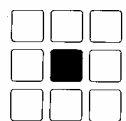


**BUFFALO'S RETAIL TRADE AREA
DEMOGRAPHIC CHARACTERISTICS
AND
RETAIL SALES POTENTIAL**

**Prepared for
City of Buffalo
and
Buffalo Housing and Redevelopment Authority**

June 2008



M^cCOMB GROUP, Ltd.

**R E A L E S T A T E A N D
R E T A I L C O N S U L T A N T S**

DEMOGRAPHIC CHARACTERISTICS AND RETAIL SALES POTENTIAL

Buffalo is a rapidly growing community located in the northwest Minneapolis-St. Paul Metropolitan Area. Factors that support retail and service development in Buffalo include:

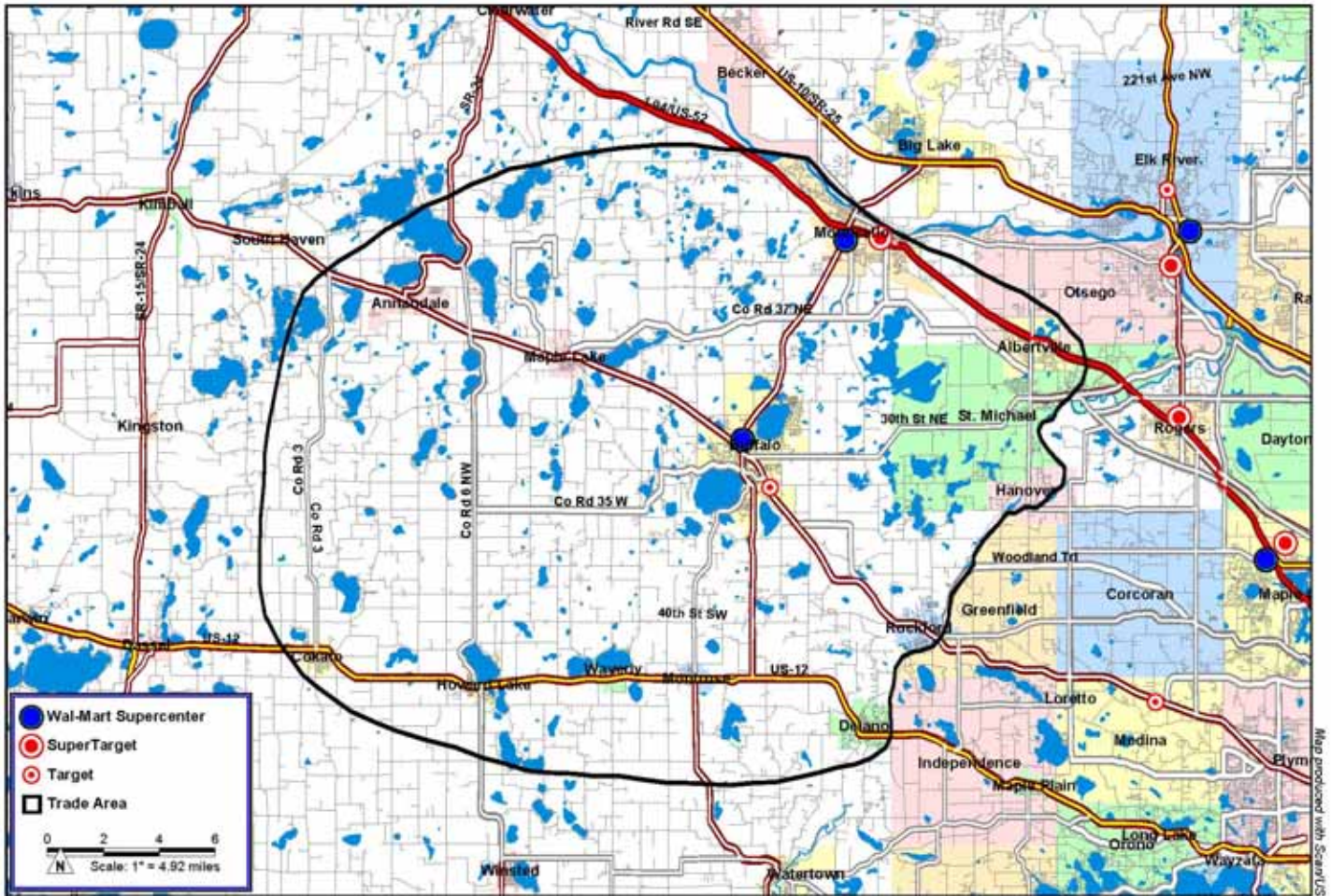
- ◆ Buffalo's trade area population increased at 3.9 percent annually between 2000 and 2007 to 93,476.
- ◆ Trade area population is estimated to increase to over 106,100 in 2012, a 2.6 percent annual growth rate.
- ◆ Trade area households increased by 10,000 between 2000 and 2007 reaching 35,188, an annual growth rate of 4.9 percent.
- ◆ Households are estimated to reach 41,000 in 2012, a 3.1 percent annual growth rate.
- ◆ Average household income was \$68,888 in 2007 and is estimated to increase to \$77,516 in 2012.
- ◆ Median household income was \$64,813 in 2007 and is estimated at \$72,398 in 2012.
- ◆ Twenty-two percent of trade area households had incomes above \$100,000 in 2007 and is estimated to increase to 30 percent in 2012.
- ◆ Thirty-three percent of trade area households have a college degree and four percent have graduate degrees.
- ◆ Buffalo has the largest concentration of retail stores and services (349 establishments) in the northwest metro area.
- ◆ Coborn's, Cub Foods, Target, Wal-Mart Supercenter, Menards, and Buffalo Cinema anchor Buffalo's retail community.
- ◆ Buffalo is the Wright County seat and location of Buffalo Hospital, a growing medical center.
- ◆ Downtown Buffalo has a compact downtown anchored by Coborn's supermarket and Buffalo Cinema with eight screens.
- ◆ Downtown has 26 shopping goods stores, many featuring unique merchandise.
- ◆ Shopping goods stores in downtown Buffalo draw a larger percentage of their customers from outside the trade area than do other retailers.

Buffalo's many positive attributes and trade area growth provide support for expanded retail stores, restaurants and services.

Key trade area demographics are contained in Tables 1 through 6. Demographic comparisons are also provided for three-, five- and ten-mile rings because some firms rely on that data. Full demographic comparisons are attached.

Resident trade area sales potential is contained in Tables 7 and 8.

BUFFALO TRADE AREA



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Table 1

TRADE AREA POPULATION AND HOUSEHOLDS: 2000, 2007 AND 2012

	2000	2007	2012	Growth Rate	
				2000-07	2007-12
Population					
Trade Area	71,546	93,476	106,102	3.9 %	2.6 %
3-Mile Ring	11,509	16,136	18,808	4.9	3.1
5-Mile Ring	15,095	20,475	23,671	4.5	2.9
10-Mile Ring	43,136	55,201	62,010	3.6	2.4
Households					
Trade Area	25,215	35,188	40,991	4.9 %	3.1 %
3-Mile Ring	4,150	6,224	7,474	6.0	3.7
5-Mile Ring	5,341	7,768	9,248	5.5	3.5
10-Mile Ring	15,092	20,692	23,912	4.6	2.9

Source: McComb Group, Ltd and Scan/US.

TRADE AREA 2012 AVERAGE HOUSEHOLD INCOME: PERCENT ABOVE \$75,000

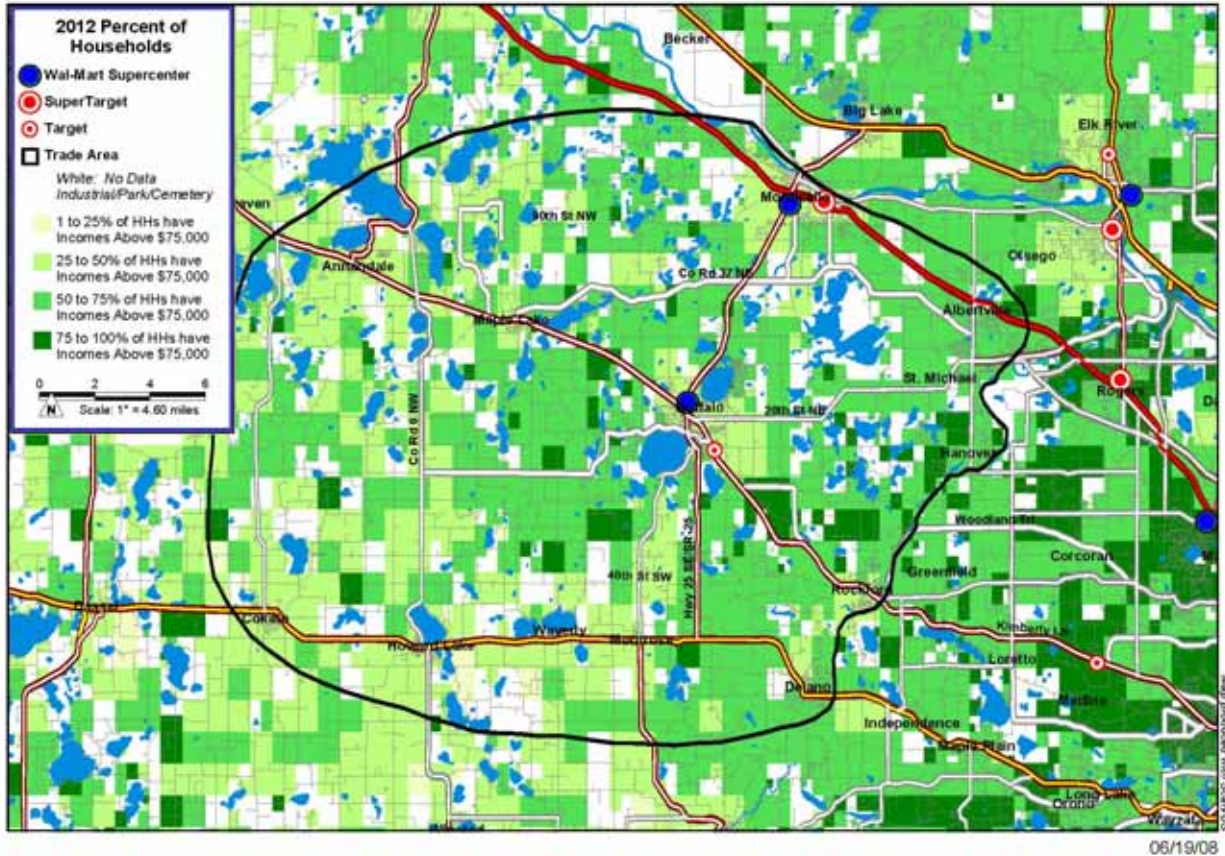


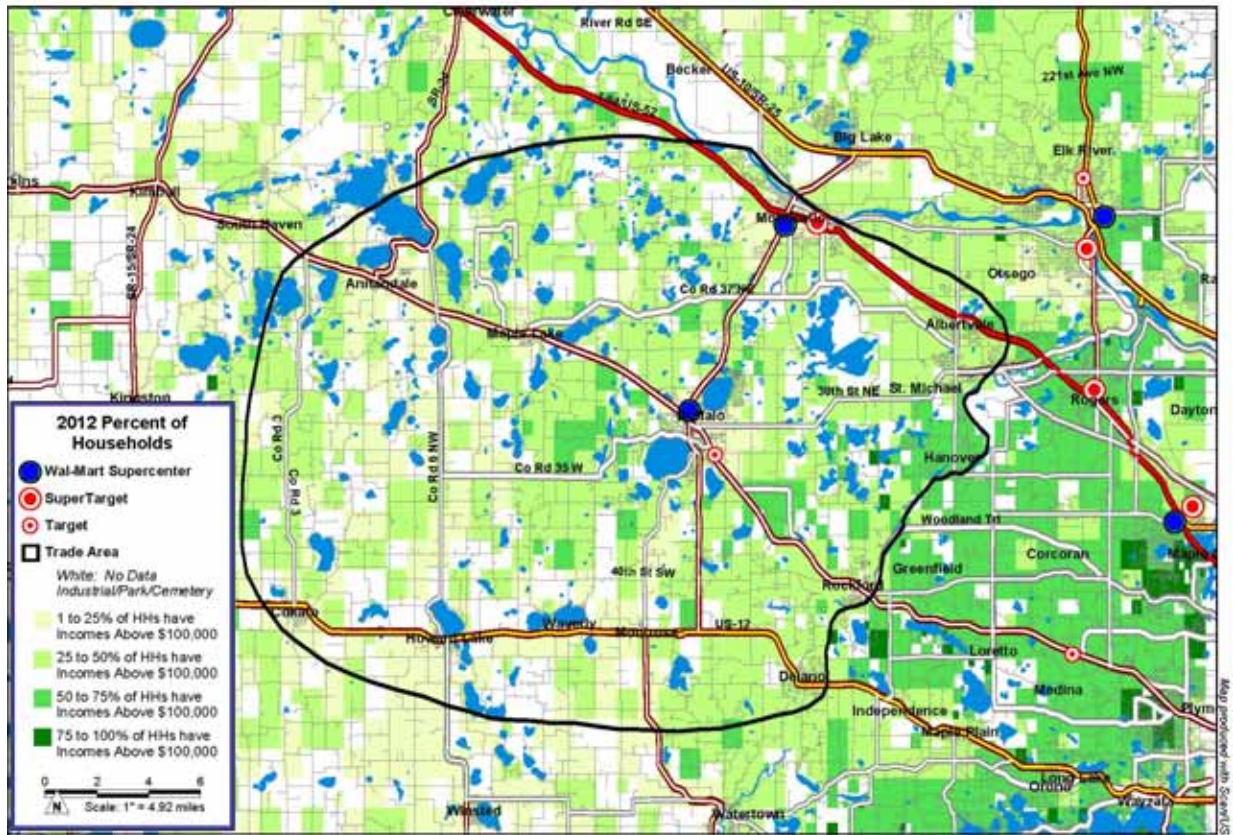
Table 2

TRADE AREA AVERAGE AND MEDIAN HOUSEHOLD INCOME: 2000, 2007 AND 2012

	2000	2007	2012
Average HH Income			
Trade Area	\$ 64,312	\$ 68,888	\$ 77,516
3-Mile Ring	59,424	66,290	74,489
5-Mile Ring	63,620	68,914	77,564
10-Mile Ring	65,202	67,866	75,983
Median HH Income			
Trade Area	\$ 53,771	\$ 64,813	\$ 72,398
3-Mile Ring	50,185	60,722	67,387
5-Mile Ring	53,069	63,866	71,161
10-Mile Ring	54,854	65,388	72,512

Source: McComb Group, Ltd and Scan/US.

TRADE AREA 2012 AVERAGE HOUSEHOLD INCOME: PERCENT ABOVE \$100,000



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Table 3
 TRADE AREA AVERAGE AND MEDIAN HOUSEHOLD INCOME: 2000, 2007 AND 2012
 HOUSEHOLDS WITH INCOMES ABOVE \$75,000 AND \$100,000

	2000	2007	2012
\$75,000			
Trade Area	6,787	14,518	19,829
3-Mile Ring	987	2,366	3,333
5-Mile Ring	1,420	3,179	4,424
10-Mile Ring	4,206	8,598	11,606
Percent Above \$75,000			
Trade Area	27.0 %	41.3 %	48.4 %
3-Mile Ring	23.8	37.9	44.6
5-Mile Ring	26.6	40.9	47.8
10-Mile Ring	27.9	41.5	48.5
\$100,000			
Trade Area	2,986	7,751	12,131
3-Mile Ring	431	1,231	1,976
5-Mile Ring	641	1,698	2,692
10-Mile Ring	1,811	4,580	7,106
Percent Above \$100,000			
Trade Area	11.9 %	22.1 %	29.6 %
3-Mile Ring	10.4	19.7	26.4
5-Mile Ring	12.0	21.8	29.1
10-Mile Ring	12.0	22.1	29.7

Source: McComb Group, Ltd and Scan/US.

Table 4

2007 POPULATION DISTRIBUTION BY AGE

<u>Age Cohort</u>	<u>Trade Area</u>	<u>3-Mile Ring</u>	<u>5-Mile Ring</u>	<u>10-Mile Ring</u>
19 and Under	27,692	4,557	5,800	16,105
20 to 24	7,060	1,309	1,551	4,222
25 to 34	14,796	2,598	3,084	8,486
35 to 44	14,378	2,327	3,026	8,574
45 to 54	12,730	2,195	3,016	8,041
55 to 65	8,298	1,407	1,941	5,171
Over 65	8,523	1,744	2,057	4,602
Percent				
19 and Under	29.6 %	28.2 %	28.3 %	29.2 %
20 to 24	7.6	8.1	7.6	7.6
25 to 34	15.8	16.1	15.1	15.4
35 to 44	15.4	14.4	14.8	15.5
45 to 54	13.6	13.6	14.7	14.6
55 to 65	8.9	8.7	9.5	9.4
Over 65	9.1	10.8	10.0	8.3

Source: McComb Group, Ltd and Scan/US.

Table 5

2007 EDUCATION ATTAINMENT: ADULTS AGE 25 PLUS

<u></u>	<u>Trade Area</u>	<u>3-Mile Ring</u>	<u>5-Mile Ring</u>	<u>10-Mile Ring</u>
No High School Diploma	3,622	622	774	2,242
High School Graduate	16,581	2,589	3,398	9,746
College, No Degree	16,504	2,867	3,632	9,706
College, Degree	19,412	3,643	4,620	11,580
Grad/Prof Degree	2,605	548	700	1,600
Percent				
No High School Diploma	6.2 %	6.1 %	5.9 %	6.4 %
High School Graduate	28.2	25.2	25.9	27.9
College, No Degree	28.1	27.9	27.7	27.8
College, Degree	33.1	35.5	35.2	33.2
Grad/Prof Degree	4.4	5.3	5.3	4.6

Source: McComb Group, Ltd and Scan/US.

Table 6
2007 RACE AND ETHNICITY

Group	Trade Area	3-Mile Ring	5-Mile Ring	10-Mile Ring
White	88,499	14,990	19,095	51,894
Black	392	114	128	286
Native American	257	74	84	194
Asian/Pacific Islander	1,192	297	387	826
Other Races	3,136	660	781	2,001
Hispanic (Any Race)	1,846	287	355	1,146
Percent				
White	94.7 %	92.9 %	93.3 %	94.0 %
Black	0.4	0.7	0.6	0.5
Native American	0.3	0.5	0.4	0.4
Asian/Pacific Islander	1.3	1.8	1.9	1.5
Other Races	3.4	4.1	3.8	3.6
Hispanic (Any Race)	2.0	1.8	1.7	2.1

Source: McComb Group, Ltd and Scan/US.

Retail and Service Sales Potential

Future sales potential in Buffalo is based on market share that can be achieved by Buffalo retail stores taking into consideration trade area households, future growth and potential competitive developments. Sales potential estimates for Buffalo are based on analysis conducted by McComb Group, Ltd. and is contained in a report dated June 2008, which is available from the City of Buffalo.

Market share for Buffalo retail and service establishments range from 20 to 65 percent depending on business type. The highest market share is discount stores, which include Target and Wal-Mart Supercenter. Retail sales derived from Buffalo's trade area range from 60 to 95 percent depending on business type. This information is contained in the McComb Group report. Retail sales potential for Buffalo is contained in Table 7 for retail stores and Table 8 for services and health care. Retail and service sales potential estimates are presented for 2007, 2010 and 2015 by merchandise and service category on the following pages.

Table 7
 BUFFALO TRADE AREA
 ESTIMATED SALES POTENTIAL: 2007, 2010 AND 2015
 BY MERCHANDISE CATEGORY
 (In Thousands of Dollars)

Merchandise Category	2007	2010	2015
SHOPPING GOODS			
General Merchandise			
Department stores (Incl. leased depts.)			
Discount stores	\$ 65,551	\$ 82,089	\$ 125,702
Department Stores	13,309	16,667	25,522
Other general merchandise stores		48,134	
Warehouse Clubs & Supercenters	23,799	29,802	45,638
Variety stores	482	604	924
Miscellaneous general mdse.	2,377	2,976	4,558
Apparel & Accessories			
Clothing Stores			
Mens and boys	655	820	1,257
Womens clothing	3,167	3,965	6,073
Children's & infant	764	957	1,465
Family clothing	7,498	9,390	14,378
Clothing accessories stores	255	318	488
Other clothing stores	983	1,230	1,885
Shoe Stores			
Men's	130	162	248
Women's	157	197	302
Children's & infant	73	92	140
Family shoe stores	1,238	1,550	2,373
Athletic footwear	582	730	1,117
Furniture & Home Furnishings			
Furniture	6,224	7,795	11,937
Floor coverings	4,750	5,948	9,108
Window treatment stores	219	273	418
All other home furnishings stores	4,368	5,470	8,377
Electronics & Appliances Stores			
Household appliance stores	1,670	2,092	3,202
Radio, tv & electronics stores	15,738	19,708	30,179
Computers & Software	4,432	5,551	8,500
Other Shopping Goods			
Sporting goods	4,659	5,835	8,935
General Line Sporting Gds.	2,002	2,507	3,838
Specialty Line Sporting Gds.	2,657	3,328	5,095
Book stores & newsdealers	1,492	1,868	2,862
Stationery Stores and Office Supply	2,220	2,780	4,258
Musical Instrument & Supplies	983	1,230	1,885
Jewelry stores	2,512	3,145	4,817
Hobby, toy & game	1,820	2,278	3,490
Camera & photographic supply	837	1,048	1,605
Gift, novelty & souvenirs	2,330	2,917	4,467
Luggage & leather goods	146	182	280
Sewing, needlework & piece goods	910	1,140	1,745
Pet stores	1,347	1,687	2,583
Art dealers	328	410	628
Optical goods stores	1,092	1,367	2,093
Pre-Recorded Tapes, Compact Discs	659	825	1,263
Cosmetics, beauty supplies & perfume	648	812	1,243
All other health & personal care	1,347	1,687	2,583

Table 7 (continued)
BUFFALO TRADE AREA
ESTIMATED SALES POTENTIAL: 2007, 2010 AND 2015
BY MERCHANDISE CATEGORY
(In Thousands of Dollars)

Merchandise Category	2007	2010	2015
CONVENIENCE GOODS			
Food Stores			
Grocery stores			
Supermarkets	\$ 79,086	\$ 99,038	\$ 151,656
Convenience food	776	972	1,488
Specialty food stores	948	1,187	1,819
Meat Markets	316	396	606
Fish & Seafood Markets	115	144	221
Fruit & Vegetable Markets	201	252	386
Other Specialty Food Stores	316	396	606
Baked Goods	115	144	221
Confectionery and Nut Stores	86	108	165
All Other Specialty Food Stores	115	144	221
Other Convenience Goods			
Drug & proprietary stores	\$ 12,299	\$ 15,402	\$ 23,585
Hardware	1,701	2,131	3,262
Liquor	4,253	5,326	8,156
Florist	828	1,037	1,587
Food/health supplement stores	345	432	661
Food Service & Drinking Places			
Food Service			
Full-service restaurants	\$ 14,443	\$ 18,087	\$ 27,697
Limited service restaurants	9,404	11,776	18,033
Cafeterias			
Snack & beverage places	1,638	2,052	3,141
Ice Cream & Soft Serve	259	324	496
Frozen Yogurt	29	36	55
Doughnut Shops	345	432	661
Bagel Shops	172	216	331
Coffee Shops	488	612	937
Cookie Shops	29	36	55
Other Snack Shops	316	396	606
Specialized food places	3,391	4,246	6,502
Drinking Places			
Gasoline Svs Stations/Conv.			
Gas/Convenience food stores	\$ 22,189	\$ 27,787	\$ 42,551
Other Gas Stations & Truck Stops	2,533	3,172	4,859
OTHER RETAIL STORES			
Building Materials & Garden Supplies			
Building materials & supplies stores			
Home centers	\$ 21,120	\$ 26,448	\$ 40,501
Paint, glass & wallpaper	1,426	1,786	2,734
Other building materials dealers	16,007	20,046	30,695
Lawn & garden equipment			
Outdoor power equipment	848	1,061	1,626
Retail nurseries, lawn & garden	2,415	3,025	4,632
Motor Vehicles & Parts Dealers			
Auto parts, accessories & tires	\$ 5,267	\$ 6,596	\$ 10,101
Auto parts & accessories stores	3,244	4,062	6,221
Tire dealers	2,024	2,534	3,880
Auto Dealers	197,944	19,068	379,580

Source: McComb Group, Ltd.

Table 8
 BUFFALO TRADE AREA
 SERVICES SALES POTENTIAL: 2007, 2010 AND 2015
 BY SERVICES CATEGORY
 (In Thousands of Dollars)

Category	2007	2010	2015
Personal Care Services			
Barber shops	\$ 81	\$ 101	\$ 154
Beauty shops	2,581	3,232	4,949
Nail salons	150	188	288
Diet & weight reducing services	231	289	442
Other personal care services	266	332	508
Drycleaning and Laundry Services			
Coin-operated laundries & drycleaners	\$ 322	\$ 404	\$ 619
Drycleaning & laundry services (except coin-op.)	714	894	1,370
Other Personal Services			
Photofinishing	\$ 657	\$ 822	\$ 1,260
Photofinishing Laboratories	530	663	1,017
One Hour Photo Finishing	127	159	243
Child Day Care Services	2,466	3,088	4,728
Funeral Homes & Funeral Services	691	866	1,326
Photographic Services	2,420	3,030	4,640
Photographic Studios	772	967	1,480
Veteranarian Services	1,544	1,933	2,961
Pet Care	231	289	442
Rental and Leasing			
Formalwear and costume rental	\$ 92	116	177
Video tape and disc rental	841	1,053	1,613
Recreation			
Bowling centers	\$ 742	929	1,423
Physical fitness facilities	3,613	4,524	6,929
Golf courses and country clubs	2,613	3,272	5,011
Professional Services			
Offices of real estate agents & brokers	\$ 8,446	\$ 10,577	\$ 16,196
Offices of real estate appraisers	1,094	1,371	2,099
Household Goods Repair			
Home & Garden Equipment & Appliance Repair	\$ 477	\$ 598	\$ 914
Reupholstery & furniture repair	332	416	637
Footwear and leather goods repair	41	52	80
Watch, clock and jewelry repair	83	104	159
Garment repair and alteration services	62	78	120
Automotive Repair and Maintenance			
General automotive repair	\$ 7,156	\$ 8,960	\$ 13,720
Automotive exhaust system repair	187	233	358
Automotive transmission repair	457	571	876
Carburetor repair shops	498	623	954
Brake, front end & wheel alignment	352	441	676
Electrical repair shops, motor vehicle	62	78	120
Paint or body repair shops	5,081	6,363	9,743
Automotive glass replacement	1,556	1,948	2,982
Automotive oil change & lubrication shops	747	936	1,431
Carwashes	933	1,169	1,790

Table 8 (continued)
 BUFFALO TRADE AREA
 SERVICES SALES POTENTIAL: 2007, 2010 AND 2015
 BY SERVICES CATEGORY
 (In Thousands of Dollars)

Category	2007	2010	2015
Health Care			
Offices of physicians			
Offices of physicians (except mental health specialists)	\$ 19,696	\$ 24,664	\$ 37,768
Offices of physicians, mental health specialists	451	566	866
Offices of dentists	7,420	9,292	14,229
Offices of other health practitioners			
Offices of chiropractors	1,929	2,416	3,699
Offices of optometrists	684	857	1,312
Offices of mental health practitioners (except physicians)	419	526	804
Offices of physical, occup, & speech therapists & audiologists			
Speech therapist & audiologists	80	101	154
Physical & occupational therapists	1,193	1,494	2,289
Offices of all other health practitioners			
Offices of podiatrists	129	162	248
Offices of all other misc. health practitioners	726	909	1,392
Outpatient care centers			
Outpatient mental health & substance abuse centers	1,387	1,737	2,660
Other outpatient care centers			
Kidney dialysis centers	564	707	1,082
All other outpatient care centers	822	1,030	1,578
Home health care services	2,517	3,151	4,826

Source: McComb Group, Ltd.