# A Market Study for Commercial and Industrial Space in Dakota County, Minnesota

*Prepared for:*

Dakota County Community Development Agency
Eagan, Minnesota

April 2008

Maxfield Research Inc.

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April 11, 2008

Mr. Dan Rogness
Community Revitalization Department
Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, MN 55123

Dear Mr. Rogness:

Attached is the study ***A Market Study for Commercial and Industrial Space in Dakota County, Minnesota*** conducted by Maxfield Research Inc. The study provides demand estimates for commercial/retail, office, and industrial space in the County from 2008 to 2030, as well as for the amount of land needed to accommodate the new space. The demand estimates are presented in five year increments for the County's 11 largest communities and the remainder of the County as a whole.

The market study finds that projected household and job growth, among other factors, will create demand for an additional 10 to 12 million square feet of commercial/retail space in the County between 2008 and 2030. Demand was projected for an additional five to six million square feet of office space and 6.5 to 7.5 million square feet of industrial space. In all, about 2,200 acres would be needed to accommodate all of the future commercial and industrial space.

Detailed information regarding commercial and industrial demand by community over five year increments through 2030 can be found in the *Demand Analysis and Recommendations* section at the end of the report.

We have enjoyed performing this market study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

Jay Thompson
Vice President

Andy Greene
Research Analyst

Attachment

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## Introduction

Maxfield Research Inc. was engaged by the Dakota County Community Development Agency (Dakota County CDA) to undertake a market study that projects the amount of commercial and industrial space and land needed in the County through 2030. The study provides demand estimates for the County's 11 largest communities and the remainder of the County as a whole.

Detailed calculations of commercial/retail, office, and industrial demand from 2008 to 2030, presented in five year increments, can be found in the *Demand Analysis and Recommendations* section of the report.

The following are key highlights from the commercial and industrial market analysis.

## Key Findings

1. Dakota County is experiencing strong household growth as the urban fringe of the Twin Cities Metro Area expands further into the County. An additional 53,000 households are projected to be added from 2008 to 2030, which will create demand for more retail and services in the County.

2. While 53,000 households are projected to be added between 2008 and 2030, the growth rate is slower than previous decades, coinciding with slower growth throughout the Twin Cities. Thus, annual demand for new commercial and retail space will be less than in previous decades.

3. Outer-ring suburbs will see the greatest growth between 2010 and 2030. These include Lakeville, Rosemount, Farmington, Inver Grove Heights, and Apple Valley. Strong household growth in these communities will lead to greater potential to support additional retail and commercial uses.

4. The number of jobs in Dakota County is projected to grow by about 58,000 between 2008 and 2030 (+31%). This is a much greater growth rate than the Twin Cities Metro Area (17%), but slower than during past decades.

5. The aging of the population will contribute to slower job growth rate between 2010 and 2030. Compared to past decades, the ratio of people entering the labor force to those leaving the labor force will narrow. This slower job growth will have an impact on the growth of businesses and hence, the need for new commercial and industrial space will also slow.

6. Communities in the northern part of Dakota County that are reaching housing development capacity are not projected to grow much through 2030 in terms of population and households. However, because these northern communities have good access to a large labor force, they are still projected to draw employers, resulting in greater job growth.

7. In 2006, Dakota County had 78.7 million square feet of commercial, office, and industrial space with industrial being the greatest (50.8%) followed by commercial (30.9%) and office (18.3%).

8. From 2008 to 2030, it is expected that the demand for office space will grow the most, by 49.3% (from 14.4 to 21.5 million square feet), followed by commercial at 48.1% and industrial at 20.3% (from 40.3 to 48.5 million square feet).

## Commercial/Retail

9. From 2000 through 2006, approximately 260 commercial/retail buildings totaling 5.6 million square feet were added in the County, or almost one-quarter of the County's total space.

10. The rise of big-box stores has been a retail trend over the past decade throughout the Nation and Twin Cities. Since the beginning of this decade, over one-third of the commercial space added in Dakota County has been big-box stores such as SuperTarget, Super Wal-Mart, Sam's Club, Gander Mountain, and HOM Furniture.

11. Demand was calculated for an additional 10.5 to 12.0 million square feet of commercial and retail space in the County from 2008 to 2030. This calculated demand equates to about 2.5 million square feet every five years between now and 2030. However, demand will be greater during the beginning of next decade and then slow through 2030 as household growth slows.

12. Total projected demand for **commercial/retail** space and land in Dakota County, ranked by community, from 2008 to 2030 is as follows:

| | | | | | |
|---|---|---|---|---|---|
| Lakeville | = | 2,900,000 | Sq. Ft. | 250 | Acres |
| Apple Valley | = | 1,900,000 | Sq. Ft. | 160 | Acres |
| Inver Grove Heights | = | 1,575,000 | Sq. Ft. | 135 | Acres |
| Rosemount | = | 1,475,000 | Sq. Ft. | 125 | Acres |
| Farmington | = | 875,000 | Sq. Ft. | 70 | Acres |
| Eagan | = | 750,000 | Sq. Ft. | 65 | Acres |
| Burnsville | = | 675,000 | Sq. Ft. | 60 | Acres |
| Hastings | = | 675,000 | Sq. Ft. | 55 | Acres |
| Mendota Heights | = | 175,000 | Sq. Ft. | 15 | Acres |
| West St. Paul | = | 150,000 | Sq. Ft. | 15 | Acres |
| South St. Paul | = | 125,000 | Sq. Ft. | 10 | Acres |
| Remainder of County | = | 50,000 | Sq. Ft. | 5 | Acres |
| **Total** | = | **11,325,000** | **Sq. Ft.** | **965** | **Acres** |

13. Demand for retail/commercial space is projected to be greatest in Lakeville. Lakeville will have strong household growth, and it currently has less retail space per household than other more mature communities in the northern part of the County.

## Office

14. Dakota County had an inventory of about 14.4 million square feet of office space in 2007. Nearly half of the space was located in Eagan (7.0 million square feet). Burnsville and Mendota Heights had a similar amount of space (about 1.8 million square feet). Overall, a disproportionate amount of the office space is located in the northern most portion of the County, indicating strong appeal of this area for office tenants versus more distant locations.

15. Most of the demand for office space in the County is from smaller businesses seeking spaces with less than 5,000 square feet. Almost three-quarters of the County's Financial Services & Real Estate and Professional and Business Services firms have fewer than five employees.

16. There are eleven corporate office buildings in Dakota County; all are located in Eagan. These buildings include, among others, Northwest Airlines, Blue Cross Blue Shield, West Group, Unisys Corporation, and Ecolab.

17. From 2000 to 2006, Dakota County added an additional 3.5 million square feet of office space. Eagan added the most space, totaling approximately 1.4 million square feet.

18. Demand was projected for an additional 6.5 to 7.5 million square feet of office space in Dakota County between 2008 and 2030 to accommodate office employment growth. Demand will be greater during the beginning of next decade and then slow through 2030 as employment growth slows.

19. Total projected demand for **office** space and land in Dakota County, ranked by community, from 2008 to 2030 is as follows:

| | | | | | |
|---|---|---|---|---|---|
| Eagan | = | 2,500,000 | Sq. Ft. | 215 | Acres |
| Lakeville | = | 1,175,000 | Sq. Ft. | 100 | Acres |
| Inver Grove Heights | = | 800,000 | Sq. Ft. | 70 | Acres |
| Mendota Heights | = | 725,000 | Sq. Ft. | 60 | Acres |
| Apple Valley | = | 700,000 | Sq. Ft. | 60 | Acres |
| Burnsville | = | 600,000 | Sq. Ft. | 50 | Acres |
| South St. Paul | = | 125,000 | Sq. Ft. | 10 | Acres |
| Farmington | = | 125,000 | Sq. Ft. | 10 | Acres |
| Rosemount | = | 125,000 | Sq. Ft. | 10 | Acres |
| Hastings | = | 100,000 | Sq. Ft. | 10 | Acres |
| West St. Paul | = | 75,000 | Sq. Ft. | 5 | Acres |
| Remainder of County | = | 50,000 | Sq. Ft. | 5 | Acres |
| **Total** | = | **7,100,000** | **Sq. Ft.** | **605** | **Acres** |

20. Demand for office space is projected to be greatest in Eagan. Eagan is highly attractive for larger office tenants because of its excellent highway access, close proximity to the airport, and short distance to the core of the Twin Cities. Mendota Heights and Burnsville also have good locations but have little remaining land available for new office space.

## Industrial

21. Dakota County experienced job growth during the first half of this decade in about every industry sector except manufacturing. This is a trend that has been experienced by most places in the Country, as manufacturing declined sharply after the recession that began in 2001. The decline of manufacturing employment is a trend that is likely to continue for at least the next few decades in the Twin Cities.

22. Dakota County had an inventory of about 980 industrial buildings with about 40 million square feet of space in 2007. Eagan (13.5 million square feet) and Burnsville (8.9 million square feet) account for 55% of the County's total industrial space.

23. A total of 17.8 million square feet of industrial space was added in Dakota County over the past 20 years (1987 to 2006). Of this total, 79% was warehouse space and 15% was manufacturing space. Some of the strongest demand for industrial space is among wholesale trade, trucking, and storage businesses servicing the Minneapolis-St. Paul International Airport.

24. From 2000 to 2006, Dakota County added an additional 4.2 million square feet of industrial space in 148 buildings. Of this total, Eagan added 1.4 million square feet followed by Burnsville with about 940,000 square feet.

25. Demand is projected for about 7.6 to 8.7 million square feet of industrial space in Dakota County between 2008 and 2030 to accommodate industrial employment growth. Demand will be greater during the beginning of next decade and then slow through 2030 as household and employment growth slows.

26. Total projected demand for **industrial** space and land in Dakota County, ranked by community, from 2008 to 2030 is as follows:

| | | | | | |
|---|---|---|---|---|---|
| Lakeville | = | 2,300,000 | Sq. Ft. | 235 | Acres |
| Eagan | = | 2,175,000 | Sq. Ft. | 230 | Acres |
| Inver Grove Heights | = | 1,100,000 | Sq. Ft. | 115 | Acres |
| Burnsville | = | 725,000 | Sq. Ft. | 75 | Acres |
| Rosemount | = | 475,000 | Sq. Ft. | 50 | Acres |
| Mendota Heights | = | 375,000 | Sq. Ft. | 40 | Acres |
| Apple Valley | = | 325,000 | Sq. Ft. | 35 | Acres |
| Farmington | = | 300,000 | Sq. Ft. | 30 | Acres |
| South St. Paul | = | 225,000 | Sq. Ft. | 25 | Acres |
| Hastings | = | 150,000 | Sq. Ft. | 15 | Acres |
| West St. Paul | = | 25,000 | Sq. Ft. | 5 | Acres |
| Remainder of County | = | 50,000 | Sq. Ft. | 5 | Acres |
| **Total** | = | **8,225,000** | **Sq. Ft.** | **860** | **Acres** |

## Study Impetus

Maxfield Research Inc. was engaged by the Dakota County Community Development Agency (Dakota County CDA) to undertake a market study that projects the amount of commercial and industrial space and land needed in the County through 2030. The study provides demand estimates for the County's 11 largest communities and the remainder of the County as a whole. Information examined in the market study includes household and employment growth trends and characteristics, current commercial/industrial market conditions, and development trends of commercial and industrial space and land.

Based on the analysis, demand is calculated for commercial/retail, office, and industrial space in five year increments from 2008 to 2030. The amount of land needed to accommodate the projected commercial and industrial space is also calculated. These calculations can be used by communities to estimate the amount of land to bring on-line in five year increments through 2030 to balance demand with supply.

## Scope of Work

The scope of this study includes:

- an analysis of the demographic growth trends and characteristics of the County to 2030,
- an analysis of overall employment growth projections to 2030 for the County, including information on business growth by industry type and size;
- an examination of development trends for commercial and industrial space for the County, its 11 larger communities, and the smaller communities and townships as a whole;
- an analysis of commercial and industrial market trends, demand by location, technology trends, and other key trends within the County based on interviews with key experts;
- demand calculations for commercial/retail, office, and industrial space in five-year increments through 2030 in each of the County's 11 larger communities and the smaller communities and townships as a whole;
- calculation of the amount of land needed to bring on-line in five-year increments to accommodate the commercial and industrial demand.

The report contains primary and secondary research. Primary research includes interviews with commercial brokers and developers, economic development specialists, and other experts involved in the commercial/industrial and land markets in Dakota County. Secondary data, such as from the U.S. Census or Metropolitan Council, is credited to the source, and is used as a basis for analysis. Much of the secondary data in this report is commercial and industrial property information provided by the Dakota County GIS Department. Property information analyzed includes type of space, year built, finished square feet, lot size, and location.

# Employment and Demo-graphic Analysis

## Introduction

This section of the report examines factors related to the demand for commercial and industrial space in Dakota County, Minnesota. Included in this section is an analysis of:

- population and household growth trends and projections,
- population age distribution trends
- consumer expenditure patterns;
- overall employment growth trends;
- covered employment trends;
- growth of businesses by type and size of business; and
- gross retail sales trends.

This section of the report includes totals for each of the larger communities within the County as well as for the smaller communities and townships collectively.

## Population and Household Growth Trends and Projections

Tables 1 and 2 present population and household growth trends and projections for Dakota County from 1990 to 2030. The data from 1990 and 2000 is from the U.S. Census, while the 2010 through 2030 projections are based on Metropolitan Council projections. Some of the projections were adjusted by Maxfield Research Inc. for individual communities based on recent development trends and local forecasts of growth.

Key findings from Tables 1 and 2 are:

- Dakota County is projected to add approximately 147,000 people from 1990 to 2010. Between 2010 and 2030, growth is projected to slow, coinciding with slower growth metrowide. The County is projected to add approximately 95,000 people between 2010 and 2030.

- Communities on the fringe of the urbanized core of the Twin Cities will see the greatest growth between 2010 and 2030. These include Lakeville, Rosemount, Farmington, Inver Grove Heights, and Apple Valley. Strong household growth in these communities will lead to greater potential to support retail and commercial uses.

- A primary reason for the slowing growth is the aging of the population. As the population ages, the average household size is projected to decrease. Overall, this will have an impact on the potential to grow the labor force in the future. As shown below, Dakota County's average household size is projected to steadily decline from 2.8 people per household in 1990 to 2.47 in 2030. The average size still remains higher than the Metro Area, which contains older populations in Minneapolis, St. Paul, and in well as more mature suburbs.

**Average Househld Size (Number of People per Household)**

| | 1990 | 2000 | 2010 | 2020 | 2030 |
|---|---|---|---|---|---|
| Dakota County | 2.80 | 2.71 | 2.60 | 2.52 | 2.47 |
| Metro Area | 2.61 | 2.59 | 2.51 | 2.45 | 2.42 |

- Communities in the northern part of Dakota County that are reaching development capacity are not projected to grow much through 2030 in terms of population and households. However, because they have good access to a large labor force, they are still projected to draw employers, resulting in greater job growth. For example, the populations of Eagan and Burnsville are projected to grow by 3% and 6%, respectively, between 2010 and 2030; at the same time, the numbers of jobs are projected to grow by 21% and 11%, respectively.

**TABLE 1**
**POPULATION GROWTH TRENDS AND PROJECTIONS**
**DAKOTA COUNTY**
**1990 - 2030**

| | Population | | | | | Change | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Census | | Projection | | | 1990 - 2010 | | 2010-2030 | |
| | 1990 | 2000 | 2010 | 2020 | 2030 | No. | Pct. | No. | Pct. |
| **Large Communities** | | | | | | | | | |
| Apple Valley | 34,598 | 45,527 | 61,700 | 69,100 | 71,200 | 27,102 | 78.3 | 9,500 | 15.4 |
| Burnsville | 51,288 | 60,220 | 61,400 | 63,000 | 65,000 | 10,112 | 19.7 | 3,600 | 5.9 |
| Eagan | 47,409 | 63,557 | 67,000 | 68,000 | 69,000 | 19,591 | 41.3 | 2,000 | 3.0 |
| Farmington | 5,940 | 12,365 | 20,500 | 27,100 | 32,000 | 14,560 | 245.1 | 11,500 | 56.1 |
| Hastings | 15,473 | 18,201 | 23,000 | 27,500 | 30,000 | 7,527 | 48.6 | 7,000 | 30.4 |
| Inver Grove Heights | 22,477 | 29,751 | 33,900 | 40,600 | 44,200 | 11,423 | 50.8 | 10,300 | 30.4 |
| Lakeville | 24,854 | 43,128 | 59,500 | 78,400 | 88,800 | 34,646 | 139.4 | 29,300 | 49.2 |
| Mendota Heights | 9,381 | 11,434 | 12,000 | 12,000 | 12,100 | 2,619 | 27.9 | 100 | 0.8 |
| Rosemount | 8,622 | 14,619 | 22,700 | 30,100 | 35,700 | 14,078 | 163.3 | 13,000 | 57.3 |
| South St. Paul | 20,197 | 20,167 | 19,900 | 20,000 | 20,700 | -297 | -1.5 | 800 | 4.0 |
| West St. Paul | 19,248 | 19,405 | 20,100 | 21,100 | 21,700 | 852 | 4.4 | 1,600 | 8.0 |
| **Subtotal** | **259,487** | **338,374** | **401,700** | **456,900** | **490,400** | **142,213** | **54.8** | **88,700** | **22.1** |
| Remainder of Co. | 15,723 | 17,530 | 20,260 | 23,250 | 26,610 | 4,537 | 28.9 | 6,350 | 31.3 |
| **Dakota County** | **275,210** | **355,904** | **421,960** | **480,150** | **517,010** | **146,750** | **53.3** | **95,050** | **22.5** |
| Metro Area Total | 2,288,729 | 2,642,062 | 3,005,270 | 3,334,160 | 3,607,660 | 716,541 | 31.3 | 602,390 | 20.0 |

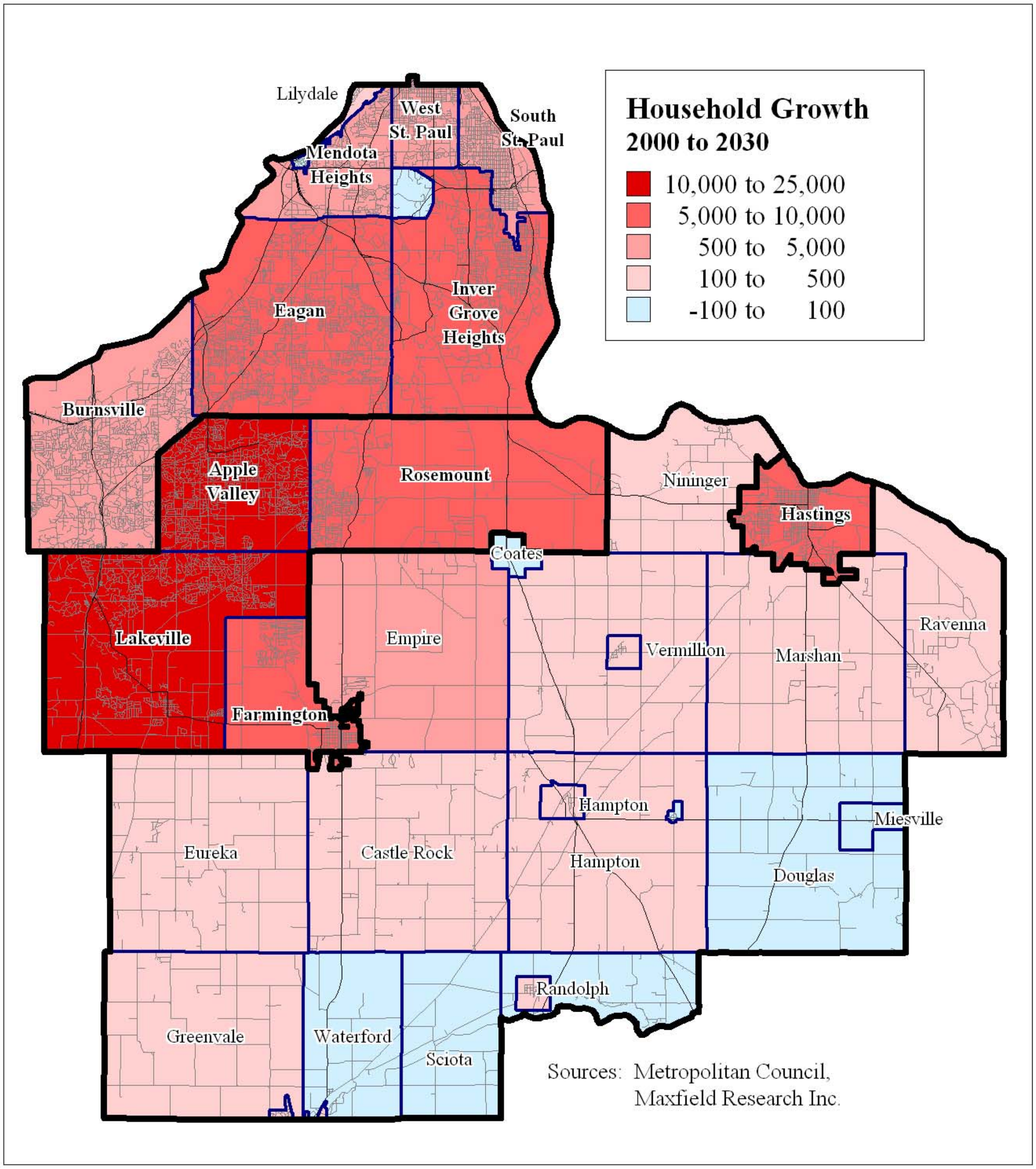
Sources: U.S. Census, Metropolitan Council, Maxfield Research Inc.

**TABLE 2**
**HOUSEHOLD GROWTH TRENDS AND PROJECTIONS**
**DAKOTA COUNTY**
**1990 - 2030**

| | Households | | | | | Change | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Census | | | | | 1990 - 2010 | | 2010-2030 | |
| | 1990 | 2000 | 2010 | 2020 | 2030 | No. | Pct. | No. | Pct. |
| **Large Communities** | | | | | | | | | |
| Apple Valley | 11,145 | 16,344 | 22,400 | 26,100 | 27,500 | 11,255 | 101.0 | 5,100 | 22.8 |
| Burnsville | 19,127 | 23,687 | 25,300 | 27,000 | 28,700 | 6,173 | 32.3 | 3,400 | 13.4 |
| Eagan | 17,427 | 23,773 | 26,500 | 28,000 | 29,000 | 9,073 | 52.1 | 2,500 | 9.4 |
| Farmington | 2,064 | 4,169 | 7,500 | 10,500 | 12,500 | 5,436 | 263.4 | 5,000 | 66.7 |
| Hastings | 5,401 | 6,640 | 8,800 | 11,000 | 12,500 | 3,399 | 62.9 | 3,700 | 42.0 |
| Inver Grove Heights | 7,803 | 11,257 | 14,000 | 17,000 | 18,000 | 6,197 | 79.4 | 4,000 | 28.6 |
| Lakeville | 7,851 | 13,609 | 20,200 | 28,400 | 33,500 | 12,349 | 157.3 | 13,300 | 65.8 |
| Mendota Heights | 3,302 | 4,178 | 4,600 | 4,800 | 5,000 | 1,298 | 39.3 | 400 | 8.7 |
| Rosemount | 2,779 | 4,742 | 8,000 | 11,200 | 13,500 | 5,221 | 187.9 | 5,500 | 68.8 |
| South St. Paul | 7,914 | 8,123 | 8,300 | 8,600 | 9,000 | 386 | 4.9 | 700 | 8.4 |
| West St. Paul | 8,441 | 8,645 | 8,900 | 9,300 | 9,600 | 459 | 5.4 | 700 | 7.9 |
| **Subtotal** | **93,254** | **125,167** | **154,500** | **181,900** | **198,800** | **61,246** | **65.7** | **44,300** | **28.7** |
| Remainder of Co. | 5,039 | 5,984 | 7,490 | 8,890 | 10,300 | 2,451 | 48.6 | 2,810 | 37.5 |
| **Dakota County** | **98,293** | **131,151** | **161,990** | **190,790** | **209,100** | **63,697** | **64.8** | **47,110** | **29.1** |
| Metro Area Total | 875,504 | 1,021,459 | 1,197,580 | 1,361,870 | 1,491,630 | 322,076 | 36.8 | 294,050 | 24.6 |

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

# Household Growth Projections
# Dakota County
# 2000 to 2030



## Population Age Distribution Trends

Table 3 shows the age distribution of Dakota County's population in 1990 and 2000, and provides estimates for 2007 and projections for 2010 to 2030. The 1990 and 2000 distributions are derived from the U.S. Census, while the estimates and projections were made by Maxfield Research Inc. based on data from the State Demographic Center and Claritas Inc.

The following are key trends noted in the age distribution of Dakota County's population:

- With the aging of the baby boom generation, the greatest growth in Dakota County from 2007 to 2030 will be among people age 65+, as their population is projected increase by approximately 62,000 people in the 23 years.

- As is shown in Table 5, employment figures are projected to plateau as the 65+ senior population continues to age and retire from the workforce. The future participation rate of seniors in the labor force is unknown, however. Some seniors without sufficient savings may continue to work; but those seniors that have accumulated wealth may limit or cease their participation in the labor force.

- The chart below shows the strong growth projected in the 65+ adult population through 2030. The 65+ age group accounted for approximately 10% of the adult population in 1990 and is projected to grow to almost 25% of the adult population by 2030.

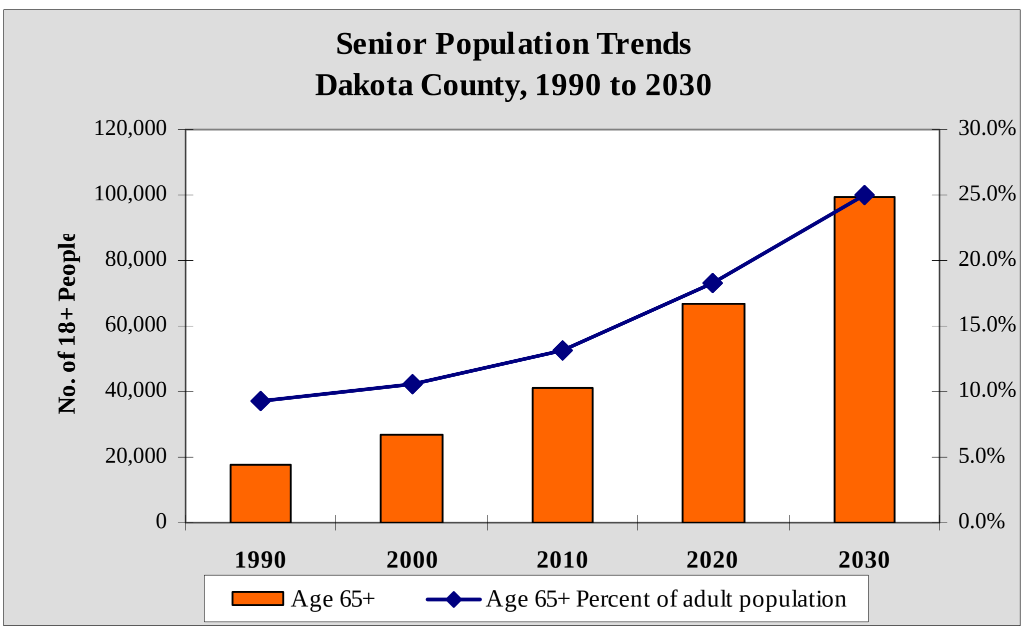


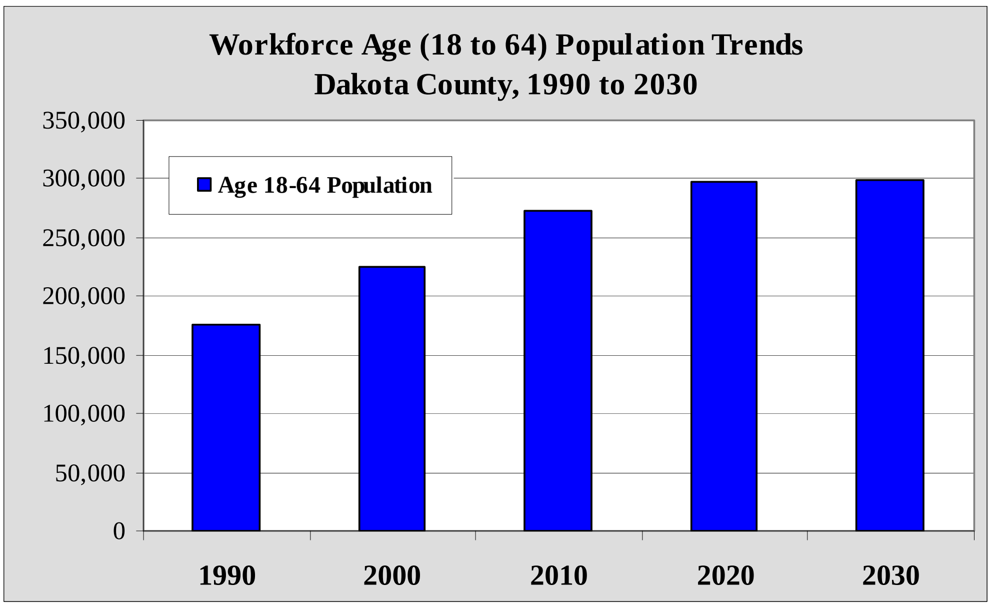
**TABLE 3**
**POPULATION AGE DISTRIBUTION PROJECTIONS**
**DAKOTA COUNTY**
**1990 - 2030**

| | 1990 | 2000 | 2007 | 2010 | 2020 | 2030 |
|---|---|---|---|---|---|---|
| | **Age 17 & Under** | | | | | |
| Apple Valley | 11,984 | 13,529 | 14,980 | 15,602 | 15,657 | 14,850 |
| Burnsville | 14,404 | 15,766 | 14,385 | 13,793 | 13,465 | 13,371 |
| Eagan | 14,097 | 19,056 | 16,826 | 15,870 | 14,330 | 13,450 |
| Farmington | 1,887 | 4,208 | 6,036 | 6,820 | 7,560 | 8,195 |
| Hastings | 4,484 | 4,971 | 5,429 | 5,625 | 6,755 | 7,495 |
| Inver Grove Heights | 6,737 | 8,125 | 8,074 | 8,052 | 9,013 | 9,299 |
| Lakeville | 8,840 | 15,560 | 17,371 | 18,148 | 22,563 | 23,744 |
| Mendota Heights | 2,482 | 3,152 | 2,811 | 2,665 | 2,815 | 2,885 |
| Rosemount | 2,965 | 5,131 | 6,492 | 7,075 | 8,605 | 10,005 |
| South St. Paul | 5,250 | 5,126 | 4,744 | 4,580 | 4,635 | 4,895 |
| West St. Paul | 3,952 | 4,095 | 3,931 | 3,860 | 4,190 | 4,455 |
| **Large Cities** | 77,082 | 98,719 | 101,078 | 102,090 | 109,588 | 112,643 |
| Remainder of Co. | 4,720 | 5,014 | 5,037 | 5,047 | 5,643 | 6,812 |
| **Dakota County** | 81,802 | 103,733 | 106,116 | 107,137 | 115,232 | 119,455 |
| | **Age 18-64** | | | | | |
| Apple Valley | 21,717 | 29,492 | 36,221 | 39,105 | 40,572 | 37,973 |
| Burnsville | 34,903 | 40,096 | 40,417 | 40,554 | 39,355 | 38,076 |
| Eagan | 32,324 | 41,827 | 44,580 | 45,760 | 42,760 | 38,495 |
| Farmington | 3,469 | 7,464 | 11,238 | 12,855 | 18,075 | 20,620 |
| Hastings | 9,471 | 11,103 | 13,558 | 14,610 | 16,955 | 17,400 |
| Inver Grove Heights | 14,452 | 19,294 | 21,566 | 22,539 | 26,296 | 26,641 |
| Lakeville | 15,423 | 26,342 | 34,810 | 38,439 | 49,458 | 52,371 |
| Mendota Heights | 5,773 | 6,626 | 7,147 | 7,370 | 6,560 | 6,080 |
| Rosemount | 5,304 | 8,704 | 12,593 | 14,260 | 18,730 | 20,820 |
| South St. Paul | 12,069 | 12,467 | 12,966 | 13,180 | 12,760 | 12,565 |
| West St. Paul | 11,318 | 11,588 | 12,443 | 12,810 | 13,070 | 12,765 |
| **Large Cities** | 166,223 | 215,003 | 247,539 | 261,482 | 284,590 | 283,807 |
| Remainder of Co. | 9,360 | 10,498 | 11,670 | 12,172 | 13,672 | 14,563 |
| **Dakota County** | 175,583 | 225,501 | 259,209 | 273,655 | 298,262 | 298,370 |
| | **Age 65+** | | | | | |
| Apple Valley | 897 | 2,506 | 5,647 | 6,993 | 12,871 | 18,377 |
| Burnsville | 1,981 | 4,358 | 6,245 | 7,054 | 10,180 | 13,554 |
| Eagan | 988 | 2,674 | 4,561 | 5,370 | 10,910 | 17,055 |
| Farmington | 584 | 693 | 785 | 825 | 1,465 | 3,185 |
| Hastings | 1,518 | 2,127 | 2,574 | 2,765 | 3,790 | 5,105 |
| Inver Grove Heights | 1,288 | 2,332 | 3,015 | 3,308 | 5,291 | 8,260 |
| Lakeville | 591 | 1,226 | 2,407 | 2,913 | 6,379 | 12,685 |
| Mendota Heights | 1,126 | 1,656 | 1,872 | 1,965 | 2,625 | 3,135 |
| Rosemount | 353 | 784 | 1,191 | 1,365 | 2,765 | 4,875 |
| South St. Paul | 2,878 | 2,574 | 2,270 | 2,140 | 2,605 | 3,240 |
| West St. Paul | 3,978 | 3,722 | 3,518 | 3,430 | 3,840 | 4,480 |
| **Large Cities** | 16,182 | 24,652 | 34,085 | 38,128 | 62,721 | 93,950 |
| Remainder of Co. | 1,643 | 2,018 | 2,734 | 3,040 | 3,935 | 5,235 |
| **Dakota County** | 17,825 | 26,670 | 36,819 | 41,168 | 66,656 | 99,185 |

Sources: U.S. Census; Metropolitan Council; Minnesota Demographic Center; Maxfield Research Inc.

- A good portion of seniors are expected to work part-time in the future. One reason is that the economy has been shifting away from a traditional manufacturing labor force into service and office labor. There is the possibility that 65+ seniors will continue to lengthen their tenure in "white collar" positions. Lack of physical exertion in white collar positions enables many people to work longer than people employed in labor-intensive manufacturing work. Thus, many of the future seniors will be able to work longer than their blue collar parents, and therefore retire later in life.

- The growth of the working-age population, those ages 18 to 64, will be tempered as a large number of people currently in their 40s and 50s age into their senior years by 2030. Between 2007 and 2030, the number of age 18-to-64-year-olds is projected to grow by 39,000 people, or 15%. In comparison, between 1990 and 2007 (a seven year shorter period), the age 18-to-64-year-old population increased by 83,600 people, or 48%.




## Consumer Expenditure Patterns

Table 4 shows consumer expenditures for retail goods and services in Dakota County in 2007 and 2012, according to data obtained from Claritas, Inc. This data is used to calculate demand for retail space, based on projected population growth in the area and the resulting growth in consumer expenditures. The following are key points from the consumer expenditure data:

- Customers (or residents) in Dakota County spent $8.9 billion in 2007 on retail goods and services shown in Table 4. In 2012, residents are projected to spend $11.4 billion on retail goods and services. It should be noted that the retail expenditures by these Dakota County residents can be made anywhere, not just Dakota County.

- In order, residents in Eagan ($1.9 million), Lakeville ($1.7 million), Burnsville ($1.6 million), and Apple Valley ($1.5 million) will combine to make up just short of 60% of all the retail expenditures in Dakota County in 2012. These communities also account for about 60% of all the residents in the County.

- The greatest growth in consumer retail expenditures during the period 2007 to 2012 is expected in Farmington (49%), Rosemount (43%), and Lakeville (36%) – also the communities that are projected to experience the greatest household growth.

- Overall consumer expenditures in Dakota County are expected to grow by $2.5 billion between 2007 and 2012, or about a 5% annual increase. While some of this projected increase is due to inflation, some is due to household growth. As household growth begins to slow during the next two decades, this annual rate of growth will likely decline. These factors, in turn, will likely lead to less overall demand for new retail space annually in the coming decades in comparison to the past couple of decades.

**TABLE 4**
**AGGREGATE CONSUMER EXPENDITURES BY RESIDENTS**
**DAKOTA COUNTY**
**2007-2012**

| | Consumer Expenditures | | Change 2007-2012 | |
|---|---|---|---|---|
| | **2007** (millions) | **2012** (millions) | **No.** (millions) | **% Change** |
| **Large Cities** | | | | |
| Apple Valley | $1,199 | $1,546 | $347 | 29.0% |
| Burnsville | $1,350 | $1,620 | $270 | 20.0% |
| Eagan | $1,540 | $1,860 | $320 | 20.8% |
| Farmington | $385 | $574 | $189 | 49.1% |
| Hastings | $435 | $588 | $153 | 35.2% |
| Inver Grove Heights | $789 | $1,050 | $262 | 33.2% |
| Lakeville | $1,218 | $1,657 | $439 | 36.1% |
| Mendota Heights | $313 | $376 | $63 | 20.1% |
| Rosemount | $437 | $624 | $187 | 42.9% |
| South St. Paul | $381 | $453 | $71 | 18.7% |
| West St. Paul | $388 | $461 | $73 | 18.8% |
| **Large Cities Subtotal** | **$8,435** | **$10,810** | **$2,375** | **28.2%** |
| **Remainder of Co.** | **$441** | **$572** | **$131** | **29.7%** |
| **Dakota County Total** | **$8,876** | **$11,382** | **$2,506** | **28.2%** |

Sources: Claritas; Maxfield Research, Inc.

## Employment Growth Trends

Demand for office and industrial space will partly hinge on the future labor force available to fill potential new jobs. Employment growth trends and projections and business characteristics for Dakota County are shown in the following tables. The following are key trends derived from the employment data:

**Jobs Located in Dakota County**

Table 5 shows data on the number of jobs in Dakota County, including in the 11 largest communities. The figures were based on estimated by Metropolitan Council and adjusted by Maxfield Research based on current employment estimated from the Minnesota Department of Employment and Economic Development.

Table 6 presents covered employment for Dakota County in 2000 and 2006. Covered employment data is calculated as an annual average and reveals the number of jobs in the County that are covered by unemployment insurance. Most farm jobs, self-employed people, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data comes from the Department of Employment and Economic Development. Table 7 shows the number of jobs by size of business within the County in 2005. This data is from the Census Bureau: County Business Patterns.

The following are key highlights about employment trends in the County:

- There were a total of about 154,200 jobs in Dakota County in 2000, of which about half were located in Eagan (42,750 jobs) and Burnsville (31,800 jobs). Eagan and Burnsville are appealing for employment in the County because of their location. Both have good freeway access, are closer to the Minneapolis/St. Paul International Airport, other businesses along the I-494 strip and Downtowns Minneapolis and St. Paul, and have closer proximity to larger labor pools than farther out suburbs within the County.

- The number of jobs in Dakota County is projected to grow by about 92,200 jobs from 1990 to 2010 (+87.0%) and about 49,400 from 2010 to 2030 (+24.9%). This is a greater growth rate than the Twin Cities Metro Area, which is projected to experience job growth of 42.7% from 1990 to 2010 and 17.1% from 2010 to 2030.

- As summarized earlier in the report, the aging of the population will contribute to the slower job growth rate between 2010 and 2030. Compared to past decades, the ratio of people entering the labor force to those leaving the labor force will narrow. This slower job growth will have an impact on the growth of businesses, and hence, additional need for industrial and office space will decline.

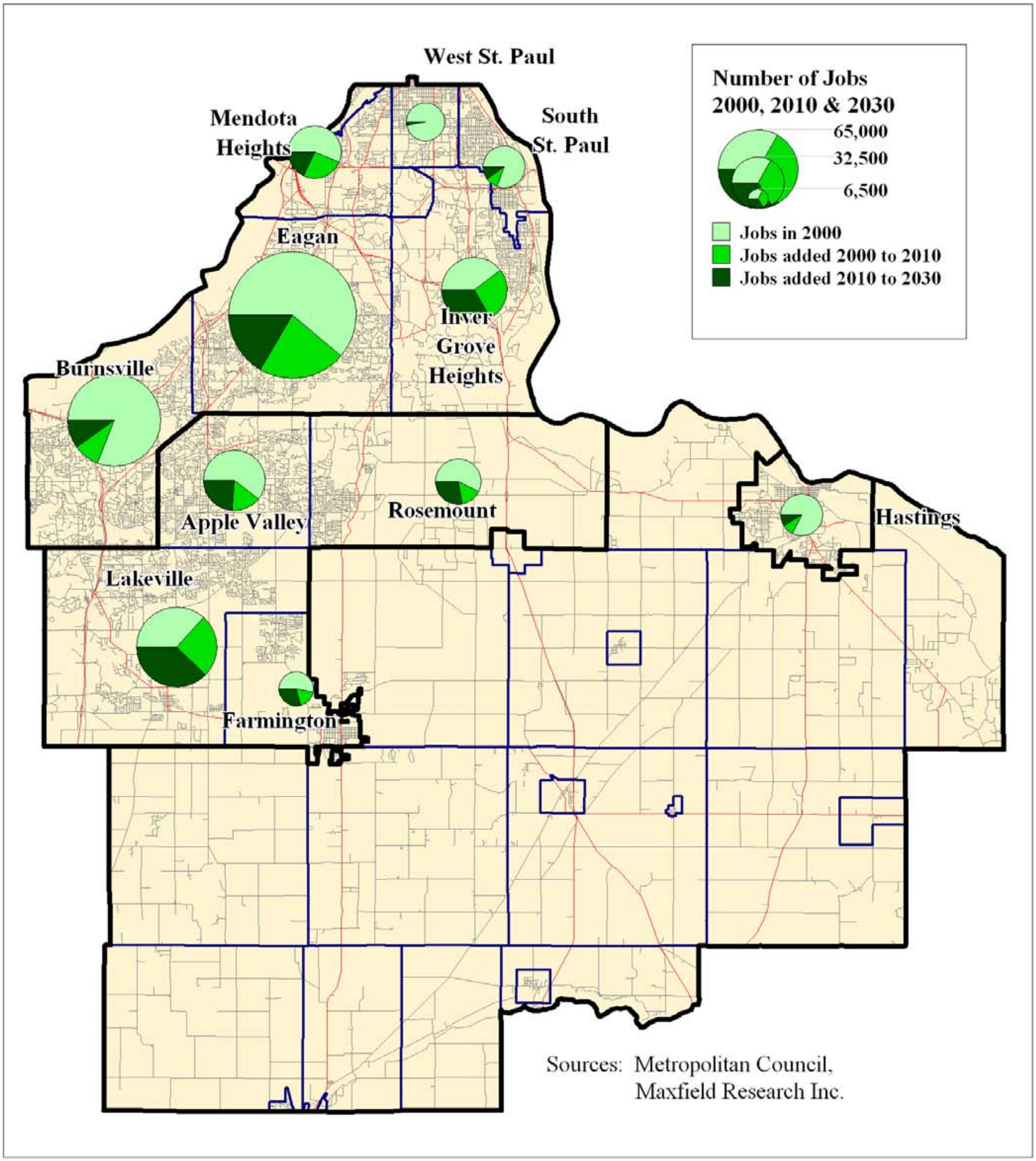
- Between 2010 and 2030, Eagan is projected to lead the County in job growth (11,600 new jobs) followed closely by Lakeville (11,200 new jobs). Combined, Eagan and Lakeville are projected to account for about 46% of all new job growth between 2010 and 2030.

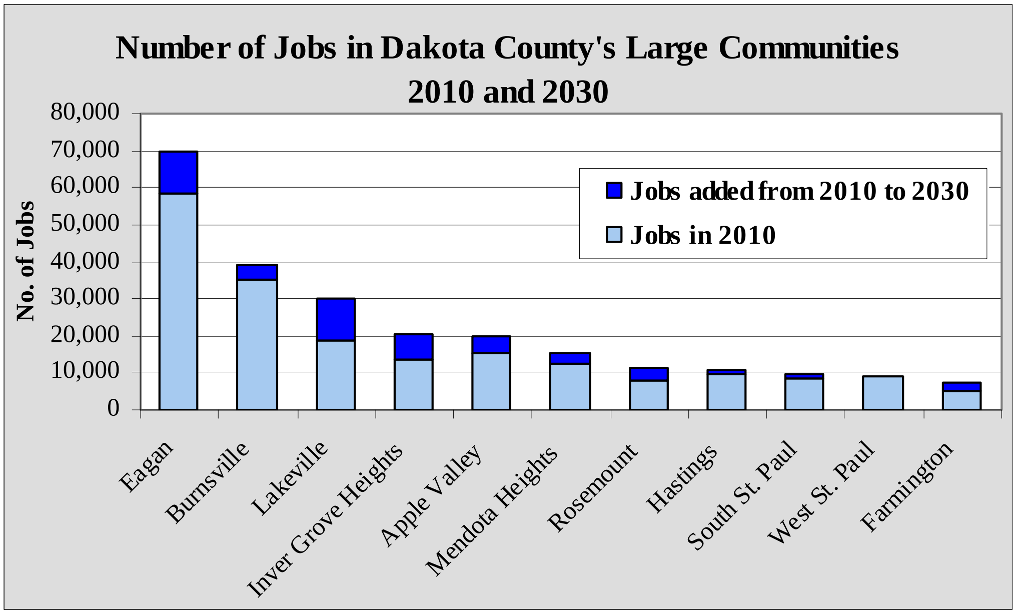
**TABLE 5**
**EMPLOYMENT GROWTH TRENDS AND PROJECTIONS**
**DAKOTA COUNTY**
**1990 - 2030**

| | Employment | | | | | Change 1990 - 2010 | | Change 2010-2030 | |
|---|---|---|---|---|---|---|---|---|---|
| | 1990 | 2000 | 2010 | 2020 | 2030 | No. | Pct. | No. | Pct. |
| **Large Communities** | | | | | | | | | |
| Apple Valley | 6,528 | 12,106 | 15,200 | 18,100 | 20,000 | 8,672 | 132.8 | 4,800 | 31.6 |
| Burnsville | 25,438 | 31,765 | 35,300 | 37,800 | 39,300 | 9,862 | 38.8 | 4,000 | 11.3 |
| Eagan | 26,000 | 42,750 | 58,300 | 65,700 | 69,900 | 32,300 | 124.2 | 11,600 | 19.9 |
| Farmington | 2,342 | 3,986 | 5,300 | 6,500 | 7,500 | 2,958 | 126.3 | 2,200 | 41.5 |
| Hastings | 6,982 | 8,872 | 9,800 | 10,100 | 10,800 | 2,818 | 40.4 | 1,000 | 10.2 |
| Inver Grove Heights | 5,724 | 8,168 | 13,700 | 18,100 | 20,500 | 7,976 | 139.3 | 6,800 | 49.6 |
| Lakeville | 6,563 | 10,966 | 18,600 | 24,900 | 29,800 | 12,037 | 183.4 | 11,200 | 60.2 |
| Mendota Heights | 5,805 | 8,549 | 12,400 | 14,000 | 15,200 | 6,595 | 113.6 | 2,800 | 22.6 |
| Rosemount | 4,114 | 6,356 | 8,000 | 9,700 | 11,100 | 3,886 | 94.5 | 3,100 | 38.8 |
| South St. Paul | 5,564 | 7,697 | 8,600 | 9,200 | 9,600 | 3,036 | 54.6 | 1,000 | 11.6 |
| West St. Paul | 9,264 | 8,905 | 8,800 | 9,000 | 9,100 | -464 | -5.0 | 300 | 3.4 |
| **Subtotal** | **104,324** | **150,120** | **194,000** | **223,100** | **242,800** | **89,676** | **86.0** | **48,800** | **25.2** |
| Remainder of Co. | 1,705 | 4,122 | 4,231 | 4,340 | 4,850 | 2,526 | 148.2 | 619 | 14.6 |
| **Dakota County** | **106,029** | **154,242** | **198,231** | **227,440** | **247,650** | **92,202** | **87.0** | **49,419** | **24.9** |
| Metro Area Total | 1,272,773 | 1,563,245 | 1,815,715 | 1,990,485 | 2,125,965 | 542,942 | 42.7 | 310,250 | 17.1 |

Sources: Metropolitan Council; Maxfield Research Inc.

# Number of Jobs, Dakota County, 2000, 2010 & 2030






- As illustrated in the following commuting patterns table, there is a sizable out-migration of workers from Dakota County to surrounding Counties. In 2000, about 46% of Dakota County residents worked in Dakota County. Hennepin (32%) and Ramsey (14%) Counties accounted for the majority of the work commutes outside Dakota County.

**Commuting Patterns in Dakota County, 2000**

| Place of Residence | Employment | Count | Percent |
|---|---|---|---|
| **Place of Employment for Dakota County Residents** | | | |
| Dakota | Dakota Co | 90,629 | 45.8% |
| Dakota | Hennepin | 62,901 | 31.8% |
| Dakota | Ramsey | 28,014 | 14.2% |
| Dakota | Scott | 4,647 | 2.3% |
| Dakota | Washington | 3,787 | 1.9% |
| Dakota | Rice | 1,267 | 0.6% |
| Dakota | Anoka | 1,172 | 0.6% |
| Dakota | Other | 5,377 | 2.7% |
| | | 197,794 | 100.0% |
| **Place of Residence for Workers Commuting to Dakota County** | | | |
| Dakota | Dakota | 90,629 | 58.7% |
| Hennepin | Dakota | 17,485 | 11.3% |
| Ramsey | Dakota | 14,204 | 9.2% |
| Washington | Dakota | 8,380 | 5.4% |
| Scott | Dakota | 8,025 | 5.2% |
| Rice | Dakota | 2,817 | 1.8% |
| Anoka | Dakota | 2,659 | 1.7% |
| Other | Carver | 10,322 | 6.7% |
| | | 154,521 | 100.0% |

Sources: US Census Bureau; Maxfield Research Inc.

- Approximately 60% of the jobs in Dakota County in 2000 were filled by people living within the County followed by people living in Hennepin County (11%), Ramsey County (9%) and Washington County (about 5%). As transportation costs increase, we project that a greater percentage of people commuting to Dakota County will also choose to live in Dakota County, increasing the number of jobs available in the County.

- In 2000, approximately 70% of those working in Eagan, the largest employment base in the County, commuted from outside Dakota County, 14% of which came from Hennepin County. Only about 30% of Eagan workers commuting from within Dakota County chose to live and work in Eagan.

- Table 6 highlights that Dakota County has experienced job growth during the first half of this decade in about every industry sector except Manufacturing. This is a trend that has been experienced by most places in the Country, as manufacturing declined sharply after the recession that began in 2001. Service jobs have grown rapidly, with the greatest numerical growth in Education & Health Care, Professional and Business Services, and Financial Services.

- According to an analyst with the Minnesota Department of Employment and Economic Development, the decline of manufacturing employment is a trend that is likely to continue for at least the next few decades in the Twin Cities. This is a trend that began earlier in other northeastern states that continues today as the job market shifts from manufacturing to services. Thus, it is unlikely that Dakota County will see significant increases in manufacturing employment through 2030. New manufacturers are likely to be smaller niche firms and high-tech firms versus large plants that employ less skilled labor. These larger manufacturers tend to locate in more rural communities with lower wages.

- From 2000 to 2006, Dakota County has been a bright spot in the Metro Area in terms of job growth. While the County added over 21,000 jobs, the remainder of the seven-county Metro Area lost 6,500 jobs. Most of the job loss was in Hennepin and Ramsey Counties. The City of Minneapolis alone lost 17,000 jobs over the six year period.

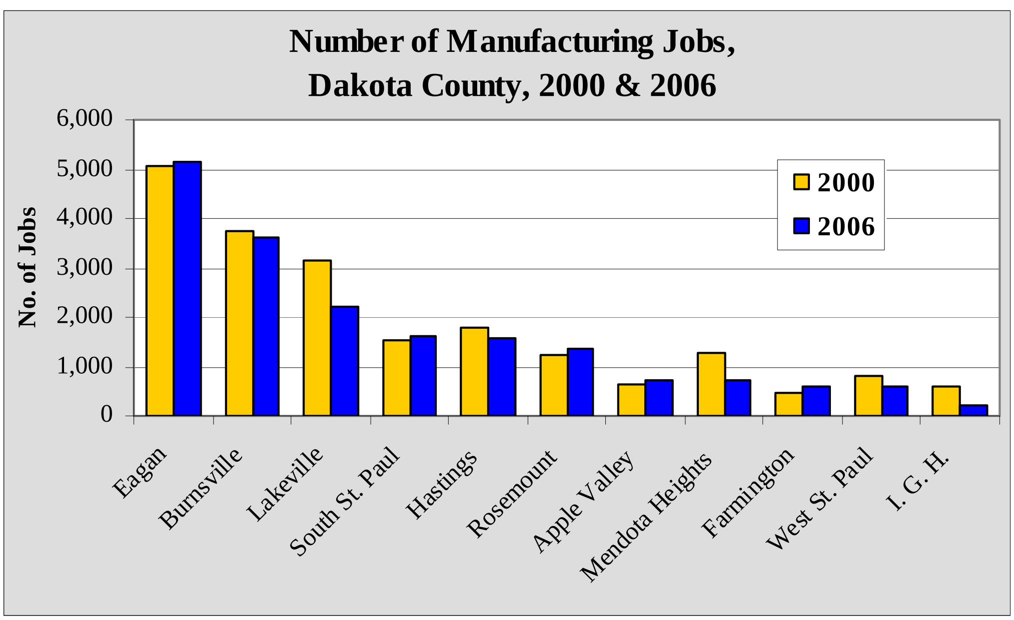
- Retail accounted for greatest number of jobs grown in the County from 2000 to 2006, (22,900 jobs). It should be noted that the retail category does not include restaurants, which instead are included in the leisure and hospitality category. That category had 17,000 jobs in the County in 2006, an increase of 2,500 jobs from 2000.

**TABLE 6**
**COVERED EMPLOYMENT TRENDS**
**DAKOTA COUNTY**
**2000-2006**

| Industry | 2000 Employers | 2000 Jobs | 2006 Employers | 2006 Jobs | Change, 2000 to 2006 Employers | Change, 2000 to 2006 Jobs |
|---|---|---|---|---|---|---|
| Natural Resources & Mining | 51 | 678 | 49 | 936 | -2 | 258 |
| Construction | 1,030 | 9,534 | 1,212 | 11,499 | 182 | 1,965 |
| Manufacturing | 526 | 20,661 | 545 | 19,445 | 19 | -1,216 |
| WTTU* | 1,239 | 17,898 | 1,250 | 20,651 | 11 | 2,753 |
| Retail Trade | 1,117 | 21,885 | 1,239 | 22,897 | 122 | 1,012 |
| Information | 155 | 7,938 | 175 | 8,607 | 20 | 669 |
| Financial Services | 988 | 9,194 | 1,373 | 11,900 | 385 | 2,706 |
| Professional and Business Services | 1,743 | 14,843 | 1,949 | 18,172 | 206 | 3,329 |
| Education and Health Services | 712 | 12,049 | 968 | 17,655 | 256 | 5,606 |
| Leisure and Hospitality | 648 | 14,583 | 829 | 17,084 | 181 | 2,501 |
| Other Services | 822 | 7,133 | 945 | 7,451 | 123 | 318 |
| Government | 213 | 16,981 | 241 | 18,378 | 28 | 1,397 |
| **Dakota County Totals** | **9,244** | **153,377** | **10,775** | **174,675** | **1,531** | **21,298** |
| 7-County Twin Cities Metro Area | 82,382 | 1,600,536 | 89,883 | 1,615,330 | 7,501 | 14,794 |

* Wholesale Trade, Transportation, & Utilities
Note: North American Industrial Classification System (NAICS)
Source: Minnesota Department of Employment and Economic Development; Maxfield Research Inc.

- The chart below highlights that Eagan accounted for over 5,000 of the County's 19,400 manufacturing jobs in 2006. Eagan still has land available for new industrial space along Highway 55 in the northern part of the community.



- Table 7 shows the number of employees by size of business. Of the 9,972 businesses in Dakota County in 2005, about 55% had between one and four employees, 17% had between five and nine employees, and 13% had between 10 and 19 employees. Only seven employers had more than 1,000 employees (less than 1%) and only 14 employers had between 500 and 999 employees.

- Table 7 highlights that most of the demand for office space will be from smaller businesses seeking spaces with less than 5,000 square feet. Almost three-quarters of the financial services & real estate and professional and business services categories have fewer than five employees. A large portion of these businesses are likely individuals working from their single-family homes; hence they do not need commercial office space. About 540 of these businesses have between five and 19 employees and would require spaces of about 1,000 to 5,000 square feet.

- A larger corporate campus designed to appeal to larger firms needs office spaces of 50,000 square feet would compete for a limited number of firms. In 2005, only five financial and professional service firms had more than 250 employees, and none had more than 500 employees. It should be noted that some larger users of office space are categorized under other industries. For example, Northwest Airlines and CHS are categorized as wholesale trade, transportation & utilities. Even still, only 21 of the County's businesses had more than 500 employees, or 0.2% of the businesses.

**TABLE 7**
**NUMBER OF BUSINESSES BY SIZE OF BUSINESS**
**DAKOTA COUNTY**
**2005**

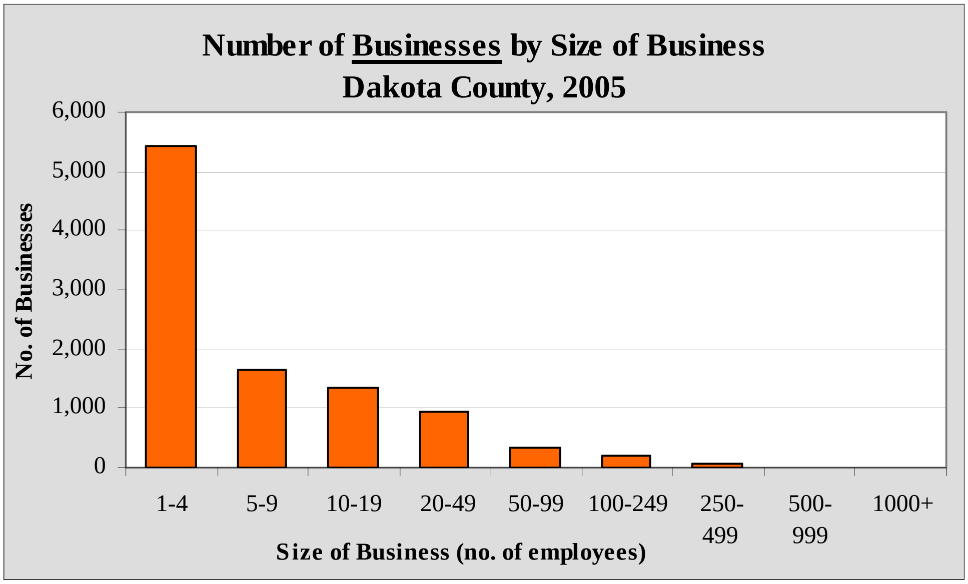
| | | -------- Number of Employees -------- | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Industry** | **Total** | **1-4** | **5-9** | **10-19** | **20-49** | **50-99** | **100-249** | **250-499** | **500-999** | **1000+** |
| Natural Resources & Mining | 19 | 13 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 |
| Construction | 1,176 | 818 | 132 | 117 | 67 | 22 | 16 | 3 | 0 | 1 |
| Manufacturing | 479 | 152 | 81 | 83 | 83 | 36 | 27 | 14 | 3 | 0 |
| WTTU* | 1,071 | 552 | 180 | 128 | 124 | 44 | 29 | 10 | 3 | 1 |
| Retail Trade | 1,160 | 414 | 303 | 233 | 110 | 47 | 44 | 8 | 1 | 0 |
| Information | 190 | 96 | 30 | 21 | 20 | 15 | 4 | 2 | 0 | 2 |
| Financial Services & Real Estae | 1,244 | 875 | 199 | 93 | 51 | 14 | 7 | 4 | 0 | 1 |
| Professional and Business Services | 1,325 | 1,002 | 153 | 98 | 52 | 9 | 10 | 1 | 0 | 0 |
| Education and Health Services | 975 | 408 | 204 | 189 | 109 | 36 | 17 | 6 | 4 | 2 |
| Leisure and Hospitality | 768 | 242 | 96 | 152 | 183 | 80 | 13 | 2 | 0 | 0 |
| Other Services | 1,536 | 839 | 271 | 222 | 129 | 37 | 29 | 6 | 3 | 0 |
| Other | 29 | 28 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **9,972** | **5,439** | **1,651** | **1,339** | **930** | **340** | **196** | **56** | **14** | **7** |
| *Percent of Businesses* | *100.0%* | *54.5%* | *16.6%* | *13.4%* | *9.3%* | *3.4%* | *2.0%* | *0.6%* | *0.1%* | *0.1%* |

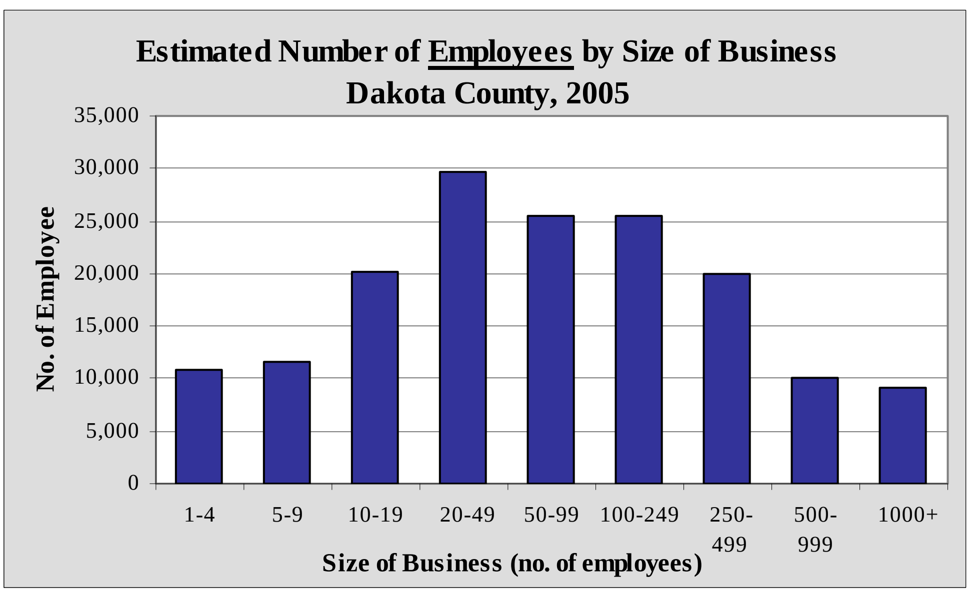
* Wholesale Trade, Transportation, & Utilities

Note: North American Industrial Classification System (NAICS)

Source: U.S. Census Bureau: County Business Patterns;
Maxfield Research Inc.

- The following two charts highlight that even though most of the County's businesses have fewer than 10 employees, the greatest number of jobs are located in businesses with between 20 and 250 employees. These businesses will also account for the greatest demand for commercial, office, and industrial space, especially since a percentage of the very small businesses are operated from single-family homes.



## Gross Retail Sales

Table 8 shows a breakdown of gross retail sales for retail goods and services in Dakota County in 2000 and 2005. The data is from the Minnesota Department of Revenue. Table 8 shows retail gross sales for auto dealers and stations and the total for all other product types. The following are key points from the data.

- Dakota County retail sales grew 27% from 2000 to 2005, amassing $6.5 billion dollars in gross retail sales in 2005.

- Excluding sales at auto dealers and stations, sales in the County rose from $3.8 billion in 2000 to $4.3 billion in 2005. Auto dealers and stations are shown separately so that more direct comparisons can be made between gross sales and commercial space. Auto dealers and stations accounted for one-third of total sales but occupy very little commercial space.

- Burnsville, Eagan, and Apple Valley accounted for the majority of gross retail sales in the County. These communities also have the most commercial space. Burnsville has a strong retail presence with the Burnsville Mall, the County's only enclosed regional shopping center. Eagan has a large amount of retail near Interstate 35E and Yankee Doodle Road along with several larger neighborhood shopping centers. Apple Valley as a significant amount of retail surrounding the Cedar Avenue Highway 42 intersection.

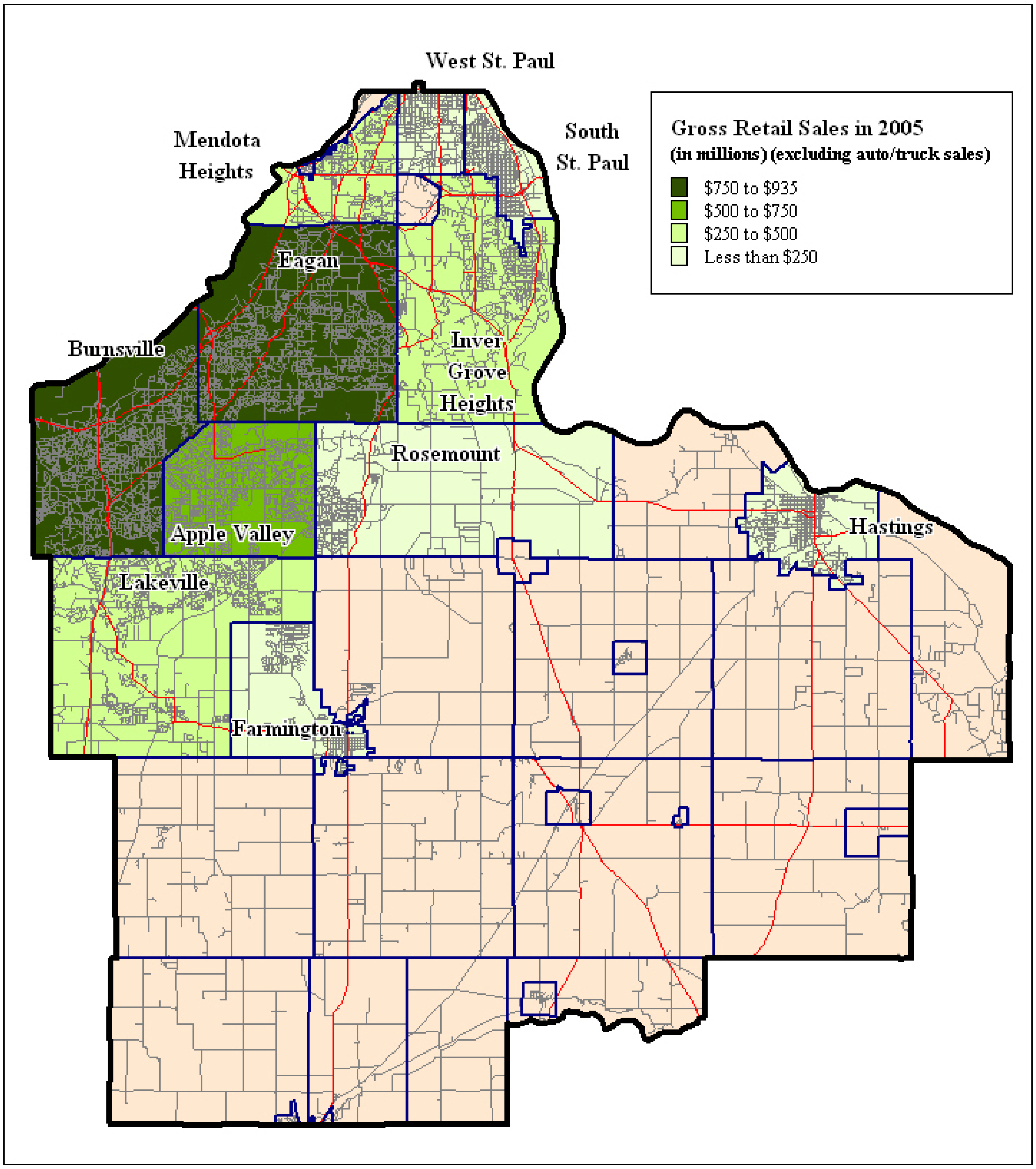
**TABLE 8**
**GROSS RETAIL SALES**
**DAKOTA COUNTY LARGE COMMUNITIES**
**2000 & 2005**

| | 2000 | | 2005 | |
|---|---|---|---|---|
| | Retail Sales (excluding Auto) | Auto Dealers & Stations | Retail Sales (excluding Auto) | Auto Dealers & Stations |
| Apple Valley | $490,995,020 | $213,024,759 | $638,408,974 | $206,870,912 |
| Burnsville | $1,242,822,300 | $377,473,471 | $934,245,215 | $486,731,078 |
| Eagan | $646,729,387 | $90,511,234 | $844,151,258 | $163,923,828 |
| Farmington | $52,295,906 | $7,565,533 | $63,941,488 | $28,417,502 |
| Hastings | $176,195,111 | $134,655,919 | $177,512,925 | $94,078,861 |
| Inver Grove Heights | $227,862,263 | $277,963,569 | $332,673,497 | $615,488,477 |
| Lakeville | $143,347,077 | $92,364,876 | $351,684,078 | $202,471,778 |
| Mendota Heights | $236,919,234 | $0 | $423,798,981 | $18,017,864 |
| Rosemount | $44,285,450 | $11,815,532 | $90,923,857 | $25,631,906 |
| South St. Paul | $208,721,134 | $90,070,696 | $245,352,324 | $283,705,151 |
| West St. Paul | $316,652,759 | $31,405,715 | $232,133,259 | $36,805,580 |
| **Total** | **$3,786,825,641** | **$1,326,851,304** | **$4,334,825,856** | **$2,162,142,937** |

Source: Minnesota Department of Revenue; Maxfield Research Inc.

- With the exceptions of Burnsville and West St. Paul, every city in the County experienced growth in retail sales. Lakeville and Rosemount saw the greatest increase in gross retail during the period, following their respective household growth trends. West St. Paul will likely see increased gross sales with the new Menards and upgraded SuperTarget.

## Gross Retail Sales (Excluding Auto/Truck Sales) Dakota County, 2005



# Commercial and Industrial Development Trends

## Introduction

This section examines recent commercial and industrial development trends in Dakota County along with secondary data on current market conditions.

This section examines development trends in Dakota County with the following data:

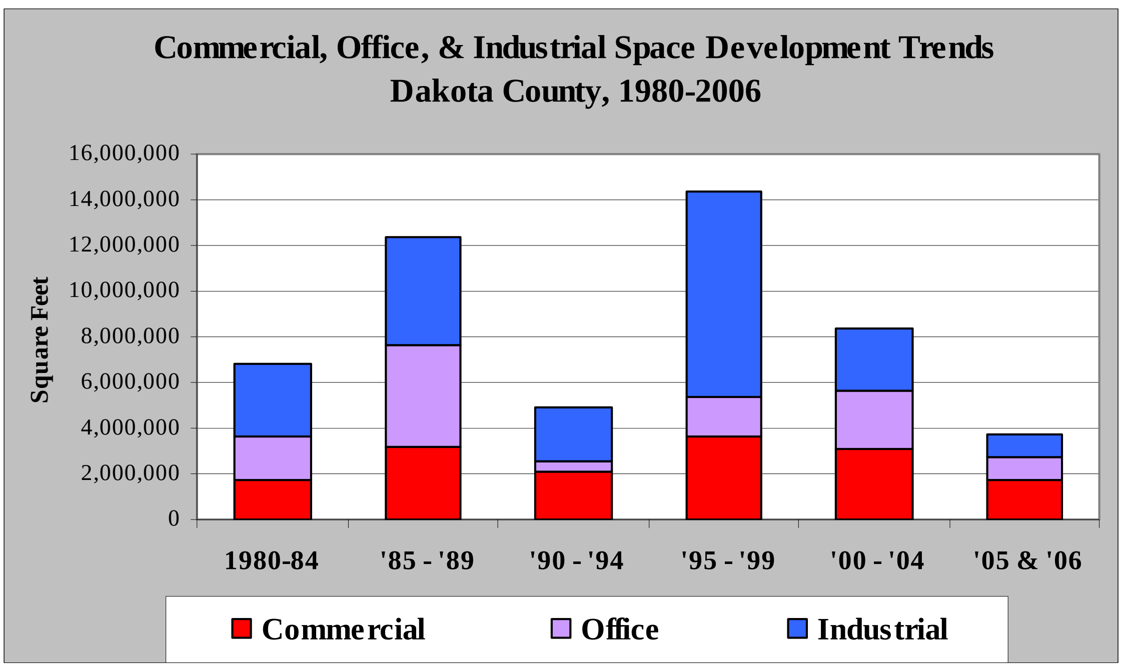
- retail space vacancy and absorption;
- commercial space by community;
- commercial space development trends;
- office space vacancy and absorption;
- office space by community;
- office space development trends;
- industrial space vacancy and absorption;
- industrial space by community;
- industrial space development trends;
- industrial development trends by type of space and community; and
- interviews with community development staff and area brokers familiar with the commercial and office markets.

## Overview

Trends in the amount of space developed for commercial and industrial uses in Dakota County are presented in this section. The supply of commercial and industrial land was determined using 2006 Dakota County GIS information in cooperation with the Dakota County Assessing Services and Property Taxation and Records. In accordance with the GIS data, the classification and use of each piece of property (parcel) is determined by the Dakota County Assessor's Office.

Among other factors, the future need for commercial and industrial space in the County can be partly based on recent trends in commercial and industrial space development when compared to past and projected increases in households and employment in the County.

The chart below shows the amount of commercial and industrial space built in Dakota County over five-year increments since 1980. The data was obtained from the Dakota County GIS Department. In total, over 50 million square feet of commercial and industrial space was added in Dakota County from 1980 to 2006. This includes about 16 million square feet of retail/commercial space, 12 million square feet of office space, and 23 million square feet of industrial space.




The amount of space added per five-year increment since 1980 varied greatly. For example, when the economy was in recession during the early 1990s, about five million square feet of commercial and industrial space was added. During the late 1990s when the economy was growing rapidly, over 14 million square feet of space was absorbed, including about nine million square feet of industrial space (half of which was in Eagan alone).

More detail on development trends and market conditions in Dakota County is presented in the remainder of this Section. The analysis is presented separately for each type of use – retail/commercial, office, and industrial – beginning with retail/commercial.

**TABLE 9**
**RETAIL SPACE VACANCY**
**DAKOTA COUNTY**
**2000 to 2007**

| Market Sector | Period | No. of Buildings | Total Rentable Area | Total Amount Vacant | Percent Vacant | Net Absorpton 2000 to 2007 |
|---|---|---|---|---|---|---|
| **Community** | 2000 | 14 | 2,946,477 | 195,639 | 6.6% | -- |
| | 2006 | 11 | 2,466,896 | 40,387 | 1.6% | -- |
| | 2007 | 11 | 2,466,896 | 37,019 | 1.5% | -320,961 |
| **Neighborhood** | 2000 | 39 | 2,245,975 | 285,347 | 12.7% | -- |
| | 2006 | 64 | 3,906,951 | 295,915 | 7.6% | -- |
| | 2007 | 64 | 3,906,951 | 324,975 | 8.3% | 1,621,348 |
| **Regional** | 2000 | 1 | 1,314,343 | 6,935 | 0.5% | -- |
| | 2006 | 4 | 2,173,000 | 39,678 | 1.8% | -- |
| | 2007 | 4 | 2,173,000 | 29,947 | 1.4% | 835,645 |
| **Total** | 2000 | 54 | 6,506,795 | 487,921 | 7.5% | -- |
| | 2006 | 79 | 8,546,847 | 375,980 | 4.4% | -- |
| | 2007 | 79 | 8,546,847 | 391,941 | 4.6% | 2,136,032 |

Sources: 2001-2008: Colliers Turley Martin Tucker, MarketQUEST
Maxfield Research Inc.

## Retail/Commercial Development Trends

### <u>Retail Space Vacancy and Absorption</u>

Maxfield Research analyzed retail market conditions in Dakota County, including vacancy trends by type of space. The data is presented in Table 9 and is from *MarketQUEST* by Colliers Turley Martin Tucker. The data in *MarketQUEST* is based on a survey of Metro Area shopping centers with at least 30,000 square feet of gross leasable area (GLA) and excludes single-tenant, freestanding retail space. Shopping centers are classified in three categories: *Neighborhood, Community*, and *Regional* shopping centers.

- In 2007, the neighborhood retail center vacancy rate was the highest of the three shopping center types at 8.3%. Community and Regional centers, which have very strong drawing power and attract national chains and franchised firms, are performing very well, with vacancy rates of 1.5% or less.

- The high growth of regional retail centers is attributed to the trend of developing "big box" retailers (such as SuperTarget, Best Buy, Office Depot, Bed Bath & Beyond, Home Depot, Kohl's, Pet Smart, etc.) in "power centers." To a great extent, these "power centers" are capturing a portion of the retail dollars that previously were spent at neighborhood centers and regional enclosed malls.

## Commercial Space by Community

Table 10 shows the amount of commercial space in each of the County's eleven largest communities and the County as a whole in 2000 to 2006. The data is from the Dakota County GIS. The following are key points from Table 10.

- In 2006, there are a total of 1,650 buildings totaling 23.5 million square feet of commercial space in the County. Burnsville claims the most commercial buildings (245 buildings) and square feet (about 4.9 million square feet). Behind Burnsville, Eagan and Lakeville each have more than three million feet of commercial space.

- Approximately 260 buildings totaling 4.8 million square feet have been added this decade, or almost one-quarter of the County's total space.

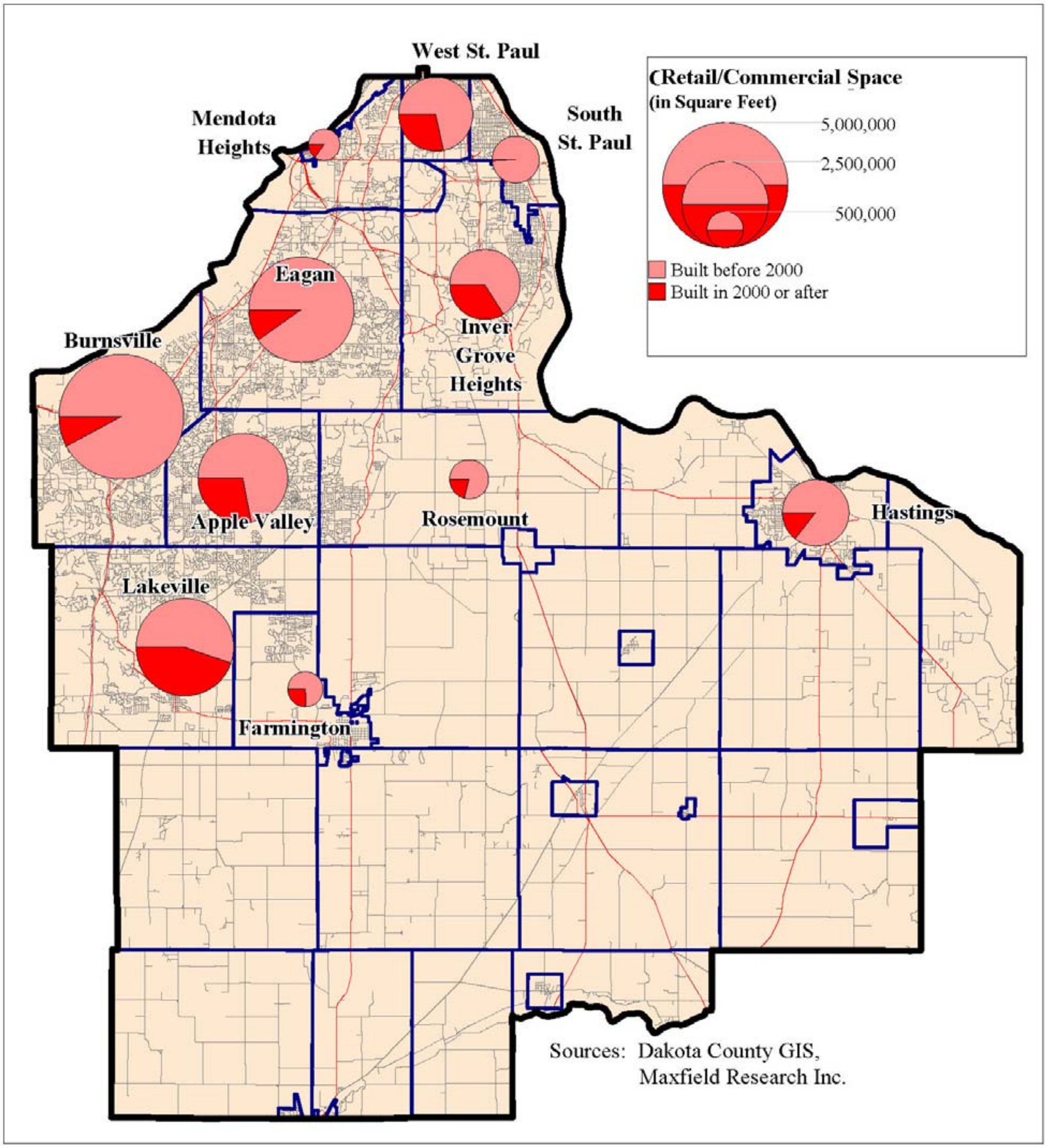
- Of the total 23.5 million square feet of commercial space, 58% is classified as retail shopping centers, restaurants, discount stores, department stores, and stand-alone retail stores. The rest of the space is comprised of businesses such as convenience stores, service garages, banks, motels, theaters, veterinary hospitals, etc. Service stations/garages and convenience stores accounted for 393 buildings and 2.8 million square feet.

**TABLE 10**
**COMMERCIAL SPACE BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

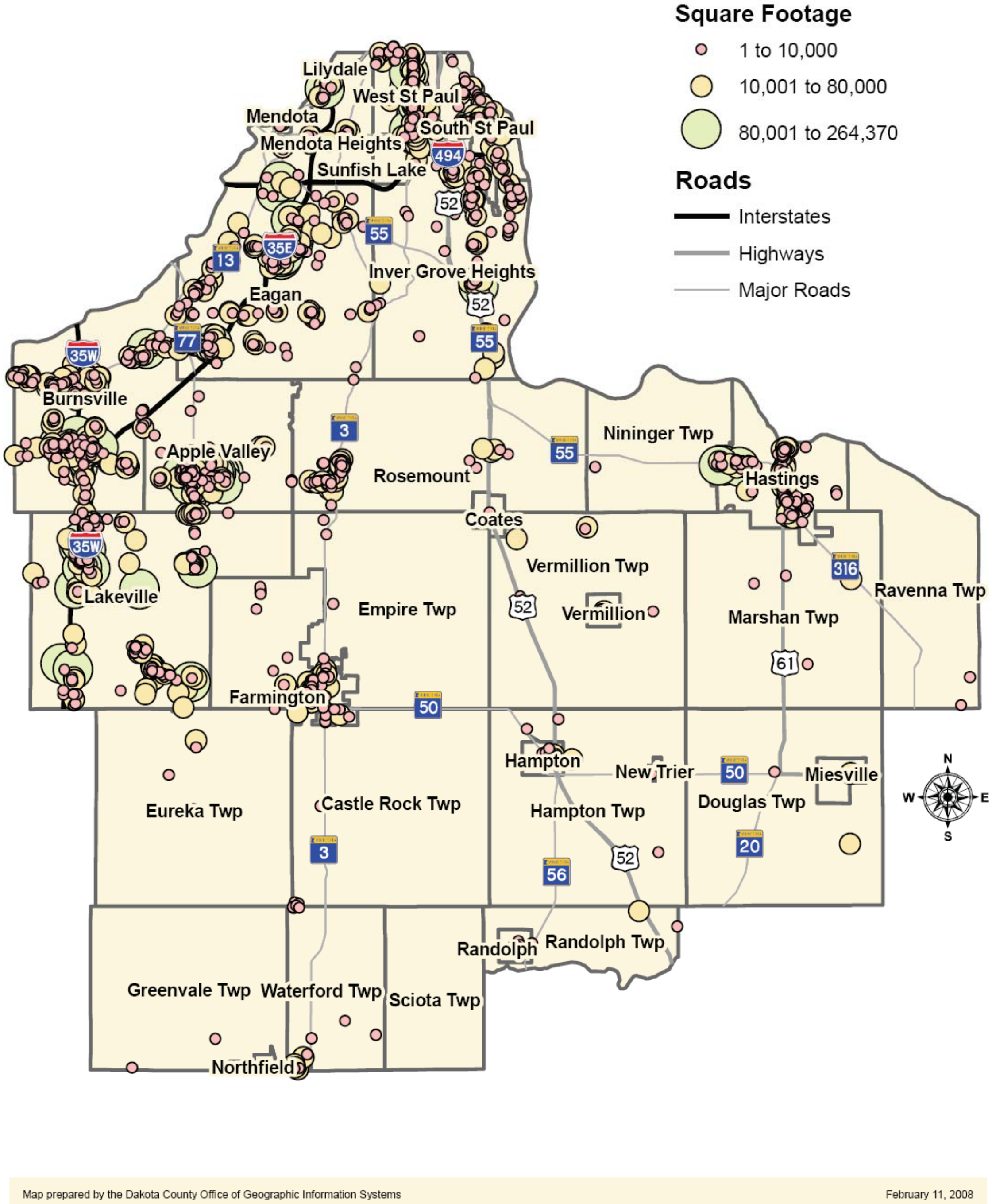
| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Square Feet | No. of Buildings | Square Feet | No. of Buildings | Square Feet |
| **Large Communities** | | | | | | |
| Apple Valley | 104 | 1,983,611 | 135 | 2,761,965 | 31 | 778,354 |
| Burnsville | 225 | 4,548,505 | 245 | 4,941,375 | 20 | 392,870 |
| Eagan | 197 | 3,371,890 | 226 | 3,740,023 | 29 | 368,133 |
| Farmington | 61 | 446,611 | 74 | 526,383 | 13 | 79,772 |
| Hastings | 152 | 1,378,820 | 188 | 1,615,953 | 36 | 237,133 |
| Inver Grove Heights | 110 | 1,216,038 | 138 | 1,839,909 | 28 | 623,871 |
| Lakeville | 126 | 1,816,474 | 179 | 3,283,656 | 53 | 1,467,182 |
| Mendota Heights | 18 | 358,046 | 22 | 424,128 | 4 | 66,082 |
| Rosemount | 51 | 501,647 | 66 | 632,906 | 15 | 131,259 |
| South St. Paul | 91 | 940,857 | 95 | 950,154 | 4 | 9,297 |
| West St. Paul | 155 | 1,393,636 | 169 | 1,950,566 | 14 | 556,930 |
| **Subtotal** | **1,290** | **17,956,135** | **1,537** | **22,667,018** | **247** | **4,710,883** |
| Remainder of Co. | 106 | 725,083 | 116 | 808,445 | 10 | 83,362 |
| **Dakota County Total** | **1,396** | **18,681,218** | **1,653** | **23,475,463** | **257** | **4,794,245** |

Sources: Dakota County GIS;
Maxfield Research Inc.

# Retail/Commercial Space in Dakota County 2000 & 2007



## Location of Retail/Commercial Buildings in Dakota County, 2007



- Lakeville has 3.3 million square feet of commercial space compared to Apple Valley's 2.8 million square feet. However, 75% of Apple Valley's space is classified as retail shopping centers, discount and department stores, and restaurants compared to Lakeville's 52%. This explains why Apple Valley had much greater gross retail sales in 2005 than Lakeville (See Table 8, Apple Valley – $638 million and Lakeville –$352 million).

- Lakeville added 53 buildings and about 1.5 million square feet this decade, the most of any community in the County. The approximately space added in Lakeville from 2000 to 2006 includes: 223,000 square foot Lifetime Fitness, 150,000 square foot HOM Furniture building, 186,000 square foot Super Target, 83,000 square foot Crossroads at Lakeville, 86,000 square foot Gander Mountain, and 105,000 square foot Argonne Village with a Rainbow Foods anchor.

**<u>Commercial Space Development Trends</u>**

Table 11 shows the amount of commercial space added in five-year increments in Dakota County from 1980 to 2006. The following are key points from the table.

- Since 1985, Dakota County has added approximately 3 million square feet of commercial space every five years except for the early 1990s when the economy struggled. The current five-year segment, 2005 through 2009, is on pace to maintain that average with 1.8 million square feet added in 2005 and 2006 alone.

- The pattern of retail following rooftops is highlighted in Table 11. During the early1980s, the majority of retail was developed in Burnsville, which also had the greatest population. As housing development quickened in Eagan in the mid-1980s, Eagan began to lead the County in new commercial construction. Apple Valley began to increase its share of new retail when its population began to swell in the mid-1990s and now Lakeville is leading the County in commercial development. Lakeville and other outer-ring suburbs, such as Farmington and Rosemount, will likely see greater commercial construction as their communities continue to add population.

- More mature communities are experiencing less new commercial development, including Burnsville and Eagan that lead the County in new development. Most new development in these two communities and in West St. Paul, South St. Paul, and Mendota Heights will be redevelopments of older properties. West St. Paul, which added 356,400 square feet of commercial space in 2005 and 2006, did so with redevelopment sites that now include 148,500 square foot Wal-Mart, 166,000 square foot Menard's, and 175,000 square foot Target.

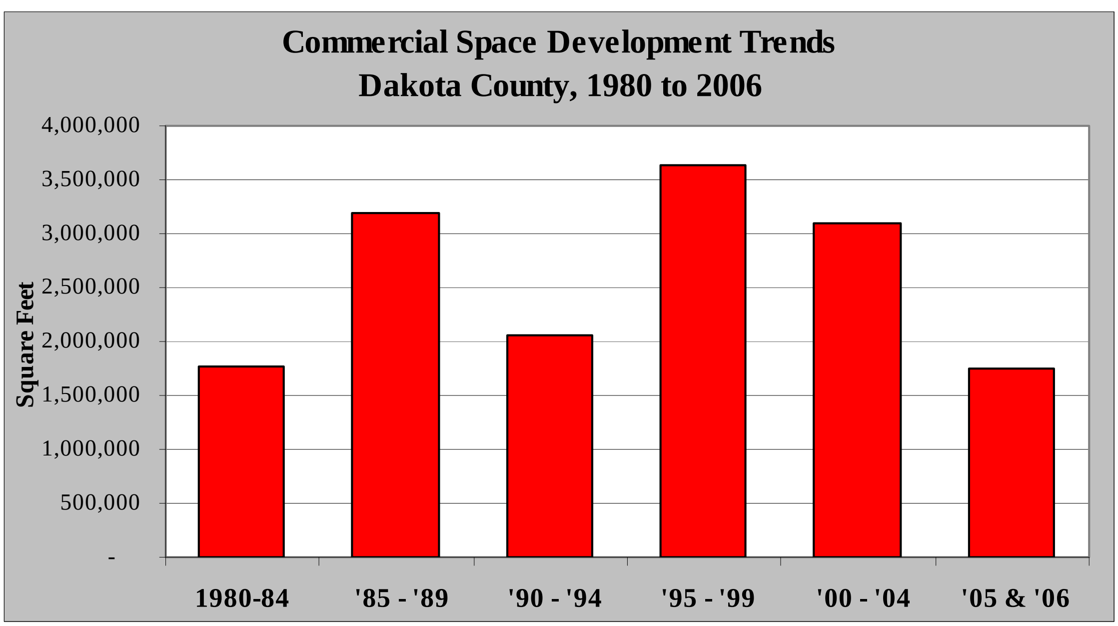
- From 2000 to 2004, Lakeville accounted for approximately 36% of the total commercial development in the County. Farmington accounted for less than 1% of the total commercial development in Dakota County from 1980 to 1984, but has seen a gradual increase to about 4% in 2005 and 2006.

- Inver Grove Heights has begun to see greater retail development, but not to the extent as Apple Valley and Lakeville. Its only big-box stores to date are Home Depot (2006) and Wal-Mart (2003). With the opening up of the Northwest Area, a greater amount of retail will likely follow. Currently, there are plans for a SuperTarget and other retail at the intersection of Highway 55 and South Robert Trail.

**TABLE 11**
**COMMERCIAL SPACE DEVELOPMENT TRENDS**
**DAKOTA COUNTY**
**1980-2006**

| | 1980-1984 | 1985-1989 | 1990-1994 | 1995-1999 | 2000-2004 | 2005 & 2006 |
|---|---|---|---|---|---|---|
| **Large Communities** | | | | | | |
| Apple Valley | 163,585 | 206,240 | 545,168 | 645,332 | 639,050 | 139,304 |
| Burnsville | 738,395 | 704,006 | 436,275 | 456,791 | 182,659 | 210,211 |
| Eagan | 242,102 | 1,008,961 | 586,010 | 1,175,454 | 194,649 | 173,484 |
| Farmington | 8,755 | 3,721 | 18,150 | 34,021 | 62,419 | 74,161 |
| Hastings | 43,085 | 172,074 | 152,992 | 231,580 | 192,401 | 44,732 |
| Inver Grove Heights | 64,034 | 274,642 | 44,721 | 397,410 | 360,944 | 262,927 |
| Lakeville | 209,423 | 464,564 | 94,774 | 402,676 | 1,102,468 | 364,714 |
| Mendota Heights | - | 104,760 | 51,756 | 26,063 | 7,498 | 58,584 |
| Rosemount | 40,145 | 67,692 | 56,295 | 87,481 | 82,135 | 49,124 |
| South St. Paul | 114,696 | 13,283 | 17,125 | 63,946 | 6,925 | 2,372 |
| West St. Paul | 99,478 | 148,647 | 41,370 | 30,872 | 200,489 | 356,441 |
| **Subtotal** | **1,723,698** | **3,168,590** | **2,044,636** | **3,551,626** | **3,031,637** | **1,736,054** |
| Remainder of Co. | 40,465 | 31,256 | 7,919 | 88,052 | 66,558 | 16,804 |
| **Dakota County Total** | **1,764,163** | **3,199,846** | **2,052,555** | **3,639,678** | **3,098,195** | **1,752,858** |

Sources: Dakota County GIS;
Maxfield Research Inc.



- Concentrating big-box stores in larger shopping areas (or "power centers") has been a retail trend over the past decade throughout the Nation and Twin Cities. Since the beginning of this decade, over one-third of the commercial space added in Dakota County has been big-box stores such as SuperTarget, Super Wal-Mart, Sam's Club, Gander Mountain, and HOM Furniture. It should be noted that this list does not include other big-box stores, such as Best Buy or Linens n' Things, which are often located in shopping centers and hence their square footage is not measurable for the Dakota County GIS. The big-box development trend will likely continue over the following decades in Dakota County.

**Big Box Development Trends, Dakota County, 1980 to 2006**

| | **1980-1984** | **1985-1989** | **1990-1994** | **1995-1999** | **2000-2004** | **2005 & 2006** |
|---|---|---|---|---|---|---|
| Big Box | 296,398 | 317,368 | 723,959 | 648,384 | 1,064,454 | 673,713 |
| Pct. of Total Commercial | 16.8% | 9.9% | 35.3% | 17.8% | 34.4% | 38.4% |

**Note**: Big box includes the following stores: Home Depot; Target; Sam's Club; Wal-Mart; Gander Mountain Lifetime Fitness; HOM Furniture; Kohl's.

Sources: Dakota County GIS; Maxfield Research Inc.

## Office Development Trends

### Office Space Vacancy and Absorption

Maxfield Research analyzed market conditions for multi-tenant office space in Dakota County, including vacancy and absorption since 2000. The data is presented in Table 12 and is from the *MarketQUEST* by Colliers Turley Martin Tucker. The data in the *MarketQUEST* is based on a survey of Metro Area multi-tenant spaces. The following are key findings.

- An additional 235,000 square feet of multi-tenant office space was absorbed in Dakota County between 2006 and 2007. However, with the addition of new space, the vacancy rate increased from 13.5% in 2006 to 17.2% in 2007.

- Between 2006 and 2007, six new buildings were added in Dakota County totaling 403,000 square feet. This averages to 67,000 square feet per building. In comparison, the average building size in 2000 was 54,000 square feet.

- Dakota County's office vacancy rate is slightly higher than the Metro Area's rate of 16.3%

- There is just over 3.0 million square feet of multi-tenant office space in Dakota County. According to *MarketQUEST* report, Dakota County accounts for approximately 10.6% of the overall office space in the Twin Cities Metro Area.

**TABLE 12**
**OFFICE SPACE VACANCY**
**DAKOTA COUNTY**
**2000 to 2007**

| Period | No. of Buildings | Total Rentable Area | Total Amount Vacant | Percent Vacant |
|---|---|---|---|---|
| ***Dakota County*** | | | | |
| 2000 | 30 | 1,620,297 | 292,830 | 18.1% |
| 2006 | 44 | 2,756,886 | 372,778 | 13.5% |
| 2007 | 50 | 3,159,689 | 542,439 | 17.2% |
| ***Twin Cities Metro Area*** | | | | |
| 2006 | 467 | 67,403,756 | 11,416,143 | 16.9% |
| 2007 | 473 | 67,899,257 | 11,081,524 | 16.3% |

Sources: 2001-2008: Colliers Turley Martin Tucker, MarketQUEST
Maxfield Research Inc.

## Office Space by Community

Table 13 shows the amount of office space in each of the County's eleven largest communities and the County as a whole in 2000 to 2006. The data is from the Dakota County GIS. The following are key points from Table 13.

- Table 13 shows that there was a total of about 14.4 million square feet of office space in Dakota County in 2006. Nearly half of the space was located in Eagan (7.0 million square feet). Burnsville and Mendota Heights had a similar amount of space (about 1.8 million square feet). Overall, a substantial portion of the office space is located in the very northern portion of the County, indicating strong appeal of this area for office tenants versus more distant locations.

- The office buildings in Table 13 are classified by the Dakota County GIS as office, office condo, corporate office, or medical dental. As shown below, most of the space is regular office buildings. There are only eleven corporate office buildings, but they account for a large proportion of square footage due to an average size of 328,000 square feet.

**Office Type Classifications**

| | # of Buildings | Sq. Ft. | Avg. Size |
|---|---|---|---|
| Office | 445 | 8,903,347 | 20,008 |
| Corporate Office | 11 | 3,608,422 | 328,038 |
| Medical/Dental | 101 | 1,298,587 | 12,857 |
| Office Condo | 206 | 626,639 | 3,042 |

- All eleven of the corporate office buildings are located in Eagan. These include, among others, Northwest Airlines, Blue Cross Blue Shield, West Group, Unisys Corporation, and Ecolab. West Group is the largest building with 1.3 million square feet.

- Office condominiums have been of phenomenon of this decade. Almost 90% of the County's buildings have been added this decade. The primary market for office condominiums are small businesses (about 10 employees or less) seeking financial advantages over leased space. Thus, the average space size is small – about 3,000 square feet.

- Of the 281 total office buildings added in the County this decade, 179 (63%) have been office condominiums. This includes 56 buildings in Burnsville, 35 in Lakeville, 33 in Inver Grove Heights, and 24 in Eagan. The office condominiums built this decade have totaled 570,000 square feet, or 16% of the total office space added.

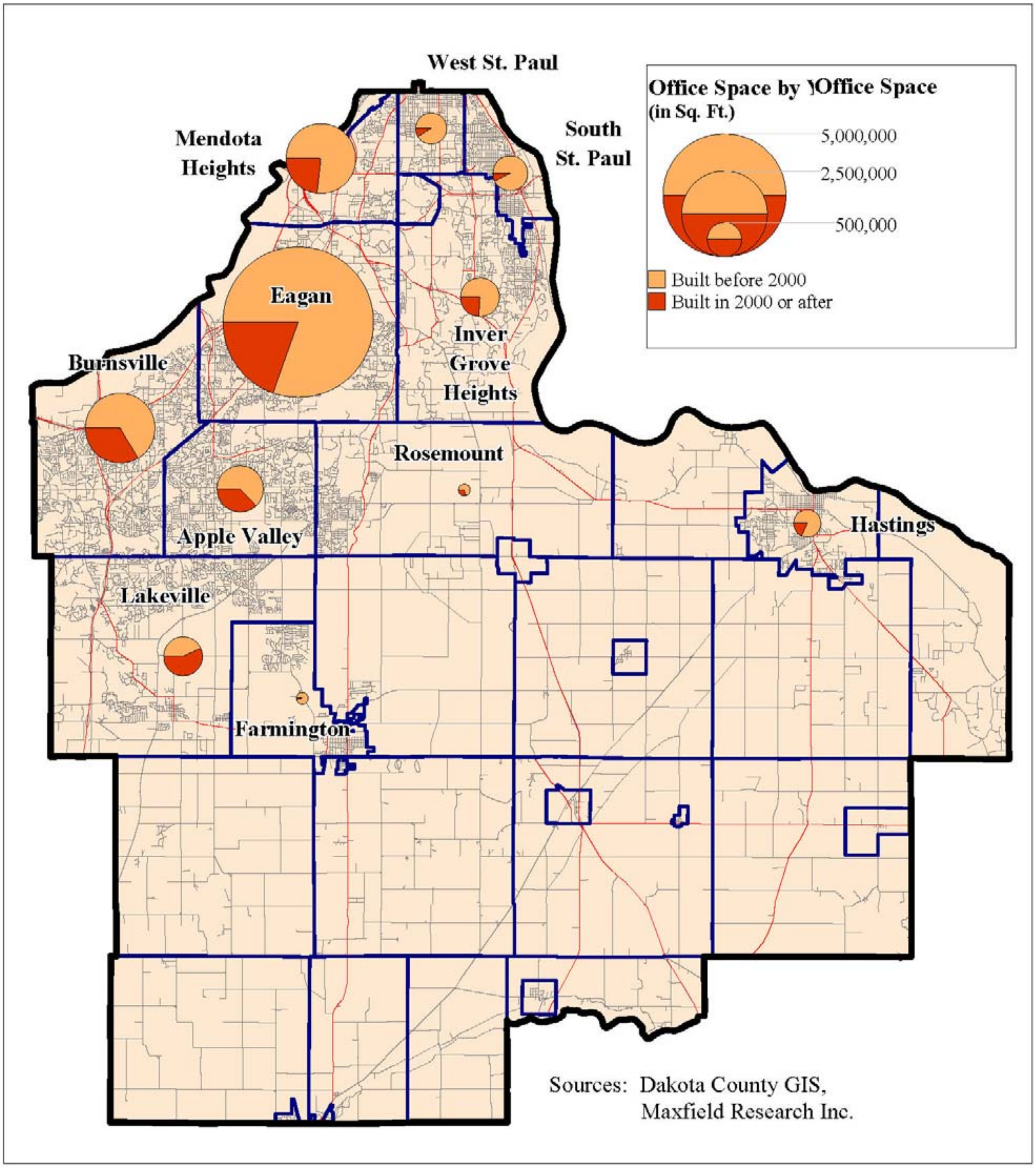
**TABLE 13**
**OFFICE SPACE BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Square Feet | No. of Buildings | Square Feet | No. of Buildings | Square Feet |
| **Large Communities** | | | | | | |
| Apple Valley | 44 | 585,539 | 71 | 930,056 | 27 | 344,517 |
| Burnsville | 93 | 1,217,588 | 166 | 1,841,922 | 73 | 624,334 |
| Eagan | 75 | 5,599,357 | 130 | 6,966,515 | 55 | 1,367,158 |
| Farmington | 21 | 88,256 | 22 | 95,868 | 1 | 7,612 |
| Hastings | 36 | 287,334 | 42 | 350,460 | 6 | 63,126 |
| Inver Grove Heights | 31 | 506,462 | 67 | 664,140 | 36 | 157,678 |
| Lakeville | 28 | 258,757 | 76 | 601,414 | 48 | 342,657 |
| Mendota Heights | 36 | 1,336,194 | 55 | 1,740,020 | 19 | 403,826 |
| Rosemount | 12 | 68,762 | 14 | 100,141 | 2 | 31,379 |
| South St. Paul | 43 | 552,467 | 52 | 593,091 | 9 | 40,624 |
| West St. Paul | 46 | 407,426 | 51 | 451,601 | 5 | 44,175 |
| **Subtotal** | **465** | **10,908,142** | **746** | **14,335,228** | **281** | **3,427,086** |
| Remainder of Co. | 12 | 38,293 | 17 | 101,767 | 5 | 63,474 |
| **Dakota County Total** | **477** | **10,946,435** | **763** | **14,436,995** | **286** | **3,490,560** |

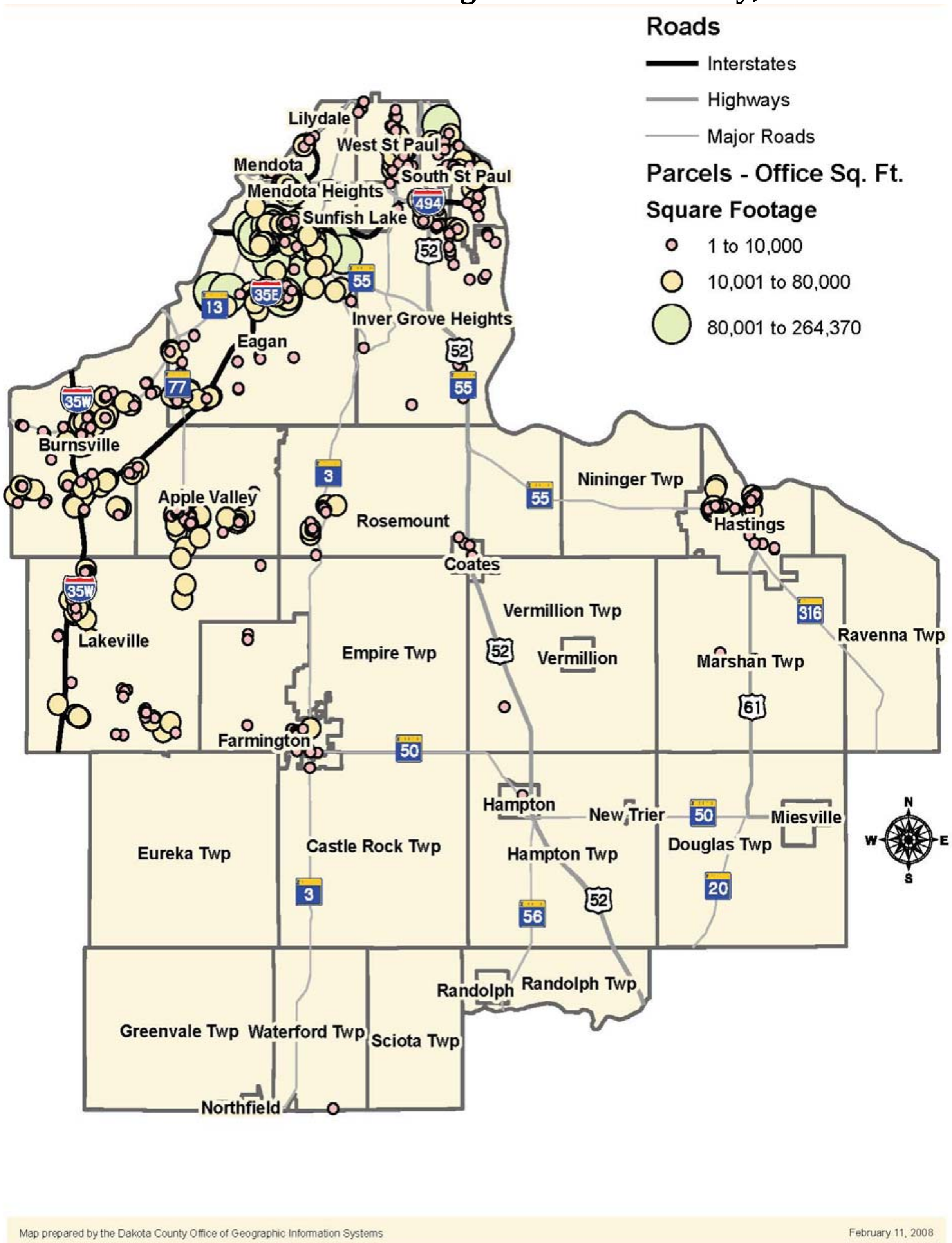
Sources: Dakota County GIS;
Maxfield Research Inc.

- From 2000 to 2006, Dakota County added an additional 3.5 million square feet of office space. Eagan added the most space, totaling approximately 1.4 million square feet in 55 buildings. Burnsville added 73 buildings, the most in the six-year period, for an average of 8,500 square feet per building.

# Office Space in Dakota County, 2000 & 2007



## Location of Office Buildings in Dakota County, 2007



- The largest office additions in Eagan from 2000 to 2006 were the 133,500 square foot BSBS River Park building in 2000, the 300,000 square foot Spectrum Commerce Center in 2001, and the 110,000 square foot Grand Oak Office building in 2006.

## Office Space Development Trends

Table 14 shows office development trends in five-year increments from 1980 to 2006. The following are key points from the table.

- In order, Eagan (6.2 million square feet), Burnsville (1.6 million square feet), and Mendota Heights (1.5 million square feet) added the most office space in Dakota County since 1980. The communities mentioned above are attractive for office development because they are within close proximity to a strong core employment base, have good access to several major transportation routes and highway systems, and are within close distance to the airport.

**TABLE 14**
**OFFICE SPACE DEVELOPMENT TRENDS**
**DAKOTA COUNTY**
**1980-2006**

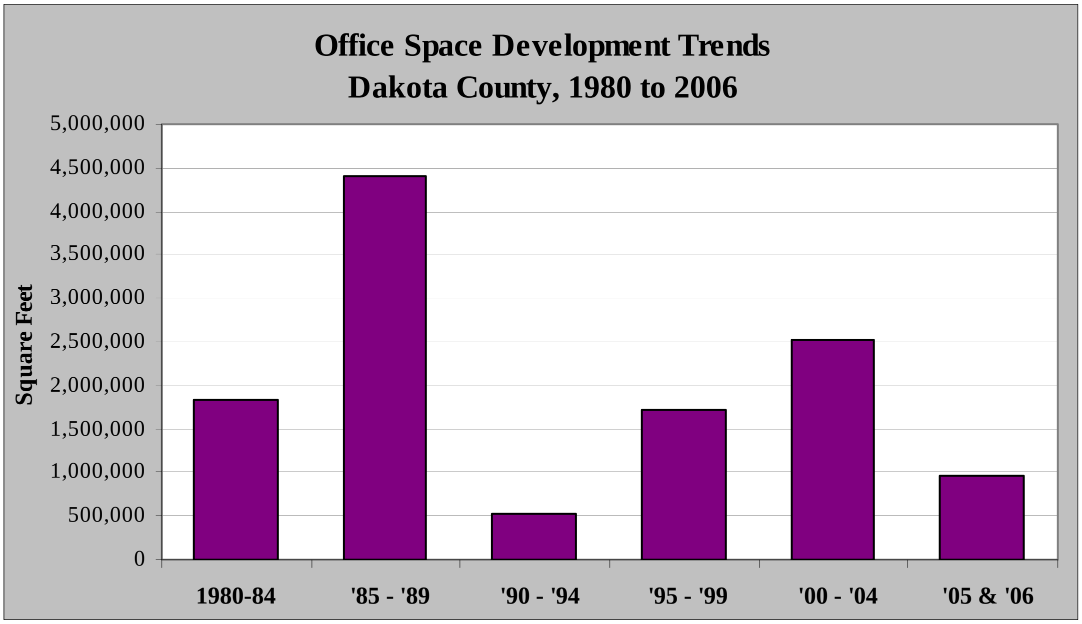
| | 1980-1984 | 1985-1989 | 1990-1994 | 1995-1999 | 2000-2004 | 2005 & 2006 |
|---|---|---|---|---|---|---|
| **Large Communities** | | | | | | |
| Apple Valley | 46,643 | 219,227 | 65,484 | 120,044 | 288,325 | 56,192 |
| Burnsville | 279,583 | 290,197 | 69,485 | 367,712 | 421,512 | 202,822 |
| Eagan | 879,810 | 3,224,592 | 43,617 | 764,827 | 999,066 | 368,092 |
| Farmington | 4,160 | - | 21,484 | 2,508 | 7,612 | - |
| Hastings | 20,502 | 80,989 | 9,717 | 4,119 | 40,734 | 22,392 |
| Inver Grove Heights | 381,427 | 15,195 | 40,253 | 8,038 | 85,994 | 71,684 |
| Lakeville | - | 76,878 | 9,134 | 90,249 | 222,295 | 120,362 |
| Mendota Heights | 73,232 | 451,217 | 208,887 | 319,326 | 329,167 | 74,659 |
| Rosemount | 35,094 | 6,404 | 1,835 | - | 6,099 | 25,280 |
| South St. Paul | 46,494 | 1,421 | 29,194 | 666 | 23,524 | 17,100 |
| West St. Paul | 61,886 | 46,996 | 19,539 | 36,220 | 44,175 | - |
| **Subtotal** | **1,828,831** | **4,413,116** | **518,629** | **1,713,709** | **2,468,503** | **958,583** |
| Remainder of Co. | 8,561 | 50 | 7,556 | - | 61,770 | 1,704 |
| **Dakota County Total** | **1,837,392** | **4,413,166** | **526,185** | **1,713,709** | **2,530,273** | **960,287** |

Sources: Dakota County GIS;
Maxfield Research Inc.

- Dakota County has added an average of 2.2 million square feet of office space every five years from 1980 to 2004, although the actual amount has varied greatly. At the current pace, the County is projected to add 2.4 million square feet from 2005 to 2009.

- From 1985 through 1989, Dakota County added 4.4 million square feet of office space, the most of the five-year increments. Eagan was the main recipient, adding 3.2 million square feet of office space during the period. The West Publishing office building, constructed in

1989, accounted for 1.2 million square feet of office space, or approximately 30% of the total office space built in the County during the period.




## Industrial Development Trends

### <u>Industrial Space Vacancy and Absorption</u>

Maxfield Research analyzed industrial market conditions in Dakota County, including vacancy trends by type of space. The data is presented in Table 15 and is from *MarketQUEST* by Colliers Turley Martin Tucker. The data in *MarketQUEST* is based on a survey of Metro Area multi-tenant industrial buildings and excludes single-tenant, owner-occupied industrial buildings. Industrial buildings are classified in three categories: *Office/Showroom, Office/Warehouse, and Bulk Warehouse.* The following are key points from Table 15.

- A total of 172 industrial buildings with 14.3 million square feet were included in the survey in 2007. The overall vacancy rate among these multi-tenant buildings was 13.2%, higher than the Twin Cities vacancy rate of 10.6%.

- Despite the higher vacancy rate, Colliers Turley Martin Tucker identifies more proposed industrial space in Dakota County than in any other area of the Twin Cities (1.7 million square feet). Construction has begun on two new buildings – the 200,000 square foot Highway 55 Distribution Center in Eagan and the 180,000 square foot 35/13 Crossings in Burnsville. Additionally, Lakeville is reviewing a proposal for a 1.4 million square foot industrial project on 140 acres at County Road 70 and Dodd Road. Most of the proposed new industrial buildings are located in Eagan, Burnsville, Inver Grove Heights, and South St. Paul – or communities in the northern portion of the County.

- Office warehouse was the best performing industrial sector type in Dakota County during this decade. Not only does it have the lowest vacancy rate, it also has seen the greatest increase in space this decade, adding 59 buildings and absorbing 3.4 million square feet of occupied space. In contrast, Bulk warehouse added one building since 2000 and absorbed 650,000 square feet. Office showroom lost seven buildings from the inventory.

- Table 15 shows that the greatest demand for industrial space in Dakota County is for Office warehouse space, which accounted for half the inventory and has the lowest vacancy rate. Office showroom space accounted for 22% of the County's industrial space, down from 32% in 2000 as no new office showroom space has been added this decade.

**TABLE 15**
**INDUSTRIAL SPACE VACANCY AND ABSORPTION**
**DAKOTA COUNTY**
**2000 to 2007**

| Market Sector | Period | No. of Buildings | Total Rentable Area | Total Amount Vacant | Percent Vacant | Net Absorption 2000 to 2007 |
|---|---|---|---|---|---|---|
| **Dakota County** | | | | | | |
| **Bulk Warehouse** | 2000 | 14 | 2,996,690 | 741,881 | 24.8% | -- |
| | 2006 | 15 | 3,598,037 | 777,768 | 21.6% | -- |
| | 2007 | 15 | 3,598,037 | 695,664 | 19.3% | 647,564 |
| **Office Showroom** | 2000 | 63 | 3,175,122 | 325,591 | 10.3% | -- |
| | 2006 | 50 | 3,246,767 | 466,666 | 14.4% | -- |
| | 2007 | 50 | 3,246,767 | 444,744 | 13.7% | -47,508 |
| **Office Warehouse** | 2000 | 48 | 3,731,912 | 419,660 | 11.2% | -- |
| | 2006 | 106 | 7,426,884 | 629,702 | 8.5% | -- |
| | 2007 | 107 | 7,455,884 | 754,339 | 10.1% | 3,389,293 |
| **Total** | 2000 | 125 | 9,903,724 | 1,487,132 | 15.0% | -- |
| | 2006 | 171 | 14,271,688 | 1,874,136 | 13.1% | -- |
| | 2007 | 172 | 14,300,688 | 1,894,747 | 13.2% | 3,989,349 |
| **Twin Cities Metro Area, 2007** | | | | | | |
| Bulk Warehouse | | 214 | 23,217,174 | 4,082,386 | 17.6% | -- |
| Office Showroom | | 270 | 18,750,981 | 2,247,780 | 12.0% | -- |
| Office Warehouse | | 976 | 74,063,314 | 5,929,252 | 8.0% | -- |
| Total | | 1,460 | 116,031,469 | 12,259,418 | 10.6% | |

Sources: 2001-2008: Colliers Turley Martin Tucker, MarketQUEST
Maxfield Research Inc.

## Industrial Space by Community

Table 16 shows the amount of industrial space in each of the County's eleven largest communities and the County as a whole in 2000 to 2006. The data is from the Dakota County GIS. The following are key points from Table 16.

- As of 2006, there are about 1,050 industrial buildings over 40 million square feet of space in Dakota County. Eagan (13.1 million square feet) and Burnsville (8.9 million square feet) account for 55% of the total industrial space.

- Comparing the total amount of industrial space in the County from Table 16 (40.3 million square feet) with the amount of multi-tenant leased space from Table 15 (14.3 million square feet) reveals that the majority of industrial space in the County is owner-occupied, single-tenant space.

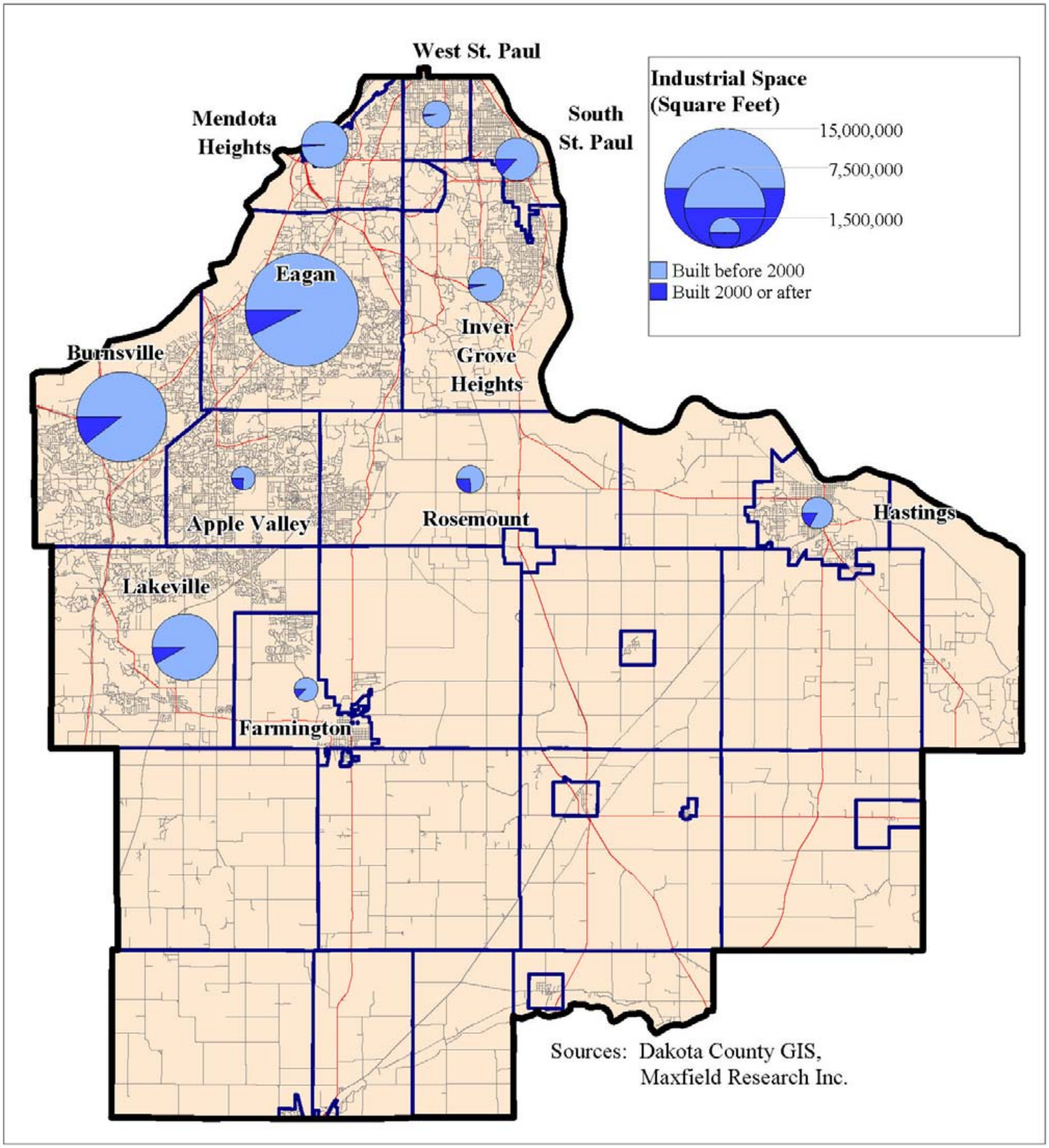
**TABLE 16**
**INDUSTRIAL SPACE BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Square Feet | No. of Buildings | Square Feet | No. of Buildings | Square Feet |
| **Large Communities** | | | | | | |
| Apple Valley | 25 | 757,366 | 30 | 914,215 | 5 | 156,849 |
| Burnsville | 227 | 8,050,134 | 256 | 8,940,816 | 29 | 890,682 |
| Eagan | 219 | 12,288,233 | 237 | 13,135,661 | 18 | 847,428 |
| Farmington | 28 | 711,168 | 34 | 809,396 | 6 | 98,228 |
| Hastings | 33 | 1,143,333 | 44 | 1,370,774 | 11 | 227,441 |
| Inver Grove Heights | 50 | 1,663,807 | 54 | 1,693,312 | 4 | 29,505 |
| Lakeville | 93 | 5,155,354 | 109 | 5,503,869 | 16 | 348,515 |
| Mendota Heights | 41 | 2,610,178 | 43 | 2,646,608 | 2 | 36,430 |
| Rosemount | 35 | 1,039,460 | 40 | 1,220,058 | 5 | 180,598 |
| South St. Paul | 75 | 2,139,604 | 104 | 2,329,351 | 29 | 189,747 |
| West St. Paul | 26 | 1,029,515 | 28 | 1,065,092 | 2 | 35,577 |
| **Subtotal** | **852** | **36,588,152** | **979** | **39,629,152** | **127** | **3,041,000** |
| Remainder of Co. | 62 | 624,551 | 69 | 683,405 | 7 | 58,854 |
| **Dakota County Total** | **914** | **37,212,703** | **1,048** | **40,312,557** | **134** | **3,099,854** |

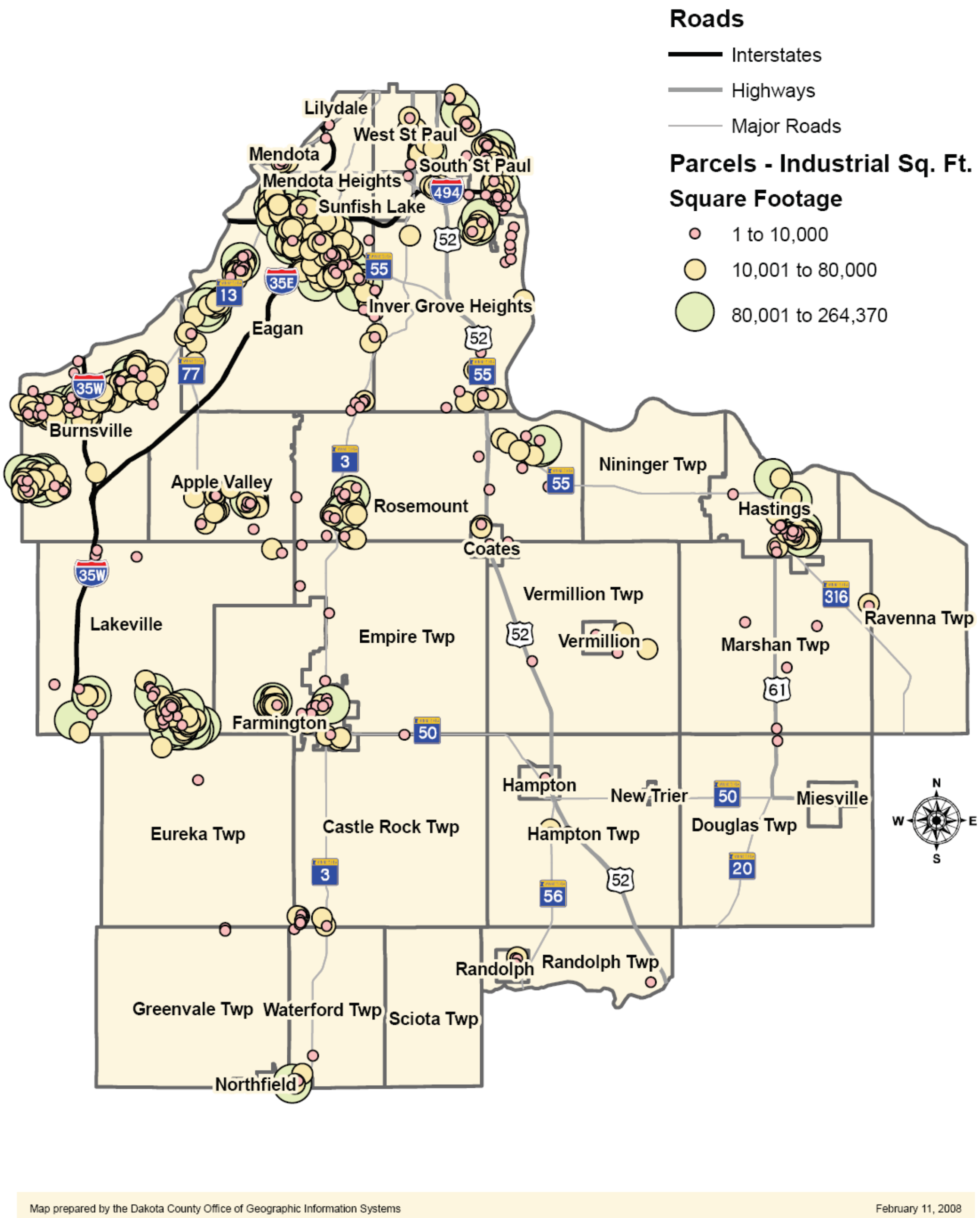
Sources: Dakota County GIS;
Maxfield Research Inc.

- From 2000 to 2006, Dakota County added an additional 4.2 million square feet of industrial space in 148 buildings. Eagan added 1.4 million square feet of industrial space in 22 buildings followed by about 940,000 square feet in 32 buildings in Burnsville.

# Industrial Space in Dakota County
# 2000 & 2007



## Location of Industrial Buildings in Dakota County, 2007



- Since 2000, five buildings with more than 100,000 square feet were added in the County: Southcross Commerce IV (105,000 square feet) and Midwest Volleyball (114,000 square feet) were built in Burnsville; Lunar Pointe (118,400 square feet) and Eagle Global Logistics (128,000 square feet) in Eagan; and Webb Companies (128,500 square feet) in Rosemount.

- There has been development of industrial condominiums since 2000, but not as much as office condominiums. About 30 industrial condominiums with a total of 133,000 square feet have been added, almost all of which are located in South St. Paul. Sizes are small (4,800 square foot average) compared to other types of industrial space (40,000 square foot average size).

**<u>Industrial Space Development Trends</u>**

Table 17 shows industrial development trends in five-year increments from 1980 to 2006. The following are key points from the table.

- Dakota County has added an average of 4.3 million square feet of industrial space every five years since 1980 to 2004. This figure has varied greatly, however. Only 2.3 million square feet were added during the early-1990s, followed by almost 9.0 million square feet during the late-1990s. The economy was very strong during the late-1990s and development of all types of industrial space surged. The most development was among “warehouse, storage” space (as defined by the Dakota County GIS Department), with 3.5 million square feet.

- During the 1995 to 1999 period, 26 of the buildings added have more than 100,000 square feet, 14 of them are located in Eagan. Six of the 26 buildings are more than 200,000 square feet. Wausau Supply (276,600 square feet) was built in Lakeville, and Skyline Displays (276,600 square feet), Apollo 3 (240,400 square feet), Silver Bell Commons (235,100 square feet), and Aldrin Distribution Center I and II (218,400 and 200,000 square feet, respectively) were all built in Eagan.

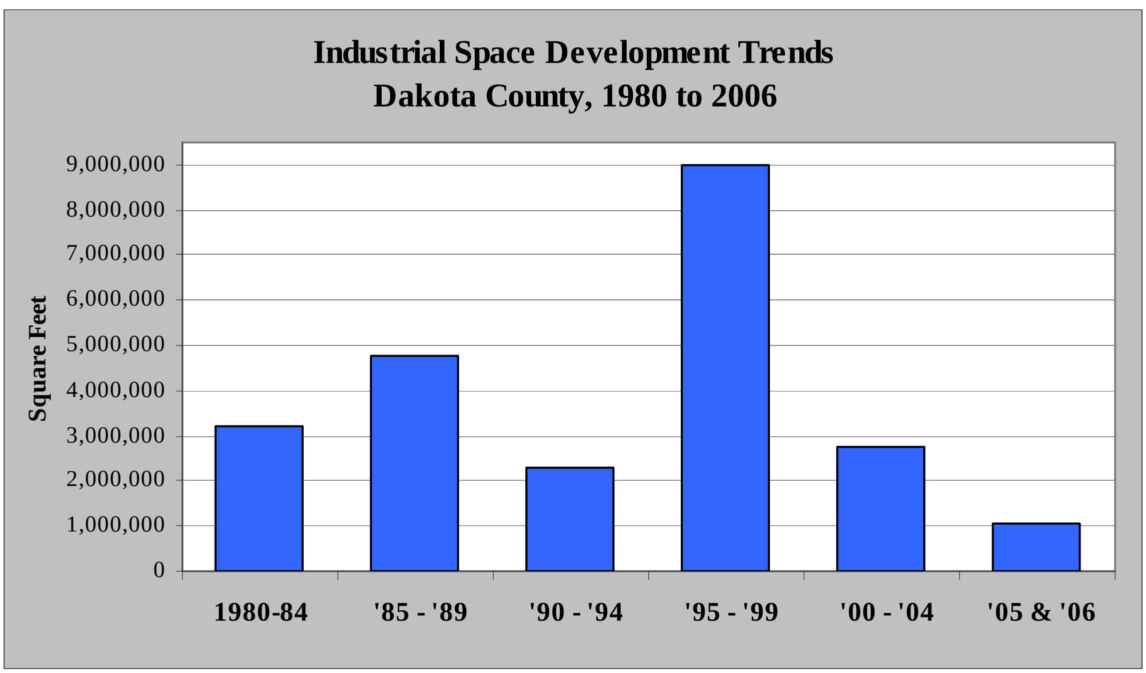
- At current pace, the County is projected to add 2.6 million square feet from 2005 to 2009, slightly higher than the previously profiled five-year increments.

- Communities with good highway access, proximity to the core of the Twin Cities, and available industrial land have seen the most development since 1990. Apple Valley, which does not have great highway access, has seen limited industrial development. Farmington does not have great highway access either, but with cheaper land it has seen more development than Apple Valley. Inver Grove Heights has good highway access and proximity to the core Twin Cities, but until recently, most of the land did not have connections to sewer and water to support industrial development.

**TABLE 17**
**INDUSTRIAL SPACE DEVELOPMENT TRENDS**
**DAKOTA COUNTY**
**1980-2006**

| | 1980-1984 | 1985-1989 | 1990-1994 | 1995-1999 | 2000-2004 | 2005 & 2006 |
|---|---|---|---|---|---|---|
| **Large Communities** | | | | | | |
| Apple Valley | 12,680 | 485,711 | 89,758 | 90,056 | 122,901 | 102,189 |
| Burnsville | 1,208,141 | 1,200,798 | 395,206 | 2,079,948 | 537,909 | 400,137 |
| Eagan | 386,103 | 1,272,977 | 797,787 | 4,603,666 | 848,305 | 159,799 |
| Farmington | - | 78,483 | 204,914 | 226,355 | 54,028 | 44,200 |
| Hastings | 31,261 | 150,896 | 9,400 | 143,164 | 102,697 | 133,564 |
| Inver Grove Heights | 94,268 | 322,425 | 146,723 | 238,034 | 63,385 | - |
| Lakeville | 824,260 | 750,260 | 22,424 | 681,701 | 413,764 | 50,148 |
| Mendota Heights | 393,900 | 291,599 | 304,724 | 418,014 | 26,430 | - |
| Rosemount | 11,796 | 38,504 | 41,036 | 236,369 | 268,512 | 47,960 |
| South St. Paul | 57,054 | 88,258 | 85,446 | 217,435 | 249,666 | 60,354 |
| West St. Paul | 58,992 | 32,396 | 153,732 | - | 18,225 | 17,352 |
| **Subtotal** | **3,078,455** | **4,712,307** | **2,251,150** | **8,934,742** | **2,705,822** | **1,015,703** |
| Remainder of Co. | 154,176 | 79,532 | 44,856 | 55,182 | 58,694 | 22,160 |
| **Dakota County Total** | **3,232,631** | **4,791,839** | **2,296,006** | **8,989,924** | **2,764,516** | **1,037,863** |

Sources: Dakota County GIS;
Maxfield Research Inc.



## Industrial Development Trends by Type of Space

Table18 details industrial space by type of space as defined by "dwelling type" in the Dakota County GIS parcel data. The table shows the number of buildings and amount of space added during the last 10 years (1997 to 2006) and the 10 years before that (1987 to 1996) for each type of space. The following are key points from the table.

- From 1987 to 1996, storage warehouses (86 buildings) accounted for more than half of all industrial space added in Dakota County. Carmen Distribution in Inver Grove Heights (174,300 square feet), Data Sales in Burnsville (182,120 square feet), and Ryt-Way Industries in Lakeville (250,210 square feet) were the three largest storage warehouses built in the County.

- Of the 10.2 million square feet of industrial space built from 1997 through 2006, storage warehouse (3.3 million square feet) again was the most commonly built industrial type. Warehouse bulk storage and warehouse business center followed, with about 2.2 million square feet each.

- The three industrial research and development buildings added from 1997 to 2006 tripled the amount of space added in the previous 10 years. Almost all of this space was in the Skyline Display building (276,000 square feet) added in Eagan.

**TABLE 18**
**INDUSTRIAL SPACE DEVELOPMENT (SQ. FT.) BY TYPE OF SPACE**
**DAKOTA COUNTY**
**1987-1996 & 1997-2006**

| | 1987-1996 | | 1997-2006 | | Avg Sq. Ft. Per Building | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Square Feet | No. of Buildings | Square Feet | 1987-1996 | 1997-2006 |
| Garage/Storage | 9 | 80,254 | 2 | 10,248 | 8,917 | 5,124 |
| Industrial, Condo | 8 | 29,195 | 29 | 133,190 | 3,649 | 4,593 |
| Industrial, Manufacturing | 34 | 1,320,583 | 43 | 1,439,735 | 38,841 | 33,482 |
| Industrial, R&D | 6 | 149,104 | 3 | 306,750 | 24,851 | 102,250 |
| Lumber Storage | 2 | 29,000 | 3 | 51,012 | 14,500 | 17,004 |
| Service Garage | 9 | 90,093 | 7 | 76,999 | 10,010 | 11,000 |
| Shed, Equipment | 5 | 33,024 | 2 | 7,064 | 6,605 | 3,532 |
| Warehouse, Bulk Storage | 2 | 253,694 | 18 | 2,282,290 | 126,847 | 126,794 |
| Warehouse, Business Center | 32 | 1,571,032 | 42 | 2,219,263 | 49,095 | 52,840 |
| Warehouse, Mini | 6 | 111,387 | 13 | 335,698 | 18,565 | 25,823 |
| Warehouse, Storage | 86 | 3,950,693 | 94 | 3,252,294 | 45,938 | 34,599 |
| Warehouse, Transit | 3 | 35,601 | 2 | 51,756 | 11,867 | 25,878 |
| **Total** | **202** | **7,653,660** | **258** | **10,166,299** | **37,889** | **39,404** |

Sources: Dakota County GIS;
Maxfield Research Inc.

## Industrial Development Trends by Type of Space and Community

Tables 19 and 20 detail industrial space added by type of space and community. Table 19 shows space added during the last 10 years (1997 to 2006) and Table 20 shows space added the 10 years before that (1987 to 1996). The data is from the Dakota County GIS. The following are key points from the tables.

- Between the two periods, six communities saw an increase in the amount of industrial space developed and five saw a decrease. Communities with a decrease were Apple Valley, Farmington, Inver Grove Heights, Mendota Heights, and West St. Paul. In future years, Mendota Heights and West St. Paul are likely to see continued declines in industrial development because of a lack of available land. Development is likely to pick up in Inver Grove Heights because it now has available land and also has good highway access. Apple Valley and Farmington may also see increased development since they too have available land.

- Eagan has seen a varied amount of industrial types added since 1987. Most other communities have added primarily warehouse storage buildings and industrial manufacturing, but only a few other types. During the past 10 years, Inver Grove Heights and Lakeville began to see development of multiple types of space.

- During the period 1987 to 1996, Farmington added the most manufacturing space followed by Rosemount and Apple Valley. Uponor, built in 1989, occupied all 178,000 square feet of industrial space in Apple Valley during the period. Cannon Equipment, built in 1996, occupied 106,000 square feet in Rosemount. Valmont Lexington Industries, built in 1992, occupied 95,000 square feet in Farmington.

- Eagan added 1.8 million square feet of bulk storage warehouse space from 1997 to 2006, by far the most of any community. The largest buildings include Apollo 3 building (240,000 square feet) and Aldrin Distribution Centers I and II (218,000 and 200,000 square feet, respectively).

- Lakeville added 333,000 square feet of manufacturing space from 1997 to 2006, the most of the 11 profiled communities during the period. The 10 manufacturing buildings built in Lakeville averaged approximately 33,000 square feet per building, the largest being Hearth Technologies and Applied Power Products.

- Hastings saw limited industrial development since 1987 until several warehouse storage buildings were built this past decade totaling 290,000 square feet. The largest of these new buildings was Quality One with 100,000 square feet, followed by Westview Packaging with 68,000 square feet.

**TABLE 19**
**INDUSTRIAL SPACE DEVELOPMENT (SQ. FT.) BY TYPE & COMMUNITY**
**DAKOTA COUNTY**
**1987-1996**

| | Apple Valley | Burnsville | Eagan | Farmington | Hastings | Inver Grove Heights | Lakeville | Mendota Heights | Rosemount | South St. Paul | West St. Paul |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Garage/Storage | 36,264 | 6,120 | - | 1,920 | 2,000 | - | 5,880 | - | - | - | - |
| Industrial, Condo | - | 29,195 | - | - | - | - | - | - | - | - | - |
| Industrial, Manufacturing | 177,810 | 210,696 | 164,626 | 234,326 | - | 72,200 | 130,428 | 45,643 | 205,850 | 79,004 | - |
| Industrial, R&D | - | - | 126,434 | - | - | - | 16,544 | - | - | 4,350 | - |
| Lumber Storage | - | - | 24,800 | 4,200 | - | - | - | - | - | - | - |
| Service Garage | - | - | 51,523 | - | - | - | - | - | 12,628 | 19,342 | - |
| Shed, Equipment | 6,048 | - | 9,216 | - | - | - | - | - | - | - | - |
| Warehouse, Bulk Storage | - | - | 253,694 | - | - | - | - | - | - | - | - |
| Warehouse, Business Center | 158,907 | 624,228 | 741,041 | - | - | 14,460 | - | - | - | - | 32,396 |
| Warehouse, Mini | 73,400 | 13,879 | 12,500 | - | - | - | - | - | - | 2,800 | - |
| Warehouse, Storage | 48,600 | 988,303 | 1,096,809 | 186,625 | 7,400 | 371,731 | 366,623 | 640,347 | - | 90,523 | 153,732 |
| Warehouse, Transit | - | - | 35,601 | - | - | - | - | - | - | - | - |
| **Total** | **501,029** | **1,872,421** | **2,516,244** | **427,071** | **9,400** | **458,391** | **519,475** | **685,990** | **218,478** | **196,019** | **186,128** |

Sources: Dakota County GIS;
Maxfield Research Inc.

**TABLE 20**
**INDUSTRIAL SPACE DEVELOPMENT (SQ. FT.) BY TYPE & COMMUNITY**
**DAKOTA COUNTY**
**1997-2006**

| | Apple Valley | Burnsville | Eagan | Farmington | Hastings | Inver Grove Heights | Lakeville | Mendota Heights | Rosemount | South St. Paul | West St. Paul |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Garage/Storage | - | - | - | - | - | - | - | - | - | - | - |
| Industrial, Condo | - | 6,038 | - | - | - | - | - | 36,430 | - | 90,722 | - |
| Industrial, Manufacturing | - | 132,670 | 243,247 | 97,165 | 77,240 | 162,116 | 332,830 | - | 150,230 | 158,788 | 18,225 |
| Industrial, R&D | - | - | 276,550 | 20,200 | - | - | - | - | - | 10,000 | - |
| Lumber Storage | - | 27,060 | - | - | - | - | 6,600 | - | - | - | 17,352 |
| Service Garage | - | 20,180 | 7,372 | - | 12,175 | - | 31,952 | - | - | - | - |
| Shed, Equipment | - | 2,968 | - | - | - | 4,096 | - | - | - | - | - |
| Warehouse, Bulk Storage | - | - | 1,794,040 | - | - | 12,600 | 276,560 | 74,290 | - | 124,800 | - |
| Warehouse, Business Center | 164,197 | 1,018,777 | 1,011,001 | - | - | 15,120 | 10,168 | - | - | - | - |
| Warehouse, Mini | 113,341 | 35,716 | 83,040 | 24,000 | - | 48,040 | 20,500 | - | 5,061 | - | - |
| Warehouse, Storage | 31,560 | 870,527 | 1,148,004 | 39,544 | 290,010 | 30,831 | 322,567 | 151,041 | 258,612 | 74,290 | - |
| Warehouse, Transit | - | - | 51,756 | - | - | - | - | - | - | - | - |
| **Total** | **309,098** | **2,113,936** | **4,615,010** | **180,909** | **379,425** | **272,803** | **1,001,177** | **261,761** | **413,903** | **458,600** | **35,577** |

Sources: Dakota County GIS;
Maxfield Research Inc.

## Interview Summary – Community Development Staff

Maxfield Research interviewed community development directors and staff from each of the 11 larger communities in Dakota County to gain their perspective on the need for commercial and retail space and land availability in their communities as well as identify planned and proposed developments. The following are key points from the interviews:

**Industrial Comments**

- Most communities have land available for new industrial buildings. However, most also would prefer to attract businesses with a higher number of employees, such as manufacturing. Distribution spaces are generally not the first choice, since there are so few employees per building.

- Distribution and warehouse space supporting wholesale trade, trucking, and storage operations are the most common industrial buildings added in Dakota County this decade. The addition of smaller niche firms focused on light manufacturing is also becoming a trend.

- Overall, high-tech and green manufacturing has yet to materialize in the County. However, many communities have been pursuing high-tech firms, specifically bio-tech. Many cities are applying to include land within the Bio-Zone. Five cities (Apple Valley, Burnsville, Eagan, Lakeville, and Rosemount) received Bio-Zone designation in 2007.

**Office Comments**

- With the exception of Eagan, the office market in most communities consists of small- to mid-sized tenants.

- Most communities stated that they have land available to support new office buildings. Even communities that are mostly built-out have some vacant parcels remaining, or some parcels that could be redeveloped.

- Most communities would like to expand their employment base by attracting a corporate headquarters or several larger office tenants in a business center.

**Retail Comments**

- Growing communities generally have plenty of land available for more retail space and, most communities would embrace the new stores as they would offer more choices to residents. More mature northern communities would also welcome more retail – specifically restaurants. However, these northern communities generally accept that they do not have large enough parcels to attract new big-box stores and are not pursing them.

- In the northern part of the County, some redevelopment of older existing shopping centers will likely occur because land for retail has become limited.

## Interview Summary – Area Brokers

Maxfield Research interviewed commercial and industrial brokers that concentrate their work in Dakota County to gain an understanding of the local industrial, office, and retail market trends. The following are key points from the interviews:

**Industrial Comments**

- Lease rates are beginning to flatten out in 2008 due to shrinking demand for industrial space. The cause for the shrinking demand in warehousing and distribution space is a result of current market economics.

- There are several areas in Dakota County with excellent highway access, particularly Eagan. Most users seeking space here are looking for bulk warehouse space with high ceilings.

- Bulk/warehouse has been in high demand. Buildings with 24 foot-plus ceiling heights and high loading dock bays are the most desirable spaces.

- Wholesale trade, trucking, and storage operations servicing the airport are the most common businesses seeking industrial space in the County.

- Overall, Dakota County's transportation infrastructure needs improvements; highway access in the southern part of Dakota County is less extensive than other areas. The lack of a major east/west transportation route with a connection to Interstate 35 is hindering industrial growth in places like Farmington.

**Office Comments**

- Dakota County has a sufficient amount of vacant, new Class-A office space.

- Currently, the County is experiencing little expansion to larger spaces mainly due to market economics. Eagan, Mendota Heights, and Inver Grove Heights will be the first cities to experience growth once the market returns.

- Typical office tenants are lawyers, accountants, copywriters and editorial-support personnel, mortgage and insurance providers, and professional service providers that want small office space. The most common office size in the County is between five and 20 employees.

- Office tenants in Dakota County want abundant parking, a highly visible building with a strong image, and updated amenities. Tenants also want the most current communication lines and technology.

**Retail Comments**

- Overall, the Dakota County retail market is currently very poor in terms of leasing strength (finding tenants to lease space). In the current environment, tenants are requiring concessions, build-out incentives, and lower lease rates. Retail space will continue to be in low demand in the County until the economy begins to improve.

## Factory Direct and E-Manufacturing Trends

The future demand for warehouse space in the County may be impacted by the expansion of goods delivered factory direct (including e-manufacturing). Factory direct is when a consumer purchases goods directly from the manufacturer. The factory direct option expanded in the 1990s with strong growth of e-commerce. Major factories, like Dell and Gateway, started marketing products directly to their market, rather than going through a traditionally tiered sale system. This reduces the need for a distributor; hence the need for distribution warehouse space is reduced.

## Green Building Trends

An emerging trend that will impact development of all types of commercial and industrial space, as well as housing, is constructing buildings that are "green" and/or sustainable. However, this trend may not directly affect the amount of commercial and industrial space needed in the County. Most new buildings will need to incorporate some green elements to appeal to the desires of future tenants to be competitive. In addition, older existing buildings may need green upgrades to remain competitive in the marketplace.

LEED, Sustainable Design, and Green Manufacturing, measurements of green and sustainable development are trending toward the norm among many builders and developers. What started out as a grassroots movement not so long ago has made its way into the development community today. Summaries of each are as follows.

### LEED

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System encourages adoption of sustainable green building and development practices through the creation and implementation of universally understood and accepted tools and performance criteria.

Green design "officially" commenced through the Leadership in Energy and Environmental Design (LEED) program, which sets national standards for sustainable buildings and performance standards. The system was put into place in 1998 and has grown substantially with minimal public funding. The LEED approach to sustainability is based on the following five areas: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. To earn LEED certification, buildings must meet certain prerequisites and performance benchmarks to earn "credits" for each category. Buildings are then awarded Certified, Silver, Gold, or Platinum certification based on the number of credits the building project achieves. LEED provided benchmarks for measuring nearly every type of building and a building's lifecycle. LEED programs range from new commercial construction and renovations, to single-family homes, to entire neighborhood developments.

Governmental entities have taken an active role in meeting LEED criteria. The U.S. General Services Administration now mandates all new federal buildings meet criteria for LEED certification. Furthermore, a number of states are working on passing legislation requiring state buildings to meet minimum LEED certification levels. On a local level, cities such as Portland, Oregon and Austin, Texas have enacted green building mandates for municipal or city owned properties. Vancouver, British Colombia is even requiring some private developments to adhere to green requirements, and locally, the City of Minneapolis recently approved a resolution that requires all city-financed buildings to obtain LEED certification levels.

**Sustainable Design**

Sustainable design seeks to reduce negative impacts on the environment, and the health and comfort of building occupants, thereby improving building performance. The basic objectives of sustainability are to reduce consumption of non-renewable resources, minimize waste, and create healthy, productive environments. Simply stated, the building is striving to maximize operational energy savings while minimizing any environmental impacts and providing an overall healthy interior atmosphere. Sustainable projects can be achieved in all real estate uses; from a single residential home to a master-planned green community.

**Cost Benefits of Sustainable Design**

Although the perception of green buildings among most people is they need expensive and new technologies, developing a green building is simply using fewer resources while providing a healthier environment. The benchmark that architects and developers use today attempting basic LEED certification raises the overall building costs by about 3% to 5%. According to the US Green Building Council (USGBC), there is a 2% up-front investment, which results in a 20% life-cycle savings on average. The benefits of going green show up in the building's life cycle, with cost savings in lower energy costs (up to one-third savings), waste disposal, water, and operation and maintenance expenses.

According to a recent study by Turner Construction, 84% of companies involved in sustainable building believe that green construction will yield higher property values. Furthermore, 75% of those companies believe their building will earn a higher return on investment than traditional buildings.

**Green Manufacturing Initiatives**

Green manufacturing is a production methodology aimed at minimizing or avoiding waste and pollution, achieved through green product and process design. Green Manufacturing practices focus on preventing pollution, reducing costs, saving energy, and deliver efficiencies at all points in the design, manufacturing, marketing and recycling process.

## Economic Shifts

Dakota County, like the rest of the Metro and United States, is facing a global shift and restructuring from a manufacturing economy to one focused on services. The switch from a manufacturing-based to a service-based economy, the reduction in international trade barriers, and globalization of the world economy all are impacting the viability of manufacturing in the United States.

This shift to the service sector is a change that will continue to impact the need for future industrial land in Dakota County. The decline in manufacturing jobs as seen in Table 6 will likely continue through 2030 as the economy continues to shift away from traditional manufacturing.

# Commercial and Industrial Land Supply

## Introduction

This section of the report summarizes recent trends and the current supply of for-sale housing in Dakota County, including single-family, townhomes, and condominiums.

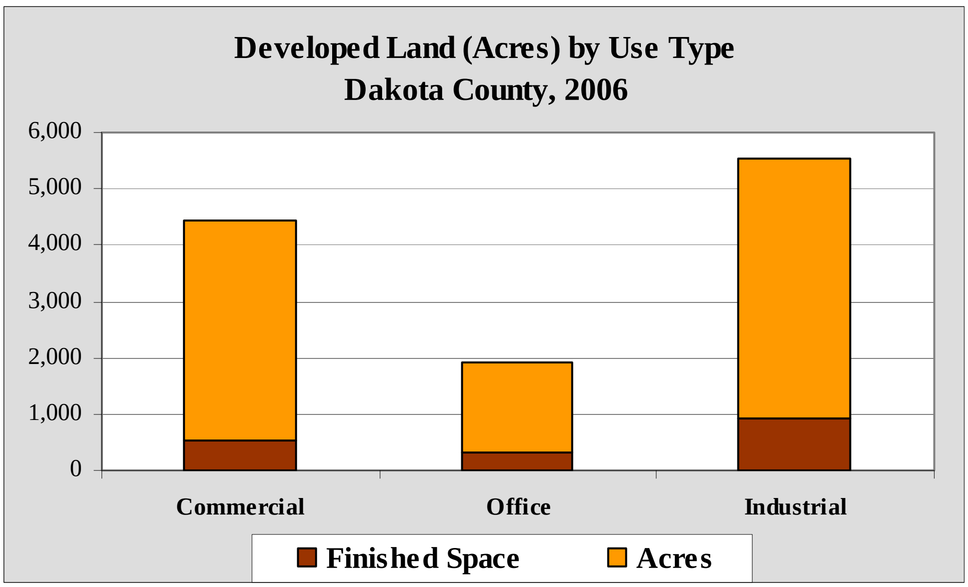
This section examines development trends for commercial and industrial land in Dakota County by examining data on:

- commercial land by community;
- office land by community;
- industrial land by type of space and community; and
- commercial and industrial zoned land

## Overview

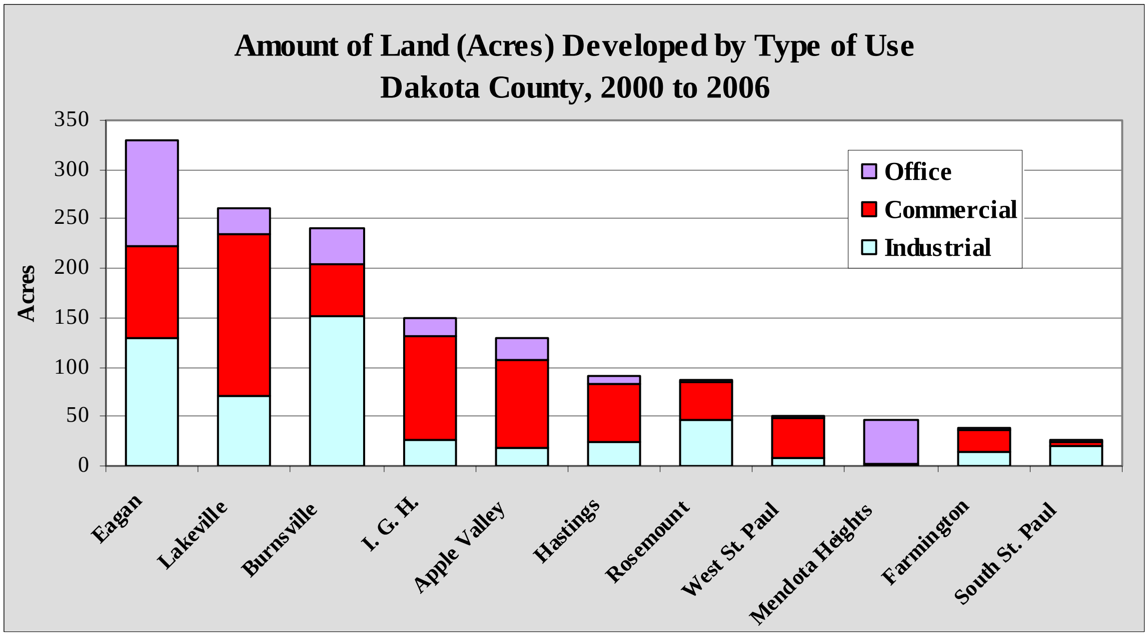
Trends in the amount of land developed for commercial and industrial uses in Dakota County are presented in this section. The supply of commercial and industrial land was determined using 2006 Dakota County GIS information in cooperation with the Dakota County Assessing Services and Property Taxation and Records. In accordance with the GIS data, the classification and use of each piece of property (parcel) is determined by the Dakota County Assessor's Office.

As the chart below shows, industrial uses occupied the most land (5,500 acres) in 2006, followed by commercial/retail (4,450 acres) and office (1,900 acres). It should be noted that there is potential to add more finished space on these developed parcels.




This larger amount of commercial and industrial space being added in communities such as Eagan, Lakeville, and Burnsville this decade is resulting in these communities developing the most acres, as shown in the chart on the next page.

More detail on land development trends in Dakota County is presented in the remainder of this Section. The analysis is presented separately for each type of use – retail/commercial, office, and industrial – beginning with retail/commercial.




## Commercial Land by Community

Table 21 shows the amount of land occupied by retail/commercial buildings in 2000 and 2006. Data is shown for the eleven largest communities and the County overall. The figures are based on data provided by the Dakota County GIS. The following are key points.

- As of 2006, Eagan (815 acres), Burnsville (750 acres), and Lakeville (668 acres) have the most developed commercial acreage in Dakota County.

- Between 2000 and 2006, over 160 acres were developed with commercial uses in Lakeville, the most in any community. Inver Grove Heights, Eagan, and Apple Valley followed with between 90 and 105 developed acres each. Mendota Heights and South St. Paul, which are fully developed communities, had the least – at two and five acres, respectively.

- Of the buildings added in Lakeville from 2000 to 2006, Lifetime Fitness (19.5 acres) and SuperTarget (15.2 acres) were developed on the largest parcels. Compared to the size of the buildings, the floor area ratio was 33% for Lifetime Fitness and 28% for SuperTarget.

- From 2000 to 2006, the 257 commercial buildings developed in Dakota County occupied 822 acres. This equated to an average of just over three acres per building. When compared to the finished space added (Table 10), it equates to floor area ratio of 15%. This was higher in the more urban communities. The floor area ratio of the buildings added in West St. Paul was 30%. In Mendota Heights, the only new development was Mendota Heights Town Center and it had a 75% floor area ratio.

**TABLE 21**
**COMMERCIAL LAND BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Acres | No. of Buildings | Acres | No. of Buildings | Acres |
| **Large Communities** | | | | | | |
| Apple Valley | 104 | 238 | 135 | 327 | 31 | 89 |
| Burnsville | 225 | 696 | 245 | 750 | 20 | 54 |
| Eagan | 197 | 721 | 226 | 815 | 29 | 94 |
| Farmington | 61 | 234 | 74 | 256 | 13 | 22 |
| Hastings | 152 | 245 | 188 | 303 | 36 | 58 |
| Inver Grove Heights | 110 | 345 | 138 | 450 | 28 | 105 |
| Lakeville | 126 | 504 | 179 | 668 | 53 | 164 |
| Mendota Heights | 18 | 286 | 22 | 288 | 4 | 2 |
| Rosemount | 51 | 265 | 66 | 304 | 15 | 39 |
| South St. Paul | 91 | 67 | 95 | 72 | 4 | 5 |
| West St. Paul | 155 | 176 | 169 | 216 | 14 | 40 |
| **Subtotal** | **1,290** | **3,777** | **1,537** | **4,449** | **247** | **672** |
| Remainder of Co. | 106 | 733 | 116 | 883 | 10 | 150 |
| **Dakota County Total** | **1,396** | **4,510** | **1,653** | **5,332** | **257** | **822** |

Sources: Dakota County GIS;
Maxfield Research Inc.

- In Inver Grove Heights, the Wal-Mart added in 2003 was on a 16.8 acre parcel and had a floor area ratio of 20%. The Home Depot added in 2006 had a floor ratio of 26% (108,000 square feet on 9.55 acres).

- In Rosemount, the University of Minnesota Outreach, Research, and Education ("Umore") Park, located along the Highway 52 corridor is currently undergoing a strategic long-term planning process. The facility is currently a 7,500 acre crop and livestock research facility operated by the University of Minnesota and its partners. One of the directions being considered by the University and its partners is developing a mixed-use master planned community that would include about 20,000 to 30,000 residents and incorporate retail, industrial, office, and green space. The projected development period would likely be scheduled to be completed in phases over 25 to 30 years.

## Office Land by Community

Table 22 shows the amount of land occupied by office buildings in 2000 and 2006. Data is shown for the eleven largest communities and the County overall. The figures are based on data provided by the Dakota County GIS. The following are key points.

- In 2006, 1,974 acres in Dakota County were occupied by office uses. This compares to over 5,300 acres occupied by commercial uses (Table 21) and over 6,200 acres occupied by industrial uses (Table 23).

- Eagan has by far the most land occupied by office space with 833 acres in 2006 (42% of the County total).

- In total, there were 85 office buildings built from 2000 to 2006 occupying 217 acres of land. Eagan accounted for about 88 acres in 22 buildings for approximately 41% of the total land absorbed during the period.

- Among the largest office parcels developed recently in Eagan are Spectrum Commerce Center occupying 18.4 acres (300,000 square foot building added in 2001), Grand Oak Office Center VII occupying 12.4 acres (107,000 square foot building added in 2002), Grand Oak Office Center II occupying 10.2 acres (58,000 square foot building added in 2002), and Grand Oak Office Center III occupying 8.0 acres (69,000 square foot building added in 2002).

- Whereas commercial/retail space development generally follows households, the location of office is generally tied to other primary factors – such as major highway access, proximity to labor force, and the Minneapolis-St.Paul International Airport. For this reason, the amount of land developed by offices from 2000 to 2006 is more concentrated in Eagan and Mendota Heights (55% of the County total) compared to commercial/retail (only 12% of the county total). The exception is medical and dental offices which will follow households. With the aging population, medical and dental offices will account for a significant portion of office growth.

**TABLE 22**
**OFFICE LAND BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Acres | No. of Buildings | Acres | No. of Buildings | Acres |
| **Large Communities** | | | | | | |
| Apple Valley | 44 | 276 | 71 | 297 | 27 | 21 |
| Burnsville | 93 | 122 | 166 | 158 | 73 | 36 |
| Eagan | 75 | 726 | 130 | 833 | 55 | 107 |
| Farmington | 21 | 11 | 22 | 12 | 1 | 1 |
| Hastings | 36 | 27 | 42 | 36 | 6 | 9 |
| Inver Grove Heights | 31 | 142 | 67 | 160 | 36 | 18 |
| Lakeville | 28 | 107 | 76 | 134 | 48 | 27 |
| Mendota Heights | 36 | 110 | 55 | 155 | 19 | 45 |
| Rosemount | 12 | 28 | 14 | 31 | 2 | 3 |
| South St. Paul | 43 | 38 | 52 | 39 | 9 | 1 |
| West St. Paul | 46 | 42 | 51 | 45 | 5 | 3 |
| **Subtotal** | **465** | **1,629** | **746** | **1,900** | **281** | **271** |
| Remainder of Co. | 12 | 69 | 17 | 74 | 5 | 5 |
| **Dakota County Total** | **477** | **1,698** | **763** | **1,974** | **286** | **276** |

Sources: Dakota County GIS;
Maxfield Research Inc.

- From 2000 to 2006, the office buildings developed in the County's eleven largest communities occupied a total of 271 acres. When compared to the finished space added (Table 13), it equates to floor area ratio of 29%.

- Future potential corporate headquarters would likely capitalize on vacant land parcels along Interstates 494, 35E, and 35W. Vacant land parcels located in the northwest corner of Interstate 494 and Argenta Trail in Inver Grove Heights, northeast Eagan along Interstate 494, along the southeast interchange of Interstates 35W and 35E in Burnsville, and in Lakeville along Interstate 35W have the greatest potential to capture a future corporate headquarters. However, securing a major single-tenant corporate user would require a commitment of public financing to attract this type of user.

## Industrial Land Development Trends

### <u>Industrial Land by Community</u>

Table 23 shows the amount of land occupied by industrial buildings in 2000 and in 2006. Data is shown for the eleven largest communities and the County overall. The figures are based on data provided by the Dakota County GIS. The following are key points.

- There were about 6,200 acres of industrial land in the County in 2006, of which about 5,500 were in the eleven largest communities. Burnsville and Eagan had similar amounts of land occupied by industrial uses and together combined to account for 45% of the County's total industrial land.
- Burnsville's industrial land includes the 309 acre *Burnsville Sanitary Landfill* and a 93 acre parcel with only a 5,000 square foot building (*McGowan Property*). Thus, while Burnsville and Eagan have similar amounts of industrial land, Eagan has much more finished space (13.5 million square feet compared to Burnsville's 8.9 million square feet).

**TABLE 23**
**INDUSTRIAL LAND BY COMMUNITY**
**DAKOTA COUNTY**
**2000 and 2006**

| | 2000 | | 2006 | | Change | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Acres | No. of Buildings | Acres | No. of Buildings | Acres |
| **Large Communities** | | | | | | |
| Apple Valley | 23 | 164 | 30 | 183 | 7 | 19 |
| Burnsville | 224 | 1,206 | 256 | 1,357 | 32 | 151 |
| Eagan | 215 | 1,338 | 237 | 1,467 | 22 | 129 |
| Farmington | 28 | 73 | 34 | 88 | 6 | 15 |
| Hastings | 32 | 79 | 44 | 104 | 12 | 25 |
| Inver Grove Heights | 49 | 457 | 54 | 483 | 5 | 26 |
| Lakeville | 88 | 512 | 109 | 582 | 21 | 70 |
| Mendota Heights | 41 | 181 | 43 | 181 | 2 | - |
| Rosemount | 33 | 655 | 40 | 701 | 7 | 46 |
| South St. Paul | 72 | 306 | 104 | 326 | 32 | 20 |
| West St. Paul | 26 | 73 | 28 | 81 | 2 | 8 |
| **Subtotal** | **831** | **5,044** | **979** | **5,553** | **148** | **509** |
| Remainder of Co. | 61 | 549 | 69 | 689 | 8 | 140 |
| **Dakota County Total** | **892** | **5,593** | **1,048** | **6,242** | **156** | **649** |

Sources: Dakota County GIS;
Maxfield Research Inc.

- From 2000 to 2006, the industrial buildings developed in the County's eleven largest communities occupied a total of 509 acres. When compared to the finished space added (Table 16) equates to floor area ratio of 19%.

- The above overall floor ratio is skewed slightly downward by some industrial uses that have small buildings on large properties. For example, Cemstone Plant & Kramer Gravel in Burnsville built a 3,000 square foot shed on 37 acres in 2000. Excluding low density users, the average floor area ratio is only 22% among properties added since 2000.

## Industrial Land by Type of Space

Table 24 shows the amount of land developed with various types of industrial users during the past ten years (1997 to 2006) and the 10 years before that (1987 to 1996). The data is from the Dakota County GIS. The following are key points from the table.

- The 86 warehouse storage buildings added from 1987 to 1996 occupied the most land in the County – 338 acres. The largest parcels developed were by Ryt-Way Industries in Lakeville (250,000 square feet on 21.7 acres) and Lone Oak Commerce Center (134,000 square feet on 11.8 acres in 1995).

- About 170 acres were developed for manufacturing facilities from 1987 to 1996. The largest was a 26.5 acre parcel used to develop Dixie Petro-Chem's 35,500 square foot building in Rosemount.

- Nine research and development buildings were added between 1987 and 2006. The largest parcel was by West Group who developed 43.5 acres with a 92,000 square foot building (research and development) in Eagan in 1991.

**TABLE 24**
**LAND ABSORPTION (ACRES) BY INDUSTRIAL TYPES**
**DAKOTA COUNTY**
**1987-1996 & 1997-2006**

| | 1987-1996 | | 1997-2006 | | Avg Acres Per Building | |
|---|---|---|---|---|---|---|
| | No. of Buildings | Acres | No. of Buildings | Acres | 1987-1996 | 1997-2006 |
| Garage/Storage | 9 | 29 | 2 | 1 | 3 | 1 |
| Industrial, Condo | 8 | - | 29 | - | - | - |
| Industrial, Manufacturing | 34 | 171 | 43 | 206 | 5 | 5 |
| Industrial, R&D | 6 | 127 | 3 | 44 | 21 | 15 |
| Lumber Storage | 2 | 10 | 3 | 36 | 5 | 12 |
| Service Garage | 9 | 159 | 7 | 354 | 18 | 51 |
| Shed, Equipment | 5 | 87 | 2 | 43 | 17 | 22 |
| Warehouse, Bulk Storage | 2 | 21 | 18 | 170 | 11 | 9 |
| Warehouse, Business Center | 32 | 121 | 42 | 207 | 4 | 5 |
| Warehouse, Mini | 6 | 21 | 13 | 71 | 3 | 5 |
| Warehouse, Storage | 86 | 338 | 94 | 353 | 4 | 4 |
| Warehouse, Transit | 3 | 15 | 2 | 21 | 5 | 10 |
| **Total** | **202** | **1,099** | **258** | **1,507** | **5** | **6** |

Sources: Dakota County GIS;
Maxfield Research Inc.

- Service garages are typically less than 10,000 square feet in size and can occupy large properties. The service garage on the largest property is one on the Burnsville Sanitary Landfill (309 acres). Others include a 3,600 square foot service garage on Minnesota Industrial Containment Factory's (SKB Environmental Inc.) 88 acres in Rosemount and Highstone Properties' 3,000 square foot service garage on 29 acres in Rosemount.

- The average floor area ratio varied depending on the type of use. As mentioned above, service garages are often small buildings on very large parcels, and thus have a low floor area ratio. Warehouse buildings, with the exception of mini-warehouses, tend to have the highest floor area ratios at about 25% to 30%.

**Average Floor Area Ratio by Industrial Type (Properties developed from 1987-2006)**

| Industrial Type | Acres | Finished Sq. Ft. | Floor Area Ratio |
|---|---|---|---|
| Industrial, Manufacturing | 377 | 2,760,318 | 16.8% |
| Industrial, R&D | 172 | 455,854 | 6.1% |
| Service Garage | 513 | 167,092 | 0.7% |
| Shed, Equipment | 130 | 40,088 | 0.7% |
| Warehouse, Bulk Storage | 191 | 2,535,984 | 30.5% |
| Warehouse, Business Center | 327 | 3,790,295 | 26.6% |
| Warehouse, Mini | 92 | 447,085 | 11.1% |
| Warehouse, Storage | 691 | 7,202,987 | 23.9% |

## Industrial Land by Type of Space and Community

Table 25 shows industrial land added by selected types of space and by community between 1987 to 1996 and 1997 to 2006. The data is from the Dakota County GIS. The following are key points from the tables.

- Most of the land developed for business centers was in Burnsville and Eagan and all of the land developed for bulk storage was in Eagan. These two types of space had the highest floor area ratios among the industrial uses.

- Eagan developed 131 acres for bulk storage and 107 acres for business centers between 1997 and 2006. The bulk storage facilities of Aldrin Distribution Center I and II occupied the greatest amount of land (13.1 and 15.1 acres, respectively). The storage warehouse facilities occupying the most land were Trapp Road Commerce Center II (11.9 acres) and BAX Global (11.8 acres).

- About 60 acres were developed for manufacturing facilities in Rosemount from 1997 to 2006. Endress Processing built a 54,000 square foot facility on a 34.1 acre parcel in 1997, Associated Woods Products built a 75,500 square foot facility on a 15.6 acre parcel in 2001, and Dakota Fence built a 21,000 square foot building on a 10 acre parcel in 1998.

**TABLE 25**
**DEVELOPED LAND (ACRES) BY INDUSTRIAL TYPES & COMMUNITY**
**DAKOTA COUNTY**
**1987-2006**

| | Apple Valley | Burnsville | Eagan | Farmington | Hastings | Inver Grove Heights | Lakeville | Mendota Heights | Rosemount | South St. Paul | West St. Paul |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1987 to 1996** | | | | | | | | | | | |
| Garage/Storage | 6 | 3 | - | 3 | 0 | - | 1 | - | - | - | - |
| Industrial, Manufacturing | 16 | 17 | 15 | 13 | - | 14 | 24 | 8 | 55 | 8 | - |
| Industrial, R&D | - | - | 49 | 1 | - | - | 2 | - | - | 1 | - |
| Lumber Storage | - | - | 9 | - | - | - | - | - | - | - | - |
| Warehouse, Bulk Storage | - | - | 21 | - | - | - | - | - | - | - | - |
| Warehouse, Business Center | 15 | 59 | 40 | - | - | 2 | - | - | - | - | 6 |
| Warehouse, Mini | 7 | 4 | 2 | - | - | - | - | - | - | 3 | - |
| Warehouse, Storage | 5 | 84 | 90 | 23 | 1 | - | 30 | 48 | - | 12 | 6 |
| Warehouse, Transit | - | - | 14 | - | - | 38 | - | - | - | - | - |
| **Total** | **131** | **167** | **262** | **40** | **1** | **54** | **57** | **56** | **181** | **35** | **12** |
| **1997 to 2006** | | | | | | | | | | | |
| Industrial, Manufacturing | - | 11 | 33 | 9 | 5 | 14 | 34 | - | 60 | 11 | 1 |
| Industrial, R&D | - | - | 39 | 3 | - | - | - | - | - | 2 | - |
| Lumber Storage | - | 21 | - | - | - | - | 9 | - | - | - | 6 |
| Warehouse, Bulk Storage | - | - | 131 | - | - | 3 | 20 | 5 | - | 11 | - |
| Warehouse, Business Center | 16 | 81 | 107 | - | - | 2 | 1 | - | - | - | - |
| Warehouse, Mini | 8 | 8 | 14 | 5 | - | 21 | 3 | - | 10 | - | - |
| Warehouse, Storage | 5 | 85 | 113 | 4 | 22 | 6 | 50 | 10 | 31 | 11 | - |
| Warehouse, Transit | - | - | 21 | - | - | - | - | - | - | - | - |
| **Total** | **29** | **260** | **470** | **21** | **29** | **51** | **133** | **15** | **101** | **34** | **8** |

Sources: Dakota County GIS;
Maxfield Research Inc.

## Vacant Commercial and Industrial Zoned Land

Based on Dakota County GIS and interviews with Economic Development Directors, Table 26 estimates the amount of vacant commercial and industrial land available for each of the 11 larger communities and the remainder of the County. When evaluating the Dakota County GIS data summarized in Table 26, note that commercially zoned land is defined as future land development supporting either retail or office space uses. The following are key points from the table.

- Dakota County has approximately 2,900 acres of vacant land currently zoned for commercial and another 4,785 acres zoned for industrial uses. These figures only include vacant land currently zoned for these uses. They do not include vacant land identified for future commercial or industrial space, but currently zoned for something else (most often Agriculture).

- Almost 60% of the total zoned vacant commercial land in the County is located in Lakeville and Eagan. Much of the vacant commercial land in Eagan is located in the northeastern corner of the City on several large scattered parcels.

- In addition to Lakeville's vacant zoned land for commercial and industrial uses, there is also an abundance of agricultural land south of Highway 70 from Interstate 35 to Dodd Boulevard that is planned for commercial and industrial uses. Thus, Lakeville will more than likely have sufficient land to meet growing commercial and industrial needs in the community through 2030.

- Eagan still has over 500 acres of vacant zoned commercial and 270 acres of zoned industrial land. After this, the supply of vacant commercial and industrial land in the northern part of the County is shrinking. However, there is potential to add more commercial and industrial space in these areas by expanding existing buildings (increasing density on parcels) and by redeveloping older, obsolete spaces.

- The 2,160 acres in Rosemount accounts for more than half of the total of vacant industrial land in the County. Much of this land surrounds Flint Hills Resources' Pine Bend Refinery on the west side of Highway 52.

- A large amount of commercial and industrial zoned land has become available in Inver Grove Height's Northwest Planning Area. This area is roughly surrounded by Highway 55 and Interstate 494 on the north and south and from the Eagan border east nearly to Babcock Trail. In total, the Northwest Planning Area is zoned to accommodate approximately 2.8 million square feet of commercial space, 1.5 million square feet of office space, and 1.3 million square feet of industrial space. In addition, sewer and water connections will soon be extended to parcels along Highway 52 in the southeastern portion of the community. Inver Grove Heights will have the land capacity to add a significant amount of commercial and industrial space to meet it's, and neighboring communities' future needs.

- Much of Apple Valley's 420 acres of zoned vacant industrial land is situated in the southeast corner of the City. Most of this land is currently being mined for sand and gravel and will come on-line incrementally over the next decade or sooner.

**TABLE 26**
**VACANT COMMERCIAL AND INDUSTRIAL ZONED LAND***
**DAKOTA COUNTY**
**2007**

| Community | Commercial Acres | Industrial Acres | Total |
|---|---|---|---|
| Apple Valley | 40 | 420 | 460 |
| Burnsville | 90 | 150 | 240 |
| Eagan | 520 | 270 | 790 |
| Farmington | 120 | 90 | 210 |
| Hastings | 85 | 120 | 205 |
| Inver Grove Heights | 330 | 710 | 1,040 |
| Lakeville | 675 | 250 | 925 |
| Mendota Heights | 6 | 45 | 51 |
| Rosemount | 130 | 2,160 | 2,290 |
| South St. Paul | 30 | 40 | 70 |
| West St. Paul | 0 | 0 | 0 |
| **Subtotal** | **2,026** | **4,255** | **6,281** |
| Remainder of Co. | 863 | 531 | 1,394 |
| **Dakota County** | **2,889** | **4,785** | **7,674** |

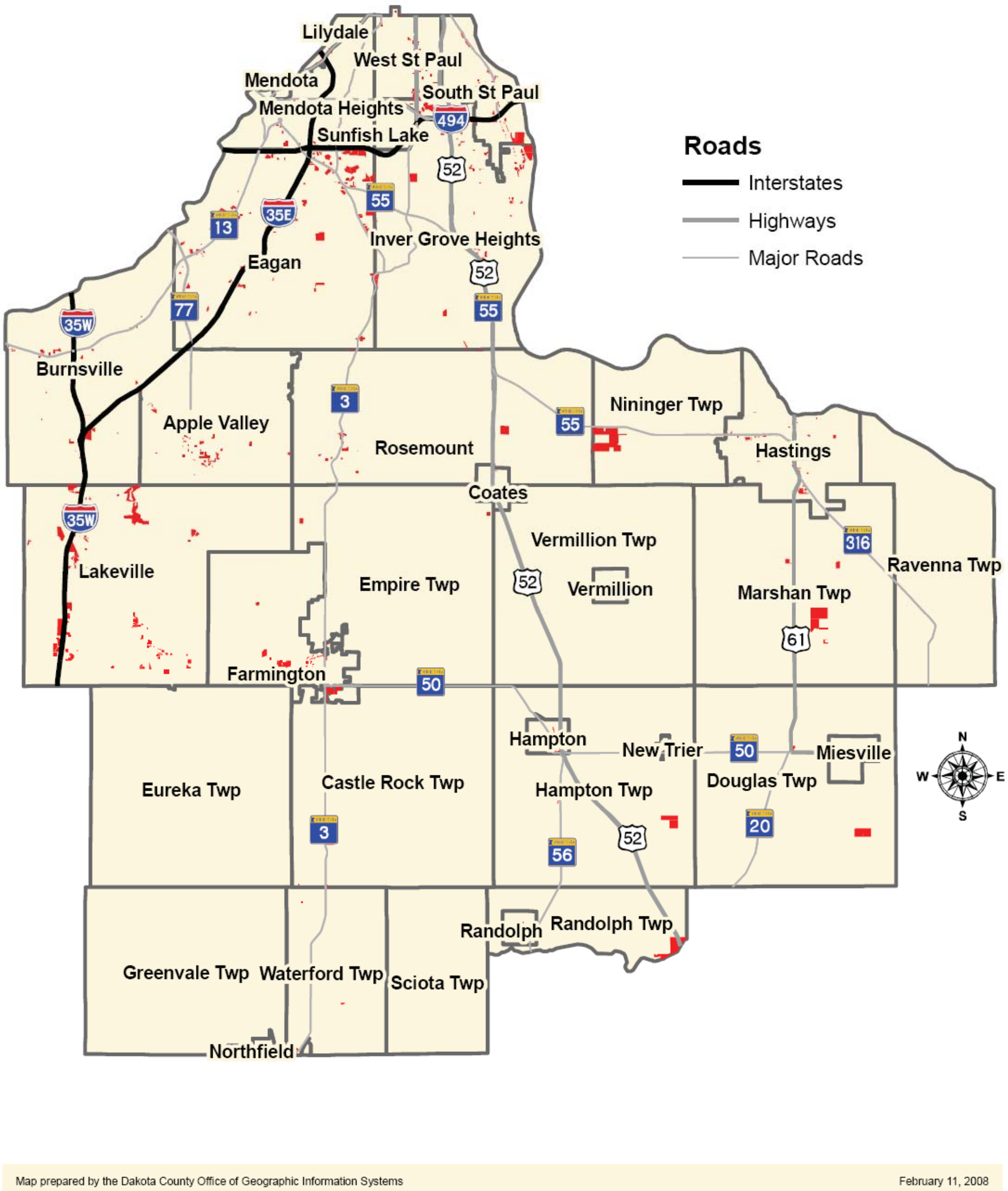
* Includes only vacant land zoned commerical or industrial, not vacant land identified in land use plans as future commercial or industrial but currently zoned for other uses.

Sources: Dakota County GIS; Maxfield Research Inc.

- West St. Paul and Mendota Heights have very little land remaining for commercial and industrial development. South St. Paul has a small supply as well, but has greater redevelopment potential with the closing of the stock yard planned in April 2008. In addition, none of the vacant parcels in these communities are large enough to support big-box retail, which has been a trend over the past decade or more. Thus, most commercial spaces added will be smaller.

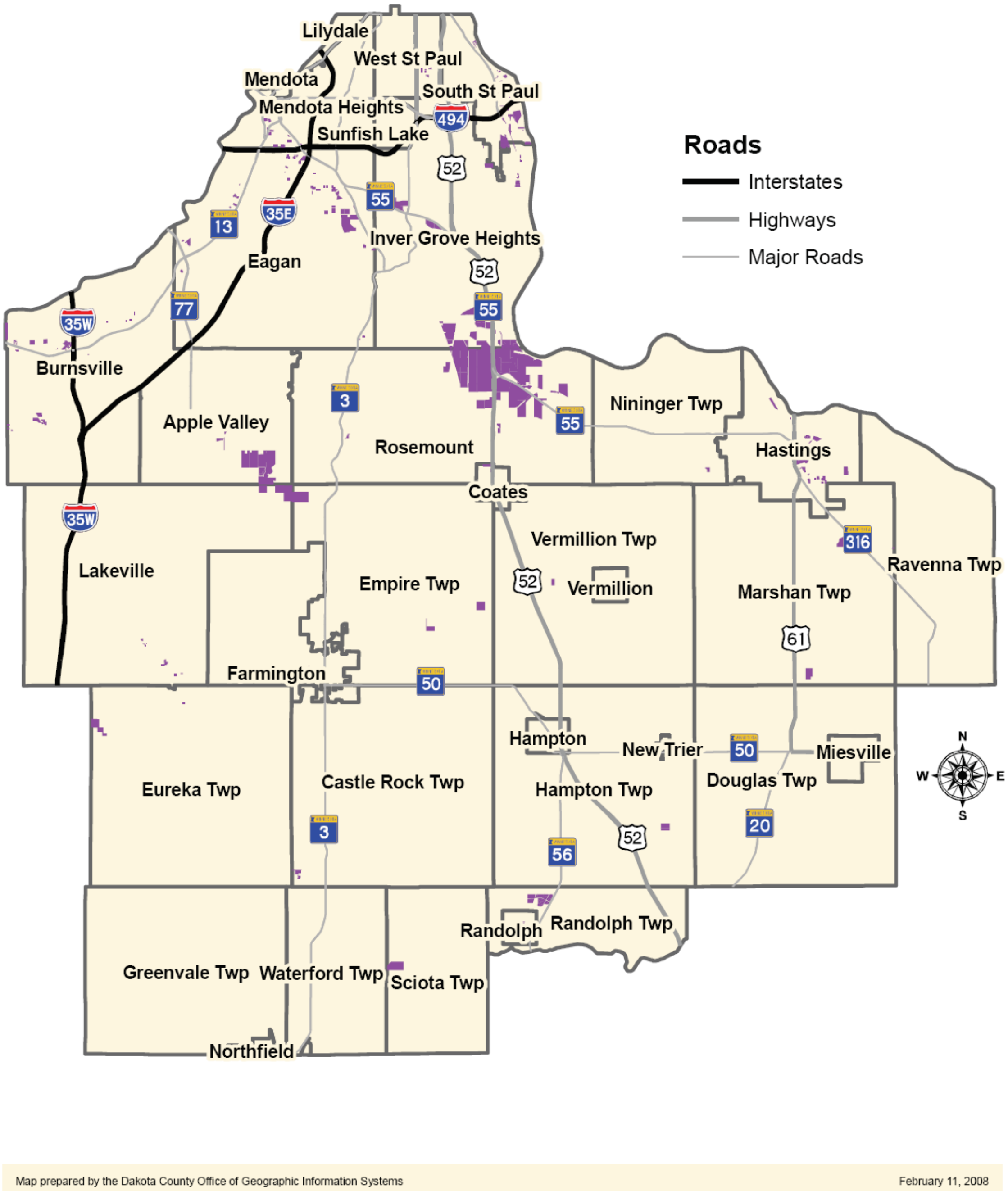
- Like Lakeville, Farmington and Hastings are next to agricultural land and therefore have greater capacity to add commercial and industrial land to their communities as the need arises. Currently, both communities have about 200 acres of vacant zoned commercial and industrial land. Between 2000 and 2006, both communities developed about 40 acres with commercial and industrial uses.

## Location of Vacant Commercial Zoned Land, 2007*




* This map only shows vacant land that is presently zoned commercial. Other vacant land identified in local land use plans may currently be zoned for other uses, primarily agriculture.

## Location of Vacant Industrial Zoned Land, 2007*




* This map only shows vacant land that is presently zoned industrial. Other vacant land identified in local land use plans may currently be zoned for other uses, primarily agriculture.

# Demand Analysis and Recommendations

## Introduction

This section of the report presents calculations of demand for commercial/retail, office, and industrial space in Dakota County from 2008 to 2030. In addition, the amount of land needed to accommodate the new commercial and industrial space is calculated. The demand calculations and recommendations were made based on the analysis of data presented in this report, including demographic and employment growth trends and characteristics, market conditions, and recent development trends.

This section includes:

- projected demand for retail/commercial space and land from 2008 to 2030;
- projected demand for office space and land from 2008 to 2030; and
- projected demand for industrial space and land from 2008 to 2030.

## Projected Demand for Retail/Commercial Space

Demand for additional retail and commercial space in Dakota County from 2008 through 2030 is shown in Table 27. The table shows demand by five year increments for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

Demand for retail/commercial space in the County was calculated based on growth in the household base, consumer expenditures, projected retail leakage trends (leakage is the amount of consumer spending for goods and services likely to be spent outside the community/county), and trends in the average sales per square feet of space. In addition to the above factors, the demand for each community took into account the community's projected household growth, total existing retail space, space per household, proximity to other major retail centers, and suitable land available for new development (land with good highway access and visibility).

The following are key points about Table 27.

- Demand was calculated for an additional 10.5 to 12.0 million square feet of retail space in the County from 2008 to 2030. This calculated demand equates to about 2.5 million square feet every five years between now and 2030. However, demand will be greater during the beginning of next decade and then slow through 2030 as household growth slows.

- Demand for retail/commercial space is projected to be greatest in Lakeville. Not only is Lakeville projected for household growth, it also has less retail space per household than other more mature communities in the northern part of the County, such as Burnsville and Eagan. Other communities, such as Mendota Heights, West St. Paul, and South St. Paul have little remaining land available for new retail. Most new developments in these communities will be the result of redevelopment, which may simply replace older spaces and not actually add to the total inventory.

- Lakeville has a significant amount of vacant land near the intersection of Interstate 35 and County Highway 50. With a new bridge and access ramps to Interstate 35 planned, this intersection will be appealing to major retailers and may accommodate a large portion of Lakeville's future retail space.

- Dakota County is projected to add approximately 53,000 households from 2008 to 2030. When compared to the amount of projected retail space, the total amount of retail space (square feet) per household is projected to steadily increase through 2030. As shown below, the amount of space per household is projected to increase from 142 square feet/household in 2000 to 173 square feet per household in 2030. The increasing supply of big box retail is one reason for the rising ratio.

**Commercial/Retail Square Feet per Household Trends, Dakota County**

| 1990 | 2000 | 2010 | 2020 | 2030 |
|---|---|---|---|---|
| 132.2 | 142.4 | 162.4 | 170.8 | 172.9 |

**TABLE 27**
**COMMERCIAL DEMAND (SQ. FT.) BY COMMUNITY**
**DAKOTA COUNTY**
**2008 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 250,000 - 270,000 | 510,000 - 530,000 | 570,000 - 590,000 | 290,000 - 310,000 | 240,000 - 260,000 | 1,860,000 - 1,960,000 |
| Burnsville | 110,000 - 130,000 | 130,000 - 150,000 | 160,000 - 180,000 | 100,000 - 120,000 | 130,000 - 150,000 | 630,000 - 730,000 |
| Eagan | 120,000 - 140,000 | 200,000 - 220,000 | 165,000 - 185,000 | 140,000 - 160,000 | 80,000 - 100,000 | 705,000 - 805,000 |
| Farmington | 60,000 - 80,000 | 180,000 - 200,000 | 240,000 - 260,000 | 225,000 - 245,000 | 110,000 - 130,000 | 815,000 - 915,000 |
| Hastings | 55,000 - 75,000 | 220,000 - 240,000 | 155,000 - 175,000 | 110,000 - 130,000 | 90,000 - 110,000 | 630,000 - 730,000 |
| Inver Grove Heights | 390,000 - 410,000 | 410,000 - 430,000 | 375,000 - 395,000 | 190,000 - 210,000 | 160,000 - 180,000 | 1,525,000 - 1,625,000 |
| Lakeville | 240,000 - 260,000 | 865,000 - 885,000 | 805,000 - 825,000 | 505,000 - 525,000 | 445,000 - 465,000 | 2,860,000 - 2,960,000 |
| Mendota Heights | 70,000 - 90,000 | 30,000 - 50,000 | 15,000 - 35,000 | 10,000 - 30,000 | 10,000 - 30,000 | 135,000 - 235,000 |
| Rosemount | 80,000 - 100,000 | 470,000 - 790,000 | 290,000 - 310,000 | 260,000 - 280,000 | 180,000 - 200,000 | 1,280,000 - 1,680,000 |
| South St. Paul | 10,000 - 20,000 | 25,000 - 45,000 | 15,000 - 35,000 | 20,000 - 40,000 | 15,000 - 35,000 | 85,000 - 175,000 |
| West St. Paul | 5,000 - 25,000 | 40,000 - 60,000 | 30,000 - 50,000 | 20,000 - 40,000 | 10,000 - 30,000 | 105,000 - 205,000 |
| **Subtotal** | **1,390,000 - 1,600,000** | **3,080,000 - 3,600,000** | **2,820,000 - 3,040,000** | **1,870,000 - 2,090,000** | **1,470,000 - 1,690,000** | **10,630,000 - 12,020,000** |
| Remainder of Dakota Co. | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 50,000 |
| **Dakota County Total** | 1,390,000 - 1,610,000 | 3,080,000 - 3,610,000 | 2,820,000 - 3,050,000 | 1,870,000 - 2,100,000 | 1,470,000 - 1,700,000 | 10,630,000 - 12,070,000 |

Sources: Maxfield Research Inc.

## Projected Demand for Retail/Commercial Land

The amount of additional land needed to support the calculated demand for retail and commercial space in Dakota County from 2008 through 2030 is shown in Table 28. The table shows the need for land by five year increments for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

The following are key points about Table 28.

- The need for land is based on the demand for commercial/retail space divided by a standard floor area ratio of 25%. For example, a 100,000 square foot retail building would need 400,000 square feet of land, or 9.2 acres. This ratio can vary depending on the amount of buildable square feet on a parcel (it can be less due to wetland or slope) or the density allowed on a certain parcel (smaller urban parcels may have greater allowed density).

- Demand was calculated for an additional 800 to 1,100 acres of commercial land in the County from 2008 to 2030. This calculated demand equates to about 220 acres every five years between now and 2030.

- Demand for retail/commercial land is projected to be greatest in Lakeville, Apple Valley, and Inver Grove Heights. Again, communities that are more mature are limited as to how much new commercial/retail land can be developed.

**TABLE 28**
**DEMAND FOR COMMERCIAL LAND (ACRES) BY COMMUNITY**
**DAKOTA COUNTY**
**2000 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 23 - 25 | 47 - 49 | 52 - 54 | 27 - 28 | 22 - 24 | 144 - 180 |
| Burnsville | 10 - 12 | 12 - 14 | 15 - 17 | 9 - 11 | 12 - 14 | 49 - 67 |
| Eagan | 11 - 13 | 18 - 20 | 15 - 17 | 13 - 15 | 7 - 9 | 52 - 74 |
| Farmington | 6 - 7 | 17 - 18 | 22 - 24 | 21 - 22 | 10 - 12 | 54 - 84 |
| Hastings | 5 - 7 | 20 - 22 | 14 - 16 | 10 - 12 | 8 - 10 | 48 - 67 |
| Inver Grove Heights | 36 - 38 | 38 - 39 | 34 - 36 | 17 - 19 | 15 - 17 | 123 - 149 |
| Lakeville | 22 - 24 | 79 - 81 | 74 - 76 | 46 - 48 | 41 - 43 | 216 - 272 |
| Mendota Heights | 6 - 8 | 3 - 5 | 1 - 3 | 1 - 3 | 1 - 3 | 11 - 22 |
| Rosemount | 7 - 9 | 43 - 73 | 27 - 28 | 24 - 26 | 17 - 18 | 94 - 154 |
| South St. Paul | 1 - 2 | 2 - 4 | 1 - 3 | 2 - 4 | 1 - 3 | 6 - 16 |
| West St. Paul | 0 - 2 | 4 - 6 | 3 - 5 | 2 - 4 | 1 - 3 | 8 19 |
| **Subtotal** | **128 - 147** | **283 - 331** | **259 - 279** | **172 - 192** | **135 - 155** | **804 - 1,104** |
| | | | | | | |
| Remainder of Dakota Co. | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 6 |
| | | | | | | |
| **Dakota County Total** | 128 - 148 | 283 - 332 | 259 - 280 | 172 - 193 | 135 - 156 | 804 - 1,110 |

Sources: Maxfield Research Inc.

## Projected Demand for Office Space

Demand for additional office space in Dakota County from 2008 through 2030 is shown in Table 29. The table shows demand by five year increments and for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

The amount (in square feet) of additional office space needed in Dakota County is based primarily on projected employment growth in the County among industry sectors that typically utilize office space. The demand for each community took into account the communities' historic office development, projected employment growth, existing office space, highway access and visibility, proximity to the Minneapolis-St. Paul International Airport, hotels and restaurants, other employment centers, and land available for new development.

Our key points from Table 29 are summarized below.

- Using the average figure of 220 square feet of office space per employee, we project demand for an additional 6.5 to 7.6 million square feet of office space in Dakota County between 2008 and 2030 to accommodate office employment growth. This equates to about 1.6 million square feet every five years between now and 2030. However, demand will be greater during the beginning of next decade and then slow through 2030 as employment growth slows.

- Demand for office space is projected to be greatest in Eagan. Eagan's location makes it highly attractive for larger office tenants, and it also has available land for new development. Eagan has excellent highway access, close proximity to the airport, and is within a short distance to the core of the Twin Cities. Other communities, such as Mendota Heights and Burnsville, have good locations but little remaining land available for new office space. Most new developments in these communities will be the result of redevelopment, which may simply replace older spaces and not actually add to the total inventory.

- Medical and dental offices accounted for about 9% of the office supply in Dakota County in 2006. This percentage will increase through 2030 as the population ages and needs more medical services.

- Dakota County is projected to add approximately 58,200 jobs from 2008 to 2030. When compared to the amount of projected office space, the total amount of office space (square feet) per job is projected to increase slightly through 2030. As shown below, the amount of space per job is projected to increase from 82 square feet/job in 2000 to 90.2 square feet per job in 2030. This increase is due to the continued shift toward a more service-oriented economy, meaning more people will work in an office environment.

**Office Square Feet per Job Trends, Dakota County**

| 1990 | 2000 | 2010 | 2020 | 2030 |
|---|---|---|---|---|
| 82.2 | 71.0 | 83.2 | 88.1 | 90.2 |

**TABLE 29**
**OFFICE DEMAND (SQ. FT.) BY COMMUNITY**
**DAKOTA COUNTY**
**2008 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 85,000 - 95,000 | 200,000 - 220,000 | 145,000 - 165,000 | 115,000 - 135,000 | 105,000 - 125,000 | 650,000 - 740,000 |
| Burnsville | 80,000 - 100,000 | 170,000 - 190,000 | 125,000 - 145,000 | 90,000 - 110,000 | 80,000 - 100,000 | 545,000 - 645,000 |
| Eagan | 520,000 - 540,000 | 710,000 - 730,000 | 535,000 - 555,000 | 365,000 - 385,000 | 330,000 - 350,000 | 2,460,000 - 2,560,000 |
| Farmington | 10,000 - 20,000 | 20,000 - 40,000 | 15,000 - 35,000 | 15,000 - 35,000 | 10,000 - 30,000 | 70,000 - 160,000 |
| Hastings | 10,000 - 20,000 | 10,000 - 20,000 | 10,000 - 20,000 | 15,000 - 35,000 | 10,000 - 30,000 | 55,000 - 125,000 |
| Inver Grove Heights | 100,000 - 120,000 | 250,000 - 270,000 | 185,000 - 205,000 | 120,000 - 140,000 | 105,000 - 125,000 | 760,000 - 860,000 |
| Lakeville | 130,000 - 150,000 | 320,000 - 340,000 | 235,000 - 255,000 | 225,000 - 245,000 | 205,000 - 225,000 | 1,115,000 - 1,215,000 |
| Mendota Heights | 150,000 - 170,000 | 175,000 - 195,000 | 130,000 - 150,000 | 120,000 - 140,000 | 105,000 - 125,000 | 680,000 - 780,000 |
| Rosemount | 10,000 - 20,000 | 20,000 - 40,000 | 15,000 - 35,000 | 15,000 - 35,000 | 10,000 - 30,000 | 70,000 - 160,000 |
| South St. Paul | 15,000 - 25,000 | 25,000 - 45,000 | 15,000 - 35,000 | 10,000 - 30,000 | 10,000 - 30,000 | 75,000 - 165,000 |
| West St. Paul | 0 - 10,000 | 10,000 - 30,000 | 10,000 - 30,000 | 10,000 - 20,000 | 10,000 - 20,000 | 40,000 - 110,000 |
| **Subtotal** | **1,110,000 - 1,270,000** | **1,910,000 - 2,120,000** | **1,420,000 - 1,630,000** | **1,100,000 - 1,310,000** | **980,000 - 1,190,000** | **6,520,000 - 7,520,000** |
| Remainder of Dakota Co. | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 50,000 |
| **Dakota County Total** | 1,110,000 - 1,280,000 | 1,910,000 - 2,130,000 | 1,420,000 - 1,640,000 | 1,100,000 - 1,320,000 | 980,000 - 1,200,000 | 6,520,000 - 7,570,000 |

Sources: Maxfield Research Inc.

## Projected Demand for Office Land

The amount of additional land needed to support the calculated demand for office space in Dakota County from 2008 through 2030 is shown in Table 30. The table shows demand by five year increments for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

- The need for land is based on demand for office space divided by a standard floor area ratio of 25%. For example, a 100,000 square foot office building would need 400,000 square feet of land, or 9.2 acres. This ratio can vary depending on the amount of buildable square feet on a parcel (it can be less due to wetland or slope) or the density allowed on a certain parcel (smaller urban parcels may have greater allowed density).

- Demand was calculated for an additional 498 to 691 acres of office space in the County from 2008 to 2030. This calculated demand equates to about 135 acres every five years between now and 2030.

- Most communities will have sufficient land to accommodate their office needs through 2030. The exception is Mendota Heights, where demand may exceed available land. Other communities, such as Apple Valley, may need to rezone some vacant industrial land to accommodate the growing demand for commercial and office space (Apple Valley has 40 zoned commercial acres but demand for over 200 acres of commercial and office).

**TABLE 30**
**DEMAND FOR OFFICE LAND (ACRES) BY COMMUNITY**
**DAKOTA COUNTY**
**2000 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 8 - 9 | 18 - 20 | 13 - 15 | 11 - 12 | 10 - 11 | 49 - 68 |
| Burnsville | 7 - 9 | 16 - 17 | 11 - 13 | 8 - 10 | 7 - 9 | 42 - 59 |
| Eagan | 48 - 50 | 65 - 67 | 49 - 51 | 34 - 35 | 30 - 32 | 192 - 235 |
| Farmington | 1 - 2 | 2 - 4 | 1 - 3 | 1 - 3 | 1 - 3 | 5 - 15 |
| Hastings | 1 - 2 | 1 - 2 | 1 - 2 | 1 - 3 | 1 - 3 | 4 - 11 |
| Inver Grove Heights | 9 - 11 | 23 - 25 | 17 - 19 | 11 - 13 | 10 - 11 | 59 - 79 |
| Lakeville | 12 - 14 | 29 - 31 | 22 - 23 | 21 - 22 | 19 - 21 | 82 - 112 |
| Mendota Heights | 14 - 16 | 16 - 18 | 12 - 14 | 11 - 13 | 10 - 11 | 51 - 72 |
| Rosemount | 1 - 2 | 2 - 4 | 1 - 3 | 1 - 3 | 1 - 3 | 5 - 15 |
| South St. Paul | 1 - 2 | 2 - 4 | 1 - 3 | 1 - 3 | 1 - 3 | 6 - 15 |
| West St. Paul | 0 - 1 | 1 - 3 | 1 - 3 | 1 - 2 | 1 - 2 | 3 - 10 |
| **Subtotal** | **102 - 117** | **175 - 195** | **130 - 150** | **101 - 120** | **90 - 109** | **498 - 691** |
| Remainder of Dakota Co. | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 5 |
| **Dakota County Total** | 102 - 118 | 175 - 196 | 130 - 151 | 101 - 121 | 90 - 110 | 498 - 695 |

Sources: Maxfield Research Inc.

## Projected Demand for Industrial Space

Demand for additional industrial space in Dakota County from 2008 through 2030 is shown in Table 31. The table shows demand by five year increments and for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

The amount (in square feet) of additional industrial space supportable in Dakota County is based on projected employment growth in the County among businesses that typically utilize industrial space. Factors assessed when analyzing demand for each community are its projected employment growth, historic industrial development, highway access, proximity to labor force and the Minneapolis-St. Paul International Airport, proximity to the core of the Twin Cities, and land available for new development.

Key points from Table 31 are summarized below.

- Although the County's economy (and Nation's) is shifting away from manufacturing, there will still be industrial demand in the County due to the growing household and employment bases. Overall, we project that the percentage of jobs requiring industrial space will decline from about 18% in 2008 to about 14% in 2030. However, the amount of industrial space per employee is projected to increase because a greater portion of the industrial demand will be for warehouse space versus manufacturing space. Overall, demand is projected for about 7.6 to 8.7 million square feet of industrial space in Dakota County between 2008 and 2030 that accommodate industrial employment growth. This equates to about 1.9 million square feet every five years between now and 2030.

- Lakeville (about 2.3 million square feet) and Eagan (about 2.2 million square feet) show the largest excess demand between 2008 and 2030. West St. Paul displays the smallest amount of excess demand because there is very little land available for new industrial development. Other communities contain available industrial sites, but are waiting for investments in transportation upgrades, such as a major east to west route from Farmington to Interstate 35. Less mature markets such as Lakeville, Inver Grove Heights, and Farmington will increase their share of industrial development as mature industrial markets such as Eagan and Burnsville develop their last remaining industrial parcels.

- The remainder of Dakota County is projected to add a minimal amount of industrial space from 2008 to 2030 primarily due to limited employment growth. Townships and smaller communities such as Coates, Hampton, and Empire Township and Northfield might attract new industrial development to support industries such as manufacturing, welding, and construction users. Industries might choose to locate in the smaller townships and communities if they can't afford to build closer to the core or adhere to more rigid design standards. Communities such as Sunfish Lake and Lilydale could attract industrial users but have little existing vacant land remaining.

**TABLE 31**
**INDUSTRIAL DEMAND (SQ. FT.) BY COMMUNITY**
**DAKOTA COUNTY**
**2000 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 30,000 - 50,000 | 90,000 - 110,000 | 70,000 - 90,000 | 50,000 - 70,000 | 45,000 - 65,000 | 285,000 - 385,000 |
| Burnsville | 100,000 - 120,000 | 210,000 - 230,000 | 155,000 - 175,000 | 110,000 - 130,000 | 100,000 - 120,000 | 675,000 - 775,000 |
| Eagan | 450,000 - 470,000 | 610,000 - 630,000 | 455,000 - 475,000 | 315,000 - 335,000 | 285,000 - 305,000 | 2,115,000 - 2,215,000 |
| Farmington | 20,000 - 40,000 | 70,000 - 90,000 | 50,000 - 70,000 | 50,000 - 70,000 | 55,000 - 75,000 | 245,000 - 345,000 |
| Hastings | 15,000 - 25,000 | 15,000 - 35,000 | 10,000 - 30,000 | 40,000 - 60,000 | 35,000 - 55,000 | 115,000 - 205,000 |
| Inver Grove Heights | 140,000 - 160,000 | 335,000 - 355,000 | 250,000 - 270,000 | 165,000 - 185,000 | 150,000 - 170,000 | 1,040,000 - 1,140,000 |
| Lakeville | 265,000 - 285,000 | 635,000 - 655,000 | 475,000 - 495,000 | 450,000 - 470,000 | 410,000 - 430,000 | 2,235,000 - 2,335,000 |
| Mendota Heights | 70,000 - 90,000 | 85,000 - 105,000 | 60,000 - 80,000 | 55,000 - 75,000 | 50,000 - 70,000 | 320,000 - 420,000 |
| Rosemount | 35,000 - 60,000 | 125,000 - 145,000 | 90,000 - 110,000 | 95,000 - 115,000 | 85,000 - 105,000 | 430,000 - 535,000 |
| South St. Paul | 25,000 - 45,000 | 55,000 - 75,000 | 40,000 - 60,000 | 30,000 - 50,000 | 25,000 - 45,000 | 175,000 - 275,000 |
| West St. Paul | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 50,000 |
| **Subtotal** | **1,150,000 - 1,355,000** | **2,230,000 - 2,440,000** | **1,655,000 - 1,865,000** | **1,360,000 - 1,570,000** | **1,240,000 - 1,450,000** | **7,635,000 - 8,680,000** |
| Remainder of Dakota Co. | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 10,000 | 0 - 50,000 |
| **Dakota County Total** | 1,150,000 - 1,365,000 | 2,230,000 - 2,450,000 | 1,655,000 - 1,875,000 | 1,360,000 - 1,580,000 | 1,240,000 - 1,460,000 | 7,635,000 - 8,730,000 |

Sources: Maxfield Research Inc.

- As shown below, when total employment is compared to the amount of projected industrial space, the total amount of industrial space (square feet) per job is projected to decrease through 2030. This decrease is due to the continued shift toward a more service-oriented economy, meaning fewer people will work in an industrial environment. It should be noted, however, that the amount of space per industrial job will increase as a greater percentage of industrial space will be warehouse versus manufacturing.

**Industrial Square Feet per Job Trends, Dakota County**

| 1990 | 2000 | 2010 | 2020 | 2030 |
|---|---|---|---|---|
| 238.9 | 237.4 | 213.2 | 203.8 | 198.6 |

## Projected Demand for Industrial Land

The amount of additional land needed to support the calculated demand for industrial space in Dakota County from 2008 through 2030 is shown in Table 32. The table shows demand by five year increments and for each of the County's 11 larger communities as well as for the smaller communities and townships collectively.

**TABLE 32**
**DEMAND FOR INDUSTRIAL LAND (ACRES) BY COMMUNITY**
**DAKOTA COUNTY**
**2000 - 2030**

| | 2008-2010 | 2010-2015 | 2015-2020 | 2020-2025 | 2025-2030 | Total |
|---|---|---|---|---|---|---|
| Apple Valley | 3 - 6 | 10 - 13 | 8 - 10 | 6 - 8 | 5 - 7 | 27 - 44 |
| Burnsville | 11 - 14 | 24 - 26 | 18 - 20 | 13 - 15 | 11 - 14 | 65 - 89 |
| Eagan | 52 - 54 | 70 - 72 | 52 - 55 | 36 - 38 | 33 - 35 | 207 - 254 |
| Farmington | 2 - 5 | 8 - 10 | 6 - 8 | 6 - 8 | 6 - 9 | 22 - 40 |
| Hastings | 2 - 3 | 2 - 4 | 1 - 3 | 5 - 7 | 4 - 6 | 9 - 24 |
| Inver Grove Heights | 16 - 18 | 38 - 41 | 29 - 31 | 19 - 21 | 17 - 20 | 100 - 131 |
| Lakeville | 30 - 33 | 73 - 75 | 55 - 57 | 52 - 54 | 47 - 49 | 205 - 268 |
| Mendota Heights | 8 - 10 | 10 - 12 | 7 - 9 | 6 - 9 | 6 - 8 | 30 - 48 |
| Rosemount | 4 - 7 | 14 - 17 | 10 - 13 | 11 - 13 | 10 - 12 | 38 - 61 |
| South St. Paul | 3 - 5 | 6 - 9 | 5 - 7 | 3 - 6 | 3 - 5 | 17 - 32 |
| West St. Paul | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 6 |
| **Subtotal** | **132 - 156** | **256 - 280** | **190 - 214** | **156 - 180** | **142 - 166** | **720 - 996** |
| Remainder of Dakota Co. | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 1 | 0 - 6 |
| **Dakota County Total** | 132 - 157 | 256 - 281 | 190 - 215 | 156 - 181 | 142 - 168 | 720 - 1,002 |

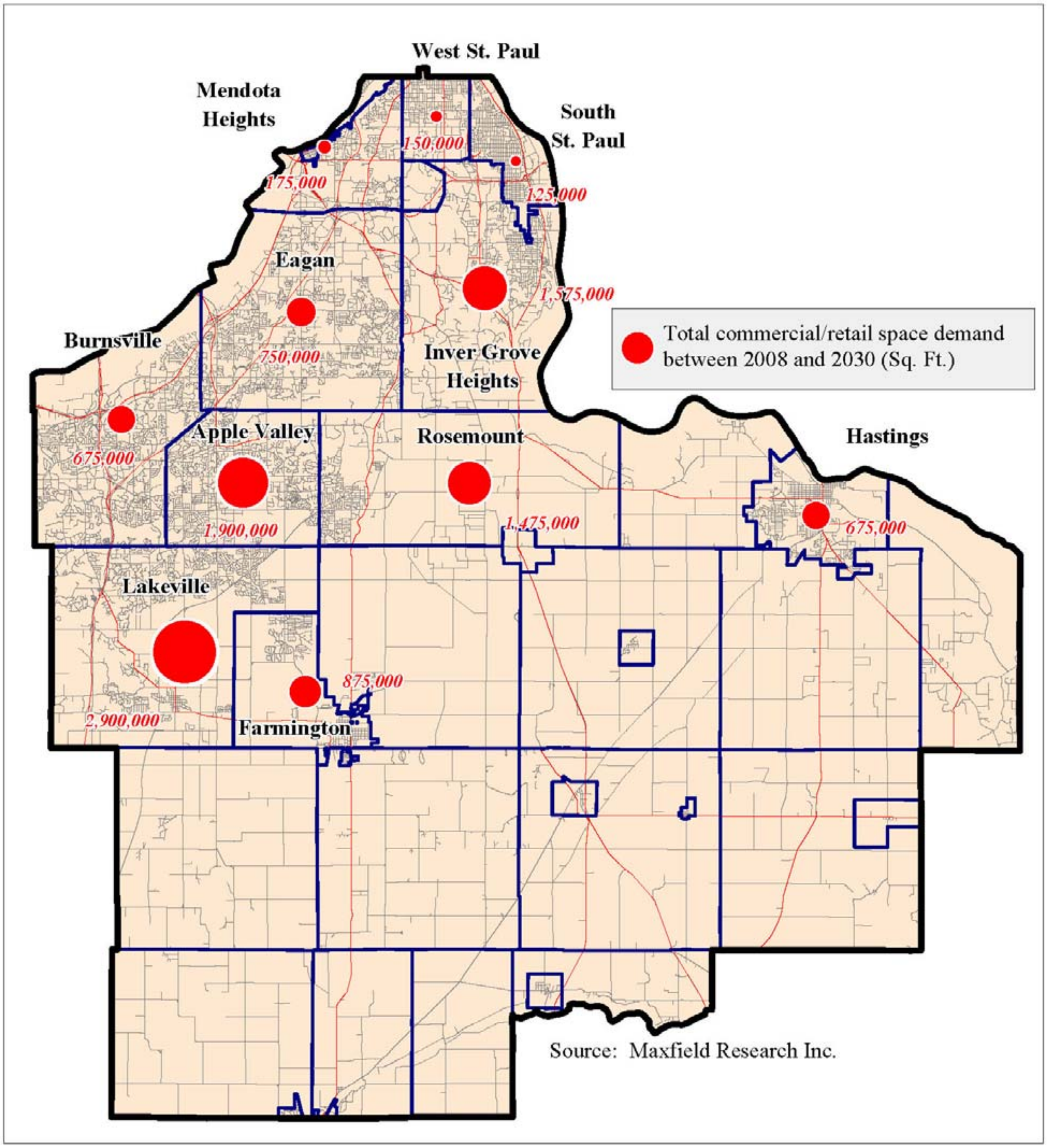
Sources: Maxfield Research Inc.

- The need for land is based on the demand for industrial space divided by a standard floor area ratio of 20%. For example, a 100,000 square foot industrial building would need 500,000 square feet of land, or 11.5 acres. This ratio can vary depending on the amount of buildable square feet on a parcel (it can be less due to wetland or slope) or the density allowed on a certain parcel (smaller urban parcels may have greater allowed density).

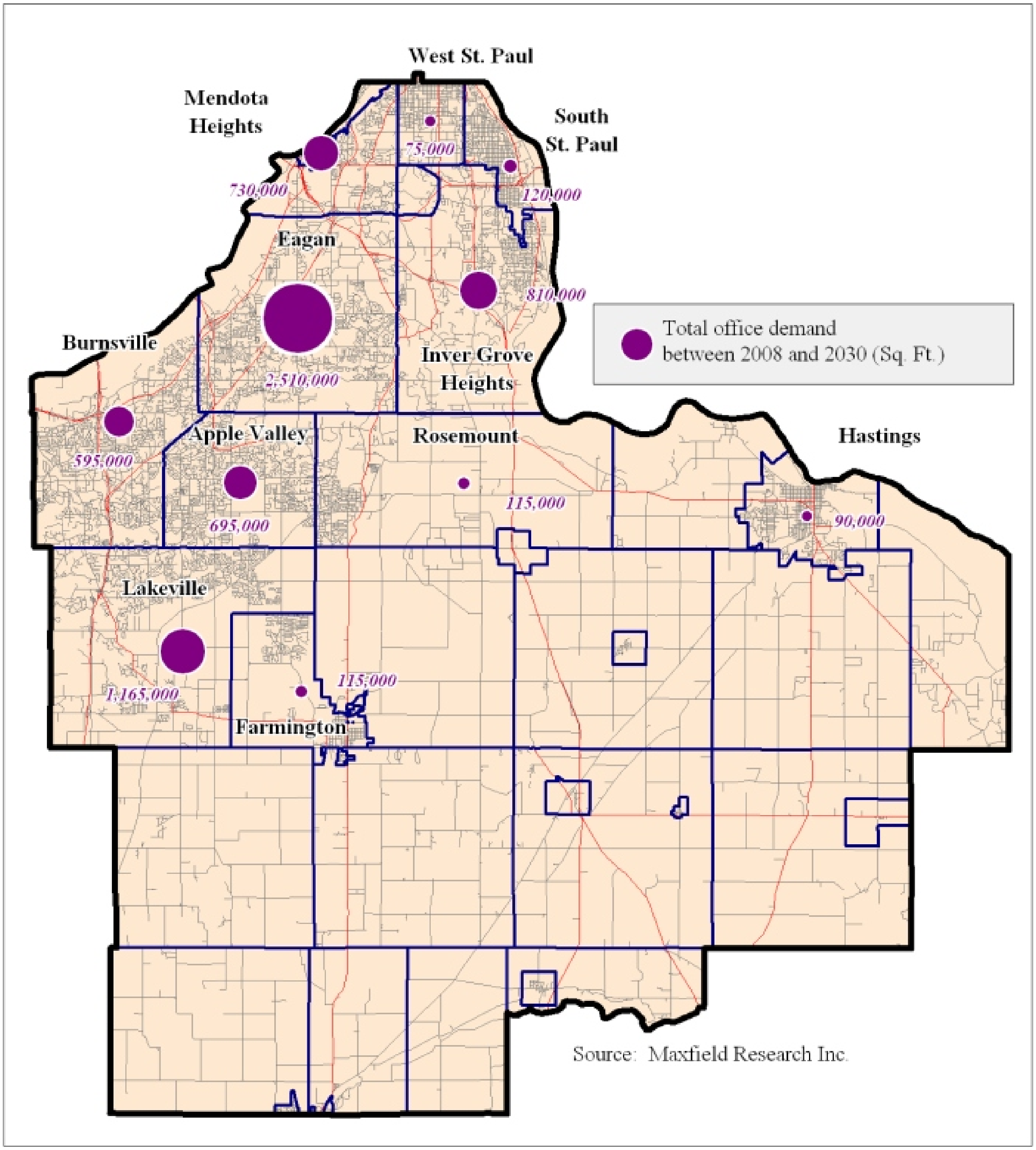
- Demand was calculated for an additional 720 to 1,002 acres of industrial land in the County from 2008 to 2030. This calculated demand equates to about 190 acres every five years between now and 2030.

- Eagan will most likely exhaust its supply of industrial land by 2030. Other communities, such as Lakeville, Inver Grove Heights, Rosemount, Apple Valley, Farmington, and Hastings will likely have sufficent land to accommodate demand for new industrial space.

# Demand for Retail/Commercial Space by Community Dakota County, 2008 to 2030



# Demand for Office Space by Community
# Dakota County, 2008 to 2030



# Demand for Industrial Space by Community
# Dakota County, 2008 to 2030