

May 19, 2014

MEMORANDUM

TO: Ms. Amy Peterson
City of LaCrosse

FROM: Ms. Mary C. Bujold
Maxfield Research Inc.

RE: **Trade Area Definition and Market Information for the Riverside North
Redevelopment Site in LaCrosse, Wisconsin**

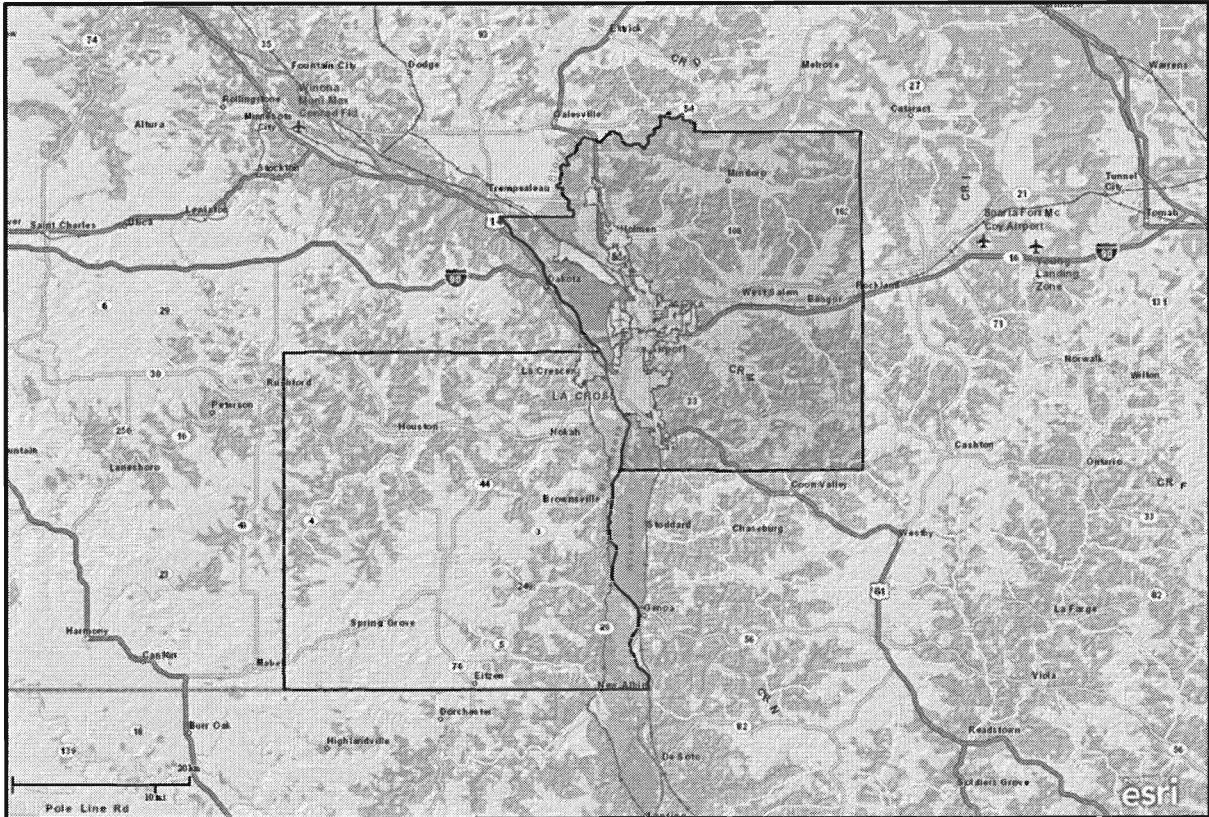
Introduction

This document summarizes our findings regarding growth trends and demographic characteristics for the Greater LaCrosse Area that would impact the potential demand for residential, commercial and public uses on the Riverside North property. This memorandum discusses the potential for residential development on the Site and also incorporates information on consumer expenditures, retail gaps and a calculation of demand for retail goods and services at the Site.

Market Area Definition

Maxfield Research Inc. defines a draw area (or Market Area) for real estate market impacts on La Crosse, WI based on geographic and man-made boundaries, employment and retail commuting patterns, and the knowledge gained of the residential and commercial real estate market in the area. This area is considered as the primary draw area. The Market Area was determined as the Cities of La Crosse WI, Holmen WI, Onalaska WI, French Island CDP, Brice Prairie CDP, and La Crescent MN. The draw area includes data that was evaluated from these communities in addition to La Crosse County, WI and the La Crosse Metropolitan Statistical Area (MSA). A map of the areas is shown below with the greater La Crosse Area shaded orange, the La Crosse MSA outlined in blue and the Market Area shaded yellow.

LaCrosse Market Area



Maxfield Research Inc.

Demographic Overview

Population and household growth trends and projections are analyzed in this section because these are key indicators of the potential demand for housing and retail space. Data is also analyzed on population age distribution, household income, and household tenure. This information is helpful in assessing demand for various housing product types in an area. The following are key points from the analysis of demographic indicators for the La Crosse Market Area.

Population and Household Growth Trends

Tables 1 and 2 present population and household growth trends and projections from 2000 to 2030 for the Market Area. Data is compiled by Maxfield Research from published U.S. Census Bureau figures of 2000 and 2010 population, projections from the Wisconsin Demographic Services Center and projections from ESRI, a national demographics forecasting company. These figures have been adjusted by Maxfield Research to reflect local population and

household growth forecasts. Continued population, household, and job growth in the area are key factors in identifying future housing needs and service demands.

Population

Demographic trends reveal that the population of the Market Area increased by 3,800 people or 4.5% from 2000 to 2010. Most of the population growth that occurred during the 2000s was in Holmen and Onalaska, two rapidly growing communities in the LaCrosse area. Some of the reasons for this rapid growth include a preference by families for schools in those areas as well as a greater amount of land available for new residential development. Conversely, LaCrosse city lost population during this period (-736 people), primarily a result of an increase in smaller household sizes and limited land available for new housing development.

Projections indicate that the population will continue to grow in the Market Area over this next decade at a slightly higher rate than during the 2000s. New student apartments and other multifamily and redevelopment sites are slated to bring new housing to the City of LaCrosse. Growth in the outlying communities of Onalaska and Holmen is also projected to continue, but at a slightly slower rate than in the previous decade.

In 2010, the Market Area had 88,985 people, representing an increase of 3,799 people or 4.5% since 2000. In this same time period, Holmen and Onalaska experienced rapid growth compared to the Market Area as a whole, adding 2,415 people (36.6%) and 2,203 people (14.2%), respectively.

	Population				Change					
	Census		Projection		2000-2010		2010-2020		2020-2030	
	2000	2010	2020	2030	No.	Pct.	No.	Pct.	No.	Pct.
Population										
La Crosse, WI	52,056	51,320	52,550	53,306	-736	-1.4	1,230	2.4	756	1.4
Brice Prairie CDP, WI	1,804	1,887	2,070	2,258	83	4.6	183	9.7	188	9.1
French Island CDP, WI	4,318	4,207	4,334	4,478	-111	-2.6	127	3.0	144	3.3
Holmen, WI	6,590	9,005	10,560	12,120	2,415	36.6	1,555	17.3	1,560	14.8
La Crescent, MN	4,885	4,830	4,566	4,300	-55	-1.1	-264	-5.5	-266	-5.8
Onalaska, WI	15,533	17,736	19,860	21,950	2,203	14.2	2,124	12.0	2,090	10.5
Market Area Total	85,186	88,985	93,939	98,411	3,799	4.5	4,954	5.6	4,472	4.8
<i>La Crosse MSA</i>	<i>126,838</i>	<i>133,665</i>	<i>141,327</i>	<i>149,007</i>	<i>6,827</i>	<i>5.4</i>	<i>7,662</i>	<i>5.7</i>	<i>7,680</i>	<i>5.4</i>

Sources: U.S. Census, ESRI, WI Demographic Service Center, Maxfield Research Inc.

Population growth in the Market Area is projected to be slightly higher between 2010 and 2020 than during the previous decade, adding 4,954 people (5.6%). By 2030, another 4,472 people (4.8%) growth is projected. La Crosse is projected to grow by 1,230 people (2.4%) by 2020 and 756 people (1.4%) by 2030. All other cities in the Market Area are expected to grow except La Crescent which is expected to continue decreasing in population to 2030.

Households

Households represent occupied housing units and household growth trends are an indicator of housing demand. From 2000 to 2020, the Market Area experienced an increase of 2,726 households, a growth rate of 8.0%. Households in the Market Area are expected to continue to increase at a faster rate in the next decade as compared to the previous decade as the economy accelerates post-Recession. The Market Area is projected to add 4,764 households (13.0%) by 2020 and 2,335 households (5.6%) by 2030. The City of LaCrosse is projected to add 2,946 households (13.7%) by 2020 and 582 households 2.4% by 2030.

As shown on Table 2, the Market Area had 36,749 households in 2010, an increase of 2,726 households over the last decade. Of this growth, Onalaska added the most new households, 1,203 (19.6%) and Holmen had the greatest percentage increase in households 40.5%, adding 980 households. La Crosse added 254 households (1.2%) from 2000 to 2010. The smaller household growth for the City of LaCrosse, reflects that community's near fully-developed status and a limited amount of land available to accommodate new housing. The reclamation of the Riverside North property will enable LaCrosse to create land for new residential development.

TABLE 2 HOUSEHOLD GROWTH TRENDS AND PROJECTIONS MARKET AREA 2000 - 2030												
	Households				Change							
			Projection		2000 - 2010		2010 - 2020		2020-2030			
	2000	2010	2020	2030	No.	Pct.	No.	Pct.	No.	Pct.		
Households												
La Crosse, WI	21,174	21,428	24,374	24,956	254	1.2	2,946	13.7	582	2.4		
Brice Prairie CDP, WI	654	704	783	868	50	7.6	79	11.3	84	10.8		
French Island CDP, WI	1,716	1,874	1,977	2,081	158	9.2	103	5.5	104	5.2		
Holmen, WI	2,420	3,400	4,058	4,731	980	40.5	658	19.4	672	16.6		
La Crescent, MN	1,931	2,012	1,961	1,896	81	4.2	-51	-2.5	-65	-3.3		
Onalaska, WI	6,128	7,331	8,359	9,317	1,203	19.6	1,028	14.0	958	11.5		
Market Area Total	34,023	36,749	41,513	43,848	2,726	8.0	4,764	13.0	2,335	5.6		
La Crosse MSA	49,232	53,986	57,851	61,741								

Sources: U.S. Census, Maxfield Research Inc.

Most new household growth for La Crosse is expected to occur through in-fill and redevelopment including new housing in the Downtown and the potential for new housing on the Riverside North Site. The remaining Market Area communities are also expected to experience household growth except La Crescent, which is expected to decrease its household base by -51 households (-2.5) between 2010 and 2020. Between 2010 and 2020, the largest numerical change in households is expected in Onalaska with growth of 1,028 households (14.0%). Holmen however, is expected to actually have the higher proportional growth rate during the 2010s at 19.4%.

Age Distribution

The age distribution of the population relates to the type of housing needed in a given community. Younger and older people, specifically those without children, are more likely to be interested in higher density housing located near urban services and entertainment; middle-aged persons (particularly those with children) generally prefer single-family homes, although some households in urban areas are deciding to purchase a twinhome or a townhome because of the benefit of an association to take care of the exterior upkeep, snow removal, landscaping and exterior repairs. Table 3 presents the age distribution of the Market Area and the La Crosse MSA populations from the 2010 Census with projections to 2020 and 2030. The table shows the number of people and the percent of the population in five age categories.

Downtown apartments and/or multifamily owned-occupied housing appeal primarily to younger and older households. The primary housing markets for the Downtown La Crosse area, which includes the Riverside North property, are expected to be young singles and couples (ages 25 to 44), middle-age households without children (ages 45 to 64), and older adults (ages 65 and over).

Age	U.S. Census		Forecast		Change			
	2010		2020		2010-2020		2010-2030	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Greater La Crosse Area								
17 and under	18,593	19,187	20,250	594	3.2	1,658	8.9	
18 to 24	15,515	13,740	11,835	-1,774	-11.4	-3,680	-23.7	
25 to 44	21,796	23,456	25,365	1,660	7.6	3,569	16.4	
45 to 64	21,047	20,958	19,787	-89	-0.4	-1,260	-6.0	
65 and over	12,035	16,597	21,174	4,562	37.9	9,139	75.9	
Total	88,985	93,939	98,411	4,954	5.6	9,426	10.6	
La Crosse MSA								
17 and under	29,077	29,818	31,225	741	2.5	2,148	7.4	
18 to 24	18,910	17,516	15,538	-1,394	-7.4	-3,372	-17.8	
25 to 44	31,944	34,353	37,025	2,409	7.5	5,081	15.9	
45 to 64	35,226	34,919	33,442	-307	-0.9	-1,784	-5.1	
65 and over	18,508	26,034	33,589	7,526	40.7	15,081	81.5	
Total	133,665	142,640	150,820	8,975	6.7	17,155	12.8	
Note: Column totals may not add exactly due to rounding.								
Sources: Bureau of the Census; Maxfield Research Inc.; ESRI Inc.								

In 2010, people ages 25 to 44 and 45 to 64 comprised approximately 48% of the Greater La Crosse Area cities' population. Among the La Crosse MSA, these groups accounted for a slightly higher proportion, 50%.

Although the 25 to 44 and 45 to 64 age cohorts comprised nearly half of the population, the 45 to 64 age cohort is projected to decrease between 2010 and 2030. The 25 to 44 population cohort however, is projected to increase by 3,569 people and the 45 to 64 population cohort is projected to decrease by -1,260 people, or 16.4% and -6.0% respectively between 2010 and 2030. It is anticipated however, that the projected decline in the 45 to 64 age group will be mitigated by the housing location needs of older seniors and the 45 to 64 age group aging into the 65 and over age cohort.

Household Tenure (Owners and Renters)

The predominant housing product in the Market Area and La Crosse County is single-family homes although other housing products have also been very successful in some La Crosse area neighborhoods. The rental market supports students attending the University of Wisconsin-La Crosse, Viterbo University, and Western Technical College as can be seen by the higher rental tenure in the age cohorts 15 to 24 and 25 to 34 years. Students will continue to be a strong market for entry-level apartments and particularly, for unique apartments in Downtown LaCrosse and near the individual campuses.

Age		Greater La Crosse Area				La Crosse County			
		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	306	7.5	300	7.2	370	8.7	384	8.9
	Rent	3,774	92.5	3,870	92.8	3,866	91.3	3,943	91.1
	Total	4,080	100.0	4,170	100.0	4,236	100.0	4,327	100.0
25-34	Own	2,533	43.3	2,611	40.5	3,459	48.9	3,398	45.3
	Rent	3,312	56.7	3,841	59.5	3,618	51.1	4,097	54.7
	Total	5,845	100.0	6,452	100.0	7,077	100.0	7,495	100.0
35-44	Own	4,464	66.7	3,469	65.1	6,301	72.1	5,086	71.0
	Rent	2,228	33.3	1,863	34.9	2,443	27.9	2,080	29.0
	Total	6,692	100.0	5,332	100.0	8,744	100.0	7,166	100.0
45-54	Own	4,551	75.1	4,783	70.5	6,540	80.0	6,940	76.2
	Rent	1,507	24.9	2,002	29.5	1,633	20.0	2,163	23.8
	Total	6,058	100.0	6,785	100.0	8,173	100.0	9,103	100.0
55-64	Own	2,901	78.4	4,566	75.8	3,990	82.1	6,593	80.7
	Rent	797	21.6	1,455	24.2	867	17.9	1,580	19.3
	Total	3,698	100.0	6,021	100.0	4,857	100.0	8,173	100.0
65 +	Own	5,242	72.4	5,529	69.2	6,407	75.3	7,161	72.5
	Rent	1,994	27.6	2,460	30.8	2,105	24.7	2,712	27.5
	Total	7,236	100.0	7,989	100.0	8,512	100.0	9,873	100.0
TOTAL	Own	19,997	59.5	21,258	57.8	27,067	65.1	29,562	64.1
	Rent	13,612	40.5	15,491	42.2	14,532	34.9	16,575	35.9
	Total	33,609	100.0	36,749	100.0	41,599	100.0	46,137	100.0

Sources: U.S. Census Bureau; Maxfield Research Inc.

Between 2010 and 2020, a large proportion of the baby-boom generation, those currently 50 to 68, are aging through their 50s and into their late 60s. While most of these households will remain in their single-family homes or will prefer a single-family dwelling, those moving into the area from out-of-town and those who are more mobile, are likely to consider alternative multifamily products including for-sale and rental.

The projected strong growth among 25 to 44 year olds suggests that there will continue to be a strong market for rental housing which translates primarily to potential demand for entry level housing. However, along with the strong demand for rental housing from this age group there has also been an increase in the demand for higher amenity housing close to goods and services. This trend has already been demonstrated in Downtown LaCrosse with the addition of new rental housing as well as condominiums. A growing proportion of young American singles and couples are choosing to live in downtown neighborhoods, especially those areas that provide a unique sense of place and a vibrant environment.

Table 4 shows that more households own than rent their housing in the Market Area. However, between 2000 and 2010, the proportion of households that rent their housing increased among nearly every age cohort. The greatest increase in the proportion of households renting their housing was among those in the age 45 to 54 cohort. In 2000, 24.9% of households rented their housing. By 2010, that proportion had increased a full five percentage points to 29.5%. T

Table 5 shows the number and proportion of households that own and rent their housing by income level. Households with incomes of \$50,000 to \$99,999 increased their proportion of ownership.

TABLE 5 TENURE BY HOUSEHOLD INCOME GREATER LA CROSSE AREA 2000 & 2010								
	2000				2010			
	Own		Rent		Own		Rent	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$15,000	1,852	30.4	4,247	69.6	1,260	22.9	4,247	77.1
\$15,000 to \$24,999	2,976	50.1	2,965	49.9	1,940	39.6	2,965	60.4
\$25,000 to \$34,999	3,207	60.6	2,084	39.4	1,822	46.6	2,084	53.4
\$35,000 to \$49,999	5,336	69.7	2,325	30.3	3,207	58.0	2,325	42.0
\$50,000 to \$74,999	3,897	67.2	1,901	32.8	5,336	73.7	1,901	26.3
\$75,000 to \$99,999	2,826	82.2	610	17.8	3,897	86.5	610	13.5
\$100,000+	15,817	97.4	423	2.6	4,088	90.6	423	9.4
Total	35,911	71.2	14,555	28.8	21,550	59.7	14,555	40.3

Source: U.S. Census Bureau; ESRI; Maxfield Research Inc.

Households with incomes of \$50,000 to \$74,999 increased their ownership rate by six and one-half percentage points. Households with incomes of \$100,000 to \$149,999 increase their ownership rate by about four percentage points.

Households with incomes of \$25,000 to \$34,999 increased their proportion of renters to 53.4% from 39.4%. Households with incomes of \$35,000 to \$44,999 increase their proportion of renters from 30.3% in 2000 to 42.0% in 2010.

Overall, the proportion of households at all income levels renting their housing increased from 28.8% in 2000 to 40.3% in 2010.

Employment Growth Trends and Business Activity

Employment growth signifies that companies are expanding and, if so, households tend to prefer locating near their jobs. Table 6 shows that employment in the La Crosse MSA is estimated to increase by 2,349 jobs (3.0%) between 2014 and 2020. The La Crosse MSA added 3,399 jobs (4.6%) during the last decade and is expected to grow at a similar rate through 2030. Data was compiled from information available through Wisconsin's WORKnet website and the US Bureau of Labor Statistics.

	Employment				Change					
					2011-2014		2014-2020		2020-2030	
	2011	2014	2020	2030	No.	Pct.	No.	Pct.	No.	Pct.
Employment										
La Crosse MSA	73,917	77,316	79,665	83,739	3,399	4.6	2,349	3.0	4,074	5.1
La Crosse County	65,442	69,864	71,986	75,668	4,422	6.8	2,122	3.0	3,681	5.1

Sources: Wisconsin's WORKnet; U.S. Bureau of Labor Statistics; Maxfield Research Inc.

According to County Business Patterns, most employment in the La Crosse MSA as of 2011 was in Professional, Scientific and Technical Services (approximately 26.7%). This was followed by Construction, Retail Trade, Other Services (except public administration) Accommodation and Food Service, and Health Care and Social Assistance.

Community	Total Estabs.	Establishments by Employment Size					
		1-4	5-9	10-19	20-49	50-99	100 +
<i>La Crosse MSA</i>							
<i>Agriculture and Fishing</i>	8	6	1	1	0	0	0
<i>Mining, Quarrying, and Gas Extraction</i>	2	1	0	0	0	1	0
<i>Utilities</i>	7	0	1	2	2	1	1
<i>Construction</i>	980	744	107	65	40	15	9
<i>Manufacturing</i>	172	57	33	21	30	13	18
<i>Wholesale Trade</i>	151	59	28	30	22	7	5
<i>Retail Trade</i>	499	185	115	102	62	16	19
<i>Transportation and Warehousing</i>	118	53	19	16	17	8	5
<i>Information</i>	67	27	7	13	11	5	4
<i>Finance and Insurance</i>	250	158	35	30	17	6	4
<i>Real Estate, Rental, and Leasing</i>	120	87	18	11	3	0	1
<i>Management of Companies and Enterprises</i>	36	9	7	8	7	1	4
<i>Administration, Support, Waste Management, Remediation</i>	154	92	22	15	13	2	10
<i>Educational Services</i>	45	18	7	9	7	2	2
<i>Health Care and Social Assistance</i>	323	95	86	71	34	19	18
<i>Arts, Entertainment, and Recreation</i>	71	42	9	8	7	1	4
<i>Accommodation and Food</i>	355	100	65	84	78	23	5
<i>Other Services (Except Public Administration)</i>	388	208	91	57	27	1	4
<i>Industries Not Classified</i>	5	5	0	0	0	0	0
<i>Professional, Scientific, and Technical Services</i>	1,377	1,076	138	87	47	19	10
Total	5,128	3,015	787	627	422	138	122

Sources: U.S. Census Bureau, Maxfield Research Inc.

Household Income

Household income data helps ascertain the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Table 8 shows household incomes for the Market Area and the La Crosse MSA for 2014 and 2020. Income estimates and projections were obtained from ESRI Inc. and were adjusted by Maxfield Research to reflect local household growth forecasts.

TABLE 8 HOUSEHOLD INCOME DISTRIBUTION MARKET AREA and LA CROSSE MSA 2014 and 2020				
	Greater La Crosse Area		La Crosse MSA	
	No.	Pct.	No.	Pct.
2014 Estimate				
Less than \$15,000	5,304	14.2%	6,859	12.4%
\$15,000 to \$34,999	8,923	23.8%	12,022	21.7%
\$35,000 to \$49,999	5,513	14.7%	8,031	14.5%
\$50,000 to \$74,999	7,469	19.9%	11,794	21.2%
\$75,000 to \$149,999	8,751	23.4%	14,259	25.7%
\$150,000 plus	1,505	4.0%	2,553	4.6%
Total	37,465	100%	55,517	100%
Median Income	\$57,861		\$51,358	
2020 Projection				
Less than \$15,000	5,183	13.4%	6,664	11.5%
\$15,000 to \$34,999	6,830	17.6%	8,971	15.5%
\$35,000 to \$49,999	4,601	11.9%	6,674	11.5%
\$50,000 to \$74,999	7,210	18.6%	11,194	19.3%
\$75,000 to \$149,999	12,820	33.1%	20,694	35.8%
\$150,000 plus	2,135	5.5%	3,654	6.3%
Total	38,779	100%	57,851	100%
Median Income	\$72,533		\$61,201	
Change 2014-2020				
	No.	Pct.	No.	Pct.
Less than \$15,000	-121	-2%	-194	-3%
\$15,000 to \$34,999	-2,093	-23%	-3,052	-25%
\$35,000 to \$74,999	-912	-17%	-1,357	-17%
\$75,000 to \$149,999	4,069	46%	6,436	55%
\$150,000 plus	630	42%	1,102	43%
Total	1,573	4%	2,934	5%
Change in Med. Inc.	\$14,672		\$9,844	
		25%		19%
Sources: U.S. Census Bureau, ESRI Inc.; Maxfield Research Inc.				

The table shows that the Market Area had an estimated median household income of \$57,861. Market Area household incomes are projected to grow over the next six years by \$14,672 to a median income of \$72,533. This is an average annual increase of 3.8% per year, which is higher than the current U.S. rate of inflation which has averaged 2.4% annually over the past 10 years.

In 2014, the estimated median income in the La Crosse MSA was lower than in the Market Area, \$51,358. The median income in the La Crosse MSA is projected to increase to \$61,201 by 2020 with an annual rate of increase of 3.0%.

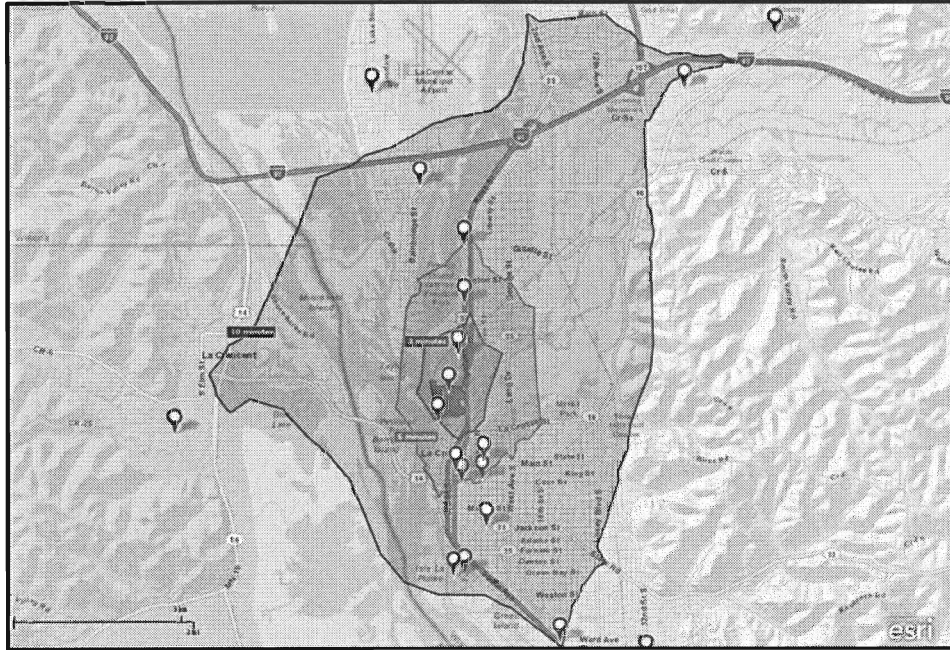
The largest percentage of households in the Market Area has incomes of between \$15,000 and \$34,999 (23.8%), followed closely by households with incomes between \$75,000 and \$149,999 (23.4%).

In the La Crosse MSA, the largest percentage of households has incomes of between \$75,000 and \$149,999 as of 2014 followed closely by households with incomes of between \$15,000 and \$34,999 (21.7%) and households with incomes of between \$50,000 and \$74,999 (21.2%). Over the next six years, the proportion of households with incomes of between \$75,000 and \$149,999 is expected to increase to 35.8%.

Residential Rentals and Home Sales

Rental rates for apartments and condos in the La Crosse area vary widely, from a low of \$363 per month for a one-bedroom unit at Wedgewood Commons (1935 Miller St., La Crosse) to a high of \$2,200 for a two-bedroom penthouse unit at River Center Plaza Apartments (415 King St., La Crosse). Average monthly rental rates are \$618 per month for studio apartments, \$674 per month for one-bedroom units, \$858 per month for two-bedroom units and \$1,239 per month for three-bedroom units in the greater La Crosse area.

Residential Rentals within 10 minutes of the Site



Maxfield Research Inc.

Within a ten-minute drive of Riverside North (the Site), average rental rates are all higher than in the greater La Crosse area with average rental rates at \$640 per month for studio units, \$825 per month for one-bedroom units, \$1,035 per month for two-bedroom units and \$1,521 per month for three-bedroom units.

Tables 9 and 10 display annual home sales data for the City of La Crosse and La Crosse County from 2008 to March 2014. The tables show that the rate of annual home appreciation fluctuated each year between 2008 and 2013. This period includes the housing market slowdown that occurred during the Great Recession. Home sales activity decreased between 2009 and 2011, then rose again after 2011.

	Resale Trends			
	# of	Median	Pct.	Average
	Sales	Price	Change	DOM
2008	425	\$113,500	---	85
2009	488	\$111,750	-1.5%	78
2010	446	\$115,000	2.9%	85
2011	388	\$114,750	-0.2%	85
2012	494	\$114,950	0.2%	88
2013	575	\$115,900	0.8%	71
*March 2014	82	\$112,250	-3.1%	97
Change 2006-2013	26.1%	2.1%		

Sources: La Crosse Area Market Updates; Maxfield Research Inc.

	Resale Trends			
	# of	Median	Pct.	Average
	Sales	Price	Change	DOM
2008	1,063	\$147,000	---	87
2009	1,083	\$137,250	-6.6%	83
2010	1,032	\$140,000	2.0%	82
2011	909	\$141,900	1.4%	76
2012	1,202	\$148,000	4.3%	84
2013	1,325	\$143,250	-3.2%	68
*March 2014	179	\$147,900	3.2%	86
Change 2008-2013	19.8%	-2.6%		

Sources: La Crosse Area Market Updates; Maxfield Research Inc.

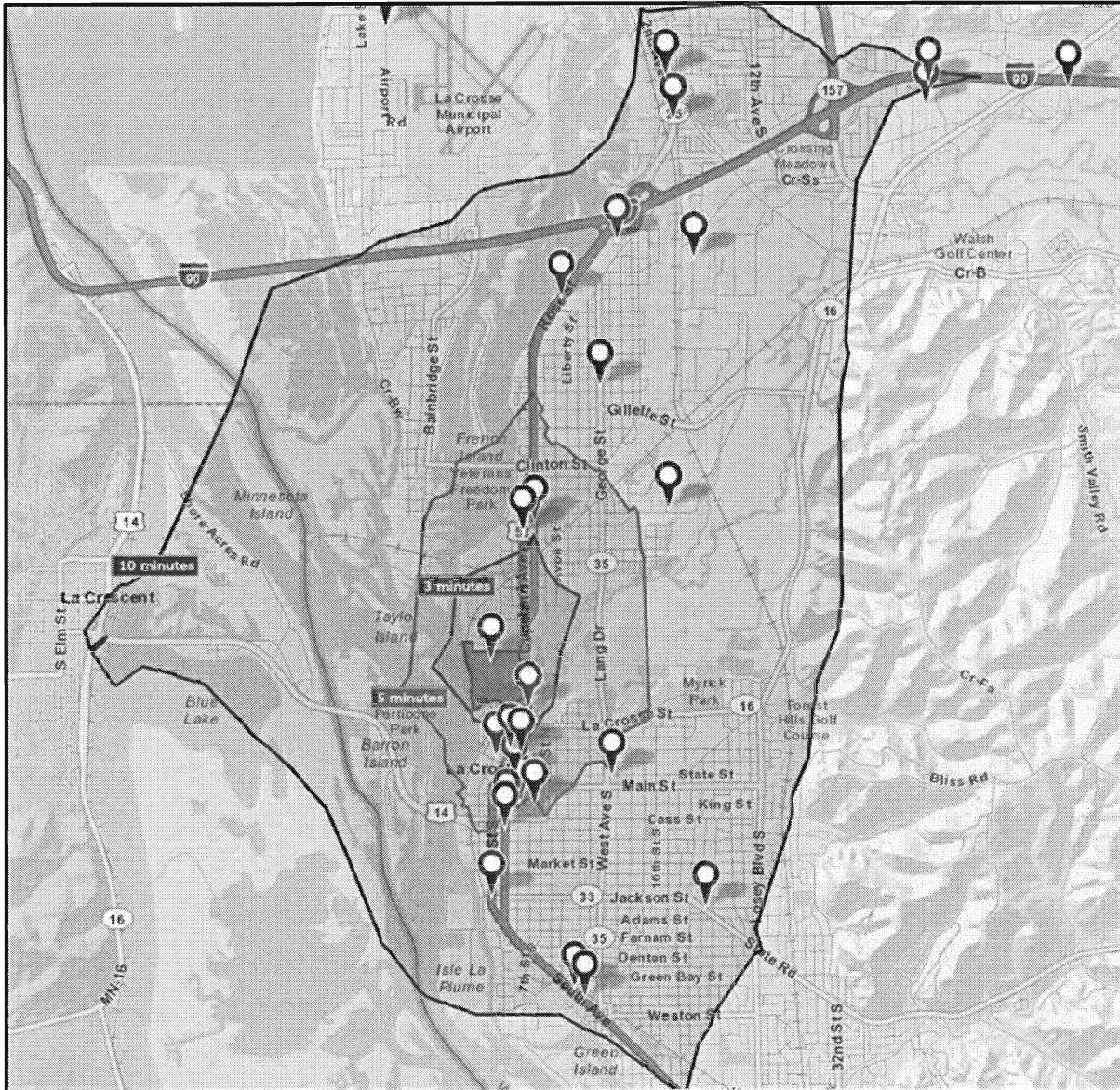
Commercial and Industrial Real Estate

As of April 2014, there were 38 industrial, office, or retail properties available for lease or sale in the Market Area. Twenty-one properties are available for lease and 20 are available for sale with a total of 393,217 square feet available in the Market Area. The average lease rate for industrial property is \$3.90 per square foot; for office property, the average lease rate is \$10.63 per square foot and for retail property, the average lease rate is \$9.17 per square foot. Properties that could be utilized either as office or retail space had an average lease rate of \$8.89 per square foot. The average sale price for industrial property is \$7.71 per square foot. The average sale price for office properties was \$19.25 per square foot, \$6.90 per square foot for retail properties and properties that could be used for either office or retail were \$21.61 per square foot.

As of April 2014, there were 22 properties available for lease or sale within a ten-minute drive of the Riverside North Site. Eighteen properties were available for lease and 14 were available for sale with a total of 259,171 square feet of space available. There are no available industrial properties for lease. The average lease rate was \$9.29 per square foot for office properties, \$11.75 per square foot for retail properties and \$8.29 per square foot for properties that could be used as either office or retail.

The average sale price was \$15.15 per square foot for industrial property, \$7.73 per square foot for retail properties and \$21.61 for properties that could be used as either office or retail space. There is one property that was for-sale as an office property where the asking price was \$70.19 per square foot. The property is located at 2018 State Road in LaCrosse.

Industrial, Office, or Retail Properties within 10 minutes of the Site



Maxfield Research Inc.

TABLE 26 ACTIVELY MARKETING RETAIL/OFFICE/INDUSTRIAL AVAILABILITY PRIMARY MARKET AREA April 2014											
Property Name/City	Address	Specific Use	Year Built	Bldg. Size	Avail. Sq. Ft.	Min. Div. Sq. Ft.	Max. Contig. Sq. Ft.	Pricing		Lease Type	Tenancy
								List Price	Lease Rate		
Greater La Crosse Area											
King on 5th	505 King St.	Office		117,266	117,266	200	8,300	\$13.00			Multi-Tenant
--	58 Copeland Ave.	Office		3,000	3,000	3,000					Single-Tenant
Historic La Crosse Footwear Bldg.	1401 St. Andrew St.	Office/Industrial/Whse/Dist.		40,000	40,000	40,000					Single-Tenant
--	4647 Mormon Coulee Rd.	CBRF		4,400	4,400	4,400		\$697,500		NET	Single-Tenant
--	518 State St.	Office		8,449	8,449						Multi-Tenant
Mormon Coulee Development Site	3305 Mormon Coulee Rd.	Office		52,000	52,000			\$575,000	\$15.00		Multi-Tenant
Losey Retail Center	1416 S Losey Blvd.	Retail	2007	2,000	2,000	2,000		\$25.00			Single-Tenant
Three Rivers Plaza	40 Copeland Ave.	Retail			975	975					Single-Tenant
Three Rivers Plaza	40 Copeland Ave.	Retail			1,240	1,240					Single-Tenant
Coulee Region Business Incubator	1100 Kane St.	Office / Mixed Use		35,000	35,000	120					Multi-Tenant
Truck Repair Facility	1809 St James St.	Industrial		10,000	10,000			\$975,000			Single-Tenant
Former Hostess Warehouse	2919 East Ave.	Industrial			10,600						Multi-Tenant
Central States Warehouse	1629 Caledonia St.	Office/Mixed Use/Whse/Dist.			250,000	100,000	250,000				Multi-Tenant
	215 Pine St.	Industrial/Whse/Dist.		108,181	108,181						Multi-Tenant
	3145 Airport Rd.	Industrial/Whse/Dist.		56,200	56,200						Multi-Tenant
	3209 Airport Rd.	Industrial/Whse/Dist.		48,000	48,000	24,000					Multi-Tenant
	2721 Hemstock St.	Industrial/Whse/Dist.		34,000	34,000	14,000					Multi-Tenant
	1404 Green Bay St.	Industrial/Whse		15,000	15,000						Multi-Tenant
	110 Causeway Blvd.	Industrial/Whse		10,218	10,218						Single-Tenant
	2967 Airport Rd.	Whse			5,000						Single-Tenant
	1500 Green Bay St.	Mixed Use/Whse			900						Single-Tenant
	1104 Venture Pl.	Whse/Dist.			3,600						Single-Tenant
	N5549 County Hwy Z.	Industrial/Whse/Dist.		250,000	250,000						Multi-Tenant
	302 Pearl St.	Retail									Multi-Tenant
JJAWC Building	47 Copeland Ave.	Retail			13,000						Multi-Tenant
Grand River Station	525 2nd St. N.	Office/Residential		158,300	158,300						Multi-Tenant
Trust Point Bldg.	315 S. 3rd St.	Retail/Commercial	2010		12,408	1,000	7,526				Single-Tenant
Trust Point Bldg.	230 Front St.	Office			3,520						Single-Tenant
Trust Point Bldg.	230 Front St.	Office			6,177						Multi-Tenant
Times Square Bldg.	700 3rd St. N.	Office	1980			500	4,000				Multi-Tenant
	112 5th St. S.	Retail			7,500					NNN	Multi-Tenant
	210 7th St. S.	Office			7,000						Multi-Tenant
Historic Batavian Bldg.	319 Main St.	Office/Retail					4,000				Multi-Tenant
	311 Main St.	Office			5,400	1,800	1,800				Multi-Tenant
La Crosse Plow Bldg.	300 2nd St. N.	Office			1,270						Multi-Tenant
La Crosse Plow Bldg.	300 2nd St. N.	Office			3,726						Multi-Tenant
	225 3rd St. N.	Office			2,500						Multi-Tenant
	6th and King St.	Office						\$400.00			Multi-Tenant

(continued)

TABLE 26 (continued)
ACTIVELY MARKETING RETAIL/OFFICE/INDUSTRIAL AVAILABILITY
PRIMARY MARKET AREA
April 2014

Property Name/City	Address	Specific Use	Year	Bldg.	Avail.	Min. Div.	Max. Contig.	Pricing		Lease	Tenancy
			Built	Size	Sq. Ft.	Sq. Ft.	Sq. Ft.	List Price	Lease Rate	Type	
The Exchange Bldg.	205 5th Ave. S.	Office				200	1,500				Multi-Tenant
	719 Copeland Ave.	Whse/Residential						\$375,000			
	1501 Saint Andrew St.	Office				500	60,000				Multi-Tenant
	2615 E. Ave. S.	Office/Whse		66,949							
Valley View Mall	1910 Ward Ave.	Retail		27,000							Multi-Tenant
	3400 Losey Blvd S.	Commercial		16,300	16,300						
	3800 State Hwy 16	Office/Retail				590	4,700				
Jackson Plaza	Jackson and 19th St.	Commercial			6,600						
Village Shopping Center		Retail									Multi-Tenant
	109 W Legion St.	Commercial/Industrial/Retail									
	N6411 County Hwy Z.	Commercial/Industrial/Retail									
Holmen Square Mall		Commercial/Retail			11,200						
Holmen Square Mall		Commercial/Retail			4,800						
Holmen Square Mall		Commercial/Retail			1,500						
2nd Avenue, Onalaska	306 Sand Lake Rd.	Retail/Office			5,400						
	704 Sand Lake Road	Office			1,500						Single-Tenant
	611 Main St.	Office									Multi-Tenant
Crossing Meadows Shopping Center		Commercial			4,500			\$900,000			Single-Tenant
	548 Lester Ave.	Office			6,000						
Riders Club Road, Onalaska	1230 Crossing Meadows Dr.	Retail				1,050	2,635				
Riders Club Road, Onalaska		Office			1,450						
		Office			800						
	1857 Sand Lake Rd.	Office			980						
	1857 Sand Lake Rd.	Office Whse			930						
Hwy 35, next to Dairy Queen and Interstate 90.		Office			614						

Note: CBRF=Community Based Residential Facility (Assisted Living or Supporting Living)
Sources: Wisconsin Area Association of Realtors, Maxfield Research Inc.

Residential Construction Trends

Table 12 shows residential construction trends in the communities of LaCrosse, Onalaska and Holmen in the LaCrosse area. Most new construction in Onalaska and Holmen were single-family detached homes. Conversely, most of the new construction in LaCrosse were 5+ family structures, there were 497 single-family homes as compared to 506 units in 5+ family structures.

TABLE 12
NUMBER OF UNITS FROM BUILDING PERMITS ISSUED
2000 through 2013

Year	LaCrosse				Onalaska				Holmen				Total
	SF	Duplex	3-4 Family	5+ Family	SF	Duplex	3-4 Family	5+ Family	SF	Duplex	3-4 Family	5+ Family	
2000	29	16	46	11	76	34	0	6	84	8	0	16	326
2001	40	4	44	0	121	20	0	0	69	4	0	31	333
2002	43	10	4	46	128	10	0	0	74	4	0	32	351
2003	47	10	21	23	90	26	0	32	82	0	0	0	331
2004	49	2	0	90	119	6	0	0	82	0	0	0	348
2005	46	2	4	21	117	0	7	7	87	0	0	0	291
2006	44	2	19	11	71	8	4	77	95	0	0	0	331
2007	39	6	7	53	59	2	3	0	105	0	0	0	274
2008	26	0	4	46	31	2	0	10	74	0	0	0	193
2009	37	0	0	0	41	0	0	0	40	0	0	0	118
2010	23	10	0	0	36	0	0	60	49	0	0	0	178
2011	32	0	0	32	65	8	0	0	36	0	0	0	173
2012	26	4	3	0	37	2	0	0	60	0	0	0	132
2013	16	2	3	173	70	2	0	0	69	0	0	0	335
	497	68	155	506	1,061	120	14	192	1,006	16	0	79	3,714

Sources: US Census Bureau; Maxfield Research Inc.

Commuting Patterns of Area Workers

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. Table 13 highlights the commuting patterns of workers in the La Crosse MSA based on data from the U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program for 2011, the most recent data available.

The table illustrates that 23.7% of workers that live in LaCrosse city work in the MSA. Not shown on the table, 12,713 workers both live and work in the City of LaCrosse.

Nearly 50% of workers employed in the area reside in locations either outside the MSA or in other communities in the MSA. This documents the LaCrosse MSA as a regional center that attracts workers from a broad geographic area.

Approximately 56.8% of the workers in the La Crosse MSA reside within 10 miles of their place of employment while 19.2% travel from 10 to 24 miles. Roughly 7.4% of area workers commute from a distance of 25 to 50 miles while another 16.6% come from more than 50 miles away.

TABLE 12 COMMUTING PATTERNS LA CROSSE MSA 2011					
Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Employment	Count	Share
La Crosse city, WI	15,649	23.7%	La Crosse city, WI	30,237	50.2%
Onalaska city, WI	5,895	8.9%	Onalaska city, WI	5,143	8.5%
Holmen village, WI	3,242	4.9%	West Salem village, WI	1,937	3.2%
La Crescent city, MN	1,796	2.7%	Holmen village, WI	1,274	2.1%
French Island CDP, WI	1,733	2.6%	Winona city, MN	1,253	2.1%
West Salem village, WI	1,624	2.5%	Caledonia city, MN	1,209	2.0%
Caledonia city, MN	1,041	1.6%	Madison city, WI	1,077	1.8%
Sparta city, WI	785	1.2%	Eau Claire city, WI	946	1.6%
Brice Prairie CDP, WI	749	1.1%	La Crescent city, MN	833	1.4%
Winona city, MN	550	0.8%	Sparta city, WI	708	1.2%
All Other Locations	32,942	49.9%	All Other Locations	15,559	25.9%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total Primary Jobs	66,006	100.0%	Total Primary Jobs	60,176	100.0%
Less than 10 miles	37,474	56.8%	Less than 10 miles	37,118	61.7%
10 to 24 miles	12,688	19.2%	10 to 24 miles	9,580	15.9%
25 to 50 miles	4,902	7.4%	25 to 50 miles	2,992	5.0%
Greater than 50 miles	10,942	16.6%	Greater than 50 miles	10,486	17.4%
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.					

Just over 50% of all workers in the MSA work in LaCrosse proper. Nearly 14.0% of workers to the LaCrosse MSA work in Onalaska, West Salem village, Holmen village, Winona city and Caledonia city.

Nearly 61.7% of area resident workers travel less than 10 miles to their place of employment, while 15.9% have a commute distance from 10 to 24 miles. The remainder, 22.4%, have an average distance of 25 or more miles to work (one way).

Table 14 provides a summary of the inflow and outflow characteristics of the workers in the La Crosse MSA. Outflow reflects the number of workers living in the area but employed outside the MSA while inflow measures the number of workers that are employed in the MSA but live outside. Interior flow reflects the number of workers that both live and work in the area.

As the table shows, the number of workers leaving the area for employment (outflow) is very similar to the number of workers coming into the area (inflow). Roughly 16,100 residents leave the MSA for employment (outflow) while 21,930 workers come into the area (inflow), 44,076 workers live and work in the area. Most of the workers coming into area are age 30 to 54 and earn more than \$1,251 per month. A portion of these commuters would be a target market for residential products on the Riverside North site.

TABLE 14 COMMUTING INFLOW/OUTFLOW CHARACTERISTICS LA CROSSE MSA 2011						
	Outflow		Inflow		Interior Flow	
City Total	16,100	100.0%	21,930	100.0%	44,076	100.0%
By Age						
Workers Aged 29 or younger	5,031	31.2%	6,920	31.6%	10,488	23.8%
Workers Aged 30 to 54	8,137	50.5%	10,902	49.7%	24,017	54.5%
Workers Aged 55 or older	2,932	18.2%	4,108	18.7%	9,571	21.7%
By Monthly Wage						
Workers Earning \$1,250 per month or less	4,457	27.7%	6,525	29.8%	9,991	22.7%
Workers Earning \$1,251 to \$3,333 per month	6,257	38.9%	8,548	39.0%	18,237	41.4%
Workers Earning More than \$3,333 per month	5,386	33.5%	6,857	31.3%	15,848	36.0%
By Industry						
"Goods Producing"	2,944	18.3%	3,220	14.7%	7,623	17.3%
"Trade, Transportation, and Utilities"	4,994	31.0%	6,046	27.6%	7,351	16.7%
"All Other Services"*	8,162	50.7%	12,664	57.7%	29,102	66.0%
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.						

Retail Market Analysis

Introduction

This section presents and analyzes information relating to the condition of the retail market and the potential for future retail development in the Market Area. The potential for new retail development in LaCrosse and at the Riverside North Site is influenced by overall market conditions in the Trade Area, also referred to as the Market Area. The Trade Area for Riverside North is considered to be LaCrosse city, although customers that commute back and forth from outside of LaCrosse along Copeland Avenue and other drive-by traffic are also considered to be potential customers for commercial retail development at Riverside North.

Information analyzed in this section includes consumer expenditures of households in the Trade Area, a retail gaps analysis and a selected inventory of retail shopping centers in the area. Based on this information, calculations of the retail potential for the Riverside North property are presented.

Consumer Expenditure Patterns

Table 15 shows consumer expenditures for retail goods and services in LaCrosse in 2013, according to data obtained from ESRI, Inc. based on Consumer Expenditure Surveys from the Bureau of Labor Statistics. The table shows the average expenditures per household and the immediate surrounding area by product or service. In addition, a Spending Potential Index (SPI) is illustrated for comparison purposes. The SPI is based on households and represents the amount spent for a product or service relative to the national average of 100. An SPI of 115 shows that average annual expenditures by local consumers are 15% above the national average. The average expenditure reflects the average amount spent per household, while the total expenditure reflects the aggregate amount spent by all households in the area.

Consumer spending is influenced by market conditions and trends. In times of economic troubles, market conditions drive spending patterns, whereas in times of a booming economy consumer trends feature opportunity and convenience. Two-thirds of the national economy is driven by consumer spending. During the Recession, households decreased spending, increased savings, and reduced credit card debt as many households have been faced with job losses. In essence, when the housing market began its decline in 2007, consumer spending and consumer confidence followed.

The following are key points from Table 15.

- Overall, residents in the LaCrosse Metropolitan Area were estimated to have spent approximately \$1.1 billion on retail goods and services in 2013, including housing, finance/insurance, and travel expenditures as well as vehicle purchases.
- Average annual expenditures (excluding the categories mentioned above) are estimated to be \$16,927 per household in the LaCrosse Metropolitan Area.
- In nearly every product and service category, expenditures by LaCrosse Metro Area households slightly less than the national average.
- Housing expenses account for approximately 30% of total consumer expenditures in the LaCrosse Metropolitan Area with residents spending between 15% and 20% less than the national average.
- The roughly 55,000 households in the LaCrosse Area spent a total of \$3.0 billion on retail expenditures in 2013. With the number of households projected to grow to 58,000 in 2020, they would generate an additional \$51 million in expenditures annually, not factoring in inflation.

TABLE 15 HOUSEHOLD EXPENDITURES BY SELECTED PRODUCT TYPE LACROSSE METROPOLITAN AREA 2013			
Category	MSA Annual Expenditures		Spending Potential Index to USA
	Total (\$000's)	Average Per HH	Market Area
Goods & Services			Index
Apparel & Services	82,042	1,329	59
Entertainment and Recreation	184,572	2,989	92
Nonprescription Drugs	7,057	114	92
Prescription Drugs	27,812	450	93
Eye Glasses & Contact Lenses	4,879	79	92
Personal Care Products	24,335	394	89
Child Care	23,163	375	85
School Books & Supplies	11,383	184	98
Smoking Products	29,508	478	98
Computer Hardware	11,228	182	89
Computer Software	1,076	17	88
Pets	65,801	587	110
Food			Index
Food at Home	281,152	4,554	90
Food Away from Home	175,098	2,836	89
Alcoholic Beverages	29,141	472	89
Non Alcoholic Beverages at Home	26,745	433	91
Home			Index
Home Mortgage Payment/Rent	500,763	8,111	86
Maintenance & Remodeling Services	87,585	1,419	88
Maintenance & Remodeling Materials	17,068	276	95
Utilities	283,534	4,592	91
Household Furnishings, Equipment, & Operations			Index
Household Textiles	5,760	93	88
Furniture	26,686	432	90
Rugs	1,363	22	87
Major Appliances	15,502	251	91
Small Appliances	2,533	41	92
Housewares	3,579	58	78
Luggage	463	8	84
Telephone & Accessories	2,668	43	81
Lawn & Garden	23,788	385	91
Moving/Storage/Freight Express	3,557	58	88
Housekeeping Supplies	39,998	648	91
Financial & Insurance			Index
Investments	86,124	1,395	67
Vehicle Loans	216,925	3,513	92
Owners & Renters Insurance	27,762	450	91
Vehicle Insurance	65,801	1,066	90
Life/Other Insurance	24,553	398	91
Health Insurance	140,001	2,268	91

CONTINUED

TABLE 15 (CONTINUED) HOUSEHOLD EXPENDITURES BY SELECTED PRODUCT TYPE LACROSSE METROPOLITAN AREA 2013			
Category	Annual Expenditures		Spending Potential Index to USA
	Total (\$000's)	Average Per HH	Market Area
Transportation			Index
Vehicle Purchases (Net Outlay)	204,174	3,307	92
Gasoline and Motor Oil	177,026	2,867	93
Vehicle Maintenance/Repair	60,753	984	90
Travel			Index
Airline Fares	23,632	383	83
Lodging	22,848	370	87
Vehicle Rental	1,707	28	82
Food & Drink	23,581	382	87
Summary			
Goods & Services	472,856	6,593	
Food	512,136	8,295	
Home	888,949	14,398	
Household	125,896	2,039	
Financial and Insurance	561,166	9,089	
Transportation	441,953	7,158	
Travel	71,767	1,162	
Total	3,074,723	48,735	
Note: The Spending Potential Index is based on households and represents the amount spent for a product or service relative to the national average of 100.			
Sources: ESRI; Maxfield Research Inc.			

- Retail categories that exhibit the highest expenditures among LaCrosse Area households in comparison to what is spent on average by national households are:

Pets	110 percent
Maintenance and Remodeling Materials	95 percent
Entertainment and Recreation	92 percent
Prescription and Non-Prescription Drugs	93 percent
Eyeglasses and Contact Lenses	92 percent
Higher education Expenses	98 percent
Small appliances	91 percent
Lawn and garden	91 percent

Housekeeping Supplies	91 percent
Food at Home	90 percent

In considering potential uses for commercial space on the subject Site, items that would primarily take advantage of the high traffic counts on Copeland and items at the high end of the expenditure spectrum such as specialized pet supplies and services and items associated with entertainment and/or recreation would complement Downtown businesses and enhance the retail mix near the Downtown.

Retail Demand Potential and Leakage

Tables 16 and 17 present retail sales by retail category for a smaller cluster geographic area of census tracts surrounding Riverside North and a comparison with the larger LaCrosse Metropolitan Area. The substantial draw of the larger LaCrosse Metropolitan Area is shown by the amount of retail surplus in most of the retail categories. The Greater LaCrosse Area serves as a regional center for the surrounding area with customers driving into LaCrosse from greater distances to shop.

Table 16 shows detail for LaCrosse census tracts. Table 17 shows detail for the Greater LaCrosse Metropolitan Area. The sales information is from ESRI Inc. based on household counts from the U.S. Census Bureau. This information lists retail demand (potential sales), retail supply to consumers (retail sales) and provides a picture of the gap between the area's retail supply and demand. A positive value represents "leakage" of retail opportunity to stores outside of the Trade Area, while a negative value represents a surplus of retail sales, where customers are drawn to area retailers from outside the Trade Area. The following are key points of the retail demand potential.

- In 2013, the area designated by census tracts shows retail gaps in several retail categories including:
 - General Merchandise Stores
 - Clothing and Clothing Accessories Stores
 - Electronics & Appliance Stores
 - Non-Store Retailers

TABLE 16
RETAIL DEMAND POTENTIAL AND LEAKAGE
LACROSSE AREA (CENSUS TRACTS)
2013

Industry Group (NAICS Code)	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Surplus/Leakage Factor	Number of Businesses
SUMMARY					
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$185,005,360	\$398,083,914	(\$213,078,554)	(36.5)	271
Total Retail Trade (NAICS 44-45)	\$166,312,462	\$323,137,881	(\$156,825,419)	(32.0)	177
Total Food & Drink (NAICS 722)	\$18,692,898	\$74,946,033	(\$56,253,135)	(60.1)	94
EXPENDITURE TYPE					
Motor Vehicle & Parts Dealers (NAICS 441)	\$31,127,113	\$91,011,373	(\$59,884,260)	(49.0)	17
Automobile Dealers (NAICS 4411)	\$27,075,327	\$80,365,380	(\$53,290,053)	(49.6)	9
Other Motor Vehicle Dealers (NAICS 4412)	\$1,818,224	\$4,789,583	(\$2,971,359)	(45.0)	3
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$2,233,562	\$10,110,388	(\$7,876,826)	(63.8)	5
Furniture & Home Furnishings Stores (NAICS 442)	\$3,399,163	\$4,789,583	(\$1,390,420)	(17.0)	4
Furniture Stores (NAICS 4421)	\$2,216,699	\$3,637,354	(\$1,420,655)	(24.3)	2
Home Furnishings Stores (NAICS 4422)	\$1,182,464	\$1,152,229	\$30,235	1.3	2
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$5,483,407	\$1,314,592	\$4,168,815	61.3	4
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$4,747,759	\$45,014,414	(\$40,266,655)	(80.9)	12
Building Material and Supplies Dealers (NAICS 4441)	\$3,915,711	\$44,771,198	(\$40,855,487)	(83.9)	11
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$832,048	\$470,538	\$361,510	54.8	1
Food & Beverage Stores (NAICS 445)	\$28,150,126	\$43,822,776	(\$15,672,650)	(21.8)	19
Grocery Stores (NAICS 4451)	\$26,170,928	\$42,216,187	(\$16,045,259)	(23.5)	12
Specialty Food Stores (NAICS 4452)	\$607,191	\$470,538	\$136,653	12.7	6
Beer, Wine, and Liquor Stores (NAICS 4453)	\$1,372,007	\$1,136,051	\$235,956	9.4	1
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$13,913,524	\$25,670,407	(\$11,756,883)	(29.7)	10
Gasoline Stations (NAICS 447/NAICS 4471)	\$21,115,964	\$66,384,012	(\$45,268,048)	(61.1)	8
Clothing and Clothing Accessories Stores (NAICS 448)	\$9,242,127	\$4,740,412	\$4,501,715	32.2	18
Clothing Stores (NAICS 4481)	\$6,209,574	\$3,266,450	\$2,943,124	31.1	12
Shoe Stores (NAICS 4482)	\$1,628,284	\$322,985	\$1,305,299	66.9	2
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$1,404,269	\$1,150,977	\$253,292	9.9	4
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$4,231,538	\$11,367,870	(\$7,136,332)	(45.7)	25
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 451)	\$3,031,546	\$9,532,353	(\$6,500,807)	(51.7)	18
Book, Periodical, and Music Stores (NAICS 4512)	\$1,199,992	\$1,835,517	(\$635,525)	(20.9)	7
General Merchandise Stores (NAICS 452)	\$27,131,636	\$549,736	\$26,581,900	96.0	2
Department Stores Excluding Leased Depts. (NAICS 4521)	\$13,498,205	\$0	\$13,498,205	100.0	0
Other General Merchandise Stores (NAICS 4529)	\$13,633,431	\$549,736	\$13,083,695	92.2	2
Miscellaneous Store Retailers (NAICS 453)	\$3,683,963	\$6,085,115	(\$2,401,152)	(24.6)	53
Florists (NAICS 4531)	\$170,149	\$381,033	(\$210,884)	(38.3)	3
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$1,143,294	\$812,739	\$330,555	16.9	12
Used Merchandise Stores (NAICS 4533)	\$770,019	\$2,565,303	(\$1,795,284)	(53.8)	14
Other Miscellaneous Store Retailers (NAICS 4539)	\$1,600,501	\$2,326,040	(\$725,539)	(18.5)	24
Nonstore Retailers (NAICS 454)	\$14,086,142	\$1,271,627	\$12,814,515	83.4	5
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$11,736,852	\$768,084	\$10,968,768	87.7	1
Vending Machine Operators (NAICS 4542)	\$702,126	\$330,534	\$371,592	36.0	1
Direct Selling Establishments (NAICS 4543)	\$1,647,164	\$173,009	\$1,474,155	81.0	3
Food Services & Drinking Places (NAICS 722)	\$18,692,898	\$74,946,033	(\$56,253,135)	(60.1)	94
Full-Service Restaurants (NAICS 7221)	\$7,080,646	\$15,325,611	(\$8,244,965)	(36.8)	20
Limited-Service Eating Places (NAICS 7222)	\$9,432,017	\$36,479,718	(\$27,047,701)	(58.9)	24
Special Food Services (NAICS 7223)	\$821,217	\$8,406,554	(\$7,585,337)	(82.2)	8
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$1,359,018	\$14,734,150	(\$13,375,132)	(83.1)	42

Note: All figures quoted in 2010 dollars. Supply (retail sales) estimates sales to consumers by establishments, sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at a retail establishment. Leakage/Surplus factor measures the relationship between supply and demand and ranges from +100 (total leakage) to -100 (total surplus). A positive value represents "leakage" of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Sources: ESRI; Maxfield Research Inc.

- Highest leakage in retail sales occurs in General Merchandise Stores, Clothing and Clothing Accessories Stores, Electronics and Appliances Stores. Limited surplus is indicated in Food and Beverage Stores, Health and Personal Care Stores, Furniture and Home Furnishings Stores. Categories with the highest leakage represent the strongest potential to capture sales back into the area.

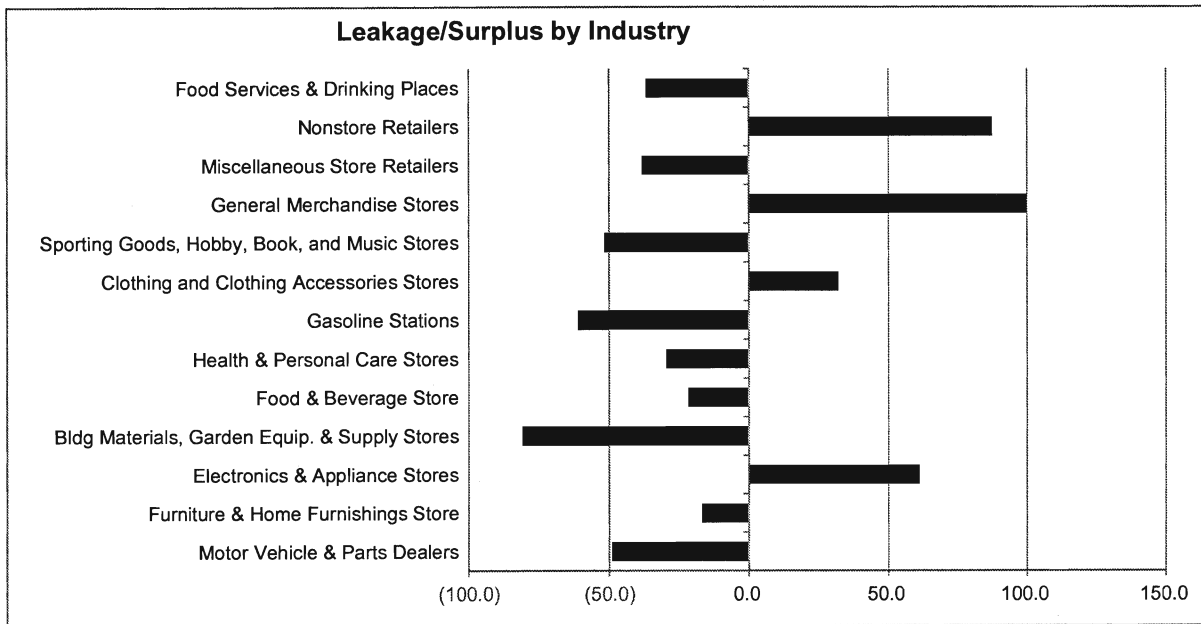


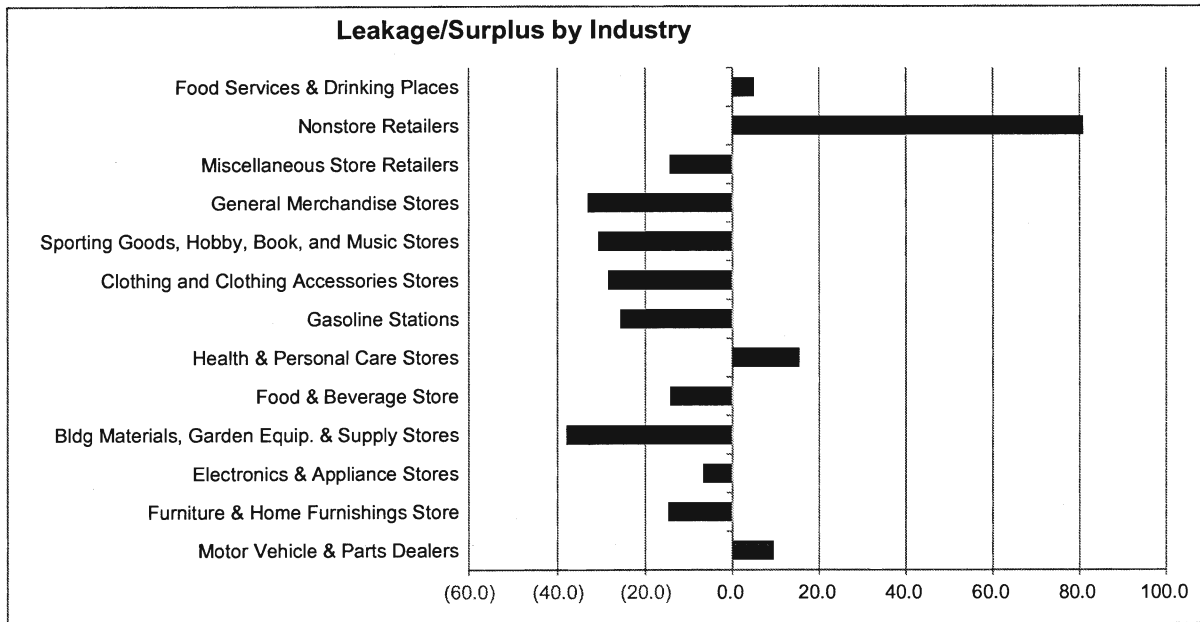
Table 17 shows similar information for the LaCrosse Metropolitan Area as a whole.

TABLE 17 RETAIL DEMAND POTENTIAL AND LEAKAGE LACROSSE METROPOLITAN AREA 2013					
Industry Group (NAICS Code)	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Surplus/Leakage Factor	Number of Businesses
SUMMARY					
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$1,363,043,075	\$1,649,058,026	(\$286,014,951)	(9.5)	999
Total Retail Trade (NAICS 44-45)	\$1,232,545,074	\$1,464,437,349	(\$231,892,275)	(8.6)	765
Total Food & Drink (NAICS 722)	\$130,498,001	\$184,620,677	(\$54,122,676)	(17.2)	234
EXPENDITURE TYPE					
Motor Vehicle & Parts Dealers (NAICS 441)	\$235,325,665	\$194,600,060	\$40,725,605	9.5	62
Automobile Dealers (NAICS 4411)	\$203,108,644	\$157,670,084	\$45,438,560	12.6	28
Other Motor Vehicle Dealers (NAICS 4412)	\$15,499,636	\$33,798,280	(\$18,298,644)	(37.1)	15
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$16,717,385	\$24,822,805	(\$8,105,420)	(19.5)	19
Furniture & Home Furnishings Stores (NAICS 442)	\$25,085,834	\$33,798,280	(\$8,712,446)	(14.8)	60
Furniture Stores (NAICS 4421)	\$15,851,189	\$16,687,418	(\$836,229)	(2.6)	24
Home Furnishings Stores (NAICS 4422)	\$9,234,645	\$17,110,862	(\$7,876,217)	(29.9)	36
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$38,236,031	\$43,702,938	(\$5,466,907)	(6.7)	30
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$42,912,071	\$95,417,218	(\$52,505,147)	(38.0)	64
Building Material and Supplies Dealers (NAICS 4441)	\$35,319,892	\$90,489,164	(\$55,169,272)	(43.9)	55
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$7,592,179	\$4,928,054	\$2,664,125	21.3	9
Food & Beverage Stores (NAICS 445)	\$201,780,523	\$269,436,264	(\$67,655,741)	(14.4)	77
Grocery Stores (NAICS 4451)	\$186,207,821	\$234,894,368	(\$48,686,547)	(11.6)	48
Specialty Food Stores (NAICS 4452)	\$4,398,800	\$19,790,642	(\$15,391,842)	(63.6)	21
Beer, Wine, and Liquor Stores (NAICS 4453)	\$11,173,902	\$14,751,254	(\$3,577,352)	(13.8)	8
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$107,858,598	\$78,829,758	\$29,028,840	15.5	56
Gasoline Stations (NAICS 447/NAICS 4471)	\$151,842,323	\$256,026,861	(\$104,184,538)	(25.7)	27
Clothing and Clothing Accessories Stores (NAICS 448)	\$63,422,350	\$114,026,861	(\$50,604,511)	(28.5)	82
Clothing Stores (NAICS 4481)	\$43,263,418	\$98,685,469	(\$55,422,051)	(39.0)	58
Shoe Stores (NAICS 4482)	\$11,061,558	\$8,841,621	\$2,219,937	11.2	12
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$9,097,374	\$6,499,771	\$2,597,603	16.7	12
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$28,768,406	\$54,334,722	(\$25,566,316)	(30.8)	86
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 451)	\$21,882,868	\$41,396,024	(\$19,513,156)	(30.8)	70
Book, Periodical, and Music Stores (NAICS 4512)	\$6,885,538	\$12,938,698	(\$6,053,160)	(30.5)	16
General Merchandise Stores (NAICS 452)	\$203,289,666	\$268,822,892	(\$65,533,226)	(13.9)	22
Department Stores Excluding Leased Depts. (NAICS 4521)	\$97,792,398	\$194,701,476	(\$96,909,078)	(33.1)	11
Other General Merchandise Stores (NAICS 4529)	\$105,497,268	\$74,121,416	\$31,375,852	17.5	11
Miscellaneous Store Retailers (NAICS 453)	\$27,442,973	\$33,506,502	(\$6,063,529)	(9.9)	171
Florists (NAICS 4531)	\$1,598,166	\$2,135,105	(\$536,939)	(14.4)	11
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$8,117,709	\$8,443,250	(\$325,541)	(2.0)	52
Used Merchandise Stores (NAICS 4533)	\$4,715,454	\$5,271,189	(\$555,735)	(5.6)	32
Other Miscellaneous Store Retailers (NAICS 4539)	\$13,011,644	\$17,656,958	(\$4,645,314)	(15.1)	76
Nonstore Retailers (NAICS 454)	\$106,580,634	\$21,270,294	\$85,310,340	66.7	28
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$88,220,654	\$9,338,339	\$78,882,315	80.9	8
Vending Machine Operators (NAICS 4542)	\$4,809,504	\$687,065	\$4,122,439	75.0	3
Direct Selling Establishments (NAICS 4543)	\$13,550,476	\$11,244,890	\$2,305,586	9.3	17
Food Services & Drinking Places (NAICS 722)	\$130,498,001	\$184,620,677	(\$54,122,676)	(17.2)	234
Full-Service Restaurants (NAICS 7221)	\$50,340,715	\$45,479,831	\$4,860,884	5.1	56
Limited-Service Eating Places (NAICS 7222)	\$66,404,891	\$101,063,807	(\$34,658,916)	(20.7)	68
Special Food Services (NAICS 7223)	\$5,516,269	\$9,329,707	(\$3,813,438)	(25.7)	11
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$8,236,126	\$28,747,332	(\$20,511,206)	(55.5)	99

Note: All figures quoted in 2010 dollars. Supply (retail sales) estimates sales to consumers by establishments, sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at a retail establishment. Leakage/Surplus factor measures the relationship between supply and demand and ranges from +100 (total leakage) to -100 (total surplus). A positive value represents "leakage" of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Sources: ESRI; Maxfield Research Inc.

- In 2013, the LaCrosse MSA shows retail gaps in the following retail categories including:
 - Food Services and Drinking Places
 - Health and Personal Care Stores
 - NonStore Retailers
- Limited surplus is indicated in Electronics & Appliances Stores, Furniture and Home Furnishings Stores, Miscellaneous Store Retailers. Categories with leakage offer the strongest potential to capture sales back into the area.



Summary of Demographic and Economic Trends

During the past decade, the Greater LaCrosse Area experienced slow and steady growth and this is expected to continue to 2030. Population and households are expected to increase modestly above the previous rate due to Downtown living trends and the expected aggressive promotion of the attractiveness of the La Crosse Downtown and continued growth in suburban locations. Population, households, employment and construction are also expected to steadily increase with the recovery from the recession.

Residential and commercial property leasing also indicate the desirability of being in and near Downtown La Crosse. Residential rental rates for all categories are higher near the Downtown area. A majority of the commercial properties currently available are within a ten-minute drive of Riverside North and the average lease and for sale rates per square foot for these properties are also higher than the area average.

Although average household consumer expenditures in the LaCrosse area are generally somewhat lower than the average for the Nation as a whole, higher levels of expenditures are seen in pets, entertainment and recreation, lawn and garden, household supplies and building and remodeling expenditures.

The retail gaps analysis shows additional demand in Food Service and Drinking Places (i.e. full service restaurants), health and personal care stores and services and General Merchandise Retailers. Demographic and economic trends along with evaluation of residential and commercial market rates indicate opportunities for the redevelopment site.

Housing Demand

The projected household growth for the City of LaCrosse to 2020 is currently estimated at 2,940 households. Projected household growth for the Greater LaCrosse Area is estimated at 4,764 households. Between 2020 and 2030, the City of LaCrosse is projected to add another 760 households while the Greater LaCrosse Area is projected to increase by 2,335 households. In considering the development potential of the Site to 2020 and its location within the City of LaCrosse, we project that the subject project could capture approximately 8% to 10% of the projected growth of the City and the Greater LaCrosse Area which accounts for base line demand estimates of between 235 to 480 units of housing that would incorporate a variety of housing products including medium to high density and rental and ownership units. We anticipate at this time, that full build-out of the property will require a period of between eight and 12 years. Depending on the final configuration of structures and buildings on the Site, additional units could be accommodated on the Site if demand remains strong.

Housing products on the subject Site should consider a mix of rental and ownership and various price points including products that would appeal to young new households, young families and older adult households that may want to consider more maintenance-free alternatives.

As the plan develops and is refined, more specific development concepts will be defined that include building sizes, price points, unit sizes and mix and estimated development costs.

At this time, we estimate that rental rates would average about \$1.25 to \$1.30 per square foot for rental units (2014 dollars) and between \$200,000 and \$350,000 for mid-level ownership products. A portion of all housing products would be targeted to upper-income households.

Commercial Demand

Table 18 shows a demand estimate for commercial retail space on the Riverside North property. These figures will be refined as the plan is more fully-developed in terms of product locations and commercial retail spaces.

Based on existing and projected household growth, estimated leakage and average household expenditures for retail goods and services, we calculated an estimated retail demand potential that would be derived from resident households. Visitor households to the Site may support additional retail demand or may take the place of local resident households depending on the product or service provided.

Average retail sales per square foot are applied to the potential demand to determine the proportion of retail sales growth over time in the LaCrosse draw area. Considering the growth in retail demand potential in the Market Area and an estimated capture rate of from 15% to 20% of the total results in a range from 29,000 to 38,800 square feet of retail space up to 2025.

TABLE 18 PRELIMINARY DEMAND FOR RETAIL SPACE NORTH RIVERSIDE DRAW AREA 2014 to 2020			
	2014	2020	2025
Retail Demand from LaCrosse City			
Trade Area Households	22,608	24,374	24,665
(times) Annual Household Expenditures ¹	x \$16,927	\$18,689	\$20,634
(equals) Total Trade Area Expenditures	= \$382,685,616	\$455,520,220	\$508,935,601
(plus) Approx. % Leakage Outside the Trade Area ²	+ 20%	20%	15%
(equals) Leakage Outside of Trade Area	= \$76,537,123	\$91,104,044	\$76,340,340
(equals) Total Purchasing Power ³	\$306,148,493	\$364,416,176	\$432,595,261
(divided by) Average sales per Sq. Ft.	/ \$250	\$276	\$305
(equals) Total Retail Space Demand (Sq. Ft.)	= 1,224,594	1,320,348	1,418,345
Growth in retail demand 2010 to 2020		193,751	
(times) % of Market Area demand growth capturable by Site	x 15%	-- to --	20%
(equals) Retail space supportable on subject Site (sq. ft.)	= 29,063	-- to --	38,750
¹ Excluding expenditures for home buying, finance & insurance, travel, vehicle sales.			
² Leakage is the estimated amount of retail dollars spent outside LaCrosse City.			
³ 2014 purchasing power is equal to the estimated City retail sales based on information drawn from ESRI.			
Note: The 2014 leakage factor is derived from subtracting the estimated retail sales in the LaCrosse draw area from the total retail expenditures by draw area residents.			
Sources: ESRI; Maxfield Research, Inc.			

Further analysis will refine specific locations, building sizes and lease rates for commercial sites on the Riverside North parcel. At this time, we estimate that lease rates for new retail space (food service) would average approximately \$15.00 to \$18.00 per square foot. The proposed retail component is shown on the plan at the gateway entrance to the property (signalized intersection).