East Downtown Market Study: Navigating Through Rapid Neighborhood Transformation

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EXECUTIVE SUMMARY

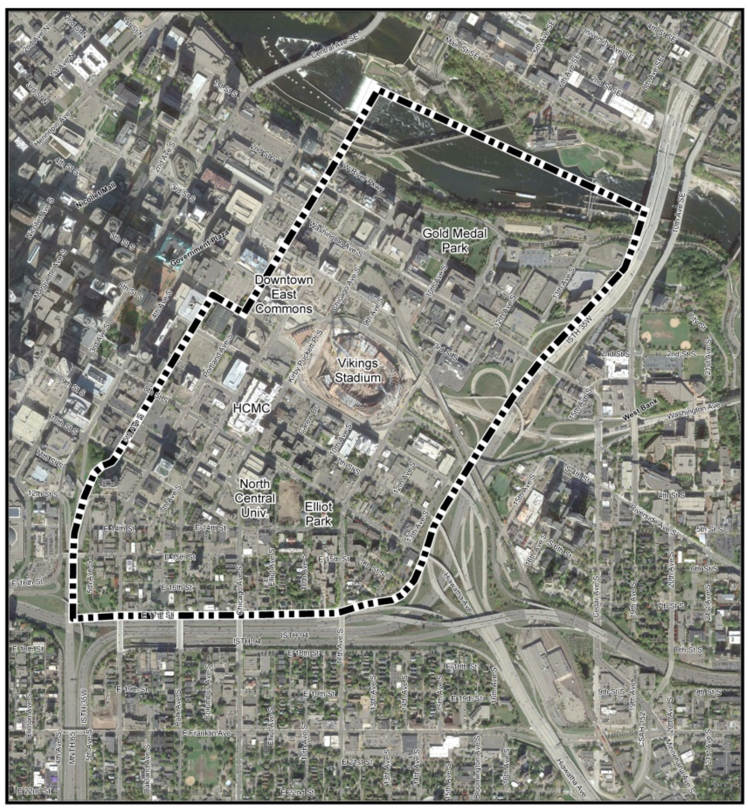
The City of Minneapolis Community Planning and Economic Development department commissioned Stantec and Perkins+Will to complete a market analysis assessing trends and influencers of redevelopment potential in East Downtown.

After decades of slow or even stagnant growth, East Downtown is undergoing rapid transformation. Fueled by increased interest in downtown living and a rejuvenated economy, evidence of this transformation can be seen in the area's scores of new housing units and high profile construction projects, including the Vikings stadium, Downtown East Commons Park, and the Wells Fargo campus. Along with a critical stop along the growing LRT system, new development has raised awareness of East Downtown to unprecedented heights, setting the stage for a period of substantial and sustained redevelopment.

This study is intended to help city planners and stakeholders better understand how market dynamics in East Downtown are responding to this change but also continue to influence it. This study uses quantitative analysis of market trends, field observations, and interviews with real estate professionals to understand key influencers driving growth among residential, retail, office and hotel markets in East Downtown.

For purposes of this study, East Downtown is defined as those blocks west of the Mississippi River, east of 5th Avenue South, north of Interstate 94 and west of Interstate 35W.

Each chapter of this report is summarized in following Executive Summary; the ensuing report contains the study's methodology and findings in entirety.



East Downtown Study Area

December 2, 2014

Stantec

N 0 1,000 Feet

Study Area Boundary

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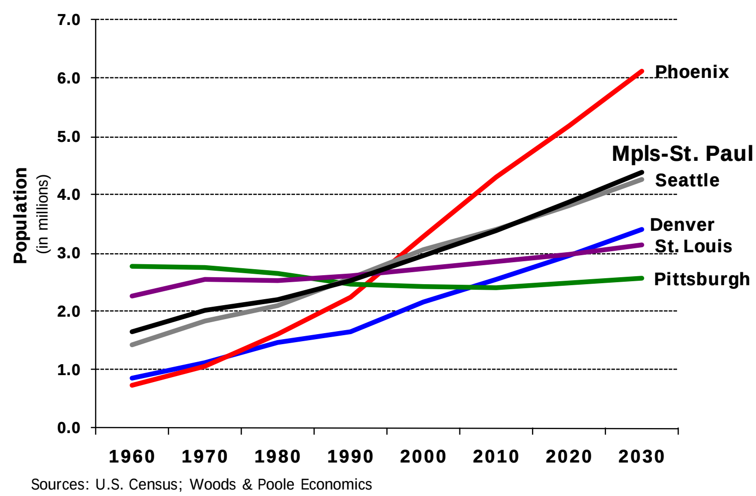
CHAPTER 1: METROPOLITAN CONTEXT

East Downtown is part of Downtown Minneapolis, though development patterns in East Downtown differ from those in the Minneapolis core. Because Downtown Minneapolis is the most prominent business district of the Twin Cities, the continued growth and evolution of downtown neighborhoods, including East Downtown, are closely tied to the health of both the surrounding metropolitan region and the global economy. The following section identifies metropolitan trends that have shaped development of East Downtown and will continue to influence its market potential.

The Twin Cities Metropolitan Area has a very strong and diverse economy with one of the nation's lowest unemployment rates. This is fueling population growth on a scale that sets the region apart from its historic peers in the Midwest. **Growth is rooted in international migration into the region, which signifies strong links to the global economy.**



Metro Area Growth Comparisons 1960-2030

Available data also indicates that **Downtown Minneapolis attracts a high proportion of out-of-state movers into the Twin Cities.** This suggests that as the economy of the Twin Cities continues to grow, there will be ever increasing demand for downtown housing as new arrivals from outside of the state are drawn to downtown for its proximity to jobs, recognizable attributes, and cosmopolitan array of activities and amenities.

CHAPTER 2: LOCATION ANALYSIS

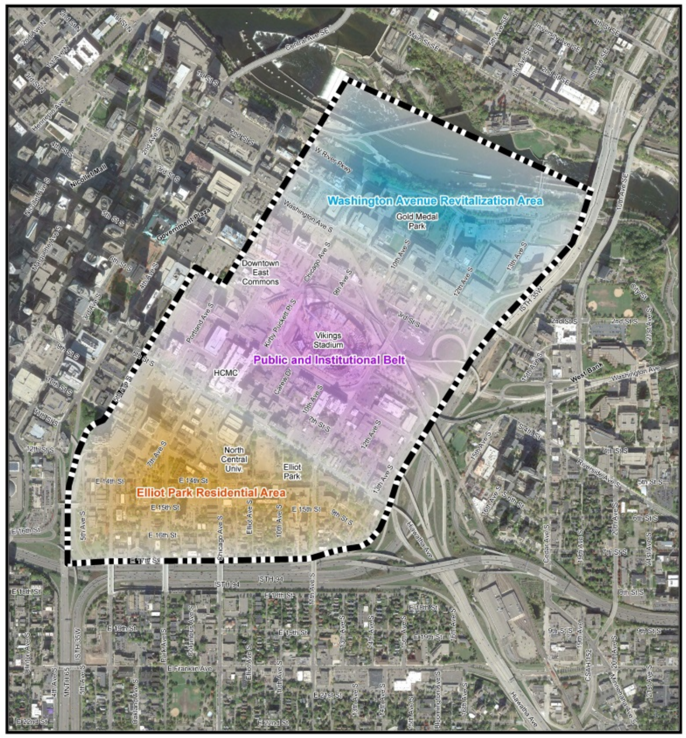
East Downtown has significant locational attributes that create opportunities for continued investment and revitalization. First, it is adjacent to the core of downtown Minneapolis, which contains the region's largest concentration of office space, numerous public and private institutions, and important retail and entertainment activty centers. **Therefore, East Downtown is well positioned to attract users that strongly desire to be close to the downtown core but are unable to afford its rents.** To a large degree, this area has accommodated any such expansion of the downtown core over the years. However, the character of the area has never been able to fully achieve the same level of intensity and activity as the downtown core due to a lack of critical mass of development.

Second, **East Downtown has a level of accessibility unequalled within the region.** It has numerous connections to the interstate highway network and is served by the region's two light-rail transit lines as well as numerous local bus routes and regional trails. Moreover, some of these infrastructure investments are still new and have yet to be fully realized as part of real estate investment decisions. Therefore, many upcoming decisions will be made with the knowledge that regional accessibility has profoundly increased within East Downtown and will continue to increase with additonal investments, such as the new entrance to Interstate 35W, the extensions of the Blue and Green light-rail lines, and the potential addition of downtown streetcars.

Third, East Downtown is laid out on a grid of streets with numerous block faces and sidewalks. Although the grid is disrupted by several large uses and blank-walled development, the **study area is still fundamentally an urban framework that is well positioned to accommodate new pedestrian-scaled development that aligns well with new transit investments.** Furthermore, the underlying grid pattern is a foundation for development that does not exist in most places within the region, which gives the area a distinct competitive advantage over other locales.

Fourth, **East Downtown is highly recognizable throughout the region, Minnesota, and beyond.** The former Metrodome and the Guthrie Theater are two examples of prominent facilities that have drawn people to the area from throughout the Upper Midwest. Therefore, building awareness among those responsible for major real estate investment decisions is not an issue. However, East Downtown does face challenges due to negative perceptions around particular uses within the area, such as the Hennepin County Juvenile Detention Center, and large "blank-walled" buildings such as the Hennepin County Medical Center. Numerous surface parking lots in this area also detract from the local streetscape.

Although East Downtown will become increasingly compelling as a location for real estate investment, there are some limitations that could confine future investment to small portions of the study area. **The primary limitation is the condition and function of north-south connections through the study area.** Park and Portland Avenues on the western edge of the study area currently serve primarily as arterials that funnel workers into and out of the downtown core. Therefore, Chicago Avenue can be seen as the best candidate to serve as the primary north-south connection that links the southern end of the study area to its northern end and the Mississippi River. However, Chicago Avenue has a particularly challenging skew at South 9^{th} Street in which traffic is shunted onto 9^{th} Street as much as it is encouraged to continue northbound along Chicago Avenue. Furthermore, Chicago Avenue passes through the heart of the HCMC campus and is adjacent to the new Vikings stadium. Therefore, there is limited opportunity to accommodate new developoment that would strengthen north-south traffic patterns.



East Downtown Character Districts

December 2, 2014
Stantec
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Study Area Boundary
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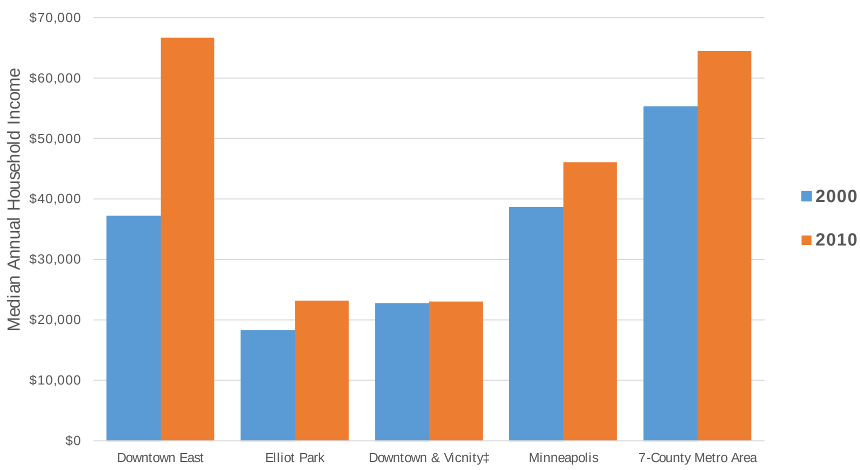
In addition to its transportation systems, East Downtown is defined by its predominant land uses. East Downtown can be thought of as three main character districts. The three districts spread west to east across East Downtown from the downtown core. “Washington Avenue Revitalization” describes an area dominated by high-end residential housing, restaurants, and service retail, which are oriented along Washington Avenue and the Mississippi River. The “Public and Institutional Belt” is immediately south of this character district, and encompasses large structures including the Hennepin County Medical Center, the Vikings stadium, the Hiawatha LRT tracks, and the Hennepin County Juvenile Detention Center. Finally, the “Elliot Park Residential” describe a neighborhood of primarily residential units that are more modest in building size and price than those in the Washington Avenue Revitalization. Other important uses that influence the character of this district are the AugustanaCare Campus, North Central University, and the adjacent Elliot Park.

CHAPTER 3: SOCIOECONOMIC ANALYSIS

Demographic and economic trends affect demand for new real estate development. The following section outlines key trends and identifies how the market will likely respond to future demand for housing, retail, and services in East Downtown. Historic and forecast data is analyzed at the neighborhood, city, and metropolitan levels for comparison purposes.

The neighborhoods in and adjacent to the downtown core are currently experiencing rapid population growth on a scale that is changing their character. This is no more evident than in the Downtown East neighborhood's Mill District where significant new development is contributing to an emerging residential character complemented by neighborhood retail, office, and entertainment uses. The volume and affluence of the growth in this area will likely cement it as a key node for commercial activity in the near future. Dominated by young professionals and empty-nesters/retirees, this area will likely become increasingly attractive to higher-end and national retailers who want to be proximate to the growing base of household wealth.

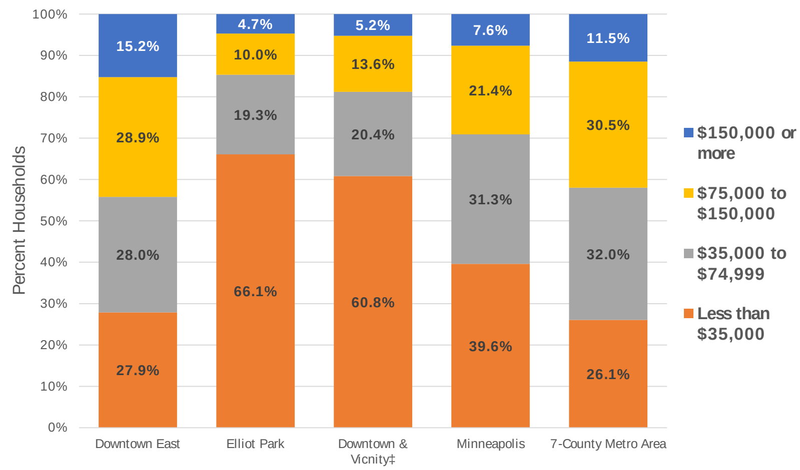
Elliot Park has also experienced population growth related to new residential development. However, this growth has been concentrated in three high-rise developments near its western border with the downtown core. To some degree, this has impacted the character of the neighborhood, but not to the level of the character change in the Mill District. Furthermore, **Elliot Park is a long established residential neighborhood in which its character is likely to evolve more slowly as opposed to the rapid change occurring in other downtown neighborhoods.**



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

Median Annual Household Income, 2000 and 2010

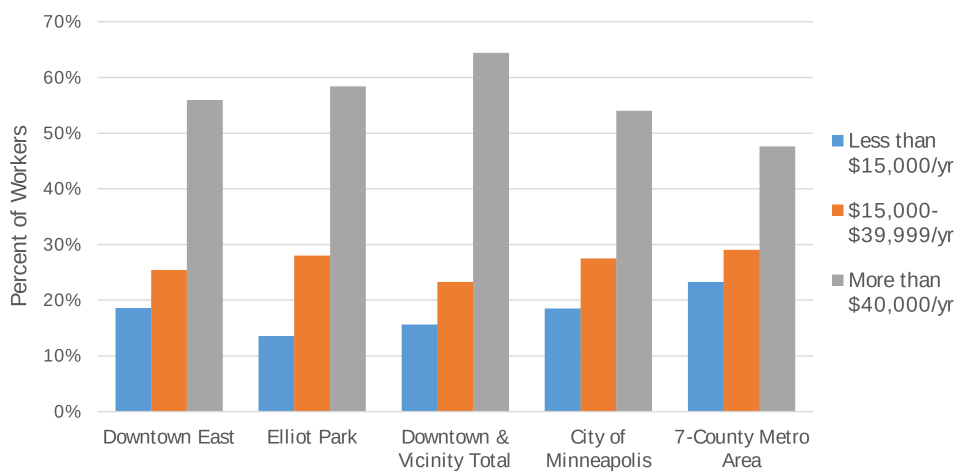
More importantly, Elliot Park has a higher concentration of lower income households and is more culturally diverse than Downtown East. The lack of spending power among residents will likely deter some types of real estate investment, particularly in the short term among national and high-end retailers who often adhere to strict thresholds for trade area incomes. Regardless, the socio-economic composition of even long-established neighborhoods can change rapidly when favorable land values converge with an uptick in real estate cycles and significant new investments in public amenities.



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

Household Incomes by Income Ranges

Although Elliot Park and Downtown East represent disparate household income patterns, **both neighborhoods host a higher concentration of high-wage jobs (over $40,000 per year) than in the Twin Cities Metropolitan Area as a whole.** In Downtown East, knowledge-based jobs are dominant, while the dominant sector in Elliot Park is healthcare services.



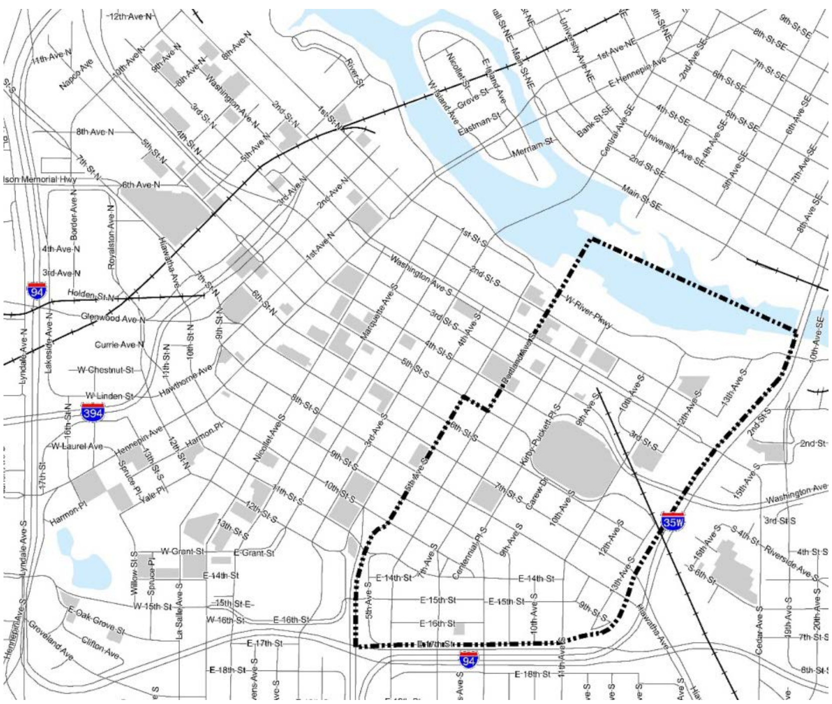
Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

Percentage of Jobs by Wage Level

CHAPTER 4: DOWNTOWN EXPANSION

East Downtown has been primed for redevelopment for many decades, but only recently has new development activity begun at an increasingly rapid rate and transformative scale. Although there are many reasons behind this, **a central driver of growth in East Downtown is expansion of the downtown core.** This section analyzes how the downtown core has grown and expanded over several real estate cycles, illuminating how East Downtown is positioned with respect to current and upcoming real estate cycles.

The downtown core of Minneapolis has historically been very compact relative to other downtowns in similar sized metropolitan areas. Efforts to expand the core in previous decades have been limited by the forces that have contributed to its compact nature. However, it appears that the downtown core is today poised for significant expansion. Analysis of recent development and investment patterns indicate that this is already beginning to occur. **As transportation infrastructure improves and the region continues to grow, pressure within downtown Minneapolis will only increase. Due to its proximity to the core, it is highly likely that the East Downtown study area will see continued investment consistent with the downtown core.**



Buildings permits over $5 million in downtown Minneapolis since 2004

CHAPTER 5: REAL ESTATE MARKET OVERVIEW

This section analyzes market data related to the major real estate sectors in downtown Minneapolis and, in particular, the East Downtown study area.

For-Sale Housing

Pricing of downtown housing has increased at a much more accelerated rate compared to the metro area. Median housing sale prices in downtown Minneapolis have rebounded since the Great Recession, and are now 17% above the 2007 market peak. New housing supply in downtown is severely restricted- evidence of pent-up demand. However, financing for new condominium development is hampered by developer liability laws. As the economy has improved, developers with strong bottom lines and a proven track record are beginning to forge ahead and test the favorable market conditions toward additional construction in this sector.

Rental Housing

The overall vacancy rate in downtown Minneapolis dropped from a peak of 9.8% in 2009 and has generally remained below 4.0% since 2011. Favorable demographics, growing interest in downtown living, and restricted supply of for-sale housing have supported the development of significant numbers of new apartments in the downtown. These have been almost entirely focused on affluent households, driving up rents. Given the current rate of development, short-term saturation seems likely in this market. However, previously mentioned fundamentals will help support long-term demand for rental housing that is well-located and well-positioned in downtown.

Retail

In late 2010, the average vacancy rate in East Downtown hit a low of approximately 2.0%, indicating a tight supply of available retail space. Since then, the vacancy rate has climbed to over 7%. Large swings in the vacancy rate in East Downtown are due to the relatively small universe of retail space; small shifts in occupied space at one or two properties can result in fairly large percentage changes in vacancy. As more housing is introduced into the downtown, there will be increasing demand to locate neighborhood retail at the most visible and accessible locations. In some instances this will necessitate construction of new retail space, though development costs will likely limit this growth to only the most desirable of locations.

Office

The average office vacancy rate for East Downtown is 16%, well above the broader downtown vacancy rate of 10% and the metropolitan rate of 9%. Slow rates of new office development over the past several years are rooted in both short-term trends (i.e., the economic recession of 2008-2009) and long-term structural change in the use of office space (i.e., greater efficiency in the use of office space).

Hospitality

Occupancy and room revenues in the hotel industry have risen significantly in recent years, spurring demand for new development. Elite chains once limited to major markets have either repurposed existing properties or made serious overtures into possible new projects. Although only one hotel is currently under construction in downtown Minneapolis at the time of this writing (Hampton Inn), there are several other sites being considered for new development. If all proposed projects move forward, this would add over 1,000 rooms to the downtown Minneapolis market.

Institutional

The big three sectors that make up the institutional market are Government, Healthcare, and Education. East Downtown has a large concentration of institutional uses, many of which have recently undergone expansion, such as the Hennepin County Medical Center. It is difficult to predict how changing market trends will affect future institutional development because projects tend to be very large relative to most private sector investment and rising land prices often precludes institutional growth. Because of the political and logistical complexity in re-locating or renovating large institutions, growth in this sector that has not already been identified is unlikely.

CHAPTER 6: INTERVIEWS WITH REAL ESTATE EXPERTS

Previous sections describe factors influencing development potential in East Downtown: demographic characteristics, employment structure, land use and transportation patterns, current market dynamics, and recent development momentum. To augment these findings, the research team interviewed real estate experts familiar with East Downtown to solicit their impressions of its future development potential. The interviews provide insight into the issues and concerns of those actively engaged in development.

The interviews were analyzed for key themes relevant to East Downtown and summarized below. It should be noted that the comments and opinions summarized in this chapter are not necessarily those of the report's authors. Key themes included:

General Reactions: Interviewees agreed East Downtown is undergoing a remarkable renaissance driven by the development of Downtown East Commons, the Vikings stadium, and the Wells Fargo office complex. Interviewees were generally bullish about the area's potential to sustain on-going growth, especially among blocks in the northern portions of the study area.

Real Estate Markets: Most interviewees felt that housing would be the major driver of growth in East Downtown. The increasing popularity of downtown living, scarcity of developable space in other downtown neighborhoods, and limited growth potential among other real estate sectors were key factors in these opinions.

Barriers: Downtown East experiences physical and psychological barriers. Physical barriers include the uninviting pedestrian realm, especially as it connects to the downtown core. Psychological barriers include its poor reputation. Several interviewees noted the importance of programming the Downtown East Commons Park to include year-round activities friendly to families and neighborhood residents.

Transportation: Downtown East has high connectivity in the metropolitan region, but its character suffers from freeway entrance and exit ramps and lack of a gateway feel. Many felt the presence of the Blue and Green Lines to be a boon to the area.

Public Realm: Interviewees generally felt the area's public realm to be poor and needing upgrades. Sidewalks, green spaces (including parks and street trees), and skyway connectivity were viewed as important enhancements.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

This section builds upon previous analyses and findings to create a more complete picture of which market trends will most profoundly affect East Downtown in the coming years. Ideally, a richer understanding of market trends will help identify where and what types of public intervention are needed most to catalyze investment, or, conversely, where new controls and policies may be needed to protect existing assets in the face of rapid change.

The section begins with high-level calculations that attempt to quantify market demand in order to provide a basic understanding of the potential magnitude of change in the foreseeable future. From there, key conclusions are drawn regarding the short and long-term development potential in East Downtown, which is then followed by strategies for how to best navigate such market forces.

Housing Demand

Future housing demand could support approximately 3,200 new housing units in East Downtown through 2030. Close to 60% of the estimated housing demand for East Downtown will be from households with incomes that generally cannot afford most types of new housing without some form of public involvement. Therefore, approximately 1,800 units of this demand may not be met without greater public support through policy change or financial assistance. If private sector developers continue to only focus on households with incomes able to comfortably afford market rate rents, then demand can support approximately 1,300 units over the next 15 years.

Retail Demand

Based on forecasted growth in consumer dollars through 2030 in the East Downtown study area, it is estimated that 150,000 square feet of retail space could be supported. Not all of this potential growth will result in the development of new retail space because there is a significant amount of underutilized retail space currently in the study area that could be renovated in order to accommodate this growth.

Office Demand

A little over 100,000 square feet of new office space can be supported in East Downtown through 2030. This is less than 10,000 square feet per year, a very small amount of space given downtown's long history of being able to accommodate significant office development. However, this reflects economic trends reducing employers' needs for office space, and the oversupply of office space in general, which will likely increase in the near future.

It should be noted that this assessment does not take into consideration the potential that a large single-user office building could be built in East Downtown.

Hospitality Demand

Downtown hotel occupancies have risen dramatically since 2009 and are now at levels that typically support new development. Not surprisingly, there are numerous proposals for new hotel projects in the downtown and even within the East Downtown study area. The forecast for increased long-term hospitality demand is strong. Specific examples of new or enhanced room night generators include the new Vikings stadium, Downtown East Commons Park, the new HCMC outpatient clinic and surgical center, a renovated Target Center, a renovated Nicollet Mall, and a consolidated Wells Fargo campus. Other potential room night generators that could increase the demand for hospitality include a new MLS stadium, Minneapolis Convention Center improvements and/or expansion, and a growing downtown household base that would generate demand for family-based leisure travel.

Key Findings

Overall, the short and long-term market demand for new development in the East Downtown study area is strong. This should come as no surprise to those who pay close attention to downtown trends. However, a broad statement proclaiming the potential of an area like East Downtown masks the fact that opportunity is not evenly dispersed throughout the study area. Differences in market demand can be based on a variety of factors, such as location, type of land use, market timing, competition, to name but a few.

The following are key findings and conclusions regarding important market trends affecting East Downtown.

Downtown Minneapolis is thriving. Since 2000, its population growth has been remarkable and in many ways equals the growth experienced in many large, fast growing suburban communities. The reasons for this are numerous. First, the population growth of the past 15 years has resulted in more neighborhood amenities in the form of shops, stores, and services, all of which, when in place, help attract more residents. Second, the Twin Cities metropolitan region is thriving as well.

Since 2010, the Twin Cities metropolitan area has added more population than any other Midwestern metro area, including the much larger Chicago and Detroit regions. Third, there is a clear cultural trend favoring walkable/bikeable/mixed-use neighborhoods and downtown with its small blocks laced with sidewalks and inherent mixture of activities is well positioned to capture growth driven by this demand. Fourth, long-term public investments in the downtown are starting to pay significant dividends. This is particularly evident for neighborhoods that line the Mississippi River, which include portions of the East Downtown study area. The City of Minneapolis helped formulate a vision to transition the riverfront from an obsolete industrial landscape into a recreational and cultural amenity that would be the basis for additional private investment and eventual neighborhood revitalization. Although the process started many years before the first new residents and businesses began to move into these neighborhoods, it is now starkly evident just how much these areas have underscored a thriving downtown.

Demographic trends are very favorable for downtowns. The two largest age cohorts, Baby Boomers (those born between 1946 and 1964) and Millennials (those born between 1982 and 2000) are currently in life stages characterized by high mobility and few young children at home. Therefore, downtown living, often associated with low maintenance housing (e.g., no private yard) and proximity to entertainment districts, has a strong appeal among these age groups. Moreover, favorable demographic trends when combined with strong economic growth can greatly enhance the demand for downtown living. For example, newcomers drawn to a region for employment often look first for housing in the downtown because it is a high profile area and convenient to a large concentration of jobs.

East Downtown is receiving significant public investment that is unlocking substantial private investment. This began with the opening of the Blue Line LRT in 2004. However, since 2014 additional public investment has begun to accelerate: the addition of the Green Line LRT has greatly expanded the reach of the transit system in 2014; the new Vikings stadium is currently under construction; the Downtown East Commons Park, the HCMC outpatient specialty center, and reconstruction of Washington Avenue west of 5th Avenue all will begin later in 2015. The immediate impact of these investments can be seen in the new Wells Fargo campus and several other redevelopment projects in East Downtown. Although there is and will continue to be debate as to which types of public investments catalyze which types of private investment, it is beyond doubt that the profile of East Downtown has been substantially raised in recent years and that significant attention is being given to the area among all types of private interests. Interviews with real estate experts clearly underscored this fact. Every one interviewed felt that the area is in the process of a remarkable transformation and that property throughout the study area is being evaluated and even beginning to change hands in anticipation of new development opportunities.

East Downtown is highly accessible, especially compared to other downtown neighborhoods. The regional highway system connects into East Downtown from several points. The transit system directly serves the area. It is adjacent to the downtown core with existing, direct sidewalk connections and the potential to easily expand the skyway system into the neighborhood unlike other downtown neighborhoods.

There are three distinct character districts within the East Downtown study area each with unique circumstances influencing future development potential: 1) the Washington Avenue Revitalization district, which is north of 3rd Street South; 2) the Public and Institutional Belt, which is between 3rd Street South and 8th Street South; and 3) Elliot Park Residential district, which is south of 8th Street South. The Washington Avenue district has been undergoing significant revitalization for over 15 years and continues to be the focus of significant private sector investment due to its proximity to the Mississippi River, historic elements, and connectedness to the University of Minnesota. The Public and Institution Belt is often characterized as a “no man’s land” because of its plethora of parking lots and large structures (e.g. HCMC and stadium) that inhibit pedestrian activity. The Elliot Park Residential district is a diverse community that has been historically cut off from significant investment because of real and perceived isolation related to poor or disrupted physical connections and a negative reputation. It is notable that each character district is defined by east-west boundaries. This is because the psychological connections linking the north end of East Downtown to its south end are poor and the roadways that provide direct access to and from Interstate 94 are lined with large, imposing structures and serve such a singular purpose that they physically and psychologically cut off each district from one another.

There is a visible trend that significant property investment has begun to spill outside of the core downtown and into surrounding neighborhoods, including East Downtown. The downtown core, anecdotally defined as the existing skyway system, captured an overwhelming proportion of property investment prior to 2000. Since 2000, however, there has been a clear pattern of significant property investment expanding into adjacent neighborhoods. This is a strong indicator that the downtown core is beginning to expand, and, given the location of East Downtown and the level of public investment occurring, is well positioned to accommodate any continued expansion.

Multifamily housing will be the dominant land use in East Downtown. Reasons housing will remain dominant are related to strong forecasted growth over the next 15 years, favorable demographics as highlighted above, the presence of an untapped middle-income market, and limited demand from other real estate sectors. In the short term, the apartment market, in particular market rate product, is currently very strong with thousands of units proposed or under development throughout downtown, including East Downtown. Nevertheless, market rate apartments will inevitably reach temporary saturation, which will cause development to slow down. However, at the same time, demand for ownership housing, specifically condominiums, is increasing rapidly and could become the primary driver of development in East Downtown. However, there are some concerns that, despite increasing demand brought on by limited supply and increased prices, there are few developers willing to develop condominium product because financing is being hindered by State laws related to developer liability. This artificial restriction on the market could result in a greater willingness among developers to work on more projects targeted to the middle-income market. However, that will remain a big question mark as middle-market housing typically cannot achieve high enough rents to support new construction and thus it requires a much more complex development process and need to find "gap" financing. Moreover, many property owners with an interest in selling to a developer may see any market preferences for middle-income product as merely temporary and set land prices at a rate that can only be supported through top-of-market rents.

Based on interviews with real estate experts, there is not a lot of room left north of Washington Avenue for new housing development. Therefore, any new development will likely be south of Washington Avenue. Surrounding the Downtown East Commons Park is the most logical location for higher-end product, though there is the potential that any new office development would likely gravitate to this area and may outbid residential. Some market observers have suggested that Portland Avenue extending south from the Downtown East Commons Park could become a viable residential corridor to handle future demand, especially if the streetscape, public realm, and traffic patterns were all improved. In particular, this area was considered to be a potential market for more middle-income product because land values are currently somewhat lower in this part of East Downtown. Reasons for citing Portland Avenue as a potential location to focus development are that there are a number of properties along the corridor with willing sellers, it is just far enough from HCMC to not be directly impacted by emergency vehicle noise, and it offers the best connection to both the Downtown East Commons Park and the Mississippi Riverfront Park.

In the heart of Elliot Park, where land values are the lowest in the study area, smaller-scale in-fill projects, such as attached townhomes, appear to be the most politically acceptable concept given the existing low-rise character of much of Elliot Park. However, current market demand for new development in Elliot Park is impacted by its lack of retail amenities, lower household incomes relative to other downtown neighborhoods, and the fact that there has been sufficient land in other downtown neighborhoods to accommodate growth.

New retail development in East Downtown will primarily follow new housing development, be limited in size and scale, and be neighborhood-oriented. Because Nicollet Mall will retain its position in the downtown as the primary location for any retail with a regional draw and the Warehouse District/North Loop will continue to be the primary entertainment area, it is unlikely that East Downtown will emerge as a new large-scale retail district. Therefore, any retail growth will be contingent on the number of residents, employers, and visitors to East Downtown. Undoubtedly, East Downtown has some significant attractions that pull visitors into the area. However, demand calculations that factor in visitor and employee counts as well as the number of residents will only be able to support 150,000 square feet of new space through 2030. To put this in perspective, this would only be about six blocks worth of street level retail.

As mentioned previously in this report, Washington Avenue is the only corridor within the East Downtown study area with any significant retail. As demand for more retail increases with household growth, it will likely continue to capture a majority of demand because of its proximity to an established base of affluent households, high traffic counts, access to Interstate 35W, connections to the University of Minnesota, and supply of vacant land to accommodate new retail development.

Secondary to Washington Avenue, other possible locations for retail activity that may emerge would be frontage along the Downtown East Commons Park, along Portland Avenue (if it is enhanced to attract development), and adjacent to HCMC, though this would be a small center focused on lunch-driven food concepts and convenience services. In terms of retail activity fronting the Downtown East Commons Park, there will be an opportunity to potentially capture destination retail due to activities occurring within the Park or the Vikings stadium. Anchor uses would be restaurants and possibly some ancillary retail, such as gift shops and other small boutiques that are supported by casual visitors looking to extend the destination experience. However, this is heavily predicated on the programming of the park. If the park remains mostly passive, any retail around it will need to be supported mostly by nearby employees and residents since visitors will be a secondary source of patronage.

Confounding the retail situation is that the industry is undergoing rapid change as retailers adapt to an increasingly virtual society. In order to survive and thrive, retailers have to offer customers an experience that is decidedly non-virtual. For durable or luxury goods, where people are apt to comparison shop, this means either appealing to the human senses of touch, taste, and smell or creating a communal realm where an experience can be shared. However, for non-durable or perishable goods, proximity and convenience will remain paramount and it is this type of retail that will be in demand in East Downtown.

Multi-tenant office space of any significant size is unlikely to be developed in East Downtown. Calculated demand for new office space in East Downtown through 2030 is slightly more than 100,000 square feet, which is a small office building by modern downtown standards. The lack of substantial demand is based on forecasted employment growth, an excess supply of office space, and trends toward less space needed per office worker.

This finding is corroborated by the fact that nearly every real estate expert interviewed as part of this study stated that they did not think office uses would be a significant element of future development in East Downtown. Many thought that the Wells Fargo campus, which is currently under construction, was the result of very unique circumstances and would likely not be duplicated in the near future. Others added that the excess supply of space created the new Wells Fargo project as well as the retrenchment of the Target Corporation will create enough excess supply of space to dampen any future demand for new space into the foreseeable future. Still others added that demand for office space is highly sensitive to access to the skyway system and with excess supply in the downtown core growth is unlikely to occur in East Downtown.

A low forecast for growth is also corroborated by the fact that office development has slowed precipitously in recent years from its 40-year average. Beginning in the late 1960s as the national economy switched from an industrial economy to a post-industrial economy, millions of square feet of new office space were built in downtown Minneapolis. Between 1970 and 2005, downtown average almost 750,000 square feet of new office space per year. Now that adaptation to a truly digital work environment is becoming more complete, concepts of where we work and how we use work space are evolving rapidly. Hastened by the recession, companies are dramatically scaling back their office space. Between 2005 and 2014, downtown Minneapolis average 6,000 square feet of new office space per year. Undoubtedly, more office space will be constructed in downtown Minneapolis. As matter of fact, several new projects are currently under construction. Nevertheless, the trend is toward a profoundly less amount of office space.

Although calculated demand is low, it should be noted there are several attributes to East Downtown that may attract future office development. First, it is adjacent to the downtown core and could easily accommodate expansion of the skyway system. Although the Wells Fargo project will be connected to the skyway system, it will be somewhat distant from the core where many skyway level services exist. However, there are portions of East Downtown that would be closer to denser segments of the network. Second, the transit station may become a draw for office uses. Third, the potential to overlook the Downtown East Commons Park may be a draw as well.

Hotels will compete with housing for certain sites in the short term. The hotel market is very hot at the moment driven by strong occupancies and rising revenues. There are multiple projects being considered for East Downtown, including two proposed projects close to the new Vikings stadium as well as discussions of another project along Portland or 5th Avenues closer to the downtown core. In addition, several other sites are proposed or underdevelopment in the downtown core and North Loop. This current round of hotel development, in all likelihood, will satisfy hotel demand for a number of years.

Hotels will gravitate to two or three areas within East Downtown, but outside those areas, demand will be weak. Currently, the new Vikings stadium and Downtown East Commons Park is generating significant hotel interest. Clearly, close proximity to the new stadium will generate intense demand during event days. Furthermore, as the new stadium attracts high profile events, such as the Super Bowl and the NCAA Final Four, this will increase opportunities for hoteliers to capture significant revenues and balance out weaker demand during non-event days. The area along 5th Avenue and Portland Avenue south of the Armory presents more stable long term demand in that this area could become a gateway into East Downtown and be better positioned for new connections to the downtown core through skyway and/streetscape enhancements.

Recommended Strategies

With so many forces influencing market demand for new development in East Downtown, below are a number of recommended strategies that would help planners and stakeholders to better guide demand and potential change.

Strengthen and Improve Key North-South and East-West Corridors through East Downtown

East Downtown is already largely defined by the function and character of existing corridors. Unfortunately, it is not positive since these corridors generally function to separate and isolate the area. Consider focusing on strategic corridors that better connect the different character districts to one another, to desirable amenities, to greenery, and to economic opportunity in the downtown core. Improved connections will greatly enhance the potential to attract future development.

Washington Avenue is being reconstructed into a complete street, which is critical. Also consider improving a north-south route, such as Portland Avenue, and an additional east-west route that goes directly into the downtown core.

Diversify Housing Choice

Downtown population growth has been impressive over the last 15 years. However, certain demographics have been largely left out of this growth, namely older age groups, families with children, and lower-income households. More housing diversity would help to not only attract more newcomers into the downtown who can take advantage of transit and employment opportunities, but it would also allow existing residents to remain in the downtown should their life circumstances change.

A commitment to providing greater housing diversity is not easy. It will likely require some form of government intervention either through policy changes or financial assistance or both.

Greening the Area

Despite East Downtown's many positive attributes that are positioning it for dramatic future growth, lack of green space along its corridors in both the public and private realm stick out as being a very stark reminder of how the area has generally been neglected for many years as parking lots and large institutional uses dominated the landscape. With housing being the primary driver of future growth, greening of the public realm will be essential for attracting investment. There already are several key open spaces in East Downtown (Elliot Park, Franklin Steele Square, Mississippi Riverfront Park, Gold Medal Park) and the forthcoming Downtown East Commons Park. However, these areas need to be linked with green. Also consider linking East Downtown with the downtown core and Nicollet Mall.

Heavily Program the Downtown East Commons Park

The Downtown East Commons Park needs to be heavily programmed to make sure it is active and vibrant. Without consistent programming, the park is at risk for becoming passive and underutilized. Although passive parks play a key role in the broader park network, Downtown East Commons Park is a central location and a gathering spot and the uses that surround it need to interact with it and feed off of one another vitality.

Integrate the new Vikings stadium into the Neighborhood by Finding Ways to make it an Indoor Extension of Downtown East Commons Park

The new Vikings stadium is widely regarded by real estate experts as having a negative impact on development in East Downtown. It is large, difficult to get around, and has very little interaction with the street, except on event days. One of the experts interviewed as part of this study noted that during non-event times the stadium should be integrated into the neighborhood as an indoor extension of the adjacent Downtown East Commons Park. This would make the stadium a greater part of the neighborhood and community, which would potentially make it an asset and amenity and not just a landmark everyone is familiar with.

Work with HCMC on a Health District Plan

HCMC is by far East Downtown's largest employer, occupies numerous blocks, and is strategically located between Elliot Park and the northern half of East Downtown. Unfortunately, it is widely considered to be a detriment to new development because most of its buildings are large and not oriented to the street in any positive way. Furthermore, arrival of emergency vehicles (ambulance or medivac) is a disturbance to certain nearby uses. Nevertheless, HCMC should be considered an asset. Healthcare is becoming an increasingly important element to our economy and helping HCMC succeed would be good for East Downtown. A health district plan can identify steps to positively leverage this asset to benefit the surrounding community.

Focus on Sidewalks

In addition to greening the public realm and streetscape as much as possible, sidewalks should be made a top priority. East Downtown is already connected physically to the downtown core. However, the sidewalk experience appears to be a huge detriment as many of the sidewalks are poorly maintain. By improving the sidewalks through better maintenance, this would better connect East Downtown to the core. Furthermore, as redevelopment occurs in East Downtown a program to widen sidewalks would distinguish the neighborhood from other downtown neighborhoods and strengthen its relationship with the core.

Create Gateways at Key Locations

Elliot Park has a gateway at 10th Street and 4th Avenue. However, nowhere else in East Downtown is there an obvious gateway that helps define its borders and identity. With the rerouting of the freeway entrance from Interstate 94, there is an opportunity to create a gateway where traffic will focus to help with creating a sense of place.

CHAPTER 1: METROPOLITAN CONTEXT

1.1 CHAPTER SUMMARY

East Downtown is part of Downtown Minneapolis, though development patterns in East Downtown differ from those in the Minneapolis core. Because Downtown Minneapolis is the most prominent business district of the Twin Cities, the continued growth and evolution of downtown neighborhoods, including East Downtown, are closely tied to the health of both the surrounding metropolitan region and the global economy. The following section identifies metropolitan trends that have shaped development of East Downtown and will continue to influence its market potential.

The Twin Cities Metropolitan Area has a very strong and diverse economy with one of the nation's lowest unemployment rates. This is fueling population growth on a scale that sets the region apart from its historic peers in the Midwest. Although the growth may not be equal to rapidly growing Sunbelt cities, it is characteristic of other robust regions found in the West. **Growth is rooted in international migration into the region, which signifies strong links to the global economy.** This is especially impressive given that the Twin Cities are not located on a coast or in a warm climate.

Available data also indicates that **Downtown Minneapolis attracts a high proportion of out-of-state movers into the Twin Cities.** This suggests that as the economy of the Twin Cities continues to grow, there will be ever increasing demand for downtown housing as new arrivals from outside of the state are drawn to downtown for its proximity to jobs, recognizable attributes, and cosmopolitan array of activities and amenities.

1.2 METROPOLITAN HISTORY

The Twin Cities began to grow in earnest during the 1850s and 1860s. Saint Paul was the head of navigation along the Mississippi River and developed as a river port for goods being transported to and from the south. Minneapolis grew industrially by harnessing the power of St. Anthony Falls just a few miles upriver from St. Paul.

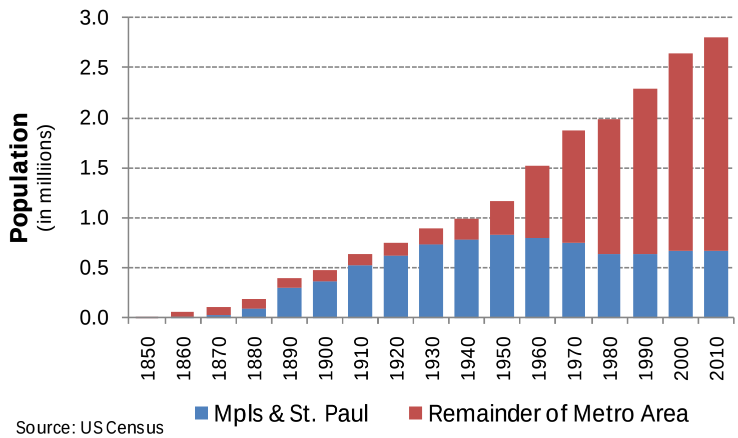
Early industries of the Twin Cities relied on Minnesota's natural resources. Forests supplied much of the lumber that helped build distant cities like Chicago and St. Louis. Agribusiness later assumed a greater importance economically, as virgin forests grew scarce after 1910. Aided by railroad development during the late 1800s, a grain and flour milling empire was established in the Twin Cities. Minneapolis became a destination point for grain distribution throughout the Upper Midwest and was the largest flour-milling city in the world from the 1880s to the 1920s.

The presence of two transcontinental railroads and access to river commerce helped the Twin Cities become a major wholesale distribution center serving places as far away as the Pacific

Northwest by the early 1900s. A substantial industrial base emerged as well, which helped fuel growth in the Twin Cities.

The central cities of Minneapolis and Saint Paul captured most of the region's growth until 1950 (Figure 1). After 1950, with political boundaries largely fixed in place, metropolitan growth spilled outside of the two central cities. For several decades, the central cities incurred a net loss of population even though each remained an important center of activity for the region. Since the 1990s, the central cities have begun to experience new population growth fueled by increased international immigration, conversion of industrial districts to new residential neighborhoods, and a growing demand for urban living.

Figure 1: Twin Cities Metropolitan Area Population 1850-2010



Source: US Census

1.3 METROPOLITAN COMPARISONS

The Twin Cities is the nation's 16th largest metropolitan region with 3.5 million people[1] and the third largest in the Midwest region behind Chicago and Detroit. Although Chicago is the undisputed economic center of the Midwest- its 10 million people make it the nation's third largest metropolitan region- population growth in the Twin Cities since 2010 has significantly outpaced Chicago and all other Midwest metropolitan areas with more than one million people (Table 1).

[1] US Census: Metropolitan and Micropolitan Statistical Area Totals Dataset: Population and Estimated Components of Change: April 1, 2010 to July 1, 2013, https://www.census.gov/popest/data/metro/totals/2013/CBSA-EST2013-alldata.html

Table 1: Population Change of Major Midwestern Metropolitan Areas 2010-2013

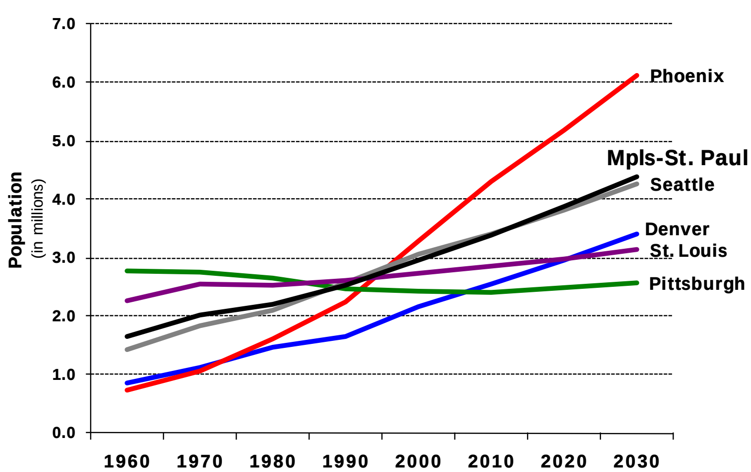
METROPOLITAN AREA	2013 Population Estimate	Population Change 2010-2013	Rank Among Largest 381 Metro Areas
Minneapolis-St. Paul-Bloomington, MN-WI	3,422,417	110,289	19
Chicago-Naperville-Elgin, IL-IN-WI	9,514,059	76,184	26
Indianapolis-Carmel-Anderson, IN	1,929,207	66,084	30
Columbus, OH	1,944,937	65,101	31
Kansas City, MO-KS	2,038,690	45,135	37
Grand Rapids-Wyoming, MI	1,005,493	27,663	52
Cincinnati, OH-KY-IN	2,129,309	22,826	63
Milwaukee-Waukesha-West Allis, WI	1,566,182	13,751	94
St. Louis, MO-IL	2,796,506	13,362	98
Detroit-Warren-Dearborn, MI	4,292,832	-1,330	348
Cleveland-Elyria, OH	2,064,739	-12,520	381

Source: US Census

In addition to strong overall population growth, the Twin Cities has also netted the Midwest region's highest net migration (33,301) and second highest net international migration (32,682) since 2010.

The Twin Cities share attributes with most other large metropolitan areas of the Midwest, including similar economic history, climate, topography, and cultural characteristics. In recent decades, though, the Twin Cities has continued to grow and diversify at a rate well above other Midwestern cities. The region has become more analogous to faster growing Western cities that have capitalized on growing economic sectors such as high-tech, bio-medical, and healthcare. Figure 2 illustrates how the Twin Cities have generally eclipsed former peer cities, such as Pittsburgh and St. Louis, and are poised to continue to grow and keep pace with cities like Seattle and Denver.

Figure 2: Metro Area Growth Comparisons 1960-2030



Sources: U.S. Census; Woods & Poole Economics

1.4 METROPOLITAN ECONOMY

The Twin Cities Metro Area is the economic and cultural center of the Upper Midwest. Its steady growth is attributable to a diverse economy, which has historically allowed it to avoid the boom and bust fluctuations of other metro areas. The economy that was once based on the State's natural resources has diversified and now has one of the best industrial mixes in the nation. The Twin Cities industrial base consistently ranks high in national surveys.

The Twin Cities ranked 5th nationally in 2014 among metropolitan areas in the number of Fortune 500 firms (17). On a per capita basis, it ranked number one among the 30 largest metropolitan areas, and Downtown Minneapolis is the location for five of the region's Fortune 500 firms (Table 2).

Table 2: Fortune 500 Companies Based in the Twin Cities

COMPANY	RANK
United Health Group	14
Target	**36**
Best Buy	60
CHS	62
Supervalu	94
3M	101
U.S. Bancorp	**140**
General Mills	181
Medtronic	159
Land O'Lakes	199
Ecolab	213
C.H. Robinson	220
Ameriprise Financial	**249**
Xcel Energy	**257**
Mosaic	283
Thrivent Financial	**335**
St. Jude Medical	462

Note:Companies in **bold** located Downtown Mpls
Source: Fortune Magazine, 2014

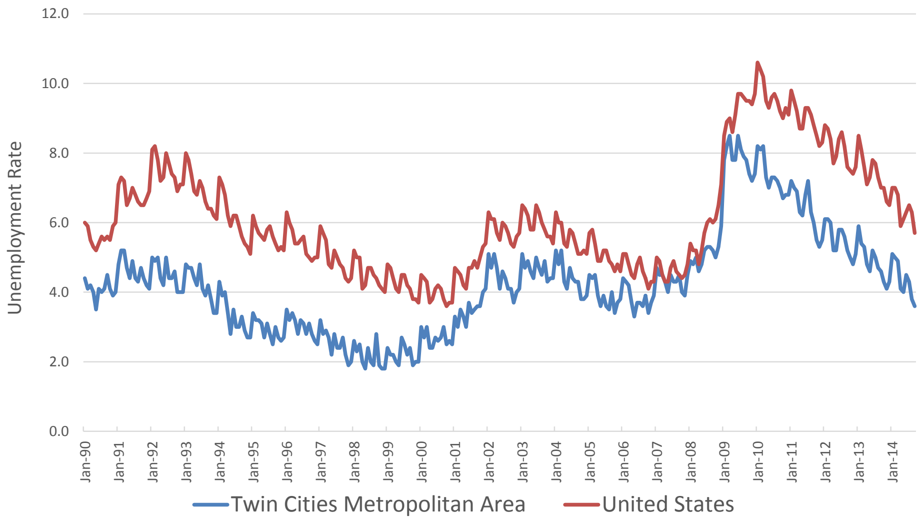
A number of nationally recognized financial companies are headquartered or have substantial operations in the region including Ameriprise, Securian (formerly Minnesota Life), ING North America, St. Paul Travelers, and Allianz of North America. Minneapolis is also home to the Ninth Federal Reserve District and one of the largest banks in the country, U.S. Bancorp.

Minnesota ranks sixth nationally in growth of high tech jobs since 1980, and over one third of the total work force is employed in "white collar" management or service jobs. Some of the Twin Cities largest high-tech companies include 3M, Cray Research, Ceridian, Alliant Techsystems, Unisys, and Seagate Technology.

Many medical companies such as St. Jude Medical, Medtronic, Guidant/Boston Scientific, SciMed Life Systems, and the University of Minnesota Hospital are developing numerous medical technologies and providing quality health care in the Twin Cities that is recognized throughout the United States.

This high degree of economic diversification has kept the Twin Cities unemployment rate at relatively healthy levels. Since 1990, the unemployment rate in the Twin Cities has consistently averaged two to three percentage points below the national rate (Figure 3). Although the Great Recession pushed unemployment rates to their highest in 30 years, the Twin Cities region has experienced a sharp decline over the last four years, likely the result of its diverse economy.

Figure 3: Regional and National Unemployment 1990-2014



Source: Minnesota Department of Employment and Economic Development, *Local Area Unemployment Statistics (LAUS)*

In terms of Gross Domestic Product (GDP), the Twin Cities outperforms its peers. Although the metropolitan region is the 16th largest in terms of population, it has the 13th largest GDP. On a per capita basis, it has the nation's 11th highest GDP ($61,711) among larger metropolitan areas (i.e., population of 1,000,000 or more) and the highest among metropolitan areas in the Midwest[2].

1.5 DOWNTOWN CONTEXT

Housing demand in downtown neighborhoods tends to be influenced by national or global economic trends from beyond a particular region. Although there is not a lot of data available that directly addresses how residents and workers of a given neighborhood or district may or may not be more connected to the national or global economy than other neighborhoods within a region, Table 3 presents data on where recent movers originated from. From this set of data, it could be assumed that a neighborhood with a significantly higher level of movers who originate from out-of-state, as opposed to those who came from somewhere within the state, would suggest that there is an important connection of the neighborhood to the broader national and international economy. One likely explanation of this phenomenon is that new arrivals to the region from out of state have a propensity to locate in the most recognizable neighborhoods (e.g., downtowns) before migrating elsewhere within the region, which would only underscore how downtowns do indeed have a strong connection to economic activity beyond the region.

Table 3 demonstrates that the neighborhoods comprising the Downtown core attract younger persons from outside the state at rates dramatically above the metro-wide rate.

[2] Bureau of Economic Analysis, Gross Domestic Product by Metropolitan Area, http://www.bea.gov

Table 3: Origin of Those Who Moved in 2013

Age of Persons	Minnespolis Downtown Core[1]			Twin Cities Metropolitan Area			Difference in Percentage of Out-of-State Movers
	Moved within Last Year	Moved from Out-of-State in Last Year	Percent of Out-of-State Movers	Moved within Last Year	Moved from Out-of-State in Last Year	Percent of Out-of-State Movers	
1 to 4 years	114	52	45.6%	35,588	5,314	14.9%	30.7%
5 to 17 years	300	104	34.7%	73,843	10,746	14.6%	20.1%
18 and 19 years	58	21	36.2%	25,925	6,593	25.4%	10.8%
20 to 24 years	592	147	24.8%	81,328	14,715	18.1%	6.7%
25 to 29 years	1,292	305	23.6%	81,678	14,422	17.7%	5.9%
30 to 34 years	536	147	27.4%	50,639	9,663	19.1%	8.3%
35 to 39 years	238	73	30.7%	32,330	5,456	16.9%	13.8%
40 to 44 years	179	42	23.5%	26,583	4,073	15.3%	8.1%
45 to 49 years	228	22	9.6%	21,906	3,599	16.4%	-6.8%
50 to 54 years	213	61	28.6%	19,255	3,136	16.3%	12.4%
55 to 59 years	158	0	0.0%	14,655	2,519	17.2%	-17.2%
60 to 64 years	112	0	0.0%	10,091	1,912	18.9%	-18.9%
65 to 69 years	41	0	0.0%	5,666	1,294	22.8%	-22.8%
70 to 74 years	27	0	0.0%	4,507	1,259	27.9%	-27.9%
75 years and over	15	0	0.0%	13,632	1,960	14.4%	-14.4%
Total Persons	4,103	974	23.7%	497,626	86,661	17.4%	6.3%

[1] Census Tracts 1261 and 1262, which correspond to the Downtown East, Downtown West, and North Loop neighborhoods
Source: US Census

CHAPTER 2: LOCATION ANALYSIS

2.1 CHAPTER SUMMARY

This chapter addresses the locational attributes of the East Downtown study area as they relate to opportunities for continued investment and revitalization. East Downtown is defined in this report as those blocks west of the Mississippi River, east of 5th Avenue South, north of Interstate 94 and west of Interstate 35W. The study area comprises approximately one square mile of properties immediately east of the downtown Minneapolis Central Business District (CBD). It should also be noted that East Downtown comprises two Minneapolis neighborhoods; Elliot Park, which are the blocks south of 5th Street South, and Downtown East, which are the blocks north of 5th Street South.

Figure 4: East Downtown Study Area

East Downtown's location offers significant advantages. First, it is adjacent to the core of downtown Minneapolis, which contains the region's largest concentration of office space, especially Class A office space, numerous public and private institutions, and important retail and entertainment activty centers. **Therefore, East Downtown is well positioned to attract users that strongly desire to be close to the downtown core but are unable to afford its rents.** To a large degree, this area has accommodated any such expansion of the downtown core over the years. However, the character of the area has never been able to fully achieve the same level of intensity and activity as the downtown core due to a lack of critical mass of development.

Second, **East Downtown has a level of accessibility unequalled within the region.** It has numerous connections to the interstate highway network and is served by the region's two light-rail transit lines as well as numerous local bus routes and regional trails. Moreover, some of these infrastructure investments are still new and have yet to be fully realized as part of real estate investment decisions. Therefore, many upcoming decisions will be made with the knowledge that regional accessibility has profoundly increased within East Downtown and will continue to increase with additonal investments, such as the new entrance to Interstate 35W, the extensions of the Blue and Green light-rail lines, and the potential addition of downtown streetcars.

Third, East Downtown is laid out on a grid of streets with numerous block faces and sidewalks. Although the grid is disrupted by several large uses and blank-walled development, the **study area is still fundamentally an urban framework that is well positioned to accommodate new pedestrian-scaled development that aligns well with new transit investments.** Furthermore, the underlying grid pattern is a foundation for development that does not exist in most places within the region, which gives the area a distinct competitive advantage over other locales.

Fourth, **East Downtown is highly recognizable throughout the region, Minnesota, and beyond.** The former Metrodome and the Guthrie Theater are two examples of prominent facilities that have drawn people to the area from throughout the Upper Midwest. Therefore, building awareness among those responsible for major real estate investment decisions is not an issue. However, East Downtown does face challenges due to negative perceptions around particular uses within the area, such as the Hennepin County Juvenile Detention Center, and the tracts of blank-walled development, such as the former Metrodome and the new Vikings Stadium currently under construction.

Although East Downtown will become increasingly compelling as a location for real estate investment, there are some limitations that could confine future investment to small portions of the study area. **The primary limitation is the condition and function of north-south connections through the study area.** Park and Portland Avenues on the western edge of the study area currently serve primarily as arterials that funnel workers into and out of the downtown core. Therefore, Chicago Avenue can be seen as the best candidate to serve as the primary north-south connection that links the southern end of the study area to its northern end and the Mississippi River. However, Chicago Avenue has a particularly challenging skew at South 9th Street in which traffic is shunted onto 9th Street as much as it is encouraged to continue northbound along Chicago Avenue. Furthermore, Chicago Avenue passes through the heart of the HCMC campus and is adjacent to the new Vikings stadium. Therefore, there is limited opportunity to accommodate new developoment that would strengthen north-south traffic patterns.

The other major challenge is changing driver behavior along the streets that connect to the highway network. Given the barriers to strengtheing north-south connections through the study area, this suggets that east-west streets will continue to be dominant and represent the greatest potential for attracting investment interest based on their visibility, familiarity, and traffic volumes. However, unmitigated driver speeds will continue to deter development along these key corridors by negatively impacting the pedestrian experience and contributing to both perceived and real pedestrain safety issues.

In addition to its transportation systems, East Downtown is defined by its predominant land uses. East Downtown can be thought of as three main character districts. The three districts spread west to east across East Downtown from the downtown core. "Washington Avenue Revitalization" describes an area dominated by high-end residential housing, restaurants, and service retail, which are oriented along Washington Avenue and the Mississippi River. The "Public and Institutional Belt" is immediately south of this character district, and encompasses large structures including the Hennepin County Medical Center, the Vikings stadium, the Hiawatha LRT tracks, and the Hennepin County Juvenile Detention Center. Finally, "Elliot Park Residential" describes a neighborhood of primarily residential units that are more modest in building size and price than those in the Washington Avenue Revitalization. Other important uses that influence the character of this district are the AugustanaCare Campus, North Central University, and the adjacent Elliot Park. These are described in great detail on pages 16 through 20 and depicted in the map on page 17.

2.2 ACCESSIBILITY

2.2.1 ROADWAY ACCESS

Regional roadway access to the study area is excellent. As the name implies, East Downtown is immediately east of the Minneapolis CBD and is centrally located in both the city and the greater Twin Cities metropolitan area. The study area is bordered on two sides by Interstate 94 and Interstate 35W/Hiawatha Avenue. Both systems have on and off-ramps into the study area, at South 4th Street, South 6th Street, South 7th Street, South 8th Street, Washington Avenue, and at Grant Street. These highway ramps are the primary gateways to the Minneapolis CBD for highway travelers from several directions. Motorists traveling westbound on Interstate 94, southbound on Interstate 35W, and northbound on Hiawatha Avenue first enter the Minneapolis CBD through East Downtown.

Currently, a new entrance ramp to Interstate 35W is being constructed on South 4th Street. This is intended to alleviate bottlenecks at the existing entrance ramp on Washington Avenue among motorists travelling northeast from downtown and to support endeavors to make Washington Avenue more accommodating to bicyclists and pedestrians.

Although highway systems bounding the study area create excellent regional access, they disconnect the study area from its bordering neighborhoods. The only connection between East Downtown and the Cedar-Riverside Neighborhood/University of Minnesota West Bank campus is via Washington Avenue. The study area is connected to neighborhoods to the south only via those roads that cross Interstate 94. These include Park, Portland, Chicago and 11th Avenues; other north-south roads in the study area terminate at 17th Street. Local accessibility to East Downtown from the west is strongest; all east-west streets form a continuous grid with the Minneapolis CBD.

The other challenge presented by roadways with direct access to and from the regional highway network is that driver behavior is influenced by a desire to exit or enter the highway system. Specifically, driver speeds are higher and, thus, driver awareness of the surrounding neighborhoods is compromised. This kind of driver behavior not only results in less safe pedestrian conditions but also contributes to a degradation of the pedestrian experience. It also means that drivers generally do not consider adjacent properties as possible destinations, which limits the potential for these properties to support retail, and to a lesser degree, residential uses.

Consistent with its proximity to the Minneapolis CBD and to local highway systems, traffic volumes in the study area are high. Main thoroughfares include Park and Portland Avenues, a one-way pair of streets that carry approximately 12,700 vehicles into downtown and 11,000 away from downtown each day[3]. Washington Avenue is the most heavily travelled street in the study area with an Average Annual Daily Traffic (AADT) of 29,000. Other high volume corridors

[3] Minnesota Department of Transportation, 2013 Average Annual Daily Traffic or AADT

include South 6th Street, a one-way street and entrance route to Interstate 94 and South 7th Street, a one-way street in the opposing direction and exit route from Interstate 94 at approximately 12,000 AADT each. With the exception of several east-west streets in the extreme southern section of the study area, no street has fewer than 5,000 AADT. Available 2013 AADT is depicted in Figure 5.

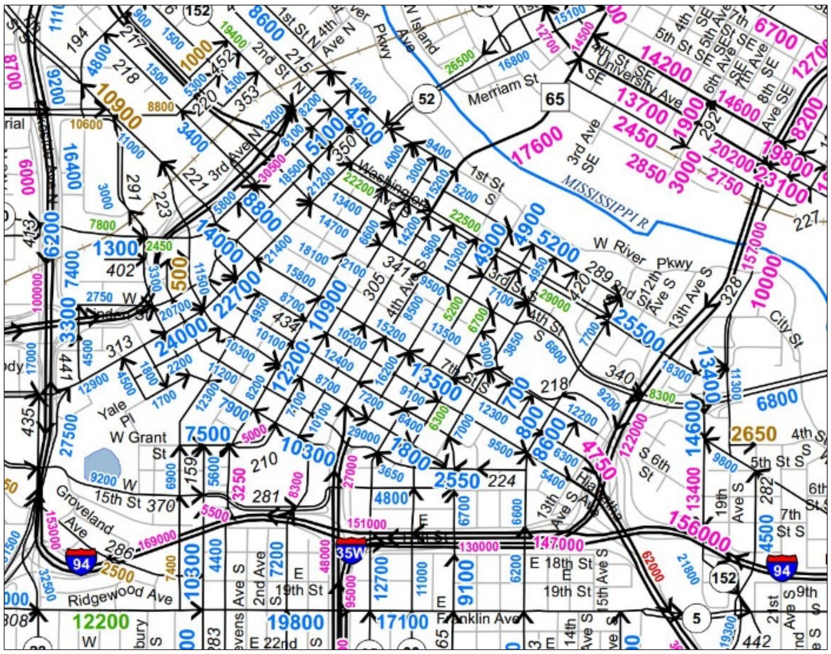


Figure 5: 2013 Minneapolis Average Annual Daily Traffic (Source: MnDOT)

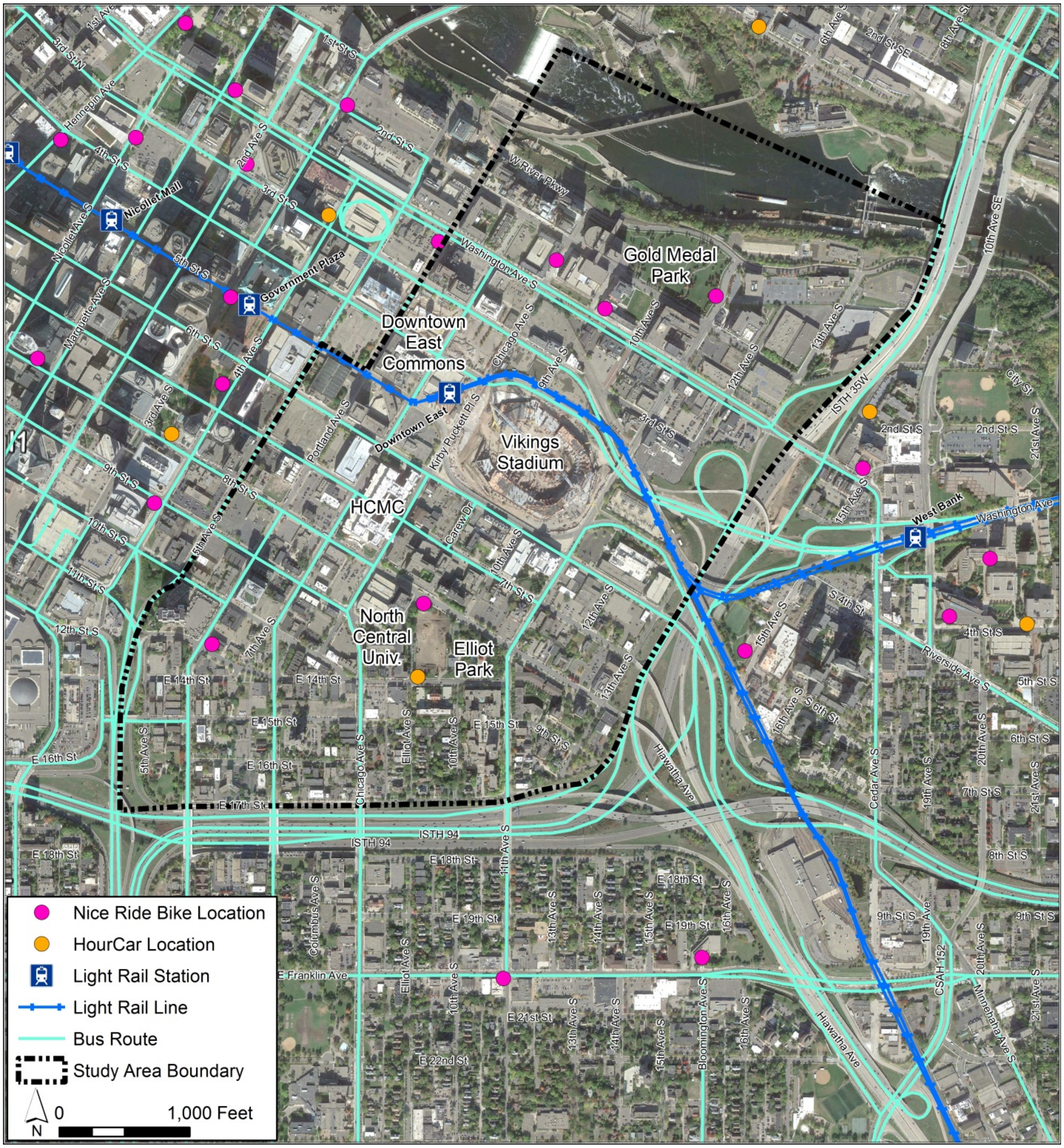
2.2.2 PEDESTRIAN, BICYCLE, AND TRANSIT ACCESS

Non-motorized and transit access to the study area is high. However, the adjacent highway system acts as a barrier to these modes of travel just as it does to motor vehicles.

Consistent with its downtown location, recorded levels of pedestrian activity in East Downtown are high. Corridors with the highest recorded levels of pedestrian activity are along Washington Avenue through the entire length of the study area, and on Chicago Avenue near the intersection of East 14th Street[4]. Washington Avenue is one of the study area's most dense commercial corridors and is the only direct pedestrian connection between downtown and the University of Minnesota's West Bank campus, both generators of significant pedestrian activity. On Chicago Avenue and East 14th Street, high levels of pedestrian activity are likely due to the adjacent North Central University campus.

[4] City of Minneapolis, Minneapolis Bicyclist & Pedestrian Count Report 2013. Minneapolis Public Works staff chose count locations based on high likelihood of pedestrian activity and equal dispersion of counts throughout the City.

Figure 6: Location Analysis



The study area is intersected by several local and regional bicycling facilities. Buffered bike lanes on Park and Portland Avenues are a common commuting route into downtown Minneapolis. The Hiawatha LRT trail extends from southeast Minneapolis up to the Downtown East/Metrodome

LRT station. In 2013, estimated daily use by bicyclists on this facility was 1,420 and by pedestrians it was 110. On Washington Avenue, counts estimate 700 bicyclists and 740 pedestrians daily crossing the bridge over Interstate 35[5]. Most streets in the study area include bike lanes; however, connections outside the area are limited to roads with bridge access over the Interstates, mirroring local roadway accessibility patterns noted above.

In addition to bike lanes and trails, several Nice Ride bicycle stations facilitate bicycling for short trips on the service's rental bikes. Nice Ride stations are clustered around Washington Avenue near the study area's residential and commercial land uses. One station is located in the southern portion of the study area near North Central University.

Transit service is available throughout the study area. The Downtown East/Metrodome light rail station is in the heart of the study area at Chicago Avenue and 4th Street South. This station is served by both the Blue Line, connecting downtown Minneapolis with the Minneapolis-Saint Paul International Airport and the Mall of America, and the Green Line, connecting downtown Minneapolis with the University of Minnesota and downtown St. Paul. The area is also served by multiple local bus routes and commuter bus routes operated by Metro Transit, Minnesota Valley Transit, and Southwest Transit. The Gateway Ramp, located just outside the study area at 4th Ave South and 3rd Street South, is one of downtown Minneapolis' primary hubs for commuter bus service connecting Minneapolis to its suburbs. Meanwhile, Metro Transit's local bus routes 3, 5, 7, 9, 14, 16, and 39 have stops in the study area connecting it to other destinations in Minneapolis, St. Paul, and adjacent suburbs.

Car sharing services also enhance accessibility to the East Downtown Study area. HourCar hosts a station near North Central University. This is a subscription-based service that allows members to lease a vehicle for short time periods; cars are picked up and returned at designated stations intended to be easily accessible by walking and transit. Car 2 Go is another car-sharing service that recently opened in the Twin Cities.

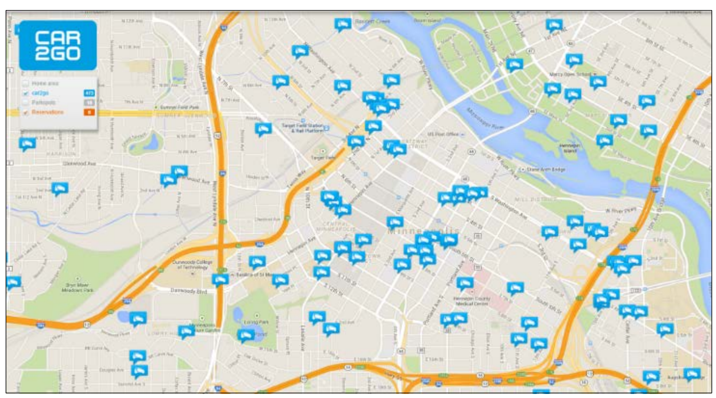


Figure 7: Screenshot of Weekday Morning Car 2 Go Availability (Dec. 2014)

Car 2Go subscribers can find and park their vehicles on any city street with a parking limit longer than two hours; they locate available cars using an on-line map. A screenshot of available cars in the study area on a December weekday morning is depicted below. Cars within the study area are clustered near its borders, where on-street parking is least restrictive and commercial and residential uses are most dense.

[5] City of Minneapolis, Minneapolis Bicyclist & Pedestrian Count Report 2013. Minneapolis Public Works staff choose count locations based on high likelihood of bicyclist activity and equal dispersion of counts throughout the City.

2.3 VISIBILITY

Because of its proximity to major Interstate corridors, many sites in the East Downtown study area are well-situated to achieve high visibility at this scale.

Figure 8 below looks south on the study area from the Interstate 35 bridge over the Mississippi River. Cranes visible in the center of the photo are located at the new Vikings stadium site. This photo shows the distinct difference in skyline height in the Central Business District and East Downtown, which is circled. A new building in East Downtown above 15 stories in height would be a highly visible feature in the city’s skyline.

Figure 8: Google Streetview image looking south from the I-35W bridge toward the study area

Within East Downtown, view corridors are most prominent along east-west streets. From 7th Street South, which is an exit route from Interstate 94 and Hiawatha Avenue into downtown, site lines traverse many blocks. The generally low building height of the study area leads the eye toward the downtown Central Business District and tall buildings just west of the study area.

Figure 9: Google Streetview image looking west along 7th Street South toward the CBD

North-south corridors do not offer long site lines like the east-west streets. This is because the downtown Minneapolis street grid shifts its orientation near East 14th Street and north-south views are disrupted by the skewed streets. Figure 10 shows the view along Chicago Avenue looking north from East 14th Street; site lines only extend two blocks before the street changes directions. While these skews can negatively impact travel patterns and peoples’ perceived sense of connectivity to nearby blocks, skewed streets can also create dramatic visibility of certain parcels. For example, the site lines in the photo below terminate at a parking ramp. A different, more iconic structure could benefit from the enhanced visibility down the corridor. Other intersections in the study area with the potential to exploit similar views include 10th Street South and Park Avenue, Grant Street and Portland Avenue, and 8th Street and 11th Avenue.

Figure 10: Google Streetview image looking north along Chicago Avenue from 14th Street East

Other notable view corridors in East Downtown are along streets looking north toward the Mississippi River and the historic Mill District. Both Portland Avenue and Chicago Avenue have a northbound terminus at the Mississippi River and its adjacent trails and recreational space. Meanwhile, Park Avenue's terminus at 2nd Street offers a view of the historic Washburn A Mill, one of the only glimpses into the Mill District available from this direction (Figure 11).

Figure 11: Google Streetview image looking north along Park Avenue toward the Washburn A Mill

2.4 STUDY AREA CHARACTER DISTRICTS

To describe existing land use in East Downtown, the study area is presented as three main character districts delineated by east-west bands of prominent land uses, depicted in Figure 12. The “Washington Avenue Revitalization” district is notable for the multi-family residential buildings and street level commercial clustered along this corridor. South of this district, the “Public and Institutional Belt” is dominated by large-scale uses covering large tracts of land. Furthest south, the “Elliot Park Residential” district is characterized by smaller-scale residential units, North Central University, and Elliot Park.

A commonality to each of these three districts is their distinct east-west orientation. The connectivity and views along the local street grid, the boundaries created by nearby Interstates, the alignment of the Mississippi River, and the placement of buildings in each of these districts contribute to this strong orientation.

A consistent theme within each of these east-west bands is a clear delineation from the edge of the Minneapolis CBD. Fifth Avenue South creates a clear line of distinction. While some blocks along its western edge are fully developed with multi-story office tours like the Thrivent Financial Center, other blocks include multi-story parking structures and the Hennepin County Public Safety Facility, which deter vibrant pedestrian activity. Along the east side of 5th Avenue, surface parking lots and low-rise buildings create incongruities along the street face that contribute to a sense of being “outside” the Minneapolis CBD. The significant drop in pedestrian volumes east of 5th Avenue corroborates this dramatic change in character.

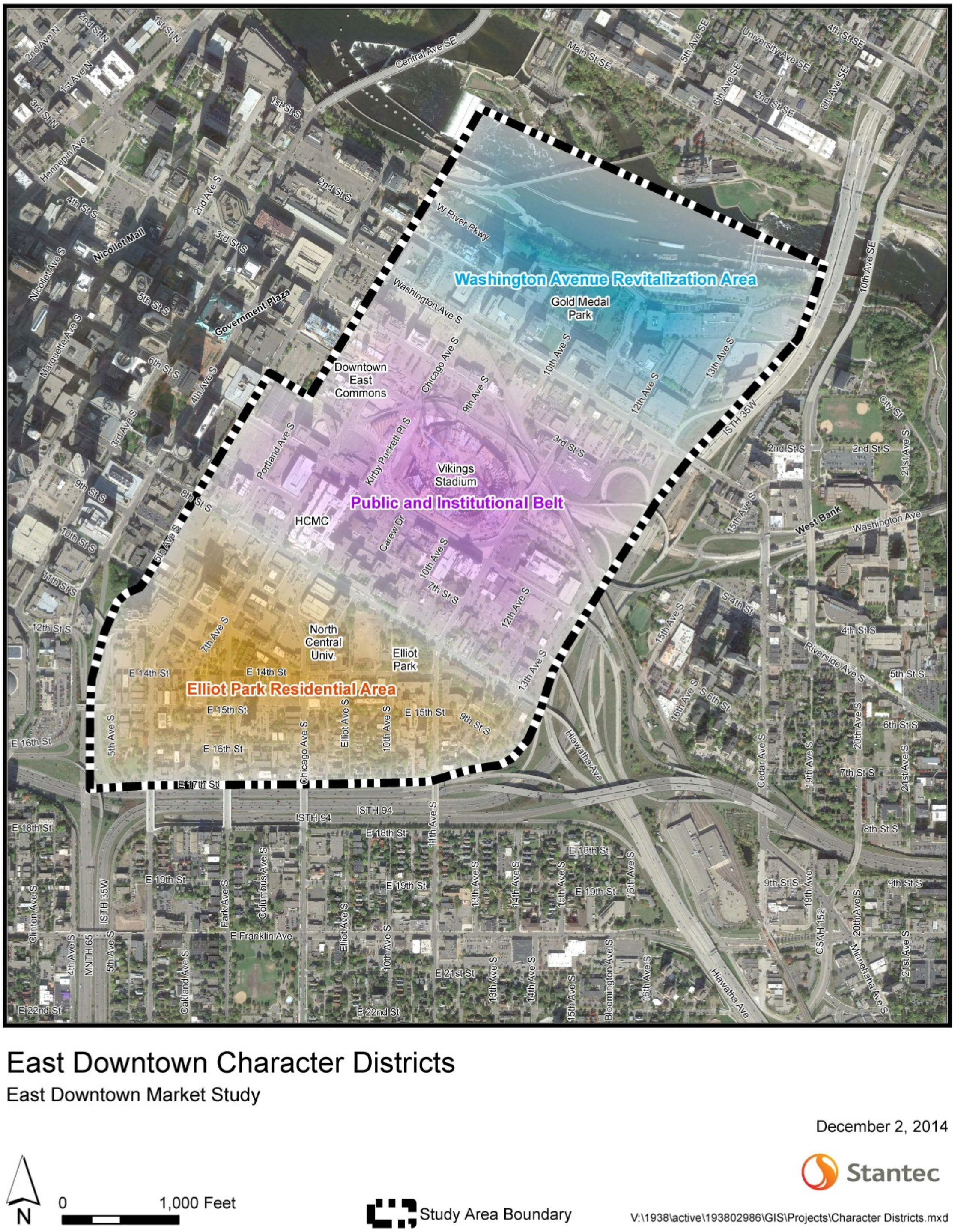


Figure 12: East Downtown Character Districts

2.4.1 WASHINGTON AVENUE REVITALIZATION

This character district generally describes those properties along Washington Avenue and South 2nd Street between 5th Avenue South and 13th Avenue South. Publicly-led efforts in the 1990s to revitalize the Mississippi riverfront spurred a development boom in condominiums along 2nd Street and the river. This character district includes the historic Mill District, which provides its architectural identity and sense of place. Meanwhile, public amenities like Gold Medal Park and the Stone Arch Bridge generate outdoor activity, while leisure-oriented institutions like the Guthrie Theater, Mill City Farmer's Market, and the Mill City Museum attract visitors from around the region. Historic rehabilitations like the Washburn A Mill and new construction like the Bridgewater and Stonebridge Lofts anchor the residential character of this district.

Secondary land uses respond to the district's amenities and high-end housing. These include hotel properties like the Aloft Hotel and the Marriot Depot as well as ground floor retail and restaurants. Hair salons, veterinary services, convenience markets are typical of this district's retail make-up. On Washington Avenue, coffee shops and restaurants like Maxwell's and Grumpy's offer beverages and meals for day-time visitors. Several up-scale restaurants cater to diners seeking both an experience and a meal; Sea Change in the Guthrie Theater, Sanctuary Restaurant and the Old Spaghetti Factory are examples. Meanwhile, some uses bring day-time employees to the district; notable are the Valspar paint headquarters and the American Academy of Neurology. Most of the district's office uses are clustered toward its east end along 11th Avenue. Although the district encompasses a strong mixture of residential, recreational, commercial, and office land uses, redevelopment is still visibly sporadic. Several ground-floor retail spaces on Washington Avenue remain unleased and some remaining vacant lots and surface parking break the uniformity of the street face.

2.4.2 PUBLIC AND INSTITUTIONAL BELT

Between Washington Avenue and 8th Street, large public facilities dominate the landscape. Most notable is the Minnesota Vikings stadium, under construction on the former six-block Metrodome site. While this building adds an iconic feature to the city's skyline, the building dominates the streetscape and limits the diversity of uses that might otherwise generate activity on the block. In addition, Hennepin County Medical Center covers five blocks along both sides of South 7th Street. Both of these facilities attract a large number of people to the study area. HCMC employs approximately 5,500 people at its campus. However, the presence of HCMC's daily users and the Metrodome's event users have not resulted in much street level retail or secondary office functions to support these uses. Buildings in this district are large and tend to be interspersed with surface parking lots. Unlike other large buildings typical in downtown, properties in this band are owned by a comparatively small number of entities whose sites are dedicated to a single use housed within a single large structure. Therefore, available real estate needed to support additional or complementary uses in this district is limited.

Public infrastructure also dominates land use in this district. Light rail transit tracks are adjacent to the stadium site on 4th Street until they reach the Downtown East/ Metrodome station, where they cut southwest to travel along 5th Street. Construction of the Downtown East Commons and redevelopment of the adjacent Star Tribune building is intended to create a new amenity in this district and attract street level activity around the park.

2.4.3 ELLIOT PARK RESIDENTIAL

South of 8th Street and north of Interstate 94, the overall scale of buildings is smaller and residential units become a prominent feature of the character district’s land use. The skewed street grid results in smaller, irregularly shaped blocks that are more suited for smaller buildings than the Public and Institutional Belt. Historic brownstones line blocks along 9th and 10th Streets, although surface parking lots also break up the streetscape as in other districts of the study area.

At 10th Street and Portland Avenue, two newer condominium high-rises, Skyscape and Grant Park, have altered the character of this small portion of the district. However, both of the high-rises are at the western edge of the study area in close proximity to the Minneapolis CBD. Therefore, in some ways, these two developments represent an expansion of the downtown core into the study area; meaning residents of the towers are more likely to orient themselves toward the CBD than other portions of the study area. Despite high-rise development in the last decade, the majority of housing units in this district are in older, smaller properties with more affordable rents.

Other important uses that influence the character of this district are the Augustana Care Campus, North Central University, and the adjacent Elliot Park. Around these anchors, regular pedestrian activity can be observed. At 10th Avenue and 14th Street, the multi-story Augustana campus offers a suite of assisted living options for seniors as well as on-campus amenities like a pharmacy, library, coffee shop and beauty salon. North Central University occupies several buildings in the district, including a mixture of purpose-built facilities and storefront space in smaller neighborhood structures.

In addition, there are a number of smaller offices scattered throughout the district in both converted residential properties and small purpose-built structures. Most of the operations in these small office spaces tend to be social service organizations that provide critical support and aid to many of the district’s lower income and immigrant households.

Despite land use at a scale suited to pedestrians, the district does not offer much street level retail. The East Village Market at 11th Avenue and 15th Street offers basic convenience items while East Village Grill in the same building serves Middle Eastern food. Buildings along a historically commercial stretch on South 10th Street are largely vacant; signs indicate both Elliot Park Market and the Atelier Coffee shop are recently closed. Auto services are a large portion of retail in this district. The only chain retailer noted is CVS pharmacy, located in the ground floor of the Skyscape condominium tower.

The lack of supportable retail is due to a number of factors including lower incomes of district residents, proximity to the CBD, which has a variety of retail options, a perception among visitors that the area is not as safe as other neighborhoods, and a street network not conducive to traditional retail space. For example, Portland Avenue and Park Avenue, a pair of multi-lane one-way streets running north-south through this district, have high traffic volumes that peak during morning and evening rush hours and thus disrupt the residential character of the district and make it difficult to support neighborhood- retail that is supported by local residents.

Moreover, the experience of other downtown neighborhoods, notably the North Loop, which has been able to capture and cultivate ground floor retail space in recent years, may provide some additional insight as to why Elliot Park has not achieved significant levels of retail investment. First, the North Loop is adjacent to a vibrant entertainment district centered along First Avenue North, which attracts visitors from the entire metropolitan region. Second, the North Loop has a cohesive and distinct architectural character (i.e., 19th Century warehouses) that is found throughout the neighborhood and helps contribute to branding the area as a destination. Third, given the number of visitors to the North Loop, destination retail in the form of upscale dining, boutiques, and specialty stores can be supported.

CHAPTER 3: SOCIO-ECONOMIC ANALYSIS

3.1 CHAPTER SUMMARY

Demographic and economic trends affect demand for new real estate development. The following chapter outlines key trends and identifies how the market will likely respond to future demand for housing, retail, and services in East Downtown. Historic and forecast data is analyzed at the neighborhood, city, and metropolitan levels for comparison purposes.[6]

The neighborhoods in and adjacent to the downtown core are currently experiencing rapid population growth on a scale that is changing the character of many of the neighborhoods. This is no more evident than in the Downtown East neighborhood's Mill District where significant new development is contributing to an emerging residential character complemented by neighborhood retail, office, and entertainment uses. The volume and affluence of the growth in this area will likely cement it as a key node for commercial activity in the near future. Dominated by young professionals and empty-nesters/retirees, this area will likely become increasingly attractive to higher-end and national retailers who want to be proximate to the growing base of household wealth.

Elliot Park has also experienced population growth related to new residential development. However, this growth has been concentrated in three high-rise developments near its western border with the downtown core. To some degree, this has impacted the character of the neighborhood, but not to the level of the character change in the Mill District. Furthermore, **Elliot Park is a long established residential neighborhood in which its character is likely to evolve more slowly as opposed to the rapid change occurring in other downtown neighborhoods.**

More importantly, though, **Elliot Park has a higher concentration of lower income households and is more culturally diverse than Downtown East. The lack of spending power among residents will likely deter some types of real estate investment,** particularly in the short term among national and high-end retailers who often adhere to strict thresholds for trade area incomes.

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[6] **A note about the data geography**: Most of this chapter consists of an analysis of socio-economic data from the US Census with a focus on the East Downtown study area. However, in order to best understand how a given area of interest is changing demographically and economically, it is best to compare its experience against peer neighborhoods as well as larger geographies. Therefore, for comparison purposes, the data presented in this report often includes other neighborhoods in and near the downtown with similar attributes to East Downtown (e.g., population density, housing density, employment density, transit access, etc.) as well as the City of Minneapolis, the Twin Cities metro area, the State of Minnesota, and the nation. In some cases, it is most informative to aggregate downtown neighborhoods into one entity for analytical purposes. Where this occurs, it has been noted in the table or graph, which neighborhoods comprise this larger entity.

Careful readers will note that in certain instances neighborhoods east of the Mississippi River have been included in the analysis even though they are not traditionally considered a part of the downtown, such as the Marcy Holmes and University of Minnesota neighborhoods. With continued development along the Mississippi River and new transit connections to the University area, it appears that these areas are becoming increasingly connected to the downtown given their dense mixture of uses and accessibility.

Regardless, the socio-economic composition of even long-established neighborhoods can change rapidly when favorable land values converge with an uptick in real estate cycles and significant new investments in public amenities.

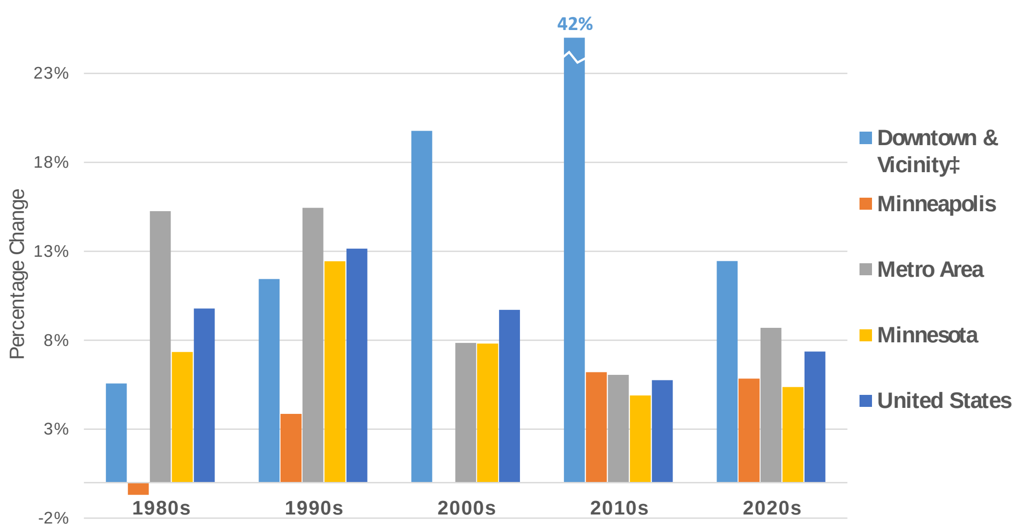
Although Elliot Park and Downtown East represent disparate household income patterns, **both neighborhoods host a higher concentration of high-wage jobs (over $40,000 per year) than in the Twin Cities Metropolitan Area as a whole.** In Downtown East, knowledge-based jobs are dominant, while the dominant sector in Elliot Park is healthcare services.

3.2 POPULATION AND HOUSEHOLDS

New residential development in downtown neighborhoods is resulting in tremendous population and household growth. The rate of growth far exceeds what is occurring at the city, metro, state, or national levels. The reasons behind the growth are complex, but primary factors include a decades-long effort by city officials to promote residential development in downtown neighborhoods, increased interest to live in urban settings with a mix of uses and amenities, and favorable demographic forces that have resulted in a population bulge among households without children (i.e., young professionals and empty-nesters).

Interest in downtown living has been increasing for several decades, which is illustrated in Figure 13. In the 1980s, downtown neighborhoods in Minneapolis grew while the City's entire population declined. Nevertheless, downtown growth rates remained below metropolitan growth rates. During the 1990s, both downtown neighborhoods and the City of Minneapolis increased their rate of population growth, but still remained behind the metropolitan growth rate.

Figure 13: Population Growth Trends 1980-2030

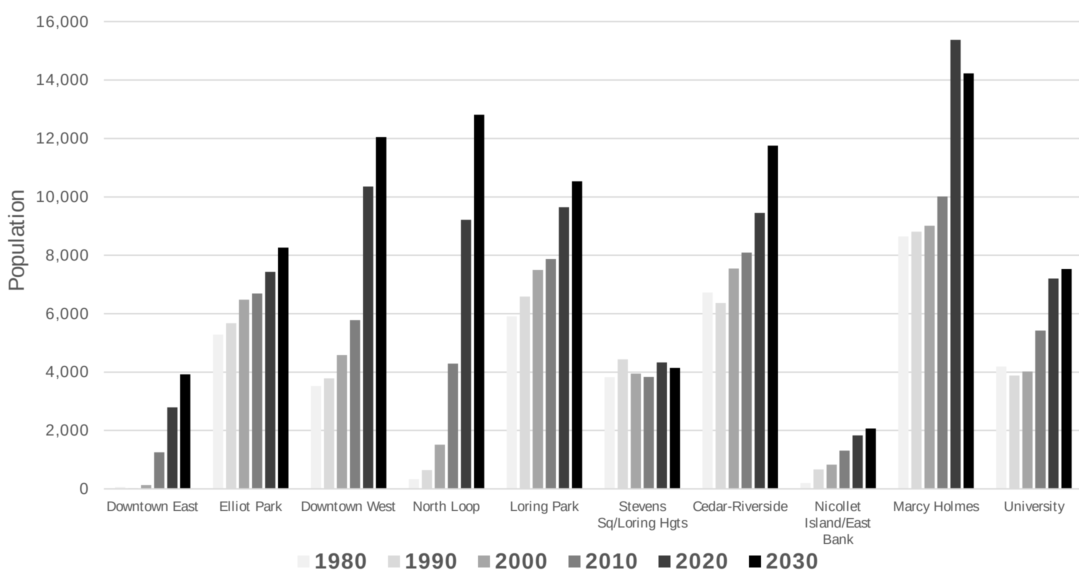


‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Sqaure/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.
Sources: Metropolitan Council; US Census; Minnesota State Demographic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

This situation reversed during the 2000s when the rate of new residential development increased sharply, resulting in significant population growth. Downtown neighborhoods grew by nearly 20% between 2000 and 2010, adding more than 9,000 persons. The current decade is even more impressive. Based on recent construction trends, it is anticipated that downtown neighborhoods will add more than 23,000 persons by 2020, a growth rate of more than 42%. Although development will slow down in certain neighborhoods during the 2020s, downtown neighborhoods as a whole are still expected to add more than 9,000 people and maintain a growth rate (13%) well above the region (9%).

With the exception of Stevens Square/Loring Heights, every neighborhood in the downtown and its vicinity has been experiencing population growth since 1990 (Figure 14). Neighborhoods with the biggest population gains in the 1990s were Cedar Riverside and Loring Park, established residential neighborhoods adjacent to the downtown core. By the 2000s, the biggest population gains occurred in the North Loop, which is an emerging neighborhood that is quickly becoming an extension of the downtown core. Currently, impressive population growth is occurring in every neighborhood within and adjacent to the downtown core. Between 2010 and 2020, growth rates are expected to range from a “low” of 11%, which would be above the metropolitan growth rate, to a high of 123% (Figure 14).

Figure 14: Population Growth Trends for Downtown Neighborhoods 1980-2030



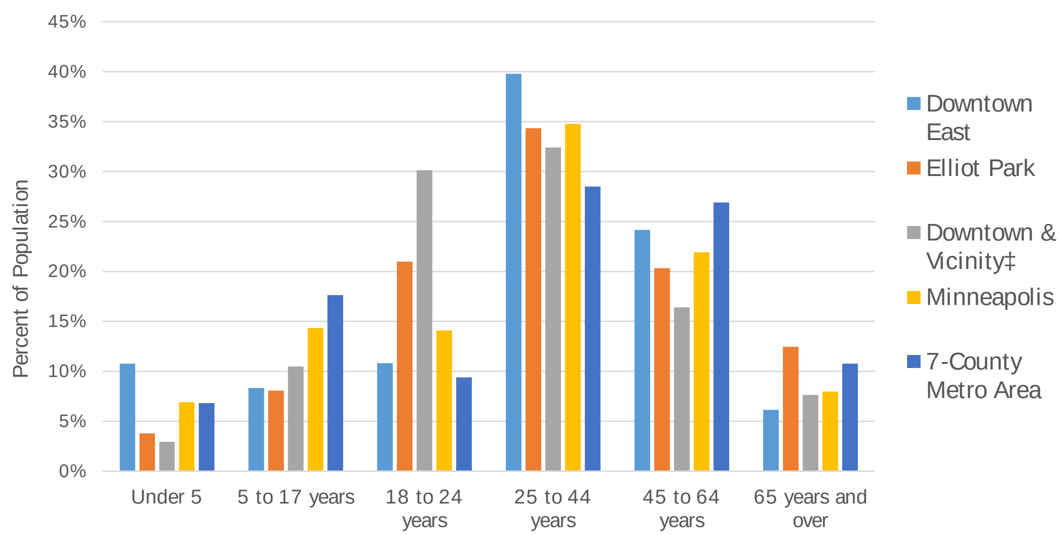
Sources: Metropolitan Council; US Census; Minnesota State Demographic Center; Perkins+Will

3.3 AGE DISTRIBUTION

The age profile of an area's population has important ramifications on the market for new real estate development. Younger persons have differing demands than older persons when it comes to housing, retail, recreation, health care, and institutional uses. Figures 15 and 16 display important information related to the age profile of downtown neighborhoods, the City of Minneapolis, and the metropolitan region. Additional detailed data on the age profile of the population is included in Appendix A.

As of 2010, when compared to the metropolitan region, downtown neighborhoods as a whole had a very youthful profile. In particular, persons age 18 to 24 accounted for 30% of the population. This is mostly due to the influence of the University of Minnesota, which enrolls over 50,000 students. Clearly, University neighborhoods are expected to have a high percentage of young persons, but the proximity of downtown neighborhoods to the University also means that many of these areas have large numbers of young adults as well. Conversely, downtown neighborhoods have lower percentages of children and adults over age 45.

Figure 15: 2010 Age Profile of the Population

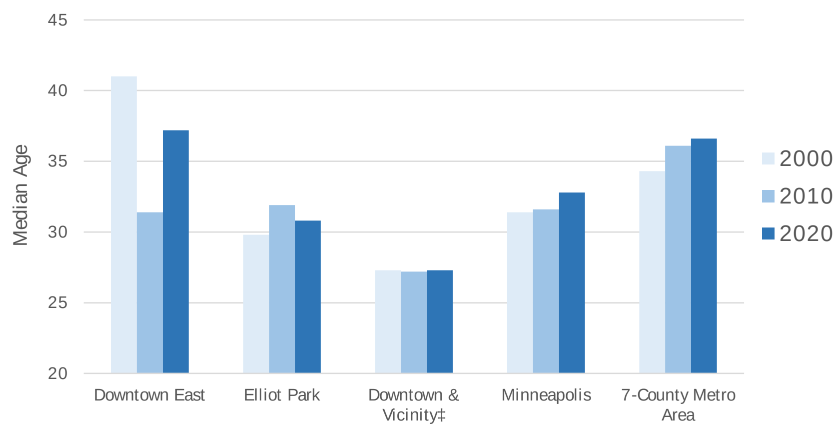


‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Sqaure/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.
Source: US Census

All downtown Minneapolis neighborhoods, however, do not have the same age profile. For example, Downtown East has a very high proportion of persons age 25 to 44 as well as persons under age 5. This is indicative of young families and young professionals. Elliot Park has a strong concentration of persons age 18 to 24, which is somewhat explained by the presence of North Central University in the neighborhood, and persons age 65 and older, which is explained by the presence of the Augustana Care Campus.

Although current age profiles help to understand where certain age groups may be concentrated, it is also important to see how the age of the population is trending over time. At the metropolitan and city levels, the median age increased from 2000 to 2010 and is expected to increase yet again by 2020. This is a long-standing trend that has been occurring for several decades because of the impact of the aging of the Baby Boom generation, until recently the nation's largest generational cohort.

Figure 16: Median Age of the Population 2000, 2010, 2020



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

In contrast, the median age of downtown neighborhoods is not only well below that of the metropolitan region but is remaining flat. This suggests that despite an overall aging of the population, in-migration into downtown neighborhoods is helping to maintain a youthful orientation.

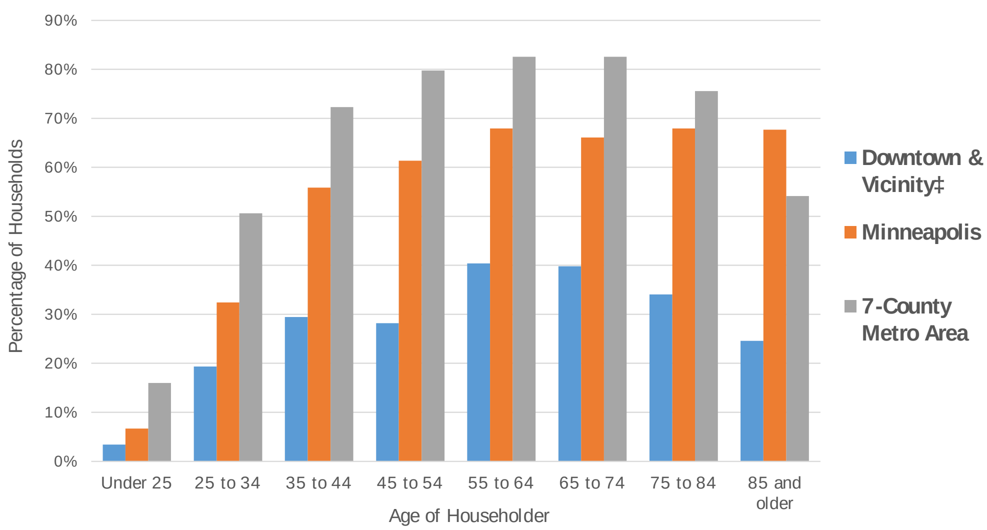
For Downtown East, the aging trend is more erratic due to significant population growth. During the 2000s, the first wave of in-migrants was clearly much younger than the existing population. However, as growth has continued to occur, it is expected that the median age will increase once again. This is largely due to the higher cost of housing being built in the neighborhood, which will likely attract older households. Although Elliot Park has a slightly older age profile than other downtown neighborhoods, its median age is anticipated to decline slightly by 2020.

3.4 HOUSEHOLD TENURE

Typically, homeownership rates rise as households age into their peak earning years until retirement when homeownership rates decline slightly (Figure 17). However, the actual rates of homeownership can be different from one geographic area to another. For the metropolitan region, the homeownership rate peaks around age 65 at just over 80% in 2010. For Minneapolis, it also peaks around age 65, but slightly lower at about 68%. Interestingly, the homeownership rate in Minneapolis does not drop off after retirement[7]. For downtown neighborhoods, the homeownership rate also peaks around age 65 but only manages to reach 40%.

Traditionally, low homeownership is indicative of a more transient population that lives in a given neighborhood for only short periods of time. However, structural change in the for-sale housing market due to the recent economic recession is making homeownership less attractive. This may result in more long-term or “lifestyle” renters who choose to not own their housing, though they may have the means to do so.

Figure 17: Homeownership by Household Age

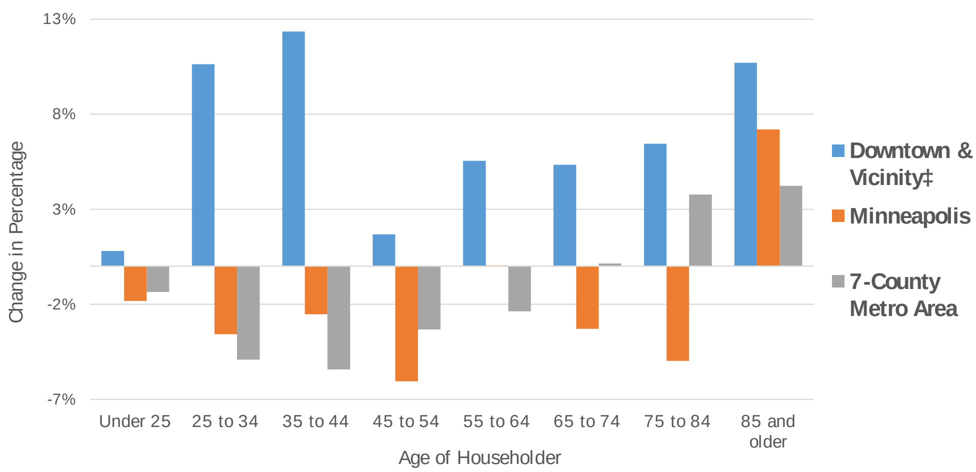


‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Sqaure/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.
Source: US Census

Recent changes in tenure are presented in Figure 15, which displays the percentage change by age group between 2000 and 2010 for the metropolitan region, the City of Minneapolis, and neighborhoods in and near the downtown. Every age group under age 65 experienced a decline in homeownership at the metropolitan and city levels. This reflects the impact of the recent recession. In sharp contrast, though, downtown neighborhoods experienced increases in homeownership across all age groups during this time period. This was largely due to the construction of numerous condominium buildings in and near the downtown during the first of half of the decade prior to the recession. Homeownership rates will likely decline in the downtown by 2020 as the overwhelming majority of new housing being built is rental housing.

[7] The City of Minneapolis has very high rates of homeownership for households age 75 and older. This is likely due to the minimal amount of market rate seniors housing located within the City. For many older households that want to stay living in the City but would like to transition from an owned residence to a rented residence for lifestyle reasons, they are forced to relocate outside of the City.

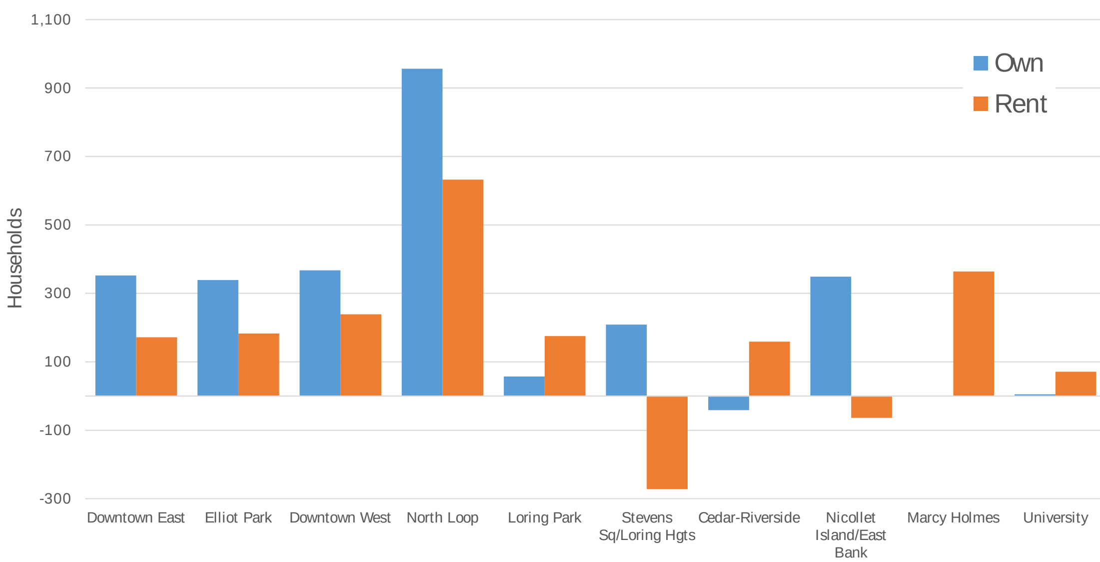
Figure 18: Change in Homeownership by Age of Householder 2000 to 2010



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

Figure 16 displays the net change in households between 2000 and 2010 by tenure for each neighborhood in and near the downtown. This reveals how most downtown neighborhoods added both owner and renter households during this time, but that for most neighborhoods there was a significant difference between the number of owner and renter households.

Figure 19: Net Change in Households by Tenure for Downtown Neighborhoods 2000 to 2010



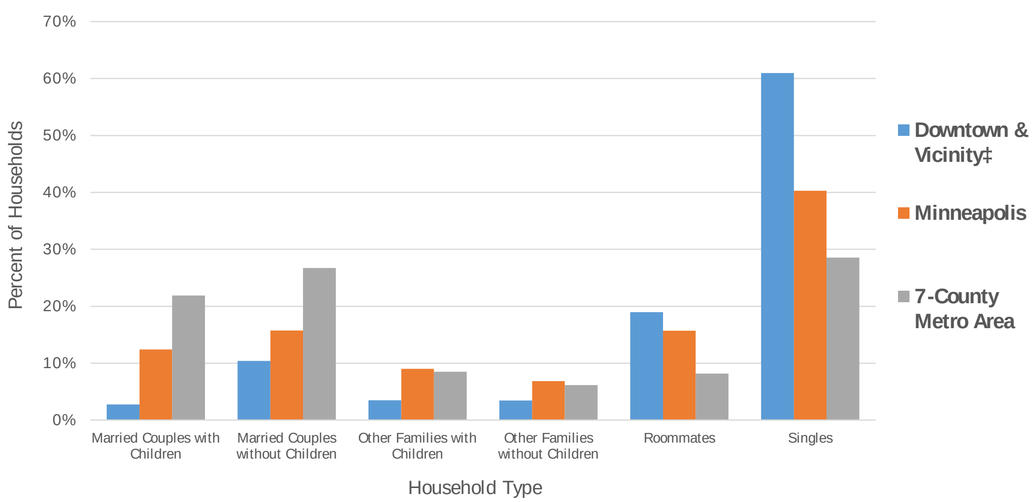
Source: US Census

3.5 HOUSEHOLD TYPE

Household types have dramatically changed since 1970. In the last 40 years, the percentage of households defined as married couples with children has significantly decreased while the percentage of single-person households has increased. Changing household types influence real estate by affecting the types of retail demanded by consumers. For example, discount merchandisers, such as Target and Wal-Mart, can no longer rely primarily on a format designed for busy, young families. Instead, retailers will need to know the unique characteristics of their trade area and design their stores and services around those characteristics.

Figure 17 displays the 2010 percentage of households by type for the metropolitan region, the City of Minneapolis, and downtown neighborhoods. Not surprisingly, downtown and adjacent neighborhoods have not historically been a prime area for traditional, "nuclear" families; fewer than 3% of all households meet this definition. In contrast, downtown neighborhoods are popular places for single-person households; over 60% of all households meet this definition.

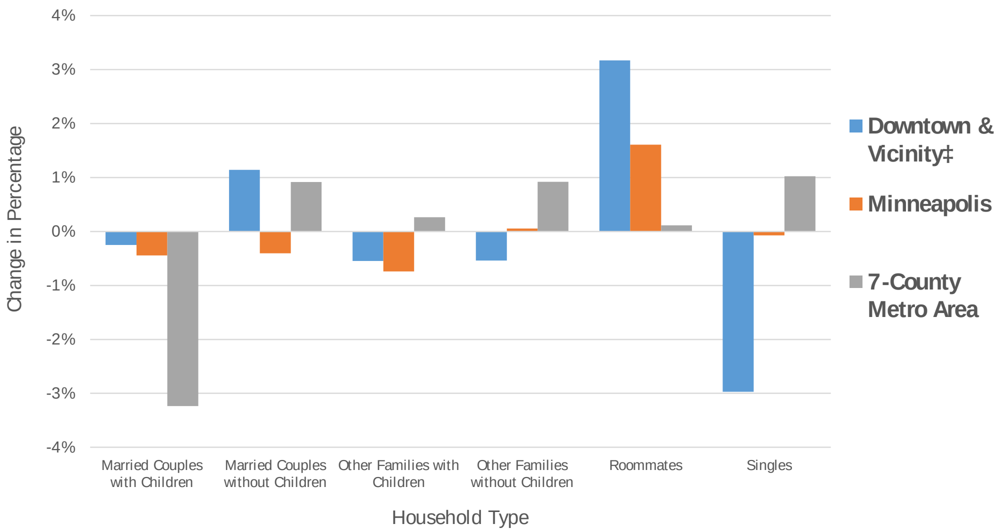
Figure 20: 2010 Household Type



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

Despite the dominance of single-person households in downtown neighborhoods, these areas experienced a decline in the percentage of such households between 2000 and 2010 (Figure 18). This is likely due to the construction of significant numbers of condominium units that increased the supply of two-bedroom units in the housing stock and were often occupied by younger two-person households.

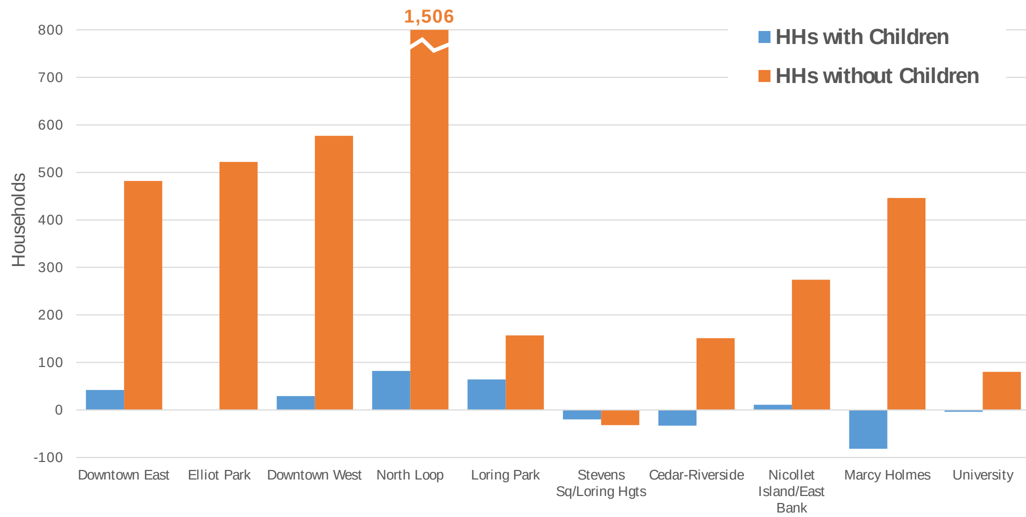
Figure 21: Change in Households by Type 2000 to 2010



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

Traditionally, downtown living has not been associated with raising children. Anecdotal evidence presented in the media has sometimes suggested that this may be changing. Figure 19 presents data on the net change between 2000 and 2010 of the number of households with and without children for each neighborhood in and near the downtown. Based on the data in the figure, households with children have indeed increased in most downtown neighborhoods. However, this is far exceeded by the net increase in the number of households without children, which indicates that downtown neighborhoods are continuing to be places dominated by households without children despite anecdotal evidence.

Figure 22: Net Change in Households by Presence of Children 2000 to 2010



Source: US Census

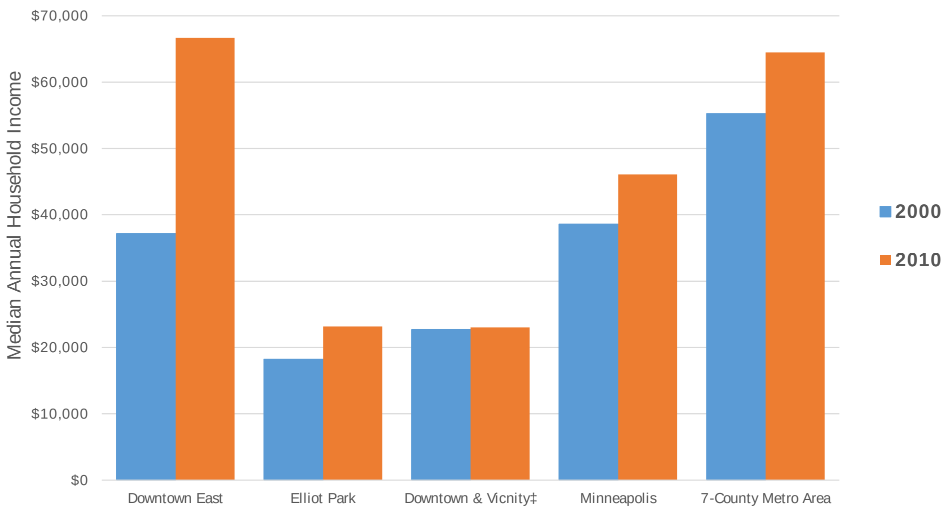
3.6 INCOME

Household income directly relates to the spending power of area residents and their ability to support retail goods and services. A detailed breakdown of household incomes by age and tenure for several geographic areas are contained in Table 5 in Appendix A. Figures 20 and 21 summarize some of the important data included in the table.

Figure 23 presents the median household income in 2000 and 2010 for several geographies. As of 2010, Elliot Park and the broader collection of downtown neighborhoods had a median income just above $20,000 and well below that of Minneapolis ($46,000) and the metropolitan region ($65,000). The Downtown East neighborhood, however, had a median income of over $66,000. More importantly, this was a nearly 80% increase over the neighborhood's 2000 median income. This is evident of how new development in the neighborhood has been mostly occupied by affluent households.

The median household income for the metropolitan region and the City of Minneapolis increased 17% and 19%, respectively between 2000 and 2010. Among all downtown neighborhoods, the increase was only 2%. Although this suggests that downtown as a whole has been lagging behind the rest of the region and even the City, the median income metric masks large increases in the number of affluent households which are counterbalanced by similar increases in modest income households, which mostly consist of new student households in and around the University of Minnesota. Table 5 in Appendix A shows the number of households earning $100,000 or more increased by nearly 2,000 between 2000 and 2010. This is a very large number of affluent households. If trends are to persist through 2020, this would mean downtown neighborhoods will add more than 5,000 new households with incomes above $100,000.

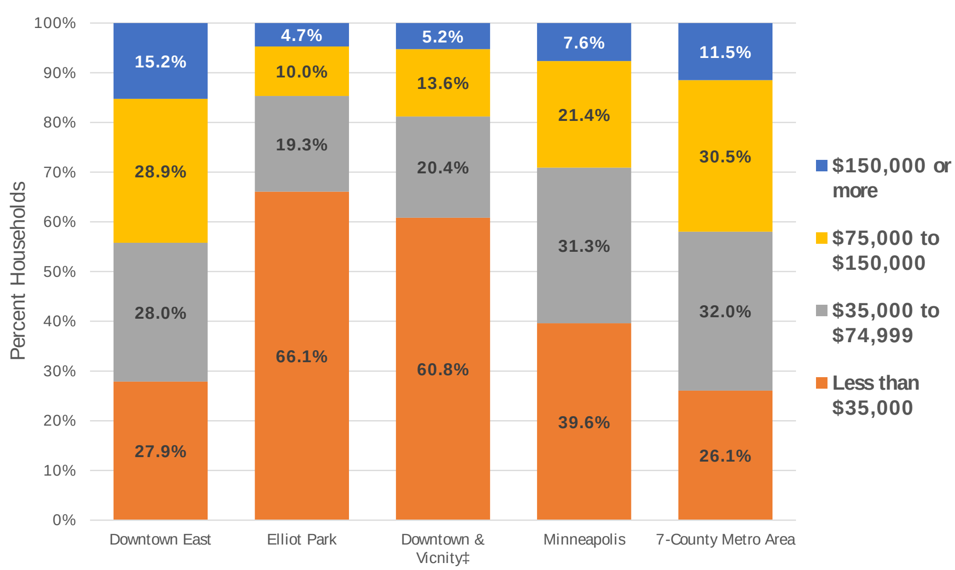
Figure 23: Median Annual Household Income 2000 & 2010



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

Figure 24 shows that the 2010 income profile of Downtown East households was very similar to the income profile of metro area households. Furthermore, it highlights how Elliot Park or even downtown neighborhoods as a whole are not monolithic in that all households are low income. In both examples, between 15% and 19% of all households have incomes above $75,000.

Figure 24: 2010 Household Incomes by Income Ranges

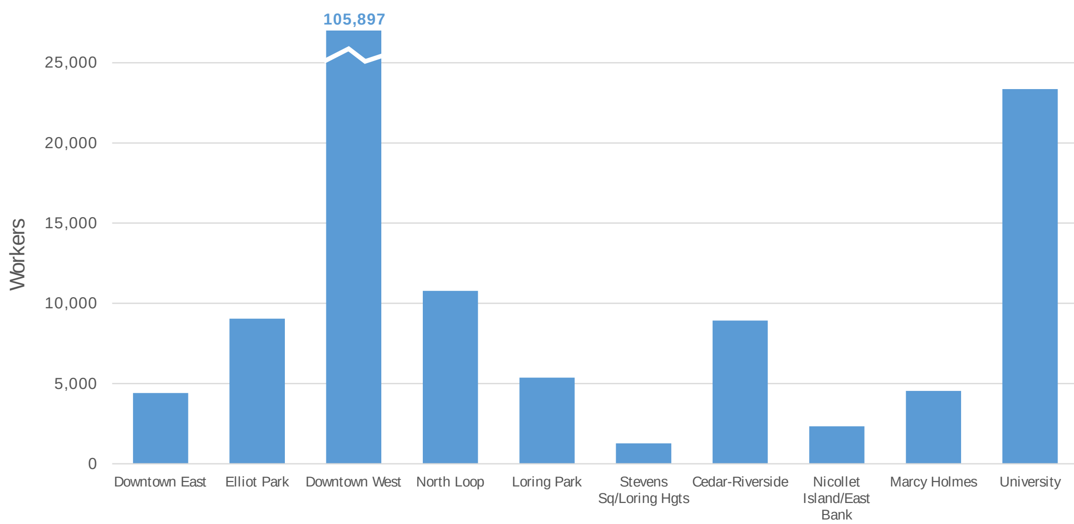


‡ Includes the Minneapolis-defined neighborhoods of Downtown East, Elliot Park, Downtown West, North Loop, Loring Park, Stevens Sqaure/Loring Heights, Cedar-Riverside, Nicollet Island/East Bank, Marcy Holmes, and University of Minnesota.
Source: US Census

3.7 EMPLOYMENT

Downtown Minneapolis is the prominent central business district in the Twin Cities metropolitan area. The neighborhood of Downtown West, which is commonly considered the downtown's core, contained nearly 106,000 jobs as of 2011. However, the neighborhoods surrounding the core are also important employment centers (Figure 25). These neighborhoods combined have over 70,000 jobs with the University neighborhood being the largest followed by the North Loop, Elliot Park, and Cedar Riverside neighborhoods.

Figure 25: 2011 Employment by Downtown Neighborhood

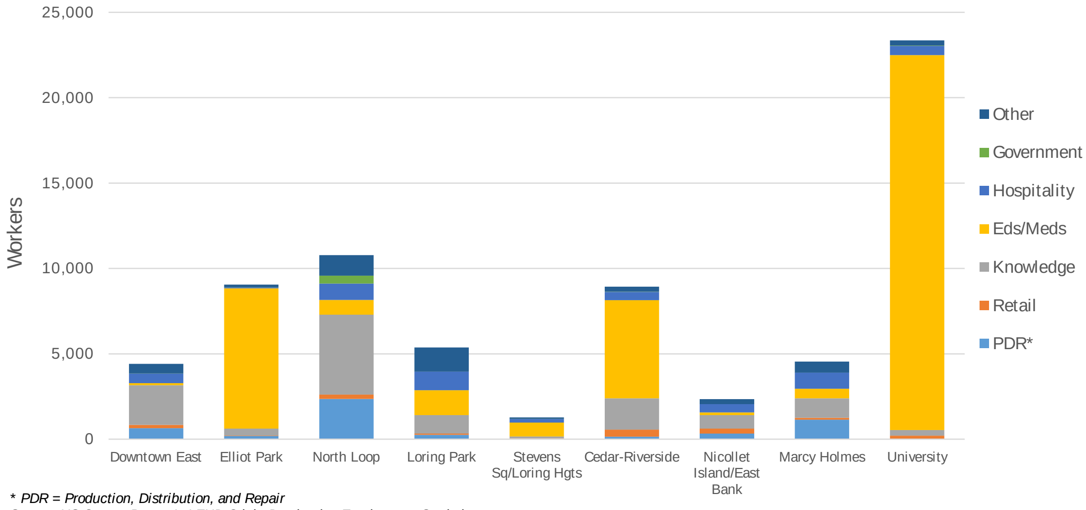


Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

The types of jobs in the surrounding neighborhoods are not all the same and differ from neighborhood to neighborhood (Figure 26[8]). Somewhat obviously, the University neighborhood is dominated by jobs in the Educational Services sector. Jobs in the Healthcare Services sector dominate the Elliot Park and Cedar Riverside neighborhoods due to the presence of Hennepin County and Fairview Riverside medical centers. In the North Loop and Downtown East, however, knowledge-based jobs are dominant.

[8] Downtown West is not included in the figure because its large number of jobs-106,000- makes the comparisons across industry sectors too difficult to easily evaluate.

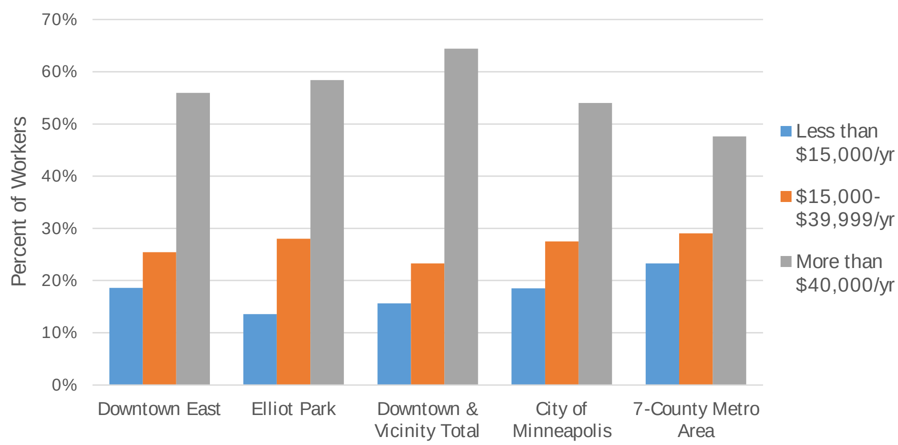
Figure 26: 2011 Employment by Major Industry Sectors for Downtown Neighborhoods



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

Figure 27 presents data on the wages associated with many of the jobs found in the downtown and surrounding neighborhoods. Generally, jobs in downtown neighborhoods tend to have slightly higher pay than jobs in the remainder of the metropolitan area. For example, nearly 60% of the jobs in Elliot Park have wages of $40,000 per year or more. This contrasts with metro-wide percentages in which 48% of jobs have wages of $40,000 per year or more.

Figure 27: 2011 Percentage of Jobs by Wage Level



Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

CHAPTER 4: DOWNTOWN EXPANSION ANALYSIS

4.1 CHAPTER SUMMARY

Chapter 1 introduced the East Downtown study area in its broader context as part of Downtown Minneapolis' locus as the economic center of the Twin Cities Metropolitan Area, while Chapters 2 and 3 identified how the study area's position as part of a major downtown and changing socio-economic patterns can attract new development. At the micro level, East Downtown is a distinct area different from the adjacent downtown core. Development potential in East Downtown is both different from and related to the geographic expansion of the adjacent downtown core.

East Downtown has been primed for redevelopment for many decades, yet only recently has new development activity begun at an increasingly rapid rate and transformative scale. Although there are many reasons behind this, **a central driver of growth in East Downtown is expansion of high density land uses traditionally found in a downtown core.** This chapter analyzes how the downtown core has grown and expanded over several real estate cycles, illuminating how East Downtown is positioned with respect to current and upcoming real estate cycles.

The downtown core of Minneapolis has historically been very compact relative to other downtowns in similar sized metropolitan areas. Efforts to expand the core in previous decades have been limited by the forces that have contributed to its compact nature. However, it appears that the downtown core is today poised for significant expansion. Analysis of recent development and investment patterns indicate that this is already beginning to occur. **As transportation infrastructure improves and the region continues to grow, pressure within downtown Minneapolis will only increase. Due to its proximity to the core, it is highly likely that the East Downtown study area will see continued investment consistent with the downtown core.**

4.2 DEFINING THE DOWNTOWN CORE

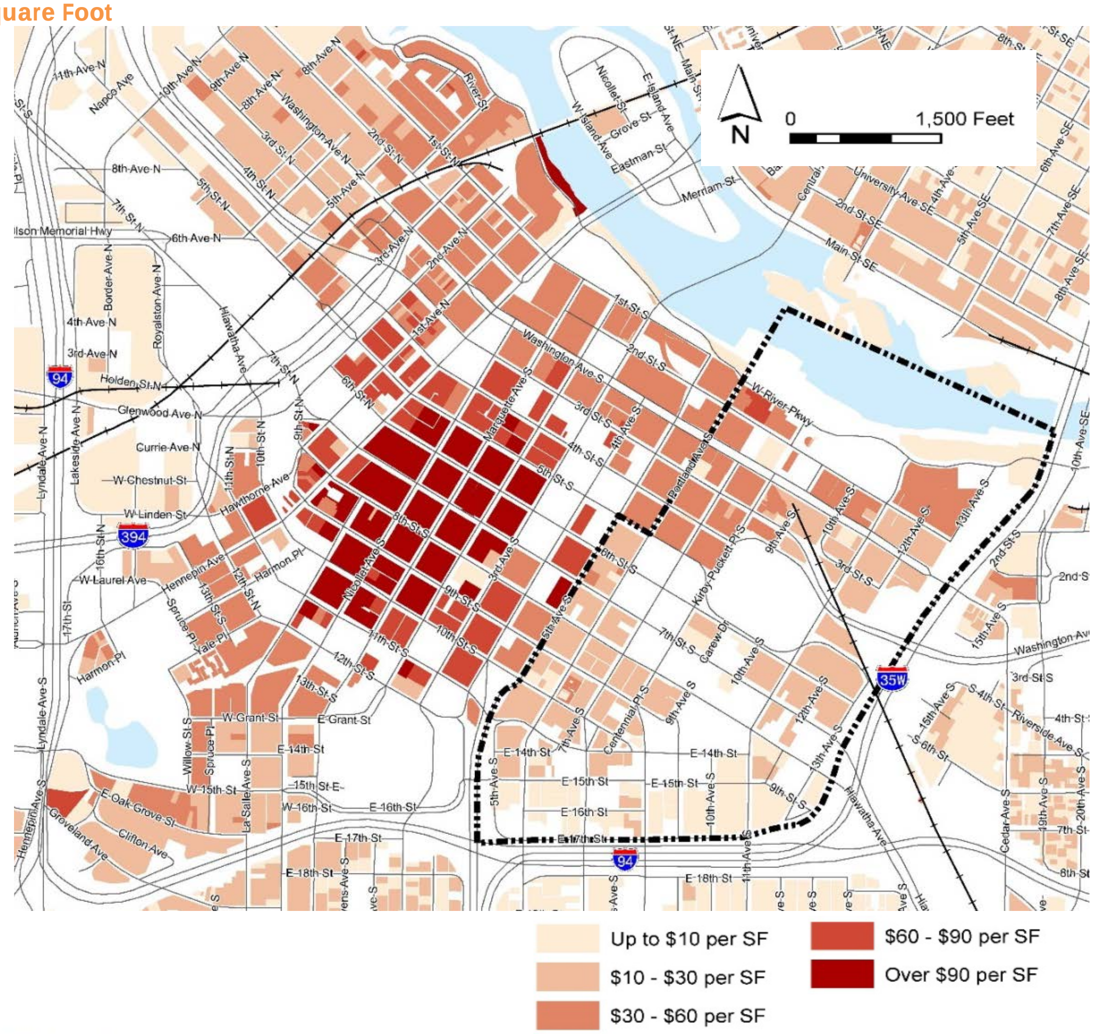
Downtown Minneapolis has a well-defined and compact core that contains the vast majority of the region's high-rise buildings and other highly-valued properties. This is due to several reasons. First, the Twin Cities region has two historic central business districts (the other being downtown St. Paul) that result in a bifurcated market requiring businesses dependent on face-to-face interactions to decide which of the two CBDs is preferable. Although downtown Minneapolis is clearly the larger and more prominent CBD, it nevertheless has a smaller footprint than other metro areas of a similar size with only one primary CBD.

The second reason for a very compact downtown core is the impact of the Mississippi River and Interstates 94 and 35W, which are significant barriers that limit short-distance mobility and the number of connections to adjacent neighborhoods.

The third and most important reason is the effect of the downtown skyway system on new development. Skyways are second-story enclosed walkways that connect buildings across streets. During the 1960s, downtown property owners persuaded city officials to allow skyways in order to help their commercial space compete with new suburban development. Once the concept was implemented by a critical mass of building owners, the second level of many downtown buildings became much more valuable. Eventually, each new significant development in the downtown was contingent on being connected to the skyway system.

The remarkably compact nature of the downtown core is evident in Figure 28, which maps 2013 estimated land values per square foot. There is a very sharp gradient in land values in which the highest land values in the City, and likely the entire state, are tightly confined to approximately 20 blocks bounded by 3rd Avenue South, 10th Street South, Hennepin Avenue, and 5th Street South. This core contains almost all of the properties with estimated values that exceed $90 per square foot.

Figure 28: 2013 Estimated Land Values per Square Foot



Extending beyond this core, estimated land values drop rapidly. A roughly two-block ring around the core contains land estimated at $60-90 per square foot. From there, a several block stretch extending from the core toward Loring Park and another swath of properties between the core and the Mississippi River have estimated land values of $30-60 per square foot. Beyond these zones, however, land is estimated at less than one-third of what is found in the core. This includes much of the East Downtown study area. In the most southern portions of the study area, near Interstate 94, many properties have an estimated land value below $10 per square foot.

Although high land values are closely correlated with the downtown core, significant property investment is not strictly associated with a downtown core location. Figure 29 presents 2013 estimated property values, which include both land and buildings, per square foot. Properties with the highest estimated values (above $400 per square foot), though concentrated in the core, are also found in neighborhoods adjacent to the core, including Downtown East and even several properties in the western portion of Elliot Park. The difference in the pattern of valuations between the two maps helps illuminate how emerging areas with new, large-scale investment do not immediately translate into the highest land values as well.

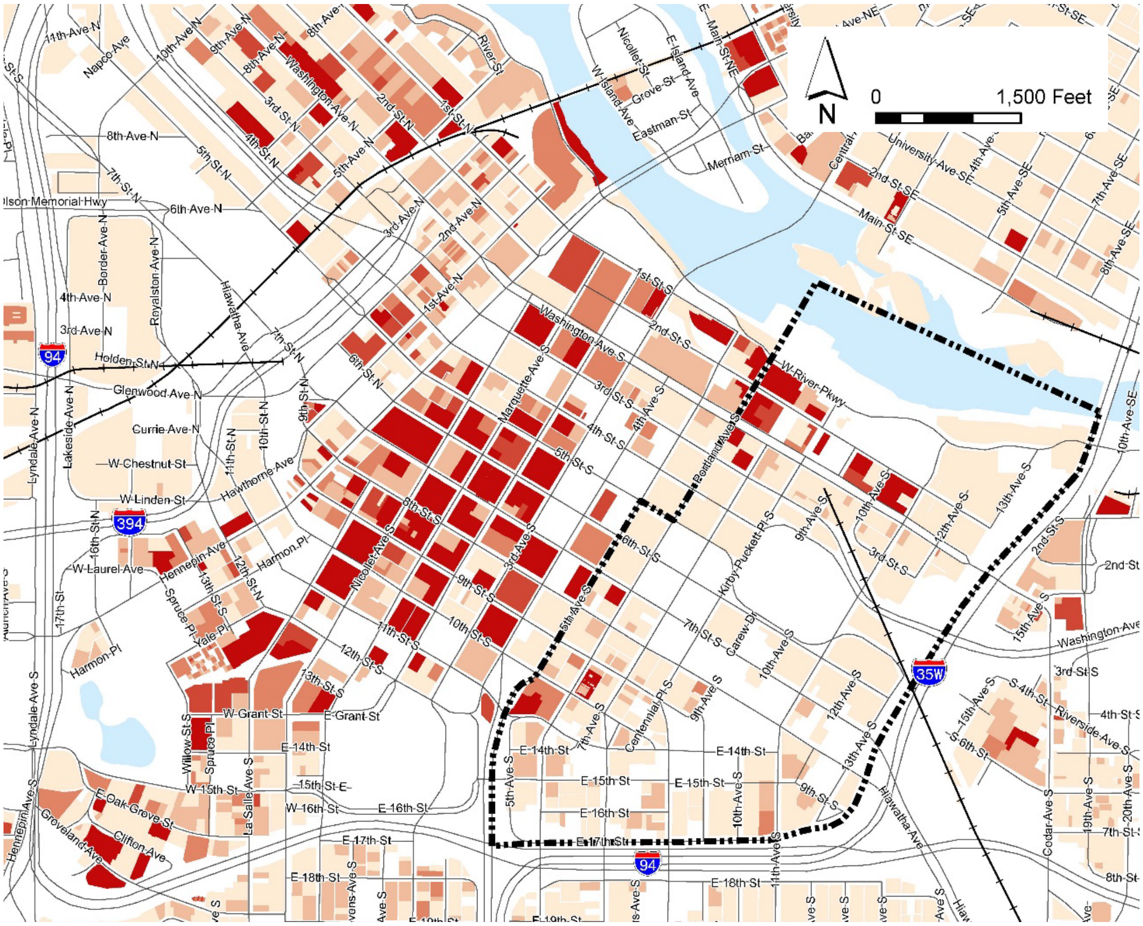


Figure 29: 2013 Estimated Property Values (Land + Buildings) Per Square Foot

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

4.3 DEVELOPMENT PATTERNS

Since the downtown core is generally characterized as the area with the highest land and property values, any expansion of the core could likely be measured by the location of significant real estate investment in the form of new construction or rehabilitation. Figure 30 is a map of properties with new buildings constructed each decade since 1950. Because downtown Minneapolis has been fully built out for more than 140 years, it is assumed that any new building construction in the last 60 years was of a significant nature because it replaced an existing structure.

The map reveals that most properties in the downtown have been redeveloped in some form or another in the last 60 years; this is characteristic of downtowns generally. The area that contains the core, however, appears to have a higher concentration of properties that were redeveloped before 1980. In contrast, the areas that appear to have the highest number of properties that have been redeveloped since 2000 are in the North Loop, Downtown East, and the southern end of Nicollet Mall. This suggests that the downtown core may be expanding, though most of the new development in the North Loop and Downtown East is residential and not necessarily the type of commercial uses that are characteristic of the established downtown core.

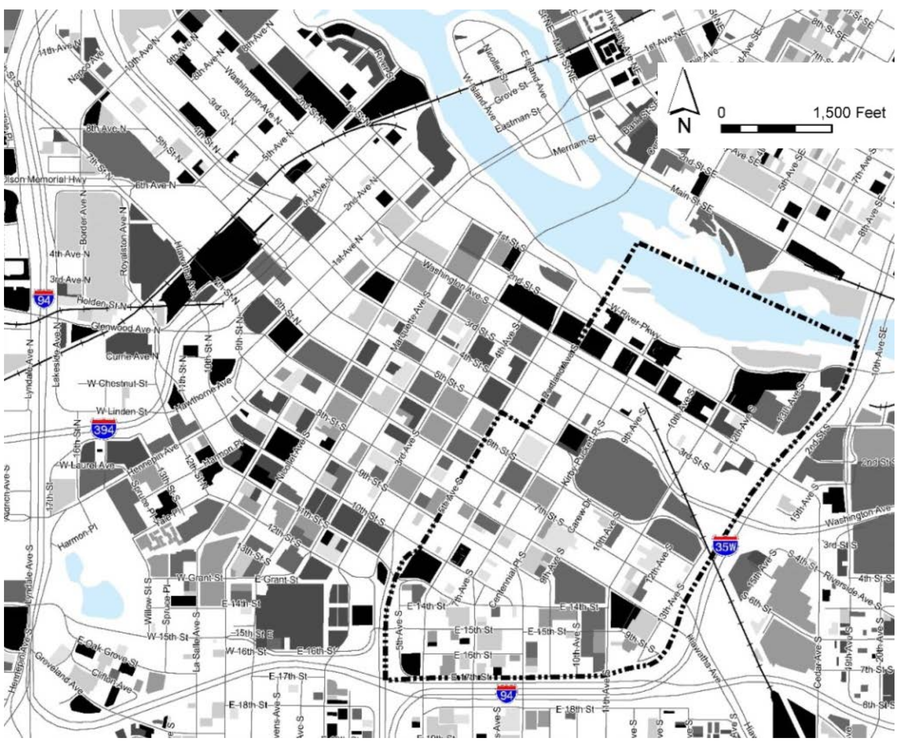


Figure 30: Buildings Constructed between 1950 and 2013

Given the compact nature of the downtown core, another perspective to analyze the potential expansion of the core is to note the degree to which it has become developed with newer high-value properties. Figure 26, shown previously, indicates that to some degree most of the properties in the downtown already have very high property values. Therefore, the likelihood of accommodating any redevelopment is minimal, which would suggest that demand for new high-valued development would need to occur outside of the immediate downtown core.

Figure 31 introduces additional data to help visualize the downtown development patterns of the last 10 years. It depicts the location of building permits that were pulled since 2004 with construction valued over $5 million. It includes permits for both new construction and major rehabilitation or renovations. Therefore, it captures real estate investment that extends beyond simply new buildings. This is important because the recycling and/or modernizing of older properties can either contribute to the expansion of the downtown core by adding new highly-valued space beyond the edge of the core or by mitigating its expansion through the enhancement of undervalued properties already within the core.

From the map, it appears that the southern and northern ends of Nicollet Mall have received a great deal of new investment since 2004. Beyond Nicollet Mall, other areas of concentrated investment include the North Loop and Downtown East to a slightly lesser degree. This could be indicative that the core is poised to expand because the secondary areas north of 5th Street and south of 10th Street have recently received investment.

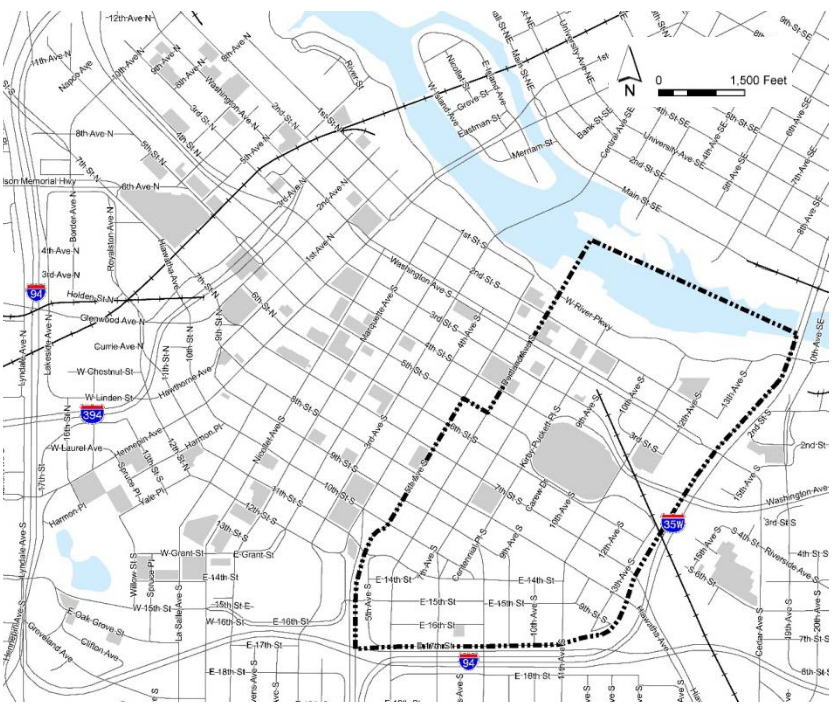
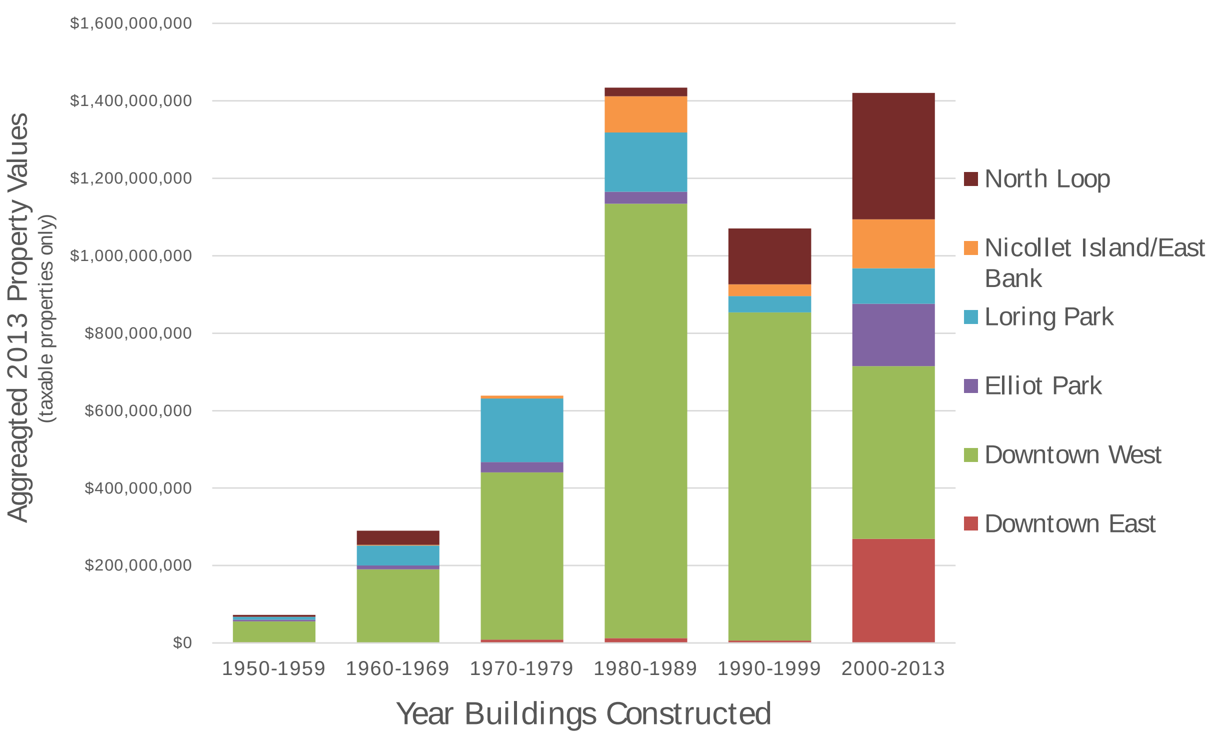


Figure31: Building Permits over $5 Million Issued by the City of Minneapolis since 2004

4.4 INVESTMENT PATTERNS

The previous section addressed the location of new real estate investment by analyzing construction patterns by decade. This section attaches investment dollars measured through property valuations to see if there is a geographic pattern in the level of investment as well. Table 4 is a graph of aggregated property values broken down by age of buildings for each neighborhood adjacent to the downtown core (i.e., Downtown West). The graph shows that the value of taxable properties constructed in each decade between 1950 and 2000 is largely located within Downtown West. Since 2000, however, new development has clearly spread beyond Downtown West into the adjacent neighborhoods. Although Downtown West still accounts for the largest valuation of properties built since 2000, it no longer dominates the overall level of investment as in previous decades. This is a strong indicator that investment outside the downtown core in adjacent neighborhoods is reaching levels not previously experienced.

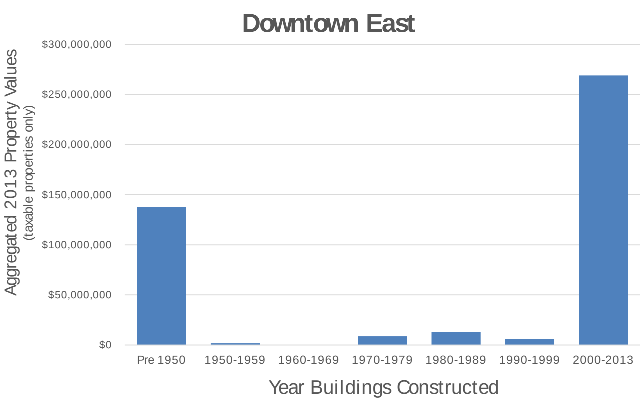
Table 4: Aggregate 2013 Value of Taxable Properties by Year Constructed



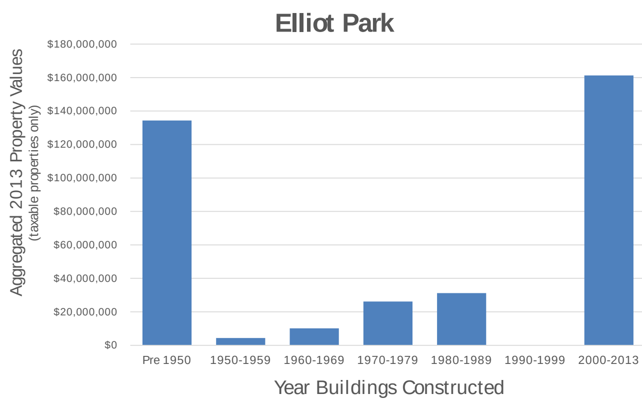
Sources: Hennepin County Assessor; City of Minneapolis

Figure 32 presents the same data broken down individually for each neighborhood adjacent to the downtown core. By organizing the data in this manner, it is easy to see how striking the level of investment has been outside of the downtown core. Furthermore, the series of graphs show the aggregate value of properties constructed before 1950 as well. Figure 33 presents the same information on a map to demonstrate that the downtown core has been surrounded with substantial investment since 2000.

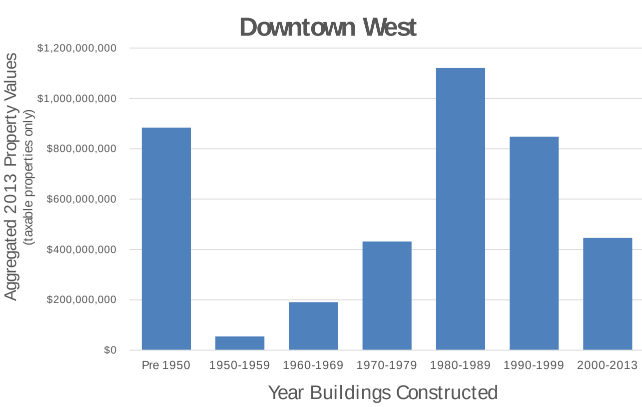
Figure 32: Aggregate 2013 Value of Taxable Properties by Year Constructed for Downtown Neighborhoods



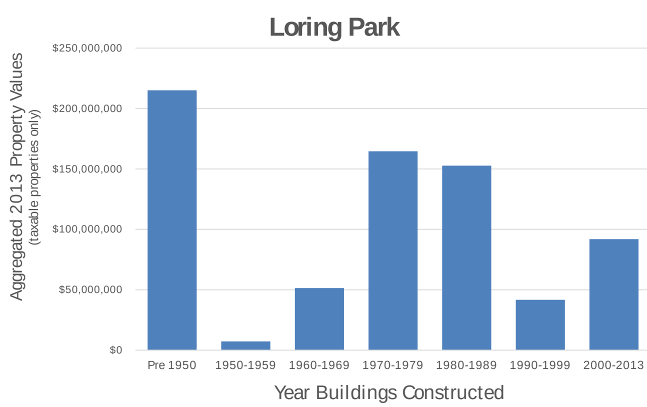
Sources: Hennepin County Assessor; City of Minneapolis



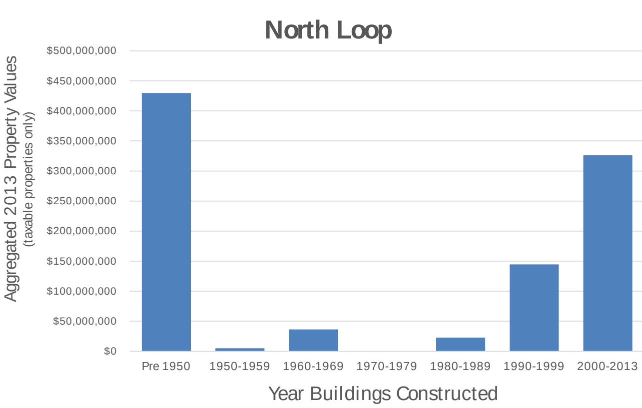
Sources: Hennepin County Assessor; City of Minneapolis



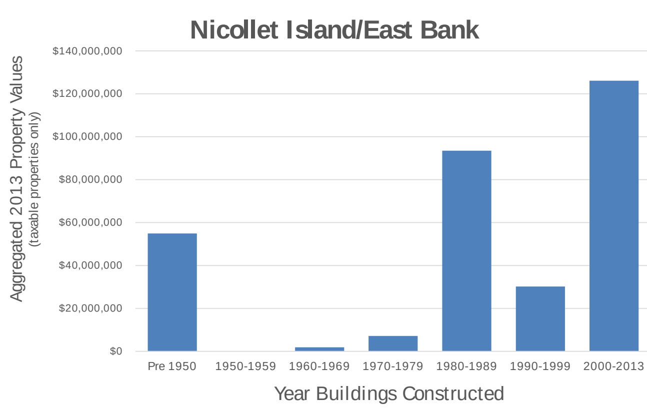
Sources: Hennepin County Assessor; City of Minneapolis



Sources: Hennepin County Assessor; City of Minneapolis



Sources: Hennepin County Assessor; City of Minneapolis



Sources: Hennepin County Assessor; City of Minneapolis

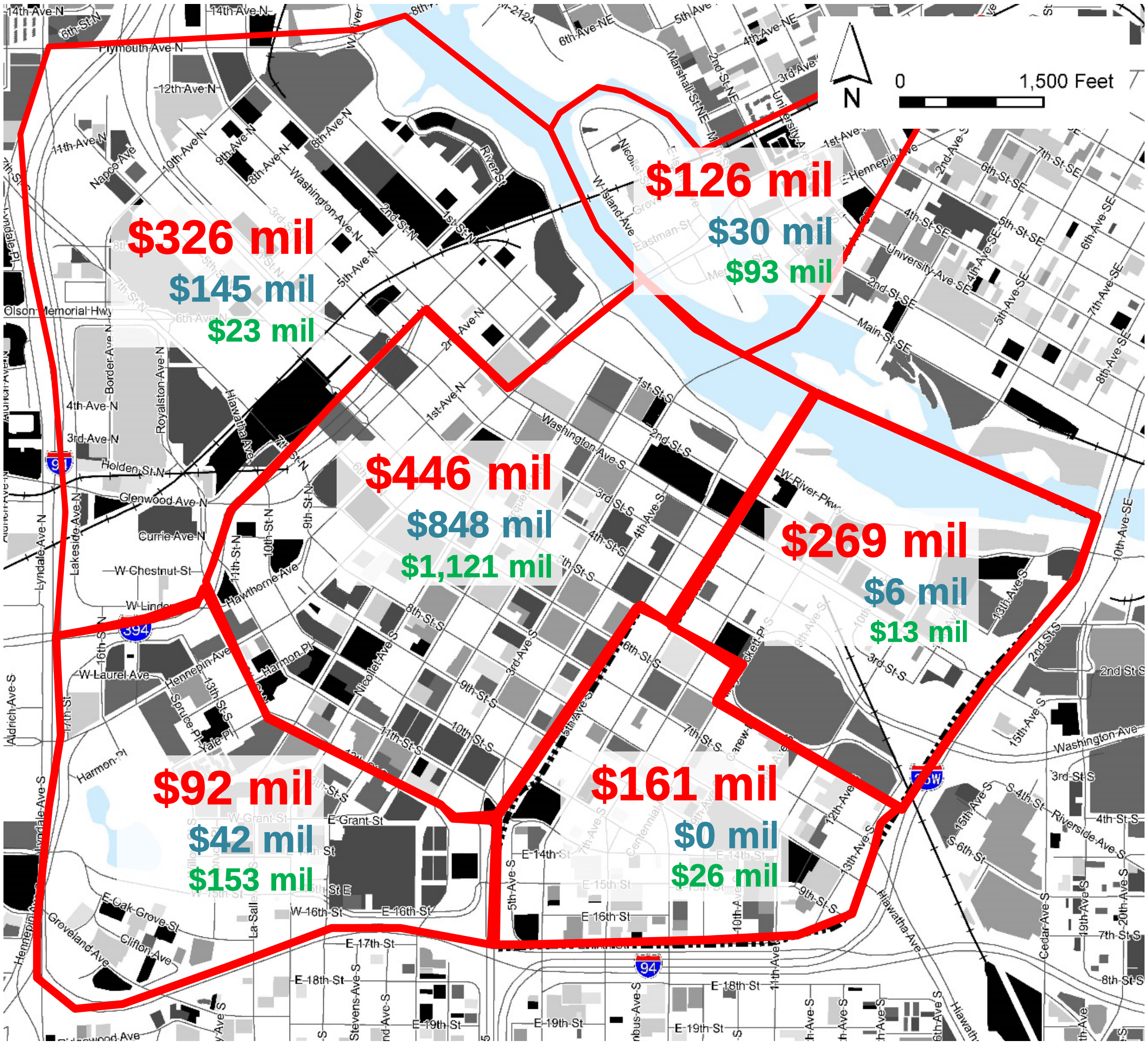


Figure 33: Aggregate 2013 Value of Taxable Properties by Year Constructed

Properties Built 2000-2013

Properties Built 1990-1999

Properties Built 1980-1989

CHAPTER 5: REAL ESTATE MARKET OVERVIEW

5.1 CHAPTER SUMMARY

This chapter analyzes market data related to the major real estate sectors in downtown Minneapolis and, in particular, the East Downtown study area[9].

For-Sale Housing
Pricing of downtown housing has increased at a much more accelerated rate compared to the metro area. Median housing sale prices in downtown Minneapolis have rebounded since the Great Recession, and are now 17% above the 2007 market peak. New housing supply in downtown is severely restricted- evidence of pent-up demand. However, financing for new condominium development is hampered by developer liability laws. As the economy has improved, developers with strong bottom lines and a proven track record are beginning to forge ahead and test the favorable market conditions toward additional construction in this sector.

Rental Housing
The overall vacancy rate in downtown Minneapolis dropped from a peak of 9.8% in 2009 and has generally remained below 4.0% since 2011. Favorable demographics, growing interest in downtown living, and restricted supply of for-sale housing have supported the development of significant numbers of new apartments in the downtown. These have been almost entirely focused on affluent households, driving up rents. Given the current rate of development, short-term saturation seems likely in this market. However, previously mentioned fundamentals will help

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[9] **A note about the data geography:** A variety of data sources were utilized to build a picture of the condition of each market sector, including Marquette Advisors' Apartment Trends report and the Minneapolis Area Association of Realtors for housing market data, CoStar for retail and office market data, Smith Travel Research for hospitality market data, and city permit data for institutional market data. For each sector (except for institutional), trend data on pricing, leasing, and development activity will be presented at the downtown as well as regional levels to help gauge the overall health and condition of the market. National data is also presented where appropriate to provide appropriate context.

Because the market data used in this analysis comes from a variety of sources, the geographic definition of downtown Minneapolis can vary slightly from source to source. Although this introduces some challenges when analyzing findings and drawing conclusions, the definition of downtown Minneapolis from each source has been verified and considered appropriate for this analysis. Moreover, the use of downtown Minneapolis as an area of analysis is restricted mostly to comparisons of larger geographic areas, such as the City of Minneapolis or the Twin Cities Metro Area. Therefore, small derivations in its definition are acceptable. Where data is analyzed at the sub-downtown level (i.e., specific neighborhoods), these have been verified to correspond to formal neighborhood definitions.

support long-term demand for rental housing that is well-located and well-positioned in downtown.

Retail

In late 2010, the average vacancy rate in East Downtown hit a low of approximately 2.0%, indicating a tight supply of available retail space. Since then, the vacancy rate has climbed to over 7%. Large swings in the vacancy rate in East Downtown are due to the relatively small universe of retail space; small shifts in occupied space at one or two properties can result in fairly large percentage changes in vacancy. As more housing is introduced into the downtown, there will be increasing demand to locate neighborhood retail at the most visible and accessible locations. In some instances this will necessitate construction of new retail space, though development costs will likely limit this growth to only the most desirable of locations.

Office

The average office vacancy rate for East Downtown is 16%, well above the broader downtown vacancy rate of 10% and the metropolitan rate of 9%. Slow rates of new office development over the past several years are rooted in both short-term trends (i.e., the economic recession of 2008-2009) and long-term structural change in the use of office space (i.e., greater efficiency in the use of office space).

Hospitality

Occupancy and room revenues in the hotel industry have risen significantly in recent years, spurring demand for new development. Elite chains once limited to major markets have either repurposed existing properties or made serious overtures into possible new projects. Although only one hotel is currently under construction in downtown Minneapolis at the time of this writing (Hampton Inn), there are several other sites being considered for new development. If all proposed projects move forward, this would add over 1,000 rooms to the downtown Minneapolis market.

Institutional

The big three sectors that make up the institutional market are Government, Healthcare, and Education. East Downtown has a large concentration of institutional uses, many of which have recently undergone expansion, such as the Hennepin County Medical Center. It is difficult to predict how changing market trends will affect future institutional development because projects tend to be very large relative to most private sector investment and rising land prices often precludes institutional growth. Because of the political and logistical complexity in re-locating or renovating large institutions, growth in this sector that has not already been identified is unlikely.

5.2 HOUSING

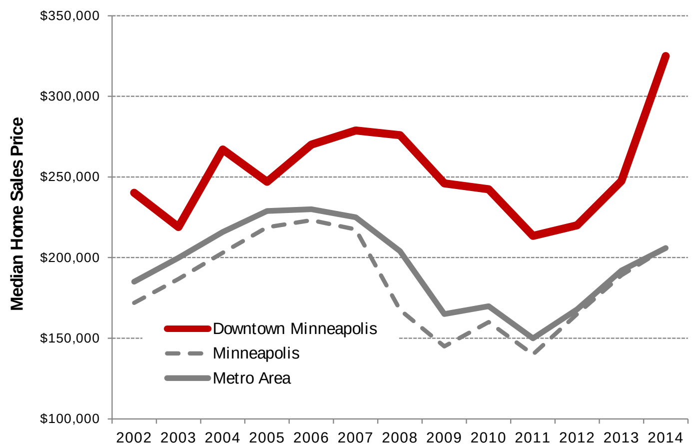
5.2.1 FOR-SALE MARKET

5.2.1.1 Vacancy and Pricing Trends

From the late 1990s until the mid-2000s, the for-sale housing market experienced unprecedented growth fueled by historically low mortgage interest rates, new mortgage products that reduced down payments, and favorable demographics. Although the bulk of new housing constructed during this period consisted of traditional detached single-family product in suburban and exurban markets, the multifamily ownership market, including condominiums and townhomes, experienced dramatic growth as well. Focused primarily on the downtowns of Minneapolis and Saint Paul, as well as emerging suburban town centers, the condominium market at its peak between 2004 and 2006 was producing well over 3,000 units per year, a rate never before experienced in the Twin Cities.

By 2008, it became evident that overheated demand had resulted in a housing bubble and crash that caused declines in housing values not seen since the Great Depression. Prices in many markets, including portions of the Twin Cities, saw declines as sharp as 50% or more. In downtown Minneapolis, median home sales prices peaked at $278,850 in 2007 before falling to $213,500 by 2011, a 23% decline (Figure 34). However, since 2011 the median sales price in downtown Minneapolis has rebounded $111,000 and is now 17% above the 2007 market peak. This is impressive given that the median home sales price for Minneapolis and the metropolitan region are still respectively 8% and 10% below their market peaks despite recent gains.

Figure 34: Median Home Sales Prices 2002-2014



Source: Minneapolis Area Association of Realtors

This is strong evidence that the for-sale market is strong enough to support new development. There are several important reasons for a revitalized for-sale market, especially in the downtown, which are summarized as follows:

1. **Pent-up demand has increased.** Between 2007 and 2014, only two new for-sale developments with a total of 380 units were added in the downtown and surrounding neighborhoods (Stonebridge Lofts and the Bridgewater, both located in Downtown East), despite continued household growth. Before the housing bust, the downtown was absorbing as much as 1,000 for-sale units per year.
2. **The number of distressed properties on the market has declined significantly.** Many foreclosed and short-sale properties that flooded the market at distressed pricing after the housing bust have been removed. This has reduced the supply of existing units and increased the confidence among both buyers and sellers that prices are increasing.
3. **The cost of rental housing has increased substantially in recent years.** This means that more households will consider a move from a rental unit to an owned unit as a means of saving money through available tax credits and the building of home equity.
4. **Downtown neighborhoods are adding important amenities and services.** The on-going development of new residential housing in the downtown, regardless of whether it is owned or rented, is achieving a critical mass needed to support neighborhood-level amenities and services, such as grocery stores, shops, and small parks. The presence of such amenities and services means a much broader market beyond the stereotypical “urban pioneer” can be tapped.
5. **Employment is increasing.** Since 2009, Minneapolis has added over 25,000 jobs, much of which are located downtown. Employment growth in the downtown has always been and will continue to be an important driver of downtown housing demand.

Despite the overall strength of the for-sale market, for-sale housing has historically been concentrated in a select number of neighborhoods. Table 5 and Figure 35 present data on the number of homes sold and the median sales price for each neighborhood in and near the downtown in 2011 at the bottom of the market and in 2014. Downtown East had the most sales in 2014 and the highest median sales price at nearly $465,000. This is because the downtown’s only active for-sale development (Stonebridge Lofts) is located in Downtown East. This has spurred the high level of recent activity and helped push prices to very high levels. However, the existing for-sale housing stock, much of which is oriented to the Mississippi River, also contributes to the high price points in this area.

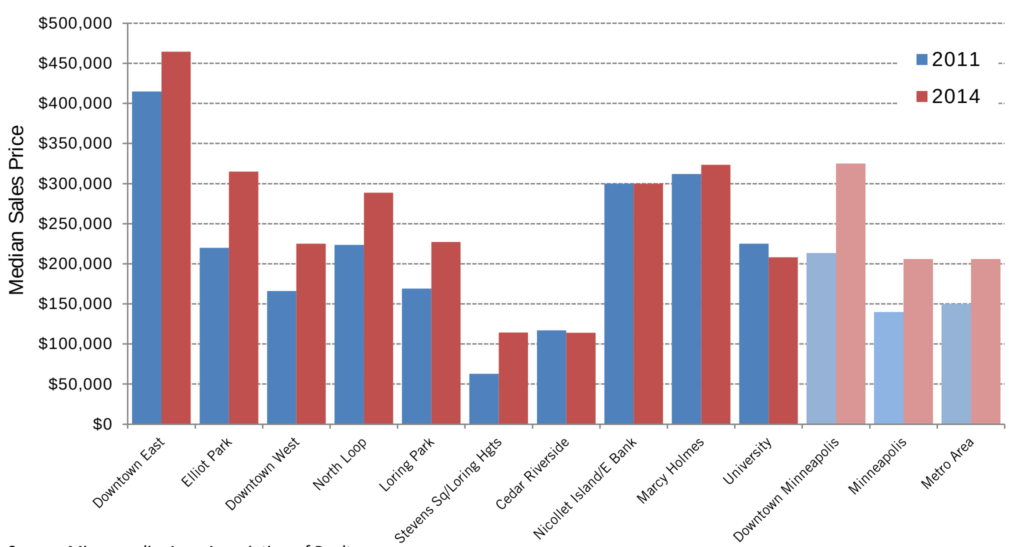
The vast majority of Elliot Park’s for-sale units are located in three high-rises that were developed during the condominium boom of the last decade (Grant Park, Skyscape, and Sexton Lofts). Therefore, a number of units in each development went into foreclosure and caused a temporary reduction in sales prices. However, since most of these distressed units have been re-absorbed by the market, pricing has returned to more normal market dynamics, which has resulted in a sharp increase in the neighborhood’s median sales price.

Table 5: Homes Sold and Median Sales Prices for Downtown Neighborhoods 2011 & 2014

	Homes Sold			Median Sales Price		
Neighborhood/Area	**2011**	**2014**	**Change**	**2011**	**2014**	**Change**
Downtown East	71	235	231.0%	$415,000	$464,500	11.9%
Elliot Park	48	57	18.8%	$220,000	$315,000	43.2%
Downtown West	102	140	37.3%	$166,000	$225,000	35.5%
North Loop	118	190	61.0%	$223,700	$288,750	29.1%
Loring Park	80	105	31.3%	$169,000	$227,175	34.4%
Stevens Sq/Loring Hgts	29	32	10.3%	$62,950	$114,450	81.8%
Cedar Riverside	26	18	-30.8%	$116,950	$114,100	-2.4%
Nicollet Island/East Bank	43	55	27.9%	$300,000	$300,000	0.0%
Marcy Holmes	31	32	3.2%	$312,000	$323,500	3.7%
University	1	1	0.0%	$225,000	$208,000	-7.6%
Downtown Minneapolis	449	750	67.0%	$213,500	$325,000	52.2%
Minneapolis	5,643	5,375	-4.7%	$140,000	$206,000	47.1%
Metro Area	49,424	48,900	-1.1%	$150,000	$206,000	37.3%

Source: Minneapolis Area Association of Realtors

Figure 35: Median Sales Price for Downtown Neighborhoods 2011 & 2014



Source: Minneapolis Area Association of Realtors

The North Loop, Downtown West, and Loring Park are the other downtown neighborhoods with a high concentration of for-sale units. However, these neighborhoods also contain a significant number of older or smaller for-sale properties, which keep the median sales price from achieving the high levels found in Downtown East. Nevertheless, each of these three neighborhoods has experienced a sharp increase in its median sales price since 2011.

The neighborhoods on the east side of the Mississippi River (Nicollet Island/East Bank and Marcy Holmes) have relatively high median sales prices, which is somewhat due to their proximity to the river. However, they have not experienced the same level of price appreciation as other downtown neighborhoods. This is likely because the housing stock in these areas never experienced the same rate of foreclosures as some other neighborhoods.

5.2.1.2 Development Trends

In 2009, with prices plunging and the number of foreclosed homes rising rapidly, it was hard to imagine a future with new for-sale development. However, as the economy has improved and the market fundamentals have returned to more normalcy, developers with strong bottom lines and a proven track record are beginning to forge ahead and test the favorable market conditions. For example, in Elliot Park, Shamrock Development is constructing a 17-story high-rise at the corner of Portland Avenue South and South 8th Street. This would consist of 112 units and unit pricing ranging from the high $200s to the mid $500s, according to news reports.

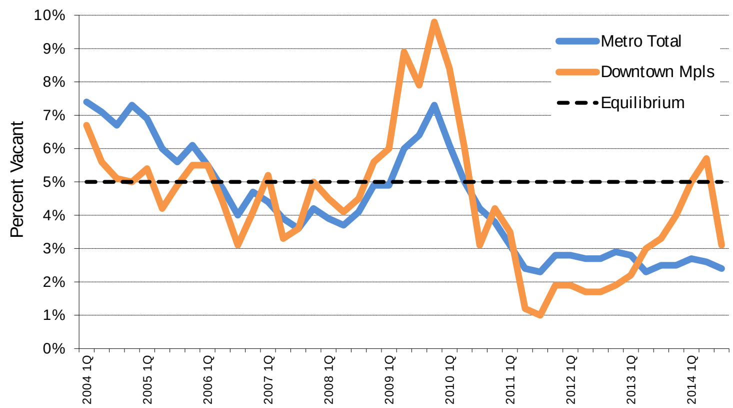
In the North Loop, Curt Gunsbury has proposed a 24-unit building along 1st Street North. On the east bank of the Mississippi River, there are two preliminary proposals for residential high-rises in which the developers, in both cases, have stated that the project could be either rental or for-sale. In the downtown core, Shamrock Development has proposed two high-rise buildings at the corner of Washington Avenue and Hennepin Avenue, but has temporarily focused their efforts on the Elliot Park project. Meanwhile, the Nicollet Hotel Block has garnered interest from several developers vying to work with the City. In most of the proposals, a residential component is identified, yet the developer has chosen to not specify whether it would be rental or for-sale. This suggests that the market is shifting away from rental and toward for-sale.

5.2.2 RENTAL MARKET

5.2.2.1 Vacancy and Pricing Trends

The apartment market has rebounded strongly after a period of high unemployment and lackluster job growth temporarily softened the rental market in 2009 (Figure 36). The overall vacancy rate in downtown Minneapolis dropped from a peak of 9.8% in 4th quarter 2009 to 1.0% in 3rd quarter 2011 and has generally remained below 4.0% since then, except for two quarters earlier this year. This strengthening in the market means that the vacancy rate has been well below 5.0% since early 2010, and this prolonged period of pent-up demand has helped fuel a remarkable amount of apartment development in recent years.

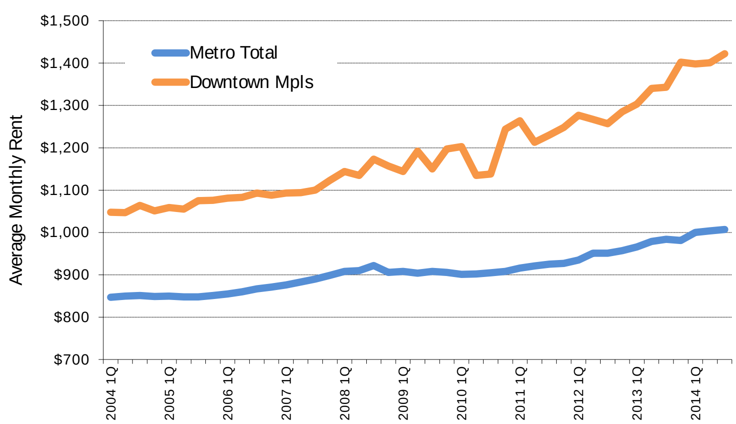
Figure 36: Apartment Vacancy Trends 2004-2014



Source: Marquette Advisors, Apartment Trends

The average monthly rent in downtown Minneapolis is currently at $1,422 per month, which is a 25% increase since 2010 (Figure 37), which was when vacancies began to decline from their peak. At the metropolitan level, the current average monthly rent is $1,007, and it has increased 12% since 2010. The significant difference in average rent and the rate of increase in recent years between the downtown and the metropolitan area is due to the substantial number of luxury properties that have opened since 2010. The addition of numerous high-end properties has caused the average rent to increase sharply.

Figure 37: Average Monthly Apartment Rent 2004-2014



Source: Marquette Advisors, Apartment Trends

5.2.2.2 Changing Attitudes Toward Rental Housing

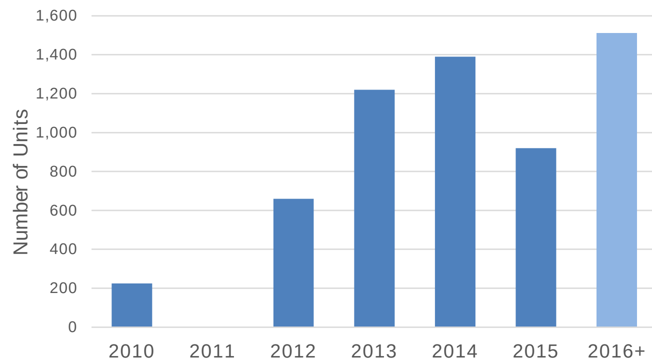
In light of the favorable market conditions for for-sale housing in the downtown, growing evidence that younger age groups are not embracing homeownership like earlier generations should be noted. First, mortgage standards have returned to more stringent levels due to substantially larger down payments required by banks. This has been a barrier to entry for many young households also burdened by large college debt. Second, housing is no longer considered a safe investment immune to significant losses. Third, for younger households vulnerable to high unemployment rates, homeownership can be viewed as reducing mobility which reduces employment flexibility which further depresses demand. As a result, younger households are starting to choose rental housing as a preferred arrangement rather than a temporary situation prior to homeownership. This rental by choice or lifestyle market is often seeking properties with higher amenities (and thus rents) than what were standard even a few years ago.

If these trends persist or become deeply established, the long-term demand for rental housing could push absorption levels to historic highs in coming years and cause the current apartment boom to last much longer than forecasted. These trends, however, are difficult to predict because of the large impact Federal policies have on homeownership. For instance, if the Federal government revamps Fannie Mae and Freddie Mac, the two big institutions that help support homeownership, in a way that help loosen lending standards, homeownership may again regain its value to younger generations. Conversely, if significant changes occur to the mortgage interest deduction allowed through the Federal tax code, this will have a profound impact on the rental market. Both options have been raised in Congress in recent years.

5.2.2.3 Development Trends

Dougherty Mortgage LLC recently released a report on the state of the Twin Cities apartment market titled Market Viewpoint: Twin Cities Multifamily Market 2014-2015 that summarizes recent development trends. According to the report, downtown Minneapolis has become a focal point for residential development in the Twin Cities over the past 10 to 15 years, and apartments have fueled the most recent wave of development. Spanning the years from 2010 to 2015, more than 4,400 new apartment units in 29 projects will have been added to the downtown market, which is an annual average of 733 units. Development rose dramatically in 2012 and peaking in 2013 and 2014 with roughly 1,200 to 1,400 new units each year, respectively. Of this new development, Downtown East is capturing just over 10% of the units (469) and Elliot Park is capturing just over 1% of the units (61). The North Loop is capturing the largest share with over 40% of the units (1,814).

Figure 38: Downtown Minneapolis Apartment Development 2010-2016



Source: Dougherty Mortgage LLC, *Market Viewpoint: Twin Cities Multifamily Market 2014-2015*

The report also points out that the building types being developed offer prospective residents a wide range of choices with nearly 19 new mid-rise buildings (2,627 units), seven warehouse/historic conversions (901 units), and three high-rise buildings (926 units) added to the market since 2010.

5.3 RETAIL

5.3.1 VACANCY AND PRICING TRENDS

Retail vacancy and lease rates were analyzed for East Downtown[10] and compared against the rates for all retail properties throughout the entire downtown and Metro Area (Figures 39 and 40). The following are key findings from the figures:

- Since 2009, the average vacancy rate for retail space in East Downtown has been well below that of the entire downtown. However, retail in downtown Minneapolis has historically had higher vacancy than the metro area. This is largely because of excess space that are remnants of a decades long transition in which the downtown has shifted from a regional center for retail activity to one that primarily serves daytime office workers and evening entertainment activities.

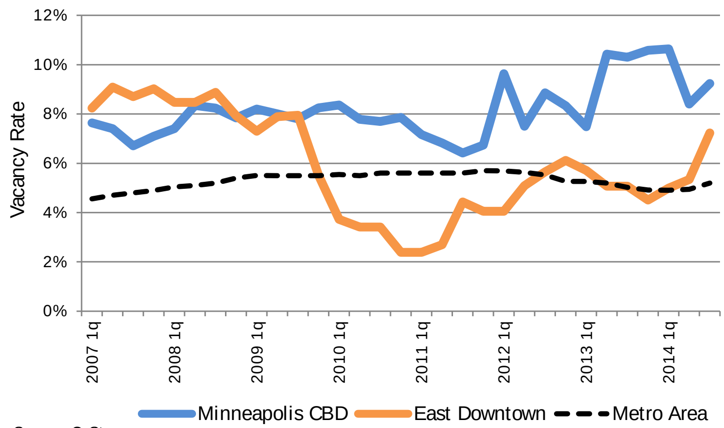
- In late 2010, the average vacancy rate in East Downtown hit a low of just above 2.0%, which indicates a tight supply of available retail space. Since that time, however, the vacancy rate has climbed back up to over 7%. Large swings in the vacancy rate in East Downtown are due to the relatively small universe of retail space, which totals 375,000 square feet in 40 buildings. Therefore, small shifts in occupied space at one or two properties can result in fairly large percentage changes in vacancy.

- Quoted lease rates for retail space in East Downtown are currently at $22.50 per square foot. Although this is significantly higher than the average quoted rates for the entire downtown ($16.20) and the metropolitan area ($13), it is because one listed property is actively advertising their lease rate. Moreover, this one property is a proposed space that is part of a soon-to-be-developed project (901 Washington Avenue South).

[10] Consists of the neighborhoods of Downtown East and Elliot Park

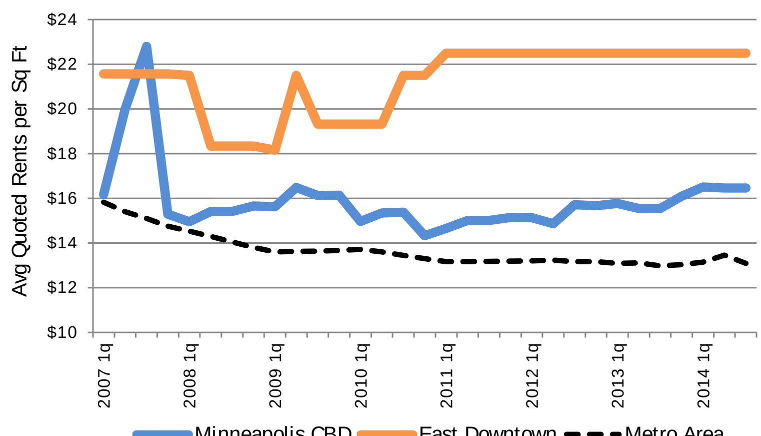
- Generally, though, retail lease rates have been on the decline. The metropolitan average has decreased from about $16 per square foot in 2007 to the current average of $13 per square foot. This is because the retail sector was significantly impacted by the 2008-2009 recession as consumer spending dropped dramatically. The recovery of the retail sector has been slow because of competition with on-line retailing and shifting demographic and cultural trends.

Figure 39: Retail Vacancy Trends 2007-2014



Source: CoStar

Figure 40: Retail Lease Rate Trends 2007-2014



Source: CoStar

5.3.2 DEVELOPMENT TRENDS

During the 1980s and 1990s and even into the early 2000s, downtown property owners experimented with suburban-style shopping centers. Examples of this concept included City Center, the Conservatory, Gaviidae Commons, and Block E, all of which have either been redeveloped (the Conservatory) or refurbished into other uses. Although the downtown is no longer a major regional center for traditional retail goods including apparel, shoes, and durable goods, it has experienced a proliferation of eating and drinking establishments along corridors conducive to pedestrian movement, such as Nicollet Mall, Hennepin Avenue, 1st Avenue North, and Washington Avenue. Another important evolution in downtown retail is the emergence of neighborhood-level retail in areas with strong residential growth.

This new trend in downtown retail is not necessarily predicated on the development of significant amounts of new retail space, though several newer apartment developments have included small retail space on their ground floors. Instead, this new retail trend is generally occurring as a result of redevelopment or refurbishment of underutilized retail space and does not technically represent a significant net change in the supply of downtown retail space. Examples of this include the Whole Foods store at the corner of Washington and Hennepin Avenues, which was previously a Jaguar car dealership, and the Lunds grocery store at Hennepin Avenue and 12th Street. According to CoStar, a national provider of commercial real estate data, both of these properties were categorized as retail space prior to their redevelopment even though they did not contain traditional retail uses. Interestingly, though, it clearly took favorable market dynamics and significant investment to get these properties to become utilized at a much higher level.

As more housing is introduced into the downtown, there will be increasing demand to locate neighborhood retail at the most visible and accessible locations. In some instances this will necessitate construction of new retail space. However, given the costs associated with new commercial space, this will likely be reserved for only the most desirable of locations.

5.4 OFFICE

5.4.1 VACANCY AND PRICING TRENDS

Office vacancy and lease rates were analyzed for East Downtown[11] and compared against the rates for all office properties throughout the entire downtown and Metro Area (Figures 41 and 42). The following are key findings from the figures:

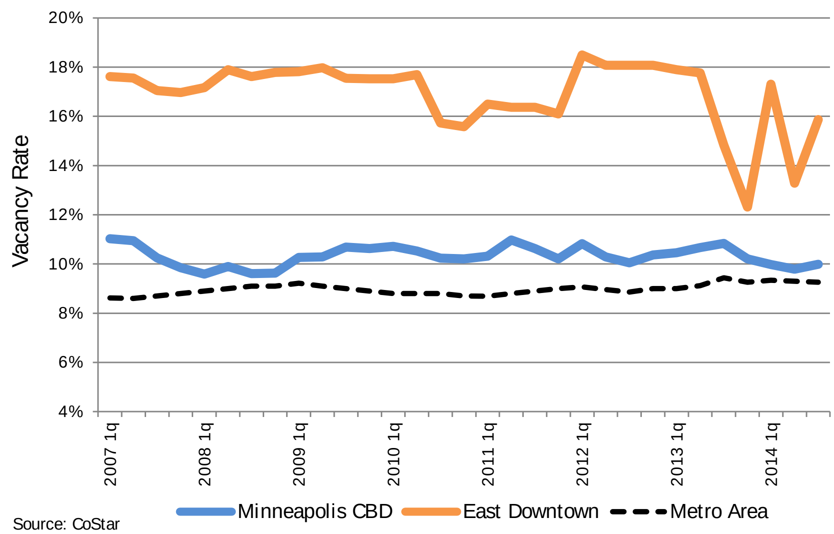
- The average office vacancy rate for East Downtown is currently at 16%, which is well above the broader downtown vacancy rate of 10% and the metropolitan rate of 9%.
- The office vacancy rate for East Downtown has consistently been above 16% since 2007.
- The high office vacancy rate in East Downtown is largely attributable to two properties with significant vacancies, the Thresher Square building and 1010 Metrodome Square. These two properties account for over 80% of the vacant space in East Downtown. If one were to subtract these properties from the vacancy analysis, the average office vacancy for East Downtown would decrease to below 5%.
- According to CoStar, a nationally recognized provider of commercial real estate data, the total universe of rentable office space in East Downtown is approximately 2.1 million

[11] Consists of the neighborhoods of Downtown East and Elliot Park

square feet. For the entire downtown area, it is 41.4 million square feet of space. Therefore, East Downtown only accounts for 5% of all the office space in the downtown area. This is a small proportion of space, especially considering that East Downtown is immediately adjacent to the downtown core.

- Broadly speaking, office vacancies have increased slightly since 2007. As office-based businesses have recovered from the recession, they have adapted to new office environments and reduced their per employee need for space. Therefore, as some businesses add employees as the economy improves, they are utilizing less space.

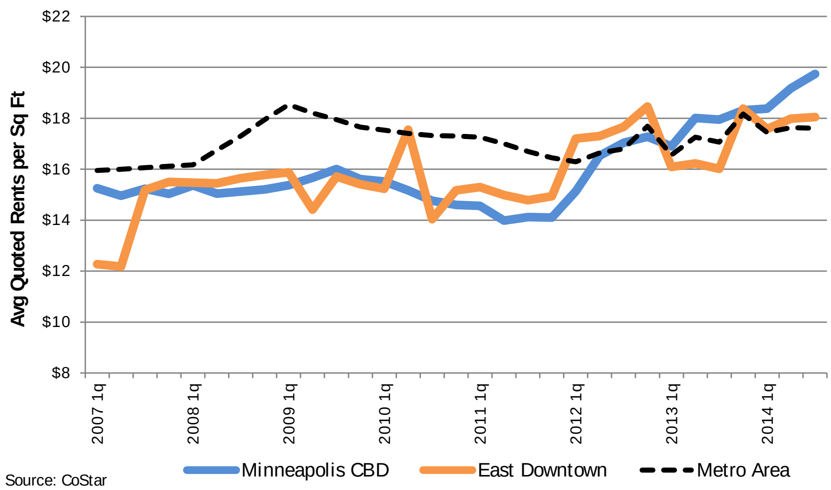
Figure 41: Office Vacancy Rates 2004-2014



Source: CoStar

- The average quoted lease rates for office space in East Downtown is currently about $18 per square foot, which is very similar to the broader downtown rate ($20) and that of the metropolitan area ($18).
- Generally, average quoted office rents have risen steadily since 2011. Given that vacancies have remained stable and lease rates appear to be rising, this suggests that there is a limited market of highly desirable space that is driving up rents. Meanwhile, there is an oversupply of marginal properties that are not being occupied despite a widening in rents.

Figure 42: Office Lease Rates 2004-2014



Source: CoStar

5.4.2 DEVELOPMENT TRENDS

Downtown Minneapolis experienced periods of significant office development in the late 1980s through the early 1990s and again in the late 1990s through the early 2000s. However, there has not been any major office development since this last phase of construction. Over the last three years, the downtown has seen less than 100,000 square feet of new space, most of which is accounted for by the American Academy of Neurology building in Downtown East. As was mentioned earlier, slow rates of new office development over the past several years are rooted in both short-term trends (i.e., the economic recession of 2008-2009) and long-term structural change in the use of office space (i.e., the greater efficiency in the use of office space). However, economic expansion is creating demand for new office space. Nearly two million square feet of office space have been approved or under construction. Major projects include development of a new Wells Fargo corporate campus in East Downtown, Hines' T3 office building, the Be the Match building in the North Loop, and a new Excel Energy headquarters on Nicollet Mall.

This latest round of new office development is generally characterized by large anchor tenants, which help limit risk to the developer. However, when developers begin to move forward with projects without a major anchor tenant, they feel highly confident in the condition of the market. Hines Development has plans to move forward with such a building called T3. However, Hines is relying on the fact that the unique design of the building will differentiate it in the marketplace and attract smaller users drawn to its green attributes.

5.5 HOSPITALITY

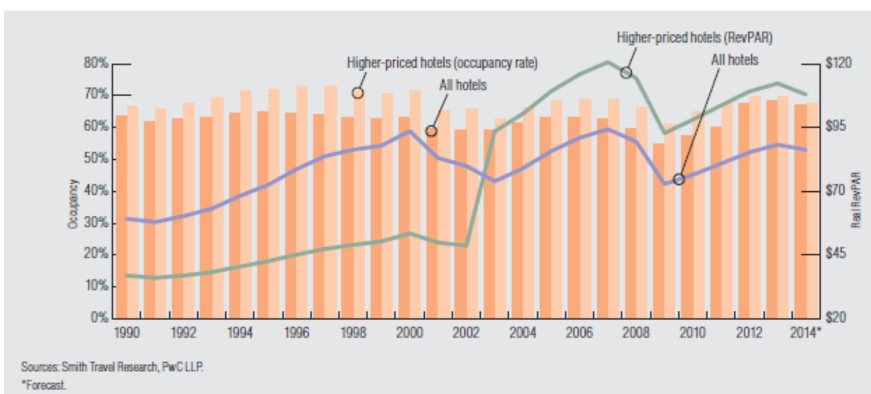
5.5.1 OCCUPANCY AND REVENUE TRENDS

5.5.1.1 National Trends

The hotel or hospitality market is strongly tied to the travel industry, which is very sensitive to economic fluctuations because travel is one of the first things cut from corporate and household budgets when economic conditions worsen. That being said, the hotel market has been extremely strong in recent years since the recession in 2008-2009. The Urban Land Institute's Emerging Trends in Real Estate 2014 indicates that investors have significantly increased their interest in hotels and often rank it as one of the best investment categories.

Figure 43, taken from ULI's Emerging Trends in Real Estate report, illustrates the strength of the national hotel market. It displays average occupancy and revenue per room from 1990 to 2014 for high-priced, full-service hotels and all hotels. Occupancy and revenue per room sharply dropped in 2008 and 2009, but have since rebounded to some of the highest levels in over 20 years. Of note as well is the fact that the occupancy rate and revenue per room difference between high-priced, full-service hotels and all hotels is closing. This is indicative of a changing market in which business travel is moving toward limited-service hotels that feature higher finishes often found in full-service hotels.

Figure 43: National Hotel Occupancy and Revenue Trends



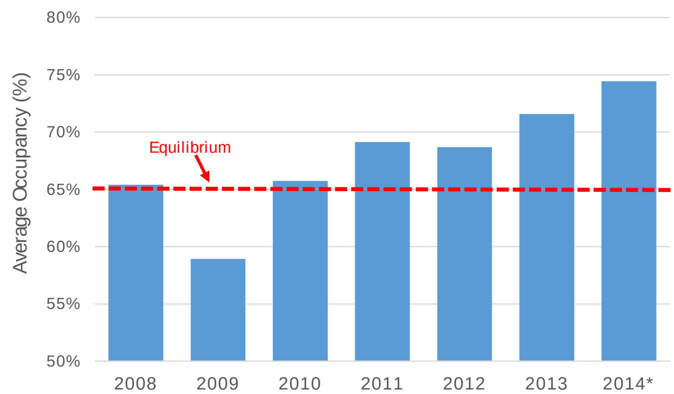
5.5.1.2 Downtown Trends

Data was secured from Smith Travel Research, a national provider of travel industry data, which evaluates hotel market trends for downtown Minneapolis since 2008. Figures 44 through 46 summarize the condition of the hotel market in the downtown. The following are key findings:

- The average annual occupancy at downtown Minneapolis hotels dropped below 59% in 2009. This is well below market equilibrium, defined as the point at which most hotels are profitable and could support additional development. By 2014, average occupancy had increased to nearly 75%, well above market equilibrium.

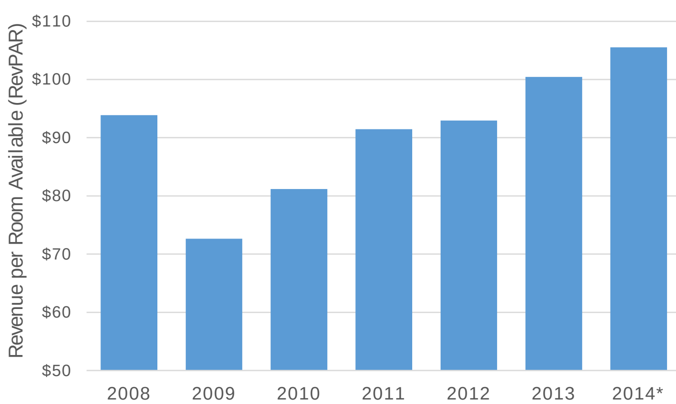
- Correlated with occupancy, revenue per room for downtown Minneapolis hotels dropped to nearly $70 per room in 2009 but increased to $105 per room in 2014, a 48% increase.
- Occupancy levels at downtown Minneapolis hotels benefitted from a slight reduction in the supply of rooms from 2009 to 2013. Despite several proposed projects that would add significant supply to the market, recent growth trends in the demand for rooms suggests this increase in supply would be easily absorbed by the market without negatively impacting occupancy.

Figure 44: Downtown Minneapolis Hotel Occupancy 2008-2014



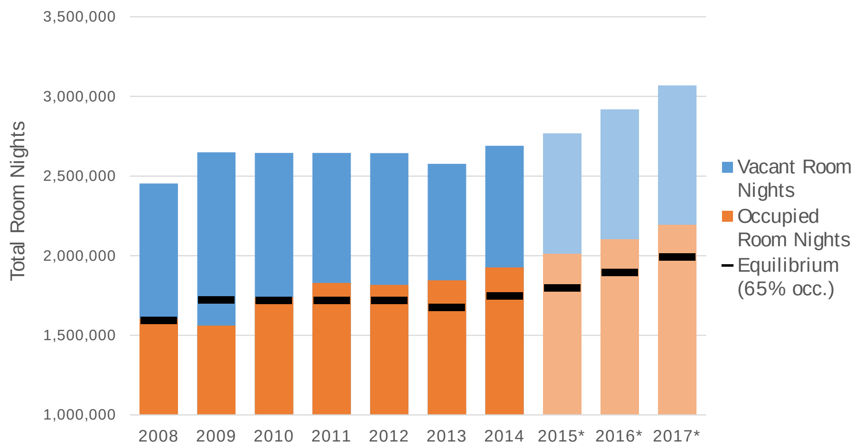
* Jan-Oct
Source: Smith Travel Research; Perkins+Will

Figure 45: Downtown Minneapolis Hotel Revenue per Room (RevPAR) 2008-2014



* Estimated
Source: Smith Travel Research; Perkins+Will

Figure 46: Projected Occupancy for Downtown Minneapolis Hotels



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

5.5.1.3 DEVELOPMENT TRENDS

Minneapolis experienced a major expansion in new hotels in preparation for the Republican National Convention in 2008, many of which were higher-end properties. When the recession took hold shortly after the convention, many of these new properties had to navigate low occupancy and revenue per room. Fortunately, the market improved and Minneapolis has performed exceptionally well. Elite chains that were once limited to major coastal or overseas markets have either purchased and repurposed existing properties (Loews Hotels) or have made serious overtures into possible new developments (The Conrad by Hilton and Radisson Red). Although only one hotel is currently under construction in downtown Minneapolis at the time of this writing (Hampton Inn), there are several other sites that are being considered for new development. If all these proposed projects were to move forward, this would add over 1,000 rooms to the downtown Minneapolis market.

5.6 INSTITUTIONAL

The market for institutional uses is simultaneously easy and challenging to understand. On the one hand, major investments in institutional property often take many years and require substantial deliberation from numerous stakeholders. Therefore, planned investments are typically mapped out many years in advance and once they reach a certain level of consensus move forward to completion regardless of larger economic conditions or forces. This can make their impact easy to anticipate. On the other hand, they are often very big and of a scale well beyond most private sector investments. Thus, they don't happen very frequently and can be difficult to plan for if they are not already in the development process. Furthermore, because they don't necessarily respond to normal economic forces, review of socio-economic trends and other typical influences on market behaviors are not always insightful.

Although it may be somewhat imperfect, building permit data from the Metropolitan Council was analyzed to help understand development trends occurring in the institutional real estate sector. This is presented in Table 6.

Table 6: Institutional Building Permit Valuations 2003-2013

	Building Permit Valuations		Downtown		Estimated Building SF	
Instutional Sector	**Minneapolis**	**Downtown & Vic.**	**Pct.**	**Avg $/SF**	**City of Mpls**	**Downtown**
Hospitals and Nursing Homes	$175,154,463	$4,365,094	2.5%	$471	371,878	9,268
Schools	$118,680,514	$42,457,283	35.8%	$144	824,170	294,842
Government office	$98,248,144	$80,336,368	81.8%	$171	574,551	469,803
Other Public and Non-Profit Buildings	$31,614,073	$0	0.0%	$132	239,501	0
Recreation	$7,649,879	$368,000	4.8%	--	--	--
Religious Institutions	$14,084,474	$7,407,487	52.6%	--	--	--
2003-2013 Total	**$445,431,547**	**$134,934,232**	**30.3%**	**--**	**2,010,099**	**773,913**
Annual Average	*$40,493,777*	*$12,266,748*	*30.3%*	--	*182,736*	*70,356*

Source: Metropolitan Council

The big three sectors that make up the institutional market are Government, Healthcare, and Education. Between 2003 and 2013, these three sectors accounted for nearly 90% of the construction valuation for institutional buildings in the City of Minneapolis and 94% among neighborhoods in and near the downtown (Table 6). Based on average valuations per square foot, this means an estimated 2 million square feet of institutional space was constructed in Minneapolis between 2003 and 2013 or 183,000 square feet per year. For the downtown, that translates to an 11-year total of approximately 774,000 square feet or an annual rate of about 70,000 square feet.

5.6.1 DEVELOPMENT TRENDS

The Downtown East study area contains a number of important institutional uses that have been recently developed or are under development. In the early 2000s, the Guthrie Theater and the Mill District Museum built significant facilities along the Mississippi River, each of which has played a vital role in the continued revitalization of the riverfront.

The two most prominent institutional projects currently under development in the East Downtown study area are the Vikings stadium and the Downtown East Commons Park. These two projects have been key catalysts in attracting interest and investment in East Downtown, especially in the blocks just south of Washington Avenue. As major recreational facilities, they will bring scores of visitors to the area and, if programmed correctly, may also be important assets for neighborhood residents and workers.

The Hennepin County Medical Center (HCMC) is currently developing a new 320,000 square foot building that will centralize a number of primary- and specialty-care clinics as well as outpatient surgical services that are spread throughout the current nine-building campus. The project will take up the block bounded by Chicago Avenue, Park Avenue, 8th Street, and 9th Street. This will be HCMC's first new downtown campus building in over 35 years.

CHAPTER 6: INTERVIEWS WITH REAL ESTATE EXPERTS

6.1 CHAPTER SUMMARY

Previous chapters describe factors influencing development potential in East Downtown: demographic characteristics, employment structure, land use and transportation patterns, current market dynamics, and recent development momentum. To augment these findings, the research team interviewed real estate experts familiar with East Downtown to solicit their impressions of its future development potential. The interviews provide insight into the issues and concerns of those actively engaged in development.

The interviews were analyzed for key themes relevant to East Downtown and summarized below. It should be noted that the comments and opinions summarized in this chapter are not necessarily those of the report's authors. Key themes included:

General Reactions: Interviewees agreed East Downtown is undergoing a remarkable renaissance driven by the development of Downtown East Commons, the Vikings stadium, and the Wells Fargo office complex. Interviewees were generally bullish about the area's potential to sustain on-going growth, especially among blocks in the northern portions of the study area.

Real Estate Markets: Most interviewees felt that housing would be the major driver of growth in East Downtown. The increasing popularity of downtown living, scarcity of developable space in other downtown neighborhoods, and limited growth potential among other real estate sectors were key factors in these opinions.

Barriers: Downtown East experiences physical and psychological barriers. Physical barriers include the uninviting pedestrian realm, especially as it connects to the downtown core. Psychological barriers include its poor reputation. Several interviewees noted the importance of programming the Downtown East Commons Park to include year-round activities friendly to families and neighborhood residents.

Transportation: Downtown East has high connectivity in the metropolitan region, but its character suffers from freeway entrance and exit ramps and lack of a gateway feel. Many felt the presence of the Blue and Green Lines to be a boon to the area.

Public Realm: Interviewees generally felt the area's public realm to be poor and needing upgrades. Sidewalks, green spaces (including parks and street trees), and skyway connectivity were viewed as important enhancements.

6.2 INTERVIEW APPROACH

Fourteen people were interviewed for this study, listed in Appendix B. The research team worked with City of Minneapolis CPED staff to identify candidates representing the wide array of differentiation and specialization among Minneapolis' real estate community. Every attempt was made to contact a variety of real estate experts in order provide a broad spectrum of feedback. Specialties included multifamily, office, retail, and institutional development.

In every instance, those interviewed were provided an aerial map of East Downtown. This was meant to help interviewees familiarize themselves with the study area and to help with referencing examples of development opportunities and/or challenges. A discussion guide was also prepared to provide the interviewer with continuity of questioning from interview to interview. Every attempt was made to probe initial responses and to make the interview a conversation in order to encourage candid discussion.

6.3 GENERAL REACTIONS TO EAST DOWNTOWN

All fourteen people interviewed agreed that East Downtown is undergoing a remarkable renaissance driven by the simultaneous redevelopment of approximately twelve contiguous downtown blocks into a new NFL stadium, a new Wells Fargo corporate campus, several hundred units of market rate housing, a new signature downtown park, and potentially a 300+ room hotel. More importantly, everyone agreed that this massive investment is changing the character of the area, which will undoubtedly lead to significant amounts of new investment in the short and long term.

Most of those interviewed felt that the current slate of projects are the primary catalyst for generating interest and continued investment into East Downtown. However, several interviewees noted that other forces were also positively impacting East Downtown. Most notable was the fact that developable land was becoming scarce in other neighborhoods adjacent to the downtown core (e.g., the North Loop, Northeast Minneapolis, and Loring Park), causing spillover development in East Downtown.

Although everyone saw East Downtown as poised for significant on-going growth, there were clear distinctions as to opinions of where within East Downtown this growth was likely to be focused. Everyone noted the success of the Mill District, located along the Mississippi River in the northern third of East Downtown, believing that the area will remain in high demand regardless of the new development near the stadium. This is because of high household incomes in the area and its close proximity to the Mississippi River.

Interviewees were also optimistic about blocks near the stadium. This was less due to the stadium than Downtown East Commons' likelihood of drawing users every day of the year. Nonetheless, some noted that the programming of the new park and the stadium during non-football days will ultimately dictate how this area will evolve. These interviewees commented that poor programming of the facilities that fails to attract regular users will increase the likelihood that these amenities are underutilized or worse, become unsafe, which would severely limit future investment into the area.

With respect to development potential in Elliot Park, interviewees' reactions were decidedly mixed. Some remained rather bullish, noting the area's generally lower property values compared to other downtown neighborhoods and the significance of the amenity added by the Downtown East Commons. Others cited many of the same reasons that have been development barriers (i.e., neighborhood organization with a reputation for being anti-growth, poor public perception of the neighborhood, negative impact of HCMC) for years and wondered openly how much would change despite the new development around the stadium.

6.4 REAL ESTATE MARKETS

Each interviewee was asked which real estate uses will likely outbid other uses in the near and long term once the Vikings stadium, Wells Fargo complex, and Downtown East Commons Park are operational. There was a high degree of consensus that housing will be the key driver of future development in East Downtown. When probed as to why, most explanations fell into one of several key themes:

1. Downtown living has become much more fashionable locally (and nationally) because of broad demographic trends in which Millennials and Baby Boomers (the largest demographic cohorts) are currently in age groups that are highly mobile, have a propensity to live a "turn-key" lifestyle, and do not have school-age children living at home.
2. Neighborhood amenities in Downtown Minneapolis have reached a critical mass to attract target markets not historically interested in living downtown. Amenities include parks, grocery stores, neighborhood retail services, improved transit, improved bicycle facilities, and entertainment options.
3. Major expansion of office development into East Downtown beyond the Wells Fargo project is unlikely because the overall office market is unable to support new multi-tenant office development. Several interviewees added that vacancies in the downtown core created by the Wells Fargo relocation will serve as another damper on demand for new office development as these spaces will need to get filled before rents can rise to a level that would support new development. Others also observed that the office market in downtown Minneapolis is very sensitive to skyway system access. Though the skyway system will be extended into East Downtown, it is difficult to imagine this having a major impact on the market.

The full depth of the housing market has yet to be tapped because most of the new product that has been developed or currently under development has been targeted exclusively to the most affluent market segments. Numerous interviewees noted that large middle- and lower-income segments of the market have been left out of the current housing boom, and that if policies were put in place to help support the development of more diverse product that this will keep housing as the primary focus of most new real estate development in East Downtown. For example, one interviewee commented that if East Downtown could become more conducive to families with children through modifications to the public realm (e.g., more playground parks, wider sidewalks to accommodate strollers, improved safety, better schools) and the availability of larger unit types this would help brand the area as family-friendly and allow it to attract new households to downtown. Another interviewee noted that reducing unit sizes, removing structured parking, and putting emphasis on community amenities has proven successful in other downtowns as a way of achieving more affordable rents without costly subsidies or onerous income requirements.

There was near consensus that housing will drive retail in East Downtown. Most interviewees agreed that as new housing development reaches a critical mass in certain locations that new neighborhood-oriented retail and services will follow, but it will clearly be at a neighborhood scale because Nicollet Mall will continue to be the premier location for retail with a regional draw.

Among interviewees that track retail closely, it was suggested that Washington Avenue will continue to capture additional retail given its proximity to the Mill District (i.e., higher incomes) and pending reconstruction that will greatly enhance the public realm, traffic volumes, and access to the highway network. As a possible north-south retail corridor, Portland Avenue was suggested as a strong possibility provided it can become a complete street with a significantly upgraded public realm.

Hotels were mentioned by several interviewees as having strong short-term demand that may, at certain locations, outbid other real estate uses. At the same time, those who mentioned the current demand for hotels also felt it was a temporary condition driven by high occupancies, interest in being able to tap visitor demand generated by the new Vikings stadium, and a general lack of existing hotels in East Downtown.

6.5 BARRIERS

Interviewees were asked about the types, locations, and importance of barriers in East Downtown that are limiting additional development. The range of comments and topics spanned a wide continuum, grouped as follows.

6.5.1 Physical Barriers

Most interviewees focused on physical barriers. Of primary concern was the condition of the connections through East Downtown to nearby amenities. Nearly everyone commented on the importance of enhancing connections to the Mississippi River. In particular was the importance of connecting Elliot Park to the river via a strong and improved streetscape along any number of possible north-south streets, such as Portland, Chicago, or Park Avenues.

In noting the need to strengthen connections to the river, many implied that the new Downtown East Commons Park would be a key link in such connections. However, one interviewee indicated that the Park may be more important as a destination in and of itself than as a link to the River and strongly suggested that Portland and Park Avenues be closed through the East Commons areas in order to enhance the value of the new park.

East-west road connections were also mentioned as barriers. There was some concern as to how the new traffic patterns to and from Interstate 94 resulting from the new stadium will affect east-west movement, though some noted that it may improve movement. For example, one interviewee indicated that 6th Street currently feels like a freeway, which impacts pedestrian movement.

Many interviewees commented on the general condition of the public realm in East Downtown. For example, one interviewee stated that owners of surface parking lots in East Downtown do not adequately maintain their sidewalks, especially during the winter months. Relatedly, many mentioned that the presence of so many parking lots is a barrier in and of itself because there is no engaging use on the block.

Numerous interviewees commented that the new Vikings stadium and Hennepin County Medical Center (HCMC) are significant barriers because their dominant scale limit movement through East Downtown and their poor relationship to the street inhibits pedestrian activity. One interviewee hoped that the new HCMC clinic will free up space in the existing hospital to perhaps allow for rehabilitation of some ground floor uses and introduce more windows and other pedestrian-friendly features.

Several interviewees commented on the proposed land bridge that would connect East Downtown across Interstate 35W to the West Bank area of the Cedar Riverside neighborhood. They felt this would be an important physical connection because it would better link the University of Minnesota campus to East Downtown. Others mentioned the lack of an appropriate gateway to East Downtown. Some considered the redevelopment of the Armory as a key link that would connect the northern half of East Downtown to its southern half and would serve as a logical gateway because of its proximity to the downtown core. Others thought that the intersection of 5th Avenue and 7th Street would be an appropriate gateway because more traffic would be funneled to the intersection once the freeway exits are realigned.

6.5.2 Psychological Barriers

Another development barrier to East Downtown is its reputation. For some this included everything south of Washington Avenue since this area has been dominated by surface parking lots and lack of activity for years, though many felt its reputation is already changing with new investment. However, some mentioned that regular programming of the new park and integration of the stadium into the surrounding neighborhood (e.g., walking/rollerblading along concourse during the winter) will be critical to changing the reputation of this part of East

Downtown. For example, there was concern that the park could easily become underutilized and disreputable if not programmed for activities on a regular basis.

For some, reputation issues impacted Elliot Park more than other areas of East Downtown. Those who made this comment were careful to differentiate reputation from actual safety or blight issues. This gap between reality and perception led some interviewees to suggest that the challenge for Elliot Park has more to do with branding than any alteration of the physical environment.

One interviewee focused on the lack of green space in East Downtown as an important psychological barrier. They clearly were very aware of Elliot Park, the Mississippi River Park, and the new East Commons Park. However, they noted the lack of green connections linking these features and, more importantly, the lack of a green feature linking East Downtown to the core of downtown and particularly to Nicollet Mall.

Several interviewees identified 5th Avenue as an important psychological barrier because it is dominated by multi-level parking structures. To them, this corridor is a very hard edge that inhibits pedestrian activity and generally serves as a barrier between East Downtown and the downtown core.

6.5.3 Political Barriers

Interviewees raised a number of policy and/or political issues that serve as barriers to development in East Downtown. Several commented on the challenge of working with neighborhood groups on redevelopment projects when fear over gentrification and displacement is unfounded. Conversely, others commented on the negative reputation created by developers who push projects with poor design and little regard for quality and their impact on neighboring uses.

One interviewee noted that pent-up demand is growing in the condominium market but that laws that leave developers liable for certain defects restrict their ability to raise financing for such projects. On a related note, another interviewee mentioned that Minnesota's property tax laws affecting multifamily are relatively high compared to other states which limits out-state investment into Minnesota. (It should be noted that if this contention has any merit it would equally affect any location in Minnesota.)

Numerous interviewees raised the issue of consistently maintaining the public realm. They cited the success of the Downtown Improvement District and wondered about the expansion of their service area into East Downtown. However, some brought up the challenge of trying to extend the DID into non-commercial areas, which traditionally tend to resist self-imposed taxes for purposes of improving and maintaining the public realm.

The lack of affordable housing was raised as a barrier. Interviewees noted the need to support a diverse population and a full lifecycle of housing choices. For some, this was considered a policy barrier because public officials appear unable or unwilling to employ the tools available to cover any financial gaps in providing more affordable housing.

6.5.4 Financial Barriers

Interviewees were asked about their experience working with project financiers and their perceptions of investing in development in East Downtown. Several interviewees had important observations. For the most part, the financing community was not considered a major barrier to investment in East Downtown, though opinions varied as to whether East Downtown has reached the same level of parity with other more proven neighborhoods. For example, one interviewee stated that cap rates remain much better in the North Loop than East Downtown for the same project. Another interviewee mentioned that a similar project in St. Paul was able to attract more interest from financiers. However, one interviewee was rather positive in their assessment of the financing community and stated that financiers are "over the hump" with East Downtown and generally have come to accept that it is the "next neighborhood."

6.6 TRANSPORTATION

Overall, interviewees felt the transportation system serving East Downtown functions well. In particular, there was consensus that freeway access to East Downtown was very good, especially from the eastern metro, though one interviewer noted that the entrances into East Downtown were not attractive. Several interviewees noted that freeway access to East Downtown is generally better than in the North Loop and Northeast Minneapolis. Other interviewees added that the grid system seems to work well, especially during events when the freeways can get temporarily congested. Furthermore, navigating streets around East Downtown appears to cause less confusion than in other areas of the downtown core.

All the interviewees commented that the light-rail system is a huge boon to East Downtown integral to enhancing overall access and making stadium events manageable. With respect to the bus system, one interviewee commented that bus access in East Downtown is far poorer than in the downtown core despite their close proximity. One person thought that Washington Avenue should be a "bus spine" like Marquette and Nicollet with more frequent service.

With respect to bike facilities in East Downtown, there was some dissension among interviews. Several felt that bike facilities create a nice livability feature but do not increase development potential. Others thought bike facilities themselves are generally not much of an issue, but that bike needs may be getting too much attention at the expense of pedestrian needs, which are much more pronounced in East Downtown.

6.7 PUBLIC REALM

Interviewees were asked specifically how and where the public realm in East Downtown could be improved to support additional private sector investment. The most common responses related to streetscape improvements along critical north-south connectors, especially Portland Avenue and to a lesser extent 5th Avenue. One interviewee made a note that an improved 5th Street connection into the downtown core would be important.

Many interviewees refrained from identifying specific locations for public realm improvements because they thought that investment needs were spread throughout East Downtown. Such comments generally focused on the need for sidewalk improvements (one interviewee stated that East Downtown is the least friendly pedestrian area throughout the entire downtown) and a general "greening" of the entire area through the planting of more trees.

Other public realm ideas included:

- A skyway connection to the downtown core would give East Downtown a competitive advantage over the North Loop or Northeast Minneapolis
- Importance of viewsheds through to the East Commons Park to the Mississippi River and the downtown skyline
- Create more small quasi-public parks that would be privately maintained
- East Downtown needs a location that provides a sense of arrival
- There is no "there" in East Downtown

6.8 IMPORTANT TRENDS

Interviewees were asked about any large macro-trends that are impacting East Downtown. Most were in agreement that downtown living has become more desirable and that it appears to not be a brief fad but is in reaction to some fundamental societal changes.

Other interesting observations include the following:

- There is significant activity currently underway to purchase properties in East Downtown for future development
- Retailers are now operating with smaller footprints (bad for downtown real estate), but their smaller size allows them to go into more diverse spaces (good for downtown real estate)
- Downtown vibrancy is an opportunity to give people experiences outside the virtual world
- No turning back to single-family housing as the "end all" (i.e., state growth = downtown growth)
- We need to be more inclusive, especially with respect to more affordable housing options

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

Earlier chapters have assessed important market trends at both a local and national scale and applied them to the real and perceived conditions of the East Downtown study area. This analysis provides important context for creating a development framework to help guide planners and stakeholders through a period of rapid transformation.

This chapter builds upon previous analyses to create a more complete picture of which market trends will most profoundly affect East Downtown in the coming years. Ideally, a richer understanding of market trends will help identify where and what types of public intervention are needed most to catalyze investment, or, conversely, where new controls and policies may be needed to protect existing assets in the face of rapid change.

The chapter begins with high-level calculations that attempt to quantify market demand in order to provide a basic understanding of the potential magnitude of change in the foreseeable future. From there, key conclusions are drawn regarding the short and long-term development potential in East Downtown, which is then followed by strategies for how to best navigate such market forces.

7.2 DEMAND CALCULATIONS

The following demand calculations are meant to provide a sense of the potential volume of growth in the East Downtown study area over a 15-year period. The calculations are not intended to measure the current market feasibility of a specific project at a specific location, which is beyond the scope of this study. Nevertheless, measuring market demand even at a broad scale helps frame which real estate sectors will likely outbid others and potentially result in land use changes, which can ultimately impact the need for improvements to the public realm, the transportation network, location and type of utilities, among others.

7.2.1 Housing Demand

Demand for new housing in a given locale comes from three primary sources: 1) overall household growth due to in-migration or formation of new households; 2) replacement of existing housing stock that has been destroyed, become obsolete, or converted to other uses; and 3) changes in housing preferences. Housing preferences can change for a variety of reasons, but the most common are a change in the type or size of a household, change in household income (positive or negative), change in lifestyle (e.g., increased travel, owning a second home, emergence of a disability), or simply a desire for change in and of itself (i.e., style or fashion).

Measuring housing demand at such levels is essential when evaluating a specific project at a specific site at a specific point in time. This study is concerned with broader questions regarding housing demand over a larger area (i.e., East Downtown) and longer period of time (i.e., 15+ years). Therefore, detailed forecasts are not only unnecessary but would become quickly irrelevant and meaningless. Nevertheless, it is still important to quantify future housing demand, even at a broad scale, to better understand how trends in demand may compete with, and possibly outbid, other land uses throughout the East Downtown study area. Specific steps of the methodology are described below.

Step 1: Determine Metro Area Household Growth from 2015 to 2030

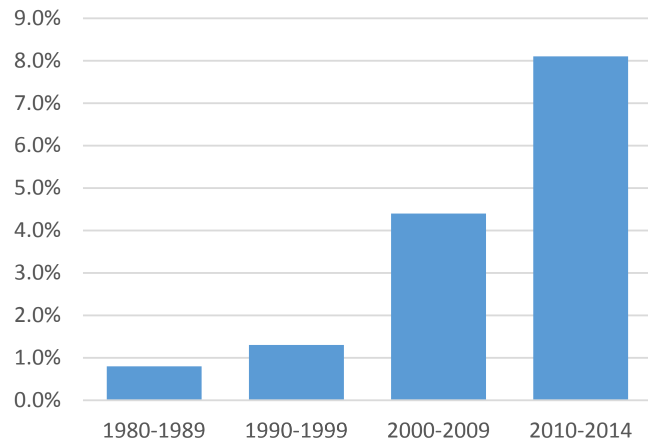
Because downtown housing attracts households from throughout the region as well as those new to the region, it is important to start with the forecast for overall regional growth. According to forecasts prepared by the Metropolitan Council, the 7-County Twin Cities Metro Area will add approximately 200,000 households between 2015 and 2030. A detailed breakdown of the data is presented in Appendix A Table 1: Population and Household Growth Trends 1980-2030.

Step 2: Determine Proportion of Metro Growth Capturable Downtown[12]

An analysis of recent growth trends revealed that downtown and its surrounding neighborhoods has captured an increasingly larger share of overall metropolitan growth since 1980. Figure 47 presents the capture rate from 1980 to 2014. The increase has been significant. During the 1980s, downtown and its surrounding neighborhoods only captured 0.8% of all growth in the 7-County metro area. From 2010 to 2014, the capture rate was 8.1%. This trend was used as a basis for estimating a future capture rate.

[12] Downtown is defined here in its broadest context, which means including many of the neighborhoods that surround the downtown core that are experiencing development on a scale and density consistent with a downtown character. In addition to Downtown West, which is generally considered to be the downtown core, this would also include the neighborhoods comprising the study area, Downtown East and Elliot Park, as well as the following, North Loop, Loring Park, Stevens Square/Loring Heights, Nicollet Island/East Bank, Marcy Holmes, Cedar Riverside, and the University of Minnesota.

Figure 47: Proportion of Metropolitan Household Growth Captured in Downtown Minneapolis and Surrounding Neighborhoods



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

It is hard to imagine this growth curve continuing into the future because no matter how successful the downtown area is in attracting new households, it is unlikely it will capture over 16% of all metro area growth over the next 15 years. Therefore, three separate growth scenarios are presented to account for differing market assumptions:

- **Low Growth:** this assumes the downtown capture rate will return to the historic 30-year capture rate from 1980 to 2010 (2.2%). This scenario has a low probability of occurring because many of the downtown neighborhoods that are capturing significant growth today were not positioned to support housing development in past decades. However, if the cost of downtown housing substantially outpaces the cost of housing in neighborhoods outside of downtown but accessible to it then it is conceivable that these areas may begin to capture a larger proportion of new housing development at the expense of downtown neighborhoods.
- **Medium Growth:** this assumes the downtown capture rate will return to the recent 10-year capture rate from 2000 to 2009 (4.7%). This was a period of strong downtown housing growth when the condominium boom added several thousand units to the housing supply from 2004 to 2007. However, it is also a period of time that included a dramatic slowdown in development due to recession. Moreover, this assumed capture rate is consistent with the amount of forecasted downtown growth presented in Appendix A Table 1, which is based on TAZ[13] growth rates prepared by the City of Minneapolis and the Metropolitan Council.
- **High Growth:** this assumes the downtown capture rate will be a continuation of current trends since 2010 in which downtown neighborhoods captured over 8% of all metro area household growth. It should be noted that the last five years has been, by all accounts, a rather dramatic expansion in the amount of supply that will undoubtedly reach some sort of short-term saturation and, thus, suggest a lower capture rate. However, nearly all of the household growth that has occurred in recent years been among affluent households and does not reflect that greater product diversity, especially with respect to affordability, would broaden market demand.

[13] TAZ stand for Traffic Analysis Zone. TAZs are relatively small units of geography (typically a handful of blocks in dense urban areas) that are used in modeling travel demand. Cities and the Metropolitan Council collaborate on forecasting population, households, and employment at the TAZ level.

Applying these three capture rate scenarios yields a potential range in demand over the next 15 years from a low of 4,400 households to a high of 16,200 households. As noted previously, the low growth scenario has a low probability of occurring. Therefore, if one were to average the medium and high growth scenarios, this would yield a forecasted growth of 12,800 downtown area households.

Step 3: Determine Proportion of Downtown Growth Capturable in East Downtown

This step drills down to the East Downtown study area by applying the same principles used in Step 2. Between 1980 and 2010, the East Downtown study area captured approximately 13% of all downtown area household growth. During the 2000s, the capture rate was 25%, which reflected the strong growth of the Mill District area and several large condominium developments in the western half of Elliot Park.

It is assumed that a higher capture rate of around 25% will continue into the future for several reasons. First, the spate of new development in East Downtown will catalyze additional development. Two, East Downtown has a significantly larger supply of available land for development than other nearby neighborhoods, which are beginning to experience land scarcity issues (e.g., Loring Park, North Loop, Nicollet Island/East Bank, and Marcy Holmes). Three, East Downtown is closest to the downtown core's skyway system. Four, transit accessibility with both the Blue and Green Line service gives East Downtown a competitive advantage over other downtown neighborhoods.

Despite all these forces that will enable East Downtown to capture an ever larger share of housing development, there are several conditions that will limit its future capture rate. First, the Mill District at the north end of the East Downtown study area is running out of available developable land. Second, the Elliot Park neighborhood is well organized and will likely challenge unmitigated housing development. Three, the new Vikings stadium and HCMC, as major land users in East Downtown, will likely not induce new housing development but remain barriers of housing demand unless they incorporate more everyday neighborhood uses into their street level facilities.

With an assumed capture rate of 25%, future housing demand could support approximately 3,200 new housing units in East Downtown through 2030. It is important to keep in mind, however, that this is based on historical growth trends and does not factor in several other important conditions that can influence new development, such as land availability, the addition of public realm improvements, construction costs, diverse product offerings, etc. In particular, the estimate of future demand does not account for the strength or weakness of future economic cycles. However, the 15-year period considered in the estimate is intended to cover a period of time that would include at least one or possibly two typical real estate cycles.

Step 4: Determine Proportion of Housing Demand According to Income Affordability

Although Step 3 helps determine overall demand for housing, affordability is a major component of being able to meet that demand. Therefore, Step 4 quantifies the amount of demand at different income levels because most new housing development in the downtown has not tapped significant segments of the overall market due to its pricing.

Almost all of the new downtown housing has been priced at or near the top of the Twin Cities market, with several projects able to achieve $2.50 per square foot in rent. Although average unit sizes have been decreasing to help contain pricing, most new units at downtown properties start at $1,200 per month for their smallest unit. If a typical household can devote up to 30% of their income toward housing, this would require a minimum annual income of $48,000 or more. If one considers the average rent for all unit types at newer properties, rents for the bulk of new units start at close to $2,000 per month, which would require an annual income of $80,000 or more.

Three income levels were used to break down overall demand. New housing affordable to households with annual incomes less than $35,000 was assumed to require substantial public subsidy because rents would be far too low to support development and/or on-going property maintenance/management. Households with incomes between $35,000 and $75,000 generally cannot afford most types of new housing unless it is very small units or lacking desirable features or amenities. However, this income group could conceivably afford a larger segment of new housing product with more favorable public policies that reduce development costs or the modest use of financing tools, such as TIF, tax abatement, and tax credits, among others. Households with incomes above $75,000 have been the primary target market for new housing development in downtown and will continue to be the primary market into the future as their incomes generally mean that they can afford market-driven rents.

Based on Census data for the entire 7-County Twin Cities metro area, close to 60% of the estimated housing demand for East Downtown will be from households with incomes that generally cannot afford most types of new housing without some form of public involvement. **This translates to approximately 1,800 units of demand that may not be met without greater public support through policy change or financial assistance. Therefore, if private sector developers continue to only focus on households with incomes able to comfortably afford market rate rents, then demand can support approximately 1,300 units over the next 15 years.**

Table 7 summarizes the methodology used to estimate the demand for new housing in East Downtown through 2030.

Table 7: East Downtown Housing Demand 2015-2030

Step	Item		Low[2]	Medium[3]	High[4]
STEP 1	Forecasted Metro Area Household Growth 2015-2030[1]	=		**200,000**	
			Growth Scenarios		
			Low[2]	Medium[3]	High[4]
STEP 2	Proportion Capturable in Downtown Area	x	2.2%	4.7%	8.1%
	Potential Downtown area Housing Demand 2015-2030	=	4,400	**9,400**	**16,200**
				Average	
	Estimated Downtown Area Housing Demand 2015-2030			**12,800**	
STEP 3	Proportion Capturable in East Downtown[5]	x		25%	
	Estimated East Downtown Housing Demand 2015-2030	=		**3,200**	
			Annual Household Income		
			<$35,000	$35,000-$74,999	$75,000+
STEP 4	Housing Demand based on Income Affordability[6, 7]	x	26%	32%	42%
	Potential East Downtown Housing Demand 2015-2030	=	**832**	**1,024**	**1,344**

[1] Metropolitan Council's Thrive MSP 2040 Socio-Economic Forecasts

[2] Assumes return to historic 30-year capture rate (1980-2010)

[3] Assumes return to recent 10-year capture rate (2000-2010); this is also proximate to the forecasted number of downtown households based on TAZ growth rates

[4] Assumes continuation of recent 5-year capture rate (2010-2015)

[5] Assumes continuation of recent 10-year capture rate (2000-2010). The historic 30-year capture rate for East Downtown neighborhoods was 13%. The higher recent capture rate is assumed to continue because of recent development catalyzing growth, transit accessibility, and scarcity of land in other downtown neighborhoods.

[6] Housing affordability is typically based on a combination of factors including household income, household size, and what is considered fair market rents. As a result, there are many different defnitions for what consititutes "affordable" housing. For the purposes of this study, affordability is defined according to broad income categories as follows:

a) households with annual incomes under $35,000 are considered to have incomes far too low to afford typical market prices (rent or owned) and thus would require a significant subsidy through housing assistance (i.e., vouchers or mortgage assistance) or reduced pricing;
b) annual household incomes between $35,000 and $75,000 cannot afford most types of newly constructed housing since pricing typically starts at $1,200 per month for market rate rents and $200,000 for owned units. However, these households could conceivably afford a variety of new housing product if certain policies were in place to help contain development costs (thus prices). Example policies include permitting smaller unit sizes, streamlining the development review process, modest use of financing tools (e.g., TIF, tax abatement, etc.), density bonuses, to name a few;
c) households with annual incomes above $75,000 have been the primary target market for most of the new housing development that has occurred in the downtown in recent years and will continue to be the primary market for future development.

[7] Percentage of households by income range are based on data from the 2010 Census for the 7-County Twin Cities metro area. Metro-wide percentages were applied to the calculation because it is assumed that the market for downtown housing includes the entire metro

Source: Perkins+Will

7.2.2 Retail Demand

Based on findings from the retail market overview and interviews with real estate experts familiar with East Downtown, it is assumed that East Downtown, despite strong future growth, will not emerge as a regional center for retail goods and services that draw shoppers from throughout the metro area because Nicollet Mall will continue to maintain that role within the downtown. However, neighborhood oriented retail that thrives in a density of activity driven by local residents, employers, and visitors will certainly become increasingly viable as more and more development occurs within the study area. Neighborhood-oriented retail is defined for purposes of this study as those goods and services that meet the regular needs of residents and workers and typically include grocery stores, salons, drug stores, liquor stores, dry cleaners, pizza parlors, coffee shops, etc.

Table 8 on the following page illustrates the methodology used to calculate future demand for neighborhood oriented retail within the East Downtown study area. Demand for retail space is assumed to come from three sources: 1) study area households; 2) workers who live outside the study area; and 3) visitors to the study area, which include stadium visitors, theater goers, park users, or even hospital/clinic visitors. For each source of retail demand, it was assumed that the current supply of existing retail space is meeting current demand. Therefore, the methodology focuses on how future growth among the three sources of demand will generate increased potential retail demand.

Based on forecasted growth in consumer dollars through 2030 in the East Downtown study area, it is estimated that 150,000 square feet of retail space could be supported. Not all of this potential growth will result in the development of new retail space because there is a significant amount of underutilized retail space currently in the study area that could be renovated in order to accommodate this growth.

Table 8: East Downtown Retail Demand 2015-2030

HOUSEHOLD RETAIL DEMAND

Potential East Downtown Study Area Household Growth 2015-2030[1]	=	3,000
Median Household Income[2]	x	$51,000
Aggregate Household Income in East Downtown Study Area	=	$153,000,000
Percent of Income Spent on Neighborhood Retail Goods[3]	x	16%
Potential Growth in Household Consumer Dollars	**=**	**$24,480,000**

EMPLOYEE RETAIL DEMAND

Estimated East Downtown Non-Resident Employment Growth 2015-2030[4]	=	6,000
Retail Spending per Year per Non-Resident Worker[5]	x	$2,860
Potential Growth in Employee Consumer Dollars	**=**	**$17,160,000**

VISITOR RETAIL DEMAND

Estimated Increase in Annual Visitors to East Downtown by 2030[6]	=	2,000,000
Retail Spending per Visitor[7]	x	$5
Potential Growth in Visitor Consumer Dollars	**=**	**$10,000,000**

Total Potential Growth in Annual East Downtown Consumer Dollars by 2030	=	$51,640,000
Average Annual Sales per Square Foot[8]	÷	$350
Estimated East Downtown Demand for Retail Space (sq ft) by 2030	**=**	**150,000**

Note: All dollar amounts are in 2013 dollars

[1] Derived from Table XX Housing Demand Forecast 2015-2030

[2] US Census, American Community Survey 2013

[3] US Department of Labor, Bureau of Labor Statistics: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2014. Neighborhood retail excludes certain categories of goods, such as apparel and other durable goods, which are typically purchased at large regional centers or specialty retail destinations.

[4] Employment growth is estimated based on published reports that Wells Fargo will relocate 5,000 jobs to their new East Downtown campus. The additional 1,000 jobs is assumed to occur as part of natural employment growth. This number could be significantly higher should another major corporate office space be developed in East Downtown.

[5] According to the International Council of Shopping Centers, the typical office worker spends $55 per week ($2,860 per year) on nearby neighborhood retail goods and services. (http://www.icsc.org/research/publications/special-studies)

[6] Visitor estimates are based on forecasted use of the new Vikings Stadium and the new East Commons Park. In 2010, the former Metrodome had just over 800,000 visitors. This is assumed to increase slightly to close to 1 million visitors with the new Vikings Stadium. In 2014, the Mississippi Riverfront Park that borders the north end of the Study Area had 1.8 million visitors. The East Commons Park, however, will be significantly smaller in size than the Riverfront Park, and will not include a regional trail. Therefore, visitor estimates have been trended downward to approximately 1 million per

[7] Generally, visitors to East Downtown will be primarily spending on dining when visting East Downtown. We have a estimated the average amount per visitor to be $5. This estimated amount accounts for the range in types of visitors from casual park users who may not spend anything to special occasion visitors who will likely spend a significant amount during their visit.

[8] *Dollars and Cents of Shopping Centers* (Urban Land Institute)

Source: Perkins+Will

7.2.3 Office Demand

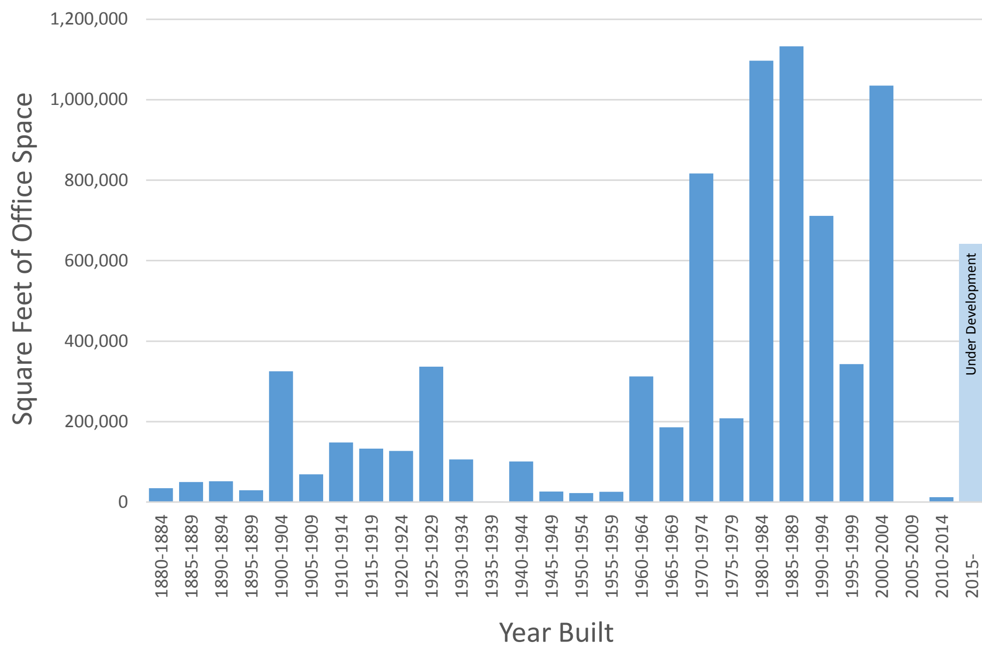
Unlike housing and retail, which are built forms that help meet basic human needs (i.e., shelter, food, and clothing), future demand for office space cannot be forecasted based on demographic data. Instead, employment growth is the key determinant of office space demand. However, volatile changes in the economy – be it local, national, or international -- can make predicting employment growth very challenging. Furthermore, structural change in the economy is currently affecting the work place in such a way that traditional office environments and the space needed for them are rapidly changing.

In the mid-20th century, the United States economy shifted from an industrial-based economy to a service-based economy. Between 1945 and 2010, the proportion of the workforce employed in manufacturing declined from 38% to 9%. Along with advancements in computing and communications, this created a huge demand for new office during this time. Figure 48 illustrates this phenomenon for downtown Minneapolis. Prior to 1970, downtown Minneapolis absorbed approximately 110,000 square feet per year of new purpose-built[14] office space. After 1970, the annual rate of new purpose-built office space in the downtown increased to nearly 600,000 square feet.

Figure 48 reveals that the recent 10-year period from 2005-2014 was the slowest period of new purpose-built office development in the downtown in over 140 years. Chapter 6 noted that several office projects are currently under development, most notably the new Wells Fargo campus in East Downtown, which is reversing this recent trend. However, there appear to be some strong indicators that our economy is in the process of another structural shift in which the lines between office, residence, community gathering place, and even factory are being blurred.

[14] Purpose-built office space is being distinguished from non-purpose built office space (i.e., office space that was created through the conversion of space used for other purposes, such as warehouses) because new construction generally has a greater impact on a local area than the conversion of existing space. With that being said, it should be noted that adaptive reuse of existing structures can and do have a profound impact on local areas since they often alter the character of their surrounding area by altering the building's relationship to the street, generating pedestrian activity, or catalyzing other investment in the area.

Figure 48: Average Annual Development of Purpose-Built* Office Space in Downtown Minneapolis 1880-2014



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

Table 9 presents the methodology used to calculate demand for new office space in East Downtown through 2030. The methodology is based primarily on forecasted employment growth in the Downtown through 2030. The number of new workers was then translated into demand for square feet of office space using a per worker estimate. A conservative estimate was used to reflect recent trends. Market data indicates that there is a slight excess supply office space currently in the market and that this will increase in the coming years as several new buildings come on-line. Therefore, as new employment growth occurs as forecasted, excess space will need to be absorbed before new development can be supported. Finally, an adjustment was made to account for the fact that East Downtown, despite its advantageous location for attracting new office development will not capture all of the forecasted office demand.

Table 9: East Downtown Office Demand 2015-2030

Forecasted Downtown Minneapolis Job Growth through 2030[1,2]	=	28,678
Percentage of New Jobs that will be Office-Based[3]	x	57.1%
Forecasted New Office-Based Jobs through 2030	=	16,375
Average Square Feet per Worker[4]	x	150
Office Space Need Based on Future Office Employment Growth	=	2,456,000
Excess Office Space that Needs to be Absorbed[5]	-	2,000,000
Demand for New Downtown Office Space through 2030 (sq ft)	=	456,000
Proportion Capturable in East Downtown[6]	x	25%
Demand for New Office Space in East Downtown through 2030 (sq ft)[7]	**=**	**114,000**

[1] For an office jobs analysis, Downtown is defined as the following neighborhoods: Downtown West, Downtown East, Elliot Park, Loring Park, and North Loop.

[2] Forecasted job growth is based on the Met Council's TAZ-based socio-economic forecasts. TAZ stands for Traffic Analysis Zone, which is used by the Met Council, counties, and municipalities to model future traffic demand according to forecasted residential and employment growth.

[3] As of 2010, 57.1% of all downtown jobs were classified as "office" jobs based on the US Census's North American Industry Classification System (NAICS). Any new employment growth in the downtown is assumed to be at this proportion of office vs. non-office jobs.

[4] Historically, office space per worker has averaged 250 square feet. However, many newer office buildings are being designed for 150 square feet per worker because of continuing advancements in telecommunications that facilitate working remotely, a growing preference for open floorplans, and opportunities for cost savings.

[5] According to CoStar, Downtown Minneapolis currently has close to 2 million square feet of vacant Class A office space and another 2 million sqaure feet of vacant Class B and C office space. In total this is an 11% vacancy rate. The Wells Fargo campus will be approximately 1.2 million square feet, which will free up significant space in the downtown when the consolidation is complete. There will be another 500,000 square feet of space that will be freed up when Excel Energy finishes their new building on Nicollet Mall and the T3 project is complete and begins to fill with new tenants. In addition, Target's retrenchment will likely result in consolidations that will free up even more space. Therefore, it is anticipated that there will be a temporary excess supply of office space in the downtown that will need to be absrobed before the market can support new multi-tenant office space. We have estimated this excess supply to be around 2 million square feet. (Be the Match is not included here because it is a single-tenant building in which the company relocated from outside of the downtown.)

[6] Due to the strong desire of most office users to be connected to the skyway system, office development has been slow to expand beyond the core (Downtown West) and into adjacent neighborhoods. Although new projects in the North Loop are running counter to this trend, these projects appear to be targeting a specific segment of the office market that is more creative-focused and thus values other property attributes besides skyway connections (i.e., distinctive design, high-level of sustainability, etc.). East Downtown, in contrast, has also captured some of the most recent office development and among adjacent neighborhoods is best positioned to accommodate office users who want to be connnected to the skyway system. Therefore, we have estimated the forecasted downtown demand for new office space will breakdown as 50% in the existing downtown core, 25% in East Downtown, and 25% in North Loop.

[7] This is demand above and beyond office projects currently under development.

Source: Perkins+Will

The methodology displayed in Table 9 indicates that a little over 100,000 square feet of new office space can be supported in East Downtown through 2030. This is less than 10,000 square feet per year, which is a very small amount of space given downtown's long history of being able to accommodate significant office development. However, this is somewhat a reflection of changes currently impacting employers' needs for office space, which appear to be rapidly shrinking, and the oversupply of office space in general, which will likely increase in the near future.

It should be noted that this assessment does not take into consideration the potential that a large single-user office building could be built in East Downtown. The challenge with forecasting such a scenario is that it is next to impossible to do it based on any kind of logical evaluation of likely trends or patterns. The Wells Fargo project is a perfect example of such a situation in which a single-user had a specific set of needs and that it was remarkably fortuitous that property owners with sizable land holdings were willing to sell at a similar point in time. This situation could certainly occur again in East Downtown, but it would be too limiting from a planning perspective to assume such an occurrence would be likely enough to warrant allocating public resources for such an occasion.

7.2.4 Hospitality Demand

Demand for hotels and other hospitality uses are driven primarily by their proximity to what are considered "room night generators." These are particular uses that attract people to the region for overnight stays. Downtown Minneapolis has a high concentration of room night generators, which include a significant number of corporate headquarters, a large convention center, multiple large-scale sports facilities, and a substantial entertainment presence anchored by numerous theaters, bars, and restaurants. Moreover, Downtown Minneapolis, unlike most other areas in the region, is well positioned to accommodate visitors who do not want or need to rent a car because it is directly connected to the Minneapolis-St. Paul International Airport via light rail transit and has an extensive system of pedestrian skyways that connect individual buildings.

A detailed market feasibility assessment of hospitality demand was beyond the scope of this study. Nevertheless, it is still important to gauge future hospitality demand on some level to better understand how this use will compete with other uses in East Downtown over the next 10 to 15 years. Chapter 6 presented data on recent hotel occupancy rates and hotel development trends in Downtown Minneapolis. Occupancies have risen dramatically in the downtown since 2009 and are now at levels that typically support new development (see Figure 44 on page 57). The recent upward trend in hotel occupancy is largely explained by an improving economy, which is not surprising because the hospitality industry is the real estate sector most sensitive to changes in the overall economy as discretionary travel is one of the first activities reduced by businesses and households when budgets are tightened or increased when economic conditions improve. Given such strong occupancies, it is not surprising that there are numerous proposals for new hotel projects in the Downtown and even within the East Downtown study area. Despite all the proposals, likely growth in room demand over the next several years will be able to comfortably support up to 1,000 new units without negatively impacting the market's overall occupancy rate (see Figure 46 on page 58).

Regardless of the economy, **any increase in room night generators will have important long term impacts on the need for hotel rooms in Downtown Minneapolis. In this respect, the forecast for increased long term hospitality demand is strong.** Specific examples of new or enhanced room night generators include the new Vikings stadium, Downtown East Commons Park, the new HCMC outpatient clinic and surgical center, a renovated Target Center, a renovated Nicollet Mall, and a consolidated Wells Fargo campus. Other potential room night generators that could increase the demand for hospitality include a new MLS stadium, Minneapolis Convention Center improvements and/or expansion, and a growing downtown household base that would generate demand for family-based leisure travel.

7.3 CONCLUSIONS

Overall, the short and long-term market demand for new development in the East Downtown study area is strong. This should come as no surprise to those who pay close attention to downtown trends. However, a broad statement proclaiming the potential of an area like East Downtown masks the fact that opportunity is not evenly dispersed throughout the study area. Differences in market demand can be based on a variety of factors, such as location, type of land use, market timing, competition, to name but a few.

Previous chapters provided data and analysis on a variety of market trends that influence the development potential of East Downtown. These chapters included an evaluation of the metropolitan and global context of downtown Minneapolis, a review of the locational and socio-economic characteristics of the East Downtown study area, an assessment of the relationship between the downtown core and East Downtown, analysis of various real estate markets, review of previous studies and plans for East Downtown, and a summary of interviews with real estate experts familiar with East Downtown. Based on the analysis included in these previous chapters, the following are key findings and conclusions regarding important market trends affecting East Downtown.

Downtown Minneapolis is thriving. Since 2000, its population growth has been remarkable and in many ways equals the growth experienced in many large, fast growing suburban communities. The reasons for this are numerous. First, the population growth of the past 15 years has resulted in more neighborhood amenities in the form of shops, stores, and services, all of which, when in place, help attract more residents. Second, the Twin Cities metropolitan region is thriving as well. Since 2010, the Twin Cities metropolitan area has added more population than any other Midwestern metro area, including the much larger Chicago and Detroit regions. Third, there is a clear cultural trend favoring walkable/bikeable/mixed-use neighborhoods and downtown with its small blocks laced with sidewalks and inherent mixture of activities is well positioned to capture growth driven by this demand. Fourth, long-term public investments in the downtown are starting to pay significant dividends. This is particularly evident for neighborhoods that line the Mississippi River, which include portions of the East Downtown study area. The City of Minneapolis helped formulate a vision to transition the riverfront from an obsolete industrial landscape into a recreational and cultural amenity that would be the basis for additional private investment and eventual neighborhood revitalization. Although the process started many years before the first new residents and businesses began to move into these neighborhoods, it is now starkly evident just how much these areas have underscored a thriving downtown.

Demographic trends are very favorable for downtowns. The two largest age cohorts, Baby Boomers (those born between 1946 and 1964) and Millennials (those born between 1982 and 2000) are currently in life stages characterized by high mobility and few young children at home. Therefore, downtown living, often associated with low maintenance housing (e.g., no private yard) and proximity to entertainment districts, has a strong appeal among these age groups. Moreover, favorable demographic trends when combined with strong economic growth can greatly enhance the demand for downtown living. For example, newcomers drawn to a region for employment often look first for housing in the downtown because it is a high profile area and convenient to a large concentration of jobs.

East Downtown is receiving significant public investment that is unlocking substantial private investment. This began with the opening of the Blue Line LRT in 2004. However, since 2014 additional public investment has begun to accelerate: the addition of the Green Line LRT has greatly expanded the reach of the transit system in 2014; the new Vikings stadium is currently under construction; the Downtown East Commons Park, the HCMC outpatient specialty center, and reconstruction of Washington Avenue west of 5th Avenue all will begin later in 2015. The immediate impact of these investments can be seen in the new Wells Fargo campus and several other redevelopment projects in East Downtown. Although there is and will continue to be debate as to which types of public investments catalyze which types of private investment, it is beyond doubt that the profile of East Downtown has been substantially raised in recent years and that significant attention is being given to the area among all types of private interests. Interviews with real estate experts clearly underscored this fact. Every one interviewed felt that the area is in the process of a remarkable transformation and that property throughout the study area is being evaluated and even beginning to change hands in anticipation of new development opportunities.

East Downtown is highly accessible, especially compared to other downtown neighborhoods. The regional highway system connects into East Downtown from several points. The transit system directly serves the area. It is adjacent to the downtown core with existing, direct sidewalk connections and the potential to easily expand the skyway system into the neighborhood unlike other downtown neighborhoods.

There are three distinct character districts within the East Downtown study area each with unique circumstances influencing future development potential: 1) the Washington Avenue Revitalization district, which is north of 3rd Street South; 2) the Public and Institutional Belt, which is between 3rd Street South and 8th Street South; and 3) Elliot Park Residential district, which is south of 8th Street South. The Washington Avenue district has been undergoing significant revitalization for over 15 years and continues to be the focus of significant private sector investment due to its proximity to the Mississippi River, historic elements, and connectedness to the University of Minnesota. The Public and Institution Belt is often characterized as a “no man’s land” because of its plethora of parking lots and large structures (e.g. HCMC and stadium) that inhibit pedestrian activity. The Elliot Park Residential district is a diverse community that has been historically cut off from significant investment because of real and perceived isolation related to poor or disrupted physical connections and a negative reputation. It is notable that each character district is defined by east-west boundaries. This is because the psychological connections linking the north end of East Downtown to its south end are poor and the roadways that provide direct access to and from Interstate 94 are lined with large, imposing structures and serve such a singular purpose that they physically and psychologically cut off each district from one another.

There is a visible trend that significant property investment has begun to spill outside of the core downtown and into surrounding neighborhoods, including East Downtown. The downtown core, anecdotally defined as the existing skyway system, captured an overwhelming proportion of property investment prior to 2000. Since 2000, however, there has been a clear pattern of significant property investment expanding into adjacent neighborhoods. This is a strong indicator that the downtown core is beginning to expand, and, given the location of East Downtown and the level of public investment occurring, is well positioned to accommodate any continued expansion.

Multifamily housing will be the dominant land use in East Downtown. Reasons housing will remain dominant are related to strong forecasted growth over the next 15 years, favorable demographics as highlighted above, the presence of an untapped middle-income market, and limited demand from other real estate sectors. In the short term, the apartment market, in particular market rate product, is currently very strong with thousands of units proposed or under development throughout downtown, including East Downtown. Nevertheless, market rate apartments will inevitably reach temporary saturation, which will cause development to slow down.

At the same time, however, demand for ownership housing, specifically condominiums, is increasing rapidly and could become the primary driver of development in East Downtown. However, there are some concerns that, despite increasing demand brought on by limited supply and increased prices, there are few developers willing to develop condominium product because financing is being hindered by State laws related to developer liability. This artificial restriction on the market could result in a greater willingness among developers to work on more projects targeted to the middle-income market. However, that will remain a big question mark as middle-market housing typically cannot achieve high enough rents to support new construction and thus it requires a much more complex development process and need to find “gap” financing. Moreover, many property owners with an interest in selling to a developer may see any market preferences for middle-income product as merely temporary and set land prices at a rate that can only be supported through top-of-market rents.

New retail development in East Downtown will primarily follow new housing development, be limited in size and scale, and be neighborhood-oriented. Because Nicollet Mall will retain its position in the downtown as the primary location for any retail with a regional draw and the Warehouse District/North Loop will continue to be the primary entertainment area, it is unlikely that East Downtown will emerge as a new large-scale retail district. Therefore, any retail growth will be contingent on the number of residents, employers, and visitors to East Downtown. Undoubtedly, East Downtown has some significant attractions that pull visitors into the area. However, demand calculations that factor in visitor and employee counts as well as the number of residents will only be able to support 150,000 square feet of new space through 2030. To put this in perspective, this would only be about six blocks worth of street level retail. Confounding the retail situation is that the industry is undergoing rapid change as retailers adapt to an increasingly virtual society. In order to survive and thrive, retailers have to offer an experience to customers that is decidedly non-virtual. For durable or luxury goods, where people are apt to comparison shop, this means either appealing to the human senses of touch, taste, and smell or creating a communal realm where an experience can be shared. However, for non-durable or perishable goods, proximity and convenience will remain paramount and it is this type of retail that will be in demand in East Downtown.

Multi-tenant office space of any significant size is unlikely to be developed in East Downtown. Calculated demand for new office space in East Downtown through 2030 is slightly more than 100,000 square feet, which is a small office building by modern downtown standards. The lack of substantial demand is based on forecasted employment growth, an excess supply of office space, and trends toward less space needed per office worker.

This finding is corroborated by the fact that nearly every real estate expert interviewed as part of this study stated that they did not think office uses would be a significant element of future development in East Downtown. Many thought that the Wells Fargo campus, which is currently under construction, was the result of very unique circumstances and would likely not be duplicated in the near future. Others added that the excess supply of space created by the new Wells Fargo project as well as the retrenchment of the Target Corporation will create enough excess supply of space to dampen any future demand for new space into the foreseeable future. Still others added that demand for office space is highly sensitive to access to the skyway system and with excess supply in the downtown core growth is unlikely to occur in East Downtown.

A low forecast for growth is also corroborated by the fact that office development has slowed precipitously in recent years from its 40-year average. Beginning in the late 1960s as the national economy switched from an industrial economy to a post-industrial economy, millions of square feet of new office space were built in downtown Minneapolis. Between 1970 and 2005, downtown average almost 750,000 square feet of new office space per year. Now that adaptation to a truly digital work environment is becoming more complete, concepts of where we work and how we use work space are evolving rapidly. Hastened by the recession, companies are dramatically scaling back their office space. Between 2005 and 2014, downtown Minneapolis average 6,000 square feet of new office space per year. Undoubtedly, more office space will be constructed in downtown Minneapolis. As matter of fact, several new projects are currently under construction. Nevertheless, the trend is toward a profoundly less amount of office space.

Although calculated demand is low, it should be noted there are several attributes to East Downtown that may attract future office development. First, it is adjacent to the downtown core and could easily accommodate expansion of the skyway system. Although the Wells Fargo project will be connected to the skyway system, it will be somewhat distant from the core where many skyway level services exist. However, there are portions of East Downtown that would be closer to denser segments of the network. Second, the transit station may become a draw for office uses. Third, the potential to overlook the Downtown East Commons Park may be a draw as well.

Hotels will compete with housing for certain sites in the short term. The hotel market is very hot at the moment driven by strong occupancies and rising revenues. There are multiple projects being considered for East Downtown, including two proposed projects close to the new Vikings stadium as well as discussions of another project along Portland or 5th Avenues closer to the downtown core. In addition, several other sites are proposed or underdevelopment in the downtown core and North Loop. This current round of hotel development, in all likelihood, will satisfy hotel demand for a number of years.

Hotels will gravitate to two or three areas within East Downtown, but outside those areas, demand will be weak. Currently, the new Vikings stadium and Downtown East Commons Park is generating significant hotel interest. Clearly, close proximity to the new stadium will generate intense demand during event days. Furthermore, as the new stadium attracts high profile events, such as the Super Bowl and the NCAA Final Four, this will increase opportunities for hoteliers to capture significant revenues and balance out weaker demand during non-event days. The area along 5th Avenue and Portland Avenue south of the Armory presents more stable long term demand in that this area could become a gateway into East Downtown and be better positioned for new connections to the downtown core through skyway and/streetscape enhancements.

7.4 STRATEGIES

With so many forces influencing market demand for new development in East Downtown, below are a number of potential strategies that would help planners and stakeholders guide demand and potential change.

Diversify Housing Choice

Downtown population growth has been impressive over the last 15 years. However, certain demographics have been largely left out of this growth, namely older age groups, families with children, and lower-income households. More housing diversity would not only help to attract newcomers who can take advantage of downtown transit and employment opportunities, but would also enable existing residents to remain in the downtown should their life circumstances change. Furthermore, many organizations have outlined goals for rapidly increasing downtown's population. However, without a full range of housing product available to meet maximum demand, it is unlikely such growth goals are achievable.

A commitment to providing greater housing diversity is not easy. It will likely require some form of government intervention either through policy changes or financial assistance or both. Many of the traditional public policies that often add cost to most housing developments, such as minimum unit sizes, on-site parking requirements, and height restrictions, have generally been removed in East Downtown. Therefore, policies that help reduce land speculation or streamline the approval process should be emphasized to help reduce overall project costs.

Many of the barriers to diversifying housing choice, however, are tied to the behavior of the private market as well. Since most housing developers are motivated to maximize profit, they will focus their effort on product that will have the highest rate of return at the expense of all other product types, even if demand is high among those other product types. For example, very little senior housing has been developed in downtown Minneapolis despite remarkable growth among older age groups. Mixing of product types as part of the same development can be an effective strategy to not only diversify offerings within a given area, but also help the marketability of the project by spreading demand across many markets. This can aid in the rate of absorption and enhance long-term value because the project can withstand fluctuations in market preferences and demand.

Although diversifying the housing choice has many desirable benefits, certain locational characteristics will mean that some areas within East Downtown will have a propensity for certain product types over others. These are described by character district.

> **Washington Avenue Revitalization Area:** There is not a lot of available land north of Washington Avenue for new housing development. Where development can occur, it will likely be consistent with existing high priced housing units that leverage the nearby amenity of the Mississippi River, Gold Medal Park, and the Guthrie Theater.

Public and Institutional Belt: Due to land scarcity north of Washington Avenue, most new housing development in East Downtown will likely be south of Washington Avenue. The Downtown East Commons Park is the most logical location for higher-end product, though there is the potential that any new office development would likely gravitate to this area and may outbid residential. Some market observers have suggested that Portland Avenue extending south from the Downtown East Commons Park could become a viable residential corridor to handle future demand, especially if the streetscape, public realm, and traffic patterns were all improved. In particular, this area was considered to be a potential market for middle-income product because land values are currently somewhat lower in this part of East Downtown. Reasons some see Portland Avenue as a potential development corridor are because there are a number of properties along the corridor with willing sellers, the street is just far enough from HCMC to not be directly impacted by emergency vehicle noise, and it is strongly connected to both the Downtown East Commons Park and the Mississippi Riverfront Park.

Elliot Park Residential Area: In the heart of Elliot Park, where land values are the lowest in the study area, smaller-scale in-fill projects, such as attached townhomes, appear to be the most politically acceptable concept given the existing low-rise character of much of Elliot Park. However, current market demand for new development in Elliot Park is impacted by its lack of retail amenities, lower household incomes relative to other downtown neighborhoods, and the fact that there has been sufficient land in other downtown neighborhoods to accommodate growth.

Encourage Retail to Locate at Key Nodes or along Key Corridors

With a modest amount of new retail space likely to be supported in East Downtown over the next 15 years, it would be advantageous to encourage any new retail development to locate at key nodes or along key corridors. Concentrating retail, even in somewhat limited amounts, helps achieve a critical mass in which complementary businesses can support one another. Although it is difficult to quantify, the calculated demand for 150,000 additional square feet of retail space could very well be increased by 20-30% if retailers were to be strategically positioned near complementary businesses. Furthermore, concentrated retail activity helps drive higher volumes of pedestrian activity, which contribute to neighborhood vibrancy. This study identifies the following areas where future retail may be encouraged due to an already existing concentration of retail or potential to take advantage of future land uses, traffic patterns, and visibility. These areas have been broken down by character district:

Washington Avenue Revitalization Area: Washington Avenue is the only corridor within the East Downtown study area with any significant retail. As demand for more retail increases with household growth, Washington Avenue will likely continue to capture a majority of demand because of its proximity to an established base of affluent households, high traffic counts, access to Interstate 35W, connections to the University of Minnesota, and supply of vacant land to accommodate new retail development.

Public and Institutional Belt: Secondary to Washington Avenue, other possible locations for retail activity that may emerge would be frontage along the Downtown East Commons Park; along Portland Avenue (if it is enhanced to attract development); and adjacent to HCMC, though this would be a small center focused on lunch-driven food concepts and convenience services. In terms of retail activity fronting the Downtown East Commons Park, there is opportunity to potentially capture destination retail due to activities occurring within the Park or the Vikings stadium. Anchor uses would be restaurants and possibly some ancillary retail, such as gift shops and other small boutiques that are supported by casual visitors looking to extend the destination experience. However, this is heavily predicated on the programming of the park. If the park remains mostly passive, any retail around it will need to be supported mostly by nearby employees and residents since visitors will be a secondary source of patronage.

Elliot Park Residential Area: Although Elliot Park has a large household base from which to support retail activity, it also contains significant number of older households, students, and other low-income populations, which minimize its potential to support retail. Unlike the other character districts, retail potential in this area is strongly tied to future household growth that will increase the local spending power. Therefore, strategies to concentrate retail in this area are much more long-term and would need to be associated with a significant transformation of a key street, roadway, or corridor.

Consider Redevelopment Opportunities on the South Edge of Downtown East Commons Park

Three of the four edges of the Downtown East Commons Park will have new uses when the park opens. However, the southern boundary of the park is framed by existing uses that have historically been significant barriers to development: the Minneapolis Armory, the Hennepin County Juvenile Detention Center, and the Hennepin County Medical Examiner. As currently used, none of these properties generates significant activity. As designed, they each turn their back on neighboring uses. Nevertheless, they are strategically located next to a significant new amenity that could significantly increase their value and create opportunity for redevelopment. Furthermore, redevelopment of these properties would be strategic in better connecting the blocks south of the park to the new park and the Washington Avenue Revitalization District.

In particular, the Minneapolis Armory is highly strategic. Although its historic status has and will continue to limit certain opportunities, its character and design could leverage a unique use that would complement the area through the addition of quasi-public space. Furthermore, it is also on the western edge of East Downtown, which means that it is also not only a gateway to the new Downtown East Commons Park but also to the downtown core. In essence, a rehabilitated Minneapolis Armory is one of properties that because of its character and location could catalyze a large number of other projects by connecting numerous previously unconnected areas.

Work with HCMC on a Health District Plan

HCMC is by far East Downtown's largest employer, occupies numerous blocks, and is strategically located between Elliot Park and the northern half of East Downtown. Unfortunately, it is widely considered to be a detriment to new development because most of its buildings are large and not oriented to the street in any positive way. Furthermore, arrival of emergency vehicles (ambulance or medivac) is a disturbance to certain nearby uses. Nevertheless, HCMC should be considered an asset. Healthcare is becoming an increasingly important element to our economy and helping HCMC succeed would be good for East Downtown. Working on a health district plan to identify ways in which to positively leverage this asset would pay significant dividends.

Remove Barriers, Strengthen Connections, and Create More Amenities

Although the focus of this study was on influential market trends and their impact on future development in East Downtown, it is also important to note a number of strategic public investments that could leverage private investment.

a. **Strengthen and Improve Key North-South and East-West Corridors through East Downtown:** East Downtown is already largely defined by the function and character of several existing corridors. Unfortunately, it's not positive since these corridors generally function to separate and isolate the area. Consider focusing on strategic corridors that better connect the different character districts to one another, to desirable amenities, to greenery, and to economic opportunity in the downtown core. Improved connections will greatly enhance the potential to attract future development. Washington Avenue is being reconstructed into a complete street, which is critical. Also consider improving a north-south route, such as Portland Avenue, and an additional east-west route that goes directly into the downtown core.

b. **Greening the Area**: Despite East Downtown's many positive attributes that are positioning it for dramatic future growth, lack of green space along its corridors in both the public and private realm stick out as being a very stark reminder of how the area has generally been neglected for many years as parking lots and large institutional uses dominated the landscape. With housing being the primary driver of future growth, greening of the public realm will be essential for attracting investment. There already are several key open spaces in East Downtown (Elliot Park, Mississippi Riverfront Park, Gold Medal Park, Franklin Steele Park) and the forthcoming Downtown East Commons Park. However, these areas need to be linked with green. Also consider linking East Downtown with the downtown core and Nicollet Mall.

c. **Focus on Sidewalks**: In addition to greening the public realm and streetscape as much as possible, sidewalks should be made a top priority. East Downtown is already connected physically to the downtown core. However, the sidewalk experience appears to be a huge detriment as many of the sidewalks are poorly maintain. By improving the sidewalks through better maintenance, this would better connect East Downtown to the core. Furthermore, as redevelopment occurs in East Downtown a program to widen sidewalks would distinguish the neighborhood from other downtown neighborhoods and strengthen its relationship with the core.

d. **Heavily Program the Downtown East Commons Park**: The Downtown East Commons Park needs to be heavily programmed to make sure it is active and vibrant. Without consistent programming, the park is at risk for becoming passive and underutilized. Although passive parks play a key role in the broader park network, Downtown East Commons Park is a central location and a gathering spot and the uses that surround it need to interact with it and feed off of one another vitality.

e. **Integrate the new Vikings stadium into the Neighborhood by Finding Ways to make it an Indoor Extension of Downtown East Commons Park**: The new Vikings stadium is widely regarded by real estate experts as having a negative impact on development in East Downtown. It is large, difficult to get around, and has very little interaction with the street, except on event days. One of the experts interviewed as part of this study noted that during non-event times the stadium should be integrated into the neighborhood as an indoor extension of the adjacent Downtown East Commons Park. This would make the stadium a greater part of the neighborhood and community, which would potentially make it an asset and amenity and not just a landmark everyone is familiar with.

f. **Create Gateways at Key Locations**: Elliot Park has a gateway at 10th Street and 4th Avenue. However, nowhere else in East Downtown is there an obvious gateway that helps define its borders and identity. With the rerouting of the freeway entrance from Interstate 94, there is an opportunity to create a gateway where traffic will focus to help with creating a sense of place.

CHAPTER 8: REVIEW OF PREVIOUS PLANS

8.1 CHAPTER SUMMARY

Numerous plans and studies have analyzed East Downtown and produced recommendations for enhancing this neighborhood. This chapter briefly summarizes these documents in order of their publication and discusses key findings and recommendations that relate particularly to future market conditions and related public policy in East Downtown.

8.1.1 Downtown East District Strategic Vision

The Downtown East District Strategic Vision was completed by Greater MSP in 2014. It articulates opportunities to promote livability, walkability, sustainability, and vitality in East Downtown and to attract new businesses to this part of Downtown Minneapolis.

The strategic vision calls for greening and public realm improvements running north-south through East Downtown. Specifically, it identifies "green corridors" along Park and Portland and urban plaza streets along 5th and Chicago connecting to the Mississippi River. Fifth Street is the only important east-west connection noted; this study argues that increasing movement east to west between East Downtown and the Minneapolis CBD is important in supporting East Downtown.

Findings from this market study support the idea of an enhanced public realm articulated in the Downtown East Strategic Vision. However, the importance of east-west connections between East Downtown should not be limited to Fifth Street and should include areas further south, especially residential areas of Elliot Park.

8.1.2 Downtown East Urban Village

In 2014, City of Minneapolis Community Planning and Economic Development commissioned a study to explore potential for an urban village surrounding the new Vikings stadium in East Downtown. The report assesses the character of retail and entertainment offerings in downtown Minneapolis and within the East Downtown study area, summarizes and analyzes best practices observed in similar developments, and provides recommendations and projections specific to the proposed urban village.

The study notes the lack of defined character in Downtown East and disconnect between the Mill District's cultural amenities and other areas of downtown. The study notes the importance of residential uses in creating and maintaining a vibrant neighborhood, noting East Downtown's potential to attract a vast cross-section of users.

In keeping with this market study's findings, the Downtown East Urban Village study notes the importance of the Downtown East Commons Park in setting the overall tone and character of future development potential. The report's case studies indicate that focusing the park on visitor entertainment will detract from the overall character of the adjoining neighborhoods and recommends that future programming be closely managed. This will be especially important in developing the potential for new residential housing identified in this market study.

8.1.3 East Downtown Parking Lot Study

In 2013, City of Minneapolis Community Planning and Economic Development staff commissioned a study to identify barriers to redevelopment of surface parking lots in East Downtown. This study responded to earlier planning efforts identifying the large numbers of surface parking lots in East Downtown as a barrier to pedestrian activity and as important sites to capture the area's redevelopment potential.

The key findings of the East Downtown Parking Lot Study regarding perceived challenges to redevelopment are consistent with barriers noted by real estate experts interviewed in this market study. These barriers include:

- Presence of large institutional uses (Hennepin County Medical Center, the Medical Examiner, Hennepin County Public Safety Facility) that, by virtue of their esthetics and layout, detract from area walkability
- A virtually uninterrupted block of civic uses, lined by another virtually uninterrupted block of surface and structured parking along 4th Avenue and 5th Avenues that physically separate East Downtown from the central business district (CBD);
- Lack of a skyway connection
- Near total absence of established neighborhood amenities, including streetscape, retail, open space, etc.

Beyond these general barriers, the East Downtown Parking Lot Study identifies a key concern for future redevelopment as market imbalance caused by land value expectations of existing surface parking lot owners exceeding the currently supportable land value from redevelopment in East Downtown.

8.1.4 Elliot Park Neighborhood Master Plan and Housing Guidelines

The Elliot Park Neighborhood Master Plan was completed by the City of Minneapolis in 2002. More recently, Elliot Park Neighborhood, Inc. adopted a document in 2013 outlining principles and observations by which the neighborhood association hopes to attract and guide future residential development.

The Elliot Park Neighborhood Master Plan characterizes perceptions of Elliot Park as a "pass-thru" district versus a destination. The quality of the public realm today supports that characterization.

The plan also calls for "downtown-oriented" development 12-16 stories high in the west end of the neighborhood with a transition to mixed-use, 2-4 story structures moving further east. Findings from this market study support the idea that the lot sizes and character of Elliot Park may be more suitable for smaller housing developments than the large-scale multi-family structures currently under construction elsewhere in Downtown East.

The Elliot Park Housing Guidelines call for in-fill development to fill vacancies and surface parking lots. The guidelines note the neighborhood's potential to attract new residents seeking proximity to downtown, while calling for careful consideration of existing populations living in the neighborhood. This market study notes demographic differences between Elliot Park and other parts of downtown and identifies this area's potential to attract diverse housing products beyond high-end development typical of recent downtown growth. Public subsidies would likely be necessary to develop this market.

8.1.5 Intersections 2025 Plan

The Minneapolis Downtown Council completed the Intersections 2025 Plan in 2012. The plan identifies ten major initiatives intended to help Downtown Minneapolis prosper and compete in upcoming decades. Of the ten initiatives, four are particularly relevant to market conditions in East Downtown. They are listed below and analyzed in light of findings from this study.

- **Double downtown's residential population. Broaden the appeal of downtown living for a wider variety of residents, especially families, children, college students and senior citizens.** We concur with the plan's recognition that housing is the driver of most other types of uses and activity in downtown. Because property values in East Downtown are lower than in other downtown neighborhoods, East Downtown could absorb new housing products that appeal to a wider group of residents than the luxury development that has typified the recent residential housing boom downtown.

- **Create a consistently compelling downtown experience that inspires people to explore Downtown block after block.** Fifth Avenue represents a major psychological barrier between the Minneapolis CBD and East Downtown. Strengthening east-west connections into East Downtown is critical to supporting economic activity between the two areas as the downtown core expands.

- **Create and sustain a green infrastructure- and showcase the riverfront.** Strong north-south connections through Downtown East that draw people toward the riverfront are lacking. Strengthening these connections will promote recreational access to the riverfront.

- **Forge connections to the University of Minnesota.** Several of the real estate experts interviewed in this study noted the potential created by the presence of light-rail in the study area, as well as the transformation that could occur by connecting East Downtown to the Cedar-Riverside neighborhood by covering the freeway trench.

8.1.6 Downtown East Economic Development and Revitalization Analysis

The Downtown East Economic Development and Revitalization Analysis was conducted in 2010 by the East Downtown Council in order to identify and understand the factors affecting the economic revitalization of the Chicago Avenue corridor in East Downtown.

The report focuses on potential development along Chicago Avenue, accurately noting the lack of existing commercial businesses or property available for commercial development along this street. The report notes opportunities to connect Chicago Avenue with the downtown core along South 10th Street, which could strengthen the connection between Elliot Park and the downtown core.

The report also notes the opportunity to create and define a district within Downtown East and Elliot Park, calling for developers to conceptually link projects to provide the area a sense of identity. Downtown East's lack of identity was keenly noted by real estate experts interviewed in this market study.

8.1.7 Downtown East/North Loop Master Plan

The Downtown East/North Loop Master Plan was completed by the City of Minneapolis Planning Department in 2003. While the plan's predictions for residential and office growth are dated, it predicted that housing would be a key driver of growth in future retail markets and a major component in anchoring the transition of these neighborhoods into so-called "Complete Communities." The plan also emphasizes that the public realm in Downtown East is lacking and includes recommendations for gateways and view corridors to enhance public space. The plan also recognizes HCMC and the Metrodome as visual walls that detract from the district's friendliness to pedestrians. Although real estate predictions presented in this plan are dated, key issues in Downtown East's public realm have changed little since 2003 and have relevance today.

8.1.8 Historic Mills District Master Plan

The Historic Mills District Master Plan was prepared by the Minneapolis Community Development Agency in 2001. The Plan notes the importance of streets that connect from Elliot Park to the Mississippi River (Chicago and Portland Avenues) versus those that do not (Park, 9th and 10th Avenues) and encourages a corresponding hierarchy of retail development at intersections of these corridors. Although the overall amount of retail called for by the plan are ambitious compared to this market study's findings, the plan notes that neighborhood service retail will likely come only as secondary to new housing, and that spin-off uses such as eating and drinking establishments will likely cluster near existing uses of that kind on Washington Avenue.

APPENDICES

Appendix A

TABLE 1: POPULATION AND HOUSEHOLD TRENDS 1980-2030

POPULATION	1980	1990	2000	2010	2020‡	2030‡	Numeric Change '80-'90	'90-'00	'00-'10	'10-'20	'20-'30	Percentage Change '80-'90	'90-'00	'00-'10	'10-'20	'20-'30
Downtown East	70	25	128	1,254	2,796	3,926	-45	103	1,126	1,542	1,130	-64.3%	412.0%	879.7%	122.9%	40.4%
Elliot Park	5,287	5,678	6,476	6,693	7,435	8,267	391	798	217	742	832	7.4%	14.1%	3.4%	11.1%	11.2%
Downtown West	3,522	3,789	4,581	5,781	10,356	12,048	267	792	1,200	4,575	1,692	7.6%	20.9%	26.2%	79.1%	16.3%
North Loop	338	647	1,515	4,291	9,215	12,813	309	868	2,776	4,924	3,598	91.4%	134.2%	183.2%	114.8%	39.0%
Loring Park	5,908	6,586	7,501	7,873	9,642	10,530	678	915	372	1,769	888	11.5%	13.9%	5.0%	22.5%	9.2%
Stevens Sq/Loring Hgts	3,827	4,433	3,948	3,833	4,333	4,144	606	-485	-115	500	-189	15.8%	-10.9%	-2.9%	13.0%	-4.4%
Cedar-Riverside	6,728	6,368	7,545	8,094	9,448	11,758	-360	1,177	549	1,354	2,310	-5.4%	18.5%	7.3%	16.7%	24.4%
Nicollet Island/East Bank	203	666	828	1,309	1,834	2,068	463	162	481	525	233	228.1%	24.3%	58.1%	40.1%	12.7%
Marcy Holmes	8,646	8,810	9,009	10,015	15,378	14,229	164	199	1,006	5,363	-1,149	1.9%	2.3%	11.2%	53.5%	-7.5%
University	4,194	3,880	4,026	5,421	7,202	7,528	-314	146	1,395	1,781	326	-7.5%	3.8%	34.6%	32.9%	4.5%
Downtown & Vicinity Total	**38,723**	**40,882**	**45,557**	**54,564**	**77,639**	**87,309**	**2,159**	**4,675**	**9,007**	**23,075**	**9,670**	**5.6%**	**11.4%**	**19.8%**	**42.3%**	**12.5%**
City of Minneapolis	*370,951*	*368,383*	*382,618*	*382,578*	*424,700*	*449,500*	*-2,568*	*14,235*	*-40*	*42,122*	*24,800*	*-0.7%*	*3.9%*	*0.0%*	*11.0%*	*5.8%*
7-County Metro Area	*1,985,873*	*2,288,721*	*2,642,056*	*2,849,567*	*3,123,430*	*3,395,060*	*302,848*	*353,335*	*207,511*	*273,863*	*271,630*	*15.3%*	*15.4%*	*7.9%*	*9.6%*	*8.7%*
Minnesota	*4,075,970*	*4,375,099*	*4,919,479*	*5,303,925*	*5,677,582*	*5,982,601*	*299,129*	*544,380*	*384,446*	*373,657*	*305,019*	*7.3%*	*12.4%*	*7.8%*	*7.0%*	*5.4%*
United States	*226,545,805*	*248,709,873*	*281,421,906*	*308,745,538*	*333,896,000*	*358,471,000*	*22,164,068*	*32,712,033*	*27,323,632*	*25,150,462*	*24,575,000*	*9.8%*	*13.2%*	*9.7%*	*8.1%*	*7.4%*

HOUSEHOLDS	1980	1990	2000	2010	2020‡	2030‡	Numeric Change '80-'90	'90-'00	'00-'10	'10-'20	'20-'30	Percentage Change '80-'90	'90-'00	'00-'10	'10-'20	'20-'30
Downtown East	33	8	42	566	1,218	1,692	-25	34	524	652	474	-75.8%	425.0%	1247.6%	115.2%	38.9%
Elliot Park	2,365	2,792	2,685	3,207	3,665	4,155	427	-107	522	458	490	18.1%	-3.8%	19.4%	14.3%	13.4%
Downtown West	2,514	2,097	2,767	3,373	5,985	6,970	-417	670	606	2,612	985	-16.6%	32.0%	21.9%	77.4%	16.5%
North Loop	71	331	640	2,228	4,851	6,369	260	309	1,588	2,623	1,517	366.2%	93.4%	248.1%	117.7%	31.3%
Loring Park	4,393	4,891	5,638	5,859	6,763	6,855	498	747	221	904	92	11.3%	15.3%	3.9%	15.4%	1.4%
Stevens Sq/Loring Hgts	2,593	2,743	2,623	2,571	2,806	3,014	150	-120	-52	235	207	5.8%	-4.4%	-2.0%	9.2%	7.4%
Cedar-Riverside	2,808	2,775	2,838	2,951	3,553	4,716	-33	63	113	602	1,164	-1.2%	2.3%	4.0%	20.4%	32.8%
Nicollet Island/East Bank	136	415	522	807	958	1,009	279	107	285	151	51	205.1%	25.8%	54.6%	18.7%	5.4%
Marcy Holmes	3,988	4,101	4,264	4,628	6,518	6,732	113	163	364	1,890	214	2.8%	4.0%	8.5%	40.8%	3.3%
University	121	78	88	169	548	576	-43	10	81	379	28	-35.5%	12.8%	92.0%	224.3%	5.2%
Downtown & Vicinity Total	**19,022**	**20,231**	**22,107**	**26,359**	**36,866**	**42,088**	**1,209**	**1,876**	**4,252**	**10,507**	**5,223**	**6.4%**	**9.3%**	**19.2%**	**39.9%**	**14.2%**
City of Minneapolis	*161,858*	*160,682*	*162,352*	*163,540*	*184,200*	*195,600*	*-1,176*	*1,670*	*1,188*	*20,660*	*11,400*	*-0.7%*	*1.0%*	*0.7%*	*12.6%*	*6.2%*
7-County Metro Area	*721,444*	*875,504*	*1,021,454*	*1,117,749*	*1,259,450*	*1,390,990*	*154,060*	*145,950*	*96,295*	*141,701*	*131,540*	*21.4%*	*16.7%*	*9.4%*	*12.7%*	*10.4%*
Minnesota	*1,445,222*	*1,647,853*	*1,895,127*	*2,087,227*	*2,258,589*	*2,392,951*	*202,631*	*247,274*	*192,100*	*171,362*	*134,362*	*14.0%*	*15.0%*	*10.1%*	*8.2%*	*5.9%*
United States	*80,389,673*	*91,947,410*	*105,480,101*	*116,716,292*	*126,769,008*	*136,393,752*	*11,557,737*	*13,532,691*	*11,236,191*	*10,052,716*	*9,624,744*	*14.4%*	*14.7%*	*10.7%*	*8.6%*	*7.6%*

‡Forecasts for Minneapolis and the 7-County Metro Area are from the Metropolitan Council's Thrive MSP 2040 Socio-Economic Forecasts (http://www.metrocouncil.org/METC/files/1f/1f626cdd-0468-4d1c-a0e4-048bee1736e7.pdf). Forecasts for Minnesota are from the Minnesota State Demographic Center (http://mn.gov/admin/demography/data-by-topic/population-data/our-projections/index.jsp). Population forecasts for the United States are from the US Census (http://www.census.gov/population/projections/data/national/2014.html). Household forecasts were derived by Perkins+Will based on household size trends. Forecasts for individual neighborhoods were prepared by Perkins+Will using current year population estimates as a baseline, which derived from new housing construction. The current year estimate was then projected forward based on percentage growth rates from the 2012 TAZ (Transportation Analysis Zones) dataset, which provides 2020 and 2030 projections. TAZs are small geographic units used in transportation studies that can be easily aggregated at the neighborhood level.

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

TABLE 2: AGE DISTRIBUTION OF THE POPULATION 2000, 2010, & 2020

	Population Count			Numeric Change		Percent Change		Distribution			Change in Dist	
Age Group	2000	2010	2020†	'00-'10	'10-'20	'00-'10	'10-'20	2000	2010	2020	'00-'10	'10-'20
Downtown East												
Under 5	0	135	150	135	15	N/A	11.5%	0.0%	10.8%	5.4%	10.8%	-5.4%
5 to 17 years	2	104	136	103	32	5700.0%	30.3%	1.4%	8.3%	4.9%	6.9%	-3.5%
18 to 24 years	8	136	241	127	105	1553.7%	77.5%	6.4%	10.8%	8.6%	4.4%	-2.2%
25 to 44 years	70	499	1,321	429	822	612.9%	164.7%	54.7%	39.8%	47.2%	-14.9%	7.4%
45 to 64 years	45	303	829	258	526	573.3%	173.7%	35.2%	24.2%	29.7%	-11.0%	5.5%
65 years and over	3	77	119	74	42	2466.7%	54.0%	2.3%	6.1%	4.2%	3.8%	-1.9%
Total	128	1,254	2,796	1,126	1,542	879.7%	122.9%	100.0%	100.0%	100.0%	0.0%	0.0%
Elliot Park												
Under 5	282	254	303	-28	49	-9.9%	19.3%	4.4%	3.8%	4.1%	-0.6%	0.3%
5 to 17 years	679	541	690	-138	149	-20.4%	27.6%	10.5%	8.1%	9.3%	-2.4%	1.2%
18 to 24 years	1,575	1,404	1,684	-171	280	-10.8%	19.9%	24.3%	21.0%	22.7%	-3.3%	1.7%
25 to 44 years	2,244	2,299	2,565	55	266	2.5%	11.6%	34.7%	34.3%	34.5%	-0.3%	0.2%
45 to 64 years	990	1,361	1,324	371	-37	37.5%	-2.7%	15.3%	20.3%	17.8%	5.0%	-2.5%
65 years and over	706	834	868	128	34	18.1%	4.1%	10.9%	12.5%	11.7%	1.6%	-0.8%
Total	6,476	6,693	7,435	217	742	3.4%	11.1%	100.0%	100.0%	100.0%	0.0%	0.0%
Downtown & Vicinity‡												
Under 5	1,405	1,567	2,408	162	841	11.5%	53.7%	3.1%	2.9%	3.1%	-0.2%	0.2%
5 to 17 years	5,154	5,589	8,444	436	2,854	8.5%	51.1%	11.3%	10.5%	10.9%	-0.9%	0.4%
18 to 24 years	13,497	16,067	23,035	2,569	6,969	19.0%	43.4%	29.7%	30.1%	29.7%	0.4%	-0.5%
25 to 44 years	15,442	17,275	25,863	1,833	8,588	11.9%	49.7%	34.0%	32.4%	33.3%	-1.6%	0.9%
45 to 64 years	6,375	8,744	11,907	2,369	3,163	37.2%	36.2%	14.0%	16.4%	15.3%	2.4%	-1.1%
65 years and over	3,556	4,068	5,982	512	1,914	14.4%	47.0%	7.8%	7.6%	7.7%	-0.2%	0.1%
Total	45,429	53,310	77,639	7,881	24,329	17.3%	45.6%	100.0%	100.0%	100.0%	0.0%	0.0%
Minneapolis												
Under 5	25,187	26,453	26,347	1,266	-106	5.0%	-0.4%	6.6%	6.9%	6.2%	0.3%	-0.7%
5 to 17 years	62,371	54,828	63,737	-7,543	8,909	-12.1%	16.2%	16.3%	14.3%	15.0%	-2.0%	0.7%
18 to 24 years	51,699	53,902	50,473	2,203	-3,429	4.3%	-6.4%	13.5%	14.1%	11.9%	0.6%	-2.2%
25 to 44 years	139,882	133,058	150,770	-6,824	17,712	-4.9%	13.3%	36.6%	34.8%	35.5%	-1.8%	0.7%
45 to 64 years	68,601	83,826	87,973	15,225	4,147	22.2%	4.9%	17.9%	21.9%	20.7%	4.0%	-1.2%
65 years and over	34,878	30,511	45,401	-4,367	14,890	-12.5%	48.8%	9.1%	8.0%	10.7%	-1.1%	2.7%
Total	382,618	382,578	424,700	-40	42,122	0.0%	11.0%	100.0%	100.0%	100.0%	0.0%	0.0%
7-County Metro Area												
Under 5	188,236	194,329	185,317	6,093	-9,012	3.2%	-4.6%	7.1%	6.8%	5.9%	-0.3%	-0.9%
5 to 17 years	506,396	502,642	510,884	-3,753	8,241	-0.7%	1.6%	19.2%	17.6%	16.4%	-1.5%	-1.3%
18 to 24 years	247,128	267,451	302,625	20,322	35,174	8.2%	13.2%	9.4%	9.4%	9.7%	0.0%	0.3%
25 to 44 years	880,479	811,635	910,267	-68,844	98,632	-7.8%	12.2%	33.3%	28.5%	29.1%	-4.8%	0.7%
45 to 64 years	564,572	766,760	767,404	202,188	644	35.8%	0.1%	21.4%	26.9%	24.6%	5.5%	-2.3%
65 years and over	255,245	306,750	446,933	51,505	140,183	20.2%	45.7%	9.7%	10.8%	14.3%	1.1%	3.5%
Total	2,642,056	2,849,567	3,123,430	207,511	273,863	7.9%	9.6%	100.0%	100.0%	100.0%	0.0%	0.0%

† 2020 forecast of total population is from Table 1. 2020 forecast for age groups at the neighborhood level is based on distribution trends and assumes 2020 distribution will be an average of 2000 and 2010 distribution. This is because of the rapid in-migration into downtown neighborhoods. The 2020 forecast for age groups at the metropolitan level are based on cohort survival rates and historic in-migration trends.

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

Sources: US Census; Perkins+Will

TABLE 3: TENURE BY AGE OF HOUSEHOLDER 2000 & 2010

Age of Householder	2000				2010				2000-2010 Change			
	Total	Own	Rent	% Own	Total	Own	Rent	% Rent	Total	Own	Rent	% Own
Downtown East												
Under 25	0	0	0	N/A	43	12	31	27.9%	43	12	31	N/A
25 to 34	12	5	7	41.7%	186	103	83	55.4%	174	98	76	13.7%
35 to 44	10	8	2	80.0%	100	73	27	73.0%	90	65	25	-7.0%
45 to 54	12	11	1	91.7%	90	69	21	76.7%	78	58	20	-15.0%
55 to 64	6	6	0	100.0%	97	85	12	87.6%	91	79	12	-12.4%
65 to 74	2	2	0	100.0%	40	32	8	80.0%	38	30	8	-20.0%
75 to 84	0	0	0	N/A	8	8	0	100.0%	8	8	0	N/A
85 and older	0	0	0	N/A	2	2	0	100.0%	2	2	0	N/A
Total	42	32	10	76.2%	566	384	182	67.8%	524	352	172	-8.3%
Elliot Park												
Under 25	505	7	498	1.4%	489	26	463	5.3%	-16	19	-35	3.9%
25 to 34	737	23	714	3.1%	966	160	806	16.6%	229	137	92	13.4%
35 to 44	467	21	446	4.5%	511	88	423	17.2%	44	67	-23	12.7%
45 to 54	334	27	307	8.1%	472	59	413	12.5%	138	32	106	4.4%
55 to 64	175	9	166	5.1%	321	57	264	17.8%	146	48	98	12.6%
65 to 74	104	2	102	1.9%	187	32	155	17.1%	83	30	53	15.2%
75 to 84	121	2	119	1.7%	116	7	109	6.0%	-5	5	-10	4.4%
85 and older	242	1	241	0.4%	145	2	143	1.4%	-97	1	-98	1.0%
Total	2,685	92	2,593	3.4%	3,207	431	2,776	13.4%	522	339	183	10.0%
Downtown & Vicinity‡												
Under 25	4,918	128	4,790	2.6%	5,461	186	5,275	3.4%	543	58	485	0.8%
25 to 34	6,371	556	5,815	8.7%	8,054	1,559	6,495	19.4%	1,683	1,003	680	10.6%
35 to 44	3,605	616	2,989	17.1%	3,536	1,041	2,495	29.4%	-69	425	-494	12.4%
45 to 54	2,783	738	2,045	26.5%	3,387	955	2,432	28.2%	604	217	387	1.7%
55 to 64	1,705	594	1,111	34.8%	2,870	1,159	1,711	40.4%	1,165	565	600	5.5%
65 to 74	1,283	442	841	34.5%	1,641	653	988	39.8%	358	211	147	5.3%
75 to 84	923	255	668	27.6%	995	339	656	34.1%	72	84	-12	6.4%
85 and older	519	72	447	13.9%	415	102	313	24.6%	-104	30	-134	10.7%
Total	22,107	3,401	18,706	15.4%	26,359	5,994	20,365	22.7%	4,252	2,593	1,659	7.4%
Minneapolis												
Under 25	16,494	1,403	15,091	8.5%	15,653	1,046	14,607	6.7%	-841	-357	-484	-1.8%
25 to 34	43,135	15,530	27,605	36.0%	42,945	13,927	29,018	32.4%	-190	-1,603	1,413	-3.6%
35 to 44	36,323	21,209	15,114	58.4%	30,775	17,192	13,583	55.9%	-5,548	-4,017	-1,531	-2.5%
45 to 54	28,954	19,521	9,433	67.4%	28,923	17,750	11,173	61.4%	-31	-1,771	1,740	-6.1%
55 to 64	14,624	9,928	4,696	67.9%	24,400	16,577	7,823	67.9%	9,776	6,649	3,127	0.1%
65 to 74	10,103	7,011	3,092	69.4%	11,227	7,421	3,806	66.1%	1,124	410	714	-3.3%
75 to 84	8,945	6,523	2,422	72.9%	6,345	4,311	2,034	67.9%	-2,600	-2,212	-388	-5.0%
85 and older	3,774	2,283	1,491	60.5%	3,272	2,215	1,057	67.7%	-502	-68	-434	7.2%
Total	162,352	83,408	78,944	51.4%	163,540	80,439	83,101	49.2%	1,188	-2,969	4,157	-2.2%
7-County Metro Area												
Under 25	56,489	9,790	46,699	17.3%	49,736	7,947	41,789	16.0%	-6,753	-1,843	-4,910	-1.4%
25 to 34	205,413	114,071	91,342	55.5%	201,952	102,236	99,716	50.6%	-3,461	-11,835	8,374	-4.9%
35 to 44	262,167	203,729	58,438	77.7%	213,981	154,678	59,303	72.3%	-48,186	-49,051	865	-5.4%
45 to 54	213,167	177,090	36,077	83.1%	253,783	202,404	51,379	79.8%	40,616	25,314	15,302	-3.3%
55 to 64	120,788	102,583	18,205	84.9%	196,950	162,595	34,355	82.6%	76,162	60,012	16,150	-2.4%
65 to 74	82,521	68,030	14,491	82.4%	103,345	85,347	17,998	82.6%	20,824	17,317	3,507	0.1%
75 to 84	60,685	43,576	17,109	71.8%	66,268	50,083	16,185	75.6%	5,583	6,507	-924	3.8%
85 and older	20,224	10,097	10,127	49.9%	31,734	17,185	14,549	54.2%	11,510	7,088	4,422	4.2%
Total	1,021,454	728,966	292,488	71.4%	1,117,749	782,475	335,274	70.0%	96,295	53,509	42,786	-1.4%

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

Source: US Census

TABLE 4: HOUSEHOLD TYPE 2000 & 2010

Household Type	Household Count 2000	Household Count 2010	No. Change '00-'10	% Change '00-'10	Distribution 2000	Distribution 2010	Change '00-'10
Downtown East							
Married Couples with Children	1	27	26	2600.0%	2.4%	4.8%	2.4%
Married Couples without Children	18	161	143	794.4%	42.9%	28.4%	-14.4%
Other Families with Children	0	16	16	N/A	0.0%	2.8%	2.8%
Other Families without Children	3	12	9	300.0%	7.1%	2.1%	-5.0%
Roommates	4	85	81	2025.0%	9.5%	15.0%	5.5%
Singles	16	265	249	1556.3%	38.1%	46.8%	8.7%
Total Households	42	566	524	1247.6%	100.0%	100.0%	0.0%
Elliot Park							
Married Couples with Children	91	88	-3	-3.3%	3.4%	2.7%	-0.6%
Married Couples without Children	179	309	130	72.6%	6.7%	9.6%	3.0%
Other Families with Children	158	161	3	1.9%	5.9%	5.0%	-0.9%
Other Families without Children	122	117	-5	-4.1%	4.5%	3.6%	-0.9%
Roommates	297	350	53	17.8%	11.1%	10.9%	-0.1%
Singles	1,838	2,182	344	18.7%	68.5%	68.0%	-0.4%
Total Households	2,685	3,207	522	19.4%	100.0%	100.0%	0.0%
Downtown & Vicinity‡							
Married Couples with Children	666	728	62	9.3%	3.0%	2.8%	-0.3%
Married Couples without Children	2,045	2,739	694	33.9%	9.3%	10.4%	1.1%
Other Families with Children	889	916	27	3.0%	4.0%	3.5%	-0.5%
Other Families without Children	882	909	27	3.1%	4.0%	3.4%	-0.5%
Roommates	3,495	5,002	1,507	43.1%	15.8%	19.0%	3.2%
Singles	14,130	16,065	1,935	13.7%	63.9%	60.9%	-3.0%
Total Households	22,107	26,359	4,252	19.2%	100.0%	100.0%	0.0%
Minneapolis							
Married Couples with Children	20,843	20,270	-573	-2.7%	12.8%	12.4%	-0.4%
Married Couples without Children	26,206	25,736	-470	-1.8%	16.1%	15.7%	-0.4%
Other Families with Children	15,855	14,760	-1,095	-6.9%	9.8%	9.0%	-0.7%
Other Families without Children	11,035	11,206	171	1.5%	6.8%	6.9%	0.1%
Roommates	22,905	25,699	2,794	12.2%	14.1%	15.7%	1.6%
Singles	65,508	65,869	361	0.6%	40.3%	40.3%	-0.1%
Total Households	162,352	163,540	1,188	0.7%	100.0%	100.0%	0.0%
7-County Metro Area							
Married Couples with Children	256,655	244,687	-11,968	-4.7%	25.1%	21.9%	-3.2%
Married Couples without Children	263,626	298,723	35,097	13.3%	25.8%	26.7%	0.9%
Other Families with Children	84,246	95,127	10,881	12.9%	8.2%	8.5%	0.3%
Other Families without Children	53,632	68,959	15,327	28.6%	5.3%	6.2%	0.9%
Roommates	82,209	91,223	9,014	11.0%	8.0%	8.2%	0.1%
Singles	281,086	319,030	37,944	13.5%	27.5%	28.5%	1.0%
Total Households	1,021,454	1,117,749	96,295	9.4%	100.0%	100.0%	0.0%

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

Source: US Census

TABLE 5: HOUSEHOLD INCOMES BY AGE AND TENURE 2000 & 2010 (1 of 5)

DOWNTOWN EAST

	All Households			HHs Under 25			HHs Age 25 to 34			HHs Age 35 to 44			HHs Age 45 to 54			HHs Age 55 to 64			HHs Age 65 to 74			HHs Age 75+		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income																								
Less than $10,000	26	37	63	8	2	10	6	3	9	4	5	9	4	8	12	3	15	18	1	3	4	0	1	1
$10,000 to $14,999	12	17	29	3	1	3	3	1	4	3	3	6	1	2	3	2	7	9	1	1	2	0	1	1
$15,000 to $19,999	3	4	7	0	0	0	1	0	1	0	0	1	1	2	3	0	2	2	0	0	0	0	0	0
$20,000 to $24,999	11	14	25	0	0	0	2	1	3	5	5	10	3	4	7	1	4	5	0	0	0	0	0	0
$25,000 to $34,999	15	18	33	0	0	0	12	8	20	1	2	3	1	2	4	1	4	5	0	0	1	0	1	1
$35,000 to $49,999	19	41	60	5	2	7	5	5	10	1	3	4	3	9	12	1	10	12	3	10	12	0	1	1
$50,000 to $74,999	32	67	99	7	3	10	16	23	39	5	19	24	2	8	9	0	4	5	2	9	11	0	1	1
$75,000 to $99,999	27	53	79	3	1	5	15	18	33	4	12	16	3	13	17	0	2	2	1	4	5	0	1	1
$100,000 to $149,999	24	61	84	0	0	0	18	26	44	1	5	6	1	7	8	2	19	21	1	4	5	0	0	0
$150,000 or more	14	72	86	5	3	9	6	17	23	1	18	19	1	14	15	0	17	17	0	0	0	0	3	3
Total	182	384	566	31	12	43	83	103	186	27	73	100	21	69	90	12	85	97	8	32	40	0	10	10
2000 Household Income																								
Less than $10,000	10	13	23	0	0	0	7	0	7	2	4	6	1	4	5	0	3	3	0	2	2	0	0	0
$10,000 to $14,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$15,000 to $19,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$20,000 to $24,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$25,000 to $34,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$35,000 to $49,999	0	25	25	0	0	0	0	12	12	0	4	4	0	6	6	0	3	3	0	0	0	0	0	0
$50,000 to $74,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$75,000 to $99,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$100,000 to $149,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$150,000 or more	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	10	32	42	0	0	0	7	5	12	2	8	10	1	11	12	0	6	6	0	2	2	0	0	0
Numeric Change 2000-2010																								
Less than $10,000	*16*	*24*	*40*	*8*	*2*	*10*	*-1*	*3*	*2*	*2*	*1*	*3*	*3*	*4*	*7*	*3*	*12*	*15*	*1*	*1*	*2*	*0*	*1*	*1*
$10,000 to $14,999	*12*	*17*	*29*	*3*	*1*	*3*	*3*	*1*	*4*	*3*	*3*	*6*	*1*	*2*	*3*	*2*	*7*	*9*	*1*	*1*	*2*	*0*	*1*	*1*
$15,000 to $19,999	*3*	*4*	*7*	*0*	*0*	*0*	*1*	*0*	*1*	*0*	*0*	*1*	*1*	*2*	*3*	*0*	*2*	*2*	*0*	*0*	*0*	*0*	*0*	*0*
$20,000 to $24,999	*11*	*14*	*25*	*0*	*0*	*0*	*2*	*1*	*3*	*5*	*5*	*10*	*3*	*4*	*7*	*1*	*4*	*5*	*0*	*0*	*0*	*0*	*0*	*0*
$25,000 to $34,999	*15*	*18*	*33*	*0*	*0*	*0*	*12*	*8*	*20*	*1*	*2*	*3*	*1*	*2*	*4*	*1*	*4*	*5*	*0*	*0*	*1*	*0*	*1*	*1*
$35,000 to $49,999	*19*	*16*	*35*	*5*	*2*	*7*	*5*	*-7*	*-2*	*1*	*-1*	*0*	*3*	*3*	*6*	*1*	*7*	*9*	*3*	*10*	*12*	*0*	*1*	*1*
$50,000 to $74,999	*32*	*67*	*99*	*7*	*3*	*10*	*16*	*23*	*39*	*5*	*19*	*24*	*2*	*8*	*9*	*0*	*4*	*5*	*2*	*9*	*11*	*0*	*1*	*1*
$75,000 to $99,999	*27*	*53*	*79*	*3*	*1*	*5*	*15*	*18*	*33*	*4*	*12*	*16*	*3*	*13*	*17*	*0*	*2*	*2*	*1*	*4*	*5*	*0*	*1*	*1*
$100,000 to $149,999	*24*	*61*	*84*	*0*	*0*	*0*	*18*	*26*	*44*	*1*	*5*	*6*	*1*	*7*	*8*	*2*	*19*	*21*	*1*	*4*	*5*	*0*	*0*	*0*
$150,000 or more	*14*	*72*	*86*	*5*	*3*	*9*	*6*	*17*	*23*	*1*	*18*	*19*	*1*	*14*	*15*	*0*	*17*	*17*	*0*	*0*	*0*	*0*	*3*	*3*
Total	*172*	*352*	*524*	*31*	*12*	*43*	*76*	*98*	*174*	*25*	*65*	*90*	*20*	*58*	*78*	*12*	*79*	*91*	*8*	*30*	*38*	*0*	*10*	*10*
Percentage Change 2000-2010																								
Less than $10,000	*161.7%*	*186.3%*	*175.6%*	*N/A*	*N/A*	*N/A*	*-20.0%*	*N/A*	*29.0%*	*100.4%*	*31.0%*	*54.1%*	*343.2%*	*100.4%*	*149.0%*	*N/A*	*391.3%*	*500.7%*	*N/A*	*37.1%*	*98.2%*	*N/A*	*N/A*	*N/A*
$10,000 to $14,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$15,000 to $19,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$20,000 to $24,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$25,000 to $34,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$35,000 to $49,999	*N/A*	*63.4%*	*138.3%*	*N/A*	*N/A*	*N/A*	*N/A*	*-58.4%*	*-17.7%*	*N/A*	*-21.9%*	*11.5%*	*N/A*	*54.7%*	*105.4%*	*N/A*	*246.6%*	*296.5%*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$50,000 to $74,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$75,000 to $99,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$100,000 to $149,999	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
$150,000 or more	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Total	*1720.0%*	*1100.0%*	*1247.6%*	*N/A*	*N/A*	*N/A*	*1085.7%*	*1960.0%*	*1450.0%*	*1250.0%*	*812.5%*	*900.0%*	*2000.0%*	*527.3%*	*650.0%*	*N/A*	*1316.7%*	*1516.7%*	*N/A*	*1500.0%*	*1900.0%*	*N/A*	*N/A*	*N/A*

Sources: US Census, 2000, 2006-2010 American Community Survey; Perkins+Will

TABLE 5: HOUSEHOLD INCOMES BY AGE AND TENURE 2000 & 2010 (2 of 5)

ELLIOT PARK

	All Households			HHs Under 25			HHs Age 25 to 34			HHs Age 35 to 44			HHs Age 45 to 54			HHs Age 55 to 64			HHs Age 65 to 74			HHs Age 75+		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income																								
Less than $10,000	647	31	678	124	3	127	160	14	175	69	2	70	125	3	129	55	3	58	44	5	49	70	1	71
$10,000 to $14,999	378	36	414	41	2	43	119	17	136	27	2	29	58	4	62	48	5	53	15	3	17	71	2	74
$15,000 to $19,999	289	32	320	67	5	72	60	10	70	32	2	35	7	1	8	17	2	19	49	9	58	57	2	59
$20,000 to $24,999	296	5	301	81	0	81	94	5	99	63	0	63	28	0	28	18	0	18	6	0	6	7	0	7
$25,000 to $34,999	385	21	406	56	1	58	159	15	173	82	2	84	44	1	45	9	0	9	13	1	14	23	0	23
$35,000 to $49,999	208	22	230	26	2	28	45	7	52	37	3	40	47	4	51	44	5	49	9	2	10	0	0	0
$50,000 to $74,999	343	44	388	53	4	58	123	22	145	40	3	44	56	6	62	43	6	49	13	3	16	14	1	15
$75,000 to $99,999	118	61	178	12	4	16	28	19	47	22	8	30	26	12	38	22	14	36	4	3	7	3	1	4
$100,000 to $149,999	46	95	141	3	4	7	6	26	32	31	46	76	1	2	3	5	17	22	0	0	0	0	0	0
$150,000 or more	66	85	151	0	0	0	12	25	38	21	20	41	21	26	47	3	6	8	3	6	9	7	2	9
Total	2,776	431	3,207	463	26	489	806	160	966	423	88	511	413	59	472	264	57	321	155	32	187	252	9	261
2000 Household Income																								
Less than $10,000	698	23	721	145	2	147	160	4	164	109	4	114	105	9	114	85	3	88	38	1	38	56	0	56
$10,000 to $14,999	382	3	385	116	0	117	76	0	77	63	1	64	32	2	34	6	0	6	20	0	20	68	0	68
$15,000 to $19,999	347	23	370	66	2	69	106	8	113	67	6	73	32	4	37	21	2	23	5	0	5	50	1	50
$20,000 to $24,999	342	10	352	69	1	71	95	4	99	47	2	50	28	2	31	5	0	5	16	0	17	80	1	80
$25,000 to $34,999	397	7	404	55	0	55	148	1	149	74	2	76	63	4	67	16	0	16	5	0	5	37	0	37
$35,000 to $49,999	254	7	263	28	0	29	79	2	81	59	3	62	28	2	31	25	0	26	5	0	5	29	0	30
$50,000 to $74,999	132	11	144	11	1	12	44	4	48	27	3	30	19	3	22	4	0	4	12	1	13	15	0	15
$75,000 to $99,999	9	3	12	0	0	0	0	0	0	0	0	0	0	0	0	4	3	6	0	0	0	5	1	6
$100,000 to $149,999	20	0	20	6	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	0	14
$150,000 or more	12	0	12	0	0	0	5	0	5	0	0	0	0	0	0	0	0	0	0	0	0	7	0	7
Total	2,593	92	2685	498	7	505	714	23	737	446	21	467	307	27	334	166	9	175	102	2	104	360	3	363
Numeric Change 2000-2010																								
Less than $10,000	-51	8	-43	-21	1	-20	1	10	11	-41	-3	-43	20	-5	15	-30	0	-30	7	4	11	14	1	14
$10,000 to $14,999	-4	33	28	-76	2	-73	43	17	60	-35	1	-35	26	2	28	41	5	46	-6	3	-3	3	2	5
$15,000 to $19,999	-58	9	-50	0	3	3	-46	2	-44	-35	-4	-38	-25	-4	-29	-4	0	-3	44	9	53	7	1	9
$20,000 to $24,999	-45	-5	-52	11	-1	10	-2	1	0	15	-2	13	0	-2	-3	13	0	13	-11	0	-10	-73	-1	-73
$25,000 to $34,999	-12	14	2	2	1	3	11	13	24	7	1	8	-19	-3	-22	-7	0	-7	8	1	9	-14	0	-13
$35,000 to $49,999	-46	15	-33	-3	2	-1	-34	5	-30	-22	0	-22	19	1	20	19	5	23	4	2	5	-29	0	-30
$50,000 to $74,999	211	33	244	42	4	46	79	18	96	14	0	14	38	3	40	39	6	44	1	2	3	0	1	0
$75,000 to $99,999	109	57	166	12	4	16	28	19	47	22	8	30	26	12	38	19	11	30	4	3	7	-2	0	-2
$100,000 to $149,999	26	95	121	-3	4	1	6	26	32	31	46	76	1	2	3	5	17	22	0	0	0	-14	0	-14
$150,000 or more	53	85	139	0	0	0	7	25	33	21	20	41	21	26	47	3	6	8	3	6	9	0	2	2
Total	183	339	522	-35	19	-16	92	137	229	-23	67	44	106	32	138	98	48	146	53	30	83	-108	6	-102
Percentage Change 2000-2010																								
Less than $10,000	-7.3%	35.0%	-6.0%	-14.7%	49.1%	-13.9%	0.3%	235.1%	6.5%	-37.1%	-62.5%	-38.1%	19.2%	-60.8%	13.0%	-35.3%	-6.2%	-34.3%	17.2%	713.7%	28.5%	24.9%	N/A	25.6%
$10,000 to $14,999	-1.0%	1155.9%	7.3%	-65.1%	N/A	-63.0%	56.0%	N/A	78.1%	-56.5%	78.7%	-54.4%	80.6%	128.2%	83.2%	646.3%	N/A	716.1%	-27.5%	N/A	-15.3%	4.6%	N/A	7.8%
$15,000 to $19,999	-16.8%	38.0%	-13.4%	0.4%	114.3%	4.2%	-43.5%	31.6%	-38.5%	-51.8%	-59.0%	-52.4%	-77.5%	-85.4%	-78.5%	-17.9%	20.4%	-15.0%	866.1%	N/A	1004.4%	15.1%	164.8%	17.6%
$20,000 to $24,999	-13.3%	-52.3%	-14.6%	16.4%	-100.0%	13.9%	-1.7%	36.7%	-0.3%	32.5%	-100.0%	25.7%	-1.2%	-100.0%	-9.9%	254.0%	N/A	243.0%	-64.6%	N/A	-62.9%	-91.5%	-100.0%	-91.6%
$25,000 to $34,999	-3.1%	211.1%	0.5%	3.4%	N/A	5.5%	7.1%	1064.3%	16.0%	10.0%	39.5%	10.6%	-30.4%	-67.6%	-32.6%	-45.2%	N/A	-43.2%	146.5%	N/A	173.6%	-37.4%	N/A	-36.7%
$35,000 to $49,999	-18.2%	195.4%	-12.7%	-9.0%	N/A	-4.2%	-43.3%	201.2%	-36.2%	-36.9%	2.8%	-35.2%	67.2%	56.5%	66.4%	76.3%	N/A	89.4%	72.1%	N/A	100.0%	-100.0%	N/A	-100.0%
$50,000 to $74,999	160.3%	286.9%	169.0%	366.8%	753.4%	383.3%	177.2%	431.2%	198.8%	50.6%	11.6%	46.5%	204.6%	84.3%	187.8%	1010.5%	N/A	1036.0%	4.4%	284.9%	19.1%	-2.2%	N/A	-0.2%
$75,000 to $99,999	1211.1%	1688.5%	1342.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	521.0%	382.3%	460.2%	N/A	N/A	N/A	-42.0%	-10.1%	-38.9%
$100,000 to $149,999	133.9%	N/A	610.5%	-46.5%	N/A	22.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-100.0%	N/A	-100.0%
$150,000 or more	432.2%	N/A	1182.3%	N/A	N/A	N/A	133.3%	N/A	673.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-5.5%	N/A	29.5%
Total	7.1%	368.5%	19.4%	-7.0%	271.4%	-3.2%	12.9%	595.7%	31.1%	-5.2%	319.0%	9.4%	34.5%	118.5%	41.3%	59.0%	533.3%	83.4%	52.0%	1500.0%	79.8%	-30.0%	200.0%	-28.1%

Sources: US Census, 2000, 2006-2010 American Community Survey; Perkins+Will

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TABLE 5: HOUSEHOLD INCOMES BY AGE AND TENURE 2000 & 2010 (3 of 5)

DOWNTOWN & VICINITY‡

	All Households			HHs Under 25			HHs Age 25 to 34			HHs Age 35 to 44		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income												
Less than $10,000	5,302	1,442	6,743	1,403	56	1,459	932	166	1,099	423	110	533
$10,000 to $14,999	2,528	709	3,238	774	36	811	560	120	680	143	45	188
$15,000 to $19,999	2,013	187	2,200	880	13	893	444	27	470	166	16	181
$20,000 to $24,999	1,578	68	1,646	389	5	394	801	23	823	302	19	320
$25,000 to $34,999	2,021	190	2,210	591	10	601	740	51	791	234	25	259
$35,000 to $49,999	2,066	316	2,383	452	13	465	930	118	1,047	340	63	403
$50,000 to $74,999	2,435	548	2,984	544	23	567	970	186	1,156	402	113	514
$75,000 to $99,999	960	620	1,579	108	10	118	479	255	735	188	157	345
$100,000 to $149,999	841	1,159	2,001	82	12	94	440	449	889	144	275	419
$150,000 or more	621	755	1,375	51	7	58	200	163	363	154	218	372
Total	20,365	5,994	26,359	5,275	186	5,461	6,495	1,559	8,054	2,495	1,041	3,536
2000 Household Income												
Less than $10,000	4,780	352	5,132	1,490	9	1,499	1,055	11	1,067	705	14	719
$10,000 to $14,999	2,499	159	2,657	912	5	917	635	7	641	242	5	247
$15,000 to $19,999	2,012	140	2,152	607	7	613	620	13	633	327	12	339
$20,000 to $24,999	1,748	337	2,086	539	31	570	462	79	541	227	66	293
$25,000 to $34,999	2,517	285	2,802	523	15	538	977	55	1,031	449	48	497
$35,000 to $49,999	2,084	463	2,548	388	24	412	846	103	949	381	95	476
$50,000 to $74,999	1,677	653	2,329	191	19	211	713	145	858	368	165	533
$75,000 to $99,999	702	323	1,025	99	11	110	287	68	356	151	82	232
$100,000 to $149,999	402	334	736	28	4	33	152	49	202	74	60	134
$150,000 or more	286	355	641	13	2	15	67	26	93	66	69	135
Total	18,706	3,401	22107	4790	128	4918	5815	556	6371	2989	616	3605
Numeric Change 2000-2010												
Less than $10,000	522	1,090	1,612	-87	47	-40	-123	155	32	-283	96	-187
$10,000 to $14,999	30	551	580	-138	31	-107	-75	113	38	-99	40	-59
$15,000 to $19,999	1	47	49	274	6	280	-177	14	-163	-161	3	-158
$20,000 to $24,999	-171	-269	-440	-150	-25	-175	338	-56	282	74	-47	28
$25,000 to $34,999	-497	-95	-592	68	-5	63	-237	-3	-240	-215	-23	-238
$35,000 to $49,999	-18	-147	-165	64	-11	53	84	14	98	-41	-32	-73
$50,000 to $74,999	759	-105	654	353	4	357	257	41	298	34	-53	-19
$75,000 to $99,999	258	296	555	9	-1	8	192	187	379	37	76	113
$100,000 to $149,999	439	826	1,265	53	8	61	288	400	688	70	215	286
$150,000 or more	335	399	735	38	4	43	133	138	271	88	150	238
Total	1,659	2,593	4,252	485	58	543	680	1,003	1,683	-494	425	-69
Percentage Change 2000-2010												
Less than $10,000	10.9%	309.8%	31.4%	-5.9%	548.7%	-2.6%	-11.7%	1358.3%	3.0%	-40.1%	679.4%	-25.9%
$10,000 to $14,999	1.2%	347.2%	21.8%	-15.1%	577.9%	-11.6%	-11.8%	1627.8%	6.0%	-40.8%	814.6%	-23.8%
$15,000 to $19,999	0.1%	33.9%	2.3%	45.1%	96.0%	45.7%	-28.5%	112.5%	-25.7%	-49.3%	26.4%	-46.5%
$20,000 to $24,999	-9.8%	-79.8%	-21.1%	-27.8%	-83.0%	-30.8%	73.2%	-71.3%	52.1%	32.7%	-71.2%	9.4%
$25,000 to $34,999	-19.7%	-33.5%	-21.1%	13.0%	-35.6%	11.6%	-24.3%	-6.0%	-23.3%	-47.8%	-48.2%	-47.8%
$35,000 to $49,999	-0.9%	-31.7%	-6.5%	16.6%	-45.2%	12.9%	9.9%	13.7%	10.3%	-10.8%	-33.6%	-15.4%
$50,000 to $74,999	45.3%	-16.0%	28.1%	184.2%	20.9%	169.3%	36.0%	28.6%	34.8%	9.2%	-31.9%	-3.5%
$75,000 to $99,999	36.8%	91.7%	54.1%	9.4%	-8.3%	7.6%	66.8%	274.5%	106.6%	24.8%	92.5%	48.6%
$100,000 to $149,999	109.2%	247.3%	171.9%	187.9%	179.0%	186.8%	188.9%	812.1%	341.1%	95.5%	359.5%	213.8%
$150,000 or more	117.4%	112.5%	114.7%	297.2%	190.8%	281.3%	198.1%	534.4%	291.4%	133.3%	218.1%	176.5%
Total	8.9%	76.2%	19.2%	10.1%	45.3%	11.0%	11.7%	180.4%	26.4%	-16.5%	69.0%	-1.9%

	HHs Age 45 to 54			HHs Age 55 to 64			HHs Age 65 to 74			HHs Age 75+		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income												
Less than $10,000	969	306	1,275	754	419	1,174	465	245	709	355	139	494
$10,000 to $14,999	410	152	561	310	193	503	109	64	173	222	100	322
$15,000 to $19,999	173	25	198	184	65	249	70	23	93	96	20	116
$20,000 to $24,999	40	7	48	18	7	25	9	4	12	19	4	23
$25,000 to $34,999	229	36	265	82	30	111	49	17	66	96	21	117
$35,000 to $49,999	126	30	156	108	50	158	65	28	94	46	14	60
$50,000 to $74,999	253	85	338	98	57	154	104	57	161	66	27	93
$75,000 to $99,999	90	83	173	34	43	77	41	51	92	19	20	39
$100,000 to $149,999	34	70	104	85	221	306	31	78	108	25	55	80
$150,000 or more	107	162	269	38	75	113	45	87	133	25	42	67
Total	2,432	955	3,387	1,711	1,159	2,870	988	653	1,641	969	441	1,410
2000 Household Income												
Less than $10,000	530	60	590	357	97	454	339	108	446	303	53	356
$10,000 to $14,999	188	21	209	123	34	156	118	37	155	282	49	331
$15,000 to $19,999	107	14	121	98	29	127	98	34	131	156	31	187
$20,000 to $24,999	254	61	315	98	42	140	50	24	74	118	35	153
$25,000 to $34,999	291	66	358	94	38	131	57	26	83	127	37	164
$35,000 to $49,999	240	100	341	142	88	230	49	33	83	38	19	57
$50,000 to $74,999	236	166	401	82	78	160	49	50	99	38	30	68
$75,000 to $99,999	79	67	146	26	29	54	39	46	85	21	20	42
$100,000 to $149,999	47	61	108	65	105	170	19	33	53	15	22	37
$150,000 or more	72	121	194	27	55	82	24	51	75	17	31	47
Total	2045	738	2783	1111	594	1705	841	442	1283	1115	327	1442
Numeric Change 2000-2010												
Less than $10,000	439	246	685	398	322	720	126	137	263	52	86	138
$10,000 to $14,999	222	130	352	187	159	346	-9	27	17	-59	51	-9
$15,000 to $19,999	67	10	77	86	35	122	-28	-11	-38	-60	-11	-71
$20,000 to $24,999	-213	-54	-267	-80	-35	-115	-41	-20	-61	-99	-32	-131
$25,000 to $34,999	-62	-30	-93	-12	-8	-20	-8	-9	-17	-31	-16	-47
$35,000 to $49,999	-114	-71	-185	-34	-38	-72	16	-5	11	8	-5	3
$50,000 to $74,999	17	-81	-64	15	-21	-6	55	7	63	28	-3	25
$75,000 to $99,999	11	16	27	8	14	23	2	4	7	-2	0	-2
$100,000 to $149,999	-13	9	-4	20	116	136	11	45	56	9	33	43
$150,000 or more	34	41	75	11	20	31	22	36	58	8	11	19
Total	387	217	604	600	565	1,165	147	211	358	-146	114	-32
Percentage Change 2000-2010												
Less than $10,000	82.8%	410.3%	116.0%	111.5%	331.3%	158.6%	37.1%	127.3%	58.8%	17.3%	163.0%	38.9%
$10,000 to $14,999	118.2%	613.0%	168.5%	152.4%	474.1%	221.4%	-7.8%	71.2%	11.3%	-21.1%	102.8%	-2.7%
$15,000 to $19,999	62.6%	70.2%	63.5%	88.1%	121.0%	95.7%	-28.3%	-32.3%	-29.3%	-38.6%	-35.9%	-38.2%
$20,000 to $24,999	-84.1%	-88.3%	-84.9%	-81.2%	-83.5%	-81.9%	-82.4%	-84.9%	-83.2%	-84.1%	-89.4%	-85.3%
$25,000 to $34,999	-21.3%	-46.1%	-25.9%	-12.8%	-20.6%	-15.0%	-13.5%	-34.9%	-20.1%	-24.6%	-43.3%	-28.9%
$35,000 to $49,999	-47.6%	-70.2%	-54.2%	-24.0%	-43.2%	-31.3%	32.8%	-14.7%	13.6%	19.9%	-25.5%	4.9%
$50,000 to $74,999	7.2%	-48.7%	-15.9%	18.6%	-27.4%	-3.8%	112.5%	15.0%	63.4%	74.5%	-9.7%	37.1%
$75,000 to $99,999	13.9%	23.7%	18.4%	31.7%	50.6%	41.7%	6.0%	9.7%	8.1%	-9.3%	-1.5%	-5.5%
$100,000 to $149,999	-27.8%	14.9%	-3.9%	30.6%	110.6%	79.9%	58.1%	134.8%	106.4%	60.8%	152.9%	114.6%
$150,000 or more	47.7%	33.7%	39.0%	41.5%	35.9%	37.7%	91.9%	70.0%	76.9%	49.8%	36.5%	41.2%
Total	18.9%	29.4%	21.7%	54.0%	95.1%	68.3%	17.5%	47.7%	27.9%	-13.1%	34.9%	-2.2%

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

Sources: US Census, 2000, 2006-2010 American Community Survey; Perkins+Will

TABLE 5: HOUSEHOLD INCOMES BY AGE AND TENURE 2000 & 2010 (4 of 5)

MINNEAPOLIS

	All Households			HHs Under 25			HHs Age 25 to 34			HHs Age 35 to 44			HHs Age 45 to 54			HHs Age 55 to 64			HHs Age 65 to 74			HHs Age 75+		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income																								
Less than $10,000	14,292	4,751	19,043	3,124	83	3,207	3,271	302	3,573	2,281	381	2,662	2,016	755	2,771	2,197	1,793	3,990	746	627	1,373	657	810	1,468
$10,000 to $14,999	7,498	3,263	10,761	1,661	71	1,731	2,049	315	2,364	952	265	1,217	1,000	507	1,507	706	699	1,405	534	543	1,076	597	863	1,460
$15,000 to $19,999	6,722	2,704	9,426	1,778	84	1,862	1,969	340	2,308	975	307	1,282	670	368	1,037	553	579	1,132	337	362	700	439	665	1,104
$20,000 to $24,999	6,277	2,801	9,078	1,192	66	1,257	2,193	451	2,644	1,001	380	1,381	792	495	1,287	504	578	1,082	316	372	687	280	459	738
$25,000 to $34,999	10,699	5,735	16,434	2,340	162	2,502	3,462	931	4,394	1,602	821	2,422	1,513	1,183	2,696	902	1,221	2,123	491	680	1,171	389	737	1,126
$35,000 to $49,999	12,778	10,261	23,039	1,922	191	2,113	4,941	2,065	7,006	2,314	2,018	4,332	1,632	1,968	3,601	1,046	2,001	3,047	580	1,134	1,714	343	884	1,227
$50,000 to $74,999	12,528	15,685	28,213	1,619	215	1,834	5,064	3,151	8,215	2,276	3,451	5,727	1,873	3,679	5,552	976	2,846	3,823	475	1,411	1,887	244	931	1,176
$75,000 to $99,999	5,944	11,773	17,718	632	106	738	2,723	2,395	5,117	1,027	2,807	3,834	840	2,856	3,696	449	2,158	2,606	185	903	1,088	89	549	638
$100,000 to $149,999	4,206	13,123	17,330	188	37	225	2,363	2,708	5,072	712	3,570	4,282	508	3,092	3,601	309	2,581	2,890	92	785	877	33	350	383
$150,000 or more	2,157	10,341	12,498	152	32	184	984	1,268	2,252	443	3,192	3,634	328	2,846	3,175	180	2,122	2,302	51	604	655	19	278	297
Total	83,101	80,439	163,540	14,607	1,046	15,653	29,018	13,927	42,945	13,583	17,192	30,775	11,173	17,750	28,923	7,823	16,577	24,400	3,806	7,421	11,227	3,091	6,526	9,617
2000 Household Income																								
Less than $10,000	12,824	4,729	17,552	3,394	128	3,522	2,893	368	3,262	2,398	694	3,092	1,417	787	2,203	1,117	803	1,920	697	749	1,446	908	1,199	2,107
$10,000 to $14,999	7,364	3,677	11,041	2,048	123	2,171	1,995	427	2,422	1,095	492	1,586	677	506	1,184	346	322	668	453	603	1,056	749	1,204	1,953
$15,000 to $19,999	6,783	4,085	10,868	1,705	132	1,838	2,012	580	2,592	1,147	685	1,831	576	533	1,109	344	388	732	341	536	878	657	1,231	1,888
$20,000 to $24,999	7,706	4,494	12,200	1,601	129	1,730	2,640	799	3,439	1,404	881	2,285	908	874	1,782	418	489	907	319	516	835	417	805	1,222
$25,000 to $34,999	13,198	9,749	22,946	2,448	256	2,704	4,957	2,067	7,024	2,615	2,312	4,927	1,553	1,976	3,529	673	1,017	1,689	438	891	1,329	514	1,229	1,744
$35,000 to $49,999	13,205	14,156	27,360	1,979	269	2,248	5,189	3,066	8,255	2,776	3,730	6,506	1,691	3,088	4,779	786	1,669	2,455	420	1,164	1,584	364	1,169	1,533
$50,000 to $74,999	10,767	18,197	28,964	1,228	214	1,442	4,605	3,947	8,551	2,314	5,275	7,589	1,548	4,575	6,123	583	1,967	2,550	277	1,185	1,462	211	1,035	1,246
$75,000 to $99,999	4,018	10,573	14,591	432	91	523	1,927	2,285	4,212	785	3,229	4,015	538	2,779	3,317	208	1,208	1,416	75	542	616	54	439	493
$100,000 to $149,999	2,179	8,356	10,535	227	53	280	1,042	1,470	2,512	374	2,333	2,708	326	2,521	2,847	141	1,219	1,360	45	481	527	23	278	301
$150,000 or more	902	5,392	6,293	28	7	35	345	520	865	207	1,578	1,785	200	1,881	2,081	80	845	925	27	344	370	15	216	231
Total	78,944	83,408	162352	15091	1403	16494	27605	15530	43135	15114	21209	36323	9433	19521	28954	4696	9928	14624	3092	7011	10103	3913	8806	12719
Numeric Change 2000-2010																								
Less than $10,000	1,468	22	1,490	-271	-45	-316	377	-66	311	-116	-313	-430	599	-31	568	1,080	989	2,070	49	-122	-74	-251	-389	-640
$10,000 to $14,999	135	-414	-280	-388	-52	-440	54	-111	-58	-143	-226	-369	323	0	323	360	377	737	81	-61	20	-152	-341	-493
$15,000 to $19,999	-61	-1,381	-1,442	73	-48	24	-44	-240	-284	-171	-378	-549	94	-166	-71	209	190	400	-4	-174	-178	-218	-566	-784
$20,000 to $24,999	-1,429	-1,693	-3,122	-409	-64	-473	-447	-348	-795	-403	-501	-904	-116	-379	-495	86	89	175	-3	-145	-148	-138	-346	-484
$25,000 to $34,999	-2,498	-4,013	-6,512	-109	-94	-202	-1,494	-1,136	-2,630	-1,013	-1,491	-2,504	-40	-793	-833	230	204	434	53	-211	-158	-125	-492	-617
$35,000 to $49,999	-427	-3,894	-4,321	-57	-78	-135	-248	-1,001	-1,250	-462	-1,711	-2,173	-58	-1,120	-1,178	260	332	592	160	-30	130	-21	-285	-306
$50,000 to $74,999	1,761	-2,512	-751	391	1	392	459	-796	-337	-38	-1,824	-1,862	325	-896	-571	393	879	1,272	198	227	425	33	-104	-71
$75,000 to $99,999	1,926	1,200	3,126	200	14	215	796	109	905	241	-422	-181	302	77	379	241	950	1,191	110	362	472	36	110	145
$100,000 to $149,999	2,027	4,767	6,794	-39	-16	-55	1,321	1,238	2,559	338	1,236	1,574	182	572	754	168	1,362	1,530	47	304	351	10	71	82
$150,000 or more	1,255	4,950	6,205	124	25	149	640	748	1,387	236	1,614	1,850	128	965	1,093	100	1,277	1,376	24	260	284	4	62	66
Total	4,157	-2,969	1,188	-484	-357	-841	1,413	-1,603	-190	-1,531	-4,017	-5,548	1,740	-1,771	-31	3,127	6,649	9,776	714	410	1,124	-822	-2,280	-3,102
Percentage Change 2000-2010																								
Less than $10,000	11.4%	0.5%	8.5%	-8.0%	-35.2%	-9.0%	13.0%	-18.0%	9.5%	-4.8%	-45.1%	-13.9%	42.3%	-4.0%	25.8%	96.7%	123.2%	107.8%	7.0%	-16.3%	-5.1%	-27.6%	-32.4%	-30.4%
$10,000 to $14,999	1.8%	-11.3%	-2.5%	-18.9%	-42.6%	-20.3%	2.7%	-26.1%	-2.4%	-13.0%	-46.0%	-23.3%	47.7%	0.1%	27.3%	104.2%	116.9%	110.3%	17.8%	-10.0%	1.9%	-20.3%	-28.3%	-25.2%
$15,000 to $19,999	-0.9%	-33.8%	-13.3%	4.3%	-36.5%	1.3%	-2.2%	-41.4%	-10.9%	-14.9%	-55.2%	-30.0%	16.4%	-31.1%	-6.4%	60.9%	49.0%	54.6%	-1.2%	-32.4%	-20.3%	-33.2%	-46.0%	-41.5%
$20,000 to $24,999	-18.5%	-37.7%	-25.6%	-25.6%	-49.2%	-27.3%	-16.9%	-43.5%	-23.1%	-28.7%	-56.9%	-39.6%	-12.8%	-43.3%	-27.8%	20.6%	18.3%	19.3%	-0.9%	-28.0%	-17.7%	-33.0%	-43.0%	-39.6%
$25,000 to $34,999	-18.9%	-41.2%	-28.4%	-4.4%	-36.6%	-7.5%	-30.1%	-54.9%	-37.4%	-38.7%	-64.5%	-50.8%	-2.6%	-40.1%	-23.6%	34.1%	20.1%	25.7%	12.0%	-23.6%	-11.9%	-24.3%	-40.0%	-35.4%
$35,000 to $49,999	-3.2%	-27.5%	-15.8%	-2.9%	-29.1%	-6.0%	-4.8%	-32.7%	-15.1%	-16.6%	-45.9%	-33.4%	-3.5%	-36.3%	-24.7%	33.1%	19.9%	24.1%	38.1%	-2.6%	8.2%	-5.8%	-24.4%	-19.9%
$50,000 to $74,999	16.4%	-13.8%	-2.6%	31.8%	0.5%	27.2%	10.0%	-20.2%	-3.9%	-1.6%	-34.6%	-24.5%	21.0%	-19.6%	-9.3%	67.3%	44.7%	49.9%	71.6%	19.1%	29.1%	15.6%	-10.0%	-5.7%
$75,000 to $99,999	47.9%	11.3%	21.4%	46.4%	15.7%	41.1%	41.3%	4.8%	21.5%	30.7%	-13.1%	-4.5%	56.2%	2.8%	11.4%	115.9%	78.6%	84.1%	146.5%	66.8%	76.5%	66.7%	25.0%	29.5%
$100,000 to $149,999	93.0%	57.1%	64.5%	-17.2%	-30.2%	-19.6%	126.7%	84.2%	101.9%	90.3%	53.0%	58.1%	55.8%	22.7%	26.5%	119.0%	111.7%	112.4%	104.5%	63.0%	66.6%	43.8%	25.7%	27.0%
$150,000 or more	139.2%	91.8%	98.6%	441.5%	369.5%	427.6%	185.6%	143.6%	160.4%	114.0%	102.3%	103.6%	64.1%	51.3%	52.5%	123.9%	151.1%	148.7%	89.4%	75.7%	76.7%	26.8%	28.4%	28.3%
Total	5.3%	-3.6%	0.7%	-3.2%	-25.4%	-5.1%	5.1%	-10.3%	-0.4%	-10.1%	-18.9%	-15.3%	18.4%	-9.1%	-0.1%	66.6%	67.0%	66.8%	23.1%	5.8%	11.1%	-21.0%	-25.9%	-24.4%

Sources: US Census, 2000, 2006-2010 American Community Survey; Perkins+Will

TABLE 5: HOUSEHOLD INCOMES BY AGE AND TENURE 2000 & 2010 (5 of 5)

7-COUNTY METRO AREA

	All Households			HHs Under 25			HHs Age 25 to 34			HHs Age 35 to 44			HHs Age 45 to 54			HHs Age 55 to 64			HHs Age 65 to 74			HHs Age 75+		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
2010 Household Income																								
Less than $10,000	39,202	20,593	59,795	7,169	566	7,735	8,417	1,829	10,246	5,577	1,664	7,241	6,043	3,169	9,212	5,581	6,074	11,655	1,741	3,013	4,754	4,674	4,278	8,953
$10,000 to $14,999	24,907	19,843	44,750	3,361	376	3,737	5,453	1,777	7,230	2,893	1,339	4,231	3,069	2,245	5,314	2,657	3,645	6,303	1,809	3,802	5,611	5,666	6,659	12,324
$15,000 to $19,999	24,055	20,832	44,887	4,200	545	4,744	5,301	2,064	7,365	2,976	1,679	4,655	2,737	2,356	5,093	2,220	3,439	5,659	1,898	4,428	6,326	4,723	6,320	11,044
$20,000 to $24,999	22,351	22,447	44,798	3,494	538	4,032	5,761	2,784	8,546	3,082	2,226	5,308	2,773	2,954	5,727	2,105	3,849	5,953	1,727	4,662	6,389	3,408	5,434	8,843
$25,000 to $34,999	45,563	51,470	97,034	6,222	1,079	7,301	12,851	7,253	20,104	7,124	6,177	13,301	6,479	8,132	14,611	4,660	9,734	14,394	3,326	10,109	13,435	4,902	8,986	13,887
$35,000 to $49,999	55,825	88,150	143,975	6,885	1,546	8,432	16,911	13,706	30,618	10,170	13,827	23,997	8,805	16,928	25,733	5,843	17,550	23,393	3,406	14,426	17,832	3,805	10,165	13,970
$50,000 to $74,999	61,300	152,085	213,386	6,668	1,922	8,589	20,614	24,803	45,417	12,128	28,701	40,828	10,589	35,989	46,577	6,121	30,764	36,885	2,743	18,870	21,613	2,438	11,038	13,476
$75,000 to $99,999	31,488	130,734	162,222	2,488	863	3,351	12,028	20,353	32,381	7,146	30,280	37,426	5,547	36,728	42,276	2,650	25,018	27,669	868	10,976	11,843	760	6,517	7,276
$100,000 to $149,999	21,522	156,959	178,481	979	380	1,359	8,898	19,102	28,000	5,502	39,638	45,139	3,784	51,350	55,134	1,737	32,927	34,664	360	9,038	9,398	261	4,525	4,786
$150,000 or more	9,061	119,361	128,422	323	133	455	3,483	8,563	12,046	2,706	29,148	31,854	1,552	42,554	44,106	780	29,594	30,375	121	6,024	6,144	96	3,346	3,442
Total	335,274	782,475	1,117,749	41,789	7,947	49,736	99,716	102,236	201,952	59,303	154,678	213,981	51,379	202,404	253,783	34,355	162,595	196,950	17,998	85,347	103,345	30,734	67,268	98,002
2000 Household Income																								
Less than $10,000	33,386	19,776	53,162	6,889	609	7,498	6,821	1,778	8,599	5,632	2,561	8,192	3,928	2,979	6,907	2,692	3,547	6,239	2,020	3,696	5,716	5,404	4,606	10,011
$10,000 to $14,999	23,003	18,953	41,957	4,675	585	5,259	4,690	1,852	6,542	3,080	2,082	5,162	2,001	2,052	4,053	1,286	2,147	3,432	1,765	3,989	5,754	5,507	6,246	11,753
$15,000 to $19,999	22,008	21,746	43,755	4,339	661	5,001	4,998	2,537	7,535	3,421	3,000	6,421	1,941	2,463	4,404	1,169	2,325	3,494	1,765	4,677	6,442	4,376	6,082	10,458
$20,000 to $24,999	24,861	25,731	50,593	4,631	763	5,393	6,605	3,717	10,321	4,365	4,278	8,644	2,679	3,733	6,412	1,509	3,250	4,759	1,710	4,876	6,586	3,362	5,114	8,477
$25,000 to $34,999	48,649	64,226	112,875	8,112	1,650	9,763	14,963	11,306	26,269	9,883	13,570	23,453	5,644	10,545	16,189	3,010	8,369	11,378	2,860	10,340	13,199	4,178	8,446	12,624
$35,000 to $49,999	54,619	104,689	159,308	8,641	2,234	10,874	18,089	19,830	37,919	12,462	27,574	40,036	6,838	19,717	26,555	3,376	13,903	17,279	2,465	12,937	15,402	2,748	8,494	11,243
$50,000 to $74,999	52,325	181,245	233,571	6,625	2,198	8,823	20,537	35,610	56,148	12,166	55,841	68,007	7,289	41,959	49,247	3,131	24,746	27,877	1,364	13,469	14,833	1,213	7,422	8,635
$75,000 to $99,999	20,086	128,022	148,108	1,861	712	2,573	8,907	21,225	30,132	4,480	42,473	46,953	3,123	36,440	39,563	1,107	17,380	18,488	325	6,293	6,618	283	3,498	3,781
$100,000 to $149,999	9,763	104,962	114,725	778	317	1,095	4,319	12,072	16,391	2,025	33,364	35,389	1,784	35,897	37,681	607	16,280	16,887	145	4,798	4,944	105	2,234	2,339
$150,000 or more	3,787	59,614	63,401	148	61	210	1,414	4,143	5,557	924	18,985	19,909	851	21,305	22,156	319	10,636	10,955	72	2,954	3,026	58	1,531	1,589
Total	292,488	728,966	1,021,454	46,699	9,790	56,489	91,342	114,071	205,413	58,438	203,729	262,167	36,077	177,090	213,167	18,205	102,583	120,788	14,491	68,030	82,521	27,236	53,673	80,909
Numeric Change 2000-2010																								
Less than $10,000	*5,816*	*817*	*6,633*	*280*	*-43*	*237*	*1,596*	*51*	*1,647*	*-55*	*-897*	*-952*	*2,115*	*190*	*2,305*	*2,889*	*2,527*	*5,416*	*-279*	*-683*	*-962*	*-730*	*-328*	*-1,058*
$10,000 to $14,999	*1,904*	*889*	*2,793*	*-1,314*	*-209*	*-1,523*	*762*	*-75*	*687*	*-187*	*-744*	*-931*	*1,069*	*192*	*1,261*	*1,372*	*1,499*	*2,871*	*44*	*-187*	*-143*	*158*	*413*	*571*
$15,000 to $19,999	*2,046*	*-914*	*1,132*	*-140*	*-117*	*-256*	*303*	*-473*	*-170*	*-445*	*-1,321*	*-1,766*	*796*	*-107*	*689*	*1,051*	*1,114*	*2,165*	*133*	*-249*	*-116*	*347*	*238*	*586*
$20,000 to $24,999	*-2,511*	*-3,284*	*-5,795*	*-1,136*	*-225*	*-1,361*	*-844*	*-932*	*-1,776*	*-1,283*	*-2,052*	*-3,335*	*94*	*-779*	*-685*	*596*	*598*	*1,194*	*17*	*-214*	*-197*	*46*	*320*	*366*
$25,000 to $34,999	*-3,086*	*-12,755*	*-15,842*	*-1,890*	*-571*	*-2,462*	*-2,112*	*-4,053*	*-6,165*	*-2,759*	*-7,393*	*-10,152*	*836*	*-2,414*	*-1,578*	*1,650*	*1,366*	*3,016*	*466*	*-230*	*236*	*724*	*539*	*1,263*
$35,000 to $49,999	*1,206*	*-16,540*	*-15,333*	*-1,755*	*-688*	*-2,443*	*-1,177*	*-6,124*	*-7,301*	*-2,292*	*-13,747*	*-16,039*	*1,967*	*-2,788*	*-822*	*2,467*	*3,647*	*6,114*	*941*	*1,489*	*2,430*	*1,056*	*1,671*	*2,727*
$50,000 to $74,999	*8,975*	*-29,160*	*-20,185*	*43*	*-276*	*-233*	*76*	*-10,807*	*-10,731*	*-38*	*-27,141*	*-27,179*	*3,300*	*-5,970*	*-2,670*	*2,991*	*6,018*	*9,008*	*1,378*	*5,401*	*6,779*	*1,225*	*3,616*	*4,841*
$75,000 to $99,999	*11,402*	*2,712*	*14,114*	*627*	*151*	*778*	*3,121*	*-872*	*2,249*	*2,667*	*-12,194*	*-9,527*	*2,424*	*288*	*2,713*	*1,543*	*7,638*	*9,181*	*543*	*4,682*	*5,225*	*477*	*3,019*	*3,495*
$100,000 to $149,999	*11,760*	*51,997*	*63,756*	*201*	*63*	*264*	*4,580*	*7,030*	*11,610*	*3,477*	*6,273*	*9,750*	*2,001*	*15,452*	*17,453*	*1,130*	*16,647*	*17,778*	*215*	*4,240*	*4,454*	*156*	*2,291*	*2,447*
$150,000 or more	*5,274*	*59,747*	*65,021*	*174*	*71*	*245*	*2,069*	*4,420*	*6,489*	*1,782*	*10,163*	*11,945*	*701*	*21,249*	*21,950*	*461*	*18,959*	*19,420*	*48*	*3,070*	*3,118*	*38*	*1,815*	*1,854*
Total	*42,786*	*53,509*	*96,295*	*-4,910*	*-1,843*	*-6,753*	*8,374*	*-11,835*	*-3,461*	*865*	*-49,051*	*-48,186*	*15,302*	*25,314*	*40,616*	*16,150*	*60,012*	*76,162*	*3,507*	*17,317*	*20,824*	*3,498*	*13,595*	*17,093*
Percentage Change 2000-2010																								
Less than $10,000	*17.4%*	*4.1%*	*12.5%*	*4.1%*	*-7.1%*	*3.2%*	*23.4%*	*2.9%*	*19.2%*	*-1.0%*	*-35.0%*	*-11.6%*	*53.9%*	*6.4%*	*33.4%*	*107.3%*	*71.2%*	*86.8%*	*-13.8%*	*-18.5%*	*-16.8%*	*-13.5%*	*-7.1%*	*-10.6%*
$10,000 to $14,999	*8.3%*	*4.7%*	*6.7%*	*-28.1%*	*-35.7%*	*-29.0%*	*16.3%*	*-4.1%*	*10.5%*	*-6.1%*	*-35.7%*	*-18.0%*	*53.4%*	*9.4%*	*31.1%*	*106.7%*	*69.8%*	*83.6%*	*2.5%*	*-4.7%*	*-2.5%*	*2.9%*	*6.6%*	*4.9%*
$15,000 to $19,999	*9.3%*	*-4.2%*	*2.6%*	*-3.2%*	*-17.6%*	*-5.1%*	*6.1%*	*-18.7%*	*-2.3%*	*-13.0%*	*-44.0%*	*-27.5%*	*41.0%*	*-4.3%*	*15.6%*	*90.0%*	*47.9%*	*62.0%*	*7.5%*	*-5.3%*	*-1.8%*	*7.9%*	*3.9%*	*5.6%*
$20,000 to $24,999	*-10.1%*	*-12.8%*	*-11.5%*	*-24.5%*	*-29.4%*	*-25.2%*	*-12.8%*	*-25.1%*	*-17.2%*	*-29.4%*	*-48.0%*	*-38.6%*	*3.5%*	*-20.9%*	*-10.7%*	*39.5%*	*18.4%*	*25.1%*	*1.0%*	*-4.4%*	*-3.0%*	*1.4%*	*6.3%*	*4.3%*
$25,000 to $34,999	*-6.3%*	*-19.9%*	*-14.0%*	*-23.3%*	*-34.6%*	*-25.2%*	*-14.1%*	*-35.8%*	*-23.5%*	*-27.9%*	*-54.5%*	*-43.3%*	*14.8%*	*-22.9%*	*-9.7%*	*54.8%*	*16.3%*	*26.5%*	*16.3%*	*-2.2%*	*1.8%*	*17.3%*	*6.4%*	*10.0%*
$35,000 to $49,999	*2.2%*	*-15.8%*	*-9.6%*	*-20.3%*	*-30.8%*	*-22.5%*	*-6.5%*	*-30.9%*	*-19.3%*	*-18.4%*	*-49.9%*	*-40.1%*	*28.8%*	*-14.1%*	*-3.1%*	*73.1%*	*26.2%*	*35.4%*	*38.2%*	*11.5%*	*15.8%*	*38.4%*	*19.7%*	*24.3%*
$50,000 to $74,999	*17.2%*	*-16.1%*	*-8.6%*	*0.6%*	*-12.6%*	*-2.6%*	*0.4%*	*-30.3%*	*-19.1%*	*-0.3%*	*-48.6%*	*-40.0%*	*45.3%*	*-14.2%*	*-5.4%*	*95.5%*	*24.3%*	*32.3%*	*101.0%*	*40.1%*	*45.7%*	*101.0%*	*48.7%*	*56.1%*
$75,000 to $99,999	*56.8%*	*2.1%*	*9.5%*	*33.7%*	*21.2%*	*30.2%*	*35.0%*	*-4.1%*	*7.5%*	*59.5%*	*-28.7%*	*-20.3%*	*77.6%*	*0.8%*	*6.9%*	*139.4%*	*43.9%*	*49.7%*	*167.2%*	*74.4%*	*79.0%*	*168.2%*	*86.3%*	*92.4%*
$100,000 to $149,999	*120.5%*	*49.5%*	*55.6%*	*25.8%*	*19.9%*	*24.1%*	*106.0%*	*58.2%*	*70.8%*	*171.7%*	*18.8%*	*27.6%*	*112.2%*	*43.0%*	*46.3%*	*186.4%*	*102.3%*	*105.3%*	*147.6%*	*88.4%*	*90.1%*	*148.8%*	*102.6%*	*104.6%*
$150,000 or more	*139.3%*	*100.2%*	*102.6%*	*117.5%*	*115.8%*	*117.0%*	*146.3%*	*106.7%*	*116.8%*	*192.8%*	*53.5%*	*60.0%*	*82.4%*	*99.7%*	*99.1%*	*144.4%*	*178.3%*	*177.3%*	*67.1%*	*103.9%*	*103.0%*	*66.4%*	*118.6%*	*116.7%*
Total	*14.6%*	*7.3%*	*9.4%*	*-10.5%*	*-18.8%*	*-12.0%*	*9.2%*	*-10.4%*	*-1.7%*	*1.5%*	*-24.1%*	*-18.4%*	*42.4%*	*14.3%*	*19.1%*	*88.7%*	*58.5%*	*63.1%*	*24.2%*	*25.5%*	*25.2%*	*12.8%*	*25.3%*	*21.1%*

Sources: US Census, 2000, 2006-2010 American Community Survey; Perkins+Will

TABLE 6: 2011 EMPLOYMENT BY EARNINGS AND INDUSTRY SECTOR

Area	Workers	Jobs by Earnings: Less than $15,000 per year	Jobs by Earnings: $15,000-$39,999 per year	Jobs by Earnings: $40,000 or more per year	Major Industry Sector: PDR[1]	Retail	Knowledge Based[2]	Eds/Meds	Hospitality	Government	Other
Numeric Count											
Downtown East	4,409	820	1,121	2,468	649	185	2,330	120	564	1	560
Elliot Park	9,052	1,229	2,535	5,288	188	17	416	8,217	34	12	168
Downtown West	105,897	15,447	22,922	73,428	15,188	3,309	61,200	4,140	10,515	6,140	5,405
North Loop	10,779	1,563	3,095	6,121	2,357	260	4,674	870	952	464	1,202
Loring Park	5,366	1,319	2,130	1,917	250	74	1,090	1,455	1,088	8	1,401
Stevens Sq/Loring Hgts	1,280	610	500	170	17	31	116	810	222	1	83
Cedar-Riverside	8,934	1,717	2,362	4,855	144	413	1,836	5,746	496	12	287
Nicollet Island/East Bank	2,341	598	594	1,149	333	285	793	151	492	3	284
Marcy Holmes	4,550	1,350	1,265	1,935	1,137	120	1,134	561	946	6	646
University	23,355	2,836	4,470	16,049	2	205	324	21,961	536	32	295
Downtown & Vicinity Total	175,963	27,489	40,994	113,380	20,265	4,899	73,913	44,031	15,845	6,679	10,331
City of Minneapolis	297,849	55,092	81,846	160,911	46,709	14,068	92,101	81,933	26,429	8,160	28,449
7-County Metro Area	1,583,789	369,121	460,238	754,330	357,543	153,586	346,755	364,425	144,762	62,089	154,629
Distribution											
Downtown East	4,409	18.6%	25.4%	56.0%	14.7%	4.2%	52.8%	2.7%	12.8%	0.0%	12.7%
Elliot Park	9,052	13.6%	28.0%	58.4%	2.1%	0.2%	4.6%	90.8%	0.4%	0.1%	1.9%
Downtown West	105,897	14.6%	21.6%	69.3%	14.3%	3.1%	57.8%	3.9%	9.9%	5.8%	5.1%
North Loop	10,779	14.5%	28.7%	56.8%	21.9%	2.4%	43.4%	8.1%	8.8%	4.3%	11.2%
Loring Park	5,366	24.6%	39.7%	35.7%	4.7%	1.4%	20.3%	27.1%	20.3%	0.1%	26.1%
Stevens Sq/Loring Hgts	1,280	47.7%	39.1%	13.3%	1.3%	2.4%	9.1%	63.3%	17.3%	0.1%	6.5%
Cedar-Riverside	8,934	19.2%	26.4%	54.3%	1.6%	4.6%	20.6%	64.3%	5.6%	0.1%	3.2%
Nicollet Island/East Bank	2,341	25.5%	25.4%	49.1%	14.2%	12.2%	33.9%	6.5%	21.0%	0.1%	12.1%
Marcy Holmes	4,550	29.7%	27.8%	42.5%	25.0%	2.6%	24.9%	12.3%	20.8%	0.1%	14.2%
University	23,355	12.1%	19.1%	68.7%	0.0%	0.9%	1.4%	94.0%	2.3%	0.1%	1.3%
Downtown & Vicinity Total	175,963	15.6%	23.3%	64.4%	11.5%	2.8%	42.0%	25.0%	9.0%	3.8%	5.9%
City of Minneapolis	297,849	18.5%	27.5%	54.0%	15.7%	4.7%	30.9%	27.5%	8.9%	2.7%	9.6%
7-County Metro Area	1,583,789	23.3%	29.1%	47.6%	22.6%	9.7%	21.9%	23.0%	9.1%	3.9%	9.8%

[1] PDR = Production, Distribution, and Repair, which consists of the manufacturing, distribution, wholesaling, transportation, and warehousing sectors

[2] Knowledge consists of professional, scientific, technical, financial, and management sectors

Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program (http://lehd.did.census.gov/)

Appendix B

List of Real Estate Experts Interviewed

JoAnna Hicks, Ackerberg Group, 1-30-15

Andrea Christenson, Cassidy Turley/DTZ, 2-3-15

Lester Bagley, Minnesota Vikings, 2-17-15

Chris Culp, Excelsior Group, 2-18-15

Steve Cramer, Downtown Council, 2-23-15

John Breitinger, Cushman-Wakefield/Northmarq, 2-25-15

Kit Richardson, Schafer Richardson, 2-25-15

Alan Arthur, Aeon, 2-26-15

Carl Runck, Ryan Companies, 2-27-15

Jonathan Holtzman, Village Green, 3-12-15

Miles Mercer, Ann Calvert, Kristin Guild, and Jack Byers, City of Minneapolis Community Planning and Economic Development, 3-13-15