MANDAN MEMORIAL HIGHWAY CORRIDOR STUDY

Market Study Update

CITY OF MANDAN
"WHERE THE WEST BEGINS"

Bismarck-Mandan
METROPOLITAN PLANNING ORGANIZATION

Prepared for

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MANDAN MEMORIAL HIGHWAY CORRIDOR STUDY: MARKET STUDY UPDATE

Executive Summary

A market study was prepared by URS in 2003 for the City of Mandan as a component of the Downtown Mandan and Memorial Highway Redevelopment Plan. This market study provided a comprehensive analysis of the regional market trends and Memorial Highway corridor strengths, weakness, opportunities and threats. The market study conclusions formed the basis of specific redevelopment recommendations for the corridor. The purpose of this market study update is to document relevant development and market changes that have occurred since 2002 and recommend revisions to the original study recommendations when deemed appropriate. Note that the scope of the 2003 Study was limited to frontage properties along the Memorial Highway whereas the current study area includes substantial additional areas north and south of the corridor properties.

The full update consists of the following subsections.

Demographics and Economics

Both Mandan and Bismarck have experiences similar population growth rates since 2002, with Mandan growing at an annual rate of 1% and Bismarck growing at a 1.1% rate. Mandan's portion of the total Mandan-Bismarck city population has remained constant at 23% over the period.

While the per capita income disparity between the communities is decreasing, the disparity between Mandan's lower median household income and Bismarck's is increasing. This is likely due to the fact that while most higher- income new households settle in Bismarck, Mandan has had some success in attracting higher income households to new residential developments in the riverfront area. These new households' incomes have had a positive impact on the city's per capita income. However, there haven't been enough of these households to offset Bismarck's historic median household income advantage.

A review of the top thirty employers in the Mandan-Bismarck area reveals no change in the top five positions. However, the largest increases in employees were in the governmental, institutional, and medical sectors. The largest decreases were in telecommunications and manufacturing.

Residential Market Update

Since 2002, the City of Mandan has been issuing an annual average of 88 new single-family permits, up from the 68 observed in the URS study. Townhomes appear to be gaining market popularity and apartment construction also has increased. The 88 average Mandan single-family permits compares to an annual average of 192 for Bismarck. Thus, while Mandan's population accounts for only 23% of the combined Mandan-Bismarck total, Mandan's share of total single family permits has been 46% since 2002. This speaks well for Mandan's housing market, and especially for the project area, where many of those new homes were constructed.

Market Study Recommendations Regarding Office Potential

The 2003 URS study identified the following office and institution development opportunities for Downtown Mandan and The Strip:

- State government department and agencies

- Bismarck State College (office and classroom space)
- Local Business Expansion
- Native American Businesses
- Creation of business incubator

Since 2002, there has been some expansion of office uses in the study area, particularly along 46th Avenue SE. This office development has included several agriculture-related state associations and local business expansions. While the corridor has not attracted significant state department or agency office development, discussion with state officials indicate potential for such uses in the future.

Market Study Recommendations Regarding Retail Potential

The URS report suggested segmenting the corridor into two areas and pursuing separate development uses in each. On the western end of the Strip, the report recommended the following uses:

- Car/Mobile Home/ Boat Dealerships
- Farm Implements
- Warehousing/Self Storage

On the east end of the corridor the URS report recommended the following retail uses:

- Regional big box, such as Home Depot, Meijer's, Best Buy, Circuit City
- Fashion department store, such as Kohl's
- Casual/Family dining restaurant
- Neighborhood retail such as a freestanding drug store or video store

Substantial regional big box and department store development has occurred since 2002. However, all of that category of development has occurred in Bismarck, for several logical market reasons. At the same time, there has been substantial new retail and office development along the Memorial Highway corridor. Most of these new developments have been in the following categories:

- Auto/RV Related
- Office/Government/Service
- Restaurants/Entertainment, and
- Ag Related.

These are the proven market strengths of the Memorial Highway corridor and should be the focus of near-term economic development efforts. The focus on big box development has been unsuccessful and the emphasis should shift to building off the study area's strengths. Further the recommended segmentation of the corridor into separate marketing districts should be dropped.

These recommended marketing strategies are supported by a detailed "retail gap" analysis using Claritas' "RMP Opportunity Gap" report.

Market Study Recommendations Regarding Residential Potential

The URS Market Study focus was on Memorial Highway corridor frontage properties. The study recommended that frontage properties be reserved for commercial use and not be devoted to residential development. While substantial residential development has occurred in the study area, it has all occurred south of the corridor, consistent with the URS recommendation. This recommendation for

commercial use of corridor frontage property should be retained. The ongoing residential development will likely generate interest in the provision of “neighborhood” commercial development to serve the new developing neighborhood as well as older residential developments in the study area.

Market Study Recommendations Regarding Convention/Hotel Development

Consistent with the URS study recommendations, Mandan has completed the Mandan Events Center Study. This study is still under local consideration. Meanwhile, the recently completed Mandan Strategic Plan recommends focus on and expansion of Mandan’s current “western” and “adventure tourism” events, many of which are based in the Memorial Highway study area. Consistent with those recommendations, and to meet a need created by the recent transfer of the Mandan Community Center, the concept of a smaller exhibit hall in the study area may be worth considering.

Update of URS SWOT Analysis

The URS Market Study included a strategic planning “strengths, weaknesses, opportunities and threats” (SWOT) analysis of the Strip. Review of that analysis revealed one major shift in perception that should be noted. The Kist Livestock Auction operation was considered a “weakness” in the 2002 analysis whereas today, as documented in the Mandan Strategic Plan and public input received through the new corridor study process, Kist is viewed as a vital study area and community economic anchor. This single use has spun off numerous support and agriculture related businesses in the corridor. There is acknowledgement of the need for buffering, particularly between Kist and the residential development to the south. However, on balance, Kist is now viewed as a “strength”.

MANDAN MEMORIAL HIGHWAY CORRIDOR STUDY: MARKET STUDY UPDATE

The market study report prepared by URS in 2003 for the City of Mandan provided a comprehensive analysis of the regional market trends and corridor strengths, weakness, opportunities and threats. Conceptual Memorial Highway redevelopment plans were developed by URS using the conclusions and recommendations of the market study. This report updates the 2003 market study, summarizing the current economic condition of the strip and analyzing what has happened since 2003. It is the purpose of this report to document recent demographic and economic changes that impact the original URS recommendations and present revised recommendations when deemed appropriate.

1. DEMOGRAPHICS AND ECONOMICS

Demographic characteristics of the population and economic conditions play an important role in the redevelopment of the Memorial Highway Study area. Population, age, income, race, and education all influence retailers' will site considerations, as well as indicate the potential buyer profile for residential units.

1.A Population Update

The city of Mandan is the state's sixth largest community after Fargo, Bismarck, Grand Forks, Minot and West Fargo. According to the 2000 census, the population of Mandan was 16,718. In 2007 Mandan had an estimated population of 17,736 residents, accounting for 68 percent of Morton County's total population and 17 percent of the metro area's population. The 2008 census estimate for Mandan was 18,091. From 2000 to 2008, Mandan has grown at a rate of 8.2% and the City of Bismarck 8.7%, with both growing slower than the metro area (10.8%).

Table 1.1. Total Population Growth, 2000 - 2008

	2000 Population	2007 Pop. Estimate*	2008 Pop. Estimate	Change (2000-2007)*	Change (2000-2008)	Change Percent % (2000-07)*	Change Percent % (2000-08)
City of Mandan	16,718	17,736	18,091	1,018	1,373	6.1%	8.2%
City of Bismarck	55,532	59,503	60,389	3,971	4,857	7.2%	8.7%
Bismarck MSA	94,719	103,242	104,944	8,523	10,225	9.0%	10.8%
- Burleigh County	69,416	77,316	78,689	7,900	9,273	11.4%	13.4%
- Morton County	25,303	25,926	26,255	623	952	2.5%	3.8%
North Dakota	642,200	639,715	641,481	-2,485	-719	-0.4%	-0.1%
United States	281,421,906	301,621,157	304,059,724	20,199,251	22,637,818	7.2%	8.0%

Source: U.S. Census Bureau, Bismarck – Mandan Development Association

*Numbers from Market Street

- Since 2000, Mandan has been growing at an annual rate of 1%, comparable to Bismarck's 1.1% average annual growth rate during the same period.

- Mandan's population has grown from 16,718 in the year 2000 to 18,091 in 2008. Positive population growth trend also holds true for Morton County which has grown from a population of 25,303 in 2000 to an estimated 26,255 in 2008.

- Mandan's portion of the Mandan-Bismarck city population has remained constant at 23% over the period.

- Between 2000 and 2008, it is notable that Mandan was able to grow when the State of North Dakota's population remained almost dormant.

- 68.9% of Morton County population in 2008 was contributed by the City of Mandan. (66% in 2002)

- Approximately 17% of Bismarck-Mandan MSA population resided in Mandan in 2008.

- The median age of the population in 2008 in Mandan was slightly lower than Bismarck at 35.8 and 36.5 year respectively.

1.B Income Update

Income levels are important to help understand the affordability of homes in the area for local residents as well as the potential commercial development that the population can support.

Table 1.2 indicates the following:

- The per capita income of Mandan in 1999 was $17,509 while in Bismarck it was $20,789.

- The estimated per capita income in 2008 for Mandan is $24,403 and for Bismarck is $26,978. Between 2000 and 2008, Mandan's per capita income grew by 39% and Bismarck's per capita income grew by 29%. Therefore, Mandan's per capita income lag behind Bismarck is decreasing.

- Between 2000 and 2008, Morton County's per capita income grew by 42.9% compared to 27% growth of per capita income nationwide.

Table 1.2. Per Capita Income In Dollars

	1999	% of Bismarck	2008 Estimate	% of Bismarck	Amount Change	Percent (%) Change
City of Mandan	$17,509	84%	$24,403	90%	$6,894	39.4%
City of Bismarck	$20,789		$26,978		$6,189	29.8%
Burleigh County	$20,436		$27,373		$6,937	33.9%
Morton County	$17,202		$24,574		$7,372	42.9%
North Dakota	$17,769		$25,162		$7,393	41.6%
United States	$21,587		$27,466		$5,879	27.2%

Source: US Census Bureau

Table 1.3. Median Household Income illustrates the following.

- The median household Income in 2000 for Mandan and Bismarck was $38,182 and $39,422 respectively, with Mandan's figure at 97% of Bismarck's. In 2008, the median household income estimate for Mandan increased to $47,364, while Bismarck's figure was $51,128. Mandan's 2008 figure was therefore 93% of Bismarck's. So, while the per capita income disparity between the communities is decreasing, the disparity between Mandan's median household income and Bismarck's is increasing. This is likely due to the fact that while most higher income new households settle in Bismarck, Mandan has had some success in attracting some higher income households to new residential developments in the riverfront area.

- Both Bismarck and Mandan have higher median household income in 2008 than the State of North Dakota ($45,685).

Table 1.3. Median Household Income In Dollars

	2000	% of Bismarck	2008 Estimate	Amount Change	% of Bismarck	Percent (%) Change
City of Mandan	$38,182	97%	$47,364	$9,182	93%	24.0%
City of Bismarck	$39,422		$51,128	$11,706		29.7%
Burleigh County	$41,309		$53,048	$11,739		28.4%
Morton County	$37,028		$46,615	$9,587		25.9%
North Dakota	$34,604		$45,685	$11,081		32.0%
United States	$41,994		$52,175	$10,181		24.2%

Source: US Census Bureau

- Both Bismarck and Mandan's average household size decreased between 2000 and 2008, with Mandan's average household size remaining marginally greater than Bismarck's.

Table 1.4. Average Household Size in 2000 and 2008

	2000	2008 estimate
Mandan	2.48	2.32
Bismarck	2.32	2.23
North Dakota	2.4	2.24

1.C Major Employers

Based on number of employees, the top five largest employers in the Bismarck-Mandan community in 2002 were: State of North Dakota, Med Center One Health Systems, St. Alexius Medical Center, Bismarck Public School District and the ND Federal Office. The following table shows the top 30 employers in 2002 based on number of employees.

Table 1.5. Top Employers , by Number of Employees, Mandan and Bismarck, ND, 2002

Rank	Company	Local Employment	Rank in 2009
1	State of North Dakota	4,309	1
2	Med center One Health Systems	2,350	2
3	St. Alexius Medical Center	1,900	3
4	Bismarck Public School District	1,506	4

5	ND Federal Offices	1,198	5
6	BOBCAT/Ingersoll Rand	867	Off the list in 2009
7	MDU Resources Group	715	7
8	Aetna	554	8
9	Mandan Public School District	497	11
10	Dan's Supermarkets	450	10
11	City of Bismarck	444	6
12	University of Mary	400	9
13	Basin Electric Power Cooperative	399	13
14	Wal Mart	380	20
15	Bismarck State College	370	24
16	Missouri Slope Lutheran Care Center	360	12
17	Burlington Northern Railroad	350	15
18	Cloverdale Foods	300	30
19	Laducer & Associates	284	29
20	Housing Industry Training	275	16
21	Burleigh Couty	260	28
22	National Information Solutions Cooperative	255	19
23	United Tribes Technical College	250	25
24	Pride, Inc.	250	14
25	Mid-Dakota Clinic	247	18
26	Barlow's Econofoods	230	Off the list in 2009
27	Missouri Valley YMCA	225	23
28	Baptist Home Long Term Care	225	27
29	Unisys Corporation	224	22
30	Tesoro Petroleum	218	31

The following table shows the top 30 major employers in the Bismarck-Mandan area in 2009, based on the number of employees.

Table 1.6. Top Employers , by Number of Employees, Mandan and Bismarck, ND, 2009

Rank	Company	Local Employment	Type	Change	Remarks
1	State of North Dakota	4321	Government		
2	MedCenter One Health Systems	3047	Helathcare		
3	St. Alexius Medical Center	2010	Healthcare		
4	Bismarck Public School District	1640	Education/Training		
5	ND Federal Offices	1198	Government		
6	City of Bismarck	850	Government	**1st**	up from # 11 (444) in 2002, up 91%
7	MDU Resources Group	693	Energy		
8	Aetna	653	Telecommunications		

9	University of Mary	572	Education/Training	**7th**	up from # 12 (400) in 2002, up 43%
10	Dan's Supermarkets	569	Retail		
11	Mandan Public School District	535	Education/Training		
12	Missouri Slope Lutheran Care Center	493	Healthcare		up from # 16 (360) in 2002, up 37%
13	Basin Electric Power Cooperative	481	Energy		
14	Pride, Inc.	471	Education/Training	**2nd**	up from # 24 (250) in 2002, up 88%
15	Burlington Northern Railroad	420	Transportation		up from # 17 (350) in 2002, up 20%
16	Housing Industry Training (HIT)	420	Education/Training	**5th**	up from # 20 (275) in 2002, up 53%
17	Coventry Health Care, Inc.	415	Telecommunications		Not in the 2002 list of top 30
18	Mid-Dakota Clinic	410	Healthcare	**3rd**	up from # 25 (247) in 2002, up 66%
19	National Information Solutions Cooperative (NISC)	370	Telecommunications	**6th**	up from # 22 (255) in 2002, up 45%
20	Walmart South	365	Retail		down from # 14 (380) in 2002, down 4%
21	Sykes Enterprises	360	Telecommunications		Not in the 2002 list of top 30
22	Unisys Corporation	350	Telecommunications	**4th**	up from # 29 (225) in 2002, up 56%
23	Missouri Valley YMCA	350	Recreation	**4th**	up from # 27 (225) in 2002, up 56%
24	Bismarck State College	302	Education/Training		down from # 15 (370) in 2002, down 18%
25	United Tribes Technical College	300	Education/Training		down from # 23 (250) in 2002, up 20%
26	Walmart North	300	Retail		New
27	Baptist Home Long Term Care	275	Healthcare		up from # 28 (225) in 2002, up 22%
28	Burleigh County	265	Government		down from # 21 (260) in 2002
29	Laducer & Associates	258	Telecommunications		down from # 19 (284) in 2002, down 9%
30	Cloverdale Foods	250	Manufacturing		down from # 18 (300) in 2002, down 17%

Source: Bismarck-Mandan Development Association, City of Mandan

In 2009 the top five companies based on number of employees are: State of North Dakota, Med Center One Health Systems, St. Alexius Medical Center, Bismarck Public School District and the ND Federal Office.

- These 33 largest employers in Bismarck-Mandan community represent over 23,600 employees, approximately 47% of total employment.
- A majority of the employers are located on the east side of the Missouri River in Bismarck
- The largest employer in Mandan-Bismarck region is the State of North Dakota, with the majority of its employees located in Bismarck
- Major employers located in Mandan include Dan's Supermarkets, Mandan Public School District, Burlington Northern Railroad, National Information Solutions Cooperative, Laducer & Associates, Cloverdale Foods and Tesoro Petroleum.
- The biggest changes since 2002 include: 91% increase in employment at the City of Bismarck. Pride Inc. increased its employment by 88% between 2002 and 2009 and Mid Dakota Clinic employment increased by 66%. Other significant increases in employee numbers include: Unisys Corporation (56%), Housing Industry Training (52%), NISC, University of Mary, Med Center One Health Systems, and Dan's Supermarkets. Notably, the largest increases were in governmental, institutional, and medical sectors.

2. RESIDENTIAL MARKET UPDATE

2.A Residential Development Activity

The City of Mandan's Building Department records residential building permit data by year. Table 1.7 indicates the number of permits issued by the City for single family dwellings, two-family dwellings, condominiums, townhomes, apartment units, and new mobile homes between 2002 and 2009. The following highlights from the Table are noted:

- More than 1500 new residential units have been permitted since 2002, suggesting that the population is increasing steadily.
- An annual average of 68 new single-family dwelling permits have been issued per year
- A total of 192 dwelling units per year have been issued since 2002.

Table 1.7. Residential Building Permit Data for New Residential Construction by Total Units by Category - Mandan

Category	2002	2003	2004	2005	2006	2007	2008	2009	Total	Annual Average
Single Family Dwellings	77	105	107	85	105	117	70	35	701	88
Two Family Dwellings	0	0	0	0	0	0	0	0	0	0
Condominiums	12	12	32	42	63	108	0	10	279	35
Townhouse	2	0	14	20	12	16	34	15	113	14
Apartment Units	92	48	12	12	0	8	56	40	268	34
										0
Mobile Homes - Rented Lots	26	26	25	11	24	8	8	15	143	18
Mobile Homes - Owned Lots	6	5	6	5	1	2	2	2	29	4
Total	215	196	196	175	205	259	170	117	1533	192
Note: 2009 Data										

Source: City of Mandan Building Department

Compared to the residential permit activity in Mandan as reported in the URS Market Study, the average number of permits issued annually for residential construction increased from 110 residential units a year between 1993 and 2002 to 192 residential units a year between 2002 and 2009. The following conclusions can be drawn from the residential permit activity analysis:

- The number of permits issued annually for single family residential dwellings increased from 68 (1993-2002) to 88 (2002-2009). As with much of the national market, single-family construction built to a peak in 2007 and then drastically declined with the economic recession in 2008 and 2009.

- Permits for condominiums increased significantly from an average annual of 5 units a year (1993-2002) to an average annual construction of 35 units a year between 2002 and 2009. Permit rates for condominiums also mirrored the national home construction trend.

- Townhomes appear to be gaining market popularity in the recent years. The average annual construction for townhomes increased from 4 units a year to 14 units a year.

- Apartment development activity is also increasing in Mandan, from 1993 to 2002, the average annual construction for apartment was 24 units per year. From 2002 – 2009, the average annual construction for apartment increased to 34 units per year.

2.B Mandan /Bismarck Comparison

- From 2002 to 2009, Mandan averaged 88 single family residential building permits a year, compared to Bismarck's 192. Therefore, Mandan accounts for 46% of total single family homes built in the Mandan/Bismarck community. This is significant because Mandan's population accounts for only 23% of the total Bismarck-Mandan area. This speaks well for Mandan's capture rate of metro single family housing.

- From 2002 to 2009, Mandan averaged 34 multifamily residential building permits a year, compared to Bismarck's 153. Mandan therefore captures 18% of the Mandan/Bismarck total multi-family housing, which is less than Mandan's population share of the Mandan/Bismarck community.

Table 1.8. Residential Building Permit Data by Total Units by Category: Bismarck & Mandan

City	2002	2003	2004	2005	2006	2007	2008	2009	Total	Annual Average
BISMARCK										
Single Family Detached	153	220	221	206	218	173	184	158	1533	192
Twin Home/Duplex/Two Family	4	2	4	8	22	0	2	2	44	6
SF Attached/Rowhouse/Condo/Townhomes	59	32	56	24	48	61	68	28	376	47
Multi Family	165	224	138	47	122	180	241	106	1223	153
MANDAN										
Single Family Detached	77	105	107	85	105	117	70	35	701	88
Twin Home/Duplex/Two family	0	0	0	0	0	0	0	0	0	0
SF Attached/Rowhouse/Condo/Townhomes	14	12	46	62	75	124	34	25	392	49
Multi Family	92	48	12	12	0	8	56	40	268	34

The charts below highlight the Building Permit activity in Mandan as compared to the City of Bismarck.

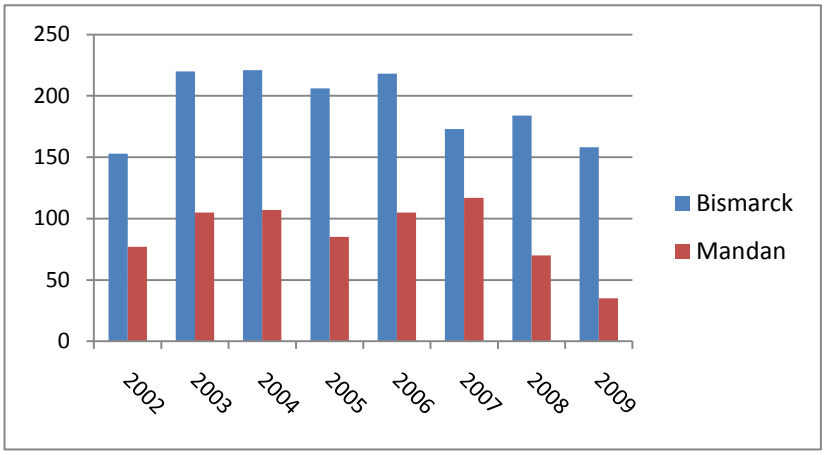


Chart 1.1. Single Family Building Permits, Mandan vs. Bismarck, ND 2002-2009

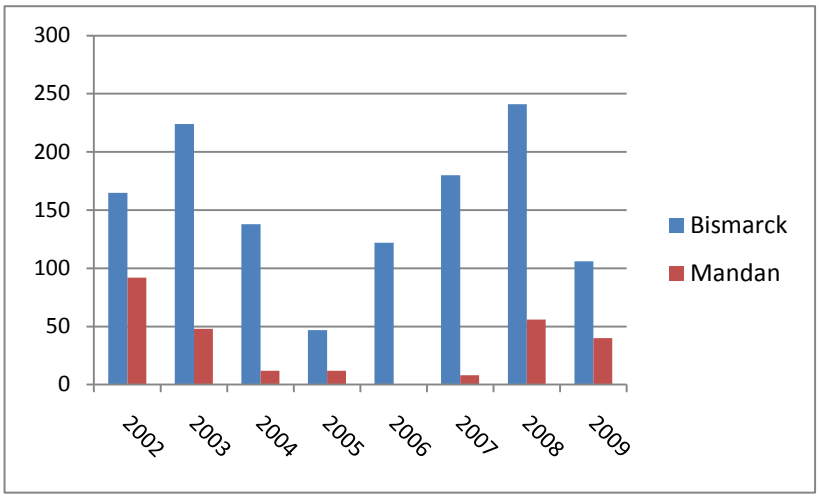


Chart 1.2. Multi Family Building Permits, Mandan vs. Bismarck, ND 2002-2009

2.C Residential Sales

Residential sales data for 2006, 2007, 2008 and 2009 were analyzed for the City of Mandan and the City of Bismarck. For comparison purposes, it is important to see how Mandan measures against the neighboring market, Bismarck, in terms of number of units sold, sales price, unit types, and sales price as a percent of listing price and average days on market. The following table details this residential sales information.

Residential Sales by Structure Type, Mandan and Bismarck, ND, 2006 through 2009

	2006		2007		2008		2009	
	Mandan	Bismarck	Mandan	Bismarck	Mandan	Bismarck	Mandan	Bismarck
Single Family Residential								
Number Sold	196	509	188	559	198	480	190	557
Average List Price	129,110	164,312	142,521	180,897	150,135	181,896	152,308	176,676
Average Sales Price (SP)	128,101	161,188	141,436	177,737	146,864	178,097	148,775	173,447
Sale/List Price	99.20%	98.10%	98.50%	98.30%	97.80%	97.90%	97.70%	98.20%
Average Days on Market	57.48	46.91	59.79	47.17	64.43	69	63.27	66
Townhouse/Twin Home								
Number Sold	17	44	12	49	21	49	17	63
Average List Price	120,112	177,910	119,600	212,959	126,749	190,399	141,209	179,976
Average Sales Price (SP)	119,482	175,902	120,108	208,618	124,779	185,822	142,670	176,201
Sale/List Price	99.50%	98.90%	100.40%	98.00%	98.40%	97.60%	101.00%	97.90%
Average Days on Market	88.82	50.05	58.08	70.53	67.38	63.33	65.53	85.41
Condo								
Number Sold	27	118	13	118	15	90	15	135
Average List Price	115,975	124,691	136,546	126,079	128,613	129,035	143,207	121,196
Average Sales Price (SP)	114,560	123,444	136,100	124,128	127,509	126,238	140,040	118,469
Sale/List Price	98.80%	99%	99.70%	98.50%	99.10%	97.80%	97.80%	97.70%
Average Days on Market	143.81	58.63	56.08	57.32	64.6	64.79	108.13	87.28
Duplex								
Number Sold	8	40	11	25	9	34	6	22
Average List Price	105,375	116,770	95,745	123,095	105,567	136,512	136,183	143,795

Average Sales Price (SP)	103,140	114,258	94,263	118,844	102,953	130,816	124,950	138,497
Sale/List Price	97.90%	97.80%	98.50%	96.50%	97.50%	95.80%	91.80%	96.30%
Average Days on Market	31.62	39.02	44.55	31.84	91.22	64.29	60.17	76.91
Note: Data is as of December 2009								
Source: Bismarck-Mandan Board of Realtors								

As illustrated on the above table, it is clear that Bismarck has a much larger residential market with over three times as many homes sold as compared to Mandan.

- In terms of single family dwellings, Bismarck has been able to maintain an average sales prices $20,000 to $25,000 higher than Mandan between 2006 and 2009.

- Over the last four years, single family dwellings in both Mandan and Bismarck have been selling for more than 97% of the listing price, which is an indication of a strong housing market

- In terms of townhouses/twin homes, Bismarck's average sales price between 2006 and 2009 is more than 35,000 higher than Mandan.

- Mandan's median sales price for condominiums was approximately $10,000 lower than condominium units in Bismarck between 2006 and 2008. However, in 2009, Mandan's median sale price for condominium was about $20,000 higher than that of Bismarck.

- In 2009, single family residential units, townhouses/twin homes and duplexes were on the market in Mandan for fewer days than the similar types of units in Bismarck. Condominium units however were on the market in Mandan for longer time than those in Bismarck.

3. MARKET STUDY RECOMMENDATIONS FOR "THE STRIP"

The Downtown Mandan and Memorial Highway Redevelopment Plan, prepared for the City of Mandan by URS in 2003, provided a coordinated plan for future development, a beautification program and implementation strategy. The vision was to establish the strip as a regional commercial/service corridor that supports a mix of uses, providing flexibility and compatibility in design standards and an improved "greenspace" infrastructure.

Memorial Highway, also known as the Strip, is a major connector between the City of Mandan and the City of Bismarck. The strip is characterized by a mix of uses, which range from vehicle and manufactured home dealerships, farm implement retail, livestock sales, storage/warehouse space, light industrial, restaurants and entertainment uses, and other general retail. The strip is an essential economic center for the City of Mandan. In recent years, the strip has seen continued development, in spite of historical competition from nearby Bismarck retail and business centers. It is the purpose of this report to document those recent changes and evaluate directions for appropriate public sector actions to stimulate further development along the corridor.

The following section summarizes the recommendations regarding potential development along Memorial Highway from the URS Market Study, followed by updated information in 2009.

3.A Office/Institutional Potentials on the Corridor

Attracting new office development is critical to the redevelopment of the Strip study area, as well as the overall economic well being of the City of Mandan. However, the URS market study report in 2003 stated that City of Mandan is in a difficult position to attract new office and institutional development due to the existing concentration of office space and post secondary institutions in neighboring Bismarck.

Through interviews with local businesses and institutions, the 2003 URS study identified the following office and institution development opportunities for Downtown Mandan and The Strip:

- State government department and agencies
- Bismarck State College (office and classroom space)
- Local Business Expansion
- Native American Businesses
- Creation of business incubator

The following potential office/institutional development were recommended for the Strip Study area.

- Office complex for select State of North Dakota departments and agencies
- Local business expansion in need of office/flex space
- Native American Businesses in need of office/flex space

New professional offices, including several state agencies/associations are now located on 46th Ave SE:

- Morton County Title
- American Cancer Society
- Farm and Ranch Guide
- National Sunflower Association
- North Dakota Grain Growers Association
- North Dakota Wheat Commission

Follow-up with the State of North Dakota on the potential for state offices indicated the following:

- The Bank of North Dakota office, hotly contended for, ended up locating in Bismarck
- The Dept. of Health, referenced in the URS report, leased 40,000 square feet of space across from Capitol Complex
- The Dept. of Public Instruction negotiated for 12,000 square feet of space on 46th Street. The developer could not provide space for the maximum amount allowed by the state.
- There is "always an opportunity" for state-leased office space in Mandan, as the state signs two-year leases. Each state agency leases on its own.
- There is "no reason" why Memorial Highway corridor space can't compete for state space. New housing south of Memorial Highway adds to the desirability of the location.
- Current leases run through June 2011. State agencies will start looking for new space in February 2011.

3.B Retail Potentials on the Corridor

Much of the Strip land use can be characterized as highway commercial with the majority of retail businesses being car dealerships or auto-related, manufactured home sales and farm-related retail. A number of new commercial developments have been built within last several years in the Strip area. However, there are still

large tracts of available vacant land that could support major retail growth in the area, potentially developing this area into a major regional retail center.

Retail Potentials on the Western End of the Corridor

2003 Market study stated that the western end of the Strip has a number of large tracts of available vacant land that could be developed as highway commercial. This area exhibits strong market potential for commercial uses such as following:

- Car/Mobile Home/ Boat Dealerships
- Farm Implements
- Warehousing/Self Storage

By encouraging such development, this area has a potential to become a regional "auto row" for car/mobile home/boat dealerships, building upon the current concentration of auto dealerships along Memorial Highway and on East Main Street.

Retail Potentials on the Eastern End of the Corridor

The Strip's east end is in close proximity to both Bismarck and Interstate 94. Due to its easy accessibility to the larger Bismarck market and availability of large vacant tracts, it was recommended in the 2003 Plan that this area be developed as large scale, big-box regional retail uses such as Home Depot or Meijer's.

The following potential commercial developments were recommended for the east end:

- Regional big box, such as Home Depot, Meijer's, Best Buy, Circuit City
- Fashion department store, such as Kohl's
- Casual/Family dining restaurant
- Neighborhood retail such as a freestanding drug store or video store

The list below identifies what has actually occurred with these retail use recommendations since 2002.

Casual Restaurants along the Mandan Memorial Highway:

- McDonalds relocated to Strip
- Prime Steer renovated and expanded

Big Box Stores:

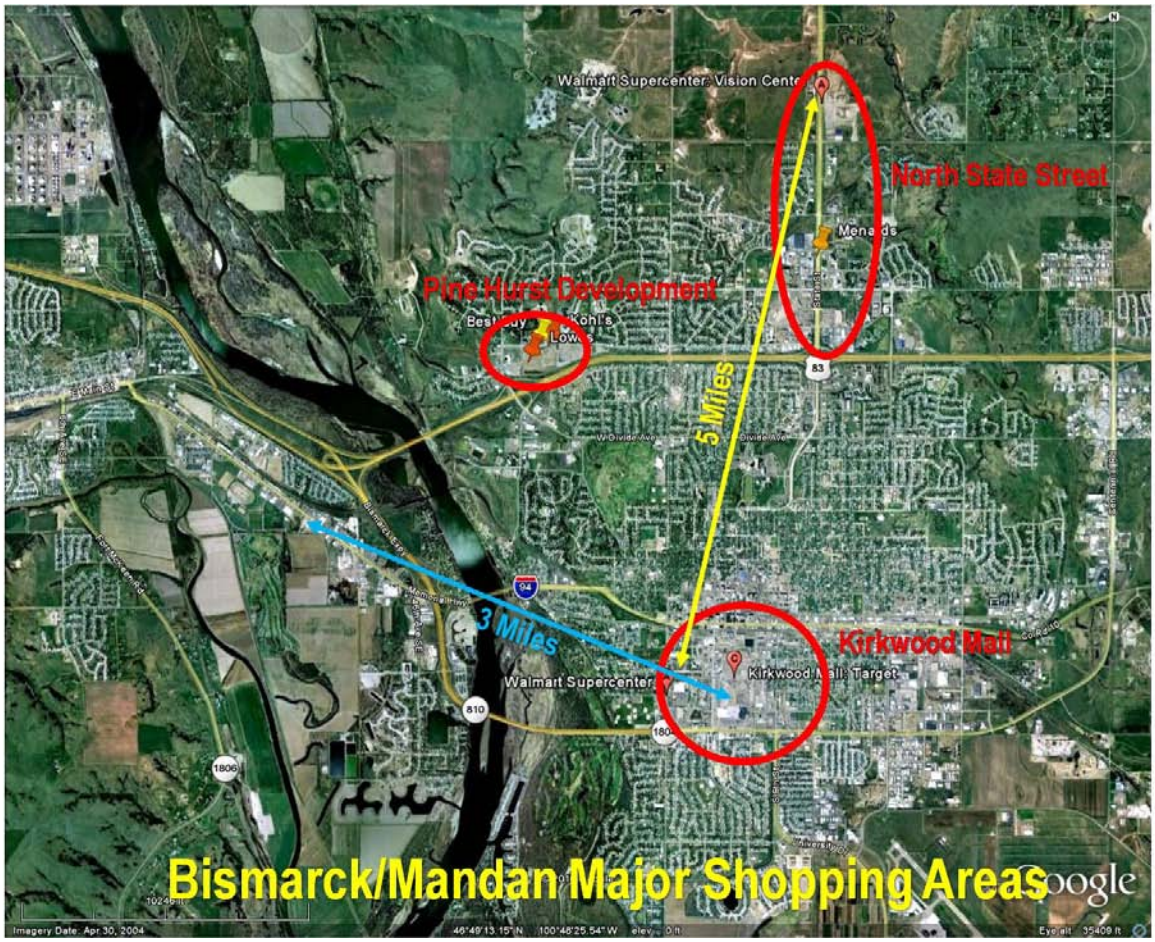
- Kohl's: opened in 2005 in Bismarck
- Home Depot: opened in 2005 in Bismarck (closed one year ago)
- Best Buy: opened in 2005 in Bismarck
- Circuit City: chain closed down
- Meijer's: not established in the area
- Lowe's: opened in Bismarck in 2005 (competes with Bismarck Menard's)
- Super Walmart: two sites in Bismarck; the newest site opened in 2006
- Sam's Club: opened in Bismarck in 2006

Neighborhood Retail Centers: Currently targeted by Mandan economic development efforts.

The figure below depicts the major shopping areas in Bismarck and their proximity to the Strip. Although the 2003 Plan recommended big box stores as potentials for the eastern end of the strip, all of the new big-box

developments listed above occurred east of the river in Bismarck. There are several reasons for this, as illustrated by the map. First, it is clear that these major shopping areas in Bismarck are actually relatively close to Mandan and, with the expressway, very accessible to Mandan residents. Second, these uses tend to congregate in newer major shopping districts, which exist in Bismarck but not in Mandan. The Mandan downtown, like all downtown areas, does not compete in this big-box market. Finally, new major shopping districts tend to "follow the rooftops"; that is, to develop where the new residential growth is occurring. While Mandan has some new residential development, it is not enough at this time to generate major retail development.

So, the URS recommendation to pursue big-box retail development along the Mandan Memorial Highway has not proven successful. To determine a more appropriate approach to a development strategy for the Strip, one should first identify what has been successfully developed in the area and seek to build off proven strengths.



Significant Retail Developments in the Strip since 2002

The 2003 URS Market study reports that, over the years, the Memorial Highway area has become an economic engine for the City of Mandan, attracting a number of new developments. Some significant new developments identified in 2002 included:

Auto/RV Related

- A Bobcat Dealership

- GM/Pontiac Dealership expansion
- Harley Davidson Store

Restaurants/Entertainment

- Kroll's Diner
- Raging Rivers Waterpark

Retail

- Windsor Square (strip center)

Over the years, the strip has developed on an ad-hoc basis with no coordination or cohesiveness in terms of land uses. However, recent developments show that the strip has a lot of attractiveness to auto dealers, offices/services and entertainment services. New developments since 2002 in the Memorial Highway area include the following businesses:

Auto/RV Related

- Open Road Honda
- Riverwood RV and Auto Sales
- Bill Barth Kia Dealership (replace Saturn)
- Trucks, Trailers and More/Longhorn Construction
- Cycle Hut (moved from Bismarck)
- Planet Power Sports*
- Gimpster's Powered Sports
- Cin City Designs*
- Doll's Custom FX (moved from Bismarck)

Office/Government/Service

- Sunrise Home Delivery*
- Goldhammer/Verity Homes*
- Metro Taxi
- Oaktree Realtors
- Dakota Travel Nurse
- Kel-Cap
- Wired Cellular
- Morton County Title
- American Cancer Society (moved from Bismarck)
- Service Master
- Pivotal Edge (moved from Bismarck)*
- Dealer Development Systems (moved from Bismarck)*
- ThyssenKrupp Safway, Inc.
- Spectrum Design Studio
- Northland Communications

Restaurants/Entertainment

- McDonalds Restaurant (moved from Main Street)
- Captain Freddy's*
- The Drink

Retail

- Risques II (moved from Main Street)
- Geiger Small Engine

Ag Related

- Farm and Ranch Guide (moved from Bismarck)
- National Sunflower Association (moved from Bismarck)
- North Dakota Wheat Commission (moved from Bismarck)

Education

- BSC Industrial Maintenance Program
- New Discovery Montessori Center

Warehousing/Industrial

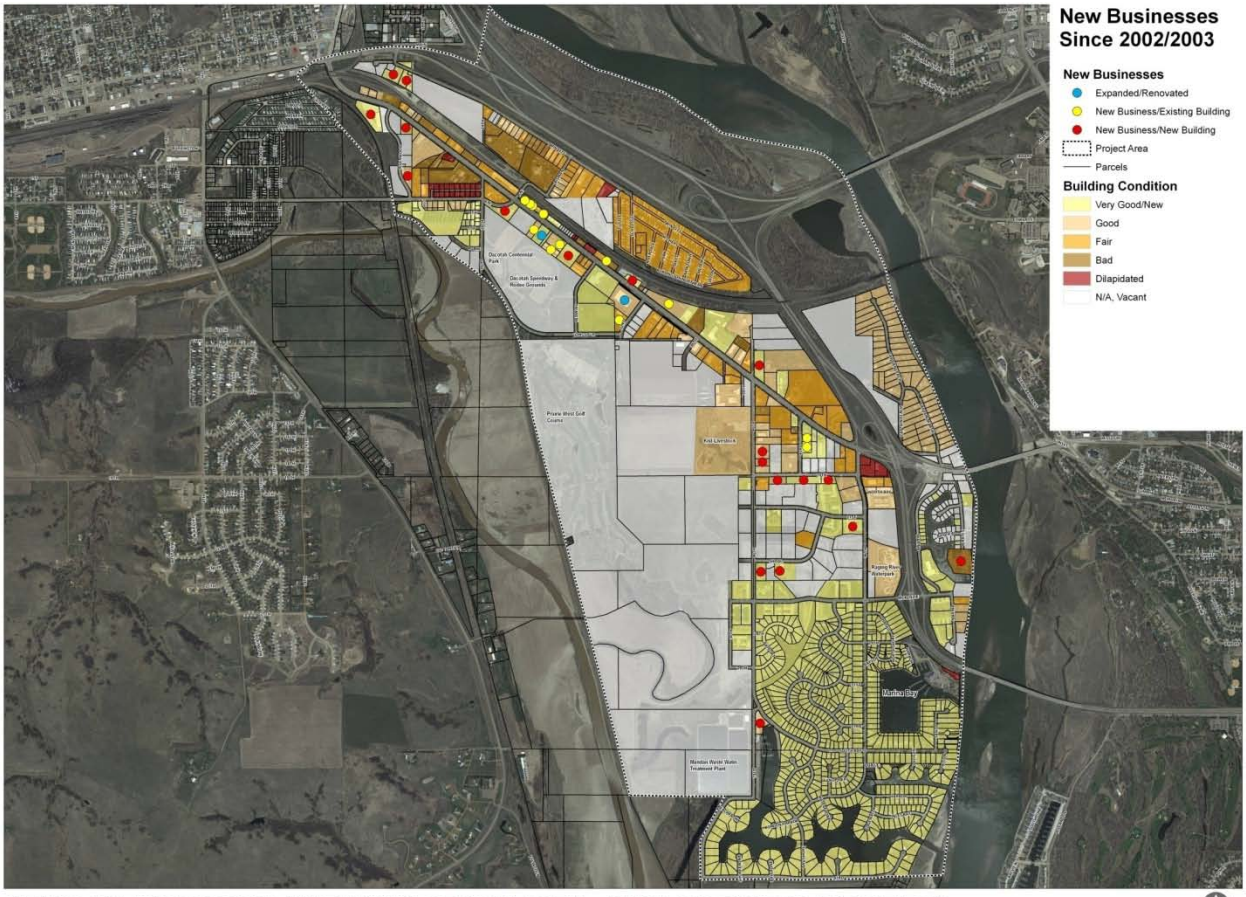
- Hometown Moving and Storage

Note that most of these new uses, both in 2002 and since, have been in the categories of:

- Auto/RV Related
- Office/Government/Service
- Restaurants/Entertainment, and
- Ag Related.

These are the current proven commercial market strengths of the corridor. There has been virtually no new general retail development. By contrast, the Mandan Memorial Highway is now an Auto Row center for Mandan-Bismarck and the surrounding region. Auto/RV Related businesses, and the other three success categories, are strengths that should be the focus of future economic development efforts.

The figure below depicts the location of new businesses since 2002. The red dots on the figure indicate locations of new businesses in new buildings. The yellow dot represent location of new businesses in existing buildings and the blue dot represent expanded or renovated businesses since 2002. Contrary to the URS recommendations, the new uses did not locate by designated segment of the corridor. It is recommended that market segmentation of the corridor be dropped and that development opportunities be pursued without targeting to a specific subarea of the corridor.



MANDAN MEMORIAL HIGHWAY STUDY AREA: NEW BUSINESS LOCATION

0 500 1,000 2,000 Feet
1 inch = 500 feet

3.C Mandan Retail Gap Analysis

To better evaluate Mandan's potential in retail/commercial development, it is important to assess current retail shopping demand and supply. Claritas' report: "RPM Opportunity Gap – Retail Stores 2008" analyzes various retail categories to identify which retail sectors have gaps and which have retail surpluses.

The Gap Analysis chart shows the categories where there are existing gaps and surpluses in Mandan's retail base. This chart shows the anticipated demand generated by Mandan consumer expenditures, based on adjusted national household expenditure statistics. The supply column indicates the level of sales generated by current category businesses in Mandan. Lastly, the opportunity column focuses specifically on any gap or surpluses that result from Mandan consumer expenditures. Retail gap occurs when estimated retail sales (supply) within a retail trade area are less than the anticipated demand. Retail surplus occurs when estimated retail sales (supply) within a retail trade area are greater than the community's anticipated demand.

The Figure below depicts the retail area map used in this analysis.

Area Map

Prepared For:

Order #: 967339415
Site: 01

E MAIN ST AT MEMORIAL HWY
MANDAN,ND 58554
Coord: 46.828920, -100.871242
Polygon - See Appendix for Points

- Point
- Interstate Highways
- US Highways
- State Highways
- Major Highways
- Major Roads
- Roads
- Railroads
- Landmarks
- Parks
- Hydrography
- Airports
- Zip Code
- State
- Ocean

0 miles 1.08 2.17

N W E S

Prepared on: January 9, 2009
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Claritas Tech Support: 1 800 866 6511

CLARITAS MARKETPLACE

RMP Opportunity Gap - Retail Stores 2008

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	308,608,030	350,103,809	(41,495,779)
Motor Vehicle and Parts Dealers-441	65,779,204	197,617,332	(131,838,128)
Automotive Dealers-4411	56,982,234	162,663,113	(105,680,879)
Other Motor Vehicle Dealers-4412	3,849,451	31,276,330	(27,426,879)
Automotive Parts/Accsrs, Tire Stores-4413	4,947,519	3,677,889	1,269,630
Furniture and Home Furnishings Stores-442	7,460,582	3,061,531	4,399,051
Furniture Stores-4421	4,031,640	1,356,999	2,674,641
Home Furnishing Stores-4422	3,428,942	1,704,532	1,724,410
Electronics and Appliance Stores-443	6,970,866	963,215	6,007,651
Appliances, TVs, Electronics Stores-44311	5,252,113	894,223	4,357,890
Household Appliances Stores-443111	1,174,024	39,999	1,134,025
Radio, Television, Electronics Stores-443112	4,078,089	854,224	3,223,865
Computer and Software Stores-44312	1,442,489	68,992	1,373,497
Camera and Photographic Equipment Stores-44313	276,264	0	276,264
Building Material, Garden Equip Stores -444	34,481,340	20,804,920	13,676,420
Building Material and Supply Dealers-4441	31,698,214	13,815,916	17,882,298
Home Centers-44411	12,582,761	11,890,733	692,028
Paint and Wallpaper Stores-44412	654,788	0	654,788
Hardware Stores-44413	2,610,234	0	2,610,234
Other Building Materials Dealers-44419	15,850,431	1,925,183	13,925,248
Building Materials, Lumberyards-444191	5,383,847	656,505	4,727,342
Lawn, Garden Equipment, Supplies Stores-4442	2,783,126	6,989,004	(4,205,878)
Outdoor Power Equipment Stores-44421	421,454	21,001	400,453
Nursery and Garden Centers-44422	2,361,672	6,968,003	(4,606,331)
Food and Beverage Stores-445	35,275,845	28,377,024	6,898,821
Grocery Stores-4451	32,323,529	23,820,274	8,503,255
Supermarkets, Grocery (Ex Conv) Stores-44511	30,581,706	23,744,276	6,837,430
Convenience Stores-44512	1,741,823	75,998	1,665,825
Specialty Food Stores-4452	967,489	2,278,217	(1,310,728)
Beer, Wine and Liquor Stores-4453	1,984,827	2,278,533	(293,706)
Health and Personal Care Stores-446	15,793,868	8,077,553	7,716,315
Pharmancies and Drug Stores-44611	13,651,990	8,007,552	5,644,438
Cosmetics, Beauty Supplies, Perfume Stores-44612	540,446	0	540,446
Optical Goods Stores-44613	643,908	0	643,908
Other Health and Personal Care Stores-44619	957,525	70,001	887,524

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RMP Opportunity Gap - Retail Stores 2008

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Gasoline Stations-447	35,169,946	59,641,215	(24,471,269)
Gasoline Stations With Conv Stores-44711	26,519,663	47,791,712	(21,272,049)
Other Gasoline Stations-44719	8,650,282	11,849,504	(3,199,222)
Clothing and Clothing Accessories Stores-448	13,022,310	1,071,438	11,950,872
Clothing Stores-4481	9,459,977	639,262	8,820,715
Men's Clothing Stores-44811	635,133	0	635,133
Women's Clothing Stores-44812	2,333,767	62,138	2,271,629
Childrens, Infants Clothing Stores-44813	535,938	0	535,938
Family Clothing Stores-44814	5,140,075	0	5,140,075
Clothing Accessories Stores-44815	209,459	11,126	198,333
Other Clothing Stores-44819	605,604	565,998	39,606
Shoe Stores-4482	1,728,846	0	1,728,846
Jewelry, Luggage, Leather Goods Stores-4483	1,833,488	432,175	1,401,313
Jewelry Stores-44831	1,687,292	432,175	1,255,117
Luggage and Leather Goods Stores-44832	146,196	0	146,196
Sporting Goods, Hobby, Book, Music Stores-451	5,836,287	436,038	5,400,249
Sporting Goods, Hobby, Musical Inst Stores-4511	4,096,152	436,038	3,660,114
Sporting Goods Stores-45111	2,120,668	303,034	1,817,634
Hobby, Toys and Games Stores-45112	1,282,824	133,004	1,149,820
Sew/Needlework/Piece Goods Stores-45113	338,722	0	338,722
Musical Instrument and Supplies Stores-45114	353,937	0	353,937
Book, Periodical and Music Stores-4512	1,740,135	0	1,740,135
Book Stores and News Dealers-45121	1,180,119	0	1,180,119
Book Stores-451211	1,110,741	0	1,110,741
News Dealers and Newsstands-451212	69,378	0	69,378
Prerecorded Tapes, CDs, Record Stores-45122	560,017	0	560,017
General Merchandise Stores-452	36,176,797	924,703	35,252,094
Department Stores Excl Leased Depts-4521	17,076,853	264,859	16,811,994
Other General Merchandise Stores-4529	19,099,944	659,844	18,440,100
Warehouse Clubs and Super Stores-45291	16,377,205	0	16,377,205
All Other General Merchandise Stores-45299	2,722,739	659,844	2,062,895
Miscellaneous Store Retailers-453	7,960,178	3,446,143	4,514,035
Florists-4531	552,169	1,820,307	(1,268,138)
Office Supplies, Stationery, Gift Stores-4532	3,184,690	360,895	2,823,795
Office Supplies and Stationery Stores-45321	1,806,147	0	1,806,147
Gift, Novelty and Souvenir Stores-45322	1,378,543	360,895	1,017,648
Used Merchandise Stores-4533	647,655	205,834	441,821
Other Miscellaneous Store Retailers-4539	3,575,664	1,059,107	2,516,557

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RMP Opportunity Gap - Retail Stores 2008

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Non-Store Retailers-454	19,526,347	8,186,019	11,340,328
Electronic Shopping, Mail-Order Houses-4541	13,620,274	0	13,620,274
Vending Machine Operators-4542	717,865	0	717,865
Direct Selling Establishments-4543	5,188,207	8,186,019	(2,997,812)
Foodservice and Drinking Places-722	25,154,460	17,496,678	7,657,782
Full-Service Restaurants-7221	11,512,151	8,594,000	2,918,151
Limited-Service Eating Places-7222	10,390,908	5,845,341	4,545,567
Special Foodservices-7223	2,143,338	0	2,143,338
Drinking Places -Alcoholic Beverages-7224	1,108,063	3,057,337	(1,949,274)
GAFO *	72,651,533	6,817,819	65,833,714
General Merchandise Stores-452	36,176,797	924,703	35,252,094
Clothing and Clothing Accessories Stores-448	13,022,310	1,071,438	11,950,872
Furniture and Home Furnishings Stores-442	7,460,582	3,061,531	4,399,051
Electronics and Appliance Stores-443	6,970,866	963,215	6,007,651
Sporting Goods, Hobby, Book, Music Stores-451	5,836,287	436,038	5,400,249
Office Supplies, Stationery, Gift Stores-4532	3,184,690	360,895	2,823,795

* GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

Claritas' RMP data is derived from two major sources of information. The demand data is derived from the Consumer Expenditure Survey (CE Survey), which is fielded by the U.S. Bureau of Labor Statistics (BLS). The supply data is derived from the Census of Retail Trade (CRT), which is made available by the U.S. Census.

The difference between demand and supply represents the opportunity gap or surplus available for each retail outlet in the specified reporting geography. When the demand is greater than (less than) the supply, there is an opportunity gap (surplus) for that retail outlet. For example, a positive value signifies an opportunity gap, while a negative value signifies a surplus.

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The following section will focus on specific highlights of the Claritas report. When we look at the big picture, it is clear that Mandan is attracting "outside dollars" to the community. This can be seen from the "Total Retail Sales including Eating and Drinking Places" excerpt below. Mandan's businesses are attracting about $41.5 million dollars into the community above what sales are generated by Mandan residents. This is a very good thing. Whenever your retail sector can become a regional, as opposed to strictly a local, supplier, those "attracted" dollars build your local tax base.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	308,608,030	350,103,809	(41,495,779)

The excerpt below, adding the "Motor Vehicle and Parts Dealers" categories, shows that Mandan's largest attraction of "outside dollars" is for auto/motor vehicle related businesses. More specifically, it is for Automotive and Other Motor Vehicle Dealers. Recent developments confirm that the Mandan Memorial Highway corridor is very attractive to auto dealers. Based upon the current concentration of auto and other motor vehicle dealerships, Memorial Highway now functions as an "Auto Row". This presents an opportunity to build upon for Mandan and greatly impacts the future of the Strip.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	308,608,030	350,103,809	(41,495,779)
Motor Vehicle and Parts Dealers-441	65,779,204	197,617,332	(131,838,128)
Automotive Dealers-4411	56,982,234	162,663,113	(105,680,879)
Other Motor Vehicle Dealers-4412	3,849,451	31,276,330	(27,426,879)
Automotive Parts/Accsrs, Tire Stores-4413	4,947,519	3,677,889	1,269,630

On the other hand, when looking at Building Material and Garden Equipment stores, it is clear that there is a gap between the demand and the supply in Mandan. This is shown in the table excerpt below. Mandan residents are spending $13.7 million dollars, of a total $34.5 million demand in this retail category, outside of the city. However, even though there is a gap of $13.7 million, that does not mean there is enough demand to support a new home store like Menard's or Lowes in Mandan. At available gap of $13.7 million and considering a rate of $350.00/sq.ft./year, it may be possible to support a 39,000 sq.ft. retail store for such items in Mandan. However, Menard's are typically over 150,000 sq. ft. in size. Combined with other factors discussed earlier, such as location in a major shopping district, proximity to new construction and accessibility to existing stores, there is insufficient demand to support a new major big box in this category. This gap may portend well, however, for the smaller, neighborhood hardware store in Mandan.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Building Material, Garden Equip Stores -444	34,481,340	20,804,920	13,676,420
Building Material and Supply Dealers-4441	31,698,214	13,815,916	17,882,298
Home Centers-44411	12,582,761	11,890,733	692,028
Paint and Wallpaper Stores-44412	654,788	0	654,788
Hardware Stores-44413	2,610,234	0	2,610,234
Other Building Materials Dealers-44419	15,850,431	1,925,183	13,925,248
Building Materials, Lumberyards-444191	5,383,847	656,505	4,727,342
Lawn, Garden Equipment, Supplies Stores-4442	2,783,126	6,989,004	(4,205,878)
Outdoor Power Equipment Stores-44421	421,454	21,001	400,453
Nursery and Garden Centers-44422	2,361,672	6,968,003	(4,606,331)

From the table excerpt below, it is apparent that there is a gap of $6.9 million, of a total $32.3 million demand, for Food and Beverage Stores in Mandan. This means that people from the Mandan area are going outside for some of their food and beverage supplies. While this shows some potential opportunity for food and beverage stores, it is inadequate demand to support a new full size grocery store in Mandan.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Food and Beverage Stores-445	35,275,845	28,377,024	6,898,821
Grocery Stores-4451	32,323,529	23,820,274	8,503,255
Supermarkets, Grocery (Ex Conv) Stores-44511	30,581,706	23,744,276	6,837,430
Convenience Stores-44512	1,741,823	75,998	1,665,825
Specialty Food Stores-4452	967,489	2,278,217	(1,310,728)
Beer, Wine and Liquor Stores-4453	1,984,827	2,278,533	(293,706)

This issue is further illustrated in the figure below, depicting the Mandan-Bismarck Grocery stores and their proximity to the Memorial Highway area. Dan's Supermarket and Central Market are two grocery stores currently in central Mandan and there are two newer Walmart Supercenter stores located in Bismarck, reasonably accessible to Mandan residents. It is probably a good assumption that those "exported dollars" in this category are going to the Walmart franchises in Bismarck. Again, the gap in this category is nowhere near large enough to attract a new full size grocery store.

While the Food and Beverage Stores show a gap of $6.9 million, the excerpt below shows a surplus of $24.5 million under "Gasoline Stations". Moreover, there is a surplus of $21.3 million shown under "Gasoline Stations with Convenience Stores". This surplus in gasoline station sales is likely due to Mandan serving as a "regional supplier" of gasoline to the large number of people living outside of Mandan and west of the Missouri River.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Food and Beverage Stores-445	35,275,845	28,377,024	6,898,821
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Gasoline Stations With Conv Stores-44711	26,519,663	47,791,712	(21,272,049)
Other Gasoline Stations-44719	8,650,282	11,849,504	(3,199,222)

A look at the Clothing and Clothing Accessories Stores (excerpt below) shows a gap of about $12.0 million in Mandan. This shows that while the demand for such stores is higher, the supply is less and therefore Mandan residents go to other places for their needs of such items. A gap of $12.0 million is inadequate to support a department stores like Kohl's or other larger clothing stores. However, small unique local stores could capture a part of that unmet local demand. Mandan residents' easy accessibility to existing clothing stores in Bismarck works against development of the local market.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Clothing and Clothing Accessories Stores-448	13,022,310	1,071,438	11,950,872
Clothing Stores-4481	9,459,977	639,262	8,820,715
Men's Clothing Stores-44811	635,133	0	635,133
Women's Clothing Stores-44812	2,333,767	62,138	2,271,629
Childrens, Infants Clothing Stores-44813	535,938	0	535,938
Family Clothing Stores-44814	5,140,075	0	5,140,075
Clothing Accessories Stores-44815	209,459	11,126	198,333
Other Clothing Stores-44819	605,604	565,998	39,606
Shoe Stores-4482	1,728,846	0	1,728,846
Jewelry, Luggage, Leather Goods Stores-4483	1,833,488	432,175	1,401,313
Jewelry Stores-44831	1,687,292	432,175	1,255,117
Luggage and Leather Goods Stores-44832	146,196	0	146,196

The table excerpt below shows that Mandan has a gap of $5.4 million in the total category of Sporting Goods, Hobby, Book and Music Stores. Once again, this gap is inadequate to support a new big box store. However, looking at the individual components of that total gap, there may be sufficient unmet demand to support smaller outlets in the range of 5,000 sq. ft. or so. Of course, it is just these smaller vendors who have been losing out to the big boxes.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Sporting Goods, Hobby, Book, Music Stores-451	5,836,287	436,038	5,400,249
Sporting Goods, Hobby, Musical Inst Stores-4511	4,096,152	436,038	3,660,114
Sporting Goods Stores-45111	2,120,668	303,034	1,817,634
Hobby, Toys and Games Stores-45112	1,282,824	133,004	1,149,820
Sew/Needlework/Piece Goods Stores-45113	338,722	0	338,722
Musical Instrument and Supplies Stores-45114	353,937	0	353,937
Book, Periodical and Music Stores-4512	1,740,135	0	1,740,135
Book Stores and News Dealers-45121	1,180,119	0	1,180,119
Book Stores-451211	1,110,741	0	1,110,741
News Dealers and Newsstands-451212	69,378	0	69,378
Prerecorded Tapes, CDs, Record Stores-45122	560,017	0	560,017

A look at General Merchandise Stores below shows a gap of about $35.3 million in Mandan. This means that residents from the area are going outside of Mandan to buy their general merchandise goods. While this demonstrates a gap in general merchandise stores and an opportunity in Mandan for such facilities, the demand might be inadequate to support a general merchandise store like Wal-mart or K-mart in Mandan. It is known that Wal-mart earns about $400/sq/ft/ and K-Mart earns approximately about $300/sq.ft. At $400/sq.ft., a gap of $35.3 million would support about 90,000 sq.ft. of retail area. The new Wal-Marts are over 200,000 sq.ft. in size. Additionally, as with other categories, several such merchandise stores are in close proximity in Bismarck.

Polygon 1: E MAIN ST AT MEMORIAL HWY, MANDAN, ND 58554, Total

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
General Merchandise Stores-452	36,176,797	924,703	35,252,094
Department Stores Excl Leased Depts-4521	17,076,853	264,859	16,811,994
Other General Merchandise Stores-4529	19,099,944	659,844	18,440,100
Warehouse Clubs and Super Stores-45291	16,377,205	0	16,377,205
All Other General Merchandise Stores-45299	2,722,739	659,844	2,062,895

The table shows that Mandan has a gap of $7.6 million in Foodservice and Drinking Places. However, it is also shown that Mandan has a surplus of $1.9 million in Drinking Places – Alcoholic Beverages. This means that Mandan is importing dollars for drinking places. A gap of $9.6 million (aggregate) is depicted for Food Services in Mandan. These two figures indicate that there may be potential for expansion in the restaurant/entertainment sector, one of the four "success areas" that have seen development in the project area.

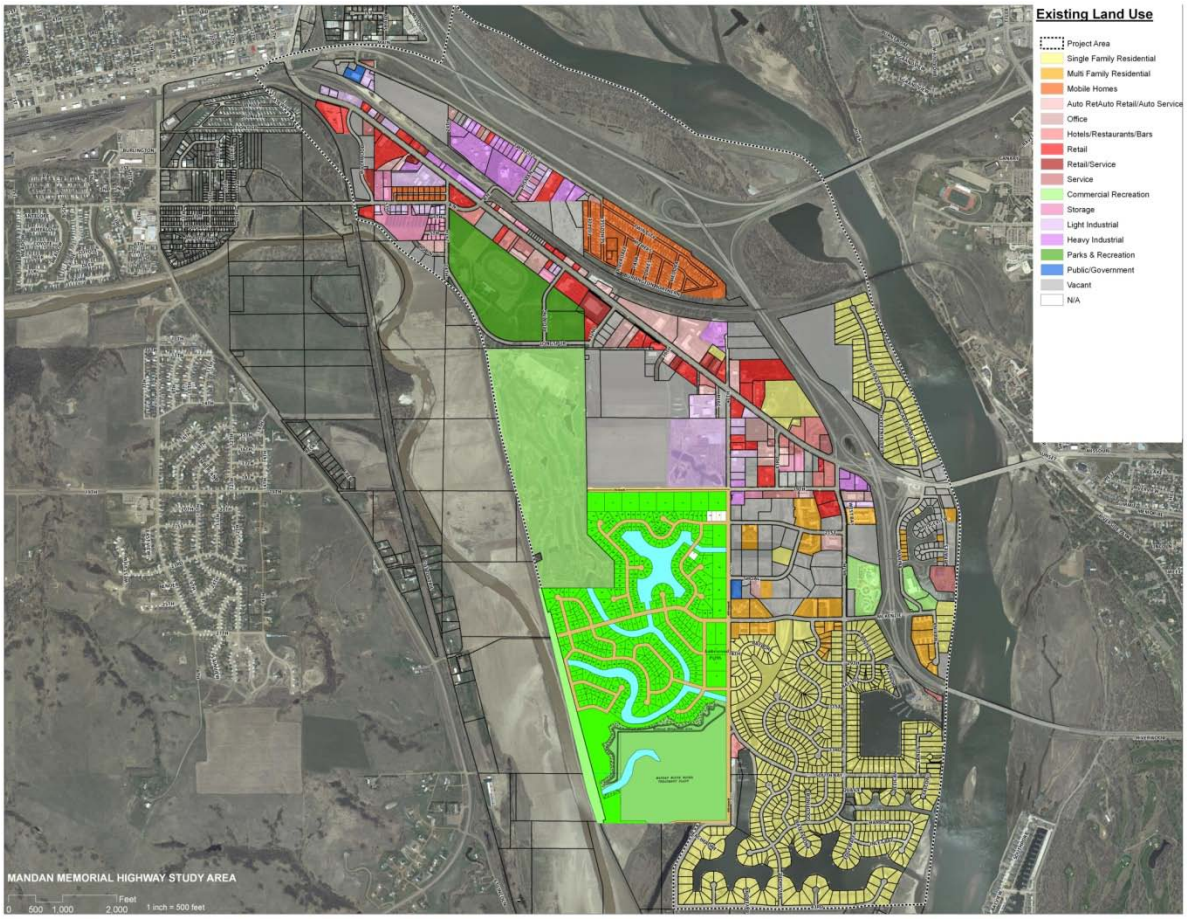
3.D URS Market Recommendation for Residential Development:

The URS Market Study in 2002/2003 concluded that the strip's physical and economic characteristics do not support residential development. This conclusion was based on the current land use mix and future potential for corridor frontage properties. The strip is where the majority of economic growth is occurring. URS recommended reserving the strip for additional retail and business developments in the future. Because of the strip's economic importance to the City of Mandan, URS concluded that residential development was not the highest and best use for the study area.

However, there have been a number of residential development projects in the current project area. There is a large upscale residential subdivision south of McKenzie with new single and multi-family residential development. At the southeast end of the corridor and along Marina Road are some existing multifamily uses. A large residential development, 'Lakewood', is planned south of 19th and west of 40th Ave. East of the expressway and along Marina Road SE and Pirates Loop, a planned residential development is underway which has duplexes and multifamily houses with a small amount of retail.

Such residential development increases the attractiveness of the Memorial Highway to retailers. Completion of these residential subdivision will increase the area's attractiveness to potential "neighborhood scale" retail and services, since there will be a larger population to serve.

The figure below depicts the existing land use of the corridor along with the planned Lakewood area master plan. The second figure shows the existing residential development south of McKenzie Drive.


Existing Land Use
Project Area
Single Family Residential
Multi Family Residential
Mobile Homes
Auto Ret/Auto Retail/Auto Service
Office
Hotels/Restaurants/Bars
Retail
Retail/Service
Service
Commercial Recreation
Storage
Light Industrial
Heavy Industrial
Parks & Recreation
Public/Government
Vacant
N/A
MANDAN MEMORIAL HIGHWAY STUDY AREA
0 500 1,000 2,000 Feet
1 inch = 500 feet

NORTH BAY
SOUTH BAY
Marina Bay

3.E URS Market Recommendation for Convention/Hotel Market Conclusions:

- No market need for meeting/conference/ convention space
- Need met by Seven Seas Best Western, Ramkota Inn, Radisson and Bismarck Civic Center
- However, there is a need for a civic center to house events currently in Mandan Community Center gymnasium

The 2008 Mandan Events Center Study is still under consideration. Meanwhile the Mandan Community Center is no longer available for the smaller events referenced above. This need, plus recommendations to build off and expand the tourism events currently taking place in the study area may make consideration of a smaller exhibit facility in the study area worth considering.

4. Update of URS SWOT Analysis – The Strip

URS analyzed the Strip area's strengths, weaknesses, opportunities and threats. This section highlights major points from that URS analysis and, in bold italics, updates their conclusions when deemed appropriate due to changed conditions.

Strengths

- The strip is a regional destination.
  More auto dealers and related uses have located along the Strip since 2002/2003. Other destination amenities like golf course, car track, and expanded bowling alley all draw people for entertainment to the Strip.
- Traffic counts through the strip are healthy, with approximately 14,000 trips a day.
- Ample Parking is available for businesses and customers.
- Businesses are in close proximity to both the City of Mandan and the City of Bismarck.
- New Memorial Bridge connecting Mandan with Bismarck.
  The new Liberty Memorial Bridge crossing the Missouri River opened in late 2008.
- Commercial values have been increasing over the last 10 years.

Weaknesses

- Competition with the Bismarck Retail Market
  Home Depot, Best Buy and Kohl's all located in the Bismarck area.
- The Kist Livestock Auction operation, while a successful business, hampers development potentials close to it. The strip has an incompatible nature of businesses, mixing manufacturing, livestock, retail, entertainment uses without buffers.
  Livestock auction now viewed as important to the economic base of the community and the corridor. Kist Livestock now viewed as a strength, not a weakness; however, buffering of this use from nearby existing and planned residential development is an issue.
- The Strip has been developed with a lack of cohesiveness. Lack of landscaping and aesthetic features amplify the lack of coordination among businesses.

City adopted new corridor overlay zoning district, including site and building design standards, in 2007. Landscaping along the corridor right-of-way is a requirement for all new development under the overlay district regulations.

- ***The 2007 URS SWOT analysis did not identify the lack of pedestrian and bicycle facilities along the corridor as a weakness. However, there has since been an acknowledgement of this deficiency. The MPO has included a trail along the Memorial Highway in the recently updated Long Range Transportation Plan.***

Opportunities

- New upscale residential development occurring at the southern end of the strip in Mandan
  Significant low and medium density residential developments underway south of the Memorial Highway corridor. Continued upscale developments will eventually generate neighborhood retail activity on the Strip.
- The developer of the southern section of the Strip is actively pursuing national retail development.
- The property along the strip is in large enough tracts to allow for modern big box destination facilities that are currently lacking in the market.
  There are still vacant properties along Memorial Hwy, some of which are large tract of lands that could accommodate large scale development.

Threats

- There is currently no cohesive plan for the future or even current development of the Strip.
  The 2002/2003 URS Plan and current corridor project represent significant planning efforts to guide the future development on the Strip.
- The State has control of the road, hampering aesthetic improvements that the City may wish to undertake.
  The consultant team is working with the State Department of Transportation to propose corridor aesthetic improvements consistent with State roadway design standards.