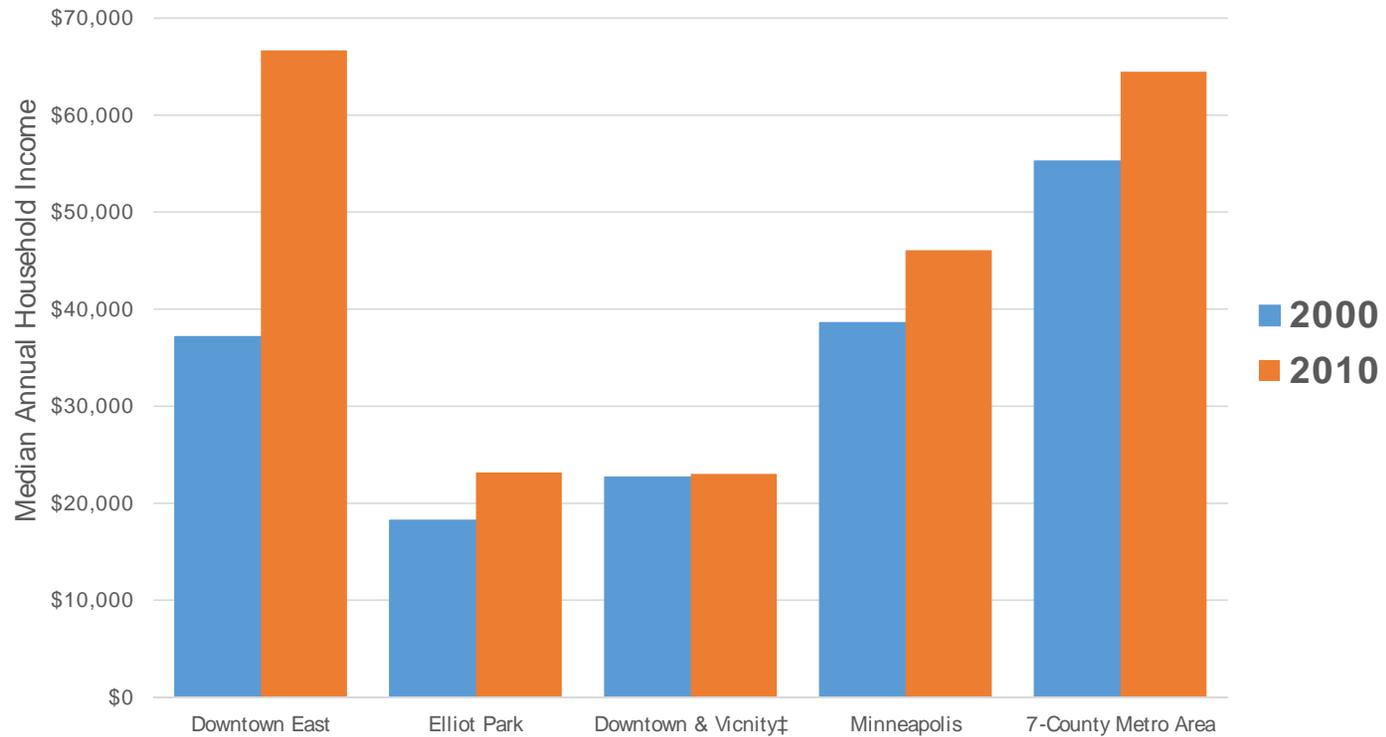
Sources: US Census; City of Minneapolis; Perkins+Will

# AGE PROFILE



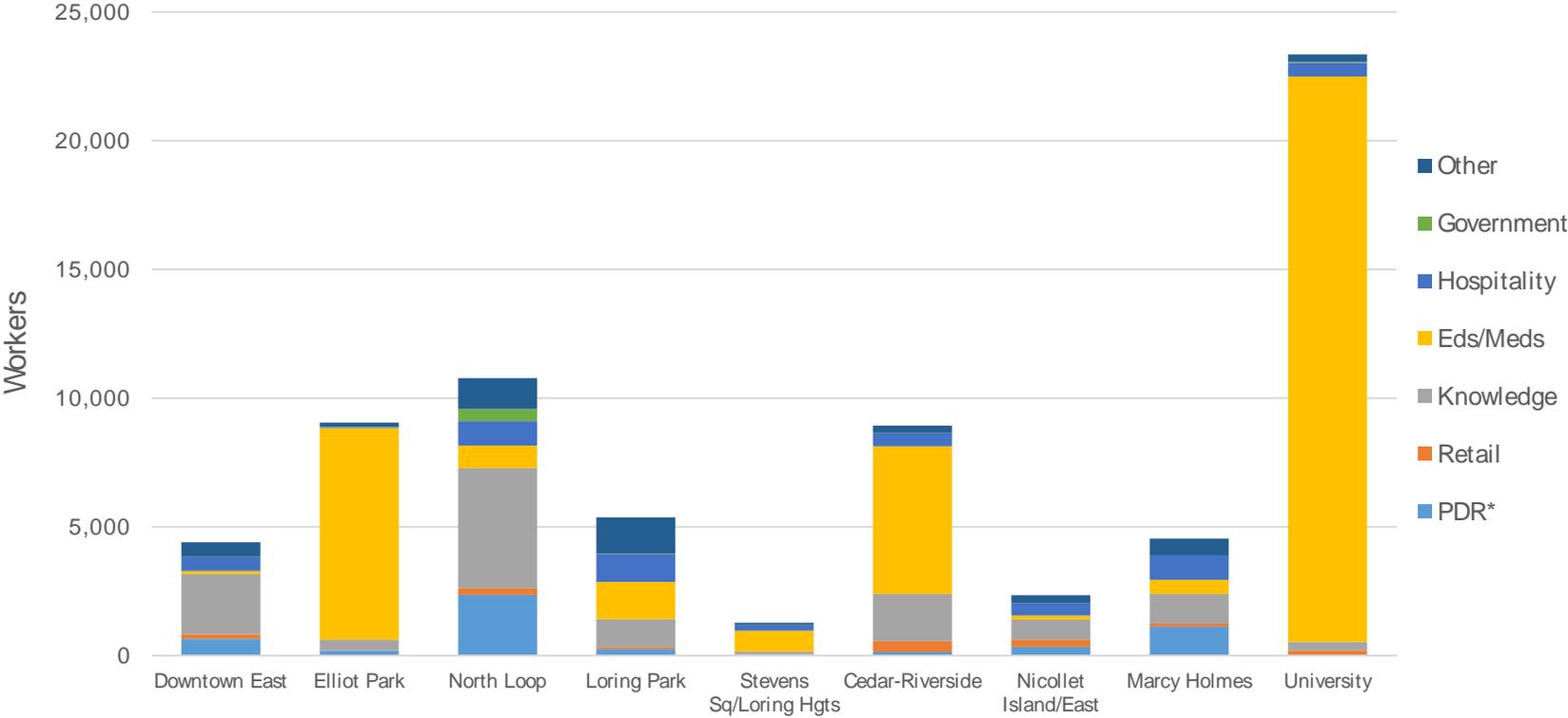
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Sources: US Census; Perkins+Will

# INCOME



‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Square/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.  
Source: US Census

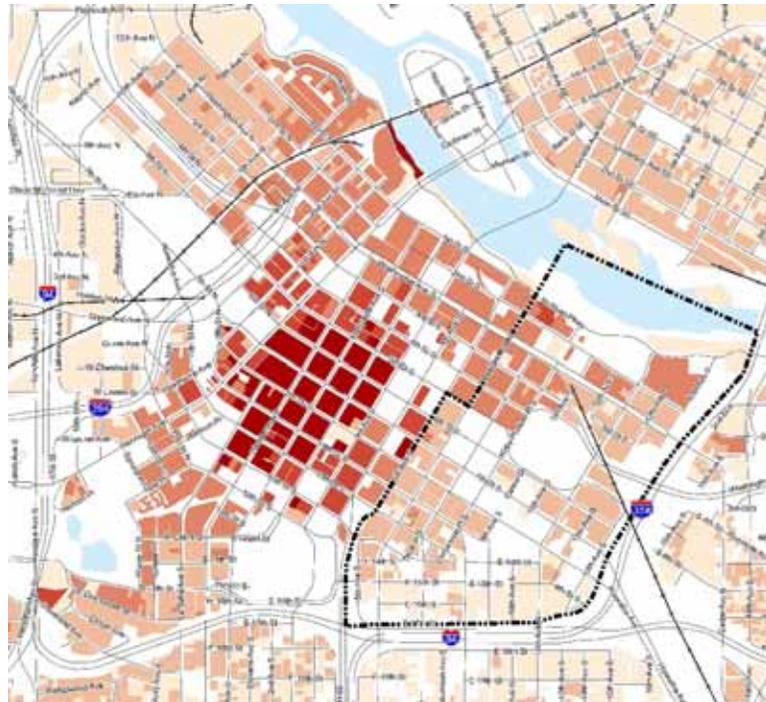
# EMPLOYMENT



\* PDR = Production, Distribution, and Repair  
 Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

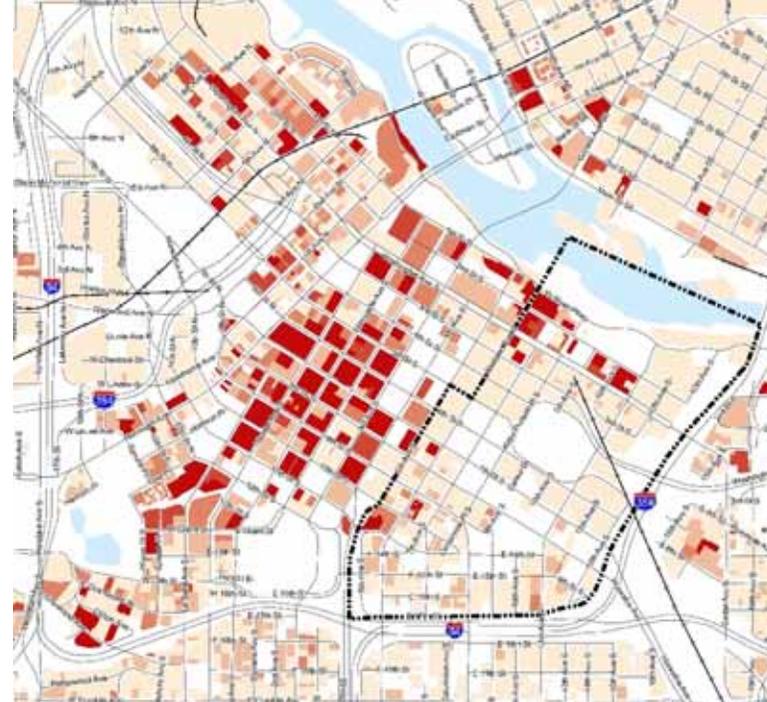
# EXPANSION OF THE DOWNTOWN CORE

# LAND VALUE



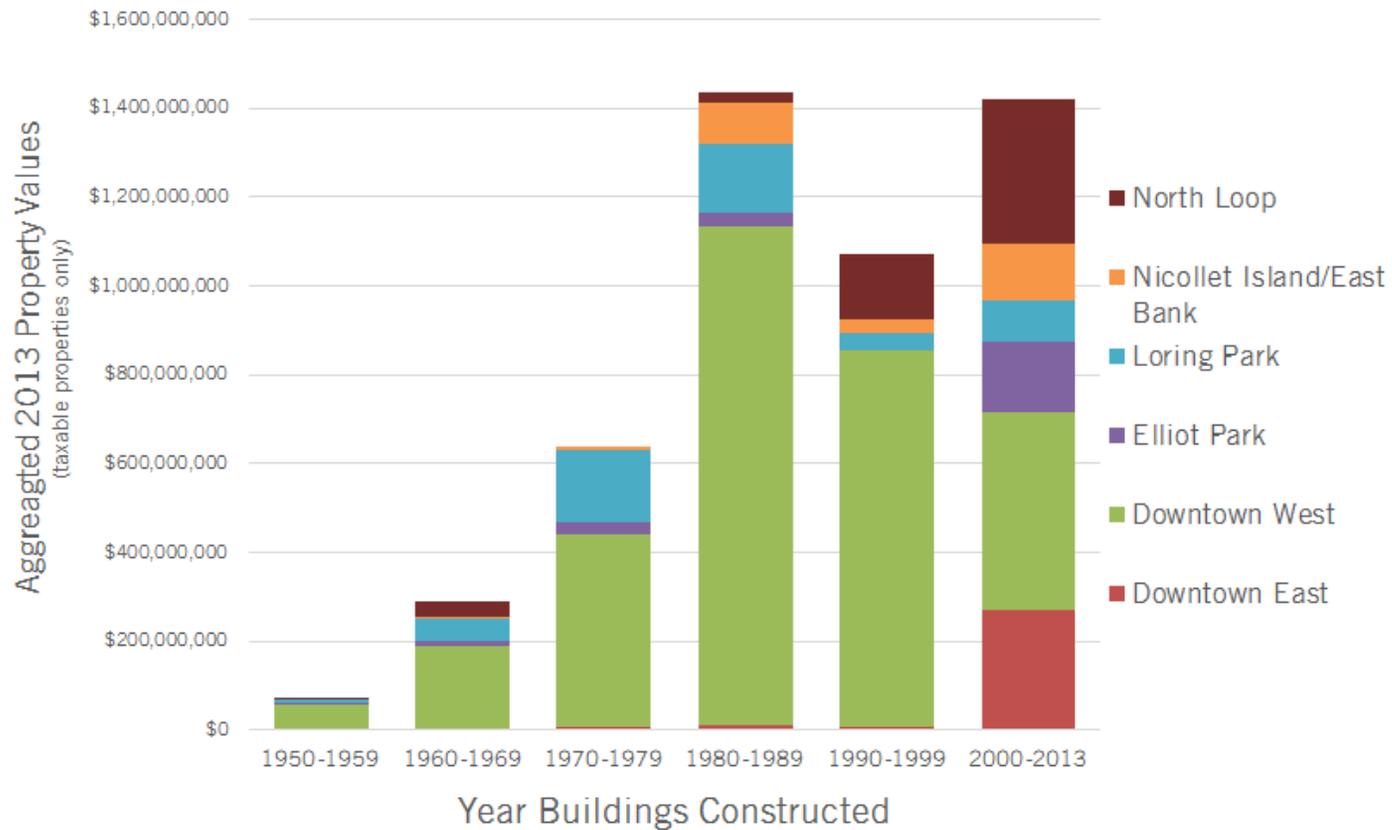
- Up to \$10 per SF
- \$10 - \$30 per SF
- \$30 - \$60 per SF
- \$60 - \$90 per SF
- Over \$90 per SF

# PROPERTY



- Up to \$100 per SF
- \$100 - \$200 per SF
- \$200 - \$300 per SF
- \$300 - \$400 per SF
- Over \$400 per SF

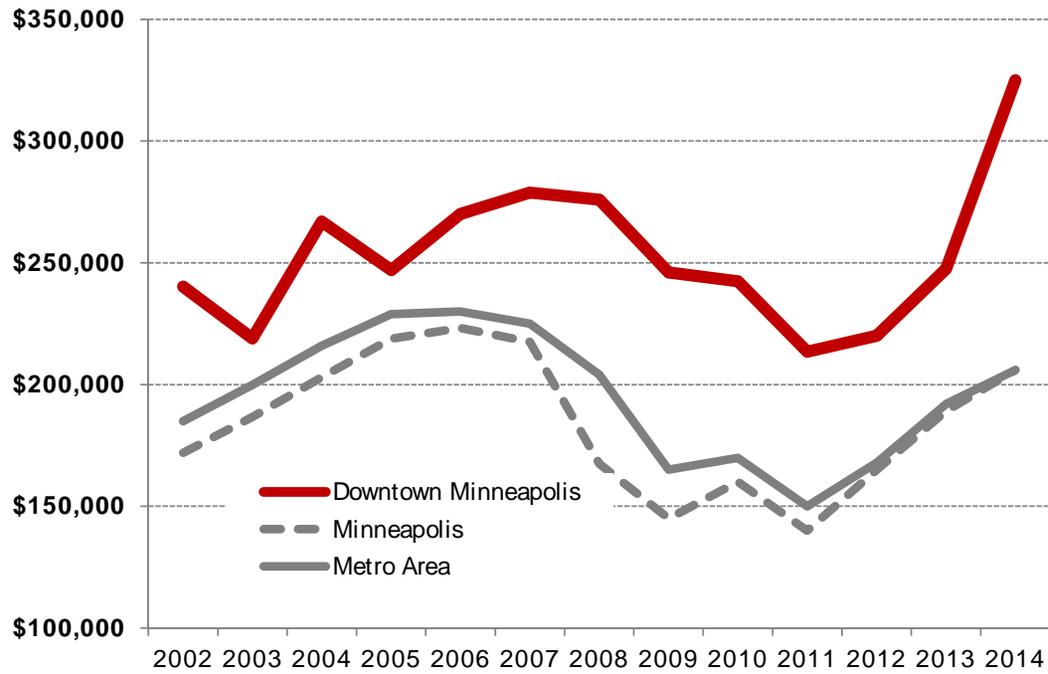
# PROPERTY VALUES BY YEAR BUILT



# MARKET OVERVIEW

# FOR-SALE HOUSING

Median Home Sales Prices

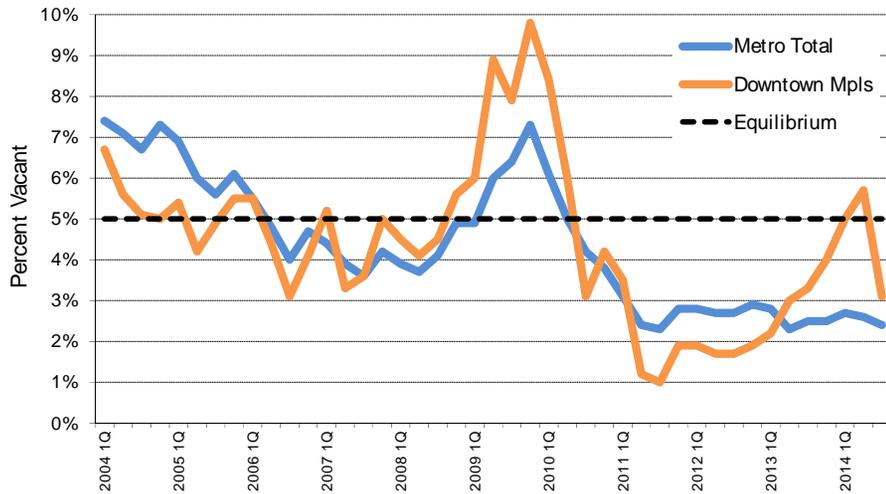


Source: Minneapolis Area Association of Realtors



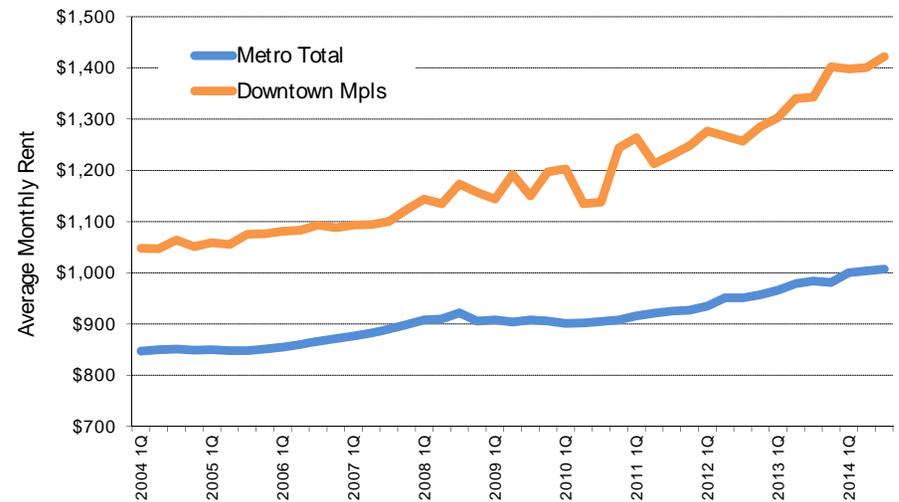
# RENTAL HOUSING

## Apartment Vacancy Trends



Source: Marquette Advisors, Apartment Trends

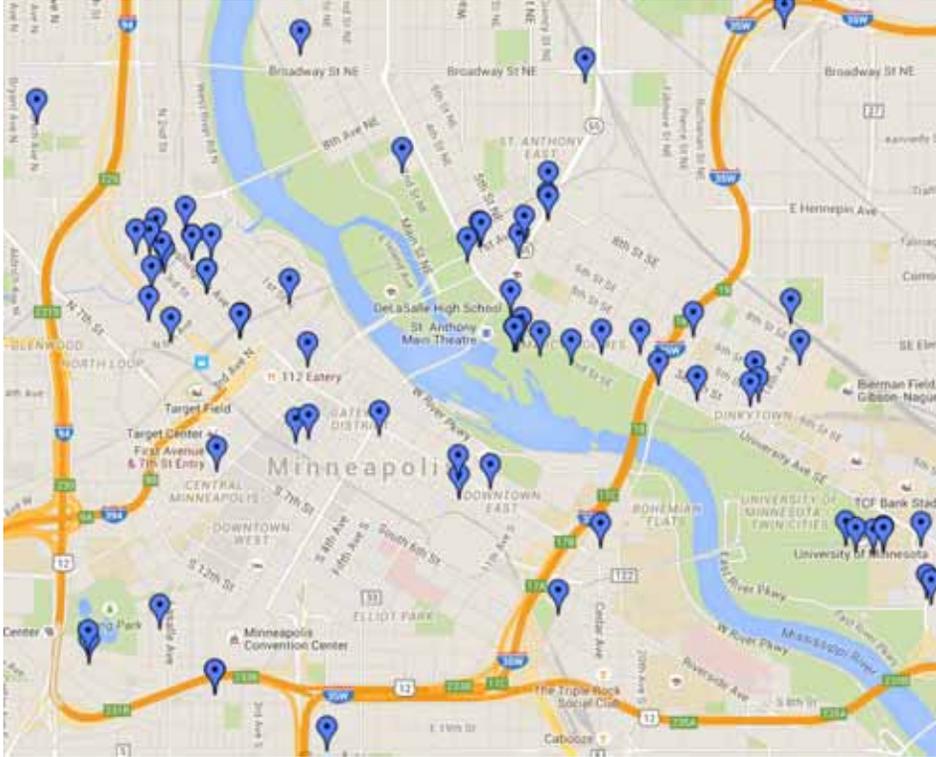
## Average Monthly Apartment Rent



Source: Marquette Advisors, Apartment Trends

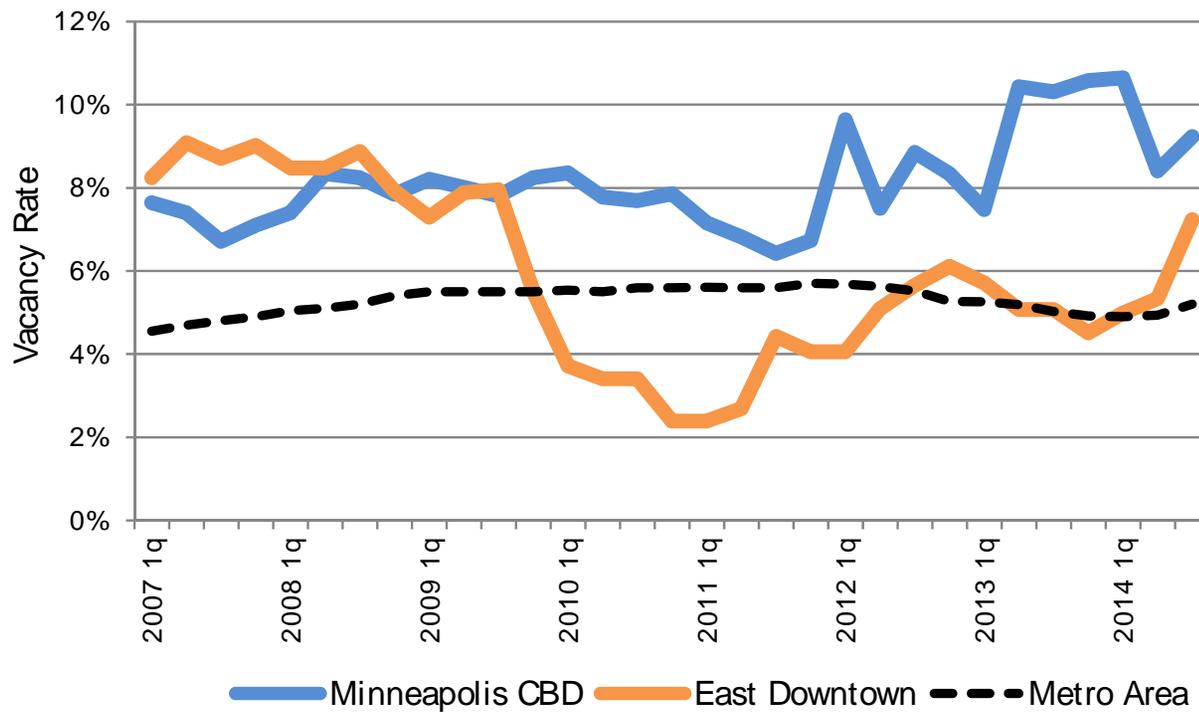
# RENTAL HOUSING

## Finance & Commerce Apartment Tracker



# RETAIL

Retail Vacancy Rate



Source: CoStar

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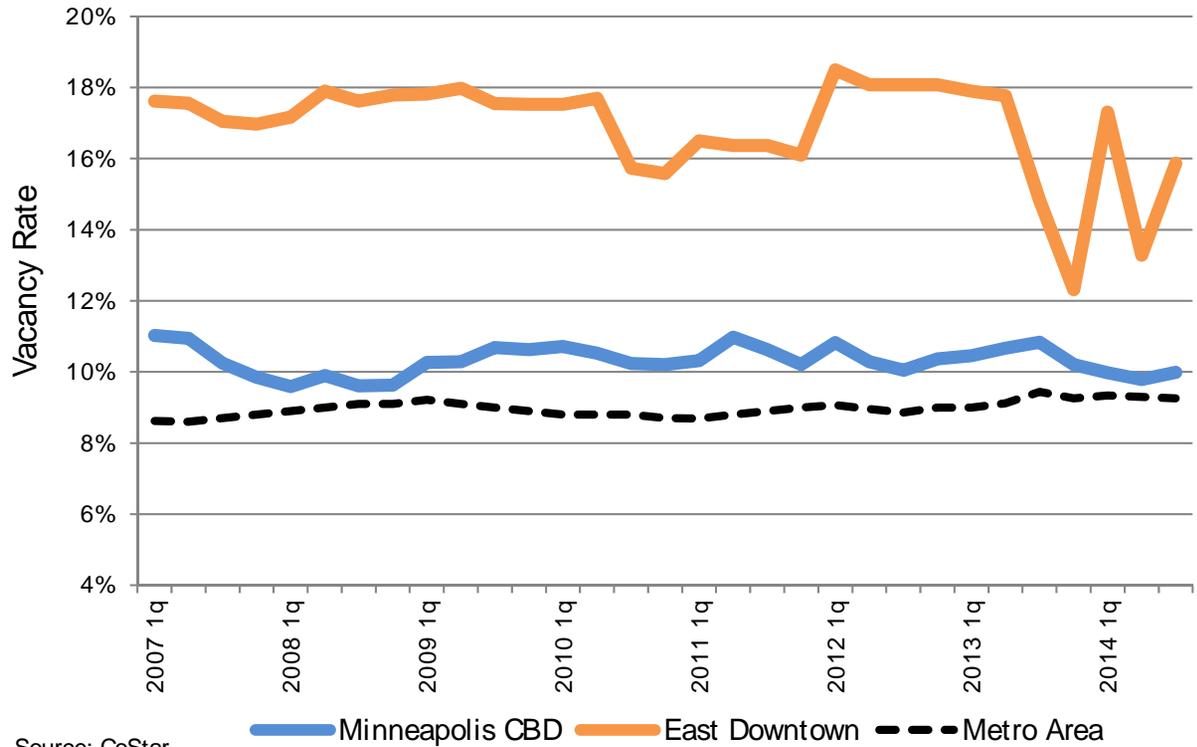


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# OFFICE

Office Vacancy Rate

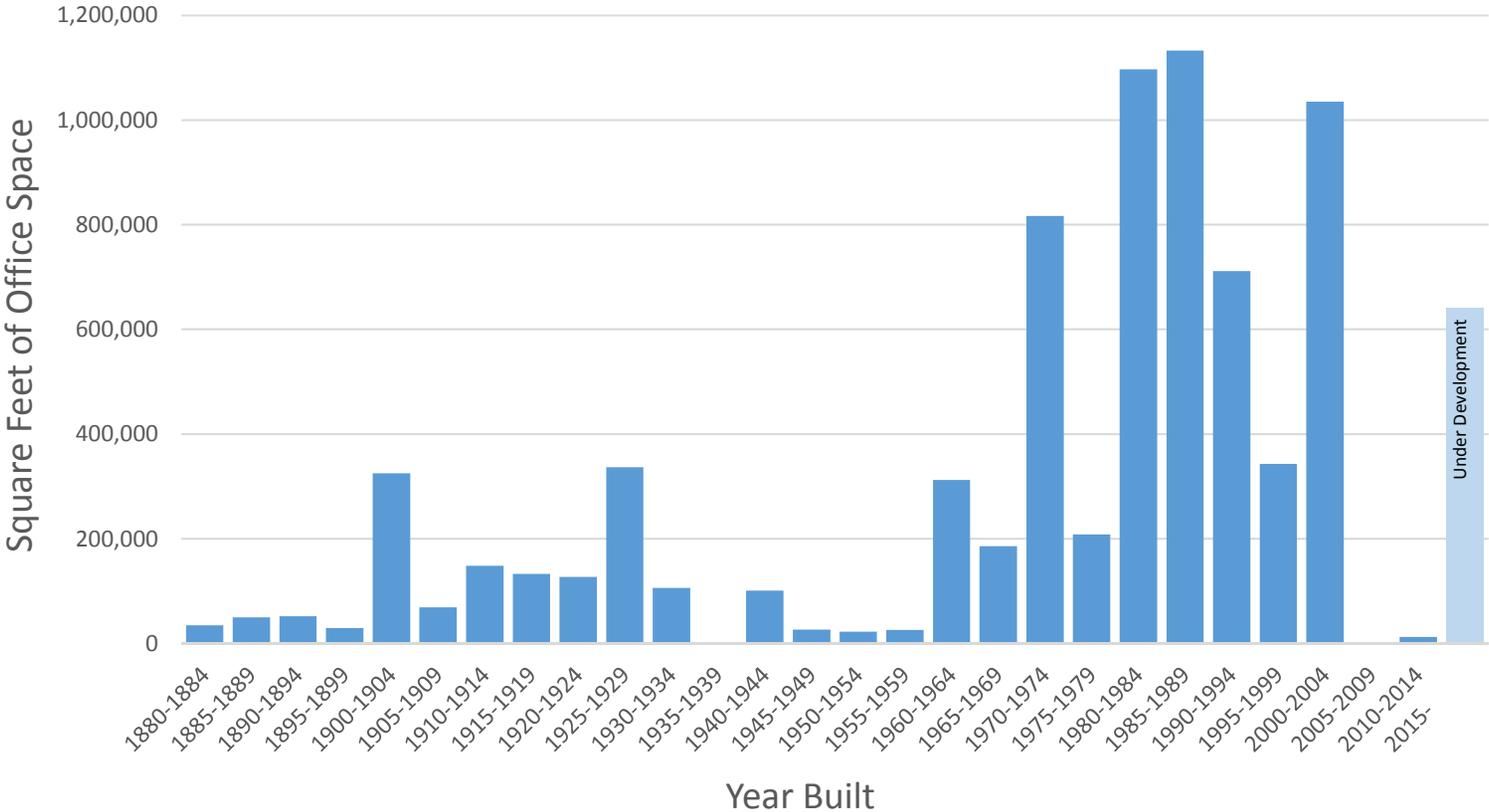


Source: CoStar

— Minneapolis CBD — East Downtown - - - Metro Area



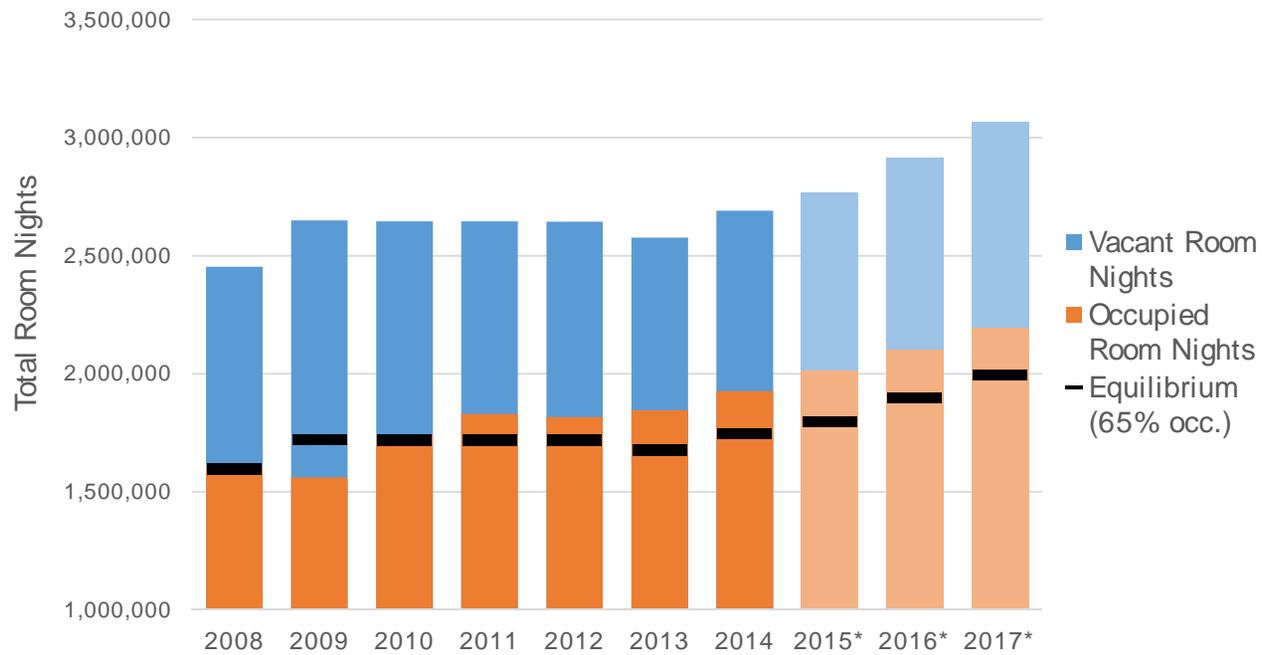
# Office Development by Decade



\*Does not include office space that was converted from other uses (e.g., warehouse)  
 Source: CoStar; Perkins+Will

# HOSPITALITY

## Projected Occupancy for Downtown Minneapolis Hotel



\* Estimated based on announced proposed projects and recent growth in room demand  
 Source: Smith Travel Research; Perkins+Will



# INTERVIEWS WITH REAL ESTATE EXPERTS

# PROFILE OF INTERVIEWEES

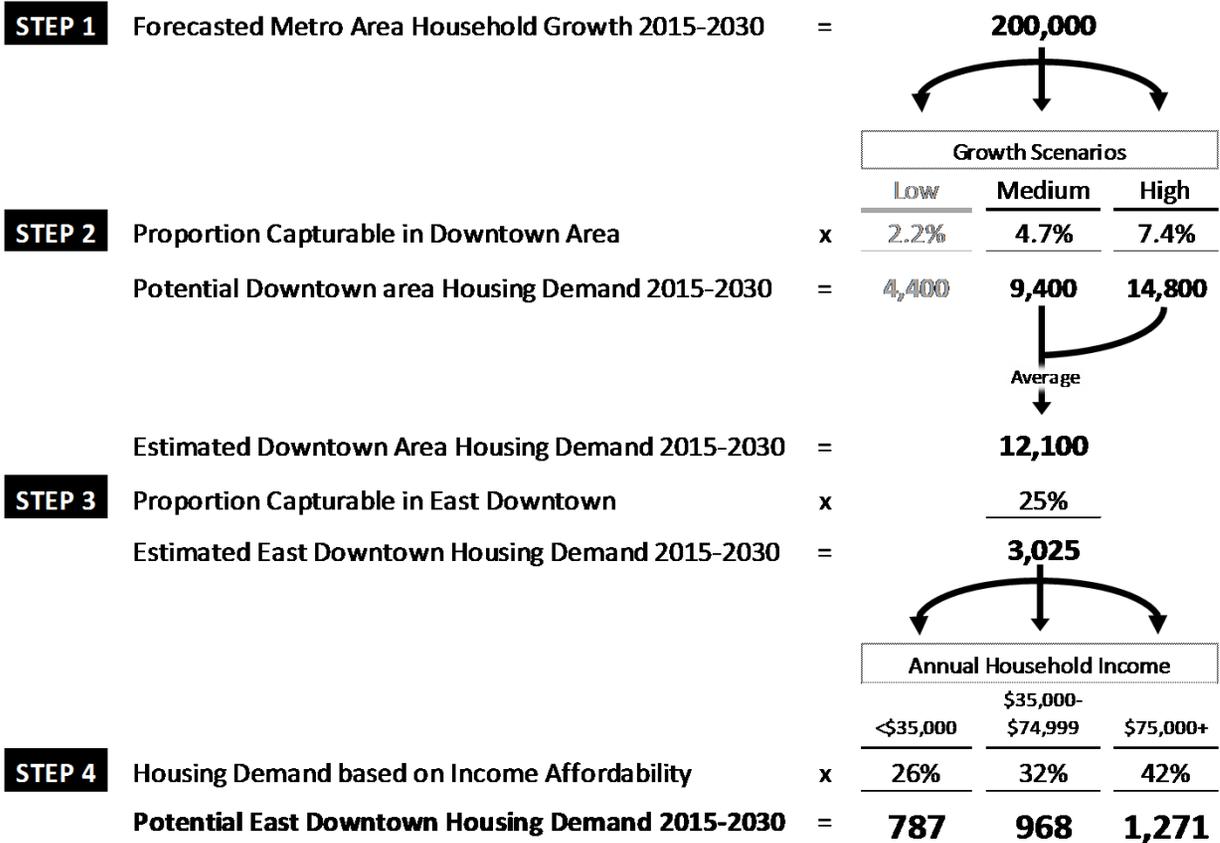
- 6 developers
  - 2 housing specialists
  - 1 commercial specialist
  - 3 housing and commercial developers
- 2 commercial real estate brokers
- 1 major stakeholder
- 1 business association representative
- 3 Minneapolis economic development staff

# SUMMARY OF KEY POINTS

- East Downtown is booming and will continue to boom
- Housing will drive future growth
- Office potential is limited
- Retail potential will follow housing growth
- Hotels are hot but short lived
- Growth will be uneven in East Downtown
- HCMC and Stadium are challenging barriers
- Public realm must be made a priority as new development occurs

# QUANTIFYING DEMAND

# FUTURE DEMAND: HOUSING



# FUTURE DEMAND: RETAIL

## HOUSEHOLD RETAIL DEMAND

Potential East Downtown Study Area Household Growth 2015-2030	=	3,000
Median Household Income	x	\$51,000
Aggregate Household Income in East Downtown Study Area	=	\$153,000,000
Percent of Income Spent on Neighborhood Retail Goods	x	16%
<b>Potential Growth in Household Consumer Dollars</b>	=	<b>\$24,480,000</b>

## EMPLOYEE RETAIL DEMAND

Estimated East Downtown Non-Resident Employment Growth 2015-2030	=	6,000
Retail Spending per Year per Non-Resident Worker	x	\$2,860
<b>Potential Growth in Employee Consumer Dollars</b>	=	<b>\$17,160,000</b>

## VISITOR RETAIL DEMAND

Estimated Increase in Annual Visitors to East Downtown by 2030	=	2,000,000
Retail Spending per Visitor	x	\$5
<b>Potential Growth in Visitor Consumer Dollars</b>	=	<b>\$10,000,000</b>

Total Potential Growth in Annual East Downtown Consumer Dollars by 2030	=	\$51,640,000
Average Annual Sales per Square Foot	÷	\$350
<b>Estimated East Downtown Demand for Retail Space (sq ft) by 2030</b>	=	<b>150,000</b>



# FUTURE DEMAND: OFFICE

Forecasted Downtown Minneapolis Job Growth through 2030	=	28,678
Percentage of New Jobs that will be Office-Based	x	<u>57.1%</u>
Forecasted New Office-Based Jobs through 2030	=	16,375
Average Square Feet per Worker	x	<u>150</u>
Office Space Need Based on Future Office Employment Growth	=	2,456,000
Excess Office Space that Needs to be Absorbed	-	<u>2,000,000</u>
Demand for New Downtown Office Space through 2030 (sq ft)	=	456,000
Proportion Capturable in East Downtown	x	<u>25%</u>
<b>Demand for New Office Space in East Downtown through 2030 (sq ft)</b>	=	<b>114,000</b>

# CONCLUSIONS AND STRATEGIES

# CONCLUSIONS

- 1) Multifamily housing will be the dominant land use in East Downtown
- 2) New retail development in East Downtown will primarily follow new housing development, be limited in size and scale, and be neighborhood-oriented
- 3) Multi-tenant office space of any significant size is unlikely to be developed in East Downtown
- 4) Hotels will compete with housing for certain sites in the short term

# STRATEGIES

- Diversify Housing Choice
- Encourage retail at key nodes or along key corridors
- Consider redevelopment opportunities along southern edge of Downtown East Commons Park
- Work with HCMC on a Health District Plan
- Remove barriers, strengthen connections, and create amenities
  - North-South and East-West corridors
  - Greening the area
  - Heavily program Downtown East Commons Park
  - Look for ways to integrate the new Vikings Stadium into the neighborhood
  - Focus on sidewalks
  - Create gateways at key locations

# QUESTIONS