

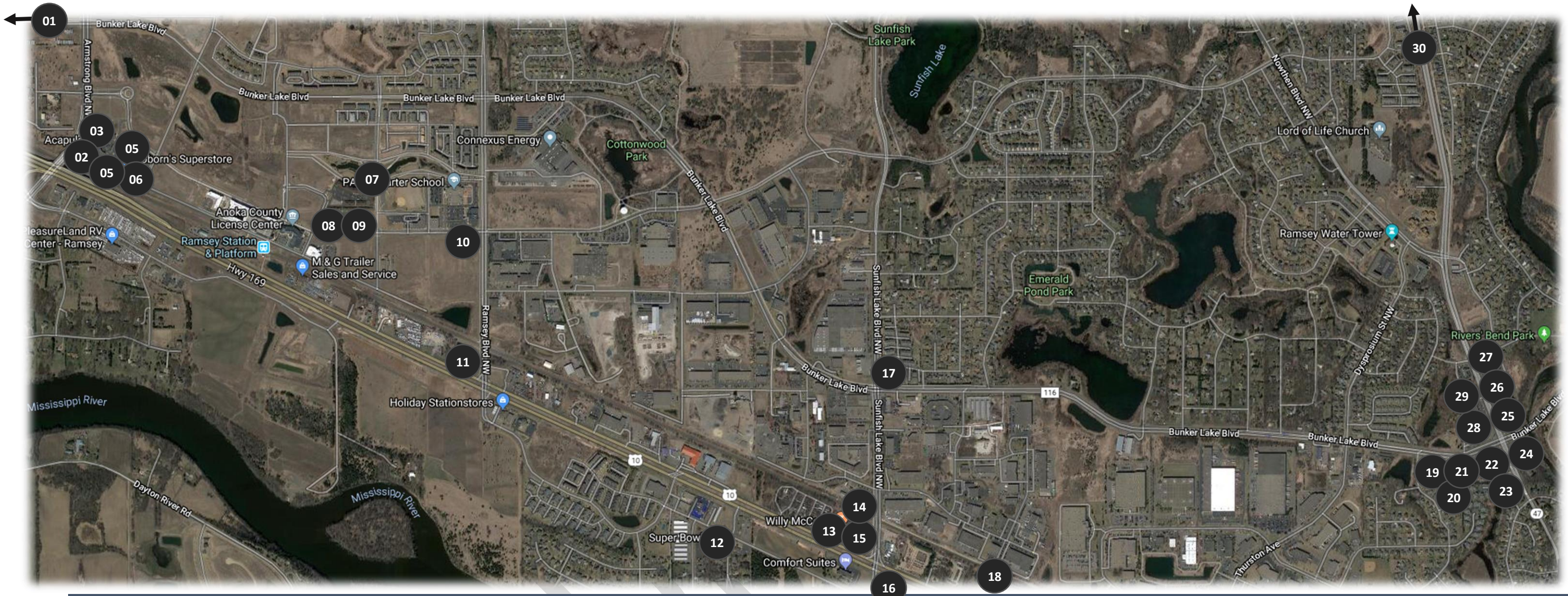
Restaurants Background The COR, City of Ramsey

DRAFT

SECTIONS

1. *Existing Restaurants*
2. *Market Feedback*
3. *Strategies Utilized*
4. *Market Recommendations*

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Restaurants in Ramsey

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| <ol style="list-style-type: none"> 1. Club House, The Links at Northfork Golf Course (Alpine/ Highway 10)*** 2. Acapulco *** 3. China Dragon 4. Subway (The COR) 5. Caribou Coffee 6. Coborn's Deli 7. The Draw Weekly Event Series & Farmers Market, includes food (perhaps, not a restaurant) 8. PSD LLC vacant space (former Lunch Box, Falls Café) 9. Wells Catering (perhaps, not a restaurant) 10. Casey's Pizza & Deli (The COR) 11. Burger King 12. Super Bowl Bar & Grill*** 13. Willy McCoy's*** 14. Lisa's Catering (perhaps, not a restaurant) 15. Rio Stone*** 16. Brito's Taco Truck | <ol style="list-style-type: none"> 17. Casey's Pizza & Deli (Bunker & Sunfish) 18. Outpost Bar & Grill*** 19. Wendy's (Technically Anoka, on border node) 20. Golden Coin (technically Anoka, on border node) 21. Chanticlear Pizza (technically Anoka, on border node) 22. El Azteca (technically Anoka, on border node)*** 23. Dunn Brother Coffee (technically Anoka, on border node) 24. \$5 Pizza 25. Subway (Bunker/47) 26. Ginger Café*** 27. Rivers Bend Bar & Grill*** 28. Caribou Coffee (Bunker/47) 29. Jimmy John's 30. McDuff's, Rum River Hills Golf Course (167th/47)*** |
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***Full service, sit down

Market Feedback

1. Population
2. Convenience for existing residents
3. Traffic counts
4. Ramsey's "Front Door"
5. Retail has changed
6. Physical barriers, and cannibalization

[see following 6 pages]

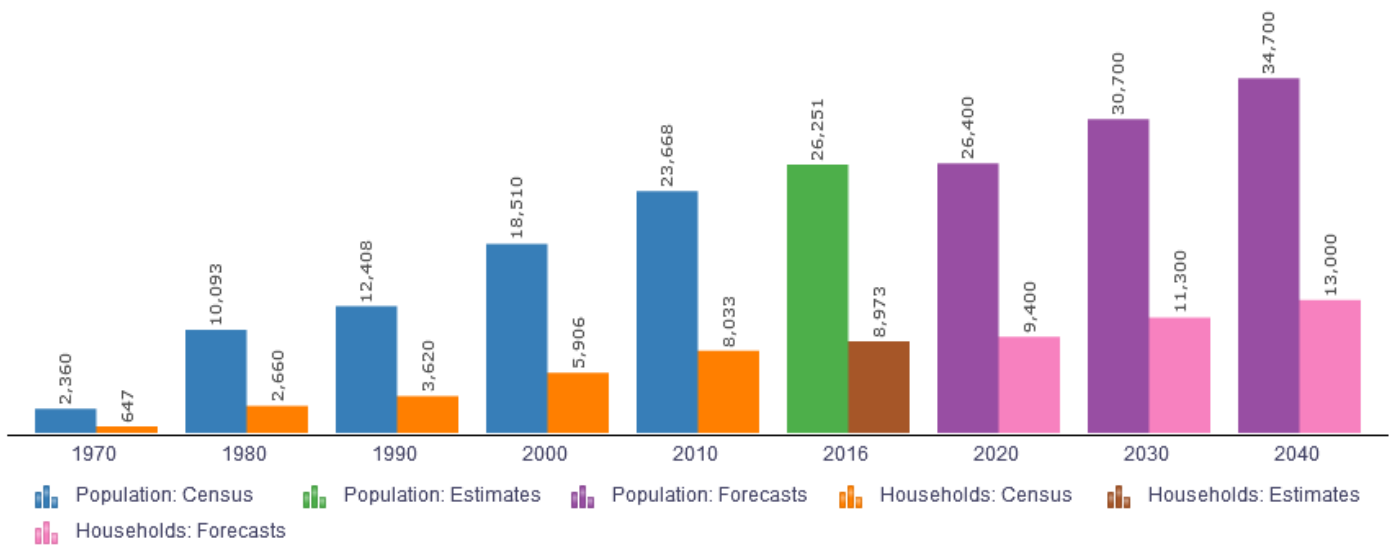
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(1) POPULATION/ MARKET TRADE AREA

Ramsey’s standalone population (26,000) may not be enough to support a major a retail center today. Staff has been advised a population of 50,000-60,000 is needed (or an equivalent market trade area population) to attract a major retail center.

This number can be misleading, as some communities with a population with less than 50,000-60,000 have strong retail/ restaurant presence. Staff has been told exceptions occur if a city is a regional center (i.e. if several surrounding cities depend on a primary city for shopping/ retail). This commonly happens on the fringe of the twin cities, and in rural areas. For those cities, their market trade area is much larger than their city population. Ramsey is not a regional commerce center, and our market trade area doesn’t span far beyond our borders— therefore, Ramsey is relying heavily on our own population.

Population and Households in Ramsey

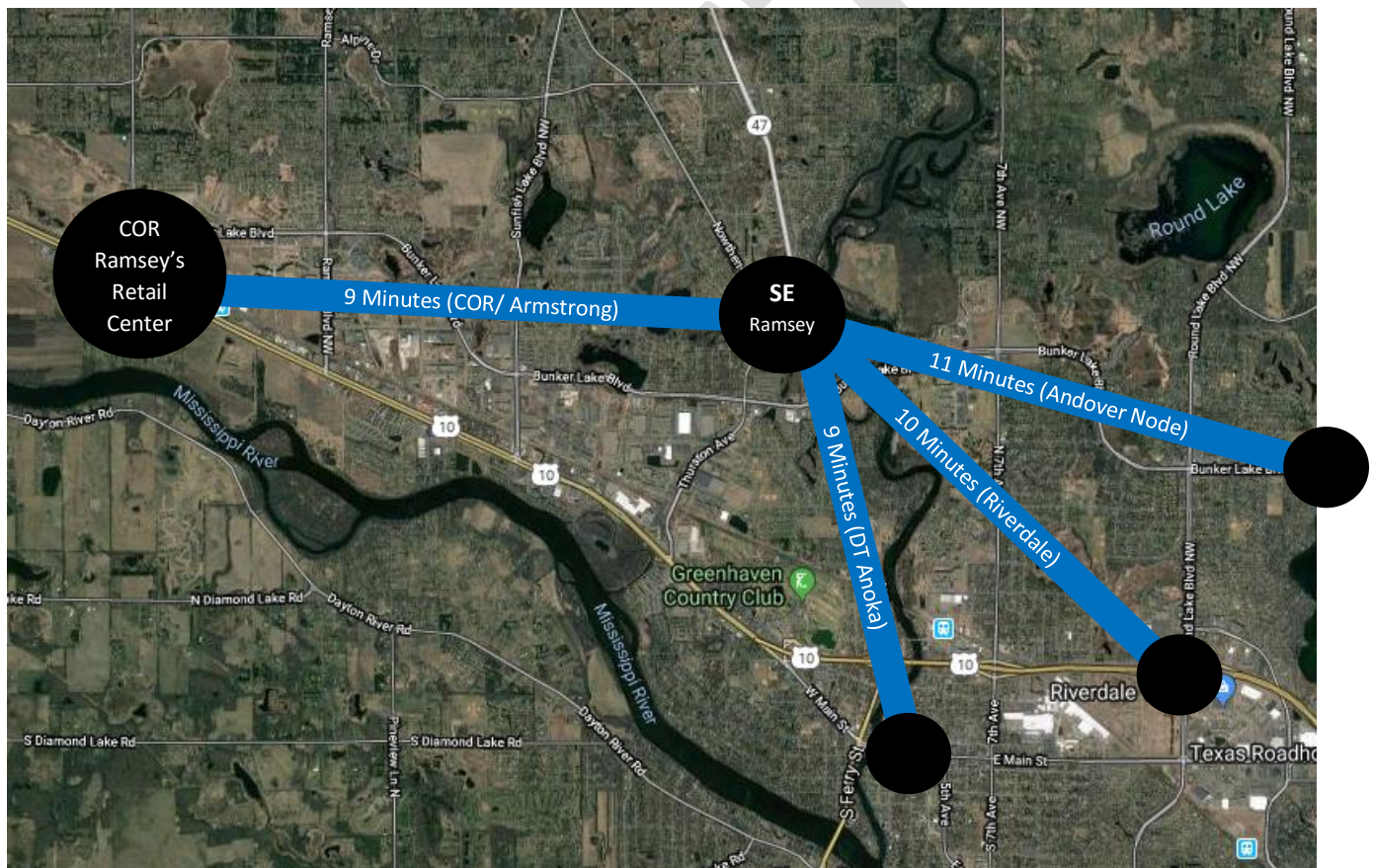


(2) CONVENIENCE FOR EXISTING RESIDENTS

Ramsey's major existing population base is located in the southeastern corner of the community. Naturally, that population base gravitates southeast for retail needs. Additionally, many of the major road networks in southeastern Ramsey flow/ funnel to the southeast. The southeastern corner of Ramsey also has an existing retail node that directly competes with The COR.

The COR, specifically the retail node within The COR (Armstrong Interchange area), is located in the southwestern portion of the community. From the intersection of County Road 5/ Highway 47 in southeastern Ramsey, the COR is a comparable drive time to Andover's retail node, Anoka's Downtown, and Riverdale.

In summary, arguably, Ramsey may not be able to rely on a portion of its own population as demographics that would support restaurants and retail in The COR.



(3) TRAFFIC COUNTS

Staff is being advised, in order to attract major retail users, we must have sufficient traffic counts on the roadways that have direct visibility/ access to said retail users. Several nearby successful retail nodes prove this theory (see graphic below).

- One road: minimum 20,000 ADT
- Two roads (crossroads): minimum 15,000 ADT

The area within The COR that is guided for retail uses is generally the intersection of Armstrong Blvd and Highway 10. The two roads that provide immediate visibility and direct access to The COR retail area (which is what retail users are looking for) are Armstrong Blvd (7K ADT) and Sunwood Drive (3.5K ADT). The COR isn't highly visible from Highway 10 (44,000 ADT).



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(4) APPEAL OF RAMSEY’S “FRONT DOOR”

Staff has consistently received feedback from prospects/ developers that the current look/ perception of the Highway 10 corridor in Ramsey is negative/ poor. Specific examples cited: (1) excessive/ poor condition of signs, banners, messages (2) excessive outside storage, especially on unpaved surfaces that are not landscaped well (3) excessive amount of direct access points (4) maintenance of some buildings and landscaping, (5) excessive chain link fence, (6) mix of users.

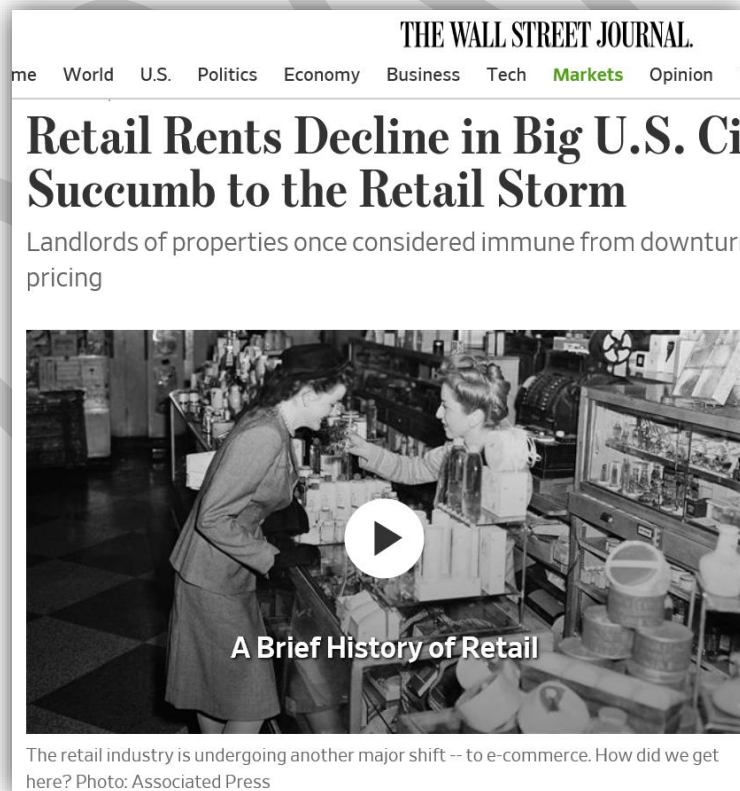
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(5) RETAIL HAS CHANGED

Regardless of all other facts, the retail market has been slow across the country since the great recession. Generally, there is a major market shift to online retail, and a resurgence of infill, and inter-city development (using existing infrastructure and an existing vacant building is much cheaper than new build with new infrastructure). The market is still contracting in some areas (Toys R Us, Gander Mountain, K-MART, Sears, Best Buy, Circuit City, Macy's, JC Penny, etc.). Major new green-field retail development in outer ring suburbs is challenging to attract—for most communities.

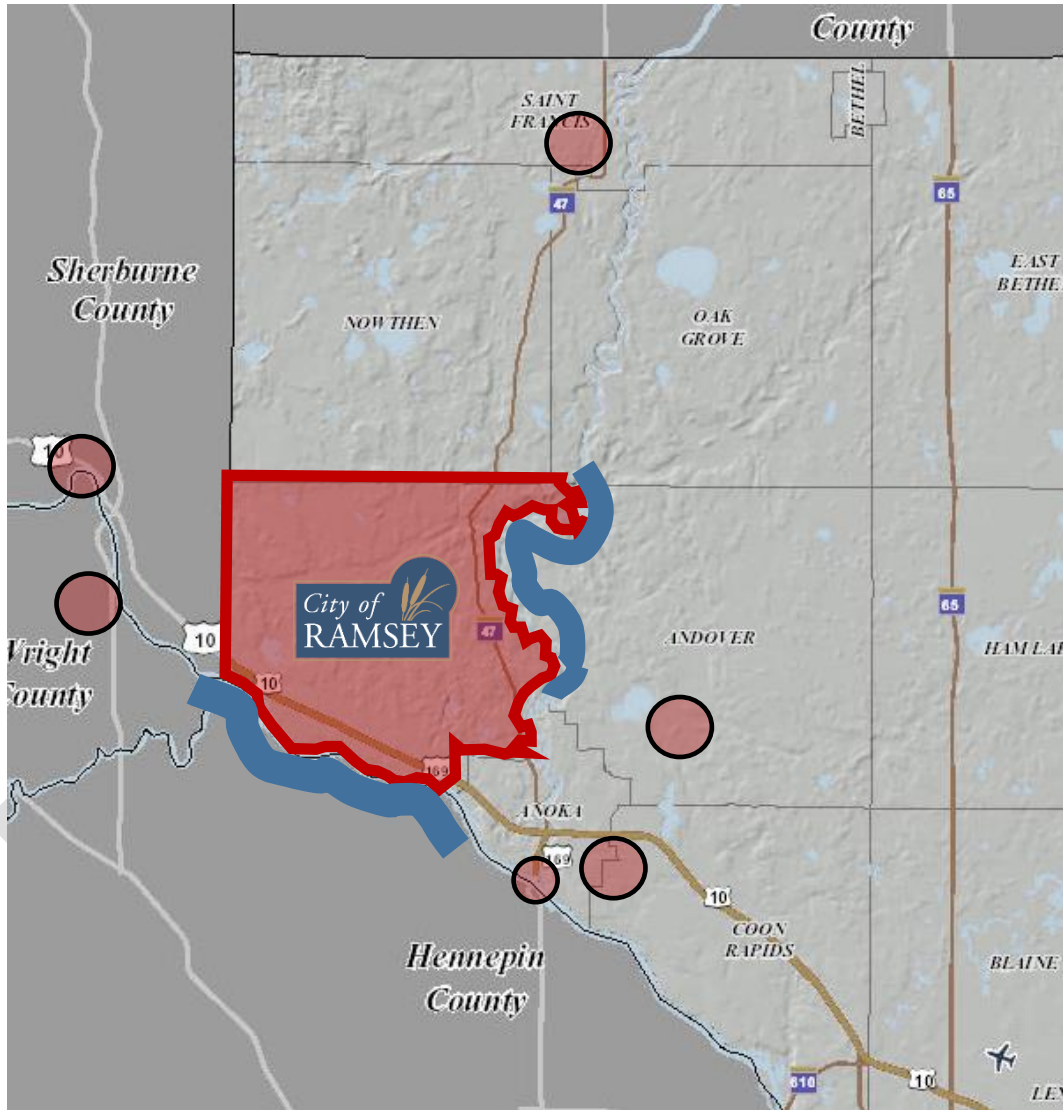
Example Articles



- (1) Wall Street Journal: <https://www.wsj.com/articles/retail-rents-decline-in-big-u-s-cities-as-landlords-succumb-to-the-retail-storm-1517317200> (shown below)
- (2) CNBC: <https://www.cnbc.com/2018/02/14/us-retail-sales-jan-2018.html>
- (3) Time: <http://time.com/4865957/death-and-life-shopping-mall/>
- (4) <https://www.reuters.com/article/us-usa-economy-retail/u-s-retail-sales-post-biggest-decline-in-11-months-idUSKCN1FY1X8>
- (5) <https://www.theatlantic.com/business/archive/2017/04/retail-meltdown-of-2017/522384/>
- (6) <https://psmag.com/news/the-long-and-painful-decline-of-the-retail-store>
- (7) <http://www.businessinsider.com/warren-buffett-just-confirmed-the-death-of-retail-as-we-know-it-2017-5>
- (8) <http://www.businessinsider.com/brick-mortar-retail-apocalypse-real-estate-malls-reits-2017-6>
- (9) https://www.huffingtonpost.com/sharifa-murdock/4-reasons-the-retail-indu_b_9142282.html
- (10) <https://www.torbenrick.eu/blog/strategy/the-downfall-of-bricks-and-mortar-retail-disruptive-change/>
- (11) <https://www.economist.com/news/briefing/21721900-love-affair-shopping-has-gone-online-decline-established-american-retailing>
- (12) <http://realtbiznews.com/the-e-commerce-amazon-effect-on-commercial-real-estate/98747109/>



(6) PHYSICAL BARRIERS & CANNIBALIZATION

Staff has been told traditional major retail brands are afraid of investing in Ramsey due to the potential of cannibalizing their existing retail investments/ retail nodes—that the Ramsey market (demographics) cannot sustain a new retail development alone. Lastly, the rivers on Ramsey’s borders create a physical barrier reducing the ability to have a larger demographic pull.



-  Established retail nodes competing for Ramsey. Many users in these existing retail nodes feel investing in Ramsey would be cannibalizing their existing investments.
-  Major river barriers (Mississippi and Rum). Don't allow for pulling demographics across border.

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Strategies Utilized by Ramsey to-date

A. Private Sector

- The COR, former known as Ramsey Town Center, was previously owned and marketed by a private development group (through 2011).
- City purchased development in 2011 to redirect, rebrand, and fulfill the vision.

B. Buxton Group retail market analysis

- City contracted with Buxton Group on two occasions to provide a detail retail market analysis (2009 and 2011). This effort included identifying Ramsey's market trade area and developing a detailed list of opportunities (prospects). The city solicited several hundred are a result of this effort on two different occasions.

C. Landform Professional Services & Sharp Image

- City contracted with a professional services firm to provide various master developer services (overall project management, brokerage, graphic design, engineering, etc.) from 2011-2014.

D. CBRE Brokerage

- City contracted with a professional brokerage service firm to list and market city owned land from 2014-present.

E. Restaurant subsidy policy

- City has created/ utilized an incentive policy to help attract full service restaurants.
- This policy has expired.

F. Adopted negotiation strategies

- City has created a negotiation strategy, for the sale of city owned land, to provide latitude in attracting restaurants and retail.

G. Shovel ready sites

- City has completed as much upfront homework as possible on all city owned sites available; with the intent of being marketable, competitive, and ready to go.
- Some remaining items exist within The COR, and are currently being finalized.

H. Tracking traffic counts

- City begin a detailed tracking of traffic counts to help analyze this important metric, and set goals (2017 start).

I. Improved Demographics

- Ramsey is the 2nd fastest growing community in Anoka County.
- Ramsey is quickly growing the nearby/ walkable demographics that could support retail/ restaurants in The COR (i.e. The COR 1 zoning district, high-density).
- Ramsey recently landed two destination users (Adrenaline Sports and Stone Brook Academy)
- Ramsey has room to continue improving in this area.

Market Recommendations

I. Keep doing what you're doing (most important strategy)

- Attract more rooftops; especially in close proximity or within The COR (i.e. increased demographics).
- Attract destination users in or near The COR (i.e. traffic generators).
- Nearly every developer, broker, and real estate that is updated on Ramsey or visits Ramsey is surprised about the quality of development occurring and the progress made in Ramsey. Ramsey is being told consistently, keep doing what you're doing. It's a matter of when, not a matter if—Ramsey will achieve its vision. Ramsey should stay committed and confident.

II. Signage along Highway 10

- Armstrong Interchange has created a major visibility barrier for The COR.
- Great Highway 10 visibility may have a big effect on Ramsey's ability to attract retail to The COR. This is something the city can work on now. This would require a significant pro-active signage effort along Highway 10. Existing signage is inadequate.

III. Finalize Shovel Ready Efforts

- Although the City has obtained base shovel ready certification information, additional homework is needed.
- Because Ramsey is considered the "master developer" for this project, people expect Ramsey to prepare various other pre-development information (infrastructure plans/ costs, storm water plans/ costs, signage plans/ costs, cut/fill plans/ costs, parks plans/ costs, etc.).

IV. Revitalize Subsidy Policy

- The city could develop and implement a pro-active subsidy/ incentive policy to encourage restaurants to invest in Ramsey.

V. Incubators

- The city could establish a retail/ restaurant incubator to encourage small/ startup businesses. This would be a pro-active effort.

VI. Clean Up Highway 10

- The city could take a proactive role in cleaning up Highway 10.