
CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

ECONOMIC AND MARKET ANALYSIS DOWNTOWN PARKVILLE, MISSOURI

November 2013

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CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

November 8, 2013

Ken Boone
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Re: Economic and Market Analysis
Downtown Parkville, Missouri

Mr. Boone;

The City of Parkville, Missouri retained Ochsner Hare & Hare, LLC to prepare the *Downtown Parkville Master Plan*. As a sub-consultant to Ochsner Hare & Hare, LLC, Canyon Research Southwest has prepared the *Economic and Market Analysis* portion of the assignment. The study evaluated opportunities and constraints for future commercial and residential growth in downtown Parkville, Missouri.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 551-0655.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

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Canyon Research Southwest, Inc.		

SUMMARY OF MAJOR FINDINGS

The City of Parkville, Missouri retained Ochsner Hare & Hare, LLC to prepare a *Downtown Master Plan* to assist in guiding future urban growth and redevelopment efforts. In support of the Downtown Master Plan, Canyon Research Southwest prepared an *Economic and Market Analysis* that evaluated opportunities and constraints for future commercial and residential growth in downtown Parkville, Missouri. The report's major findings and recommendations are summarized in the text below.

Economic and Demographic Indicators

The City of Parkville is a northern suburb of the Kansas City MSA located adjacent to the Missouri River approximately 10 miles northwest of downtown Kansas City, Missouri. Parkville is a growing, affluent community that in recent years has attracted high-end new home construction, escalated commercial development and high income households.

A trade area's population size, growth, age composition, income levels and education levels play significant roles in the demand for housing, retail goods and services, employment-related development.

A trade area population's growth and age composition play significant roles in the demand for a variety of retail goods and services. Each of these age groups possess distinctively different consumer and housing needs. Downtown Parkville's primary trade area population within a 10-minute drive-time is forecast to increase from 49,264 in 2013 to 61,580 by 2030 with per capita income rising from \$31,359 to \$44,788. These future gains in primary trade area population and income levels will generate additional consumer purchasing power and retail sales growth. The age composition of the population will favor the growth in demand for hardware; furniture and home furnishings; home electronics; department stores; eating and drinking places; entertainment; personal services; and healthcare goods and services.

The composition of employment growth is a key factor influencing the future demand for professional and medical office space. From 2012 to 2030, total employment for Platte County is projected increase by 6,100 jobs. Office-related employment is forecast to account for 30 to 35 percent of total job growth. These capture rates translate into office-related employment growth of 1,830 to 2,135 jobs from 2013 through 2030. This growth in office-related employment will translate into increased demand for professional and medical office space in both Platte County and City of Parkville.

The Missouri Economic Research & Information Center projects the Platte County population to reach 114,904 by 2030, an increase of 25,940 residents from 2010. By 2030, the City of Parkville population is estimated at 8,148, an increase of 2,594 residents from 2010. This continued population growth will fuel additional housing demand in Parkville.

Business Location Factors

The Downtown Master Plan Kick-off Public Meeting as well as interviews conducted with several local business owners, property owners, and government and economic development staff identified assets/opportunities and constraints/limitations of downtown Parkville as a business location.

Assets / Opportunities

- Parkville possesses high income levels;
- Missouri River and riverfront park are major draws;
- The riverfront park is a major community asset. Construction of the new county park will add a boat ramp and dog park which should increase pedestrian traffic;
- The historic character of downtown makes it unique, should embrace history;
- Park University is growing and could generate increased potential customers;
- Downtown is a destination location and independent merchants sets it apart;
- Several quality restaurants operate downtown;
- The predominance of independent merchants set downtown Parkville apart from other commercial districts;
- The Farmers Market is a big draw for downtown;
- Major festivals are the biggest sales days for downtown merchants;
- Downtown Parkville possesses an existing brand;
- Tour buses come to downtown Parkville; and
- Kansas City supports a large tourism market

Constraints / Limitations

- Lack of affordable housing for employees of local businesses and Park University;
- Railroad trains are very loud when passing through town;
- Business mix lacks diversity and doesn't cater to local residents and Park University;
- Limited customer parking on Main Street;
- Downtown lacks an available inventory of quality commercial space;
- Landlords that don't invest in their properties;
- Highway 9 doesn't run through Main Street;
- Limited amount of park activities offered that would attract people downtown;
- Downtown lacks a city center;
- Many people don't know what's downtown;
- Many downtown businesses are closed at nights and on the weekends;
- Main Street businesses north of 2nd Street have struggled;
- The Missouri River cuts the trade area in half;
- Downtown Parkville needs an attraction to draw people;
- Most Park University students don't live in Parkville;
- Downtown looks tired and not well maintained;
- The river flooding disrupts business and discourages some businesses from opening downtown;
- Sidewalks aren't wide enough to accommodate outdoor seating for restaurants; and
- Many downtown merchants are under capitalized

As ascertained by the stakeholder interviews, downtown Parkville possesses ample advantages for attracting businesses, jobs and development activity. Park University, Parkville's high household income levels, Missouri River and riverfront park, downtown's historic character, Kansas City's large tourism market and major festivals were cited as playing key roles in attracting retailers and professional/personal service businesses. Challenges facing future economic development of downtown Parkville include a limited stock of quality commercial space, periodic river flooding that disrupts business, Main Street's limited visibility and exposure, and frequency/noise of freight trains.

As it relates to this report, desirable commercial space and development sites must be created to improve the ability to attract new retail, professional and medical businesses to Parkville. The future demand for retail space will rely on the region's population and income growth with office space also depending on increasing the number of college educated residents and continued expansion of Park University.

Competitive Retail Market

Parkville supports two principal retail districts, including downtown along Main Streets and Parkville Commons at the intersection of Highways 9 and 45. Each retail district caters to a distinctive market niche with downtown focusing on destination specialty shops and restaurants and Parkville Commons satisfying the daily retail needs of local residents.

From 2003 through 2007 taxable retail sales for the City of Parkville grew by nearly 80 percent, reaching \$90 million. Much of the accelerated growth in taxable retail sales was a direct result of the development of Parkville Commons during this 5-year timeframe, adding approximately 200,000 square feet of commercial space to the City's inventory.

Consistent with metro-wide trends, during 2009 taxable sales in Parkville declined as a result of the national recession. Taxable sales rebounded 4.3 percent in 2010 to \$93 million. The upward trend in taxable retail sales continued into 2011 increasing by 2.7 percent. Taxable sales digressed in 2012 declining by 3.5 percent to \$92.1 million. For the first half of 2013 taxable retail sales in Parkville were down 0.8 percent over the first half of 2012. The recent declines in retail sales are an indication that Parkville is suffering from increased retail competition.

The inventory of ground floor retail space in downtown Parkville totals approximately 153,189 square feet, housing a mix of restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible stores. Parkville Coffeehouse, Rock Canyon Pizza, French Bee Bakery and the Farmers Market are major generators of customer traffic in downtown Parkville. Downtown offers a quaint historic charm that is reflected in the predominance of independently-owned businesses. As of the date of this report 13,207 square feet of retail space was available for lease in downtown Parkville, translating to an average vacancy rate of 8.6 percent. Lease rates for commercial space generally range from \$10 to \$13 per square foot.

Given downtown Parkville's historic character, unique tenant mix and central location businesses benefit from an expanded retail trade area. The primary market area encompasses the geographic area located within a 10-minute drive time with the secondary market area expanded to include a 15-minute drive-time. The tertiary market area incorporates the entire Kansas City MSA as well as out-of-town visitors.

Parkville's current pull factor of 1.154 suggests the city is capturing retail sales at a rate equivalent to 15.4 percent above the state-wide average. This pull factor is proof of Parkville's high income levels and the ability of businesses to attract customers from outside the city. However, the well above average pull factor does not suggest that Parkville is over retailled and not capable of supporting additional retail space. Conversely, the estimated pull factor for the primary trade area of 0.506 indicates considerable leakage and the opportunity to support additional retail sales.

Downtown Parkville's modest inventory of retail space places a constraint on the ability to attract additional businesses and generate increased customer volumes and retail sales. A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Prospective commercial development sites include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

Of three prospective downtown sites, the site on the east side of Highway 9 north of 1st Street is superior. This site offers superior access, visibility, exposure and the size to facilitate several retail formats. The site on the west side of Highway 9 also boasts superior access, visibility and exposure; however, its smaller size and shallow lot depth place constraints on the supportable retail formats. Commercial uses on Highway 9 from 1st to 6th Streets would provide a much needed highway entry window for downtown and facilitate a broader range of goods and services businesses. Development of this section of Highway 9 would also provide a "bridge" that more effectively connects downtown Parkville with Park University.

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is ideal for extending commercial uses on Main Street south of the rail road track as well as increase the inventory and critical mass of commercial space in the downtown core. The best suited retail development formats include downtown-style commercial buildings or mixed-use development.

At a floor-to-area ("FAR") of 0.25 to 0.40, the three prospective development sites could add approximately 75,000 to 120,000 square feet of new retail space. The current retail gap for downtown Parkville's primary trade area of \$219.4 million can support approximately 800,000 to 975,000 square feet of additional occupied retail space. The primary trade area is forecast to generate demand for an additional 585,000 to 716,000 square feet of retail space by the year 2030. At a 7.5 percent capture, through 2030 downtown Parkville is estimated to absorb 103,875 to 126,825 square feet of retail space.

Competitive Office Market

Despite a highly educated population no office park has been developed in Parkville. Professional and personal service firms are generally located within commercial space at Parkville Commons and in individual buildings in downtown Parkville. As a professional office location downtown Parkville benefits from its historic character, adequate zoning and public infrastructure, established identity, presence of Park University, close proximity to executive housing and convenient regional access via Interstates 29, 435 and 635.

The current inventory of professional and medical space in downtown Parkville totals just 54,119 square feet. A total of 24 professional, medical and personal service businesses currently operate in downtown Parkville, led by financial services, insurance, real estate, attorney, counseling and dentist. English Landing accounts for nearly 70 percent of downtown's inventory of office space. Much of downtown's inventory of office space is second floor space over ground floor retail. A reported 3,000 square feet of second floor office space is currently available for lease at English Landing for \$13.00 per square foot, translating into an average vacancy rate of 5.5 percent. The average rent for office space in downtown Parkville is \$12.00 per square foot.

Park University operates Parkville Commercial Underground that offers approximately 385,000 square feet of leasable warehouse and office space. Parkville Commercial Underground is the only underground business park in Platte County. Lease rates are much lower than conventional office space, ranging from \$3.00 to \$6.00 per square foot gross depending on the use and tenant build-out. The Parkville Commercial Underground isn't viewed as directly comparable to existing conventional office space in the core of downtown Parkville. New conventional office space built in downtown Parkville won't be considered directly competitive given the nature, design and large suite sizes offered at the Parkville Commercial Underground.

According to the *County Business Pattern* published by the U.S. Census Bureau, as of July 2011 employment in Platte County for the office using sectors of information; finance, insurance and real estate; professional, scientific and technical services; administrative and support services; and management was reported at 10,989 jobs, or 29.1 percent of total employment. From 1998 through 2011 office-related employment in Platte County grew by 1,338 jobs, or 13.9 percent.

From 2013 through 2030, Platte County is estimated to absorb approximately 457,500 to 533,750 square feet of professional office space. Parkville's ability to capture office space demand will be based on further population growth and the population's high education levels. Downtown Parkville is forecast to capture 15 percent of Platte County's office-related employment growth through 2030, translating into the absorption 68,625 to 80,000 square feet of office space.

Three prospective future office development sites were identified in downtown Parkville, including: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street. Each prospective development site is within the flood plain which will require site and building modifications. The properties along the east side of Highway 9 are viewed as the premier location, benefitting from excellent highway access and exposure, location adjacent to Park University and the ability to accommodate large-scale, mixed-use development.

Competitive Hotel Market

Kansas City is a regional tourist and family destination supported by a wide selection of shopping and dining and host of sporting, gaming, recreational and cultural attractions. In 2010, 21.6 million out-of-town visitors to the Kansas City MSA spent \$2.57 billion with a total economic impact of \$4.3 billion. Tourism expenditures for the year were led by lodging at \$728 million, food and beverage at \$596 million, shopping at \$492 million and recreation at \$341 million. Parkville is located in Platte County which garnered 18 percent of total visitor spending.

Given its historic character and mix of independently-owned specialty shops, downtown Parkville serves as a heritage tourism destination. Heritage tourism targets older, affluent travelers. According to the *2010 Economic Impact Study & Visitor Profile* prepared by Reach Market Planning, nearly 18 million leisure travelers visited Kansas City, the average age of a visitor to Kansas City was 44.5 years, and top activities for leisure travelers included shopping (40%); dining (21%); casino (15%); museum (13%); nightlife (10%) and historic sites (9%). These visitation patterns bode well for the opportunity of downtown Parkville to attract out-of-state visitors, particularly heritage tourists.

Existing lodging in downtown Parkville, Missouri is limited to the Main Street Inn, a 4-room bed & breakfast. Of the peer cities selected only Weston and Independence support downtown hotels. Hotels in Weston, Missouri include the historic 47-room Saint George Hotel opened in 1845, 4-room Weston Landing and 4-room Hatchery House B&B. Downtown Weston's ability to generate hotel room demand stems from its rural destination location, many festivals and presence of such attractions as the Weston Brewing Company and Pirtle Winery. Ophelia's Restaurant & Inn is an 8-room boutique hotel operating in downtown Independence, Missouri.

Thirty hotel properties operate within Northwest Kansas City totaling 3,757 guest rooms. The competitive hotel properties are located primarily at major Interstate 29 interchanges in close proximity to the Kansas City International Airport and cater to leisure and business travelers. The inventory of hotels by type includes three full-service hotels (968 rooms); eleven limited-service hotels (1,391 rooms); ten budget/economy hotels (586 rooms) and a 258-room casino resort hotel. The closest hotels to downtown Parkville include the Argosy Casino Hotel & Spa and Super 8 at Interstate 635 and Highway 9 approximately five miles to the east.

The site in downtown Parkville located on the east side of Highway 9 between 1st and 6th Streets possesses the necessary location and site characteristics to support future hotel development, but its dependence on Park University as a lodging demand generator and location on a secondary highway reduces its market feasibility to a B-rated location. Its presence within a mixed-use project would improve the feasibility of future hotel development. Prospective property types include a limited-service or boutique hotel

Competitive Housing Market

Parkville is a growing suburban community that benefits from convenient access to downtown Kansas City, Missouri; several employment centers; and a wide array of retail, dining, entertainment and cultural options. Household income levels in Parkville are among the highest in the Kansas City MSA; and, thus the city has supported high-end new home construction in such premier communities as The National and Riss Lake.

Consistent with national trends, single family home construction in Parkville peaked from 2002 through 2006 with a total of 263 permits issued. Due to local job losses and tighter lending practices new home construction declined to very low levels through 2010. By 2011, the Parkville new housing market began to recover and by 2012 permit levels were nearing pre-recession levels. Through August 2013, year-to-date new single family construction activity continued to escalate and is on pace to total 50 to 60 permits for the year.

Over the past decade the average construction valuation for new single family homes in Parkville peaked at \$541,429 in 2008. Since 2011 the value of new home construction has averaged just over \$263,000, suggesting smaller homes are now being built.

Parkville is located within the Northland region. Over the past two years apartment market conditions in the Northlands region have remained healthy marked by increased occupancies and rental rates as well as reduced rental concessions. By year-end 2012 the average occupancy rate for apartments in the Northlands region reached 93 percent, resulting in a significant decline in rental concessions. The improving market conditions have warranted new construction with 298 units under development by year-end 2012.

New residential construction is expected to continue in Parkville, prompted by continued employment and population growth within the Kansas City MSA as well as the ongoing expansion of Park University. Through 2030, local employment and population growth is forecast to generate demand for 990 new housing units in Parkville, including 790 owner-occupied units and 200 rental units.

Most Park University students and employees don't live in Parkville for a variety of reasons including high housing values and the lack of quality rental housing. Park University estimates on-campus housing demand for 400 additional students through 2017, bringing the total on-campus resident population to 750 students. The current and planned on-campus housing will leave approximately 1,400 students living off campus. However, a large percentage of Park University's students are commuters for reasons such as residing with family, location of employment, lifestyle and others. Regardless, the large number of students living off campus represents a potential market for rental housing in Parkville. The downtown area could capture a modest portion of students residing off campus assuming adequate and affordable housing is available.

The site along the east side Highway 9 is the superior location for future apartment development in downtown Parkville, possessing the necessary location, size and site characteristics. Prospective development formats include a large-scale apartment community or a mixed-use project with residential over ground floor commercial space.

Recent home sales velocity and pricing trends suggest downtown Parkville is a desirable for-sale single family housing market. Vacant lots remain available in downtown Parkville for future single family home construction, though the rolling topography poses challenges. The historic character of the existing residential neighborhoods surrounding downtown's commercial district should be maintained and enhanced. New construction or additions should be compatible with existing housing.

Study Recommendations

Downtown Parkville's Market Niche

Downtown Parkville is already a destination benefitting from an existing branding and market niche. Main Street's historic character and predominance of independent merchants sets downtown Parkville apart from other commercial districts. Prominent retail categories include restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible

stores. Downtown's survival and redevelopment hinges on expanding the current market niches, introducing new market niches and provide consumers a larger selection of merchandise and services.

Downtown Parkville's principal assets in expanding on current niches or establishing new niches include the historic character of Main Street; hosting of major festivals; farmers market; proximity to Park University; Missouri River and riverfront park; Parkville's high income levels; convenient access to the metropolitan area; and Kansas City's large tourism market.

Suitable consumer-based niches for downtown Parkville include heritage tourists/retirees, out-of-town visitors, local residents and ethnic groups. Park University represents a secondary niche, do primarily to its small student and employee population and small number of on-campus residents. Some communities with colleges and universities have successfully targeted the student population. Smaller communities with commuter campuses similar to Park University tend to have more difficulty developing this niche. Even as the campus population grows only a small segment of downtown businesses will likely attract considerable sales associated with Park University.

Existing goods and services niches in downtown Parkville suitable for expansion include restaurants, entertainment/culture, antiques, home furnishings, arts and crafts, and gifts and collectibles. Improving the selection of merchandise within these goods and services niches will generate increased customer traffic and sales. What is needed is to create larger "clusters" and a critical mass of commercial space.

An untapped market niche for downtown Parkville is the visitors to English Landing Park. The planned construction of a new waterfront County park at the foot of Main Street will include a marina/boat ramp and introduce an entirely new potential customer base. Recreation-based niches could play a growing role in downtown Parkville's business mix. Potential recreation-based niches include a bicycle shop, yoga studio, fitness center, runner's shoe store, kayak rentals, pet store, and bait and tackle shop.

To facilitate the growth of recreation-based niches, pedestrian and vehicular linkages along Main Street between the Missouri River and the core of downtown must be established. This could be accomplished through street improvements, a landscaped pedestrian corridor, the construction of new commercial buildings south of the railroad track and relocation of the existing farmers market to the current location of a baseball field southeast corner of Main and McAfee Streets. This strategy would also increase the economic impact on downtown businesses from major events hosted at the English Landing Park.

Forecast Demand for Commercial Space and New Housing

Demand for commercial space and new housing in downtown Parkville through 2030 has been forecast and quantified. Based on trade area population and employment growth, through 2030 downtown Parkville is estimated to absorb approximately 172,500 to 207,000 square feet of commercial space and 125 to 175 multi-family dwelling units.

Most Park University students and employees don't live in Parkville due to high housing values and the lack of quality rental housing. Park University estimates on-campus housing demand for 400 additional students through 2017, bringing the total on-campus resident population to 750

students. The current and planned on-campus housing will leave approximately 1,400 students to secure housing off campus. This represents a large potential market for rental housing in downtown Parkville.

Prospective Development Opportunities

A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Higher density, mixed-use development should be encouraged. This development format promotes increased density, security, pedestrian activity and business activity. Increasing the housing stock through “infill” development will be a key component in enhancing the pedestrian activity and economic vitality of downtown. A mix of attached housing catering to students and young adults is recommended along with in-fill single family housing within the neighborhoods surrounding the central business district. Second floor residential over commercial space should be encouraged.

Prospective commercial development sites evaluated in this report include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

The 2.2-acre surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is ideal for extending commercial development on Main Street south of the rail road track as well as increase the inventory and critical mass of commercial space in the downtown core. The best suited development formats include downtown-style, mixed-use commercial buildings supporting retail and office uses. Two-story buildings are appropriate on the western portion of the site fronting Main Street with surface or structured parking on the eastern half. Assuming a zero setback on Main Street the site could accommodate an estimated 50,000 to 70,000 square feet of commercial space.

Development of Highway 9 from 1st to 6th Streets would provide a much needed highway entry window for downtown and facilitate a broader range of goods and services businesses. Development of this section of Highway 9 would also provide a “bridge” more effectively connecting downtown Parkville with Park University.

The prospective development site located on the east side of Highway 9 from 1st Street north to 6th Street consists of nine individual parcels totaling approximately 3.66 acres. Existing land uses include a U.S. Post Office, former restaurant, two single family homes, Glen’s Automotive, Four Seasons Lawn & Landscape and vacant land. This site is considered downtown’s premier development site offering superior access, visibility, exposure and the size to facilitate the development of several commercial formats. The most appropriate development format is 2- and 3-story mixed-use structures supporting retail, office and residential uses. Assuming a “Main Street” design the site could accommodate an estimated 240,000 to 280,000 square feet of building area. The mix of space would be approximately half commercial and half residential, with the inventory of housing totaling approximately 125 to 175 dwelling units.

The prospective development site located on the west side of Highway 9 from 1st Street north to 6th Street consists of twelve individual parcels totaling approximately 1.07 acres. Existing land uses include the French Bee Bakery, parking lot, nine single family homes and a 4-unit apartment building. The street right-of-way patterns and shallow lot depths for the properties fronting the west side of Highway 9 will limit the potential to accommodate large-scale mixed-

use development. Likely development scenarios include the adaptive re-use of the existing residential structures or razing current structures to facilitate the construction of single-tenant commercial buildings or multi-family housing.

Prospective Downtown Businesses

Based on the peer city downtown business and trade area demographic comparison analysis as well as downtown Parkville's current market niches, prospective retail businesses for downtown Parkville include:

- Eating & Drinking Places (emphasis on ethnic foods)
- Bakery
- Coffeehouse
- Apparel
- Jewelry
- Hair & Nail Salon
- Furniture & Home Furnishings
- Antiques
- Books
- Sporting Goods
- Gifts & Collectibles
- Florists
- Entertainment/Cultural
- Art Galley
- Art Supplies
- Bike Shop
- Nutrition & Fitness

Potential recreation-based niches associated with English Landing Park and the Missouri River include a bicycle shop, yoga studio, fitness center, runner's shoe store, kayak rentals, pet store, and bait and tackle shop.

Future office demand will be generated through continued population growth led by personal/professional services and healthcare. Prospective personal and professional services firms include banking and financial services, accounting and tax services, insurance, real estate, architect, legal, technology, physical and massage therapist, fitness and wellness.

Public Infrastructure

To improve the ability of downtown Parkville to support commercial and residential development additional public infrastructure and façade improvements should be considered.

Recommended streetscape improvements to Main Street south of 2nd Street include new pavement, curbing, gutters, sidewalks, historic street signs, period street lights, seating, trash cans, banners, planters and public restrooms.

Street improvements to East Street (Highway 9) between 1st and 6th Streets would improve traffic patterns and create viable redevelopment opportunities. Recommended street improvements include two lanes of traffic, bicycle lanes, on-street parking, curbing, gutters, sidewalks, landscaping, historic street signs, period street lights and a round-about at the intersection of 1st and East Streets. An iconic monument, sculpture or landscaping or the round-about would create a unique entryway into downtown.

Public parking on the north end of Main Street is limited to on-street parking. Demolition of the existing commercial structure at the northeast corner of 2nd and Main Street for conversion to a surface lot would increase the inventory of parking space at the north end of Main Street and improve the commercial viability of properties north of 2nd Street.

Gateway features on Main and East Streets leading into downtown would establish boundaries for the downtown business district as well as create a sense of arrival and place. This can be accomplished through streetscape improvements and monument signs.

Historic markers could be erected in downtown identifying historic places and events in Parkville's history. Self guided or docent guided tours of downtown and local historical landmarks should be considered. This strategy would assist in promoting heritage tourism.

Economic Incentives

When used with private funding sources, government financing/incentive programs greatly enhance a real estate project's financial feasibility. To generally qualify for government incentives, a project must serve a public purpose, stimulate economic growth and conform to local planning and development guidelines. Downtown commercial and mixed-use development generally meets all three requirements, providing goods and services to often under-served residential areas, offering opportunities for employment, increasing the community's tax base and meeting all local requirements for zoning and construction.

Development incentives in downtown Parkville should be utilized to attract new development and businesses. Incentives may include infrastructure as well as direct subsidies. Tax increment financing would be preferred over creation and implementation of specific incentive districts such as a Business Improvement District. Potential applications include using tax increment financing to fund streetscape and off-site infrastructure improvements to Main and East Streets. It should be noted that tax increment financing should only be utilized to facilitate real development deals (i.e., a specific business plans to construct a facility), but not as a tool to foster speculative future development (i.e., construct infrastructure with the hopes of stimulating economic development).

The buildings on Main Street between the railroad track and 2nd Street possess a historic character; however, the district is not on the National Register of Historic Places. It is recommended that the historic portion of downtown Parkville seek historic district designation. Doing so will add to the historic identity of downtown, enhance heritage tourism and promote property investment through use of federal historic tax credits. Nomination to the National Register of Historic Places does not place restrictions on the use or physical appearance of properties in the district. However, for those properties seeking the 20 percent federal tax credit the National Park Service must review the rehabilitation work proposed by to ensure that it complies with the Secretary of the Interior's standards for rehabilitation.

Building improvements are usually the first visible evidence of positive economic change in a traditional commercial district. During the early years of a downtown revitalization program, though, business and property owners may be reluctant to make substantial capital investments in building improvements. A matching fund façade improvement grant program should be implemented in downtown Parkville to assist in enhancing the physical appearance of buildings as well as return buildings to their original historic character.

Benchmarking of Strategic Goals and Objectives

Statistical data can be used to establish goals and measure progress (“benchmarking”) of the *Downtown Parkville Master Plan*. Metrics can be used to compare downtown Parkville’s performance over time and to determine whether goals are being met. They can also be used in comparison with high performing peer city downtowns as a basis for refining strategic goals and objectives.

Statistical indicators for measuring performance can take many formats, including: 1) demographics; 2) employment; 3) investment; 4) housing; 5) retail and office space; 6) arts and entertainment; 7) lodging; 8) restaurants and 9) transportation and safety.

From a market perspective the goal of the *Downtown Parkville Master Plan* is to improve the competitiveness of downtown and ensure long-term prosperity. Principal objectives in meeting this goal include expanding downtown’s market niche and selection of goods and services; increasing business activity and retail sales; increasing the housing stock; promoting private sector investment; and business retention and expansion. Therefore, pertinent statistical indicators to measure the future performance of downtown Parkville include:

Employment Indicators

- Total downtown employment and growth
- Employment by sector

Investment Indicators

- Private and public sector investment dollars
- Total square footage of newly constructed buildings
- Total construction costs of newly constructed and renovated buildings
- Projects in the pipeline
- Increase in property tax base

Housing Indicators

- Number of newly constructed housing units
- Residential vacancy rates
- Average apartment rental rate
- Sales velocity and average pricing of single family home sales

Commercial Space Indicators

- Average vacancy rate
- Average rental rate
- Net space absorption
- Tenant movement into and out of downtown

- Growth in annual retail sales and number of retail establishments

Restaurant Indicators

- Annual restaurant sales and growth rate
- Restaurant composition by sector (i.e., casual, fine dining, café, bar, etc.)
- Restaurant composition by style of restaurant
- Total seating capacity

Transportation and Safety Indicators

- Total number of parking spaces
- Vehicular traffic counts at key intersections
- Pedestrian counts
- Per capita crime rate

**ECONOMIC AND MARKET ANALYSIS
DOWNTOWN PARKVILLE, MISSOURI**

November 2013

INTRODUCTION

The City of Parkville, Missouri retained Ochsner Hare & Hare, LLC to prepare a Downtown Master Plan to assist in guiding future urban growth and redevelopment efforts. The downtown/CBD is a principal factor in establishing a city's image and economic/fiscal/land use sustainability. The *Downtown Master Plan* will require a number of actions in support of the City's vision, one of which includes preparing an *Economic and Market Analysis* evaluating future development opportunities and outlining a market positioning strategy.

Study Objective and Organization

In support of the Downtown Master Plan, Canyon Research Southwest, Inc. has prepared an *Economic and Market Analysis* for downtown Parkville, Missouri. Given current and prospective land use patterns the *Economic and Market Analysis* evaluated the potential to support future development of additional retail, office, lodging and housing in downtown Parkville, Missouri. The goal was to identify commercial space and housing unit demand and establish a market positioning strategy for downtown Parkville based on market forces as well as location/site and physical characteristics.

The *Economic and Demographic Analysis* section of the study identified past trends and forecast future economic and demographic patterns for both the Kansas City MSA and the City of Parkville, designed to assist in quantifying future demand for housing and commercial/industrial space. Examples of economic and demographic characteristics discussed include population growth, age distribution, income, household size and composition, consumer expenditure patterns, job growth and construction trends. The analysis further identified opportunities and constraints for future urban growth and development of Parkville and its downtown area. Opportunities and constraints (i.e., historic building stock, river location, etc.) were ascertained through stakeholder interviews with property owners, business owners, bankers, real estate agents, economic development professionals, developers and city staff.

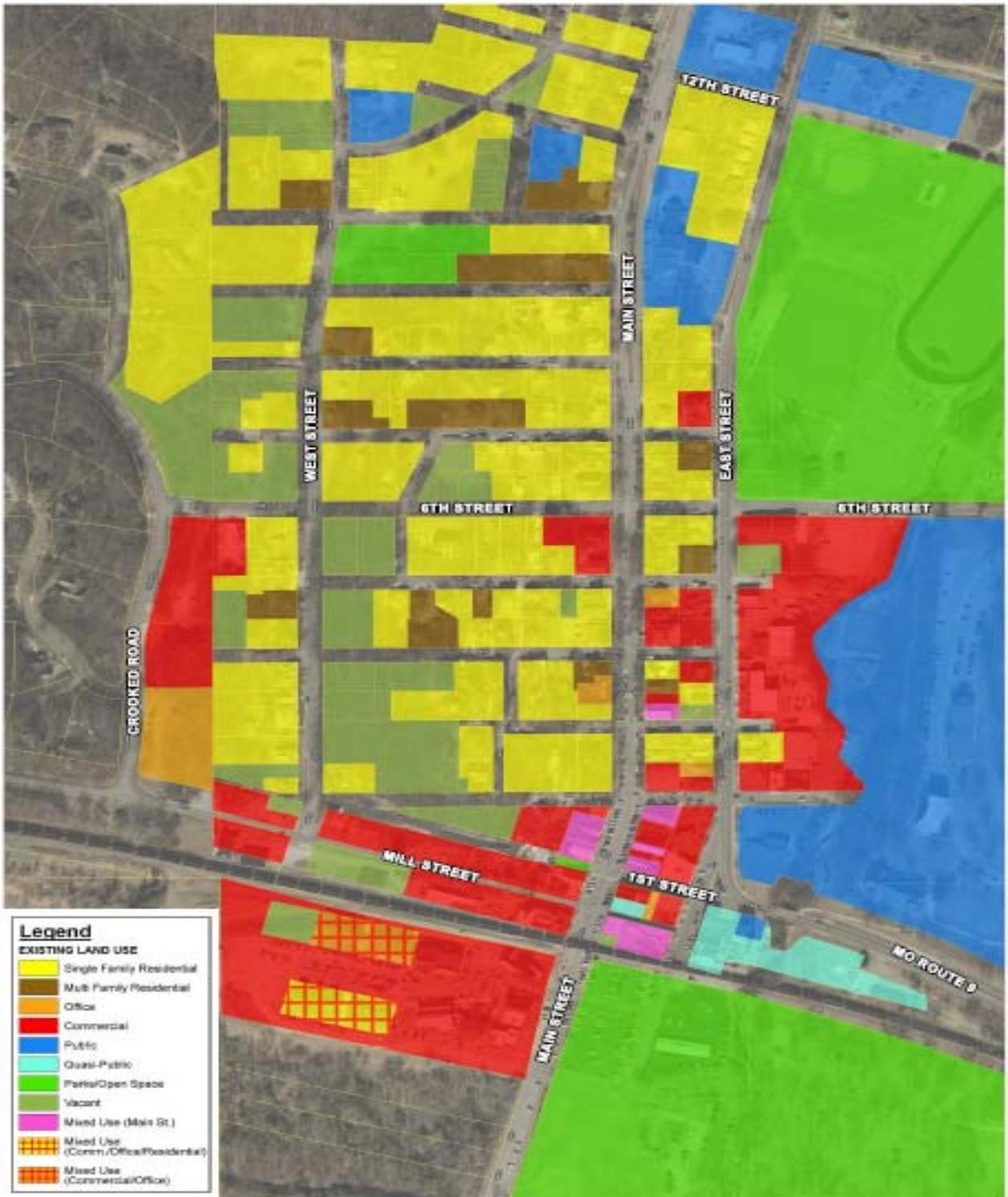
The *Market Analysis* section of the report evaluated directly competitive retail, office, hospitality and housing market trends impacting downtown Parkville, by identifying the city's historical trends in new construction, sales tax collections and population growth; competitive concentrations of commercial and housing activity; and surveying downtown commercial properties and housing stock. Downtown Parkville's business profile was compared to peer city downtowns in an attempt to identify prospective business and development opportunities. The study also quantified Parkville's short- and long-term need for additional commercial space, hotel rooms and housing units as well as examined the ability of the downtown to accommodate future urban development. A site specific analysis evaluated prospective commercial and housing development sites.

Based on the study findings, potential commercial and residential development opportunities for downtown Parkville were identified, as well as a market positioning strategy. Study recommendations included the following:

- Identify market niche strategy for downtown Parkville;
- Quantify the supportable inventory of new commercial space and housing units in the City of Parkville and downtown Parkville through 2030;
- Identify prospective commercial and housing development opportunities for downtown Parkville. Issues such as potential redevelopment sites, historic preservation, density, development formats and integration with surrounding land uses will be discussed.
- Identify prospective retail and professional business types suitable for expansion into downtown Parkville;
- Suggest supportive infrastructure improvements needed to accomplish commercial and residential development;
- Identify potential development incentives needed to attract desired commercial and residential development and indicate level of public support by incentive. Identify additional public initiatives needed to support future redevelopment efforts; and
- Benchmarking of strategic goals and objectives should be discussed.

Downtown Master Plan Study Area

The study area for the Downtown Master Plan is Parkville's CBD, bounded by the Missouri River on the South, Park University on the east, the intersection of Main and 9 Highway on the north, and Crooked Road on the west. This area encompasses the historic commercial / office / mixed-use development on Main Street, infill development between the railroad tracks and river, the Park University campus and their over 500-acre endowment lands, over 200 acres of park land, State Highways 9 and FF, and the downtown residential neighborhoods. Downtown Parkville's geographic boundaries and existing land use are depicted on page 3.



**PARCEL-SPECIFIC
EXISTING LAND USE PLAN**
PARKVILLE, MO OCTOBER 2012

Project # 12-002  

ECONOMIC AND DEMOGRAPHIC ANALYSIS

It is well understood that product preferences vary across different groups of consumers. These preferences relate directly to consumer demographic characteristics, such as population, income, age, and ethnicity. For this reason, it is not only the *amount* of demand that truly matters to a retail trade area. The *mix* of consumers also has a major impact on the level and composition of retail sales and commercial space demand within a retail trade area.

This section of the report examines economic and demographic factors for both the City of Parkville and Platte County. It includes an analysis of population and household growth trends, age distribution, household income, employment composition. Five-year demographic projections were provided by ESRI, a national demographic research firm. Quantifying these demographic and economic characteristics will assist in projecting the future demand for commercial space in downtown Parkville.

Population and Household Growth Trends

Population and household growth are key components for quantifying the current market size and forecasting future demand for commercial space and residential housing. Over the past five decades the City of Parkville has experienced steady population growth, increasing by 343 percent from 1,253 residents in 1970 to 5,554 residents by 2010. Platte County too has supported strong population growth, increasing by 178 percent since 1970 to a 2010 Census count of 89,322 residents. By outpacing the rate of growth for Platte County, Parkville’s population has increased from 3.91 percent of the Platte County population in 1970 to 6.22 percent by 2010.

The 2012 population is estimated at 5,777 residents for Parkville and 92,054 residents for Platte County. The City of Parkville now accounts for 6.28 percent of the Platte County population.

Historical Population Trends for the City of Parkville and Platte County

City of Parkville		Platte County				Annual Growth Rate	Parkville % of County
Year	Population	Population Change	Growth Rate	Population	Population Change		
1970	1,253			32,081			3.91%
1980	1,995	742	59.22%	46,341	14,260	44.45%	4.31%
1990	2,458	463	23.21%	57,867	11,526	24.87%	4.25%
2000	4,059	1,601	65.13%	73,781	15,914	27.50%	5.50%
2010	5,554	1,495	36.83%	89,322	15,541	21.06%	6.22%
2012	5,777	223	3.90%	92,054	2,732	4.00%	6.28%

Source: U.S. Census and Canyon Research Southwest, Inc.

The Missouri Economic Research & Information Center projects the Platte County population to reach 114,904 by 2030, an increase of 25,940 residents from 2010. Parkville is forecast to capture approximately 10 percent of the county population growth. By 2030, the City of Parkville population is estimated at 8,148, an increase of 2,594 residents from 2010. This continued population growth will fuel additional demand for new housing units.

A trade area population's growth and age composition play significant roles in the demand for a variety of retail goods and services. Each of these age groups possess distinctively different consumer and housing needs. Downtown Parkville's primary trade area population within a 10-minute drive-time is forecast to increase from 49,264 in 2013 to 61,580 by 2030 with per capita income rising from \$31,359 to \$44,788. These future gains in primary trade area population and income levels will generate additional consumer purchasing power and retail sales growth.

Over the past decade the composition of households in Platte County shifted slightly with single female and householders living alone comprising larger market shares. Family households in Platte County as a percentage of total households declined from 69.1 percent in 2000 to 66.8 percent by 2010. Since 2000, the number of family households increased by 3,904 households. The number of married-couple families with children under 18 years old rose at a modest rate from 7,676 in 2000 to 8,120 by 2010. The number of female householder families with no husband present rose from 2,562 in 2000 to 3,516 by 2010, an increase of 37.2 percent. The number of householders living alone rose from 7,287 in 2000 to 9,741 by 2010. These shifts in the types of households in Platte County have likely had an impact on the composition of housing demand and new home construction.

The number of householders 65 years and older account for 5.4 percent of all households. In the coming years senior households will have a growing impact on the Platte County housing market and the demand for independent and assisted living facilities.

Platte County Trends in Household Types

Household Type	2000	% of		2010	% of
		Total	Total		
Total Households	29,278	100.0%		36,103	100.0%
Family Households	20,222	69.1%		24,126	66.8%
Married-Couple Family	16,680	57.0%		19,118	53.0%
With Children Under 18	7,676	26.2%		8,120	22.5%
Female Householder, No Husband Present	2,562	8.8%		3,516	9.7%
Non-Family Households	9,056	30.9%		11,977	33.2%
Householder Living Alone	7,287	24.9%		9,741	27.0%
Householder 65 Years and Older	1,765	6.0%		1,949	5.4%
Average Household Size	2.49			2.45	
Average Family Size	3.00			2.99	

Source: U.S. Census.

Platte County’s changing household composition will also impact the local retail market through a changing demand for goods and services. For example, the elderly population will produce demand for healthcare related goods and services. The declining percentage of families with school-aged children will adversely impact the demand for such consumer items as groceries, clothing, electronics, sporting goods and restaurants.

Population Age Distribution Trends

The trade area population’s growth and age composition play significant roles in the demand for a variety of retail goods and services. Personal expenditures change as individuals grow older. Platte County’s population for the decades ending in 2000 and 2010 is summarized in the table below by seven primary age groups, including adolescent (0-19 years), college age adults (20 to 24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-54 years and 55-64 years) and elderly (65+ years). Each of these age groups possess distinctively different consumer and housing needs.

Platte County Population Age Distribution Trends

Age Group	2000 Census	% of Total	2010 Census	% of Total	2000-10 Change	% Change	2017 Estimate	2010-17 Change	% Change
0-19 Years	20,765	28.1%	24,092	27.0%	3,327	16.0%	25,703	1,611	6.7%
20-24 Years	4,354	5.9%	4,902	5.5%	548	12.6%	5,028	126	2.6%
25-34 Years	10,624	14.4%	11,608	13.0%	984	9.3%	13,059	1,451	12.5%
35-44 Years	13,427	18.2%	12,815	14.3%	-612	-4.6%	13,375	560	4.4%
45-54 Years	11,357	15.4%	14,630	16.4%	3,273	28.8%	14,408	-222	-1.5%
55-64 Years	6,749	9.1%	11,308	12.7%	4,559	67.6%	13,543	2,235	19.8%
65+ Years	6,505	8.8%	9,967	11.2%	3,462	53.2%	13,005	3,038	30.5%
Totals	73,781	100.0%	89,322	100.0%	15,541	21.1%	98,121	8,799	9.9%
Median Age	40.1		40.6				41.8		

Source: U.S. Census and Esri Business Analyst.

From 2000 through 2010, the Platte County population grew by 21.1 percent adding 15,541 new residents. Over the decade the number of family/working adult residents declined by 4.6 percent. Absolute population gains were the largest for empty nesters ages 55 to 64 years (4,559 residents) and elderly (3,462 residents).

Platte County’s adolescent population supports the sales of apparel and accessories; groceries; sporting goods; music; home electronics; eating and drinking places; and general merchandise. The young adult and family/working adults ages 25 to 44 are in their principal consumer years, favoring hardware; furniture and home furnishings; home electronics; department stores; and eating and drinking places. Seniors generates demand for medical goods and services. The population aged 45+ years is generally less of a consumer of hard goods such as apparel, furniture and home furnishings than are younger consumers.

Household Income

Purchasing power is a function of consumer population and income levels. Generally, as incomes rise the more retail sales are supported. According to the U.S. Census Bureau *Average Annual Expenditures of all Consumer Units by Income Level 2009*, average annual expenditures increased from \$33,810 for incomes of less than \$70,000 to a high of \$124,306 for incomes exceeding \$150,000.

The table below summarizes household income estimates for the City of Parkville provided by Esri Business Analyst. As of the date of this report the U.S. Census Bureau had not yet published 2010 Census household income data for Parkville so estimates published by ESRI Business Analyst were provided for both 2012 and 2017.

City of Parkville Trends in Households by Income

Income Bracket	2012 Estimate	% of Total	2017 Projection	% of Total	% Change 2012-17
Less than \$15,000	130	6.5%	117	5.6%	-10.0%
\$15,000 - \$24,999	124	6.2%	90	4.3%	-27.4%
\$25,000 - \$34,999	150	7.5%	100	4.8%	-33.3%
\$35,000 - \$49,999	188	9.4%	158	7.6%	-16.0%
\$50,000 - \$74,999	372	18.7%	455	21.8%	22.3%
\$75,000 - \$99,999	246	12.3%	300	14.4%	22.0%
\$100,000 - \$149,999	283	14.2%	307	14.7%	8.5%
\$150,000 - \$199,999	308	15.4%	354	17.0%	14.9%
\$200,000+	193	9.7%	205	9.8%	6.2%
Totals	1,994		2,086		
Median Income	\$77,619		\$83,538		7.6%
Median Household Income					
Missouri	\$45,321				
United States	\$51,017				

Source: U.S. Census and Esri.

The U.S. Census Bureau estimated the 2012 median household income for Missouri of \$45,321 and the United States of \$51,017. ESRI estimated that the 2012 median household income at \$65,430 for Platte County and \$77,619 for the City of Parkville of \$77,619, both of which far exceeds the national and statewide averages.

The median household income for Parkville rose from \$68,600 in 2000 to \$77,619 by 2012, an increase of 13.1 percent. By comparison, from 2000 to 2012 the median income rose 19.5 percent in Missouri and 23.6 percent for the nation as a whole.

By 2017, the average household income for Platte County is forecast to increase by 12.4 percent to \$73,524.

From 2012 to 2017, the average household income for Parkville is forecast to increase by 7.6 percent to \$83,538 annually. Again, the largest percentage gains are forecast for incomes exceeding \$50,000. By 2017, over 14 percent of all Parkville households are estimated to possess median incomes ranging from \$75,000 to \$99,999, with 41.5 percent of households with incomes exceeding \$100,000. The largest percentage gains were reported for the income brackets from \$50,000 to \$74,999 (22.3%); \$75,000 to \$99,999 (22.0%) and \$150,000 to \$199,999 (14.9%). The strong gains in the highest income brackets bode well for fueling escalated retail sales growth in the City of Parkville.

Educational Attainment

Education levels figure into an area’s socio-economic status. Because income increases with advancing educational attainment, many retailers focus on a trade area population’s education levels. Education levels of an area’s labor pool are also becoming increasingly important in the ability to attract and retain knowledge-based industries as well as the ability to support above average wages.

The table below provides educational attainment levels in 2010 for the City of Parkville, Missouri and the United States. The U.S. Labor Department provided educational attainment levels for the population age 25+ years.

Educational Attainment Levels For Residents 25 Years and Over

Highest Education Level Attained	City of Parkville	State of Missouri	United States
9th to 12th Grade, No Diploma	4.90%	14.30%	15.35%
High School Graduate	24.45%	33.75%	29.24%
Some College, No Diploma	23.86%	21.50%	20.56%
Associate Degree	8.11%	6.11%	7.50%
Bachelors Degree	25.48%	15.85%	17.52%
Graduate Degree	13.20%	8.48%	9.84%

Source: U.S. Department of Labor.

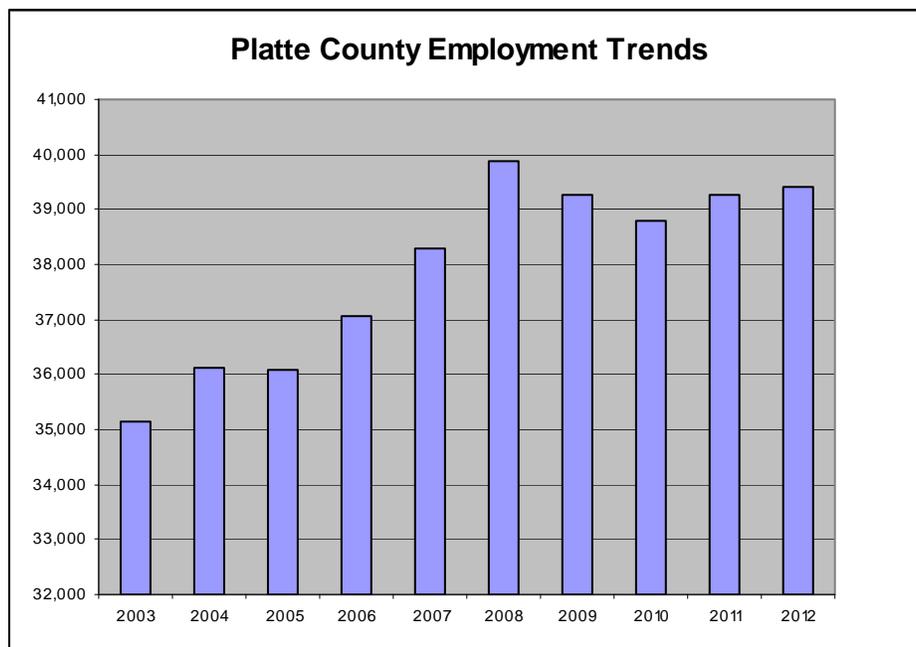
As the data indicates, Parkville residents on average are much more highly educated than the norms for both Missouri and the United States. Approximately 46.79 percent of Parkville residents 25 years and over have attained associate, bachelors and advanced degrees. By comparison, 30.44 percent of Missouri residents and 34.86 percent of U.S. residents possess an associate, bachelors or advanced degree.

Parkville’s higher educational levels assist in generating higher income and retail sales levels. The demand for office space improves as more residents are employed in professional service and medical professions.

Employment Trends

Since gains in employment generally fuels population, income and retail sales growth, employment trends are a reliable indicator of general economic conditions and commercial space demand. Typically, households prefer to live near work for convenience. Parkville’s central location, reduced commute times, small town atmosphere and superior quality of life assist in attracting people employed in Platte County and the Kansas City MSA.

The bar chart below illustrates annualized employment trends for Platte County since 2003 published by the U.S. Bureau of Labor Statistics. Throughout the recent national recession, unlike most urban areas, Platte County didn’t suffer a considerable decline in employment. In fact, from 2007 through 2010 employment levels remained relative constant in the range of 38,000 to 40,000 jobs. Since 2010 employment in Platte County has grown at a modest pace.



The Kansas City MSA is comprised of two separate employment centers—the Missouri portion and the Kansas portion. The Kansas portion, which accounts for 45 percent of the area’s workforce, gained 9,500 jobs (2.1 percent) from May 2012 to May 2013. Employment in this portion of the MSA reached 454,800 and surpassed the peak of 452,800 recorded in June 2008. The Missouri portion, with 55 percent of the area’s workforce, registered no change in total nonfarm employment over the year and was 3.6 percent below its peak of 579,600 in May 2008.

The composition of an area’s employment base helps dictate the types of commercial space in highest demand. High levels of such white collar occupations as professional and technical services; financial, insurance and real estate; and administrative generate demand for professional office space while health and social services jobs create demand for medical office

space. The table below provides current nonfarm employment levels by industry for the Missouri portion of the Kansas City MSA.

Nonfarm Employment by Sector; May 2013 Missouri Portion of the Kansas City MSA

Industry Classification	May 2012	May 2013	Change
Total Employment	558,500	558,500	0
Mining, Logging & Construction	23,100	21,500	-1,600
Manufacturing	37,800	37,900	100
Trade, Transportation & Utilities	105,400	105,100	-300
Information	14,700	13,900	-800
Financial Activities	41,000	42,100	1,100
Professional & Business Services	78,700	78,600	-100
Education & Health Services	74,800	73,600	-1,200
Leisure & Hospitality	61,700	65,900	4,200
Other services	28,100	27,900	-200
Government	93,200	92,000	-1,200

Source: U.S. Bureau of Labor Statistics.

According to the U.S. Bureau of Labor Statistics, as of May 2013 the leading employment sectors in the Missouri portion of the Kansas City MSA included trade, transportation & utilities (105,100 jobs); government (92,000 jobs); professional & business services (78,600 jobs) and education & health services (73,600 jobs). Over the 12-month period from May 2012 to May 2013 the sectors reporting the strongest job growth included leisure & hospitality (4,200 jobs) and financial activities (1,100 jobs). As it relates to commercial space demand, the local employment composition and job growth generate demand for professional and medical office space, retail space, warehouse and manufacturing space and lodging.

According to the U.S. Department of Labor, 81.83 percent of adults living in Parkville are employed in white collar occupations, compared to 72.49 percent for Missouri and 74.72 percent for the United States. White collar occupations in which Parkville possesses above average levels of employment include management, business and financial operations (23.52%) and professional and related (24.61%). Sales and office occupations also account for a high level of employment reported at 25.32 percent of the City's total. Parkville residents' employment composition suggests the potential to support additional professional and medical office space.

Esri Business Analysis provided a summary of businesses and jobs operating within a 10-minute drive-time from downtown Parkville. As depicted in the table on the following page, a total of 2,951 businesses with 24,321 employers operate within a 10-minute drive-time. Leading employment sectors include education, manufacturing, retail trade and finance, insurance and real estate, suggesting strong demand for office, retail and industrial space.

Business and Employment Summary 10-Minute Drive-Time of Downtown Parkville, Missouri

Business Category by SIC Code	# of Businesses	% of Employees	% of Total
Agriculture & Mining	91	316	1.3%
Construction	277	1,635	6.7%
Manufacturing	125	2,746	11.3%
Transportation	105	1,347	5.5%
Communication	16	59	0.2%
Utility	10	140	0.6%
Wholesale Trade	191	1,640	6.7%
Finance, Insurance & Real Estate	276	1,225	5.0%
Government	30	653	2.7%
Retail Trade			
Home Improvement	15	136	0.6%
General Merchandise	3	143	0.6%
Grocery & Food	34	317	1.3%
Auto Dealers & Gas Stations	43	232	1.0%
Apparel & Accessories	19	68	0.3%
Furniture & Home Furnishings	30	136	0.6%
Eating & Drinking Places	110	979	4.0%
Misc. Retail	131	689	2.8%
Services			
Hotels & Lodging	12	144	0.6%
Automotive Services	58	283	1.2%
Amusements	63	1,563	6.4%
Health Services	152	766	3.1%
Legal Services	47	117	0.5%
Education Institutions & Libraries	40	3,568	14.7%
Other Services	1,073	5,418	22.3%
Totals	2,951	24,321	100.0%

Source: Esri Business Analyst.

The composition of employment growth is a key factor influencing the future demand for professional and medical office space. From 2012 to 2030, total employment for Platte County is projected increase by 6,100 jobs. Office-related employment is forecast to account for 30 to 35 percent of total job growth. These capture rates translate into office-related employment growth of 1,830 to 2,135 jobs from 2013 through 2030. This growth in office-related employment will translate into increased demand for professional and medical office space in both Platte County and City of Parkville.

Business Location Factors

The Downtown Master Plan Kick-off Public Meeting as well as interviews conducted with several local business owners, property owners, and government and economic development staff identified assets/opportunities and constraints/limitations of downtown Parkville, Missouri as a business location. The bullet points below summarize the content of those interviews.

Assets / Opportunities

- Parkville possesses high income levels
- Missouri River and riverfront park are major draws
- The riverfront park is a major community asset. Construction of the county park will add a boat ramp and dog park which should increase pedestrian traffic
- The historic character of downtown makes it unique, should embrace history
- Park University is growing and could generate increased potential customers
- Downtown is a destination location and independent merchants sets it apart
- Several quality restaurants operate downtown
- The predominance of independent merchants set downtown Parkville apart from other commercial districts
- The Farmers Market is a big draw for downtown
- Major festivals are the biggest sales days for downtown merchants
- Downtown Parkville possesses an existing brand
- Tour buses come to downtown Parkville
- Kansas City supports a large tourism market

Constraints / Limitations

- Lack of affordable housing for employees of local businesses and Park University
- Railroad trains are very loud when passing through town
- Business mix lacks diversity and doesn't cater to local residents and Park University students, faculty and staff

- Limited customer parking on Main Street
- Downtown lacks an available inventory of quality commercial space
- Landlords that don't invest in their properties
- Highway 9 doesn't run through Main Street
- Limited amount of park activities offered that would attract people downtown
- Downtown lacks a city center
- Many people don't know what's downtown
- Many downtown businesses are closed at nights and on the weekends
- Main Street businesses north of 2nd Street have struggled
- The Missouri River cuts the trade area in half
- Downtown Parkville needs an attraction to draw people
- Most Park University students don't live in Parkville
- Downtown looks tired and not well maintained
- The river flooding disrupts business and discourages some businesses from opening
- Sidewalks aren't wide enough to accommodate outdoor seating for restaurants
- Many downtown merchants are under capitalized

Downtown Parkville possesses ample advantages for attracting businesses, jobs and development activity. Park University, Parkville's high household income levels, Missouri River and riverfront park, downtown's historic character, Kansas City's large tourism market and major festivals will play key roles in attracting retailers and professional/personal service businesses. Challenges facing future economic development of downtown Parkville include a limited stock of quality commercial space, periodic river flooding that disrupts business, Main Street's limited visibility and exposure, and frequency/noise of freight trains.

As it relates to this report, desirable commercial space and development sites must be created to improve the ability to attract new retail, professional and medical businesses to Parkville. The future demand for retail space will rely on the region's population and income growth with office space also depending on increasing the number of college educated residents and continued white collar employment growth.

Conclusions

The City of Parkville is a northern suburb of the Kansas City MSA located adjacent to the Missouri River approximately 10 miles northwest of downtown Kansas City, Missouri. Parkville is a growing, affluent community in Platte County that in recent years has attracted high-end new home construction, escalated commercial development and high income households.

A trade area's population size, growth, age composition, income levels and education levels play significant roles in the demand for housing, retail goods and services, employment-related development.

A trade area population's growth and age composition play significant roles in the demand for a variety of retail goods and services. Each of these age groups possess distinctively different consumer and housing needs. Downtown Parkville's primary trade area population within a 10-minute drive-time is forecast to increase from 49,264 in 2013 to 61,580 by 2030 with per capita income rising from \$31,359 to \$44,788. These future gains in primary trade area population and income levels will generate additional consumer purchasing power and retail sales growth. The age composition of the population will favor the growth in demand for hardware; furniture and home furnishings; home electronics; department stores; eating and drinking places; entertainment; personal services; and healthcare goods and services.

The composition of employment growth is a key factor influencing the future demand for professional and medical office space. From 2012 to 2030, total employment for Platte County is projected increase by 6,100 jobs. Office-related employment is forecast to account for 30 to 35 percent of total job growth. These capture rates translate into office-related employment growth of 1,830 to 2,135 jobs from 2013 through 2030. This growth in office-related employment will translate into increased demand for professional and medical office space in both Platte County and City of Parkville.

Over the past five decades the City of Parkville has experienced steady population growth, increasing by 343 percent from 1,253 residents in 1970 to 5,554 residents by 2010. Platte County too has supported strong population growth, increasing by 178 percent since 1970 to a 2010 Census count of 89,322 residents. The 2012 population is estimated at 5,777 residents for Parkville and 92,054 residents for Platte County. The City of Parkville now accounts for 6.28 percent of the Platte County population.

The Missouri Economic Research & Information Center projects the Platte County population to reach 114,904 by 2030, an increase of 25,940 residents from 2010. By 2030, the City of Parkville population is estimated at 8,148, an increase of 2,594 residents from 2010. This continued population growth will fuel additional housing demand in Parkville.

RETAIL MARKET ANALYSIS

The *Retail Market Analysis* portion of the report evaluates directly competitive retail market trends impacting downtown Parkville, Missouri, by identifying the city's historical trends in sales tax collections, inventory of downtown commercial space and a business mix comparison of peer downtowns. An analysis of retail capture, retail pull factor and retail sales gap qualifies opportunities for additional retail uses in Parkville. The study also quantifies Parkville's short- and long-term need for additional retail space to determine the ability of downtown to accommodate future commercial development as well as evaluated prospective retail development sites.

Metropolitan Kansas City Retail Market Overview

Historic Market Trends

According to the *Kansas City Retail Report 2013* published by Lane4 Property Group, by year-end 2012 the Kansas City MSA maintained approximately 69.0 million square feet of shopping center space. The suburban sub-markets of Southern Johnson County, Kansas (13.2 million), Northern Johnson County, Kansas (11.9 million square feet) and Eastern Jackson County, Missouri (10.9 million square feet) support the largest inventories of shopping center space. Given the size of the Kansas City MSA (2.0 million residents), most national big-box retailers maintain a presence. National retailers operating stores in the Kansas City area are listed in the table below.

National Retailers Operating in the Kansas City MSA

Discount Department Stores

Kmart/Sears Grand
Target
Wal-Mart

Department Stores

Dillard's
J. C. Penney
Kohl's
Nordstroms
Sears
Macy's

Home Improvement

Home Depot
Lowe's

Warehouse Clubs

Costco
Sam's Club

Electronics

Best Buy

Office Supply

Office Depot
Office Max
Staples

Linens/Home Store

Bed, Bath & Beyond

Book Stores

Barnes & Noble
Books-a-Million

Pet Supplies

Petco
PetsMart

Auto Supply

Auto Zone
O'Reilly Auto Parts
Advanced Auto Parts

Sporting Goods

Dick's Sporting Goods
Bass Pro Shops
Cabela's
Sports Authority

Hobby/Crafts

Hobby Lobby
Michaels

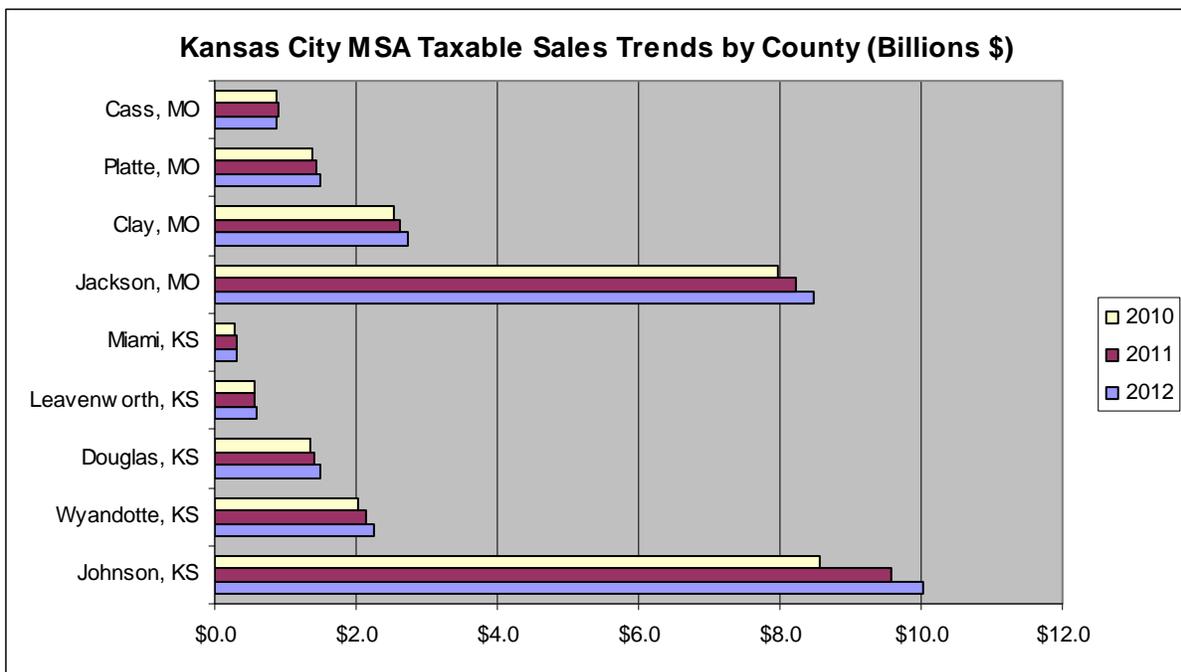
Clothing

Gap
Old Navy
Stein Mart
TJ Maxx

Retail chains entering the Kansas City market in recent years include Bass Pro Shops, Books-a-Million, Crate & Barrel, Bonafish Grill, Life Time Fitness, Pei Wei, Sephora, Lucky Strikes Lanes, Sports Authority, Staples and Von Maur. With the recent completion of such upscale retail projects as the Kansas City Power & Light District in downtown Kansas City, Missouri and One Nineteen in Leawood, Kansas, several new restaurant chains have opened in the Kansas City MSA, including Gordon Biersch Brewery & Restaurant, Maker's Mark Bourbon House & Lounge, PBR Big Sky, North and Sullivan's Steakhouse. Retailers planning to enter the Kansas City market include Scheel's All Sports, IKEA, Sprouts Farmers Market, Toby Keith's I Love this Bar & Grill and Aspen Fitness.

Retailers recently closing stores or vacating the Kansas City market include Kmart, Sharper Image, Comp USA, Circuit City and Steinmart. Linens & Things and Borders filed for Chapter 11 and closed their stores in the Kansas City area.

The Kansas and Missouri Departments of Revenue reported taxable retail sales for the 9-county Kansas City MSA. Due to a weakening national and local economy, taxable sales declining by 5.95 percent in 2009 and 0.8 percent in 2010 to \$25.57 billion. For 2011, the local retail market stabilized, supporting a 6.3 percent increase in taxable sales to \$27.17 billion. Local retail sales have continued to rebound, up 4.0 percent in 2012 to \$28.26 billion and 4.3 percent through June 2013. Jackson County, Missouri and Johnson County, Kansas account for 65 percent of taxable sales in the Kansas City MSA. Leading sectors for retail sales included general merchandise, gasoline stations, food and beverage, eating and drinking places, and building materials.



From 1992 through 1999 approximately 19.3 million square feet of shopping center space was constructed in the Kansas City MSA. After peaking in 1995 at 4.57 million square feet of new space, retail construction gradually declined to a level of 1.92 million square feet in 1999. In response to an active new housing market from 2000 to 2007 new shopping center construction rebounded with approximately 16.4 million square feet of space built as several national retailers

both entered the market and expanded. The growing suburban markets of Southern Johnson County, Kansas; the Northland region of Kansas City, Missouri; and Eastern Jackson County, Missouri supported the bulk of new shopping center construction.

During 2008, eight shopping centers completed construction within the Kansas City MSA totaling approximately 2.0 million square feet. Many of the new shopping centers were planned and under construction before the national economic recession hit in 2008. Major shopping centers completed included the 353,885 square foot Zona Rosa Phase 2, 620,437 square foot Tiffany Springs Marketplace and 155,000 square foot North Oak Village in the Northlands; 450,000 square foot Kansas City Power & Light District in downtown Kansas City, Missouri; and 160,000 square foot One Nineteen in Leawood, Kansas.

During 2009, the national and local retail industry continued to be adversely impacted by declining economic conditions marked by growing unemployment, declining housing and stock values, and increasingly conservative consumer spending. The net result was a drop in the level of new retail construction in the Kansas City MSA to less than 1.0 million square feet. New shopping center construction came to a near standstill from 2010 to 2012 with just 712,000 square feet of new space built.



The year-end 2011 average occupancy rate for Kansas City MSA shopping center space was reported at 87.93 percent. By year-end 2012 the average occupancy rate improved slightly to 88.13 percent with new inventory of 425,050 square feet and net absorption of 512,690 square feet. Occupancy levels are the highest for power centers (95%) and lifestyle centers (93.8%). During 2012, occupancy rates improved among power, community and neighborhood centers and declined for lifestyle and strip centers. By the second quarter 2013 the metro-wide occupancy rate improved to 88.2 percent.

For 2011, the average shopping center lease rate for the Kansas City MSA was reported at \$13.58 per square foot triple-net. During 2012 the average lease rate declined 5.2 percent to \$12.88 per square foot. Lifestyle and power centers garner the highest average rents in the \$16 to \$23 per square foot range. The lease rate for shop space averages approximately \$13 per square foot triple-net for community centers, \$11 per square foot for neighborhood centers and \$13 per square foot for strip centers. The Central Kansas City (\$17.17 per square foot) and Southern Johnson County (\$15.37 per square foot) sub-markets support the metropolitan area’s highest average lease rates.

Overall, Kansas City’s retail market for 2013 and beyond is more promising than it has been in many years. Retail sales have stabilized and rebounded since 2010 and several long planned retail projects that were shelved during the recession are now on track for construction starts. Retailers new to the Kansas City market are opening their first wave of stores after several years of planning, while others are adding to their store counts for the first time since the recession. Five years of modest new construction, combined with escalating retail space demand, has left a very tight market for quality space.

There is a growing disparity between “A” quality retail projects and all others. Retailers are still not bullish enough to move forward with “B” locations for the sake of meeting targets for new store growth. Most retailers are likely to sit on the sidelines waiting for a great location to become available than stretch into a less desirable location. Most retailers’ definition of what constitutes an “A” quality retail project/location remains narrow with location, design, visibility, access, demographics and tenant mix must all be superior.

Retail Sub-markets

The Lane4 Property Group’s *Kansas City Retail Report 2013* divides the Kansas City MSA into nine sub-markets. Year-end 2012 shopping center market conditions by sub-market are outlined in the table below.

Kansas City MSA Shopping Center Market Operating Results by Sub-market; Year-end 2012

Sub-market	Space Sq. Ft.	% of Total	Occupancy Rate	Average Lease Rate
Northwest Kansas City	3,988,047	5.7%	92.5%	\$14.72
Northeast Kansas City	7,993,231	11.5%	89.8%	\$11.54
Central Kansas City	6,140,613	8.8%	90.1%	\$17.17
South Kansas City	5,273,006	7.6%	78.0%	\$12.01
Lee's Summit/Raymore/Belton	5,394,240	7.8%	87.3%	\$12.63
East Jackson County	11,060,015	16.4%	91.2%	\$11.16
Northern Johnson County	11,970,837	17.2%	89.1%	\$12.04
Southern Johnson County	13,264,032	19.1%	88.8%	\$15.37
Wyandotte County	4,388,195	6.3%	79.2%	\$9.26
Totals	69,472,216	100.0%	88.13%	\$12.88

Source: 2013 Kansas City Retail Report; Lane4 Property Group.

Much of the recent new retail construction in the Kansas City MSA has concentrated within the outlying suburbs to capitalize on steady population and income growth. Emerging retail destinations include 135th Street in Overland Park, Kansas; State Route 58 in Belton, Missouri; Highway 152 in north Kansas City, Missouri and the intersection of Interstate 470 and U.S. 50 Highway in Lee's Summit, Missouri. A growing number of national big-box retailers have opened stores within these emerging retail hubs.

Parkville is located within the Northlands region which includes the portion of the Kansas City MSA situated north of the Missouri River. The Northland incorporates both the Northeast Kansas City and Northwest Kansas City sub-markets. During the mid-2000's strong new home construction and population growth fueled accelerated retail construction within the Northlands. By year-end 2012 the Northlands accounted for 17.2 percent of the Kansas City area's total inventory of shopping center space, or 12.0 million square feet, operating at an occupancy rate of 90.7 percent. Northeast Kansas City is a highly desirable retail location led by the intersection of Interstate 35 and Highway 152 supporting a large inventory of big-box retailers including Walmart, Target, JC Penney, Home Depot, Lowe's, Dick's Sporting Goods, Office Depot and others. The owners of the Metro North Mall have begun work on a major city incentive-backed redevelopment project designed to reverse the recent decline of the mall and surrounding retail. The intersection of Interstate 29 and Highway 152 represents Northwest Kansas City's principal retail destination, housing the Zona Rosa lifestyle center anchored by JC Penney, Dick's Sporting Goods and Barnes & Noble and Tiffany Springs MarketCenter anchored by JC Penney, Target, Home Depot and Best Buy.

By year-end 2012 the Central Kansas City sub-market supported 6.14 million square feet of shopping center space operating at a healthy occupancy rate of 90.1 percent. The Central Kansas City sub-market includes such retail destinations as downtown Kansas City, Westport, Crown Center and Country Club Plaza. Country Club Plaza has long been the Kansas City area's premiere shopping and dining district. Country Club Plaza continues to attract new tenants and generate strong retail sales. A new retail district in Central Kansas City is the Kansas City Power & Light District in downtown Kansas City. The Baltimore-based Cordish Company received municipal assistance to construct the 450,000 square foot entertainment district adjacent to Sprint Arena. The initial tenants opened during fall 2007 with the official grand opening in early March 2008. The project is anchored by a host of national restaurant and bar chains as well as such unique venues as Lucky Strike Lanes, AMC Theatre and Midland by AMC. Cordish is aggressively pushing to add more soft goods and traditional retailers. One example is the Garment District, a collection of unique, home grown boutiques.

Boasting a median household income of nearly \$90,000 per year and steady population growth, in recent years the South Johnson County, Kansas sub-market has long represented the Kansas City area's most desirable retail location supporting the highest land values, lease rates and levels of new construction. The 119th Street corridor serves as the primary retail destination with new retail construction in recent years focusing on the 135th Street corridor. By year-end 2012, the South Johnson County sub-market maintained 13.3 million square feet of shopping center space operating at an 88.8 percent occupancy rate. The 1.1 million square foot Corbin Park, which stalled following the developer's bankruptcy, is now being actively leased with a 222,000 square foot Scheel's All Sports scheduled to open by mid-2015. The adjacent PrairieFire mixed-use project is scheduled to commence construction anchored by a 20-screen Cinetopia Theater and Pinstripes, an upscale entertainment and dining venue featuring bocce and bowling.

The Wyandotte County, Kansas retail sub-market occupies the western portion of the Kansas City MSA. After years of stagnant new retail construction activity the Wyandotte County retail market has been reinvigorated by the development of the 400-acre Village West Tourism District at the intersection of Interstates 70 and 435. Village West is anchored by an 186,000 square foot Cabela's and a 712,000 square foot Nebraska Furniture Mart. In October 2005, RED Development opened the initial phase of The Legends at Village West, a 949,524 square foot lifestyle and entertainment center that has since been converted to a value-oriented center. Village West has changed the face of Wyandotte County's retail market by attracting several retailers and restaurants new to the Kansas City market. The Plaza at the Speedway anchored by a Wal-Mart Supercenter and Best Buy has opened immediately north of Village West. By year-end 2012 the Wyandotte County retail sub-market maintained 4.4 million square feet of shopping center space operating at an average occupancy rate of 79.2 percent.

By year-end 2010, the Jackson County, Missouri communities of Lee's Summit, Raymore and Belton supported 5.4 million square feet of shopping center space. In recent years strong population growth in Lee's Summit has fueled escalated retail development activity. During 2009, Macy's and JC Penney opened within the Summit Fair lifestyle center in Lee's Summit. The Raymore and Belton retail markets remain stable. Despite the large increase in retail space the year-end occupancy rate of 87.3 percent.

Conclusions

From 2000 to 2008, a strong local economy marked by population growth and rising income levels fueled a growing and prosperous retail market. Kansas City retail market responded with accelerated new retail construction activity, expansion of a host of big-box retailers and the entry of new retailers to the market. The construction boom produced several significant retail development trends. First, growing income and tourism levels contributed to the proliferation of new destination lifestyle and entertainment centers such as Zona Rosa, The Legends at Village West and the Kansas City Power & Light District. Second, to service a growing population many suburban communities supported accelerated retail construction activity led by power centers and big-box retailers. Third, the decline of first-ring malls provided the opportunity for big-box retailers to penetrate mature urban markets.

During 2009, the Kansas City MSA retail market entered into a correction phase that produced a 50 percent drop in new construction activity, declining average rents and escalating vacancies. The weakening economy prompted most national retailers to dramatically curtail new store development. Due to a weakening national and local economy, taxable retail sales in the Kansas City MSA declined in both 2009 and 2010. By 2011, the local retail market stabilized, supporting a 6.3 percent increase in taxable sales to \$27.17 billion. Local retail sales have continued to rebound, up 4.0 percent in 2012 to \$28.26 billion and 4.3 percent through June 2013.

Overall, Kansas City's retail market for 2013 and beyond is more promising than it has been in many years. Retail sales have rebounded and several long planned retail projects that were shelved during the recession are now on track for construction starts. Retailers new to the Kansas City market are opening their first wave of stores after several years of planning, while others are adding to their store counts for the first time since the recession. Five years of modest new construction, combined with escalating retail space demand, has left a very tight market for quality space.

Competitive Retail Market Conditions

Retail Trade Areas Defined

Within a retail trade area, customers closest to the site will affect the center most strongly, with customer influence diminishing gradually as the distance increases. Trade areas are usually divided into three categories or zones of influence, each of which is defined below.

Primary Trade Area: The primary trade area is the geographical area from which the largest share of repeat sales are derived, as much as 70 to 80 percent. Depending on the size of the shopping center or retailer, the primary trade area can extend in all directions up to seven miles in major markets. For rural markets the primary trade area can be much larger in size.

Secondary Trade Area: The secondary trade area generates about 15 to 20 percent of total sales. In major markets drive-time limits can be set at 15 to 20 minutes, or 7 to 10 miles. For rural markets the secondary trade area can encompass up to a 30 minute drive time.

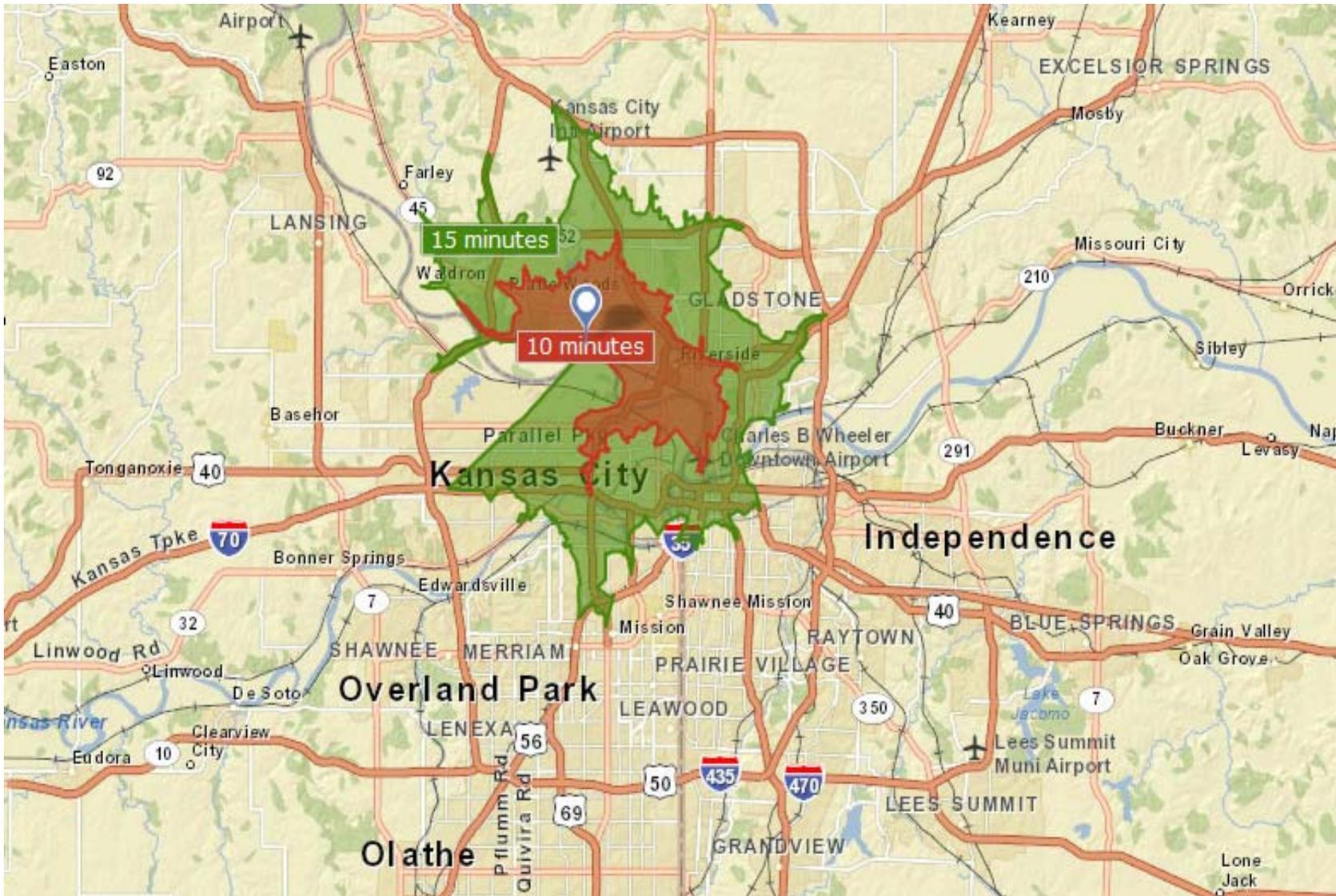
Tertiary Trade Area: The tertiary trade area forms the broadest area from which customers are drawn. In major markets drive-time from this area to the site can be set at roughly 25 to 30 minutes, or 10 to 15 miles. In rural communities out-of-town visitors generally make up the bulk of the tertiary trade area.

The size and boundaries of a retail trade area are influenced by a variety of factors, including:

- The area's population density and demographic characteristics.
- Size of the shopping center and its tenant mix;
- The number and size of the anchor stores in the market;
- The size and location of the anchor stores nearest "sister" store;
- Location of competitive retail destinations;
- The area's transportation system;
- Site accessibility and travel times;
- Presence such of geographic bodies of water and mountain, and such physical barriers as major freeways.

Based on these factors, for the purpose of this report downtown Parkville's primary market area is defined as the geographic area located within a 10-minute drive time. The secondary market area encompasses a 15-minute drive-time from downtown Parkville. The tertiary market area encompasses the entire Kansas City MSA as well as out-of-town visitors. The primary and secondary market areas are illustrated in the map on the following page.

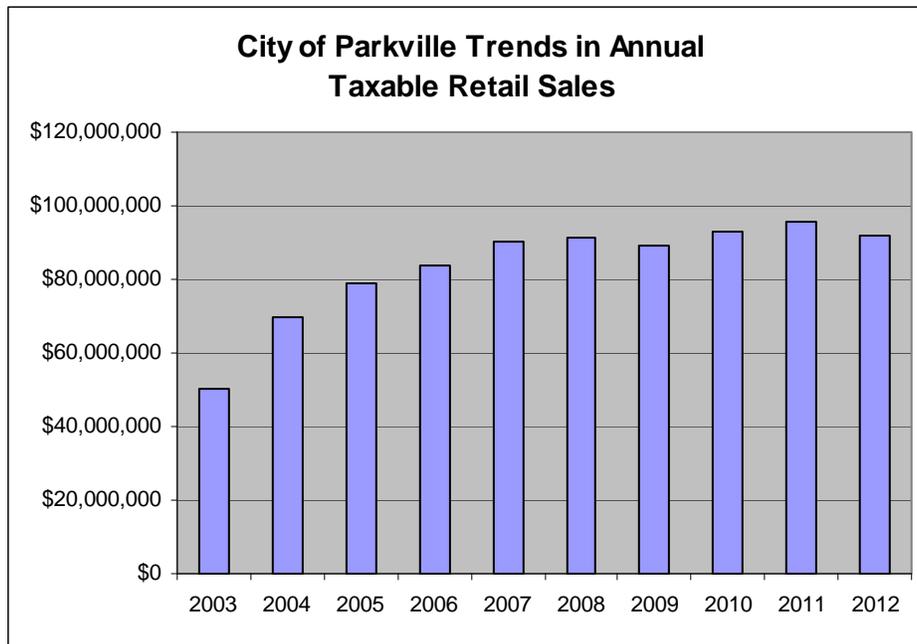
Downtown Parkville's Primary and Secondary Retail Trade Areas



Parkville Retail Sales Trends

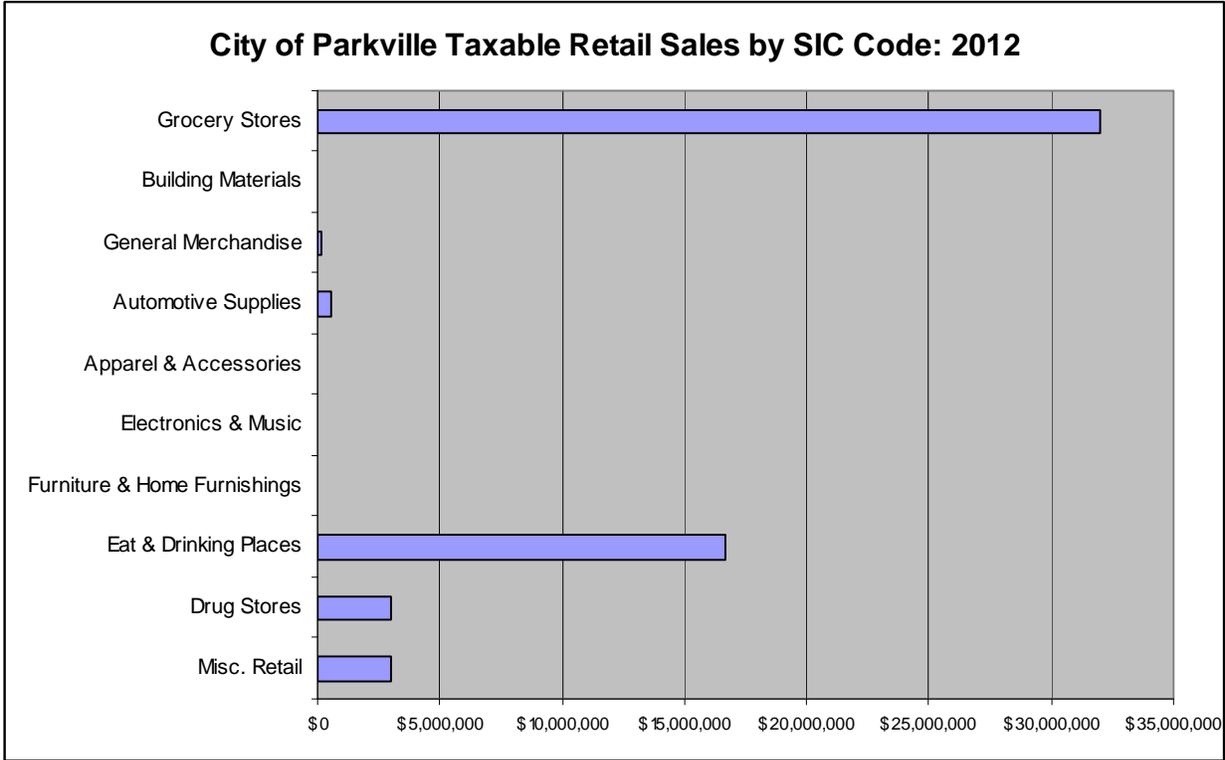
The Missouri Department of Revenue provided annual taxable retail sales for the City of Parkville from 2003 through 2012. As illustrated in the bar chart below, from 2003 through 2007 taxable retail sales for the City of Parkville grew by nearly 80 percent. By 2007 taxable retail sales in Parkville totaled \$90 million, up from \$50.4 million in 2003. Much of the accelerated growth in taxable retail sales was a direct result of the development of Parkville Commons during this 5-year timeframe, adding approximately 200,000 square feet of commercial space to the City's inventory.

Consistent with metro-wide trends, during 2009 taxable sales in Parkville declined as a result of the national recession. This downward trend lasted just one year with taxable sales rebounding 4.3 percent in 2010 to \$93 million. The upward trend in taxable retail sales continued into 2011 increasing by 2.7 percent. Taxable sales digressed in 2012 declining by 3.5 percent to \$92.1 million. For the first half of 2013 taxable retail sales in Parkville were reported at \$45.1 million, down 0.8 percent from the \$45.5 million reported during the first half of 2012. The recent declines in retail sales are an indication that Parkville is suffering from increased competition.



The Missouri Department of Revenue collects sales tax on a wide range of business activities, including construction materials, wholesale trade, lodging and utilities. Therefore, to provide a clear understanding of the level and composition of consumer based retail sales, the bar chart on the following page illustrates taxable retail sales for the City of Parkville for 2012 segmented only by consumer related SIC codes.

During 2012, consumer related retail sales in Parkville were led by grocery stores (\$32.0 million); eating and drinking places (\$16.7 million); drug stores (\$3.0 million); and automotive supplies (\$574,191).



A comparison of the composition of retail sales in the City of Parkville versus Platte County and State of Missouri was provided in an effort to identify potential retail market opportunities. In doing so, per capita retail sales by SIC code were calculated using data from the Missouri Department of Revenue and the U.S. Census Bureau.

The U.S. Census Bureau estimated the July 1, 2012 population at 5,777 for Parkville and 6,021,988 for Missouri. The Missouri Department of Revenue provided calendar year 2012 taxable retail sales by SIC code for the City of Parkville and the State of Missouri. Per capita retail sales by SIC code was calculated by dividing the taxable retail sales by the populations of Parkville and Missouri.

As the table on page 25 illustrates, for calendar year 2012 per capita retail sales for the selected SIC codes totaled \$9,618 for Parkville and \$7,408 for Missouri. The discrepancy stems largely from Parkville’s well above average income levels and out-of-town visitation.

Despite Parkville’s well above average per capita retail sales considerable leakage of retail sales is occurring within several SIC codes. This retail leakage provides the opportunity to support additional retailers in Parkville. In terms of per capita retail sales, those SIC codes suffering from the highest levels of leakage when compared to statewide averages include general merchandise (-\$2,066 per capita); apparel & accessories (-\$363); furniture & home furnishings (-\$290); automotive supplies (-\$169); and appliances (-\$23). Eating & drinking places (+\$1,439) and grocery stores (+\$4,192) in Parkville perform well above average.

**Comparison of Per Capita Retail Sales by SIC Code – 2012
City of Parkville vs. State of Missouri**

SIC Code	Retail Classification	Retail Sales		Per Capita Sales		Difference
		City of Parkville	State of Missouri	Duncan 5,777	Missouri 6,021,988	
520	Building Materials, Hardware & Garden	\$0	\$3,185,956,766	\$0	\$529	-\$529
530	General Merchandise Stores	\$178,667	\$12,627,928,171	\$31	\$2,097	-\$2,066
541	Grocery Stores	\$31,995,549	\$8,110,964,549	\$5,538	\$1,347	\$4,192
553	Automotive Supplies	\$574,191	\$1,618,408,807	\$99	\$269	-\$169
560	Apparel & Accessories	\$0	\$2,188,658,911	\$0	\$363	-\$363
571	Furniture & Home Furnishings	\$81,895	\$1,832,872,394	\$14	\$304	-\$290
572	Appliances	\$0	\$139,821,442	\$0	\$23	-\$23
573	Electronics & Music	\$42,493	\$419,427,498	\$7	\$70	-\$62
581	Eating & Drinking Places	\$16,658,842	\$8,700,826,890	\$2,884	\$1,445	\$1,439
591	Drug Stores	\$3,038,331	\$853,556,022	\$526	\$142	\$384
590	Misc. Retail Stores	\$2,990,351	\$4,930,426,043	\$518	\$819	-\$301
Totals		\$55,560,319	\$44,608,847,493	\$9,618	\$7,408	\$2,210

Source: Missouri Department of Revenue, U.S. Census Bureau and Canyon Research Southwest Inc.

Trade Area Capture

Information about a community's retail trade area can help assess the ability of local merchants to attract and capture the retail business of local residents. The trade area capture ("TAC") is an estimate of the number of people who shop in the local area during a certain period. TAC assumes that local residents will buy goods at the same rate as the state average, and that the only force that causes a variation in spending patterns is income. The formula for calculating TAC is:

$$\text{TAC} = \frac{\text{Community's Actual Retail Sales}}{\text{State Per Capita Sales} \times \text{Community's Per Capita Income} / \text{State Per Capita Income}}$$

If the TAC estimate is larger than the community's population two explanations are possible: 1) the community is attracting customers outside its boundaries or 2) residents of the community are spending more than the state average. If the estimate is smaller than the community's population: 1) the community is losing its customers to other regions for retail purchases or 2) residents of the community are spending less than the state average.

This report calculates the current trade area capture for both Parkville and the primary trade area (10-minute drive time) by researching current population, per capita income and taxable sales statistics.

The U.S. Census Bureau estimated the July 1, 2012 population for the City of Parkville at 5,777 and the Missouri Department of Revenue reported calendar year 2012 taxable sales tax of \$92,062,778.

The Missouri Department of Revenue reported calendar year 2012 taxable retail sales for the state of \$77,155,527,948. The U.S. Census estimated the July 1, 2012 population for Missouri at 6,021,988 residents, yielding per capita sales of \$12,812.

The U.S. Census Bureau reported 2010 per capita income of \$24,724 for the State of Missouri and \$26,646 for the City of Parkville.

$$\text{City of Parkville Trade Area Capture} = \frac{\$92,062,778}{\$12,812 \times (\$26,646 / \$24,724)} = 6,667 \text{ Residents}$$

Using this population and taxable retail sales data the current TAC for the City of Parkville is estimated at 6,667 residents. When compared to the city's actual population of 5,777 suggests considerable retail sales are being captured from outside the city.

According to demographic published by Esri Business Analyst the primary trade area has a population of 49,264 residents, per capita sales of \$31,359 and 2012 taxable sales of \$404.9 million. Applying the same methodology to the primary trade area yields a Trade Area Capture of 24,918 residents, suggesting considerable retail sales leakage and the opportunity to support additional retail development and businesses.

$$\text{Primary Trade Area Capture} = \frac{\$404,922,038}{\$12,812 \times (\$31,359 / \$24,724)} = 24,918 \text{ Residents}$$

Retail Pull Factor

Pull factors (“PF”) measure a community’s ability to attract shoppers, residents and non-residents alike, to make retail purchases within the community. A pull factor is a measure of the strength of a community’s retail trade, based on a comparison of local spending in relation to that of a wider geographic area (e.g. the state), with a measure of 1.0 representing a perfect balance. A pull factor greater than 1.0 indicates that the community is pulling in retail sales from beyond its boundaries and the balance of trade is favorable. Alternatively, a pull factor less than 1.0 indicates that the community is not capturing local shoppers and is experiencing retail sales leakage. Pull factors are calculated by dividing the TAC by the community’s population.

$$PF = \frac{\text{Trade Area Capture}}{\text{Community Population}}$$

The Missouri Department of Economic Development prepared a *Missouri Retail Trade 2010* that estimated the retail pull factor for every county in the state. Parkville is located in Platte County. The report documents the 2010 pull factors for Platte County at 1.44, indicating the county supports retail sales 44 percent above the state-wide average.

The City of Parkville’s current pull factor was calculated by dividing the TAC of 6,667 residents by the City’s July 1, 2012 population of 5,777. The net result is a pull factor of 1.154, suggesting the City of Parkville is capturing retail sales at a rate equivalent to 15.4 percent above the state-wide average. This pull factor is proof that Parkville serves an expanded trade area that encompasses both the Kansas City MSA and out-of-town visitors. However, the well above average pull factor does not suggest that Parkville is over retailled and not capable of supporting additional retailers. Conversely, the pull factor for the primary trade area is estimated at 0.506 (Trade Area Capture of 24,918 residents divided by County resident population of 49,264).

Retail Sales Gap Analysis

The *Retail MarketPlace Report* published by ESRI Business Analyst attempts to identify opportunities for additional retail categories within a specific trade area. Founded in 1969, ESRI is a software development and services company providing Geographic Information System (GIS) software and geodatabase management applications. The company generates accurate and comprehensive demographic, lifestyle segmentation, consumer spending and business data.

ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments. The difference between demand and supply within each industry group represents the opportunity gap or surplus available for each retail category in the specified reporting geography. When the demand is greater than the supply there is an opportunity gap for that retail category. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

A 10-minute drive time serves as downtown Parkville’s primary trade area. In an effort to identify retail opportunities by NAICS classification a *Retail MarketPlace Report* was generated for the primary trade area.

Findings of the *Retail MarketPlace Report* support the primary trade area’s current 0.506 pull factor calculated in the previous section. The primary trade area population is estimated to support retail sales of approximately \$625 million. Actual retail sales are estimated at \$404.9 million, yielding a retail pull factor of 0.648 (retail sales 64.8 percent of the Missouri average). The retail sales gap of \$220 million is reduced to approximately \$162.6 million when automobile vehicle and parts sales are removed.

Given the large retail sales gap, the *Retail MarketPlace Report* identifies several retail categories in primary trade area that remain under serviced. As outlined in the table below, retail categories under-supplied include general merchandise stores, grocery stores, clothing stores, full-service restaurants and building materials & supplies stores.

Retail Sales Gap by Retail Classification Primary Trade Area (10-Minute Drive Times)

Retail Classification	Demand - Supportable Consumer Expenditures	Supply - Estimated Actual Retail Sales	Opportunity Gap / (Surplus)
Primary Trade Area – Non Automotive	\$517,914,542	\$355,282,330	\$162,632,212
General Merchandise Stores	\$127,137,700	\$6,254,035	\$120,883,665
Grocery Stores	\$68,763,926	\$49,745,913	\$19,018,013
Clothing Stores	\$23,072,238	\$6,286,395	\$16,785,844
Full-Service Restaurants	\$23,952,067	\$10,222,088	\$13,729,979
Electronics & Appliance Stores	\$16,664,422	\$5,917,440	\$10,746,982
Building Materials & Supplies Stores	\$20,116,814	\$15,112,117	\$5,004,698
Shoe Stores	\$5,091,166	\$643,141	\$4,448,025
Office Supplies Stores	\$4,611,406	\$2,284,254	\$2,327,152

Source: Retail MarketPlace; Esri Business Analyst.

Parkville Retail Market

Parkville supports two principal retail districts, including downtown along Main Streets and Parkville Commons at the intersection of Highways 9 and 45. Each retail district caters to a distinctive market niche with downtown focusing on destination specialty shops and restaurants and Parkville Commons satisfying the daily retail needs of local residents.

Downtown Parkville centers along Main Street and incorporates the 7-block area from McAfee Drive north to 6th Street. Main Street possesses a unique historic character that serves as a customer draw. The principal historic structures occupy a 2-block area on Main Street from the railroad track north to 2nd Street. Government offices in downtown Parkville include a fire station and U.S. Post Office.

The Main Street Parkville Association is a not-for-profit whose principal mission is to preserve the heritage, encourage restoration and new businesses, and promote downtown Parkville. Annual events designed to attract people downtown include the car show which draws 12,000 spectators and the Christmas Parade that brings 10,000 people downtown.

According to the Platte County Assessor records downtown Parkville supports approximately 208,828 square feet of commercial space, including 153,189 square feet of retail space and 54,119 square feet of office space. The ground floor commercial space houses a mix of specialty shops, antique shops and restaurants. Downtown offers a quaint historic charm that is reflected in the predominance of independently-owned businesses. As of the date of this report 13,207 square feet of retail space was available for lease in downtown Parkville, translating to an average vacancy rate of 8.6 percent. Retail lease rates generally range from \$10 to \$13 per square foot. Downtown Parkville's complete inventory of commercial properties is available for review in Exhibit A of the Addenda.

Downtown businesses were inventoried along Main, East and Mill Streets in an effort to quantify the mix of retailers and service businesses. A total of 64 businesses were inventoried, including 40 retailers and 24 professional and personal service businesses. Prominent retail categories include restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible stores. Principal business services operating downtown include banks and financial services, insurance, counseling and marketing.

Parkville Commons is a mixed-use project located at the southwest corner of Highways 9 and 45. The projects totals approximately 250,000 square feet of building area, of which 147,000 square feet is retail space. The retail component is anchored by a 72,000 square foot Price Chopper. Other notable retail businesses include Walgreens, Jimmy Johns, Sonic, Commerce Bank and P&G Hardware. A total of 33 retail and service businesses current operate at Parkville Commons, including 22 retailers and eleven professional and personal service businesses. Parkville Commons' tenant mix is diverse with principal businesses including eating and drinking places, hair salons and financial services.

The matrix on the following page provides a business mix comparison between downtown Parkville and Parkville Commons. Given the tenant mix and market positioning, downtown businesses don't generally compete directly with merchants operating at Parkville Commons.

Business Mix Comparison Downtown Parkville vs. Parkville Commons

Business Type	Downtown Parkville	Parkville Commons	Business Type	Downtown Parkville	Parkville Commons
Retail Businesses			Personal & Professional Services		
Eating & Drinking	7	8	Financial Services	3	3
Banquet Facility	1		Accountant / Tax Services		
Catering	1		Insurance	2	
Bakery	1	1	Real Estate	1	
Ice Cream / Yogurt / Candy	1	1	Architect		
Coffeehouse	1		Travel Agency		
Apparel		1	Bank	1	1
Children's Apparel			Attorney	1	
Formal / Bridal			Hotel / B&B	1	
Shoes			Membership Social Clubs	1	
Jewelry	1		Optical		1
Leather Goods			Dry Cleaners		1
Hair Salons & Spas	5	2	Shoe Repair		
Barber			Physical / Massage Therapy		1
Nail Salon		1	Fitness / Wellness		1
Furniture / Home Furnishings	3		Tanning Salon		
Appliances / Electronics			Healthcare		1
Vacuums			Counseling	2	
Antiques	3		Dentist	1	
Hardware / Lumber		1	Animal Hospital		1
Variety / Thrift Store			Dance Studio	1	
Books			Photography		
Sporting Goods			Marketing	2	
Office Supplies			Car Counselors	1	
Gifts & Collectibles	2		Funeral Home	1	
Florist			Lawn Care & Landscaping	1	
Wine & Spirits	1	1	Printing / Copies		
Cigar & Tobacco Shop	1		Security	1	
Art Gallery	6		Auction House	1	
Art Supplies			Express Delivery Service	1	
Market / Grocery Store		1	Educational Tutoring / Training	1	
Pharmacy / Drug Store		1	Car Wash		1
Bike Shop		1	Auto Repair	1	
Pet Supplies		1			
Frame Shop		1			
Nutrition		1			
Clocks / Watches	1				
Quilting Supplies	1				
Yarn & Bead Supplies	1				
Electric Cigarette	1				
Guitar Studio	1				
Science Store	1				
Totals	40	22	Totals	24	11

The Village at Burlington Creek located on the south side of Highway 45 west of Interstate 29 is a mixed-use project located approximately 3.2 miles northeast of downtown Parkville. Formerly known as Tuileries Plaza, in 2012 NorthPoint Development purchased the property and is transforming the development into an upscale mixed-use project featuring specialty shops, restaurants, office and apartments. The tenant mix has been repositioned and to create an attraction two outdoor sand volleyball courts and an ice rink have been constructed along with an upscale apartment community. The Village at Burlington Creek now houses 37 businesses featuring a mix of restaurants, specialty shops, financial services, healthcare and personal service businesses. Nine restaurants operate at Burlington Creek, the most notable including Bonefish Grill, Taco Bell, Quiznos Subs and Luna Azteca Mexican Grill. A Culvers and Swirl Wine Bar and Shoppe are scheduled to open. Other notable tenants include Mosaic Life Care, Impact Fitness, SportsClips, Epic Bike & Sport and Missouri Western State University.

The Residences at Burlington Creek, a 298-acre luxury apartment community, is now under construction with the initial phases now open and available for lease. Residents of the apartment community will improve the pedestrian vitality of the project's commercial component. The Village at Burlington Creek now poses as considerable competition for specialty shops and restaurants in downtown Parkville and Parkville Commons. In fact, since transformation of The Village at Burlington Creek has commenced taxable retail sales for the City of Parkville have been on the decline. With additional development sites available The Village at Burlington Creek is positioned to become an even greater competitive threat.

In recent years several lifestyle and specialty centers featuring upscale shopping, dining and entertainment have been developed in the Northlands region of the Kansas City MSA, including Briarcliff Village, Zona Rosa and The Shoppes at Boardwalk. The emergence of these shopping centers poses increased competition for downtown Parkville businesses.

In 2007, Briarcliff Development completed Briarcliff Village, a 130,000 square foot lifestyle center housing destination retailers and upscale dining. Nell Hill's, Piropo's and Village Café anchor Briarcliff Village. Located at U.S. 169 and Briarcliff Parkway, Briarcliff Village is 5.3 miles east of downtown Parkville.

Steiner + Associates developed Zona Rosa, an 882,834 square foot lifestyle and destination entertainment center at Interstate 29 and Barry Road anchored by Dillard's, Dick's Sporting Goods, Marshalls Homegoods and Barnes & Noble. Phase 1 opened in 2004 with Phase 2 anchored by a Dillard's store opening in 2008. Zona Rosa features 25 eating and drinking places and such entertainment venues as KC Improv Comedy Club & Dinner Theatre, Bounce House Moonwalks and Maze Craze. Zona Rosa is located approximately 4.8 miles northeast of downtown Parkville.

The Shoppes at Boardwalk are a 122,896 square foot specialty center located at Highway 152 and Ambassador Drive approximately 5.7 miles northeast of downtown Parkville. Notable tenants at The Shoppes at Boardwalk include Houlihan's, Kirklands, C.J. Bank's, Jos. A. Bank, Maurices and Chipotle Mexican Grill.

Over the years downtown Parkville has been positioned as a specialty retail and dining destination offering a quaint, historic setting. However, with just 153,189 square feet of retail space, to remain competitive it is important for downtown Parkville to increase its inventory of commercial space and establish a greater diversity of businesses.

Peer City Downtown Retail Tenant Comparisons

Downtown businesses were inventoried along Main, East and Mill Streets in an effort to quantify the mix of retailers and service businesses. As mentioned earlier in the report, a total of 64 businesses currently operate in downtown Parkville, including 40 retailers and 24 professional and personal service businesses. Prominent retail categories include restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible stores.

Downtown Parkville's business profile was compared to peer city downtowns in an attempt to identify prospective retail and service businesses and development opportunities. Peer cities selected for the analysis include Atchison, Weston, Lee's Summit, Independence and Liberty.

Atchison, Kansas was selected because of its riverfront location, historic character and presence of Benedictine College, railroad track and a farmers market.

Weston, Missouri was selected because of its river location, historic character, status as a tourist destination and presence of a railroad track.

Lee's Summit, Missouri was selected because of its historic character, community's high income levels and presence of a railroad track and a farmers market.

Independence was selected because of its historic character and recent redevelopment and repositioning.

Liberty, Missouri was selected because of its historic character and presence of William Jewell College.

Prior to the business comparison analysis, the demographic trends within a 10-minute drive-time of each peer city downtown are discussed. It is well understood that product preferences vary across different groups of consumers. These preferences relate directly to consumer demographic characteristics, such as population, households, income, age, ethnicity and home ownership. Population and households data assists in quantifying the current market size. Household income data is a good indicator of buying power. Age is an important factor because personal expenditures change as individuals grow older. Data show that ethnicity affects spending habits as much as other demographic characteristics such as income and age. Home ownership directly correlates with expenditures for furniture and home furnishings, appliances and home improvements and.

As outlined in the table on page 33, demographic characteristics within a 10-minute drive-time from downtown Parkville include 49,264 residents, 20,025 households, 12,972 owner-occupied housing units, media household income of \$56,907 and median age of 38.6 years. Whites account for 75.6 percent of the population followed by blacks at 15.2 percent. In terms of population, households, high-income households and median age, downtown Parkville's 10-minute drive-time trade area demographic characteristics are most similar to downtown Liberty, which suggests similarities in tenant mix is possible. With over 26 percent of households within a 10-minute drive-time from downtown Parkville supporting an annual income of \$100,000 or more suggests a market for luxury goods and services.

10-Minute Trade Area Demographics (2012) Downtown Parkville vs. Peer City Downtowns

Demographic Characteristic	Parkville	Independence	Lee's Summit	Liberty
Population	49,264	92,142	81,477	42,598
Households	20,025	38,972	31,099	15,731
Owner-Occupied Housing Units	12,972	24,136	22,720	11,196
Households by Income				
\$15,000 and Less	10.1%	17.1%	11.5%	7.8%
\$15,000 - \$24,999	8.8%	13.2%	9.0%	6.8%
\$25,000 - \$34,999	8.9%	15.1%	11.3%	7.2%
\$35,000 - \$49,999	15.4%	18.6%	16.6%	12.7%
\$50,000 - \$74,999	19.0%	18.7%	22.6%	23.3%
\$75,000 - \$99,999	11.7%	9.0%	13.8%	15.0%
\$100,000 - \$149,999	15.4%	6.1%	12.2%	18.5%
\$150,000 - \$199,999	6.3%	1.4%	2.1%	5.2%
\$200,000+	4.6%	0.8%	0.9%	3.5%
Median Household Income	\$56,907	\$37,251	\$69,466	\$64,166
Population by Age				
0-19	13,180	23,175	23,711	12,708
20-24	2,862	5,835	4,169	2,566
25-34	6,394	12,675	10,065	5,532
35-44	6,347	10,271	11,266	6,307
45-54	7,721	13,207	12,564	6,172
55-64	6,600	11,533	9,450	4,758
65+	6,162	15,446	10,253	4,554
Median Age	38.6	39.3	37.6	35.8
Ethnicity	75.6%	84.9%	85.2%	90.0%
White Only	15.2%	5.5%	9.1%	4.4%
Black Only	0.5%	0.6%	0.3%	0.4%
American Indian Only	2.5%	0.9%	1.5%	1.6%
Pacific Islander Only	0.5%	0.7%	0.1%	0.1%
Some Other Race	2.8%	3.8%	1.1%	1.0%
Two or More Races	2.9%	3.6%	2.5%	2.6%
Hispanic Origin	7.5%	8.7%	4.0%	4.3%

Source: Esri Business Analyst.

The table on page 35 provides a summary of retailers operating stores in the downtowns of each peer city. Based on this comparison analysis and trade area demographics, prospective retail businesses for downtown Parkville have been identified and include:

- Eating & Drinking Places
- Bakery
- Coffeehouse
- Apparel
- Jewelry
- Hair Salon
- Nail Salon
- Furniture & Home Furnishings
- Antiques
- Books
- Sporting Goods
- Gifts & Collectibles
- Florists
- Entertainment
- Art Galley
- Art Supplies
- Bike Shop
- Nutrition & Fitness

The table on page 36 provides a summary of professional and personal service businesses operating in the downtowns of each of the peer cities. Based on this comparison analysis and trade area demographics, prospective retail and service businesses for downtown Parkville have been identified and include:

- Financial Services
- Accounting & Tax Services
- Insurance
- Real Estate
- Architect
- Attorney
- Physical & Massage Therapist
- Fitness & Wellness
- Photographer

Peer City Downtown Retail Tenant Comparisons

Retail Business Type	Parkville	Weston	Atchison	Lee's Summit	Independence	Liberty	Prospective Businesses
Eating & Drinking	7	7	11	10	7	8	X
Banquet Facility	1		1	2			
Catering	1						
Bakery	1		1	2	1	1	X
Ice Cream / Yogurt / Candy	1		1	2	1	1	
Coffeehouse	1		2	2	1	2	X
Apparel		4	2	5	2	4	X
Children's Apparel			1				
Formal / Bridal				2			
Shoes			1			1	
Jewelry	1	1	2	1		2	X
Leather Goods			1				
Hair Salons & Spas	5	3	4	11	2	4	X
Barber			1			1	
Nail Salon				1		1	X
Furniture & Home Furnishings	3	7	3	4	4	2	X
Appliances / Electronics			2				
Vacuums				1			
Antiques	3	5	1	1			X
Hardware / Lumber		1	1	1	1		
Variety / Thrift Store			1	1			
Books				1			X
Sporting Goods				2	1		X
Office Supplies					1		
Gifts & Collectibles	2	6	4	2	5	3	X
Hobby		1					
Party Store						1	
Florist				1		1	X
Entertainment		1	1		2	1	X
Wine & Spirits	1	3		2			
Cigar & Tobacco Shop	1	1		1			
Art Gallery	6	3	1	4	2	1	X
Art Supplies			1				X
Bible Study		1					
Market / Grocery Store			1		1		
Specialty Foods			1				
Pharmacy / Drug Store					1		
Medical Equipment			2				
Bike Shop				1			X
Pet Supplies						1	
Nutrition				1		1	
Clocks / Watches	1			1			
Quilting Supplies	1						
Yarn & Bead Supplies	1				1		
Electric Cigarette	1						
Guitar Studio	1						
Pawn Shop			1		1		
Musical Instruments					1	1	
Science Store	1						
Totals	40	44	48	62	35	37	

Peer City Downtown Professional & Personal Service Tenant Comparisons

Service Business Type	Parkville	Weston	Atchison	Lee's Summit	Independence	Liberty	Prospective Businesses
Financial Services	3		1	3		1	X
Accountant / Tax Services			1	3	1	1	X
Insurance	2		1	4	1	1	X
Real Estate	1		2	3	1		X
Architect				1		1	X
Travel Agency			1	1			
Bank	1		6	2	1	1	
Attorney	1		4	11	4	19	X
Bail Bonds			1			1	
Communications / Technology			2	3			
Newspaper			1	2		1	
Hotel / B&B	1	3			1		
Membership Social Clubs	1	2	1				
Optical			2			1	
Dry Cleaners			1				
Shoe Repair						1	
Physical / Massage Therapy				4	1		X
Fitness / Wellness			5	1	1	2	X
Tanning Salon			1				
Healthcare			9				
Counseling	2						
Dentist	1		1	1			
Animal Hospital							
Dance Studio	1		1	1		1	
Photography			1	5	1	1	X
Marketing	2						
Car Counselors	1						
Funeral Home	1						
Lawn Care & Landscaping	1						
Printing / Copies			1	1	1		
Plumber			1				
Security	1						
Auction House	1						
Express Delivery Service	1						
Educational Tutoring / Training	1			1	1		
Car Wash							
Auto Repair	1	1	1				
Totals	24	6	45	47	14	32	

Retail Space Demand Estimates

In order to quantify downtown Parkville's future retail space needs this section of the report estimates primary trade area purchasing power and retail space demand for the period from 2012 to 2042.

Primary Trade Area Defined

The first step in quantifying retail space demand is to identify downtown Parkville's primary trade area. According to the Urban Land Institute, the retail trade area is the geographic area that provides the majority of the steady customers to support a business.

Within a retailer's trade area; those customers closest to the business have the greatest affect on sales, with customer influence diminishing gradually as the distance increases. Retail trade areas generally consist of three regions, primary, secondary and tertiary. The primary trade area is the geographic area from which the business derives its largest share of repeat sales, drawing 70 to 80 percent of its regular customers. The secondary trade area generates 15 to 20 percent of a business' sales. The tertiary trade area forms the broadest area from which customers are drawn.

For the purpose of this report downtown Parkville's primary trade area is defined as the geographic area located within a 10-minute drive time. Retail sales within the primary trade area are generated by the local population, Kansas City MSA residents visiting Parkville and out-of-town visitors.

Purchasing Power

Local residents account for the bulk of the primary trade area retail sales. A trade area's purchasing power is a function of consumer population and income levels. A trade area's total income is calculated by multiplying the trade area population by the average per capita income. Purchasing power, or total sales potential of the trade area, is then quantified by applying average retail expenditures as a percentage of total income.

Esri Business Analyst estimates the primary trade area 2012 population at 49,264 residents and pre capita income at \$31,359. By multiplying the population by the per capita income yields total personal income for the primary trade area of \$1.54 billion. Supportable retail sales for the primary trade area were estimated by consulting retail sales expenditures data published by the *U.S. Census Bureau Annual Retail Trade Survey* and U.S. Department of Commerce.

As outlined in the table on the following page, for 2009, the U.S. Bureau of Economic Analysis reported the country's personal income at \$12,026 (\$ billions) and disposable income at \$10,924 (\$ billions). Meanwhile, the *U.S. Census Bureau Annual Retail Trade Survey* reported total U.S. retail and food services sales in 2009 of \$4,091.7 (\$ billions), equating to 34.02 percent of total personal income.

Based on the national average for retail and food services sales of 34 percent of total personal income, the primary trade area population is estimated to support approximately \$525.3 million in annual retail expenditures.

**Estimated Total Sales of United States
Retail and Food Services Firms by Kind of Business: 2009**

NAICS Code	Kind of Business	Sales (\$Millions) United States
	Total Retail and Food Services Sales	\$4,091,723
	Total Retail Sales (excl. motor vehicle and parts dealers)	\$3,638,471
441	Motor Vehicle and Parts Dealers	\$676,801
442	Furniture and Home Furnishings Stores	\$86,657
443	Electronics and Appliance Stores	\$98,384
444	Building Materials and Garden Equipment	\$268,206
445	Food and Beverage Stores	\$570,581
4451	Grocery Stores	\$510,555
4452	Specialty Food Stores	\$19,233
4453	Beer, Wine and Liquor Stores	\$40,793
446	Health and Personal Care Stores	\$253,243
4461	Health and Personal Care	\$35,849
44611	Pharmacies and Drug Stores	\$217,394
447	Gasoline Stations	\$388,515
448	Clothing and Accessories Stores	\$204,866
451	Sporting Goods, Hobby, Book and Music Stores	\$81,373
452	General Merchandise Stores	\$592,009
453	Miscellaneous Store Retailers	\$105,366
454	Non-Store Retailers	\$312,470
4541	Electronic Shopping and Mail-order Houses	\$234,667
4542	Vending Machine Operators	\$6,813
4543	Direct Selling Establishments	\$70,990
772	Eating and Drinking Places	\$453,252
	Total U.S. Retail Sales	\$4,091,723
	U.S. Total Personal Income (\$ Millions)	\$12,026,000
	U.S. Total Disposable Income (\$ Millions)	\$10,924,000
U.S. Sales as Percentage of Income		
	Personal Income	34.02%
	Disposable Income	37.46%

Source: U.S. Census Bureau Annual Retail Trade Survey.

The population within a 15-minute drive-time represents downtown Parkville's secondary trade area. Esri Business Analyst estimated the secondary trade area population at 241,529 and a per capita income of \$24,147. By subtracting out the primary trade area, the secondary trade area's purchasing power is \$4.3 billion and supportable retail sales are \$1.46 billion. At a 5.0 percent capture rate captured secondary trade area retail sales are estimated at approximately \$72.9 million.

Residents of the Kansas City MSA and out-of-town visitors represent the tertiary retail trade area. During 2012, the Missouri Department of Revenue reported retail sales for the Kansas City MSA at approximately \$28.26 billion. The primary trade area is estimated to capture \$13.9 million in annual retail sales from the Kansas MSA population residing outside its boundaries.

Visitors have a considerable impact on retail sales in Missouri and the City of Parkville. The *Missouri Division of Tourism FY 2012 Annual Report* estimated visitor expenditures in Platte County at \$271.9 million. Assuming that foodservice, entertainment & recreation and general retail trade accounted for 45 percent of all visitor expenditures, during FY 2012 visitors to Platte County spent an estimated \$122.3 million on retail goods and services. Given the tourist draws of downtown Parkville and Zona Rosa, the primary trade area is estimated to capture 10 percent of Platte County tourism expenditures on retail goods and services, or approximately \$12.3 million.

This analysis estimated 2012 supportable retail sales for the primary trade area totaled \$624.3 million, including \$525.3 million by the local population, \$72.9 million by secondary trade area residents and \$26.2 million by Kansas City MSA residents and out-of-town visitors.

Current Retail Space Demand Estimates

Supportable total retail space for the primary trade area was calculated by dividing estimated annual retail sales captured by standard per square foot retail sales rates.

For 2012, total supportable retail sales for the primary trade area are estimated at \$624.3 million, generated by the local residents, the Kansas City MSA population and out-of-town visitors. Esri Business Analyst reported actual primary retail sales of \$404.9 million, resulting in a retail gap of \$219.4 million.

According to *Dollars & Cents of Shopping Centers*, median sales for open air, convenience, neighborhood and community/super community centers in the Midwest region range from approximately \$152 to \$312 per square foot. Assuming average total retail sales rates of \$225 to \$275 per square foot, the primary trade area's current estimated retail gap of \$219.4 million can support approximately 800,000 to 975,000 square feet of additional occupied retail space.

Future Retail Space Demand Projections

Future growth in retail sales and space demand within the primary trade area will originate from continued growth in population and out-of-town visitors. The table on page 44 provides both total retail sales and space demand projections through 2030 for the primary trade area.

The Missouri Economic Research & Information Center projects the Platte County population to reach 114,904 by 2030, an increase of 25,940 residents or 22.6 percent from 2010. The 2010 population of the Kansas City MSA of over 1.9 million is projected to reach 2.45 million by 2030, an increase of 27.4 percent. Based on these projected population growth rates, from 2012 through 2030 the primary trade area population is estimated to increase by 25 percent, or 12,316 new residents. The primary trade area's current per capita income of \$31,359 is forecast to increase at an annualized rate of 2.0 percent, resulting in a per capita income of \$44,788 by 2030. By multiplying the increase in population of 12,316 residents by the per capita income of \$44,788 yields total personal income of approximately \$551.6 million. Based on the national average for retail and food services sales of 34 percent of total personal income, by 2030 the primary trade area population is estimated to support an additional \$187.5 million in retail expenditures.

During 2012 the population within a 15-minute drive-time of downtown Parkville contributed an estimated \$72.9 million in retail sales for the primary trade area. Through 2030 retail sales from originating from within a 15-minute drive-time are forecast to increase at an average annual rate of 2.0 percent, reaching \$104.1 million by 2030. The growth in retail sales from 2012 to 2030 is estimated at approximately \$31.2 million.

For 2012, Kansas City MSA residents and out-of-town visitors to the primary trade area are estimated to contribute retail sales of approximately \$26.1 million. Throughout the projection period retail sales from Kansas City MSA residents and out-of-town visitors are forecast to increase at an average annual rate of 2.0 percent, reaching \$37.3 million by 2030. From 2012 to 2030 the growth in retail sales originating from Kansas City MSA residents and out-of-town visitors is estimated at approximately \$11.2 million.

By 2030, based on continued growth in the resident population and out-of-town visitation total retail sales for the primary trade area are estimated to increase by \$230 million. At average retail sales rates of \$321 to \$393 per square foot (escalated at 2.0 percent annually from 2012 to 2030) this level of retail sales can support an estimated 585,000 to 716,000 square feet of additional retail space through 2030.

To conclude, downtown Parkville's primary trade area captures retail sales from the primary and secondary resident populations, the entire Kansas City MSA and out-of-town visitors. The primary trade area's current estimated retail gap of \$219.4 million can support approximately 800,000 to 975,000 square feet of additional occupied retail space. Growth in population, incomes and out-of-town visitation through 2030 is projected to generated an increase in primary trade area retail sales of \$230 million annually, sufficient to support an additional 585,000 to 716,000 square feet of retail space. At a 7.5 percent capture, through 2030 downtown Parkville is estimated to absorb 103,875 to 126,825 square feet of retail space.

Retail Space Demand Estimates; 2012 - 2030
Downtown Parkville's Primary Trade Area

Retail Sales Formula	2012	Growth 2012-2030
Primary Trade Area Supportable Retail Sales		
Resident Population	49,264	12,316
Per Capita Income	\$31,359	\$44,788
Total Personal Income	\$1,544,869,776	\$551,613,615
% Income Spent of Retail Goods & Services	0.34	0.34
Supportable Primary Trade Area Retail Sales	\$525,255,724.00	\$187,548,629
Secondary Trade Area Supportable Retail Sales		
	\$72,884,627	\$31,212,568
Tertiary Trade Area Supportable Retail Sales		
Metropolitan Kansas City MSA Population	\$13,900,000	\$5,952,623
Out-of-Town Visitors	\$12,233,685	\$5,239,030
Total Supportable Retail Sales		
	\$624,274,036	\$229,952,850
Less: Primary Trade Area Actual Retail Sales	(\$404,922,038)	
Potential Capture of Additional Retail Sales	\$219,351,998	\$229,952,850
Supportable Additional Retail Space (Sq. Ft.)		
@ 225/SF	974,898	
@ 250/SF	877,408	
@ \$275/SF	797,644	
Supportable Retail Space (2012 - 2030)		
@ 321/SF		716,364
@ 357/SF		644,126
@ \$393/SF		585,122

Source: Canyon Research Southwest, Inc.

Evaluation of Prospective Retail Sites

A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Prospective commercial development sites evaluated in this section of the report include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is owned by the City of Parkville. The property is rectangular in shape and is estimated at approximately 2.2 acres.

The prospective development sites located on the east side of Highway 9 from 1st Street north to 6th Street consists of nine individual parcels totaling approximately 3.66 acres. Existing land uses include a U.S. Post Office, former restaurant, two single family homes, Glen's Automotive, Four Seasons Lawn & Landscape and vacant land.

The prospective development sites located on the west side of Highway 9 from 1st Street north to 6th Street consists of twelve individual parcels totaling approximately 1.07 acres. Existing land uses include the French Bee Bakery, parking lot, nine single family homes and a 4-unit apartment building.

Downtown Parkville's three prospective commercial development sites were evaluated for their ability to support future retail development based on the following site selection criteria: visibility; accessibility; traffic volumes; parcel size requirements; level of direct competition and trade area demographics.

Visibility and Exposure

Visibility and exposure have a significant influence on a retail business' achievable retail sales volumes. All shopping center types and freestanding retailers should possess visibility via a major arterial street. National and regional big-box retailer, restaurant, convenience store and bank chains require major arterial frontage. Exposure is measured by the level of vehicular traffic past the retail property. The most desirable commercial properties benefit from highway or major arterial visibility and high adjacent traffic counts.

Properties along Highway 9 offer excellent major arterial visibility, satisfying the site exposure requirement of prospective shopping center and freestanding retailer sites. The property on Main Street also offers excellent visibility.

The vehicular traffic counts on arterials that flow past a commercial property are important when evaluating a potential retail development site, as higher traffic counts generally result in increased exposure and higher retail sales volumes. According to the Missouri Department of Transportation, during 2011 average daily traffic counts on Highway 9 were reported at 13,821 vehicles west of Interstate 635 and 10,550 vehicles south of Highway 45. These traffic volumes provide sufficient exposure to support retail uses.

The Missouri Department of Transportation did not report traffic counts on Main Street past the prospective development site, though given the level of surrounding development and the fact that Main Street terminates at the Missouri River, modest traffic counts are likely.

Accessibility

The larger the retail format the larger the serviced trade area. The Parkville transportation network features a mix of highways and major arterial streets as well as convenient proximity to Interstates 29, 435 and 635.

The properties located along Highway 9 benefit from superior direct site access as well as the connection with Highway 45 and Interstate 635.

The Main Street site possesses direct access from a major arterial street as well as regional access from Highway 9. The modest traffic counts on Main Street are representative of the reduced accessibility.

Parcel Size and Dimensions

Viable retail development formats for downtown Parkville’s prospective development sites include strip centers, freestanding shop space and mixed-use structures. Site requirements for major retail development formats as defined by the *International Council of Shopping Centers* are summarized in the table below.

Site Requirements by Shopping Center Format

Shopping Center Format	Building Area (Sq. Ft.)	Land Area (Acres)	Anchor Ratio*	Primary Trade Area**
Strip Center	5,000 - 25,000	1 to 3	0%	1-2 Miles
Neighborhood Center	30,000 - 100,000	5 to 12	30-50%	2-3 Miles
Community Center	100,000 - 350,000	10 to 40	40-60%	3-6 Miles
Super Community Center	250,000 - 500,000	25 to 50	50-70%	5-7 Miles
Power Center	250,000 - 600,000	25 to 80	75-90%	5-10 Miles
Lifestyle Center	300,000 - 700,000	30 to 80	75-90%	5-10 Miles
Notes: *Denotes the share of a shopping center's total space occupied by anchor tenants.				
**The geographic area from which 60 to 80% of the shopping center's sales originate.				
Source: International Council of Shopping Centers				

Strip shopping center sites typically range in size from 1 to 3 acres, requires a rectangular shape and an orientation towards the most prominent adjacent arterial. Freestanding pads sites capable of accommodating restaurant, convenience store and bank branch uses generally occupy 1.0+ acres. Individual “downtown” multi-story commercial buildings on zero lot line parcels can be constructed on lots as small as 0.07 acres. Mixed-use, multi-story structures could be built on lots as small as 0.25 acres.

The prospective development site located on the east side of Highway 9 from 1st Street north to 6th Street collectively totals approximately 3.66 acres and possesses the necessary dimensions to support strip center, freestanding retailer, downtown-style commercial buildings or mixed-use development.

The prospective development site located on the west side of Highway 9 from 1st Street north to 6th Street consists of twelve individual parcels totaling approximately 1.07 acres. Given the small lots, shallow lot depths and predominance of existing single family housing, potential retail formats include freestanding, single tenant buildings. The renovation and adaptive re-use of the existing single family homes for commercial use is a likely redevelopment format.

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is owned by the City of Parkville. The property is rectangular in shape and is estimated at approximately 2.2 acres, possessing the necessary site characteristics to support strip center, freestanding retailer, downtown-style commercial buildings or mixed-use development.

Trade Area Demographics

The extent and composition of retail sales are driven largely by population, age and income levels. The immediate trade area surrounding a retail business or shopping center has the greatest influence on retail sales. Therefore, the demographics of the [population surrounding downtown Parkville have a direct impact on the volume and composition of retail sales.

This report has defined the primary trade area for downtown Parkville as the geographic area within a 10-minute drive-time with the 15-minute drive-time making up the secondary trade area. Current primary and secondary trade area demographics are summarized in the table on the following page.

The primary trade area supports 49,264 residents and a median household income of \$56,907. The large adolescent and young adult population is sufficient for supporting the sales of such consumer goods as apparel and accessories; groceries; sporting goods; music; home electronics; eating and drinking places; and general merchandise. The large population ages 25 to 44 are in their principal consumer years, favors the consumption of hardware; furniture and home furnishings; home electronics; department stores; and eating and drinking places. The large senior population generates demand for medical goods and services. Over one-third of trade area households earn \$35,000 to \$74,999 per year which is attractive to category specific, big-box retailers. Meanwhile, 26.3 percent of primary trade area households earning \$100,000 and over per year represents a large potential market for luxury goods, entertainment and personal services.

The secondary trade area supports 241,529 residents and a median household income of \$43,114. The secondary trade area also possesses a large adolescent, young adult, family-age adults and senior population that generate demand for a wide range of retail goods and services.

These trade area consumption patterns and demographic characteristics bode well for the potential of both the City of Parkville and the downtown business district to support a diverse retail market.

Primary and Secondary Trade Area Demographics - 2012

Demographic Characteristic	Primary Trade Area	Secondary Trade Area
Total Population	49,264	241,529
Households	20,025	97,675
Population by Age		
0-9	6,472	36,144
10-19	6,708	30,853
20-24	2,862	17,349
25-34	6,394	39,237
35-44	6,347	30,789
45-54	7,721	32,954
55-64	6,600	27,342
65+	6,162	26,861
Median Age	38.6	34.2
Household Income		
Less than \$15,000	10.1%	16.1%
\$15,000 - \$24,999	8.8%	12.3%
\$25,000 - \$34,999	8.9%	11.6%
\$35,000 - \$49,999	15.4%	16.1%
\$50,000 - \$74,999	19.0%	18.9%
\$75,000 - \$99,999	11.7%	9.2%
\$100,000 - \$149,999	15.4%	10.2%
\$150,000 - \$199,999	6.3%	3.5%
\$200,000+	4.6%	2.3%
Average Household Income	\$76,683	\$58,720
Median Household Income	\$56,907	\$43,114
Per Capita Income	\$31,359	\$24,147

Source: ESRI Business Analyst

Direct Competition

In recent years several lifestyle and specialty centers featuring upscale shopping, dining and entertainment have been developed in the Northlands region of the Kansas City MSA, posing increased competition for downtown Parkville businesses. The most notable new retail competition includes the Villages at Burlington Creek, Briarcliff Village, Zona Rosa and The Shoppes at Boardwalk. Each shopping center is located less than six miles from downtown Parkville.

The Village at Burlington Creek is the closest competitor to downtown Parkville located just over three miles to the northeast on Highway 45. The property was purchased in 2012 and since the tenant mix has been repositioned to include specialty shops, restaurants and financial, healthcare and personal service businesses. Nine restaurants operate at Burlington Creek, the most notable including Bonefish Grill, Taco Bell, Quiznos Subs and Luna Azteca Mexican Grill. A Culvers and Swirl Wine Bar and Shoppe are scheduled to open. The Village at Burlington Creek represents formidable competition to downtown Parkville.

Conclusions

The historic character of downtown Parkville along with its mix of independently owned specialty shops and restaurants collectively serve as a tourism draw. Principal advantages of downtown as a retail location include its status as a specialty retail and dining destination, affordable building rents and property values, historic character, major community events and cooperative marketing and promotions.

A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Prospective commercial development sites include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

Based on standard site selection criteria, all three prospective downtown sites are viable retail development sites. Of the three, the superior site is located on the east side of Highway 9 north of 1st Street. This site offers superior access, visibility, exposure and the size to facilitate the development of several retail formats. The site on the west side of Highway 9 also boasts superior access, visibility and exposure; however, its smaller size and shallow lot depth place constraints on the supportable types of retail formats. Development of Highway 9 from 1st to 6th Streets would provide a much needed highway entry window for downtown and facilitate a broader range of goods and services businesses. Development of this section of Highway 9 would also provide a “bridge” more effectively connecting downtown Parkville with Park University.

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is ideal for extending commercial development on Main Street south of the rail road track as well as increase the inventory and critical mass of commercial space in the downtown core. The best suited retail development formats include downtown-style commercial buildings or mixed-use development.

Conclusions

Parkville supports two principal retail districts, including downtown along Main Streets and Parkville Commons at the intersection of Highways 9 and 45. Each retail district caters to a distinctive market niche with downtown focusing on destination specialty shops and restaurants and Parkville Commons satisfying the daily retail needs of local residents.

From 2003 through 2007 taxable retail sales for the City of Parkville grew by nearly 80 percent, reaching \$90 million. Consistent with metro-wide trends, during 2009 taxable sales in Parkville declined as a result of the national recession. Taxable sales rebounded 4.3 percent in 2010 to \$93 million. The upward trend in taxable retail sales continued into 2011 increasing by 2.7 percent. Taxable sales digressed in 2012 declining by 3.5 percent to \$92.1 million. For the first half of 2013 taxable retail sales in Parkville were down 0.8 percent over the first half of 2012. The recent declines in retail sales are an indication that Parkville is suffering from increased retail competition.

The inventory of ground floor retail space in downtown Parkville totals approximately 153,189 square feet, housing a mix of restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible stores. Parkville Coffeehouse, Rock Canyon Pizza, French Bee Bakery and the Farmers Market are major generators of customer traffic in downtown Parkville. Downtown offers a quaint historic charm that is reflected in the predominance of independently-owned businesses. As of the date of this report 13,207 square feet of retail space was available for lease in downtown Parkville, translating to an average vacancy rate of 8.6 percent. Lease rates for commercial space generally range from \$10 to \$13 per square foot.

Given downtown Parkville's historic character, unique tenant mix and central location businesses benefit from an expanded retail trade area. The primary market area encompasses the geographic area located within a 10-minute drive time with the secondary market area expanded to include a 15-minute drive-time. The tertiary market area incorporates the entire Kansas City MSA as well as out-of-town visitors.

Parkville's current pull factor of 1.154 suggests the City of Parkville is capturing retail sales at a rate equivalent to 15.4 percent above the state-wide average. This pull factor is proof of Parkville's high income levels and the ability of businesses to attract customers from outside the city. However, the well above average pull factor does not suggest that Parkville is over retailled and not capable of supporting additional retail space. Conversely, the estimated pull factor for the primary trade area of 0.506 indicates considerable leakage and the opportunity to support additional retail sales.

Downtown Parkville's modest inventory of retail space places a constraint on the ability to attract additional businesses and generate increased customer volumes and retail sales. A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Prospective commercial development sites include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

All three prospective downtown sites are viable retail development sites. Of the three, the superior site is located on the east side of Highway 9 north of 1st Street. This site offers superior access, visibility, exposure and the size to facilitate the development of several retail formats. The site on the west side of Highway 9 also boasts superior access, visibility and exposure; however, its smaller size and shallow lot depth place constraints on the supportable types of retail formats. Commercial development of Highway 9 from 1st to 6th Streets would provide a much needed highway entry window for downtown and facilitate a broader range of goods and services businesses. Development of this section of Highway 9 would also provide a “bridge” more effectively connecting downtown Parkville with Park University.

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is ideal for extending commercial development on Main Street south of the rail road track as well as increase the inventory and critical mass of commercial space in the downtown core. The best suited retail development formats include downtown-style commercial buildings or mixed-use development.

At a floor-to-area (“FAR”) of 0.25 to 0.40, the three prospective development sites could add approximately 75,000 to 120,000 square feet of new retail space. The current retail gap for downtown Parkville’s primary trade area of \$219.4 million can support approximately 800,000 to 975,000 square feet of additional occupied retail space. The primary trade area is forecast to generate demand for an additional 585,000 to 716,000 square feet of retail space by the year 2030. At a 7.5 percent capture, through 2030 downtown Parkville is estimated to absorb 103,875 to 126,825 square feet of retail space.

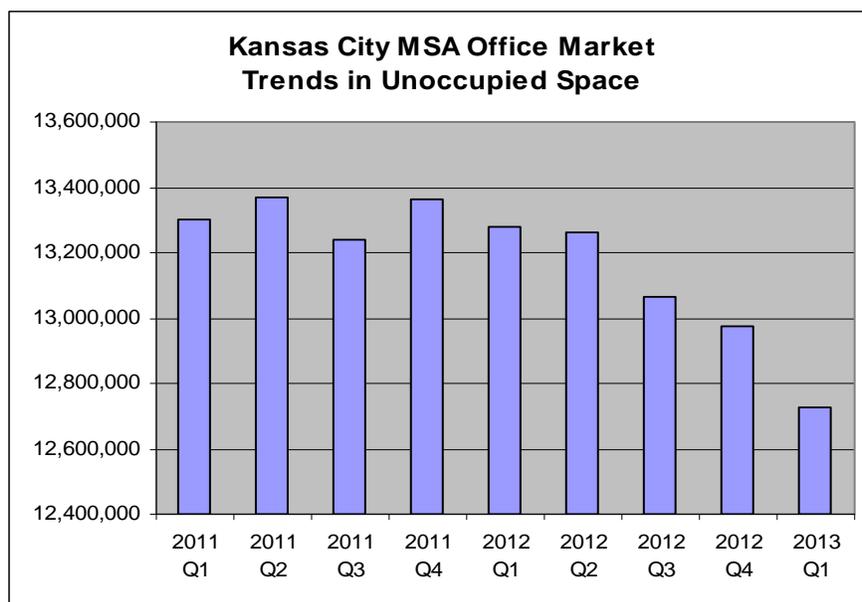
OFFICE MARKET ANALYSIS

This portion of the study evaluates directly competitive office market conditions impacting downtown Parkville, Missouri, by identifying downtown’s mix of office-related tenants and existing inventory of professional and medical office space. The study also forecasts Parkville’s long-term need for additional office space to determine the ability of the city to accommodate future office development as well as evaluated prospective development sites.

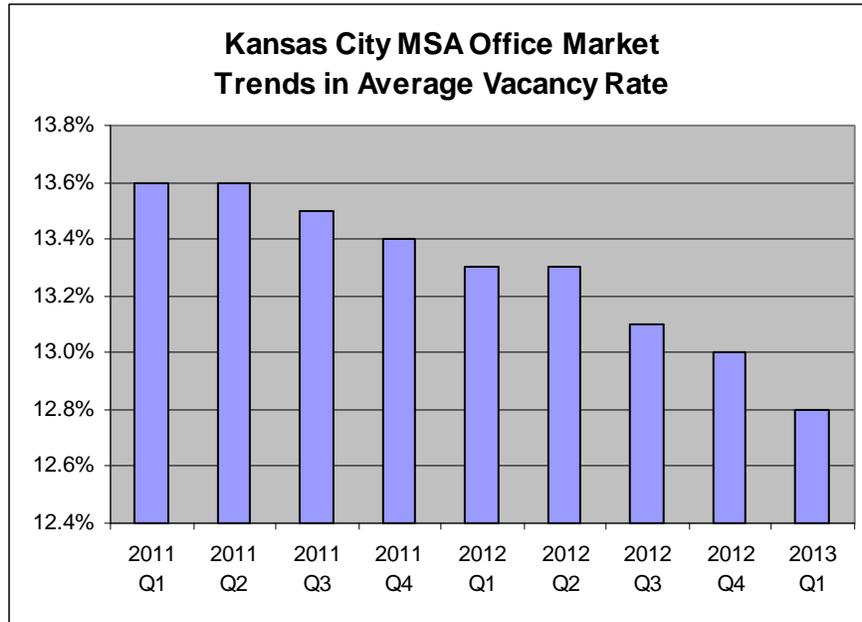
Metropolitan Kansas City Office Market

According to the *Kansas City Metro Area Office Market Report* published by Colliers International, as of the first quarter 2013 the Kansas City MSA office market consisted of 99.7 million square feet of leasable space in 1,879 properties. The current mix of office space includes 25.9 million square feet of Class “A” space, 59.8 million square feet of Class “B” space and 14.0 million square feet of Class “C” space. The urban office market supports 35.5 million square feet of office space and includes Downtown Kansas City with 27.4 million square feet of space and the Plaza/Midtown with 8.1 million square feet. The suburban market occupies 64.3 million square feet of office space led by South Johnson County (26.0 million square feet), North Johnson County (10.6 million) and Kansas City North (9.2 million square feet). The largest concentrations of suburban office space are located in areas possessing high income and education levels as well as freeway access.

As of the first quarter 2013, a reported 12.7 million square feet of office space was unoccupied in the Kansas City market yielding an average vacancy rate of 12.8 percent. Since the first quarter 2011 the Kansas City office market has remained overbuilt with the inventory of unoccupied space ranging from 12.7 million to 13.4 million square feet. The supply of unoccupied space peaked during the fourth quarter 2011 and has declined each of the past five quarters.



Net office space absorption over the past two years has rebounded in response to improving national and local economies. During 2011 net absorption of office space in the Kansas City market was reported at 572,320 square feet. Net absorption remained positive during 2012 with 544,663 square feet. During the first quarter 2013 net absorption totaled 248,847 square feet, up from -16,247 square feet during the first quarter 2012. The steady absorption and modest new construction has produced a gradual improvement in the vacancy rate from a high of 13.6 percent during the second quarter 2011 to 12.8 percent by the first quarter 2013.



As of the first quarter 2013, the 25.9 million square feet of Class “A” was operating at an average vacancy rate of 14.0 percent and average lease rate of \$19.70 per square foot. Nearly 1.6 million square feet of Class “A” was under construction. The 59.8 million square feet of Class “B” space was operating at an average vacancy rate of 13.0 percent and average lease rate of \$16.62 per square foot. The 14.0 million square feet of Class “C” space was operating at an average vacancy rate of 9.2 percent and average lease rate of \$12.80 per square foot.

Kansas City MSA Office Market Market Results by Product Class; 2013 Q1

Class	Inventory Sq. Ft.	Vacant Space	% Vacant	Net Absorption	U/C Sq. Ft.	Average Rent
A	25,920,284	3,635,474	14.0%	65,352	1,592,000	\$19.70
B	59,805,105	7,792,170	13.0%	142,307	56,190	\$16.62
C	14,049,839	1,297,371	9.2%	41,188	0	\$12.80
Totals	99,775,228	12,725,015	12.8%	248,847	1,648,190	\$17.11

Source: Colliers International.

Consistent with the past few quarters, several companies announced moves that involve relocation across the state line. The majority of recent tenant migration has involved moving from Missouri to Kansas as a result of the competitive tax incentives being offered in Kansas.

As the office market rebounds asking rental rates continue to increase. South Johnson County remains the hottest submarket where asking rents remain firm. Despite still high vacancy rates within the CBD, asking rates have started to rebound. As occupancy rates have improved over the past year landlords have begun to rein back tenant concessions and discounted lease rates.

During the first half of 2012 several new office buildings began construction as major local employers sought first generation office space to meet their needs. New office construction included Cerner Corporation’s 660,000 square foot Continuous Campus in Kansas City, Kansas; AMC Entertainment’s 127,000 square foot headquarters in Leawood, Kansas and the 150,000 square foot Teva Neuroscience building in Overland Park. As all of these projects continue towards their anticipated delivery dates, no additional construction announcements were made during the first quarter 2013. At the close of the first quarter 2013, nearly 1.6 million square feet of office space was under construction in the Kansas City area.

Competitive Office Market

This section of the report addressed competitive office market conditions directly impacting downtown Parkville, including an overview of the Kansas City North submarket, inventory of office space in downtown Parkville and a peer city downtown office tenant comparison.

Kansas City North Submarket

The Kansas City North submarket includes the portion of the Kansas City area situated north of the Missouri River. According to the *Kansas City Metro Area Office Market Report* published by Colliers International, as of the first quarter 2013 the Northland submarket consisted of 219 office property supporting a total inventory of 9.2 million square feet of leasable space. The current mix of office space includes 874,403 square feet of Class “A” space, 6.9 million square feet of Class “B” space and 1.5 million square feet of Class “C” space.

Kansas City North Submarket Market Results by Product Class; 2013 Q1

Class	Inventory Sq. Ft.	Vacant Space	% Vacant	Net Absorption	U/C Sq. Ft.	Average Rent
A	874,403	38,154	4.4%	0	0	\$21.90
B	6,894,852	1,045,963	15.2%	-17,767	0	\$16.16
C	1,475,613	171,927	11.7%	12,704	0	\$13.26
Totals	9,244,868	1,256,044	13.6%	-5,063	0	\$15.94

Source: Colliers International.

The principal locations for professional office space in the Kansas City North submarket are within the master planned business parks of Briarcliff and Tiffany Springs, both of which are located adjacent to freeways. Briarcliff located at the intersection of Highways 9 and 169 is considered the submarket's premier office location offering Class "A" space within a 238-acre upscale mixed-use development featuring specialty retail, full-service hotel, luxury apartments and custom homes. Briarcliff's inventory of Class "A" office space totals approximately 546,000 square feet operating at a 98 percent occupancy rate and an average lease rate of \$25.00 per square foot.

As of the first quarter 2013 the Kansas City North submarket operated at an above market average vacancy rate of 13.6 percent with nearly 1.3 million square feet of unoccupied office space. Class "A" space was operating at a 4.4 percent vacancy rate, followed by Class "C" space at 11.7 percent and Class "B" space at 15.2 percent. No new office space was under construction. The average lease rate of \$15.94 per square foot is up from \$15.77 per square foot during the second quarter 2012.

Given the large inventory of unoccupied office space and below metro norm lease rate, no near-term new speculative office construction in the Kansas City North submarket is warranted. Any new office development will be driven by the needs of specific tenants.

Downtown Parkville Office Market

Despite a highly education population no traditional office park has been developed in Parkville. Professional and personal service firms are generally located within commercial space at Parkville Commons and in individual buildings in downtown Parkville.

The current inventory of professional and medical space in downtown Parkville was compiled by consulting property records published by the Platte County Assessor as well as interviews with property owners. According to these sources a total of 14 properties located in downtown Parkville support approximately 54,119 square feet of office space. English Landing accounts for nearly 70 percent of downtown Parkville's inventory of office space. Much of downtown's inventory of office space is second floor space over ground floor retail. The table on the following page identifies existing office properties in downtown Parkville.

A reported 3,000 square feet of second floor office space is currently available for lease at English Landing for \$13.00 per square foot, translating into an average vacancy rate of 5.5 percent. The average rent for office space in downtown Parkville is \$12.00 per square foot. Professional businesses operating in downtown Parkville include financial services, insurance, real estate, attorney, counseling and dentist.

Two parcels remain available for future development at English Landing, each capable of supporting the construction of a 2-story, 12,000 square foot retail/office building.

Elsewhere in Parkville two notable projects are designed for future office development. National Village located along Highway 45 is zoned mixed-use and designed for 2- and 3-story commercial buildings adjacent to the golf course. The 37-acre Parkville Connection located just south of Parkville Commons is designed for 96,000 square feet of office and retail space.

Downtown Parkville Office Space Inventory

Property Address	# of Floors	Building Area	Office Space
102 Main Street	2	2,400	1,200
104 Main Street	2	2,720	2,720
106 Main Street	2	1,408	704
201 Main Street	1	6,000	3,000
301 Main Street	2	2,000	1,000
304 Main Street	1	1,403	1,403
407 Main Street	2	2,720	2,720
8 East Street	2	3,800	1,900
306 East Street	2	1,924	1,924
160-180 Main Street	1 & 2	20,121	10,060
170 English Landing Drive	2	12,000	6,000
171 English Landing Drive	2	12,000	6,000
173 English Landing Drive	2	19,137	9,568
180 English Landing Drive	2	12,000	6,000
Total Office Space			54,199

Source: Platte County Assessor and Canyon Research Southwest, Inc.

In addition to traditional professional office space in downtown Parkville, Park University operates Parkville Commercial Underground that offers approximately 385,000 square feet of leasable warehouse and office space. Opened in 1996, Parkville Commercial Underground is the only underground business park in Platte County. The facility now has 18 commercial tenants, including restaurant accounting professionals, light manufacturers, an engineering firm, wine wholesalers, an electronics manufacturer and companies that provide medical records storage and data warehousing.

Property amenities include 11- to 13-foot ceiling heights, loading docks, air conditioning, security and underground parking. Utility cost savings can be as much as 65 percent since heating and cooling occur naturally. Lease rates are much lower than surface rates, ranging from \$3.00 to \$6.00 per square foot gross depending on the use and tenant build-out. The Parkville Commercial Underground can accommodate large tenants with 35,502 square feet of space current available for lease, including 5,502 and 30,000 square foot suites. Tenants can benefit from a direct relationship with Park University, a unique arrangement not offered by traditional speculative office space.

The Parkville Commercial Underground is considered unconventional office space and isn't viewed as directly comparable to existing office space in the core of downtown Parkville. New conventional office space built in downtown Parkville won't be considered directly competitive given the nature, design and large suite sizes offered at the Parkville Commercial Underground. Given that downtown office space and the Parkville Commercial Underground service distinctive markets they could both co-exist and support each other.

Peer City Downtown Service Business Tenant Comparisons

Downtown businesses were inventoried along Main, East and Mill Streets in an effort to quantify the mix of retailers and service businesses. A total of 24 professional, medical and personal service businesses currently operate in downtown Parkville. The largest professional firm is EShipping which is located within the English Landing Center and employs 90 workers.

Downtown Parkville's business profile was compared to peer city downtowns in an attempt to identify prospective professional and personal service businesses and development opportunities. Peer cities selected for the analysis include Atchison, Weston, Lee's Summit, Independence and Liberty.

The table on page 55 provides a summary of professional, medical and personal service businesses operating in the downtowns of each peer city. Based on this comparison analysis, prospective service businesses for downtown Parkville have been identified and include:

- Financial Services
- Account & Tax Services
- Insurance
- Real Estate
- Architect
- Attorney
- Physical & Massage Therapy
- Fitness/Wellness
- Photography

Peer City Downtown Service Business Tenant Comparisons

Service Business Type	Parkville	Weston	Atchison	Lee's Summit	Independence	Liberty	Prospective Businesses
Financial Services	3		1	3		1	X
Accountant / Tax Services			1	3	1	1	X
Insurance	2		1	4	1	1	X
Real Estate	1		2	3	1		X
Architect				1		1	X
Travel Agency			1	1			
Bank	1		6	2	1	1	
Attorney	1		4	11	4	19	X
Bail Bonds			1			1	
Communications / Technology			2	3			
Newspaper			1	2		1	
Hotel / B&B	1	3			1		
Membership Social Clubs	1	2	1				
Optical			2			1	
Dry Cleaners			1				
Shoe Repair						1	
Physical / Massage Therapy				4	1		X
Fitness / Wellness			5	1	1	2	X
Tanning Salon			1				
Healthcare			9				
Counseling	2						
Dentist	1		1	1			
Animal Hospital							
Dance Studio	1		1	1		1	
Photography			1	5	1	1	X
Marketing	2						
Car Counselors	1						
Funeral Home	1						
Lawn Care & Landscaping	1						
Printing / Copies			1	1	1		
Plumber			1				
Security	1						
Auction House	1						
Express Delivery Service	1						
Educational Tutoring / Training	1			1	1		
Car Wash							
Auto Repair	1	1	1				
Totals	24	6	45	47	14	32	

Forecast Office Space Demand

Professional office space demand projections for both Platte County and the City of Parkville through the year 2030 provide an understanding of future market conditions directly impacting the feasibility of new office space development in downtown Parkville.

The demand for professional office space is closely correlated with expansion in office space using employment sectors. Future demand for professional office space was forecast utilizing an occupational employment-driven model. This model was designed using the variables of increased employment in categories of economic activity typically associated with demand for office space and average space requirements per employee. A share of regional demand is assigned to the submarket (and specific project) on the basis of location, competition, access, project scale, etc.

The U.S. Department of Labor defines office employment as jobs in the information, financial activities, and professional and business services industries. According to the *County Business Pattern* published by the U.S. Census Bureau, as of July 2011 employment in Platte County for the office using sectors of information; finance, insurance and real estate; professional, scientific and technical services; administrative and support services; and management was reported at 10,989 jobs, or 29.1 percent of total employment. Meanwhile, health and social assistance sector employment in 2011 was reported at 3,292 jobs, or 8.7 percent of total employment.

Platte County Employment Trends by Sector; 1998-2011

Industry Classification	2011	1998	Change
Total Employment	37,732	33,722	4,010
Construction	1,052	1,319	-267
Manufacturing	2,420	2,160	260
Wholesale trade	1,665	2,090	-425
Retail trade	6,076	2,677	3,399
Transportation and warehousing and utilities	2,348	6,394	-4,046
Information	487	433	54
Finance, insurance, real estate and rental and leasing	4,107	5,022	-915
Professional, scientific and technical services	1,583	999	584
Administrative and support and waste management services	3,810	2,410	1,400
Management of companies	1,002	787	215
Health and social assistance	3,292	2,182	1,110
Educational services	1,785	1,646	139
Accommodation and food services	6,028	3,718	2,310
Other services (except public administration)	1,708	1,386	322

Source: U.S. Census Bureau.

According to the *County Business Pattern*, total employment for Platte County rose from 33,722 jobs in 1998 to 37,732 jobs by 2011, an increase of 4,010 jobs, or 11.9 percent. Total employment in Platte County increased at an average annual rate of 0.9 percent from 1998 to 2011. With the continued expansion of the Kansas City MSA, in the future employment growth for Platte County is anticipated to accelerate.

From 1998 through 2011, total employment for office using sectors in Platte County increased by 1,338 jobs, or 13.9 percent. Meanwhile, healthcare-related employment increased by 1,110 jobs, or 50.9 percent.

Based upon historic employment trends and population projections published by the U.S. Census Bureau and Missouri Economic Research & Information Center, job growth for Platte County is projected at 6,100 total jobs from 2012 to 2030. Office-related employment is forecast to account for 30 to 35 percent of total job growth. These capture rates translate into office-related employment growth of 1,830 to 2,135 jobs from 2013 through 2030.

Office space demand created by the future growth in office-related employment was forecast by applying standard job creation ratios outlined in the *Development Impact Assessment Handbook* published by the Urban Land Institute (“ULI”) and per capita space requirements currently being supported in the Kansas City office market. The *Development Impact Assessment Handbook* publishes a job creation rate of 1.0 job per 250 square feet of office space. Meanwhile, the Kansas City MSA currently supports 87.1 million square feet of occupied office space and 254,464 office-related jobs, translating into a per capita job creation rate of 1.0 job per 342 square feet of office space, which includes vacant space. Therefore, this report utilized the more conservative per capita job creation rate of 1.0 job per 250 square feet of occupied office space. These job creation rates account for both owner-occupied and speculative office space.

Based on this employment-driven model, from 2013 through 2030, Platte County is estimated to absorb approximately 457,500 to 533,750 square feet of professional office space. Parkville’s ability to capture office space demand will be based on further population growth and the population’s high education levels. Downtown Parkville is forecast to capture 15 percent of Platte County’s office-related employment growth through 2030. Therefore, downtown Parkville is estimated to absorb 68,625 to 80,000 square feet of professional office space through the year 2030.

Office Space Demand Projections Platte County, Missouri; 2013-2030

Timeframe	Office - Related Job Growth	Space Conservative	Demand Optimistic
2013 – 2030	1,830 – 2,135	457,500	533,750
Totals		457,500	533,750
Annual Average		25,417	29,653

Source: Canyon Research Southwest, Inc.

Evaluation of Prospective Office Sites

A feasible office building site possesses the following characteristics: excellent location and access; proximity to a large and diverse labor pool; appropriate parcel size and shape; and compatibility with surrounding land uses. Suburban office development tends to gravitate to convenient freeway locations and/or mixed-use environments that provide the needed support services (i.e., restaurants, retail goods, lodging and entertainment) and prestigious business image. Standard site selection criteria utilized by office developers and tenants are summarized in the table below.

Standard Office Site Selection Criteria

Site Characteristics
Zoning compliance
Parcel size and dimensions
Availability of utilities and information technology
Site visibility and exposure
Context of adjacent land uses
Proximity to freeways, major arterials, public transportation and airport
Proximity to customers
Proximity to downtown or mixed-use urban environment
Availability of parking
Presence of existing office development
Safe neighborhood
Land and off-site infrastructure costs
Achievable rental rates
Local Amenities
Community identity and image
Availability of a diverse labor force
Proximity to executive housing
Availability of support services such as banks, post office, office supply stores, etc.
Availability and quality of restaurants, hotels and off-site meeting space
Proximity to fitness centers and other recreational amenities
Accessibility to day care services

Parkville’s competitive advantages in supporting future professional office development include its highly educated population; convenient access to a large and diverse labor force; supply of executive housing; high quality of life; availability of support services and availability of suitable development sites. Parkville’s competitive disadvantages include its small size, absence of an Interstate freeway and a modest inventory of existing office space.

Prospective office development sites in downtown Parkville evaluated in this section of the report include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

The downtown area serves as Parkville's primary office location supporting approximately 54,000 square feet of professional and medical office space. As a prospective location for future office development downtown Parkville offers the following favorable location characteristics: 1) historic character of Main Street; 2) adequate zoning and public infrastructure; 3) an established identity; 4) presence of a downtown Post Office and Park University; 5) close proximity to executive housing and 6) convenient regional access via Interstates 29, 435 and 635.

As a prospective location for future office development downtown Parkville is hampered by the absence of direct highway access and exposure, modest availability of business support services (i.e., lodging, meeting space, banks, restaurants, day care and office supply stores), small inventory of existing office stock, modest rental rates and limited availability of development sites.

Rental rates for existing office space in downtown Parkville are affordable which may hamper near-term financially feasible office development. With a limited inventory of vacant land, prospective development sites will have to be manufactured by purchasing and redeveloping underutilized properties.

Main and McAfee Streets

The surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is owned by the City of Parkville. The property is rectangular in shape and is estimated at approximately 2.2 acres.

As a prospective office development site the surface parking lot on the northeast corner of Main and McAfee Streets offers the following favor site characteristics: 1) adequate parcel size and dimensions; 2) availability of infrastructure; 3) major arterial access and visibility; 4) proximity to English Landing; 5) ability to accommodate on-site parking; 6) Main Street address and 7) location within an urban mixed-use setting.

The Parkville Master Plan designates the site for Parks & Open Space. Therefore, future office use of the site will require an amendment to the Master Plan and a zoning change. The site is also located within the flood plain which will require site and building modifications.

East Side of Highway 9

The prospective development sites located on the east side of Highway 9 from 1st Street north to 6th Street collectively consist of nine individual parcels totaling approximately 3.66 acres. Existing land uses include a U.S. Post Office, former restaurant, two single family homes, Glen's Automotive, Four Seasons Lawn & Landscape and vacant land.

As a prospective office development site the properties located on the east side of Highway 9 between 1st and 6th Streets offer the following favor characteristics: 1) adequate zoning compliance; 2) adequate parcel size and dimensions to support large-scale mixed-use development; 3) availability of infrastructure; 4) access and visibility via Highway 9; 5) proximity to Park University; and 6) ability to accommodate on-site parking.

The Parkville Master Plan designates the site as a Mixed-Use District which legally permits professional and medical office uses.

A portion of the site is located within the flood plain which will require site and building modifications.

West Side of Highway 9

The prospective development site located on the west side of Highway 9 from 1st Street north to 6th Street consists of twelve individual parcels totaling approximately 1.07 acres. Existing land uses include the French Bee Bakery, parking lot, nine single family homes and a 4-unit apartment building.

As a prospective office development site the properties located on the west side of Highway 9 between 1st and 6th Streets offer the following favor characteristics: 1) adequate zoning compliance; 2) availability of infrastructure; 3) access and visibility via Highway 9; 4) proximity to Park University; and 5) ability to accommodate on-site parking.

The Parkville Master Plan designates the site as a Mixed-Use District which legally permits professional and medical office uses.

The street right-of-way patterns and shallow lot depths for the properties fronting the west side of Highway 9 will limit the potential to accommodate large-scale mixed-use development. Likely development scenarios include the adaptive re-use of the existing residential structures or razing current structures to facilitate the construction of single-tenant commercial buildings or multi-family housing.

The portion of the site located south of 3rd Street is within the flood plain which will require site and building modifications.

Conclusions

Over the coming years as Parkville continues to grow the demand for professional office space will materialize. As a professional office location downtown Parkville benefits from its historic character, adequate zoning and public infrastructure, established identity, presence of Park University, close proximity to executive housing and convenient regional access via Interstates 29, 435 and 635.

Three prospective future office development sites have been identified for downtown Parkville, including: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st

Street north to 6th Street. Each prospective development site is within the flood plain which will require site and building modifications. The properties along the east side of Highway 9 are viewed as the premier location, benefitting from excellent highway access and exposure, location adjacent to Park University and the ability to accommodate large-scale, mixed-use development.

Conclusions

Despite a highly educated population no office park has been developed in Parkville. Professional and personal service firms are generally located within commercial space at Parkville Commons and in individual buildings in downtown Parkville. As a professional office location downtown Parkville benefits from its historic character, adequate zoning and public infrastructure, established identity, presence of Park University, close proximity to executive housing and convenient regional access via Interstates 29, 435 and 635.

The current inventory of professional and medical space in downtown Parkville totals just 54,119 square feet. A total of 24 professional, medical and personal service businesses currently operate in downtown Parkville, led by financial services, insurance, real estate, attorney, counseling and dentist. English Landing accounts for nearly 70 percent of downtown's inventory of office space. Much of downtown's inventory of office space is second floor space over ground floor retail. A reported 3,000 square feet of second floor office space is currently available for lease at English Landing for \$13.00 per square foot, translating into an average vacancy rate of 5.5 percent. The average rent for office space in downtown Parkville is \$12.00 per square foot.

According to the *County Business Pattern* published by the U.S. Census Bureau, as of July 2011 employment in Platte County for the office using sectors of information; finance, insurance and real estate; professional, scientific and technical services; administrative and support services; and management was reported at 10,989 jobs, or 29.1 percent of total employment. From 1998 through 2011 office-related employment in Platte County increased by 1,338 jobs, or 13.9 percent.

From 2013 through 2030, Platte County is estimated to absorb approximately 457,500 to 533,750 square feet of professional office space. Parkville's ability to capture office space demand will be based on further population growth and the population's high education levels. Parkville is forecast to capture 15 to 20 percent of Platte County's office-related employment growth through 2030, translating into the absorption 68,625 to 106,750 square feet of professional office space.

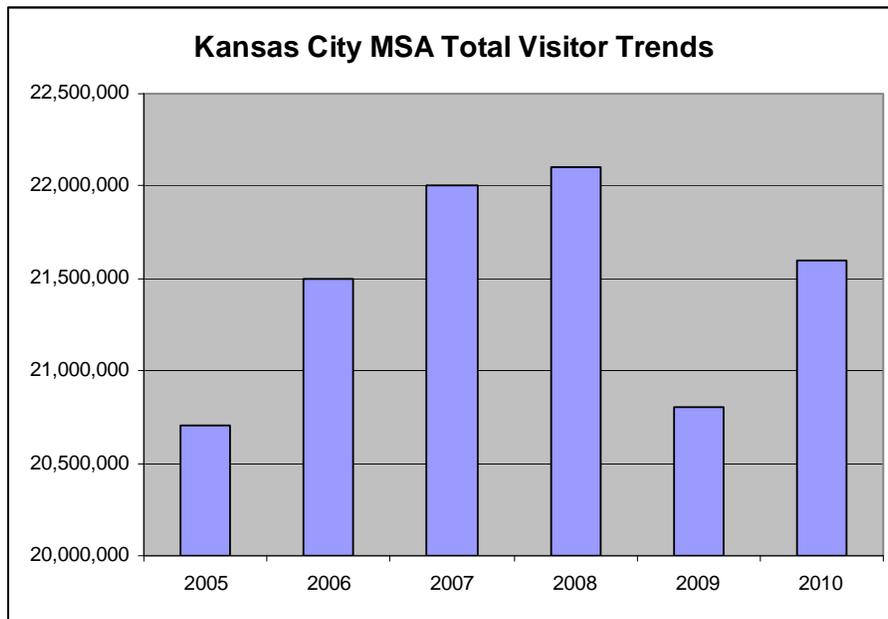
Three prospective future office development sites were identified in downtown Parkville, including: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street. Each prospective development site is within the flood plain which will require site and building modifications. The properties along the east side of Highway 9 are viewed as the premier location, benefitting from excellent highway access and exposure, location adjacent to Park University and the ability to accommodate large-scale, mixed-use development.

HOTEL MARKET ANALYSIS

Existing lodging in downtown Parkville, Missouri is limited to the Main Street Inn. This section of the report evaluates the market potential for developing additional hotel properties in downtown Parkville, Missouri. Tourism and competitive hotel market trends are discussed.

Kansas City Tourism Market Overview

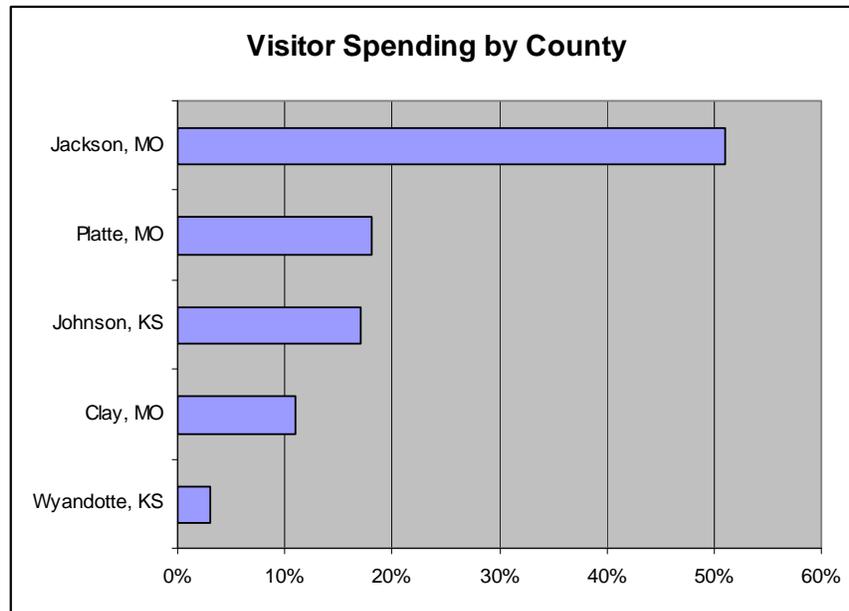
Parkville is located within the Kansas City MSA which consists of the Counties of Jackson, Clay, Platte, Johnson and Wyandotte. According to the Kansas City Convention & Visitors Bureau out-of-town visitation to the Kansas City area grew steadily from 2005 to 2008 reaching a high of 22.1 million visitors. Due largely to a weakening national economy, out-of-town visitation declined by 5.9 percent in 2009 to 20.8 million visitors. In 2010, out-of-town visitation to the Kansas City MSA rebounded to an estimated 21.6 million visitors, up 3.7 percent from 2009. As the national economy improves both leisure and business travel to the Kansas City MSA is expected to continue to improve.



During 2010, out-of-state (defined as living outside of Kansas and Missouri) and international visitors accounted for an estimated 52.6 percent of all visitors to the Kansas City area. Leading places of origin for visitors to Kansas City included Oklahoma (6.0%); Nebraska (5.1%); Iowa (5.1%) and Texas (4.8%).

According to the *2010 Economic Impact Study & Visitor Profile* prepared by Reach Market Planning, during 2010 tourism expenditures in the Kansas City MSA increased by 6.1 percent to \$2.57 billion. Tourism expenditures for the year were led by lodging at \$728 million, food and beverage at \$596 million, shopping at \$492 million and recreation at \$341 million.

During 2010 the State of Kansas captured just 20 percent of total visitor spending in the Kansas City MSA with Missouri communities garnering 80 percent. Jackson County, Missouri captured 51 percent of total visitor spending for 2010, or \$1.34 billion. Parkville is located in Platte County, Missouri which garnered 17.9 percent of total visitor spending, or \$478.7 million.



Tourism’s total economic impact in 2010 on the Kansas City MSA was estimated at \$4.3 billion. Jackson County accounted for half of tourism’s local economic impact with \$2.2 billion, followed by Platte County at \$762 million (18%), Johnson County at \$731 million (17%), Clay County at \$484 million (11%) and Wyandotte County at \$144 million (3%).

According to the *2010 Economic Impact Study & Visitor Profile* prepared by Reach Market Planning, during 2010, nearly 18 million leisure travelers visited the Kansas City MSA with more than 8.6 million staying overnight. Kansas City also hosted 1.25 million overnight business travelers. The average per person expenditure of an overnight business traveler to Kansas City was \$208 per day compared with \$110 daily per overnight leisure traveler. The average length of stay was 2.98 nights with the overnight market growing more affluent with younger middle-to-upper class families and affluent older adults. For overnight leisure travelers the average party size was 2.73 persons, including 2.14 adults and 0.59 children. Families accounted for an estimated 30 percent of all travel parties to Kansas City. The average age of a visitor to Kansas City was 44.5 years. An estimated 84 percent of overnight leisure travelers arrived to Kansas City by automobile while 47 percent stayed in a hotel.

Kansas City is a regional tourist and family destination boasting a wide selection of shopping and dining and host of sporting, gaming, recreational and cultural attractions. Major family and cultural venues include Worlds of Fun/Oceans of Fun theme park, the Science City at Union Station, Kansas City Zoo, Nelson-Atkins Museum of Art and American Jazz Museum. During the first half of 2012, both Sea Life Kansas City Aquarium and Legoland Discovery opened within Crown Center. Major attractions operating in the Kansas City MSA are listed in the table on page 64.

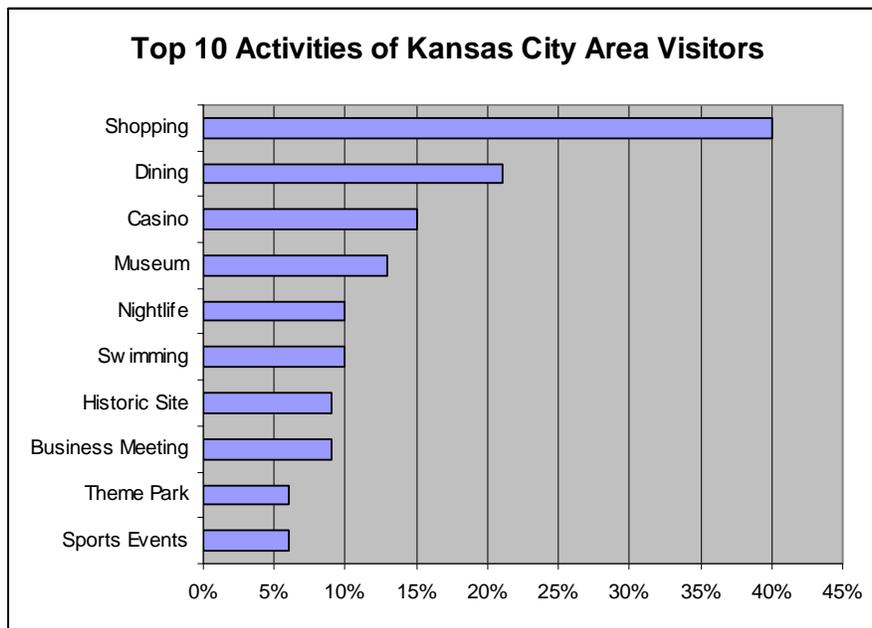
In recent years several high-profile entertainment attractions constructed in the Kansas City MSA have produced a measurable increase in tourism visitation. New tourism attractions on the Missouri side include the \$325 million Kauffman Center for the Performing Arts, \$200 million expansion to the Nelson-Atkins Museum of Art and 18,500-seat Sprint Arena and adjacent Kansas City Power & Light District featuring a nine-block area of downtown with restaurants, entertainment venues, shopping and offices. The Sealife Aquarium and LegoLand Discovery Center opened in 2012 at Crown Center.

New tourism attractions on the Kansas side of the metropolitan area include Schlitterbahn Vacation Village and Village West.

Kansas City Area Major Attractions

Attraction	Location
Art & Cultural Attractions	
American Heartland Theatre & Coterie Theatre	Kansas City, Missouri
Kansas City Repertory Theatre	Kansas City, Missouri
Kauffman Center for the Arts	Kansas City, Missouri
Kemper Museum of Contemporary Art	Kansas City, Missouri
Lyric Theatre (Kansas City Ballet)	Kansas City, Missouri
Nelson-Atkins Museum of Art	Kansas City, Missouri
Nerman Museum of Contemporary Art	Overland Park, Kansas
Family Attractions	
Kansas City Zoo	Kansas City, Missouri
Oceans of Fun / Worlds of Fun	Kansas City, Missouri
Schlitterbahn	Kansas City, Kansas
Science City @ Union Station	Kansas City, Missouri
Sports Venues	
Arrowhead Stadium (Kansas City Chiefs)	Kansas City, Missouri
Community America Park (Kansas City T-Bones)	Kansas City, Kansas
Explorers Stadium (Kansas City Explorers)	Kansas City, Missouri
Independence Events Center (Missouri Mavericks)	Independence, Missouri
Kansas Speedway	Kansas City, Kansas
Kauffman Stadium (Kansas City Royals)	Kansas City, Missouri
Livestrong Sporting Park (Sporting KC)	Kansas City, Kansas
National Collegiate Basketball Hall of Fame	Kansas City, Missouri

According to the *2010 Economic Impact Study & Visitor Profile* prepared by Reach Market Planning, the top activities of overnight leisure visitors to Kansas City included shopping (40%); dining (21%); casino (15%); museum (13%); and nightlife (10%). The high visitor counts, tourist characteristics and preferred activities provide the opportunity for the Kansas City MSA to support upscale retail, restaurants, entertainment venues and attractions.



People living in Kansas and Missouri account for more than 45 percent of all annual overnight tourism to the Kansas City area, followed by Nebraska residents at 11 percent and Iowa residents at 7 percent. Oklahoma and Texas each provide approximately 4 percent of overnight visitation. Overall, about one-third of overnight visitors originate between 200 and 300 miles away and over one-third travel more than 500 miles. Families account for 30 percent of travel volume to the Kansas City area. **These visitation patterns bode well for the opportunity of downtown Parkville to attract out-of-state visitors, particularly heritage tourists.**

Competitive Hotel Market

As stated earlier in the report, existing lodging in downtown Parkville, Missouri is limited to the Main Street Inn, a 4-room bed & breakfast located at 504 Main Street. Given the presence of Park University and the tourism draw of downtown Parkville, this section of the report provides a survey of existing hotels operating in Northwest Kansas City north of the Missouri River. The table on the following page provides an inventory of existing hotels in the competitive market area segmented by product type (i.e., full-service, extended stay, limited-service, etc.).

Thirty-one hotel properties operate within Northwest Kansas City totaling 3,851 guest rooms. The competitive hotel properties are located primarily at major Interstate 29 interchanges in close proximity to the Kansas City International Airport and cater to leisure and business travelers.

Inventory of Northwest Kansas City Hotels

Hotel Property	Year Built	# of Rooms	Pool	Fitness Center	Meeting Space	Business Center	Dining	Daily Rate
Full-Service Hotels								
Marriott Kansas City Airport	1974	384	X	X	5,400 SF	X	X	\$159
Hilton Kansas City Airport	1973	347	X	X	21,000 SF	X	X	\$119
Embassy Suites Kansas City Airport	1989	237	X	X	10,656 SF	X	X	\$179
Holiday Inn Kansas City Airport	2006	141	X	X	1,550 SF	X	X	\$82
Four Points by Sheraton	1974	200	X	X	5,000 SF	X	X	\$99
Extended Stay/All Suites Hotels								
Marriott Residence Inn	2007	152	X	X	3,000 SF	X		\$159
Hyatt Place	1999	134	X	X	1,586 SF	X		\$107
Drury Inn & Suites	1998	122	X	X	1,822 SF	X		\$130
Homewood Suites	1997	116	X	X	1,657 SF	X		\$139
Candlewood Suites	2010	88		X		X		\$83
Extended Stay America	1997	109						\$51
Extended Stay America @ Tiffany Springs		89	X	X				\$60
Limited-Service Hotels								
Fairfield by Marriott	1996	129	X	X	563	X		\$119
Hampton Inn	1987	120	X	X	625	X		\$119
Holiday Inn Express	1997	109	X	X	1,200 SF	X		\$111
La Quinta		80	X	X	312 SF	X		\$83
Marriott Courtyard Kansas City Airport	1990	149	X	X	5,368	X		\$129
Marriott Courtyard @ Briarcliff	2012	134	X	X		X		\$139
Quality Suites		73		X	195 SF	X		\$65
Economy/Budget Hotels								
Best Western		80	X	X	1,200 SF	X		\$75
Comfort Inn	2010	85	X	X	308 SF	X		\$70
Days Inn	2000	51	X			X		\$45
Econo Lodge	1988	59						\$45
Microtel	1999	82			X	X		\$45
Motel 6 Kansas City North		85	X					\$52
Sleep Inn	1997	104	X	X		X		\$55
Super 8 Kansas City Airport	1987	41				X		\$49
Super 8 Platte City		45	X			X		\$50
Super 8 Riverside		48	X		X	X		\$60
Specialty Hotels								
Argosy Casino Hotel & Spa		258		X	X	X	X	\$124
Total Guest Rooms		3,851						

Source: Canyon Research Southwest, Inc.; October 2013.

Northwest Kansas City has five full-service hotels totaling 1,306 guest rooms. The competitive hotels are all located near the airport and include the Embassy Suites, Four Points, Hilton, Holiday Inn and Marriott brands. Current base daily rates range from \$82 to \$179. Full-service hotels are generally upscale full-service facilities with a large volume of full-service accommodations and a variety of on-site amenities such as an on-site restaurant and lounge, meeting space and conference facilities, fitness center, business center and swimming pool. Full-service hotels cater primarily to business and group travelers.

Eight extended stay hotels are located within Northwest Kansas City totaling 810 guest rooms. Candlewood Suites and Extended Stay America are modest properties garnering current daily rates of \$51 to \$83. Homewood Suites and Residence Inn by Marriott are higher quality hotels catering to business travelers and supporting current daily rates of \$139 to \$159. Extended stay hotels provide a residential-like living environment aimed at business travelers on extended assignments, families in the midst of relocation and others in need of temporary housing. Hotels offer such residential amenities as a full kitchen, living area and laundry facilities. Such property amenities as swimming pools, meeting space and business center are seldom offered by extended stay hotels. Discounts are generally offered for extended stays, generally beginning at one week.

Seven limited-service hotels are located within Northwest Kansas City totaling 794 guest rooms. Limited-service hotel brands include Fairfield by Marriott, Hampton Inn, Holiday Inn Express, La Quinta, Marriott Courtyard and Quality Suites. Current base daily rates range from \$65 to \$139. Limited service hotels often lack an on-site restaurant but in return may offer a limited complimentary food and beverage service such as a continental breakfast. In today's market a limited service hotel's range of amenities might include a business center, a fitness room, guest laundry facilities, a market pantry, an indoor and/or outdoor pool and whirlpool, and a small meeting room.

Northwest Kansas City has ten budget/economy hotels totaling 680 guest rooms. Hotel properties range in size from 41 to 104 rooms. The competitive hotels include a Best Western, Comfort Inn, Days Inn, EconoLodge, Microtel, Motel 6, Sleep Inn and Super 8. Current base daily rates range from \$45 to \$75. Economy and budget hotels are small to medium-sized properties that offer a very limited amount of on-site amenities and often only offer basic accommodations with little to no services. Budget and economy hotels cater to budget-minded travelers seeking a "no frills" accommodation.

The 258-room Argosy Casino Hotel & Resort and 48-room Super 8 Riverside are the closest hotel properties to downtown Parkville, both located just five miles to the southeast at the intersection of Interstate 635 and Highway 9 in Kansas City.

The Argosy Casino Hotel & Resort caters to leisure and business travelers by providing five restaurants, meeting facilities, spa, gaming and entertainment. The Super 8 Riverside is a budget/economy hotel located adjacent to the Argosy Casino. Property amenities are limited to an outdoor pool, guest laundry, meeting room and business services.

Earlier in the report several peer city downtowns were evaluated to assist in identifying potential businesses for downtown Parkville. Of the peer cities selected only Weston and Independence possessed hotels. Hotels in Weston, Missouri include the historic 47-room Saint George Hotel opened in 1845, 4-room Weston Landing and 4-room Hatchery House B&B. Downtown

Weston's ability to generate hotel room demand stems from its rural destination location, many festivals and presence of such attractions as the Weston Brewing Company and Pirtle Winery. Ophelia's Restaurant & Inn is an 8-room boutique hotel operating in downtown Independence, Missouri.

Evaluation of Prospective Hotel Sites

This section of the report evaluates the potential of downtown Parkville to facilitate future hotel development. Given the site requirements for major chain hotels two prospective sites were considered, including: : 1) surface parking lot on the east side of Main Street south of the rail road track and 2) east side of Highway 9 from 1st Street north to 6th Street.

A. Is the site accessible from major highways and arterial roadways?

Freeway and/or major arterial street access is particularly important for budget, economy and limited-service hotels, providing for convenient access and visibility by guests and the ability to capture drive-by traffic. Access is less critical for full-service, luxury and boutique hotels as they tend to be destination locations.

The Main Street site's access and visibility via a major arterial is insufficient to accommodate development of a budget, economy or limited-service hotel. Given the low traffic counts on Main Street and the fact it dead-ends at the Missouri River, a boutique hotel is the most viable format.

The Highway 9 site offers improved access and visibility via a highway. However, Highway 9 serves as more of a commuter roadway than for transient out-of-town traffic.

B. Is the potential hotel site near and accessible to hotel room demand generators?

A feasible hotel site is located in close proximity to room demand generators. Potential room demand generators include freeways, employment centers, sporting venues, tourist destinations and recreational facilities.

Lodging demand for both prospective sites will originate from two sources, including out-of-town visitors to downtown Parkville and Park University in the form of off-campus students, parents, visiting professors and guests to campus events.

Park University is a private institution of higher education based in Parkville, Missouri and has 40 campus center locations in 20 states, including three campuses in the Kansas City area (downtown Kansas City, Independence and Parkville) and a campus center in Austin, Texas. Most of the satellite campuses are on or near United States Air Force bases. Park University also offers classes online. Sixty-three undergraduate, Graduate and professional degree programs are offered in liberal arts and sciences, public affairs, music, business and education. Enrollment at Park University's Parkville campus is approximately 1,700 students with approximately 22,000 students enrolled in the extended system and online. The university has a significant economic impact of Parkville and the greater Kansas City area with an annual operating budget of

approximately \$100 million. One of the principal goal's in Park University's new Master Plan is to support enrollment of 2,150 students with 750 students living on-campus.

C. Is the potential hotel site in close proximity to existing hotel properties?

The closest concentration of hotel rooms to downtown Parkville includes 28 properties totaling 3,454 guest rooms along the Interstate 29 corridor in Northwest Kansas City. These hotels cater primarily to business and leisure travelers. The closest hotels to downtown Parkville include the Argosy Casino Hotel & Spa and Super 8 at Interstate 635 and Highway 9 approximately five miles to the east.

D. Are the site's physical characteristics suitable for hotel development?

Both prospective sites offer sufficient infrastructure and land area to support development of an economy, budget, extended-stay, limited-service and boutique hotel. Development of a full-service hotel would require additional land area. Both sites are located within the flood plain with mitigation required to facilitate hotel development.

The Main Street site also is located within historic downtown Parkville, providing a unique atmosphere for a hotel. A major detriment to the Main Street site is its proximity to the railroad line whose 50+ daily trains generate significant noise and vibration.

A principal advantage of the Highway 9 site is its location adjacent to Park University. The size of the site will also permit for the planning and development of a vibrant mixed-use environment suitable for hotel uses. A mix of retail, entertainment, academic, employment and residential uses would generate on-site lodging demand.

Given the proximity to the railroad line the Main Street site was discounted as a potential location for future hotel development. The Highway 9 site possesses the necessary location and site characteristics to support future hotel development, but its dependence on Park University as a lodging demand generator and location on a secondary highway reduces its market feasibility to a B-rated location. Its presence within a mixed-use project would improve the feasibility of future hotel development. Prospective property types include a limited-service or boutique hotel.

Conclusions

Kansas City is a regional tourist and family destination supported by a wide selection of shopping and dining and host of sporting, gaming, recreational and cultural attractions. In 2010, 21.6 million out-of-town visitors to the Kansas City MSA spent \$2.57 billion with a total economic impact of \$4.3 billion. Tourism expenditures for the year were led by lodging at \$728 million, food and beverage at \$596 million, shopping at \$492 million and recreation at \$341 million. Parkville is located in Platte County which garnered 18 percent of total visitor spending.

Given its historic character and mix of independently-owned specialty shops, downtown Parkville serves as a heritage tourism destination. Heritage tourism targets older, affluent travelers. According to the *2010 Economic Impact Study & Visitor Profile* prepared by Reach

Market Planning, nearly 18 million leisure travelers visited Kansas City, the average age of a visitor to Kansas City was 44.5 years, and top activities for leisure travelers included shopping (40%); dining (21%); casino (15%); museum (13%); nightlife (10%) and historic sites (9%). These visitation patterns bode well for the opportunity of downtown Parkville to attract out-of-state visitors, particularly heritage tourists.

Existing lodging in downtown Parkville, Missouri is limited to the Main Street Inn, a 4-room bed & breakfast. Of the peer cities selected only Weston and Independence support downtown hotels. Hotels in Weston, Missouri include the historic 47-room Saint George Hotel opened in 1845, 4-room Weston Landing and 4-room Hatchery House B&B. Downtown Weston's ability to generate hotel room demand stems from its rural destination location, many festivals and presence of such attractions as the Weston Brewing Company and Pirtle Winery. Ophelia's Restaurant & Inn is an 8-room boutique hotel operating in downtown Independence, Missouri.

Thirty hotel properties operate within Northwest Kansas City totaling 3,757 guest rooms. The competitive hotel properties are located primarily at major Interstate 29 interchanges in close proximity to the Kansas City International Airport and cater to leisure and business travelers. The inventory of hotels by type includes three full-service hotels (968 rooms); eleven limited-service hotels (1,391 rooms); ten budget/economy hotels (586 rooms) and a 258-room casino resort hotel. The closest hotels to downtown Parkville include the Argosy Casino Hotel & Spa and Super 8 at Interstate 635 and Highway 9 approximately five miles to the east.

The downtown Parkville site located on the east side of Highway 9 between 1st and 6th Streets possesses the necessary location and site characteristics to support future hotel development, but its dependence on Park University as a lodging demand generator and location on a secondary highway reduces its market feasibility to a B-rated location. Its presence within a mixed-use project would improve the feasibility of future hotel development. Prospective property types include a limited-service or boutique hotel

RESIDENTIAL MARKET ANALYSIS

This section of the report evaluates the market potential to support future construction of residential housing in downtown Parkville. Included is an overview of the Parkville single family housing market, survey of competitive apartment properties, housing demand estimates and a site evaluation.

Parkville Single Family Housing Market

The *Multi-Family Market* published by Cassidy Turley Commercial Real Estate Services and the Home Builders Association of Greater Kansas City were consulted to identify historic and current rental apartment market trends within the Kansas City MSA.

New Residential Construction Activity

The table below summarizes annual trends in new residential construction permit activity for the City of Parkville from 2002 through August 2013. Over the past decade new residential housing construction activity has followed a cyclical pattern, influenced by general economic conditions, population growth and the availability of mortgage financing. From 2003 through August 2013 the City of Parkville issued building permits for a total of 450 new single family homes.

Trends in New Housing Construction City of Parkville; 2002 – August 2013

Year	# of Permits	Valuation	Average Valuation
2002	96	\$29,782,570	\$310,235
2003	58	\$20,806,186	\$358,727
2004	58	\$20,388,847	\$351,532
2005	51	\$21,160,657	\$414,915
2006	36	\$11,625,104	\$322,920
2007	14	\$7,380,000	\$527,143
2008	7	\$3,790,000	\$541,429
2009	11	\$3,152,220	\$286,565
2010	10	\$3,498,965	\$349,897
2011	21	\$5,392,749	\$256,798
2012	48	\$12,347,359	\$257,237
2013 YTD	40	\$10,928,558	\$273,214
Totals	450	\$150,253,215	\$333,896

Source: City of Parkville.

Peaks in new residential construction occurred in 2002 with the issuance of permits for 96 single family homes valued at \$29.8 million. Reflective of the national housing bust and economic recession, new residential construction in Parkville declined steadily since 2006 to a low of just

seven new single family homes in 2008 valued at \$3.79 million. Starting in 2009 new single family construction has been on the rebound reaching 48 permits valued at \$12.3 million in 2012. Through August 2013, year-to-date new single family construction was reported at 40 dwelling units valued at \$10.9 million.

Since 2002, the 450 single family homes permitted for construction in Parkville possess an average construction valuation of \$333,896. Average construction valuation peaked at \$541,429 in 2008. Since 2011 the value of new home construction has averaged just over \$263,000, suggesting smaller homes are now being built when compared to prior to the national recession.

Since 2000 the bulk of new residential construction in Parkville has occurred within the master planned residential communities of The National (236 homes), Riss Lake (206 homes) and Riverhills (54 homes).

New Single Family Permitting Trends Major Residential Communities

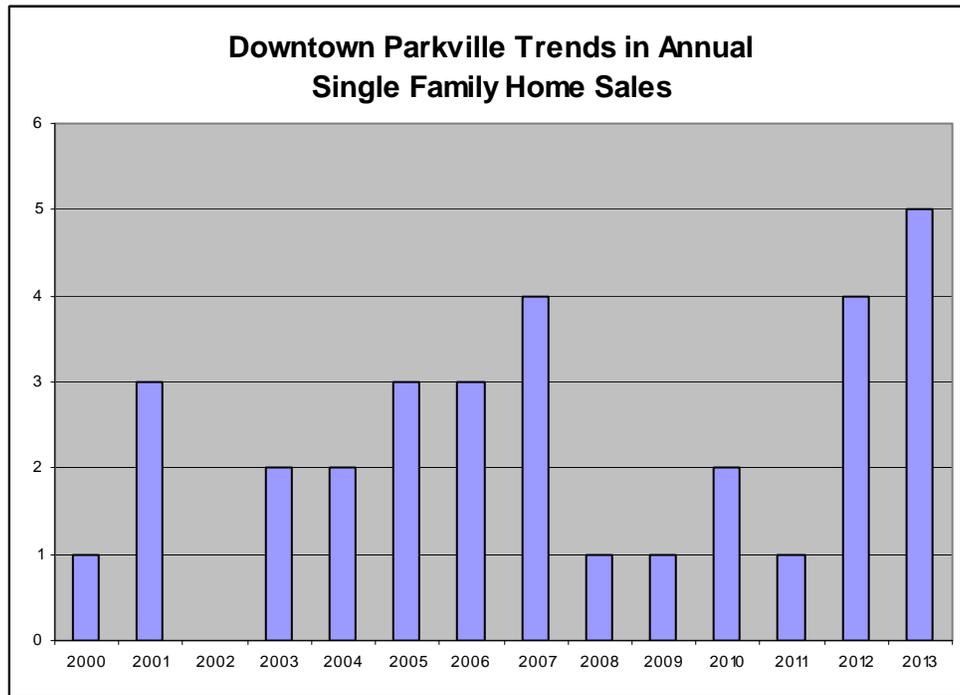
Year	# of Permits			Total Permits
	National	Riss Lake	River Hills	
2000	38	43	19	100
2001	32	40	10	82
2002	20	28	17	65
2003	30	19	2	51
2004	31	14	3	48
2005	24	18	1	43
2006	15	15	1	31
2007	8	1	0	9
2008	4	1	0	5
2009	4	3	0	7
2010	4	4	0	8
2011	9	4	0	13
2012	12	10	0	22
2013 YTD	5	6	1	12
Totals	236	206	54	496

Source: City of Parkville.

Since 2000, The National has supported the highest level of new single family home construction in Parkville with a reported 236 dwelling units issued building permits. The majority of single family home construction occurred prior to the start of the national housing slump in 2007. Since 2007, just 46 single family homes at The National have been issued building permits, though since 2011 new home construction has rebounded slightly. Homes built prior to 2007 were valued at an average of approximately \$650,000. Homes built since 2007 are generally smaller and support an average value of approximately \$450,000. A reported 40 improved lots are available for new home construction. Raw land available for future residential development at The National can support an estimated 480 single family and cluster homes.

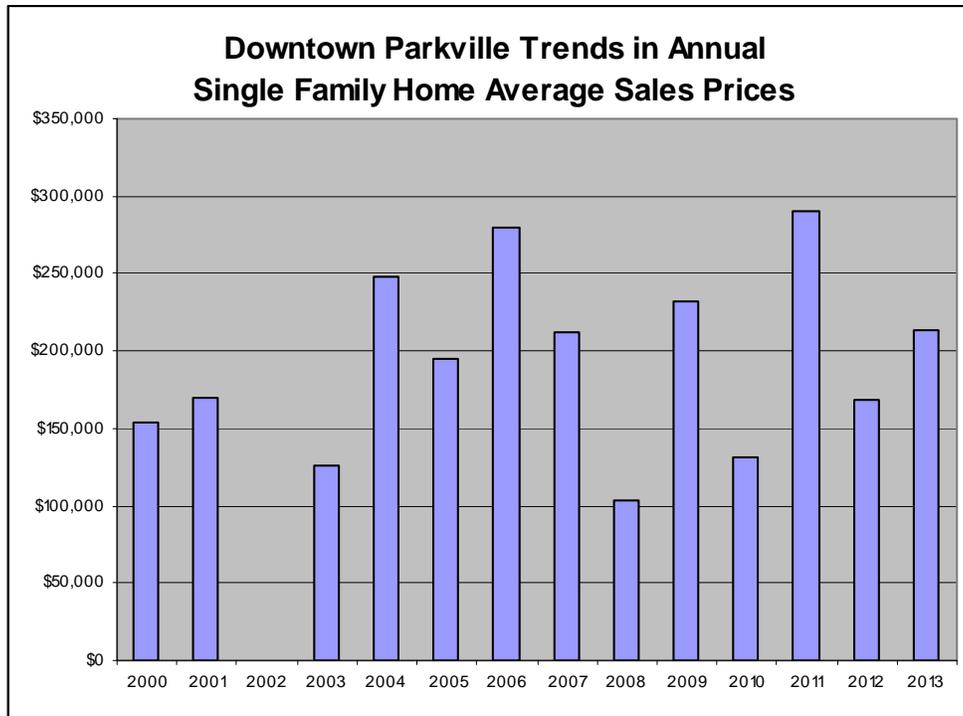
Downtown Parkville Sales Trends

Sales transactions reported by the Multiple Listing Service were consulted in an effort to quantify the sales velocity and pricing of single family homes in downtown Parkville. As illustrated in the bar chart below, since 2000, a reported 32 single family homes were sold in downtown Parkville. Consistent with national housing trends, home sales in downtown Parkville peaked from 2005 to 2007. In the aftermath of the national housing slump home sales in Parkville dropped off from 2008 through 2011. During 2012 home sales rebounded with four transactions reported. Home sales continued to escalate into 2013 with five transactions reported year-to-date.



The bar chart on the following page illustrates annual trends in the average sales price of single family homes in downtown Parkville. As can be seen, given the wide range in home sizes and modest volume of single family home sales since 2000, the average sales price fluctuates considerably from year-to-year. Since 2000, single family homes in downtown Parkville have sold for an average price of just over \$197,000. To illustrate the desirability of the downtown Parkville for-sale housing market, since 2000 the reported average sales price equates to 96.4 percent of the original asking price. In many cases during the height of the housing boom homes sold for above the asking price.

The average sales price for a home in downtown Parkville peaked in 2006 at \$280,000 and again in 2011 at \$290,000. During 2012 and year-to-date 2013 nine single family homes have sold in downtown Parkville, or over 28 percent of all home sales since 2000. Thus, recent sales activity is a good indication of home values. During 2012, four homes sold ranging in price from \$118,000 to \$279,500, averaging \$167,750. Thus far in 2013 a reported five homes sold for \$130,000 to \$265,000, averaging \$213,700. These recent trends suggest demand for single family homes in downtown Parkville is on the rise, resulting in escalating property values.



Single family lots due remain available for new home construction though site and topographical issues hamper the utility of most lots. According to the City of Parkville, since 2000 a total of five building permits have been issued for new home construction in downtown Parkville.

Competitive Apartment Market

Northlands Market Overview

The *Multi-Family Market* published by Cassidy Turley Commercial Real Estate Services divides the Kansas City MSA apartment market into five regions, including Johnson County, KS; Jackson County, MO; Country Club Plaza; Northland and Wyandotte County, KS. Parkville is located within the Northland region. The table on page 75 outlines year-end 2012 apartment market conditions by property class for each of Kansas City’s five sub-regions.

Over the past two years apartment market conditions in the Northlands region have improved marked by increased occupancies and rental rates as well as reduced rental concessions. From year-end 2010 to year-end 2012 the average occupancy rate for apartments in the Northlands region remained healthy, improving slightly from 92 percent to 93 percent. The Northlands’ occupancy rate mirrored the metropolitan average.

From year-end 2010 to year-end 2012 the average rental rate in the Northlands increased from \$0.74 per square foot to \$0.76 per square foot. The average rent for Class “A” properties escalated from \$0.88 per square foot to \$0.99 per square foot. The improving market conditions have resulted in the decline in rental concessions. At year-end 2012, 52 percent of apartment properties in the Northlands offered rental concessions, down from 75 percent at year-end 2010.

Kansas City MSA Apartment Market Year-End 2012

	Occupancy Rate		Properties		2012
Sub-region	Year-End	Year-End	Average	Offering	Construction
Property Class	2010	2012	Rent	Concessions	Permits
Johnson County, KS					
Class A	95%	94%	\$0.96	60%	548
Class B	94%	95%	\$0.87	43%	0
Class C	92%	94%	\$0.74	65%	0
Totals	94%	94%	\$0.88	55%	548
Jackson County, MO					
Class A	91%	95%	\$0.98	47%	69
Class B	92%	93%	\$0.84	70%	307
Class C	87%	91%	\$0.68	59%	0
Totals	90%	92%	\$0.78	60%	376
Country Club Plaza, MO					
Class A	97%	97%	\$1.42	0%	0
Class B	93%	97%	\$1.13	0%	0
Class C	92%	96%	\$1.02	17%	0
Totals	94%	97%	\$1.23	8%	0
Northland					
Class A	93%	94%	\$0.99	42%	298
Class B	94%	93%	\$0.75	36%	0
Class C	90%	92%	\$0.65	50%	0
Totals	92%	93%	\$0.76	46%	298
Wyandotte County, KS					
Class B	89%	98%	\$0.88	0%	377
Class C	89%	88%	\$0.78	48%	0
Totals	89%	89%	\$0.79	41%	377
Other Metro Areas					
					30
Kansas City MSA Totals					
Class A	94%	94%	\$0.98	52%	1292
Class B	93%	94%	\$0.84	46%	307
Class C	90%	92%	\$0.70	55%	0
Totals	92%	93%	\$0.83	52%	1629

Source: Cassidy Turley Commercial Real Estate Services.

Improving market conditions in the Northlands have created the opportunity to facilitate feasible new construction. At year-end 2012 the 298-unit Residences at Burlington Creek was under construction within the Burlington Creek development on Highway 45 just east of Parkville. Development of this Class “A” apartment community is relevant to downtown Parkville given its close proximity and upscale orientation.

Competitive Apartment Market Survey

In an effort to identify competitive market conditions impacting downtown Parkville, a survey was completed of existing large-scale apartment communities within Parkville, Missouri. Since the Parkville apartment market is small the competitive survey was expanded to include Riverside and Kansas City along Interstate 29 from the Missouri River north to Highway 152.

As summarized in the table on the following page, the competitive survey identified 17 large-scale apartment communities supporting a total inventory of 4,074 dwelling units. Apartment properties range in size from 68 to 624 dwelling units. The northernmost apartment properties are the newest and are Class “A” boasting luxury interior features, a wide range of community amenities and above average rental rates. The 263-unit Briarcliff City is a recently built luxury apartment community located five miles east of downtown Parkville. Briarcliff City garners well above average rental rates and is currently fully leased. In 2008, 73 luxury apartment units were built within the Zona Rosa lifestyle center, offering residents a mixed-use urban environment.

Just two large apartment properties were identified in Parkville, including the 68-unit Windscape Apartments and 244-unit Links of Parkville (built in 1972) that are Class “B” or “C” properties. Park Village is a senior apartment community and was excluded from the competitive survey.

As of the date of this report the total inventory of 4,074 apartment units was operating at a healthy cumulative occupancy rate of 94 percent which compares favorably to the metropolitan Kansas City average of 93 percent.

Average monthly rents by unit type are \$511 or \$1.02 per square foot for studios; \$804 or \$1.09 per square foot for one bedroom models; \$693 or \$0.76 per square foot for two bedroom/ one bath models; \$1,181 or \$1.00 per square foot for two bedroom/ two bath models and \$1,080 or \$0.93 per square foot for three bedroom models. The average per square foot rent of \$0.97 is 16.9 percent above the metro average of \$0.83 per square foot.

Competitive Apartment Properties Average Monthly Rents by Unit Type

Unit Type	Average Unit Size	Rental Rate Range	Average Rent	
			Monthly	Sq. Ft.
Studio	501	\$435 - \$735	\$511	\$1.02
1 Bedroom / 1 Bath	735	\$450 - \$1,335	\$804	\$1.09
2 Bedroom / 1 Bath	911	\$500 - \$1,399	\$693	\$0.76
2 Bedroom / 2 Bath	1,080	\$599 - \$1,648	\$1,181	\$1.00
3 Bedroom / 2 Bath	1,274	\$575 - \$1,749	\$1,180	\$0.93
Totals	925		\$914	\$0.97

Survey of Competitive Apartment Properties – Northwest Kansas City

Property Name Address	# of Units	Unit Type	Unit Sq. Ft.	Monthly Rent	Rent Per Sq. Ft.
Parkville					
Windscape Apartments 9151 NW 57th Street	68	2 Bedroom/1 Bath	750	\$500	\$0.67
		2 Bedroom/1 Bath	820	\$550	\$0.67
Links of Parkville 11107 NW Mema	244	1 Bedroom/1 Bath	762 - 783	\$450-\$605	\$0.59-\$0.77
		2 Bedroom/1 Bath	902 - 1,235	\$599-\$975	\$0.66-\$0.79
		2 Bedroom/2 Bath	1,005 - 1,075	\$599-\$705	\$0.60-\$0.66
		3 Bedroom/2 Bath	1,292 - 1,585	\$699-\$1,095	\$0.54-\$0.69
Competitive Market Area					
Briarcliff City 3880 N. Mulberry Drive - KC	263	1 Bedroom/1 Bath	749 - 858	\$1,029-\$1,149	\$1.34-\$1.40
		2 Bedroom/2 Bath	1,004 - 1,134	\$1,399-\$1,529	\$1.29-\$1.42
		3 Bedroom/2 Bath	1,279 - 1,330	\$1,649-\$1,749	\$1.29-\$1.32
The Province at Briarcliff 1282 NW Vivion Road - KC	120	1 Bedroom/1 Bath	662 - 883	\$924-\$1,174	\$1.15-\$1.33
		2 Bedroom/2 Bath	921 - 1,241	\$1,113-\$1,304	\$1.05-\$1.12
		3 Bedroom/2 Bath	1,282 - 1,362	\$1,445	\$1.06-\$1.13
Zona Rosa 8787 NW Prairie View Road - KC	73	1 Bedroom/1 Bath	518 - 938	\$735-\$1,150	\$1.23-\$1.42
		2 Bedroom/2 Bath	958 - 1,415	\$975-\$1,695	\$1.10-\$1.32
Chateau D'Mons 4405 NW D'Mons - Riverside	60	1 Bedroom/1 Bath	750	\$610	\$0.81
		2 Bedroom/1 Bath	1,000	\$690	\$0.69
		2 Bedroom/2 Bath	1,150	\$765	\$0.67
Rivermont 4423 NW Hon Drive - Riverside	108	1 Bedroom/1 Bath	750	\$460	\$0.61
		2 Bedroom/1 Bath	870 - 980	\$500-\$530	\$0.54-\$0.58
		2 Bedroom/1 Bath	1,050	\$520-\$530	\$0.50-\$0.51
El Chaparral 4921 NW Gateway - Riverside	230	Studio	458	\$445	\$0.97
		1 Bedroom/1 Bath	640	\$455-\$499	\$0.71-\$0.78
		2 Bedroom/1 Bath	850 - 900	\$525-\$630	\$0.62-\$0.70
Northcrest Apartments 5101 NW Gateway Ave. - Riverside	151	Studio	509	\$435-\$450	\$0.86-\$0.88
		1 Bedroom/1 Bath	673 - 715	\$475-\$499	\$0.70-\$0.71
		2 Bedroom/1 Bath	760 - 864	\$550-\$625	\$0.72
Willow Lake 6002 NW Prairie View - KC	132	1 Bedroom/1 Bath	650	\$505-\$535	\$0.78-\$0.82
		2 Bedroom/1 Bath	816	\$624-\$654	\$0.77-\$0.80
Northland Passage 6360 N. London Avenue - KC	596	1 Bedroom/1 Bath	547 - 742	\$551-\$861	\$0.88-\$1.16
		2 Bedroom/2 Bath	863 - 1,005	\$758-\$899	\$0.79-\$0.98
		3 Bedroom/2 Bath	1,223	\$1,012-\$1,074	\$0.83-\$0.88

Survey of Competitive Apartment Properties (Continued)

Property Name Address	# of Units	Unit Type	Unit Sq. Ft.	Monthly Rent	Rent Per Sq. Ft.
Hunters Glen	253	Studio	506	\$485-\$515	\$0.96-\$1.02
6201 NW 70th Street - KC		1 Bedroom/1 Bath	621	\$525-\$555	\$0.85-\$0.89
		2 Bedroom/1 Bath	865	\$590-\$685	\$0.68-\$0.79
		2 Bedroom/2 Bath	950	\$645-\$685	\$0.68-\$0.72
		3 Bedroom/2 Bath	1,127	\$745-\$785	\$0.66-\$0.70
Brentwood Manor	120	1 Bedroom/1 Bath	634	\$475	\$0.75
7024 N. Dawn Drive - KC		2 Bedroom/1 Bath	803	\$520	\$0.65
		3 Bedroom/1 Bath	998	\$575	\$0.58
The Crossing at Barry Road	624	1 Bedroom/1 Bath	647 - 785	\$687-\$1,031	\$1.06-\$1.31
7831 NW Roanridge Road - KC		2 Bedroom/1 Bath	954	\$778-\$1,184	\$0.82-\$1.24
		2 Bedroom/2 Bath	1,069 - 1,476	\$805-\$1,569	\$0.75-\$1.06
The Vintage at Zona Rosa	308	1 Bedroom/1 Bath	708 - 993	\$650-\$919	\$0.90-\$0.96
		2 Bedroom/2 Bath	1,076 - 1,148	\$944-\$1,049	\$0.88-\$0.92
		3 Bedroom/2 Bath	1,351	\$1,259-\$1,300	\$0.93-\$0.96
Riverstone	324	1 Bedroom/1 Bath	598 - 952	\$825-\$1,335	\$1.21-\$1.52
8940 N. Shannon Avenue - KC		2 Bedroom/2 Bath	1,087 - 1,277	\$1,278-\$1,648	\$1.15-\$1.29
		3 Bedroom/2 Bath	1,305	\$1,683	\$1.29
The Lakes	400	1 Bedroom/1 Bath	540 - 800	\$515-\$750	\$0.89-\$1.16
7301 N. Donovan - KC		2 Bedroom/2 Bath	912	\$690-\$825	\$0.76-\$0.91
Total Apartment Units	4,074				

Source: Canyon Research Southwest, Inc.; October 2013.

To conclude, in recent years several large-scale Class “A” apartment communities have been built in Northwest Kansas City in the vicinity of Interstate 29 and Highway 152. The newer apartment communities support luxury amenities and well above average rents. Briarcliff City and Zona Rosa illustrate the demand for luxury and urban style apartment living in the Northlands. Therefore, the existing apartment properties are classified as Class “B” and “C” offering dated design, modest community amenities and unit features, and below market rents. Despite the offering of lower grade product the surveyed properties are currently operating at a very healthy cumulative vacancy rate of 2.7 percent. *The low vacancy rates despite inferior, older product bodes well for the opportunity of the Huron Hill site to be well received into the market.*

Anticipated Additions to Supply

In an effort to identify future additions to the competitive rental housing supply within and near Parkville, apartment properties currently under construction or approved for future development were identified. As of the date of this report one large-scale apartment property was under construction with three sites planned for the future development of 362 apartment units.

Northpoint Development is now under construction on The Residences at Burlington Creek, a 298-acre luxury apartment community at 6000 NW 63rd Street with the initial phases now open and available for lease. Community amenities include elevators, controlled access buildings, clubhouse, fitness center, resort style pool, garages and covered parking. Eleven, 1- and 2-bedrooms models are available ranging in size from 766 to 1,529 square feet of livable area.

Four parcels remain available for future development within Parkville Commons, designed to accommodate the construction of a total of 62 apartment units.

The 20-acre Limestone Hill neighborhood within The National is zoned for apartments capable of supporting up to 170 dwelling units.

A development site along the south side of Highway 9 in the Briarcliff master planned community is planned for 130 apartment units. Site work is currently underway.

Housing Demand Estimates

The Missouri Economic Research & Information Center projects the Platte County population to reach 114,904 by 2030, an increase of 25,940 residents from 2010. Based on recent population growth rates, Parkville is forecast to capture approximately 10 percent of the county population growth. By 2030, the City of Parkville population is estimated at 8,148, an increase of 2,594 residents from 2010. This continued population growth will fuel demand for residential housing.

The 2010 Census reported Parkville's average household size of 2.62 persons. By applying the current average household size, Parkville's forecasted population increase through 2030 of 2,594 residents will occupy an estimated 990 housing units.

According to the 2010 Census, Parkville's housing stock totaled 1,818 dwelling units, of which 97.91 percent were occupied. The breakdown of occupied dwelling units included 1,420 owner-occupied (80%) and 360 renter-occupied (20%). Based on Parkville's current housing stock mix, through 2030 demand for rental apartments is estimated at 200 units.

These housing demand estimates exclude the housing needs for students of Park University. Enrollment at Park University's Parkville campus is approximately 1,700 students, with over 35 percent international. The recent completion of the 250-bed Copley Quad, along with Chestnut Hall and Dearing Hall, brought the on-campus housing capacity to 350 beds. The new Park University Master Plan calls for 2,150 students by 2017 with 750 students living on campus. Therefore, over the next five years the University is planning on constructing new residence halls

with approximately 400 new beds. The current and planned on-campus housing will leave approximately 1,400 students residing off campus.

Evaluation of Prospective Residential Sites

Prospective apartment development sites evaluated in this section of the report include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street. These sites were evaluated for their ability to facilitate development of apartments based on the following site criteria: physical attributes of the site; visibility and exposure; access; proximity to housing demand generators and services; and trade area demographics.

Physical Attributes

A potential large-scale apartment site should be fully serviced utilities available. Also, a rectangular shape is desirable to promote efficient land planning.

All three prospective sites are fully-serviced with utilities, are relatively flat and are impacted by the flood plain. Both the site along the east side of Highway 9 and the Main Street site possess sufficient land area to support development of an apartment community or a mixed-use project with residential over ground floor commercial space. As a residential location the Main Street site suffers from its proximity to the railroad track which is a constant source of noise and vibration.

Visibility and Exposure

Potential large-scale apartment sites should possess visibility via a major arterial so that an adequate marketing window can be provided. High traffic counts past the site also improve the site's market exposure.

Both sites along Highway 9 offer excellent major arterial visibility, satisfying the site exposure requirement of large-scale apartment communities. According to the Missouri Department of Transportation, during 2011 average daily traffic counts on Highway 9 were reported at 13,821 vehicles west of Interstate 635 and 10,550 vehicles south of Highway 45. These traffic volumes provide sufficient exposure for rental apartment use.

The Main Street site offers visibility via a major arterial, but is hampered by limited exposure and traffic counts.

Accessibility

Regional, local and on-site vehicular access is important when assessing a prospective large-scale apartment site.

The Parkville transportation network features a mix of highways and major arterial streets as well as convenient proximity to Interstates 29, 435 and 635.

The two prospective sites along Highway 9 benefit from superior direct site access as well as the connection with Highway 45 and Interstate 635.

The Main Street site benefits from major arterial street ingress and egress as well as regional access from the nearby Highway 9.

Proximity to Housing Demand Generators and Services

Close proximity to such housing demand generators as employment centers, colleges and urban cores is critical when evaluating a potential apartment site. Northwest Kansas City employment and Park University represent the primary sources of housing demand for downtown Parkville. Considerable office and retail development exists along the Interstate 29 corridor and the 500-acre Riverside Horizons in the neighboring community of Riverside is a growing employment center. The nearly 2,200 students, faculty and staff of Park University represent a potential source for housing demand in downtown Parkville. Most students and employees of the university can't afford to live in Parkville, but demand does exist if quality rental housing was available.

Availability of Community Services

A prospective large-scale apartment site should afford convenient access to such community services as shopping, dining, entertainment, recreation and schools.

Shopping, dining, entertainment, recreation and schools are conveniently located in close proximity to the three prospective downtown Parkville development sites. Grocery and drug stores are located at the intersection of Highways 9 and 45. Parkville and the nearby Burlingon Creek, Briarcliff Village and Zona Rosa developments house a wide selection of shopping, dining and entertainment venues.

Trade Area Demographics

Apartment renters tend to be young adults with moderate incomes. According to Esri Business Analyst, the market area with a 10-minute drive-time of downtown Parkville supports a large young adult population with 9,256 residents, or 18.8 percent of the population between the ages of 20 and 34 years. Nearly 18 percent of the market area population possesses an annual income between \$15,000 and \$34,999. This large group of young adults represents the primary target market for new rental housing in downtown Parkville. Moreover, singles comprise nearly 30 percent of all household within a 10-minute drive-time of downtown Parkville. These market area demographics suggest a large pool of prospective renters is available from which downtown Parkville can attract tenants.

Conclusions

Given the proximity to the railroad line the Main Street site was discounted as a potential location for future apartment development. The site along the east side Highway 9 possesses the necessary location, size and site characteristics to support future multi-family use. The presence of the White Aloe Branc along the site's eastern border will create attractive open space and a unique setting for apartment living. Prospective property types include a large-scale apartment

community or a mixed-use project with residential over ground floor commercial space. The site along the west side of Highway 9 lacks the size or depth to accommodate large-scale apartment development, but smaller 2- to 4-unit apartment buildings are potential uses.

Primary sources of apartment housing demand available to the prospective apartment site in downtown Parkville include existing and future employers in Northwest Kansas City as well as Park University students, faculty and staff. The primary tenant profile will be young adults aged 20 to 35 years old with young families representing a secondary source of tenant demand.

Conclusions

Parkville is a growing suburban community that benefits from convenient access to downtown Kansas City, Missouri; several employment centers; and a wide array of retail, dining, entertainment and cultural options. Household income levels in Parkville are among the highest in the Kansas City MSA; and, thus the city has supported high-end new home construction in such premier communities as The National and Riss Lake.

Consistent with national trends, single family home construction in Parkville peaked from 2002 through 2006 with a total of 263 permits issued. Due to local job losses and tighter lending practices new home construction remained at very low levels through 2010. By 2011, the Parkville new housing market began to recover and by 2012 permit levels were nearing pre-recession levels. Through August 2013, year-to-date new single family construction activity continued to escalate and is on pace to total 50 to 60 permits for the year.

Over the past decade the average construction valuation for new single family homes in Parkville peaked at \$541,429 in 2008. Since 2011 the value of new home construction has averaged just over \$263,000, suggesting smaller homes are now being built when compared to prior to the national recession.

Parkville is located within the Northland region. Over the past two years apartment market conditions in the Northlands region have remained healthy marked by increased occupancies and rental rates as well as reduced rental concessions. By year-end 2012 the average occupancy rate for apartments in the Northlands region reached 93 percent, resulting in a significant decline in rental concessions. The improving market conditions have warranted new construction with 298 units under development by year-end 2012.

New residential construction is expected to continue in Parkville, prompted by continued employment and population growth within the Kansas City MSA as well as the ongoing expansion of Park University. Through 2030, local employment and population growth is forecast to generate demand for 990 new housing units in Parkville, including 790 owner-occupied units and 200 rental units.

Most Park University students and employees don't live in Parkville for a variety of reasons including high housing values and the lack of quality rental housing. Park University estimates on-campus housing demand for 400 additional students through 2017, bringing the total on-campus resident population to 750 students. The current and planned on-campus housing will leave approximately 1,400 students living off campus. However, a large percentage of Park

University's students are commuters for reasons such as residing with family, location of employment, lifestyle and others. Regardless, the large number of students living off campus represents a potential market for rental housing in Parkville. The downtown area could capture a modest portion of students residing off campus assuming adequate and affordable housing is available.

The site along the east side Highway 9 is the superior location for future apartment development in downtown Parkville, possessing the necessary location, size and site characteristics. Prospective development formats include a large-scale apartment community or a mixed-use project with residential over ground floor commercial space.

Recent home sales velocity and pricing trends suggest downtown Parkville is a desirable for-sale single family housing market. Vacant lots remain available in downtown Parkville for future single family home construction, though the rolling topography poses challenges. The historic character of the existing residential neighborhoods surrounding downtown's commercial district should be maintained and enhanced. New construction or additions should be compatible with existing housing.

STUDY RECOMMENDATIONS

Based on the study findings, potential commercial and residential development opportunities are identified for downtown Parkville. Study recommendations include the following:

- Identify market niche strategy for downtown Parkville;
- Quantify the supportable inventory of new commercial space and housing units in the City of Parkville and downtown Parkville through 2030;
- Identify prospective commercial and housing development opportunities for downtown Parkville. Issues such as potential redevelopment sites, historic preservation, density, development formats and integration with surrounding land uses will be discussed.
- Identify prospective retail and professional business types suitable for expansion into downtown Parkville;
- Suggest supportive infrastructure improvements needed to accomplish commercial and residential development;
- Identify potential development incentives needed to attract desired commercial and residential development and indicate level of public support by incentive. Identify additional public initiatives needed to support future redevelopment efforts; and
- Benchmarking of strategic goals and objectives should be discussed.

Downtown Parkville's Market Niche

A niche is a specialization that allows a downtown to gain dominance in specific categories of the retail market. Niche strategies help a downtown compete in the local and regional retail market. Successful downtowns often support more than one market niche. These downtowns also benefit from an expanded trade area as their specialization draws customers from outside the community. Once a niche is established, other businesses are often attracted to the downtown in hopes of catering to the same targeted consumer segments. A strong downtown niche provides consumers a large selection, though within a limited range of merchandise and services.

A niche can be based on a certain type of consumer who works, resides in, or visits a community's downtown. Examples of these consumer-based niches include:

- College students
- Retirees
- Heritage tourists
- Local residents
- Ethnic groups
- Out-of-town visitors and tourists
- Office workers
- Artists and crafters

- Government users
- Medical facility users

Some downtowns develop a niche focusing on particular goods and services. Examples of niches based on categories of goods and services include:

- Home furnishings
- Pamper niches
- Antiques
- Arts and crafts
- Children's products
- Food-for-the-home
- Jewelry
- Entertainment and culture
- Restaurants

Downtown Parkville is already a destination benefitting from an existing branding and market niche. Main Street's historic character and predominance of independent merchants sets downtown Parkville apart from other commercial districts. Prominent retail categories include restaurants, art galleries, hair salons, antique shops, home furnishings, and gift and collectible stores. **Downtown's survival and redevelopment hinges on expanding the current market niches, introducing new market niches and provide consumers a larger selection of merchandise and services.**

Downtown Parkville's principal assets in expanding on current niches or establishing new niches include the historic character of Main Street; hosting of major festivals; farmers market; proximity to Park University; Missouri River and riverfront park; Parkville's high income levels; convenient access to the metropolitan area; and Kansas City's large tourism market.

Suitable consumer-based niches for downtown Parkville include heritage tourists/retirees, out-of-town visitors, local residents and ethnic groups (35% of Park University students are international). Park University represents a secondary niche, do primarily to its small student and employee population and small number of on-campus residents. Some communities with colleges and universities have successfully targeted the student population. Smaller communities with commuter campuses similar to Park University tend to have more difficulty developing this niche. Even as the campus population grows only a small segment of downtown businesses will likely attract considerable sales associated with Park University. Most successful "College Town" retail districts support a mix of restaurants, nightclubs, apparel and college bookstores.

Existing goods and services niches in downtown Parkville suitable for expansion include restaurants, entertainment/culture, antiques, home furnishings, arts and crafts, and gifts and collectibles. Improving the selection of merchandise within these goods and services niches will generate increased customer traffic and sales. What is needed is to create larger "clusters" and a critical mass of commercial space.

An untapped market niche for downtown Parkville is the visitors to English Landing Park. The planned construction of a new waterfront County park at the foot of Main Street will include a marina/boat ramp and introduce an entirely new potential customer base. Recreation-based

niches could play a growing role in downtown Parkville's business mix. Potential recreation-based niches include a bicycle shop, yoga studio, fitness center, runner's shoe store, kayak rentals, pet store, and bait and tackle shop.

To facilitate the growth of recreation-based niches, pedestrian and vehicular linkages along Main Street between the Missouri River and the core of downtown must be established. This could be accomplished through street improvements, a landscaped pedestrian corridor, the construction of new commercial buildings south of the railroad track and relocation of the existing farmers market to the current location of a baseball field southeast corner of Main and McAfee Streets. This strategy would also increase the economic impact on downtown businesses from major events hosted at the English Landing Park.

Forecast Demand for Commercial Space and New Housing

Demand for commercial space and new housing in downtown Parkville through 2030 has been forecast and quantified.

The current retail gap of downtown Parkville's primary trade area within a 10-minute drive-time estimated at \$219.4 million per year can support approximately 800,000 to 975,000 square feet of additional occupied retail space. Growth in population, incomes and out-of-town visitation through 2030 is projected to generate an increase in primary trade area retail sales of \$230 million annually, sufficient to support an additional 585,000 to 716,000 square feet of retail space. At a 7.5 percent capture, through 2030 downtown Parkville is estimated to absorb 103,875 to 126,825 square feet of retail space.

Based on an employment-driven model, from 2013 through 2030, Platte County is estimated to absorb approximately 457,500 to 533,750 square feet of professional office space. Parkville's ability to capture office space demand will be based on further population growth and the population's high education levels. Downtown Parkville is forecast to capture 15 percent of Platte County's office-related employment growth through 2030. Therefore, downtown Parkville is estimated to absorb 68,625 to 80,000 square feet of professional office space through the year 2030.

New residential construction is expected to continue in Parkville, prompted by continued employment and population growth within the Kansas City MSA as well as the ongoing expansion of Park University. Through 2030, local employment and population growth is forecast to generate demand for 990 new housing units in Parkville, including 790 owner-occupied units and 200 rental units. Most Park University students and employees don't live in Parkville due to high housing values and the lack of quality rental housing. Park University estimates on-campus housing demand for 400 additional students through 2017, bringing the total on-campus resident population to 750 students. The current and planned on-campus housing will leave approximately 1,400 students to secure housing off campus. This represents a large potential market for rental housing in Parkville.

Prospective Development Opportunities

A key in improving the business climate in downtown Parkville will be to increase the inventory of commercial space and level of business and customer activity. Higher density, mixed-use development should be encouraged. This development format promotes increased density, security, pedestrian activity and business activity. Increasing the housing stock through “infill” development will be a key component in enhancing the pedestrian activity and economic vitality of downtown. A mix of attached housing catering to students and young adults is recommended along with in-fill single family housing within the neighborhoods surrounding the central business district. Second floor residential over commercial space should be encouraged.

Prospective commercial development sites evaluated in this report include: 1) surface parking lot on the east side of Main Street south of the rail road track; 2) east side of Highway 9 from 1st Street north to 6th Street; and 3) west side of Highway 9 from 1st Street north to 6th Street.

The 2.2-acre surface parking lot bound by the rail road track to the north, McAfee Street to the south, East Street to the east and Main Street to the west is ideal for extending commercial development on Main Street south of the rail road track as well as increase the inventory and critical mass of commercial space in the downtown core. The best suited development formats include downtown-style, mixed-use commercial buildings supporting retail and office uses. Two-story buildings are appropriate on the western portion of the site fronting Main Street with surface or structured parking on the eastern half. Assuming a zero setback on Main Street the site could accommodate an estimated 50,000 to 70,000 square feet of commercial space.

Development of Highway 9 from 1st to 6th Streets would provide a much needed highway entry window for downtown and facilitate a broader range of goods and services businesses. Development of this section of Highway 9 would also provide a “bridge” more effectively connecting downtown Parkville with Park University.

The prospective development site located on the east side of Highway 9 from 1st Street north to 6th Street consists of nine individual parcels totaling approximately 3.66 acres. Existing land uses include a U.S. Post Office, former restaurant, two single family homes, Glen’s Automotive, Four Seasons Lawn & Landscape and vacant land. This site is considered downtown’s premier development site offering superior access, visibility, exposure and the size to facilitate the development of several commercial formats. The most appropriate development format is 2- and 3-story mixed-use structures supporting retail, office and residential uses. Assuming a “Main Street” design the site could accommodate an estimated 240,000 to 280,000 square feet of building area. The mix of space would be approximately half commercial and half residential, with the inventory of housing totaling approximately 125 to 175 dwelling units.

The prospective development site located on the west side of Highway 9 from 1st Street north to 6th Street consists of twelve individual parcels totaling approximately 1.07 acres. Existing land uses include the French Bee Bakery, parking lot, nine single family homes and a 4-unit apartment building. The street right-of-way patterns and shallow lot depths for the properties fronting the west side of Highway 9 will limit the potential to accommodate large-scale mixed-use development. Likely development scenarios include the adaptive re-use of the existing residential structures or razing current structures to facilitate the construction of single-tenant commercial buildings or multi-family housing.

Prospective Downtown Businesses

Downtown Parkville's business profile was compared to peer city downtowns in an attempt to identify prospective retail and service businesses and development opportunities. Peer cities selected for the analysis include Atchison, Weston, Lee's Summit, Independence and Liberty.

Based on the peer city downtown business and trade area demographic comparison analysis as well as downtown Parkville's current market niches, prospective retail businesses for downtown Parkville include:

- Eating & Drinking Places (emphasis on ethnic foods)
- Bakery
- Coffeehouse
- Apparel
- Jewelry
- Hair Salon
- Nail Salon
- Furniture & Home Furnishings
- Antiques
- Books
- Sporting Goods
- Gifts & Collectibles
- Florists
- Entertainment/Cultural
- Art Galley
- Art Supplies
- Bike Shop
- Nutrition & Fitness

Potential recreation-based niches associated with English Landing Park and the Missouri River include a bicycle shop, yoga studio, fitness center, runner's shoe store, kayak rentals, pet store, and bait and tackle shop.

Future office demand will be generated through continued population growth led by personal/professional services and healthcare. Prospective personal and professional services firms include banking and financial services, accounting and tax services, insurance, real estate, architect, legal, technology, physical and massage therapist, fitness and wellness.

Public Infrastructure

To improve the ability of downtown Parkville to support commercial and residential development additional public infrastructure and façade improvements should be considered.

Streetscape improvements to Main Street south of 2nd Street include new pavement, curbing, gutters, sidewalks, historic street signs, period street lights, seating, trash cans, banners, planters and public restrooms.

Street improvements to East Street (Highway 9) between 1st and 6th Streets would improve traffic patterns and create viable redevelopment opportunities. Potential street improvements would include two lanes of traffic, bicycle lanes, on-street parking, curbing, gutters, sidewalks, landscaping, historic street signs, period street lights and a round-about at the intersection of 1st and East Streets. An iconic monument, sculpture or landscaping or the round-about would create a unique entryway into downtown.

Ample public parking in downtown Parkville is currently available at the south end of Main Street. Parking on the north end of Main Street is limited to on-street parking. Demolition of the existing commercial structure at the northeast corner of 2nd and Main Street for conversion to a surface lot would increase the inventory of parking space at the north end of Main Street and improve the commercial viability of properties north of 2nd Street.

Gateway features on Main and East Streets leading into downtown would establish boundaries for the downtown business district as well as create a sense of arrival and place. This can be accomplished through streetscape improvements and monument signs.

Historic markers could be erected in downtown identifying historic places and events in Parkville's history. Self guided or docent guided tours of downtown and local historical landmarks should be considered. This strategy would assist in promoting heritage tourism.

Economic Incentives

When used with private funding sources, government financing/incentive programs greatly enhance a real estate project's financial feasibility. To generally qualify for government incentives, a project must serve a public purpose, stimulate economic growth and conform to local planning and development guidelines. Downtown commercial and mixed-use development generally meets all three requirements, providing goods and services to often under-served residential areas, offering opportunities for employment, increasing the community's tax base and meeting all local requirements for zoning and construction.

Development incentives in downtown Parkville should be utilized to attract new development and businesses. Incentives may include infrastructure as well as direct subsidies. Tax increment financing would be preferred over creation and implementation of specific incentive districts such as a Business Improvement District. Potential applications include using tax increment financing to fund streetscape and off-site infrastructure improvements to Main and East Streets. It should be noted that tax increment financing should only be utilized to facilitate real development deals (i.e., a specific business plans to construct a facility), but not as a tool to foster speculative future development (i.e., construct infrastructure with the hopes of stimulating economic development).

The buildings on Main Street between the railroad track and 2nd Street possess a historic character; however, the district is not on the National Register of Historic Places. It is recommended that the historic portion of downtown Parkville seek historic district designation. Doing so will add to the historic identity of downtown, enhance heritage tourism and promote property investment through use of federal historic tax credits. Nomination to the National Register of Historic Places does not place restrictions on the use or physical appearance of properties in the district. However, for those properties seeking the 20 percent federal tax credit

the National Park Service must review the rehabilitation work proposed by to ensure that it complies with the Secretary of the Interior's standards for rehabilitation.

Building improvements are usually the first visible evidence of positive economic change in a traditional commercial district. During the early years of a downtown revitalization program, though, business and property owners may be reluctant to make substantial capital investments in building improvements. A matching fund façade improvement grant program should be implemented in downtown Parkville to assist in enhancing the physical appearance of buildings as well as return buildings to their original historic character.

Benchmarking of Strategic Goals and Objectives

Statistical data can be used to establish goals and measure progress (“benchmarking”) of the *Downtown Parkville Master Plan*. Metrics can be used to compare downtown Parkville's performance over time and to determine whether goals are being met. They can also be used in comparison with high performing peer city downtowns as a basis for refining strategic goals and objectives.

Statistical indicators for measuring performance can take many formats, including: 1) demographics; 2) employment; 3) investment; 4) housing; 5) retail and office space; 6) arts and entertainment; 7) lodging; 8) restaurants and 9) transportation and safety.

From a market perspective the goal of the *Downtown Parkville Master Plan* is to improve the competitiveness of downtown and ensure long-term prosperity. Principal objectives in meeting this goal include expanding downtown's market niche and selection of goods and services; increasing business activity and retail sales; increasing the housing stock; promoting private sector investment; and business retention and expansion. Therefore, pertinent statistical indicators to measure the future performance of downtown Parkville include:

Employment Indicators

- Total downtown employment and growth
- Employment by sector

Investment Indicators

- Private and public sector investment dollars
- Total square footage of newly constructed buildings
- Total construction costs of newly constructed and renovated buildings
- Projects in the pipeline
- Increase in property tax base

Housing Indicators

- Number of newly constructed housing units
- Residential vacancy rates
- Average apartment rental rate
- Sales velocity and average pricing of single family home sales

Commercial Space Indicators

- Average vacancy rate

- Average rental rate
- Net space absorption
- Tenant movement into and out of downtown
- Growth in annual retail sales and number of retail establishments

Restaurant Indicators

- Annual restaurant sales and growth rate
- Restaurant composition by sector (i.e., casual, fine dining, café, bar, etc.)
- Restaurant composition by style of restaurant
- Total seating capacity

Transportation and Safety Indicators

- Total number of parking spaces
- Vehicular traffic counts at key intersections
- Pedestrian counts
- Per capita crime rate

ADDENDA

EXHIBIT A

Downtown Parkville Commercial Building Inventory

Street Number	Street Name	Number of Stories	Building Current Use	Build Area (Sq. Ft.)	Retail Space	Office Space
2	Main Street	1 & 2	Restaurant	7,150	7,150	
5 & 7	Main Street	1	Retail Store	5,940	5,940	
8	East Street	2	Multi Tenant Retail/Office	3,800	1,900	1,900
10	Main Street	1	Retail Store	4,540	4,540	
11	Main Street	1	Meeting Hall	3,200	3,200	
15	Main Street	1	Restaurant	1,600	1,600	
13	Main Street	1	Retail	1,200	1,200	
16	Main Street	2	Retail Store	4,216	4,216	
2	West 1st Street	2	Restaurant	5,070	5,070	
100	Main Street	2	Restaurant	2,400	2,400	
101	Main Street	2	Retail/Apartments	3,040	1,520	
102	Main Street	2	Retail & Office	2,400	1,200	1,200
103	Main Street	2	Restaurant	2,720	2,720	
104	Main Street	2	Office	2,640		2,640
105	Main Street	1	Retail Store	1,360	1,360	
106	Main Street	2	Retail/Office	1,408	704	704
107	Main Street	2	Retail	2,440	2,440	
109	Main Street	1	Retail - 1 Vacant Space	3,080	3,080	
112	Main Street	2	Retail/Restaurant	4,000	4,000	
113	Main Street	1	Retail Store	1,312	1,312	
115	Main Street	1	Retail Store	2,912	2,912	
201	Main Street	1	Retail/Office	6,000	3,000	3,000
207	Main Street	1	Vacant Commercial	3,004	3,004	
301	Main Street	2	Retail/Office	2,000	1,000	1,000
303	Main Street	1	Retail	630	630	
304	Main Street	1	Office	1,403		1,403
401	Main Street	2	Funeral Home	6,500	6,500	
405	Main Street	1	Commercial	1,975	1,975	
407	Main Street	2	Dental Office	2,720		2,720
12	East Street	1	Retail	2,400	2,400	
2	2nd Street	1	Former Restaurant	10,680	10,680	
200	East Street	1	Vacant Commercial	1,123	1,123	
303	East Street	1	Automotive Repair	1,500	1,500	
306	East Street	2	Office	1,924		1,924
404	East Street	1	Converted House	1,364	1,364	
405	East Street	1	Retail	2,000	2,000	
9	1st Street	1	Multi Tenant Retail	2,400	2,400	
12	1st Street	1	Bank Branch	6,159	6,159	
5	Mill Street	1	Retail	4,000	4,000	
106	Mill Street	1	Retail	1,286	1,286	
100	Main Street	2	Restaurant	1,825	1,825	
160-180	Main Street	1 & 2	Retail/Office	20,121	10,061	10,060
160	English Landing Dr.	2	Restaurant	6,249	6,249	
170	English Landing Dr.	2	Retail/Office	12,000	6,000	6,000
171	English Landing Dr.	2	Retail/Office	12,000	6,000	6,000
173	English Landing Dr.	2	Retail/Office	19,137	9,569	9,568
180	English Landing Dr.	2	Retail/Office	12,000	6,000	6,000
Total Space				208,828	153,189	54,119

EXHIBIT B

Canyon Research Southwest, Inc., Client List

CLIENT LIST

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Abigail Properties
Appraisal Technology, Inc.
Arizona State Land Department
Aspen Enterprises
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Biskind, Hunt & Taylor, PLC
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Belton, Missouri
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
Danny's Family Car Wash
Diamond Ventures (Tucson, Arizona)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Engle Homes
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company
Heritage Bank (Louisville, Colorado)
Holiday Hospitality Corporation (Atlanta, Georgia)
Canyon Research Southwest, Inc.

Jorden & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
AJ Martinez & Associates (Prescott, Arizona)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Wolfswinkel Group
Yavapai-Apache Nation (Camp Verde, Arizona)
Zaremba Group (Atlanta, Georgia)

EXHIBIT C

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May, 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iloff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

Joined Iloff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business.

Mr. Lander is an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Developed a model designed to evaluate and rank the development potential of freeway interchanges. The methodology for ranking freeway properties is based on a list of 25 criteria which provide a framework to efficiently compare the strengths and weaknesses of various freeway sites. Seven (7) criteria have been established which apply to metropolitan area economic base and real estate market, five (5) criteria evaluate the region influenced by the presence of the freeway in question, and thirteen (13) interchange and site-specific criteria are aimed at determining future real estate development opportunities. This model has been utilized in evaluating freeway-oriented, mixed-use projects anchored by regional malls, business parks, office complexes, and hotels.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plan for the 24 Highway Corridor in Independence, Missouri.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several proposed developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, and Rosedale Station Shopping Center. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.