



City of Grand Island

Tuesday, November 15, 2022

Study Session

Item -2

Presentation Regarding Conestoga Market Place Redevelopment

Staff Contact: Chad Nabity

CONESTOGA MARKETPLACE



Grand Island



EXHIBIT 2A



Looking North

EXHIBIT 2B



**Looking Northwest From
Corner of 13th Street**

WEDD ROAD
Study Session - 11/15/2022

EXHIBIT 2C



Looking Southeast

EXHIBIT 2D



**Looking East From
Highway 281**

EXHIBIT 2E



**North End of Mall Structure
with Future Entertainment**

EXHIBIT 2F



**Eastern Facing Storefronts
Towards Webb Road**

EXHIBIT 2G



Eastern Storefronts

EXHIBIT 2H

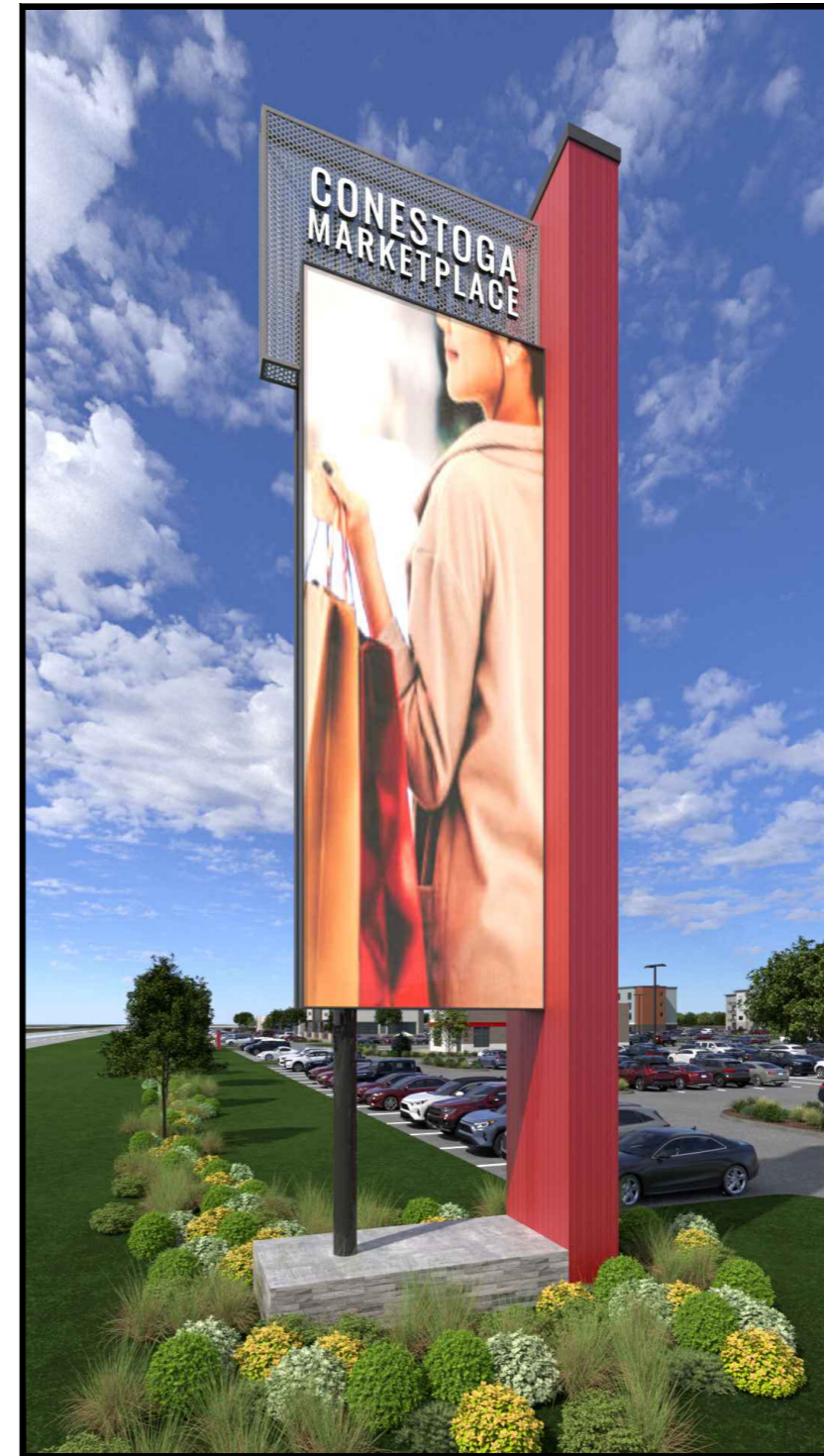


**Future Sit-Down Restaurants
Looking East from Highway 281**

EXHIBIT 2I



Development Tenant Sign



Development Digital Sign

“Conestoga Marketplace” Redevelopment Project

City Executive Summary

November 2022

Project Overview

Woodsonia Real Estate Inc. (“Woodsonia”), an Omaha, NE based development firm, is excited to announce the proposed redevelopment of Conestoga Mall into a future \$200M + mixed-use, life-style project called Conestoga Marketplace. As shown on the included site plan (see Exhibit 1A) and concept renderings (see Exhibits 2A – 2I) Conestoga Marketplace will be anchored by a new to market 150,000 SF retailer positioned on the southern portion of the redevelopment site. The remaining portion of the mall will be completely modernized with exterior facing storefronts, updated interior and exterior façades, new tenant signage and a state-of-the-art entertainment offering, including a new cinema with in-theater dining, indoor / outdoor pickleball courts and a first-class bar / restaurant facility.

Conestoga Marketplace will also include 300 + Class A market rate multi-family housing units, a new hotel and pad sites along Hwy 281 and 13th Street. The pad sites will be comprised of new restaurants and multi-tenant retail buildings. With the City’s support, the redevelopment project would commence construction Q2 of 2023 with several phases and the new to market 150,000 SF retailer opening in 2025 - 2026.

Project Cost and Requested Incentive Amounts:

Estimated Total Project Cost:	\$ 221,585,000	100.00%
Private Investment and Debt:	\$ 148,065,000	66.82%
TIF Reimbursement:	\$ 26,257,000	11.85%
EEA / Occupation Tax:	\$ 36,763,000	16.59%
CRA Funding Contribution:	\$ 4,000,000	1.81%
Grow Grand Island Funding Contribution:	\$1,000,000	0.45%
City of Grand Island Contribution:	\$ 5,500,000	2.48%

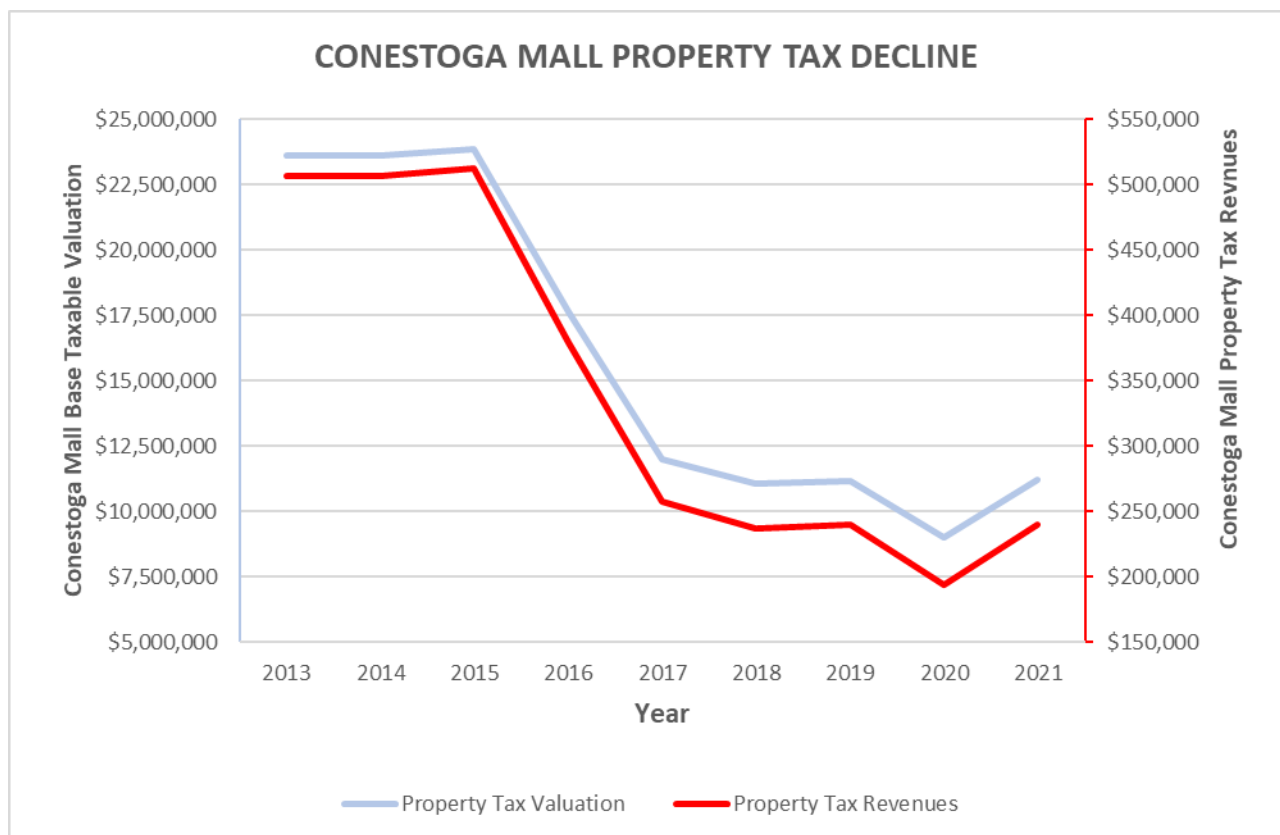
*** The above amounts are rounded

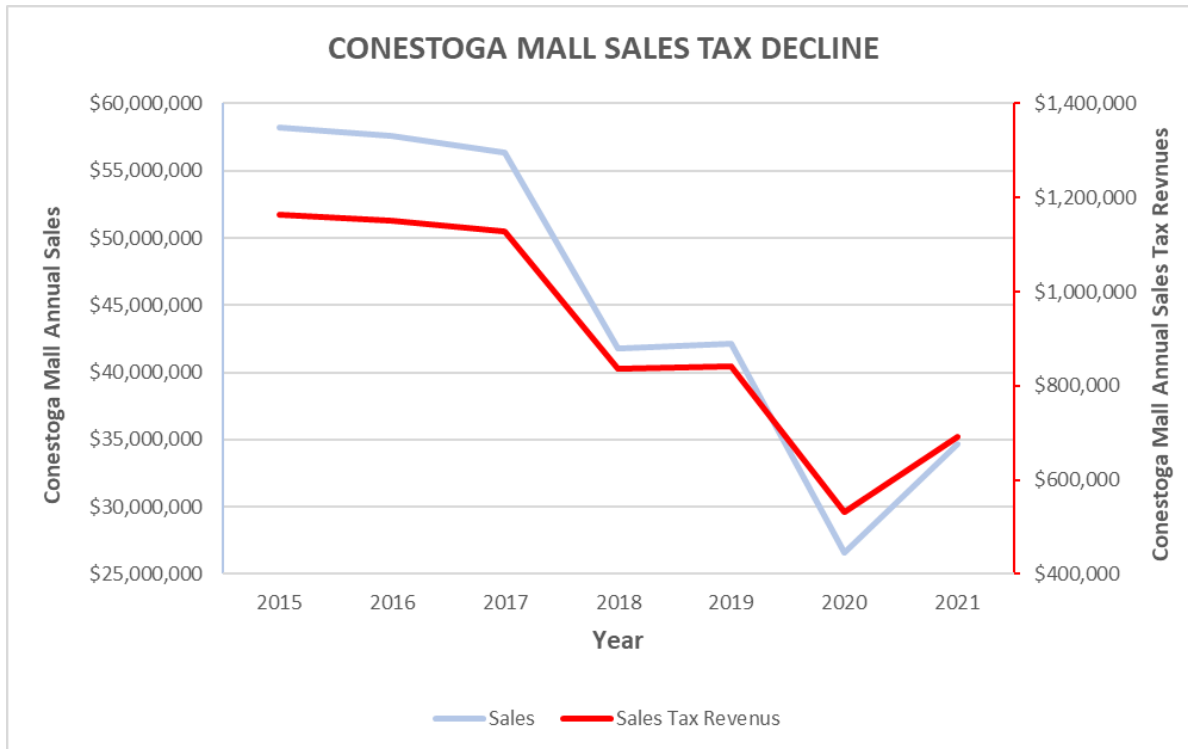
Incentive Tools:

- Tax Increment Financing (Extreme Blight) – For 20 Year Term
- Enhanced Employment Area (EEA) / Occupation Tax – For 30 Year Term, 1.50% add-on tax within the District boundaries including all Conestoga Marketplace property. The 1.50% Occupation Tax would be imposed on the gross receipts resulting from the sale, lease or rental of any products or services within the EEA District.
- Community Redevelopment Authority (CRA) Contribution – For 20 years, redirection of \$200,000 from the current generated CRA levy annually commencing Year 1
- Grow Grand Island Funding Contribution– Funding contribution of \$1,000,000
- City of Grand Funding Contribution – Funding contribution of \$5,500,000 used towards required public infrastructure eligible project expenses

Challenges / Economic Benefit to City of Grand Island:

Mall Decline: The Conestoga Mall has been an integral part of Grand Island’s community for nearly 50 years, however, with the rise of e-commerce, the loss of 3 of the 4 primary mall anchors and the lack of investment via its out of state ownership, the Mall has struggled to thrive in this changing retail environment. Conestoga Mall property has been in steady decline with property tax valuations dropping approximately \$10,000,000 (50%) over the past 20 years and tenant sales falling 40% over the prior 4 years. **The approximate drop in City annual revenues is \$734,000.**





Leakage: As you'll see in the market retail study completed by Canyon Research, which is provided as Exhibit 3, **the Grand Island MSA has estimated retail leakage of \$61.4 million to \$81.7 million.** The proposed Conestoga Marketplace redevelopment is forecast to generate stabilized annual sales of **\$150.9 to \$165.1 million** (\$146.2 to \$160.1 million excluding hotel sales), with net new sales to the City of Grand Island estimated to account for 42 to 51 percent of total annual sales.

As indicated in the chart below, upon completion and stabilization of the Conestoga Marketplace redevelopment project, the City of Grand Island will receive total sales tax revenues of \$3,313,650, net new sales tax revenues of \$1,469,400 and net new Food & Beverage tax revenue of \$252,525 for total net new tax revenues of \$1,721,925.

CANYON RESEARCH GRAND ISLAND SALES LEAKAGE / PROJECTIONS		
Category	Median Sales	City Sales Tax Revenues
Existing Retail Sales Leakage	\$71,550,000	-\$1,431,000
Total Existing Sales Leakage		-\$1,431,000
Total Forecasted Stabilized Sales	\$153,056,250	\$3,061,125
Total / New Forecasted F&B Sales	\$16,835,000	\$252,525
Total Sales Tax Revenues		\$3,313,650
New Forecasted Stabilized Sales	\$73,470,000	\$1,469,400
Total / New Forecasted F&B Sales	\$16,835,000	\$252,525
New Sales Tax Revenues		\$1,721,925

Secondarily, the direct net new sales generated by Proposed Conestoga Mall redevelopment and captured by the City of Grand Island would also produce a spinoff effect on Grand Island's retail market in the form of indirect sales, estimated at **\$23.4 million to \$31.0 million**.

Fiscal Benefit: Lastly, based on our projections, and upon opening of all Project Areas, this project would create approximately **\$3,061,125** in Year 1 stabilized Annual Sales Tax Revenue for the City of Grand Island, **\$252,525** in Year 1 stabilized new additional Food & Beverage Occupation Tax receipts, and beginning in year 21 approximately **\$2,803,189** in additional property taxes. A summary of the estimated City of Grand Island Fiscal Benefit is provided below.

CONESTOGA REDEVELOPMENT - CITY BENEFIT - 30 YEARS (Assumes 1.50% Growth Rate)			
Category	Annual Revenue	Project Duration (Years)	Total
City Sales Tax	\$3,061,125	30	\$114,910,596
Food & Beverage Occupation Tax	\$252,525	30	\$9,479,546
City Property Tax Years 21 - 30	\$2,805,809	10	\$30,029,792
Material Tax	\$830,943	1	\$830,943
		TOTAL	\$155,250,877



Prepared For:
Woodsonia Hwy 281, LLC

RETAIL SALES IMPACT ANALYSIS
Conestoga Mall Redevelopment
Grand Island, Nebraska

Canyon Research Southwest, Inc.
505 Ellicott Street, Suite A202
Buffalo, NY 14203
October 2022

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

**RETAIL SALES IMPACT ANALYSIS
CONESTOGA MALL REDEVELOPMENT
13th STREET AND U.S. HIGHWAY 281
GRAND ISLAND, NEBRASKA**

October 2022

Prepared for:

Woodsonia Hwy 281, LLC
20010 Manderson Street, Suite 101
Elkhorn, NE 68022

Prepared by:

Canyon Research Southwest, Inc.
505 Ellicott Street, Suite A202
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PR# 2022.09.02

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CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

October 3, 2022

Drew Snyder
Woodsonia Hwy 281, LLC
20010 Manderson Street, Suite 101
Elkhorn, NE 68022

Re: Request for Proposal – Retail Sales Impact Study
Conestoga Mall Redevelopment; Grand Island, Nebraska

Mr. Snyder,

Canyon Research Southwest, Inc. has prepared the attached *Retail Sales Impact Analysis* for a proposed for the proposed redevelopment of Conestoga Mall located at 13th Street and U.S. Highway 281 in Grand Island, Nebraska. The purpose of study is to estimate sales for the proposed New Anchor Store (“New Anchor Store”), entertainment, retail shops, restaurants, and hotel and net new sales captured by the City of Grand Island, Nebraska.

Upon review of the report, should any questions arise, or additional information requested, contact me directly at (716) 327-5576.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

505 ELLICOTT STREET, SUITE A202 / BUFFALO, NY 14203 / (716) 327-5576

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Canyon Research Southwest, Inc.	

SUMMARY OF MAJOR FINDINGS

Canyon Research Southwest, Inc. has prepared the attached *Retail Sales Impact Analysis* for the proposed redevelopment of Conestoga Mall located at 13th Street and U.S. Highway 281 in Grand Island, Nebraska. The study estimates sales for the proposed New Anchor Store, entertainment / theater operator, retail shops, restaurants, and hotel and net new sales captured by the City of Grand Island, Nebraska. The study's major findings are summarized below.

Trade Area Demographics

The proposed redevelopment of the Conestoga Mall will support retail trade areas defined as a primary trade area within a 30-minute drive time, a secondary trade area within a 40-minute drive time, and a tertiary trade area within a 50-minute drive time.

A trade area's population demographics play a significant role in the demand for retail goods and services. Of specific importance to the level and composition of a trade area's supportable retail market are population growth, age distribution, educational attainment, and household income.

The primary trade area within a 30-minute drive from the Conestoga Mall site supports a current population of 92,493 residents, of which just 56.6 percent are Grand Island residents. The primary, secondary, and tertiary trade area population is estimated at 166,105, with the City of Grand Island accounting for just 31.5 percent of the total trade area population. **Given Grand Island's status as a region shopping destination, this population disparity suggests the city captures significant retail sales from nonresidents.**

The population groups having the greatest impact on future retail expenditures include children (0 to 14 years) and family/working adults (35-44 years). These age groups favor retail expenditures on apparel, accessories, groceries, sporting goods, music, consumer electronics, eating and drinking places, entertainment, and general merchandise.

Trade area residents on average are slightly less educated than the statewide norm, supporting higher rates of high school graduates as the highest level of educational attainment and lower rates of residents 25 years and over possess an Associate degree or better. These lower educational attainment trends are common within rural communities. The trade area's educational attainment rates will be more relevant on income levels than the retail expenditure patterns.

The entire trade area's median household income of \$62,551 compares to the statewide median of \$63,015, with slightly lower rates of households earning less than \$35,000 and high-income households earning \$100,000 or more. Households earning \$35,000 to \$99,999 annually account for 46.3 percent of the trade area households which exceeds the statewide rate. Income levels and purchasing power for trade area households are only marginally lower than the state. The net effect is achievable household retail expenditures comparable the state norm.

Competitive Retail Market Conditions

Grand Island serves as a regional shopping destination attracting customers from well outside the City limits. Much of the reason for Grand Island's regional draw is the presence of a large cluster of major retailers not operating stores within a 40+ minute drive time.

Since fiscal year 2015-16, sales tax receipts collected by the City of Grand Island have increased at an impressive average annual rate of 11.8 percent. The strong gains in sales tax collections are an indication of Grand Island's regional retail draw and the ability to attract shoppers and retail expenditures from outside the city limits.

By the third quarter 2022 the inventory of retail space in the Grand Island market totaled 5.15 million square feet, operating at a healthy vacancy rate of 5.5 percent. From 2010 through 2021, 202,305 square feet of retail space was constructed in the Grand Island market and 232,761 square feet of retail space was absorbed. With net space absorption outpacing new additions to supply, the overall retail vacancy rate for the Grand Island market has remained healthy.

Grand Island supports two principal retail corridors. Locust Avenue south of Bismark Road represents the older commercial corridor featuring a mix of chain restaurants, strip centers, and hotels. Highway 281 represents the new retail corridor with large-scale shopping centers such as Northwest Commons, Eagle Run, Grand Corners, and Conestoga Mall anchored by national big-box retailers. Notable retailers operating along Highway 281 include Walmart, Sam's Club, Dillard's, Best Buy, Kohl's, TJ Maxx, Home Depot, and Menards.

Grand Island's resident population of 52,335 and estimated TAC of 74,239 residents illustrates the city's well above average capture of retail sales from nonresidents. The large concentration of national retailers and distance to alternative shopping destinations in Lincoln, Omaha, and Kearney accounts for the high trade area capture.

Grand Island's pull factor of 1.42 indicates a retail sales capture at a rate 42 percent greater than the statewide average. The pull factor suggests that nonresidents have a significant impact on Grand Island's taxable retail sales.

Conestoga Mall's location within a regional shopping destination in the heart of the Highway 281 retail corridor offers the site characteristics that are favorable for supporting redevelopment with a mix of anchor retailers, entertainment, small shops, and restaurant uses.

Retail Sales Estimates

Based on trade area demographics, the status of Grand Island as a regional shopping destination, and the level of direct competition, stabilized sales for the proposed redevelopment of Conestoga Mall are estimated at \$151 to \$165 million. Net new retail sales (excludes hotel revenues) to the City of Grand Island are estimated to account for 42 to 51 percent of total store sales, amounting to \$61.4 million to \$81.7 million. These additional net new sales captured by the City of Grand Island would prove to increase the City's pull factor from a current rate of 1.42 to a range of 1.48 to 1.50.

The direct net new sales generated by the proposed Conestoga Mall redevelopment and captured by the City of Grand Island would also produce a spinoff effect on Grand Island’s retail market in the form of indirect sales, estimated at \$24.6 million to \$32.7 million annually.

**Proposed Conestoga Mall Redevelopment
Estimated Out-of-Town Sales**

Trade Area	Annual Low	Sales High
Estimated Retail Sales	\$146,250,850	\$160,133,675
Primary Trade Area	\$51,187,798	\$64,053,470
Secondary Trade Area	\$7,312,543	\$11,209,357
Tertiary Trade Area	\$2,925,017	\$6,405,347
Total Out-of-Town Sales	\$61,425,357	\$81,668,174
% of Total	42.0%	51.0%

Notes: *Excludes hotel sales.

**RETAIL SALES IMPACT ANALYSIS
CONESTOGA MALL REDEVELOPMENT
13th STREET AND HIGHWAY 281
GRAND ISLAND, NEBRASKA**

October 2022

INTRODUCTION

Study Objective and Organization

Plans call for redevelopment of Conestoga Mall located at 13th Street and Highway 281 in Grand Island, Nebraska. The purpose of *Retail Sales Impact Analysis* is to estimate the sales for the proposed New Anchor Store, entertainment / theater operator, retail shops, restaurants, and hotel and net new sales captured by the City of Grand Island, Nebraska.

The *Retail Sales Impact Analysis* is segmented into four sections, including: 1) a trade area demographic analysis, 2) retail market analysis, 3) site evaluation, and 4) retail sales projections for the New Anchor Store, entertainment / theater operator, junior anchors, and restaurants.

The Demographic and Economic Analysis section will identify the trade area's demographic characteristics including population and household growth trends, household types, household incomes, and educational attainment. The trade area's demographic profile affects consumer spending patterns.

The Retail Market Analysis section measures Grand Island's historic trends in retail sales, trade area capture, retail pull factor, survey of existing major anchor and junior anchor stores, movie theaters, and national chain restaurants operating in Grand Island, and trade area retail sales for department stores, junior anchors, entertainment, and restaurants.

The Site Analysis evaluates the property's ability to facilitate redevelopment of the Conestoga Mall into the proposed anchored shopping center. Evaluation criteria include parcel size; visibility and exposure; accessibility; traffic counts; critical mass of retail space; and direct competition.

Based on the study findings annual retail sales at stabilization for the proposed retail components will be forecast and net new sales captured by the City of Grand Island estimated.

Project Overview

Conestoga Mall is an enclosed shopping mall located at 13th Street and Highway 281 in Grand Island, Nebraska. Ericson Development of Edina, Minnesota, built the mall in 1974, anchored by Miller & Paine and Brandeis. Later mall expansions brought Sears, JC Penney, and J.M. McDonald, a regional department store chain. Dillard's purchased Miller & Paine in 1988, and Younkers purchased Brandeis in 1987. Best Buy serves as a junior anchor, located in a portion of the former J.M. McDonald space. At 545,000 square feet of retail space on 57 acres, Conestoga Mall is the largest enclosed shopping mall between Lincoln, Nebraska and Denver, Colorado.

The Younkers store closed in August 2018 with the liquidation of its owner, Bon-Ton Stores. The Sears store closed in early 2019 as part of the retailer's plan to close 40 stores. The JC Penney store closed in October 2020. Dillard's is the mall's only remaining anchor tenant. Other notable mall tenants include AMC Theatres, American Eagle Outfitters, Bath & Body Works, Buckle, Foot Locker, JoAnn Fabrics, Maurices, and rue21.

In 2003, J. Herzog & sons purchased the mall from the Richard E. Jacobs Group and in 2017, New York-based Namdar Realty Group purchased the property.

Woodsonia Hwy 281, LLC has plans to redevelop the 50.6-acre Conestoga Mall property with the conceptual project plan depicted on page 3. Referred to as the Conestoga Marketplace, the plan calls for the mall property to be transformed into a mixed-use development featuring anchor tenants, small shop space, ten outparcels accommodating restaurants and retail shops, a 150-room hotel, and 304 apartment units over structured parking. At build-out, the Conestoga Marketplace will occupy 366,938 square feet of retail space, 150 hotel rooms, and 304 apartment units.

Approximately 150,000 square feet of the mall’s existing retail space will remain and be upgraded to include the 25,000 square foot Best Buy store, 38,000 square foot movie theatre/entertainment complex, and 87,000 square feet of shop space. A new 147,863 square foot New Anchor Store will serve as the project’s major anchor tenant.

Conestoga Mall Redevelopment Plan

Lot #	Acres	Use	Building Sq. Ft.	Dwelling Units	Hotel Rooms
1A	1.2	Outparcel - Restaurant	4,900		
1B	2.0	Outparcel - Retail Shops	14,000		
1C	1.4	Outparcel - Retail Shops	10,000		
1D	2.7	Hotel			150
2	0.9	Outparcel - Restaurant	2,275		
3	12.9	Existing Mall Shops	87,000		
		Existing Best Buy	25,000		
		Movie Theatre/Entertainment Complex	38,000		
4	1.2	Outparcel - Retail Shops	8,400		
5	1.7	Outparcel - Restaurant	6,400		
6	1.8	Outparcel - Restaurant	6,400		
7	0.9	Outparcel - Restaurant	3,600		
8	1.4	Outparcel - Restaurant	4,000		
9	1.6	Outparcel - Restaurant	9,100		
10	12.3	Anchor Store	147,863		
11	7.5	Apartments		304	
Totals	49.5		366,938	304	150



Canyon Research Southwest, Inc.

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DEMOGRAPHIC ANALYSIS

This section of the report examines consumer-related demographic factors impacting the proposed redevelopment of the Conestoga Mall into the Conestoga Marketplace, including population and household growth trends, age distribution, educational attainment, and household income. Demographic data was provided by Esri Business Analyst, a national demographic research firm. Quantifying these demographic characteristics will assist in projecting future sales for the proposed redeveloped Conestoga Marketplace.

Trade Area Defined

Customers residing closest to the proposed Conestoga Marketplace will have the greatest impact on store sales, with customer influence diminishing as the distance increases. Trade areas are usually divided into three categories or zones of influence, each of which is defined below.

Primary Trade Area: The primary trade area draws 70 to 80 percent of a retail store's regular customers.

Secondary Trade Area: The secondary trade area generates about 15 to 20 percent of a store's total sales.

Tertiary Trade Area: The tertiary trade area forms the broadest area from which a store draws customers. The tertiary trade area generates a small percentage of store sales.

Grand Island, Nebraska serves as a regional shopping destination for south-central Nebraska. Other factors influencing the retail trade area composition include the location of sister stores, extent of direct competition, area transportation network and drive times, population density, and geographic barriers.

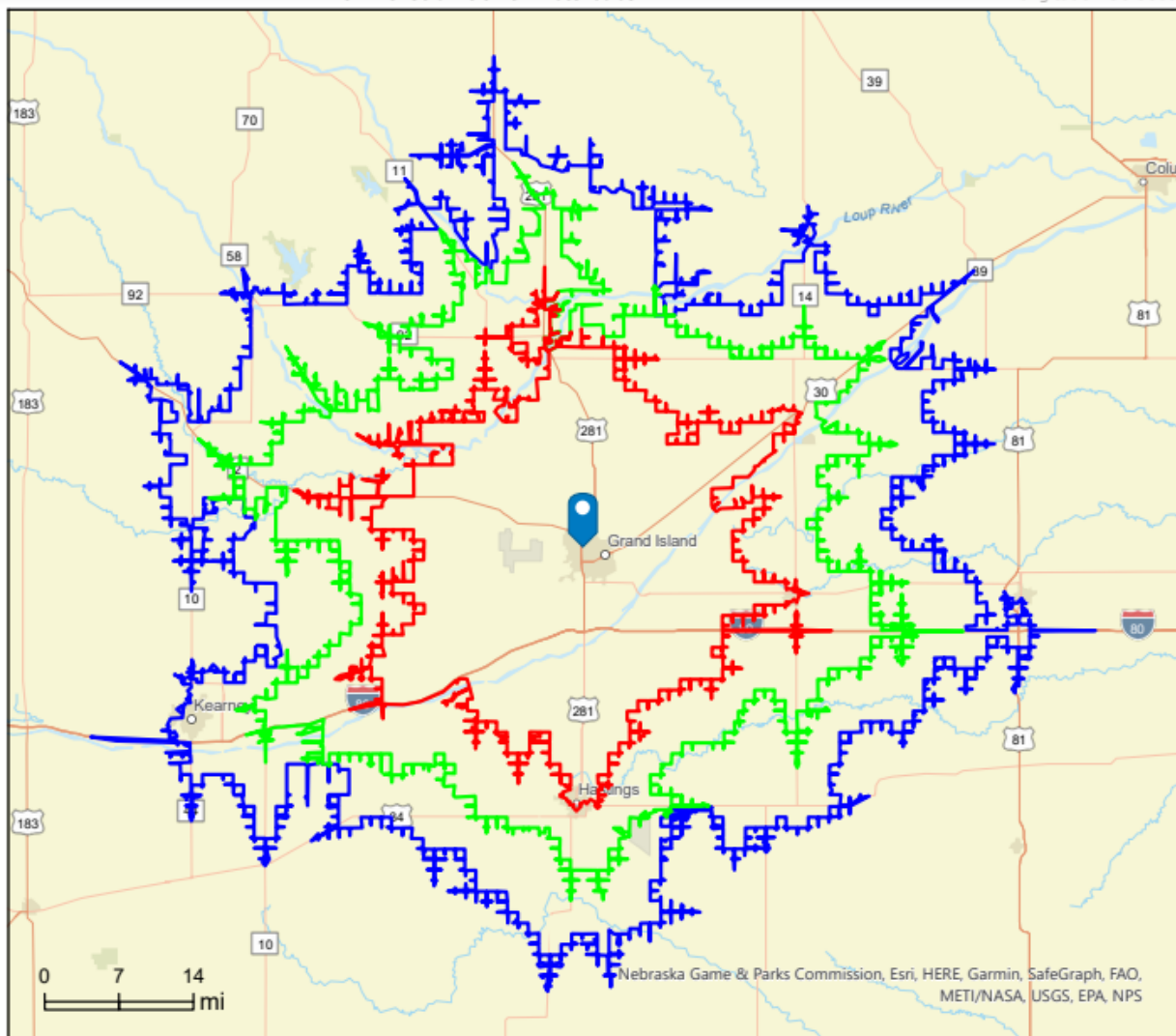
Target, for example, operates 14 stores in Nebraska, including six in Omaha and three in Lincoln. The closest Target stores to Grand Island is in Kearney, Nebraska 43 miles to the west along Interstate 80. The closest Target store to the east is in Lincoln, 99 miles from Grand Island. For further comparison, Walmart operates 42 stores in Nebraska with two locations in Grand Island. The closest other Walmart stores are in Hastings 21 miles to the south, York 40 miles to the east, and Kearney 41 miles to the west

Grand Island's regional transportation network includes Interstate 80 providing east-west access throughout Nebraska, linking Grand Island with Lincoln and Omaha to the east and Kearney to the west. U.S. Highways 281/34 provide north-south access to such area cities as Hastings, Doniphan, and St. Paul. Therefore, the Conestoga Marketplace site benefits from excellent regional access and the opportunity to capitalize on a large trade area population and customer base. The retail trade areas for the proposed Conestoga Marketplace are defined as a primary trade area within a 30-minute drive time, a secondary trade area within a 40-minute drive time, and a tertiary trade area within a 50-minute drive time. The trade areas boundaries are illustrated on the following page.

Canyon Research Southwest, Inc.

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Conestoga Marketplace Retail Trade Areas



A trade area's population demographics play a significant role in the demand for retail goods and services. Of specific importance to the level and composition of a trade area's supportable retail market are population growth, age distribution, educational attainment, and household income. The balance of this section of the study will address the Conestoga Mall's trade area demographics.

Population Growth Trends

Trade area population size and growth are key components for quantifying supportable retail sales volumes. The table below outlines trade area population growth from 2010 through 2022 as well as 5-year population projections through 2027.

Trade Area Population Trends

Year	Trade Area			Total Population
	Primary	Secondary	Tertiary	
2010 Census	86,814	27,129	44,466	158,409
2020 Census	91,771	26,889	46,431	165,091
2022 Estimate	92,493	26,775	46,837	166,105
2027 Forecast	92,104	26,750	47,440	166,294

Source: Esri Business Analyst.

From 2010 to 2022, the entire trade area within a 50-minute drive time recorded steady population growth, increasing by 4.9 percent, adding nearly 7,700 new residents. By 2022, the primary, secondary, and tertiary trade area population totaled 166,105. The trade area’s steady population growth has fueled a growing demand for retail goods and services and the size of the population is sufficient to support a diverse and deep retail market. From 2022 through 2027, Esri Business Analyst forecasts the trade area population to remain flat, reaching 166,294 residents.

The City of Grand Island with 52,335 residents (U.S. Census estimate as of July 1, 2021) accounts for just 31.5 percent of the total trade area population. Given Grand Island’s status as a region shopping destination, this population disparity suggests the city captures significant retail sales from nonresidents.

The primary trade area within a 30-minute drive time from the Conestoga Mall site supports a current population of 92,493 residents, of which 56.6 percent are Grand Island residents. From 2010 to 2022, the primary trade area population increased by 6.5 percent, adding 5,679 residents. By 2027, the primary trade population is forecast to decrease by 0.4 percent. The primary trade area population outside of Grand Island consists primarily of rural communities with a limited retail base, providing the opportunity to capture retail sales from outside of the city.

The secondary trade area within a 30- to 40-minute drive from the Conestoga Mall site supports a current population of 26,775 residents, totaling 119,268 residents within a 40-minute drive time. From 2010 to 2022, the secondary trade area population declined by 1.3 percent.

Population Age Distribution Trends

The age composition of a community’s population plays a significant role in expenditures for retail goods and services. As a person ages their retail needs change. Each age group is at a different stage in life and possesses differing retail needs.

The trade area population age distribution for 2022 is summarized in the table below by six primary age groups, including children (0-14 years), adolescent (15-24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-64 years) and elderly (65+ years). Each age group possesses distinctively different consumption and housing needs.

Trade Area Population Age Distribution; 2022

Age Group	Trade Area			State
	Primary	Secondary	Tertiary	Average
0-14 Years	20.4%	20.0%	19.5%	20.7%
15-24 Years	12.1%	12.1%	13.1%	13.9%
25-34 Years	12.9%	12.7%	13.4%	13.3%
35-44 Years	12.1%	11.9%	11.8%	12.5%
45-64 Years	24.3%	24.7%	23.9%	24.1%
65+ Years	18.0%	18.6%	18.3%	15.6%

Source: Esri Business Analyst.

Children ages 0 to 14 years are not consumers per say, but their presence within a household generates retail expenditures on apparel, accessories, and groceries. This age group accounts for 19.5 percent to 20.4 percent of the trade area population which is slightly lower the statewide average of 20.7 percent.

The adolescent population ages 15 to 24 is a key demographic for supporting the sales of apparel and accessories, groceries, sporting goods, music, consumer electronics, eating and drinking places, and general merchandise. Adolescents account for 12.1 percent to 13.1 percent of the Andover population. By comparison, adolescents account for 13.9 percent of the Nebraska population.

Young adults aged 25 to 34 years generally are new to the workforce. These tech savvy young adults are heavy consumers of electronics, apparel and accessories, and entertainment. Young adults account for 12.7 percent to 13.4 percent of the trade area population which compares to the statewide rate of 13.3 percent.

The population ages 35 to 44 are in their child raising and principal consumer years, with expenditures favoring hardware, furniture and home furnishings, consumer electronics, department stores, and eating and drinking places. Family/working adults account for 11.8 percent to 12.1 percent of the trade area population, compared to 12.5 percent of the statewide population.

The empty nester population includes those individuals ages 45 to 64 years. The trade area's population ages 45 to 64 years account for 23.9 percent to 24.7 percent of the total population, compared to 24.1 percent statewide. These empty nester age groups provide opportunities for restaurants, entertainment, travel, and healthcare services.

According to the U.S. Department of Labor, per capita retail expenditures by seniors 65+ years old is 18 percent lower than those under the age of 35 years and 41 percent lower than people ages 35 to 64 years. Residents 65+ years of age account for 18.0 percent to 18.6 percent of the Andover population, compared to 15.6 percent of the statewide population. The senior population poses a growing market for healthcare goods and services.

The trade area's age composition, except for a slightly larger senior population, is consistent with the statewide norm and indicates it is a community of young families with children. The trade area population's age distribution is favorable for retail expenditures on apparel, accessories, groceries, sporting goods, music, consumer electronics, eating and drinking places, entertainment, and general merchandise.

Educational Attainment

Because income increases with advancing educational attainment communities with high education levels support higher levels of retail expenditures. Trade area residents on average are slightly less educated than the statewide norm, supporting higher rates of high school graduates as the highest level of educational attainment and lower rates of residents 25 years and over possess an Associate degree or better. These lower educational attainment trends are common within rural communities. The trade area's educational attainment rates will be more relevant on income levels than the retail expenditure patterns.

Trade Area Educational Attainment Levels For Residents 25 Years and Over

Highest Education Level Obtained	Trade Area			State of
	Primary	Secondary	Tertiary	Nebraska
Less than 9th Grade	4.2%	4.0%	3.5%	3.8%
9th - 12th Grade, No Diploma	6.3%	5.9%	5.2%	4.6%
High School Graduate / GED	31.1%	31.2%	30.1%	25.7%
Some College, No Degree	21.8%	22.3%	22.1%	22.7%
Associate Degree	11.5%	12.0%	12.1%	10.7%
Bachelor's Degree	17.2%	16.9%	18.7%	21.4%
Graduate / Professional Degree	7.9%	7.7%	8.5%	11.1%

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

Household Income

The table below summarizes 2018 household income comparisons for the trade area and State of Nebraska. The U.S. Census Bureau estimated the median household income for Nebraska of \$63,015.

Trends in Households by Income Trade Areas vs. State of Nebraska

Income Bracket	Trade Area			State of
	Primary	Secondary	Tertiary	Nebraska
Less than \$15,000	8.9%	8.9%	8.8%	8.8%
\$15,000 - \$24,999	7.8%	7.9%	8.2%	8.2%
\$25,000 - \$34,999	8.8%	8.8%	8.6%	9.2%
\$35,000 - \$49,999	13.2%	13.3%	12.7%	13.3%
\$50,000 - \$74,999	19.6%	19.5%	19.4%	19.3%
\$75,000 - \$99,999	16.1%	15.8%	15.8%	14.1%
\$100,000 - \$149,999	15.5%	16.1%	16.5%	15.9%
\$150,000 - \$199,999	6.3%	6.2%	6.4%	6.1%
\$200,000+	3.8%	3.5%	3.5%	5.2%
Totals	100.0%	100.0%	100.0%	100.0%
Median Household Income	\$61,903	\$61,823	\$62,511	\$63,015

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

Households earning less than \$35,000 annually possess low purchasing power while high-income households earning \$100,000 or more possess much higher purchasing power and represent a market for luxury automobiles, retail goods and services, travel, and entertainment.

The primary trade area's median household income of \$61,903 compares to the statewide median of \$63,015, with slightly lower rates of households earning less than \$35,000 and high-income households earning \$100,000 or more.

An estimated 25.6 percent of secondary trade area households earn less than \$35,000 annually compared to 26.2 percent for Nebraska. High-income households earning \$100,000 or more account for 25.8 percent of primary trade area households compared to 27.2 percent statewide.

For the entire trade area an estimated 25.6 percent of households earn less than \$35,000 compared to 26.2 percent for Nebraska. High-income households earning \$100,000 or more account for 26.4 percent of all trade area households compared to 27.2 percent statewide.

To conclude, income levels and purchasing power for trade area households are only marginally lower than the state. The net effect is achievable household retail expenditures comparable the state norm.

Canyon Research Southwest, Inc.

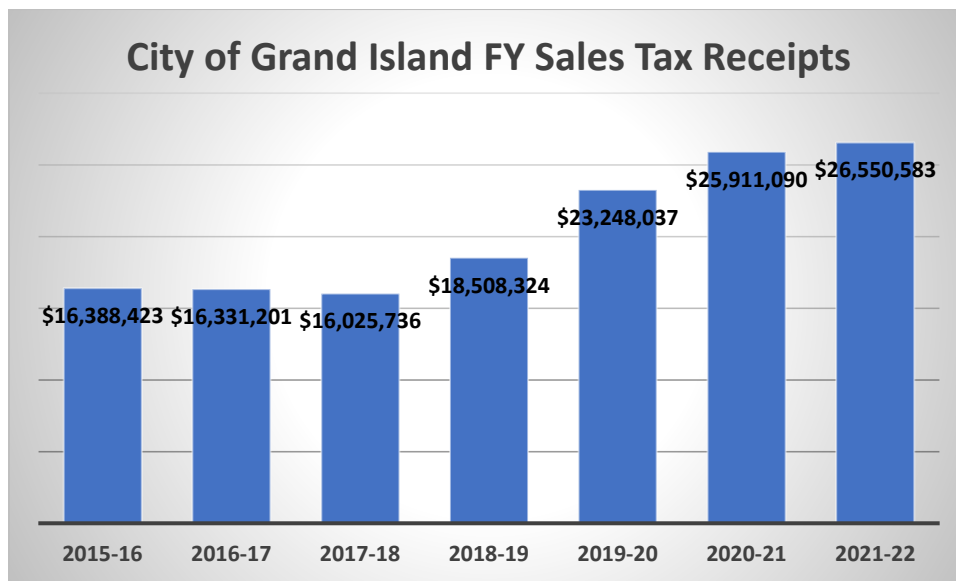
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RETAIL MARKET ANALYSIS

The *Retail Market Analysis* quantifies the ability of Grand Island to support additional near-term retail development. In doing so, the study provides historic trends in City sales tax collections, competitive retail market overview, trade area capture, retail pull factor trends, and traded area home improvement supplies sales.

Grand Island Sales Tax Collections

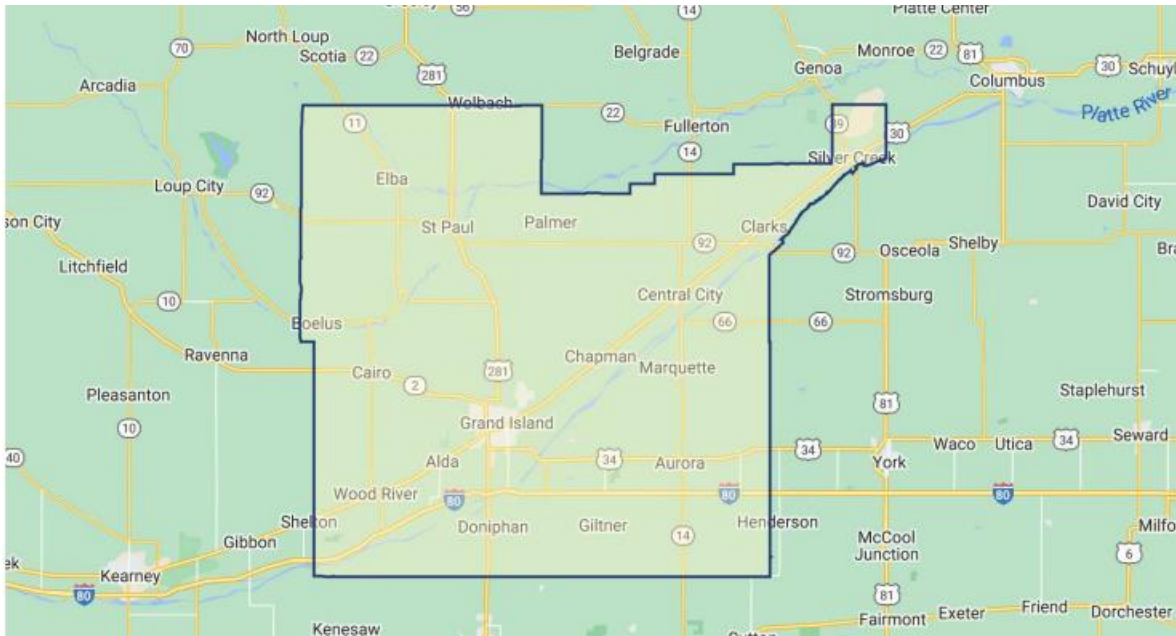
The City of Grand Island provided actual sales tax receipts for fiscal years 2015-2016 through 2021-2022. The bar chart below provides an illustration of historical fiscal year trends in the City's sales tax receipts.



From fiscal year 2015-16 to fiscal year 2020-21, sales tax receipts collected by the City of Grand Island increased by 58.1 percent, reaching \$25.9 million. Through the first eleven months of fiscal year 2021-22 sales tax receipts were up \$3.0 million, or 12.7 percent over the same 11-month timeframe during the prior fiscal year. The steady gains in sales tax collections are an indication of Grand Island's regional retail draw and the ability to attract shoppers and retail expenditures from outside the city limits.

Grand Island Retail Market Overview

According to the *Grand Island Retail Market Report* published by CoStar, the Conestoga Mall is located within the Grand Island market that consists of the City of Grand Island and several surrounding rural communities such as St. Paul, Palmer, Central City, Doniphan, and Alda. The boundaries of the Grand Island market are illustrated on the following page.



By the third quarter 2022 the inventory of retail space in the Grand Island market totaled 5.15 million square feet. General retail and neighborhood center space accounted for all 3.89 million square feet and 659,282 square feet, respectively. The table below provides operating data for the Grand Island market by shopping center type for the third quarter 2022.

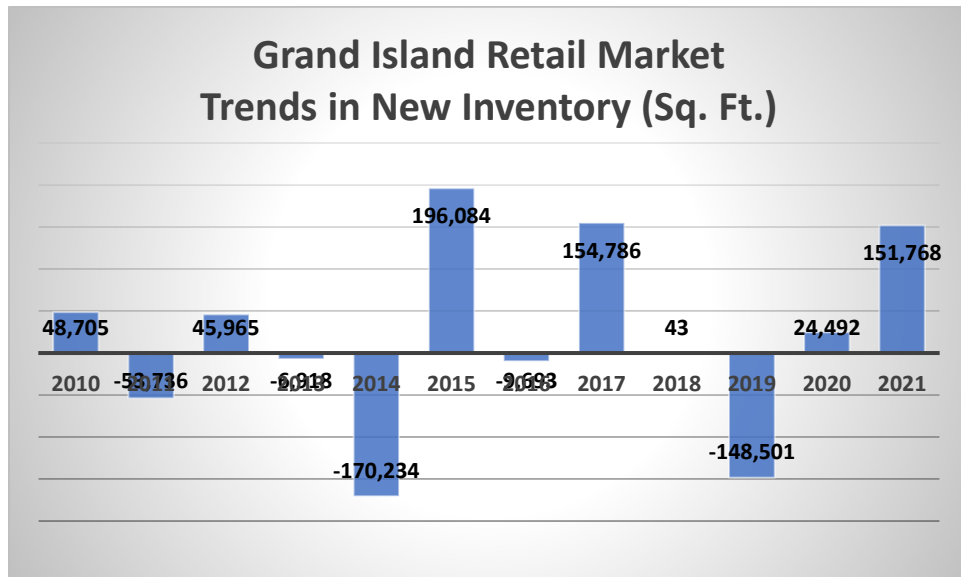
Grand Island, Nebraska Market Retail Market Conditions; 2022 Q3

Center Type	Building Sq. Ft.	Vacancy Rate	Average Rent	Absorption 2022 YTD	Space U/C
Malls	540,733	41.6%	\$7.69	-5,266	0
Power Center	0				0
Neighborhood Center	659,282	8.0%	\$10.25	-4,879	0
Strip Center	64,363	0.0%	\$10.13	0	0
General Retail	3,885,851	0.1%	\$11.74	7,674	0
Totals	5,150,229	5.5%	\$11.10	-2,471	0

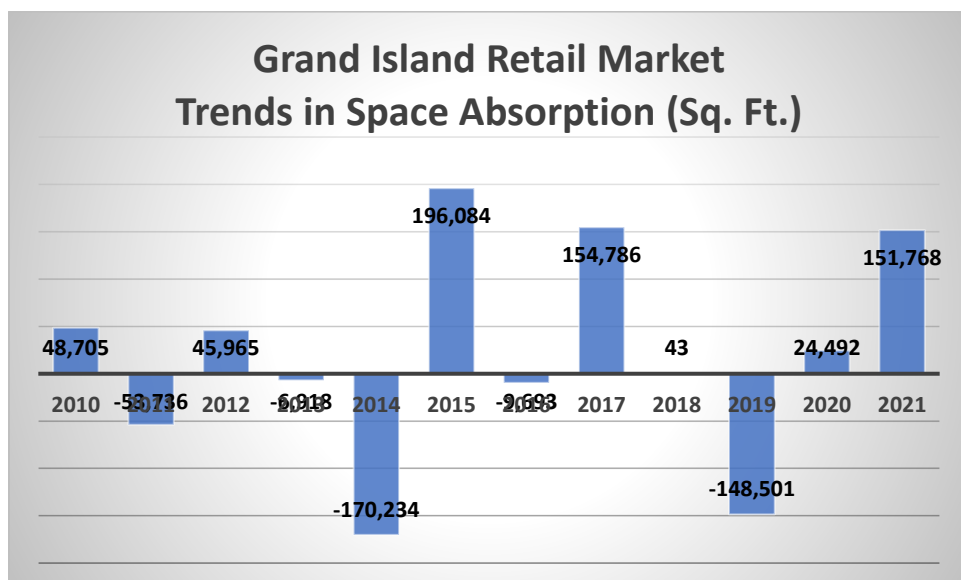
Source: CoStar.

By the third quarter 2022, the Grand Island market was operating at a healthy vacancy rate of 5.5 percent. Mall space was operating at a vacancy rate of 41.6 percent with approximately 225,000 square feet of space unoccupied. Strip center space is fully occupied with general retail space operating at a vacancy rate of 0.1 percent. Neighborhood centers are most overbuilt operating at vacancy of 8.0 percent. Through the third quarter 2022, the Grand Island market experienced negative absorption of 2,471 square feet of retail space. No retail space is currently under construction within the Grand Island market.

From 2010 through 2021, Costar reported 202,305 square feet of retail space was constructed in the Grand Island market. Retail construction peaked in 2016 and 2017 with the completion of 102,040 square feet of space. New retail construction activity has declined significantly since 2018 with the addition of just 21,657 square feet of space.



From 2010 through 2021, Costar reported 232,761 square feet of retail space was absorbed in the Grand Island market. Retail space absorption peaked in 2015, 2017, and 2021. Despite the negative impact of the COVID-19 pandemic had on the retail industry, during 2020 and 2021 tenant demand was strong in the Grand Island market with net absorption of retail space totaling 176,260 square feet of space.



The City of Grand Island supports two principal retail corridors. Locust Avenue south of Bismark Road represents the older commercial corridor featuring a mix of chain restaurants, strip centers, and hotels. Highway 281 on the far west side of Grand Island from U.S. Highway 30 north to Capital Avenue represents the new retail corridor with large-scale shopping centers such as Northwest Commons, Eagle Run, Grand Corners, and Conestoga Mall anchored by national big-box retailers. Notable retailers operating along Highway 281 include Walmart, Sam’s Club, Dillard’s, Best Buy, Kohl’s, TJ Maxx, Home Depot, and Menards.

Highway 281 Corridor Major Retailers

Department Stores	Major Anchors	Junior Anchors	Restaurant Chains
Dillard’s	Walmart	Dick’s Sporting Goods	Applebee’s
	Sam’s Club	Hibbett Sports	Buffalo Wild Wings
	Home Depot	Petco	Perkins
	Menard’s	Kohl’s	Red Lobster
		TJ Maxx	Olive Garden
		Best Buy	Sonic
		Office Max	Taco Bell
		Ashley Homestore	Texas Roadhouse
		Burlington	Wendy’s
		Hobby Lobby	IHOP
			Culver’s
			Raising Cane’s

Located on U.S. Highway 281 between State Street and Capital Avenue, Northwest Commons is a redevelopment of the original enclosed Grand Island Mall. In addition to three new outparcels, the development includes over 150,000 square feet of junior anchor and shops space designed with a “main street” layout. Anchor tenants for Northwest Commons include Dick’s Sporting Goods, Hibbett Sports, Shopko, Petco, and Burlington.

The Eagle Run shopping center at U.S. Highway 281 and Faidley Avenue is anchored by Home Depot and Ashley Homestore. Outparcel tenants include Buffalo Wild Wings, Olive Garden, Panda Express, Panera Bread, Verizon, Exchange Bank, Freddy’s Frozen Custard, and Raising Canes.

Conestoga Mall’s location within a regional shopping destination in the heart of the Highway 281 retail corridor offers the site characteristics that are favorable for supporting redevelopment with a mix of big-box retailers, small shops, entertainment, and restaurant uses.

Trade Area Capture

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

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

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

During FY 2020-21, the City of Grand Island's sales tax collections totaled \$25,911,090. At the City sales tax rate of 2.0 percent, taxable retail sales amounted to \$1.3 billion.

During 2021, non-automobile taxable retail sales in Nebraska totaled \$39,902,075,895. The U.S. Census estimated the population for Nebraska at 1,963,692 residents, equating to per capita sales of \$20,320.

According to the U.S. Census Bureau, Grand Island's population is estimated at 52,335 residents with a per capita income of \$28,517.

The U.S. Census estimated the population for Nebraska at 1,963,692 residents and per capita income of \$33,205.

$$\text{Trade Area Capture} = \frac{\$1,295,554,500}{\$20,320 \times (\$28,517 / \$33,205)} = 74,239 \text{ Residents}$$

Grand Island's resident population of 52,335 and estimated TAC of 74,239 residents illustrates the city's well above average capture of retail sales from nonresidents.

Grand Island's large concentration of national retailers that operate along the Highway 281 corridor and distance to alternative shopping destinations in Lincoln, Omaha, and Kearney accounts for the high trade area capture.

Retail Pull Factor

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

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

Grand Island’s pull factor was calculated by dividing the TAC population of 74,239 by the estimated resident population of 52,335. The net result is a pull factor of 1.42, translating into a retail sales capture at a rate 42 percent greater than the statewide average. This pull factor suggests that nonresidents have a significant impact on Grand Island’s taxable retail sales.

Trade Area Retail Sales

Most retail sales for the proposed Conestoga Marketplace will be derived from the primary and secondary trade areas. This section of the study quantifies potential primary and secondary trade area sales of principal retail merchandise categories. Potential retail sales estimates by industry group were provided by Esri Business Analyst’s Spending Potential Index and derived from the Consumer Expenditure Surveys published by the Bureau of Labor Statistics. The Spending Potential Index is household based and represents the amount spent for a product or service relative to a national average of 100. Annual retail sales for both the trade areas are outlined in the table on the following page.

The principal retail industry groups account for potential annual retail sales of \$867 million within the primary trade area and \$266 million within the secondary trade area, for a total of \$1.13 billion. During fiscal year 2020-21, the City of Grand Island reported taxable retail sales of \$1.3 billion. **With the Spending Potential Index based on the national average, applying Grand Island’s retail pull factor of 1.42 suggests the potential exists for the city to capture up to \$1.6 billion of retail expenditures.**

Potential Retail Expenditures by Store Type Primary and Secondary Trade Areas

Retail Category	Primary	Secondary	Total Sales
Apparel & Accessories	\$47,828,229	\$14,096,955	\$61,925,184
Footwear	\$15,722,206	\$4,536,973	\$20,259,179
Watches & Jewelry	\$4,269,345	\$1,327,182	\$5,596,527
Computers	\$6,152,655	\$1,821,479	\$7,974,134
Entertainment & Recreation	\$110,220,001	\$34,410,047	\$144,630,048
Pet Supplies	\$28,163,047	\$9,565,516	\$37,728,563
Toys, Crafts & Hobbies	\$4,118,484	\$1,258,031	\$5,376,515
Sporting Goods	\$6,599,526	\$2,100,823	\$8,700,349
Groceries	\$180,851,092	\$55,635,281	\$236,486,373
Food Away from Home	\$118,901,505	\$34,955,592	\$153,857,097
Alcoholic Beverages	\$19,288,987	\$5,686,207	\$24,975,194
Personal Care Products	\$16,555,278	\$5,028,462	\$21,583,740
Prescription Drugs	\$12,915,046	\$4,265,750	\$17,180,796
Nonprescription Drugs	\$6,109,883	\$2,058,842	\$8,168,725
Eyeglasses & Contacts	\$3,533,685	\$1,136,501	\$4,670,186
Household Furnishings	\$10,860,545	\$3,243,826	\$14,104,371
Household Supplies	\$27,219,480	\$8,573,330	\$35,792,810
Appliances	\$13,902,028	\$4,109,572	\$18,011,600
Furniture	\$20,306,977	\$5,957,116	\$26,264,093
Lawn & Garden	\$18,143,559	\$5,934,365	\$24,077,924
Gasoline & Motor Oil	\$80,941,384	\$24,584,227	\$105,525,611
Home Improvements	\$114,629,735	\$36,033,361	\$150,663,096
Total Retail Expenditures	\$867,232,677	\$266,319,438	\$1,133,552,115

Source: Esri Business Analyst.

The proposed Conestoga Marketplace will be anchored by a new to market Anchor Store. The closest comparable anchor store would be Target in Kearney located 43 miles west of the Conestoga Marketplace site. Like many retail industry groups, department stores tend to cluster together which create a major customer destination and drive increased sales volumes. Walmart and Same's Club operate stores in Grand Island. The location of direct competition and comparable store in Kearney provides the opportunity for the proposed New Anchor Store at Conestoga Marketplace to serve an expanded retail trade area and capturing significant out-of-town sales volumes.

SITE EVALUATION

Retail developers and major retailers evaluate potential sites based on a series of site-specific criteria. Common selection criteria when evaluating prospective development sites include parcel size and dimensions, visibility and exposure, accessibility, traffic counts, trade area demographics, and direct competition. Using these site selection criteria, the proposed Conestoga Mall redevelopment site was evaluated for the potential to support development of an anchored shopping center.

Parcel Size and Dimensions

Redevelopment of Conestoga Mall is classified as a power center. A power center is occupied by category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants. The gross building area for a power center ranges from 250,000 square feet to 600,000 square feet.

To accommodate the building sizes and associated parking and retention requirements, power center development sites typically range in size from 25 to 80 acres. A square or rectangular site is best suited for store design.

The Conestoga Mall site is rectangular and totals 50.6 acres. The project plan calls for 366,938 square feet of retail space, including major anchors, small shops, and outparcels designed for restaurants and shop space,

Visibility

Visibility and exposure have a considerable influence on a shopping center's achievable retail sales volumes. Power centers should possess visibility from a highway or major arterial street.

The Conestoga Mall site is located at the interchange of U.S. Highway 281 and 13th Street, providing the visibility required by major and junior anchors, small shops, and outparcels.

Accessibility

Power center sites rely on an efficient local transportation network that typically includes a mix of major and minor arterial streets.

Interstate 80 is located a short distance south of the Conestoga Mall site with a major interchange at U.S. Highway 34/281. Convenient access to Interstate 80 and north-south connect to U.S. Highway 34/281 will afford convenient regional access.

Local vehicular access to the Conestoga Mall site provided via Grand Island's major arterial network. Both 13th Street and U.S. Highway 281 will provide the site with adequate local accessibility and on-site ingress and egress.

The Conestoga Mall site's regional, local, and on-site vehicular access is sufficient to accommodate development of a power center.

Traffic Counts

The vehicular traffic counts on arterial streets that flow past the site are important when evaluating a potential retail development site.

Average daily traffic counts for 2021 reported by the Nebraska Department of Transportation past the Conestoga Mall site are 19,450 vehicles on U.S. Highway 81 north of 13th Street. The high average daily traffic count provides exposure suitable for development of a power center.

Trade Area Demographics

Grand Island's retail trade area within a 50-minute drive time supports a current population of 166,105 residents and a median household income of \$62,511. The large adolescent population is sufficient for supporting the sales of apparel and accessories; groceries; sporting goods; music; home electronics; eating and drinking places; and general merchandise. The large population ages 25 to 44 are in their principal consumer years, favors hardware; furniture and home furnishings; home electronics; department stores; and eating and drinking places. The growing senior population generates demand for medical goods and services. Over 42 percent of households earn \$75,000 or more per year that is ideal for supporting above average per capita retail sales. These consumption patterns and demographic characteristics bode well for the potential of Grand Island to support a diverse retail market.

Competition

Grand Island serves as a regional retail destination garnering a retail pull factor of 1.42, indicating retail sales at a rate 42 percent greater than the statewide average. Highway 281 is the city's premiere retail corridor housing such major national retailers as Walmart, Sam's Club, Kohl's, Dick's Sporting Goods, Home Depot, Menard's, Best Buy, and TJ Maxx.

Like many types of retail businesses, big-box stores and chain restaurants tend to cluster together which create a major customer destination and drive increased sales volumes. The Conestoga Mall's location within Grand Island's principal retail corridor will assist in attracting retailers to the redevelopment project.

Conclusions

The Conestoga Mall site in Grand Island possess the necessary characteristics to support redevelopment into a power center, offering the necessary size, dimensions, visibility, accessibility, exposure, and trade area demographics. The site's presence within the U.S. Highway 81 retail corridor and Grand Island's status as a retail destination supporting a regional trade area creates the necessary retail environment for redevelopment of Conestoga Mall.

RETAIL SALES ESTIMATES

This section of the study forecasts annual retail sales at stabilization for redevelopment of the Conestoga Mall property. The project plan yields 366,938 square feet of retail space consisting of approximately 150,000 square feet of the mall’s existing retail space, a 147,863 square foot New Anchor Store, a 150-room hotel, and nine out parcels supporting restaurants and retail shop space.

Conestoga Mall Redevelopment Plan

Lot #	Use	Building Sq. Ft.	Hotel Rooms
1A	Outparcel - Restaurant	4,900	
1B	Outparcel - Retail Shops	14,000	
1C	Outparcel - Retail Shops	10,000	
1D	Hotel		150
2	Outparcel - Restaurant	2,275	
3	Existing Mall Shops	87,000	
	Existing Best Buy	25,000	
	Movie Theatre/Entertainment Complex	38,000	
4	Outparcel - Retail Shops	8,400	
5	Outparcel - Restaurant	6,400	
6	Outparcel - Restaurant	6,400	
7	Outparcel - Restaurant	3,600	
8	Outparcel - Restaurant	4,000	
9	Outparcel - Restaurant	9,100	
10	Anchor Store	147,863	
Totals		366,938	150

Taxable sales volumes and capture of net new sales for the Conestoga Mall redevelopment plan were estimated based on several sources, including:

1. Sales data published by National Retail Federation’s *100 Top Retailers 2022*
2. *Nation’s Restaurant News Top 100*
3. Sales data published by the International Council of Shopping Centers
4. Annual Retail Trade Survey published by the U.S. Census Bureau
5. Actual sales reported by Annual Reports for Best Buy and major anchor stores
6. Demographic and retail sales by industry data provided by Ersi Business Analyst
7. Internal data base of actual sales of comparable major stores and movie theatre chains
8. Grand Island’s retail pull factor

Forecast Retail Sales

The project plan calls for a 147,863 square foot New Anchor Store to anchor the redeveloped Conestoga Mall. The closest comparable store to the New Anchor Store in Grand Island is in Kearney 43 miles to the west and Lincoln 99 miles to the east. The New Anchor Store's principal competitors in Grand Island are Walmart and Sam's Club.

Target, as used as an example for the New Anchor Store, is a department store chain that operates 1,926 stores throughout the United States, including 14 stores in Nebraska. Target sells a wide assortment of general merchandise and food. The majority of the general merchandise stores offer an edited food assortment, including perishables, dry grocery, dairy, and frozen items. The average store size is 126,000 square feet, with 79 percent of all stores ranging in size from 50,000 square feet to 169,999 square feet. The stores in Nebraska average 143,200 square feet in size.

During 2021, Target's gross sales totaled \$104.6 billion, averaging \$54.3 million per store and \$437 per square foot of store space. A reported 96.4 percent of gross sales were instore sales. In 2021, comparable store sales by 12.7 percent, on top of record 19.3 percent growth in 2020. Sales by product category included 26 percent beauty and household essentials, 20 percent food and beverage, 19 percent home furnishings and décor, 18 percent hardlines, and 17 percent apparel and accessories.

Target shoppers tend to be between the ages of 18 and 44, though the most avid shoppers from within this group are married women in their 30's with a middle to upper-middle class income of between \$65,000 and \$80,000 per year. Target shoppers tend to visit Target once every few weeks and spend about \$50 per visit. The 30-minute drive primary trade area supports a population of 92,493, 25 percent is between the ages of 25 and 44 years, and 35.7 percent of households possess an annual income of \$50,000 to \$99,999.

Based on the above information and level of direct competition, trade area demographics, and Grand Island's regional draw, the proposed New Anchor Store's stabilized year sales are forecast at \$450 to \$475 per square foot, equating to \$66.5 million to \$70.2 million.

The 150,000 square feet of existing mall space will be upgraded and house the existing 25,000 square foot Best Buy store, 38,000 square foot movie theatre/entertainment complex, and 87,000 square feet of small shop space.

The existing 25,000 square foot Best Buy store will remain. Best Buy is a merchandiser of consumer electronics, entertainment, computing and mobile phones, appliances, and services. Computing and mobile phones account for 41 percent of gross sales, followed by consumer electronics at 31 percent and appliances at 14 percent. Best Buy operates 982 U.S. stores and 160 international stores, with five stores in Nebraska. The closest Best Buy store to the Grand Island location is in Lincoln, Nebraska approximately 100 miles to the east. The U.S. stores average 38,300 square feet of retail space.

During fiscal year 2022, Best Buy's gross sales totaled \$51.8 billion, averaging \$45.3 million per store and \$1,253 per square foot of store space. In fiscal year 2022, comparable store sales by 10.4 percent, up from 9.7 percent growth in fiscal year 2021.

Stabilized year sales for the Best Buy store following redevelopment of Conestoga Mall are forecast at \$1,000 to \$1,100 per square foot, equating to \$25.0 million to \$27.5 million.

The 38,000 square foot movie theatre/entertainment complex will have nine screens and expanded food and beverage operations, including alcohol. Major movie theatre chains operating in the U.S. include AMC and Cinemark.

AMC Entertainment Holdings is the world's largest theatrical exhibition business and owns, operates, or has interests in movie theatres primarily in the United States and Europe. As of December 31, 2021, the company owned, leased, or operated 946 theatres and 10,562 screens in 12 countries, including 593 theatres with a total of 7,755 screens in the United States and 353 theatres and 2,807 screens in European markets and Saudi Arabia. U.S. theatres averaged 13 screens per theatre. During 2019 prior to the pandemic the U.S. theatres reported gross revenues of \$4.02 billion, averaging \$6.33 million per theatre and \$497,060 per screen. During 2020, as the pandemic closed theatres, gross revenues dropped to \$826.7 million, or \$2.1 million per theatre and \$158,129 per screen. Operations improved in 2021 with gross revenues of \$1.876 billion, average sales per theatre of \$3.16 million, and \$241,883 per screen.

Cinemark Holdings operate in the motion picture exhibition industry, with theatres in the United States and Latin America. As of December 31, 2021, the company operated 522 theatres and 5,868 screens. U.S. theatres averaged 14 screens per theatre. As a result of the pandemic, domestic theatres closed in March 2020 and began reopening in June 2020. It was not until mid-2021 until all U.S. theatres reopened. During 2019 prior to the pandemic the U.S. theatres reported gross revenues of \$2.58 billion, averaging \$7.48 million per theatre and \$555,630 per screen. During 2020, gross revenues dropped to \$556.9 million, or \$1.68 million per theatre and \$123,563 per screen. Operations improved in 2021 with gross revenues of \$1.293.6 billion, average sales per theatre of \$4.03 million, and \$293,466 per screen.

The movie theater/entertainment complex is forecast to generate average annual sales of \$525,000 to \$550,000 per screen, for a total \$4,725,000 to \$4,950,000 per year at stabilization.

The Conestoga Mall project plan calls for the retaining and renovating 87,000 square feet of existing shop space. Existing small shop tenants operating at the mall include such national retailers as American Eagle, Bath & Body Works, Buckle, Hallmark, Hot Topic, Lenscrafters, and others. Based on sales reported by the National Retail Federation's *100 Top Retailers*, stabilized year sales for the retained shop space are forecast at \$300 per square foot to \$350 per square foot of building area.

The Conestoga Mall project plan calls for the construction of a 150-room hotel. This analysis assumed a limited-service hotel will occupy Parcel 1D. Examples of limited-service hotels operating in Grand Island include Comfort Inn, Quality Inn, and Fairfield Inn. At a stabilized occupancy rate of 65 percent and an average daily rate of \$130 to \$140, annual sales are estimated at \$4.6 million to \$5.0 million.

The Conestoga Mall project plan calls for ten (10) outparcels designed for the construction of 69,075 square feet of retail space. Building areas for the outparcels range from 2,275 square feet to 14,000 square feet designed to accommodate restaurants and shop space.

Lots 2 and 8 are designed to be occupied by fast food restaurants, supporting buildings of 2,275 square feet and 4,000 square feet, including drive-thru lanes. According to *Nation's Restaurant News*, such national fast food restaurant chains as Arby's, Burger King, KFC, Popeye's, Taco Bell, Wendy's, and Starbuck's Coffee reported average store sales of \$1.05 million to \$1.9 million, averaging \$1.45 million. Stabilized year sales for the planned fast food restaurants are forecast at \$700 to \$750 per square foot for Lot 2 and \$400 to \$500 per square foot Lot 8.

Lots 5, 6, and 7 are designed for outparcels envisioned for sit-down restaurants, accommodating 3,600 square feet to 6,400 square feet of building area. According to sales data published by *Nation's Restaurant News*, such national casual dining restaurant chains as Applebee's, Carrabba's Italian Garden, Chili's, Longhorn Steakhouse, Olive Garden, Outback Steakhouse, Red Lobster, Red Robin, and IHOP reported average store sales of \$1.35 million to \$3.9 million, averaging \$2.9 million. Stabilized year sales for the planned sit-down restaurants are forecast at \$400 to \$550 per square foot.

Lots 1A, 1B, 1C, 4, and 9 are envisioned for freestanding shop space, accommodating 4,900 square feet, 14,000 square feet, 10,000 square feet, 8,400 square feet, and 9,100 square feet of building area. Freestanding shop space is typically tenanted by food and beverage and national retailers. Potential tenant types include such chains Chipotle, Moe's, Panera Bread, Five Guys, Jimmy John's, Panda Express, Ulta Beauty, AT&T, and Verizon. Based on sales reported by the National Retail Federation's *100 Top Retailers*, stabilized year sales for the freestanding shop space are forecast at \$300 per square foot to \$350 per square foot of building area.

Based on trade area demographics, the status of Grand Island as a regional shopping destination, and the level of direct competition, stabilized sales for the proposed redevelopment of Conestoga Mall are forecast at \$151 to \$165 million.

Conestoga Mall Redevelopment Sales Forecasts

Lot #	Use	Building Sq. Ft.	Per Sq. Low	Ft. Sales High	Annual Low	Sales High
1A	Outparcel - Restaurant	4,900	\$250	\$275	\$1,225,000	\$1,347,500
1B	Outparcel - Shops	14,000	\$300	\$350	\$4,200,000	\$4,900,000
1C	Outparcel - Shops	10,000	\$300	\$350	\$3,000,000	\$3,500,000
1D	Hotel				\$4,626,375	\$4,982,250
2	Outparcel - Fast Food Restaurant	2,275	\$700	\$750	\$1,592,500	\$1,706,250
3	Existing Mall Shops	87,000	\$300	\$350	\$26,100,000	\$30,450,000
	Existing Best Buy	25,000	\$1,000	\$1,100	\$25,000,000	\$27,500,000
	Movie Theatre/Entertainment	38,000			\$4,725,000	\$4,950,000
4	Outparcel - Shops	8,400	\$300	\$350	\$2,520,000	\$2,940,000
5	Outparcel - Restaurant	6,400	\$400	\$425	\$2,560,000	\$2,720,000
6	Outparcel - Restaurant	6,400	\$400	\$425	\$2,560,000	\$2,720,000
7	Outparcel - Restaurant	3,600	\$500	\$550	\$1,800,000	\$1,980,000
8	Outparcel - Fast Food Restaurant	4,000	\$425	\$500	\$1,700,000	\$2,000,000
9	Outparcel - Shops	9,100	\$300	\$350	\$2,730,000	\$3,185,000
10	Anchor Store	147,863	\$450	\$475	\$66,538,350	\$70,234,925
Totals		366,938			\$150,877,225	\$165,115,925

Net New Sales Capture

Given Grand Island’s status as a regional shopping destination the redeveloped Conestoga Mall will capture net new sales from outside of the City of Grand Island. Excluding the hotel, stabilized year retail sales for the redeveloped property are forecast at \$146.2 million to \$160.1 million.

The principal retail industry groups account for potential annual retail sales of \$867 million within the primary trade area and \$266 million within the secondary trade area, for a total of \$1.13 billion. During fiscal year 2020-21, the City of Grand Island reported taxable retail sales of \$1.3 billion. Applying Grand Island’s retail pull factor of 1.42 suggests the potential exists for the city to capture up to \$1.6 billion of retail expenditures.

The primary trade area typically accounts for 70 to 80 percent of a retail store’s gross sales. The Conestoga Mall’s primary trade area within a 30-minute drive time supports a current population of 92,493 residents, of which just 31.5 percent are Grand Island residents. Comparable stores for the New Anchor Store and Best Buy are located well outside the primary trade area. The primary trade area exclusive of Grand Island is estimated to support 35 to 40 percent of forecast sales for the proposed redeveloped Conestoga Mall, or \$51.2 million to \$64.1 annually.

The secondary trade area typically accounts for 15 to 20 percent of a retail store’s gross sales. The secondary trade area within a 30- to 40-minute drive time from Grand Island supports a current population of 26,775 residents. The secondary trade area supports \$266 million in annual sales. The secondary trade area is estimated to support 5 to 7 percent of forecast retail sales, or \$7.3 million to \$11.2 million annually.

The tertiary trade area forms the broadest area from which customers are drawn. A small percentage of store sales are generated from this trade area. The tertiary trade area is estimated to support 2 to 4 percent of forecast retail sales, or \$2.9 million to \$6.4 million annually.

To conclude, the redeveloped Conestoga Mall is forecast to generate stabilized annual retail sales of \$146.2 million to \$160.1 million. Net new sales to the City of Grand Island are estimated to account for 42 to 51 percent of total annual sales, amounting to \$61.4 million to \$81.7 million.

Proposed Conestoga Mall Redevelopment Estimated Out-of-Town Sales

Trade Area	Annual Sales	
	Low	High
Estimated Retail Sales	\$146,250,850	\$160,133,675
Primary Trade Area	\$51,187,798	\$64,053,470
Secondary Trade Area	\$7,312,543	\$11,209,357
Tertiary Trade Area	\$2,925,017	\$6,405,347
Total Out-of-Town Sales	\$61,425,357	\$81,668,174
% of Total	42.0%	51.0%

Notes: *Excludes hotel sales.

Conclusions

Grand Island serves as a regional shopping destination attracting customers from well outside the City limits. Much of the reason for Grand Island's regional draw is the presence of a large cluster of major retailers not operating stores within a 40+ minute drive time.

Since fiscal year 2015-16, sales tax receipts collected by the City of Grand Island have increased at an impressive average annual rate of 11.8 percent. The strong gains in sales tax collections are an indication of Grand Island's regional retail draw and the ability to attract shoppers and retail expenditures from outside the city limits.

By the third quarter 2022 the inventory of retail space in the Grand Island market totaled 5.15 million square feet, operating at a healthy vacancy rate of 5.5 percent. From 2010 through 2021, 202,305 square feet of retail space was constructed in the Grand Island market and 232,761 square feet of retail space was absorbed. With net space absorption outpacing new additions to supply, the overall retail vacancy rate for the Grand Island market has remained healthy.

Grand Island supports two principal retail corridors. Locust Avenue south of Bismark Road represents the older commercial corridor featuring a mix of chain restaurants, strip centers, and hotels. Highway 281 represents the new retail corridor with large-scale shopping centers such as Northwest Commons, Eagle Run, Grand Corners, and Conestoga Mall anchored by national big-box retailers. Notable retailers operating along Highway 281 include Walmart, Sam's Club, Dillard's, Best Buy, Kohl's, TJ Maxx, Home Depot, and Menards.

Grand Island's resident population of 52,335 and estimated TAC of 74,239 residents illustrates the city's well above average capture of retail sales from nonresidents. The large concentration of national retailers and distance to alternative shopping destinations in Lincoln, Omaha, and Kearney accounts for the high trade area capture.

Grand Island's pull factor of 1.42 indicates a retail sales capture at a rate 42 percent greater than the statewide average. The pull factor suggests that nonresidents have a significant impact on Grand Island's taxable retail sales.

Conestoga Mall's location within a regional shopping destination in the heart of the Highway 281 retail corridor offers the site characteristics that are favorable for supporting redevelopment with a mix of big-box retailers, small shops, entertainment, and restaurant uses.

The Conestoga Marketplace Redevelopment is forecast to generate stabilized annual sales of \$146.2 million to \$160.1 million (excludes hotel sales), with net new sales to the City of Grand Island estimated to account for 42 percent to 51 percent of total annual sales, amounting to \$61.4 million to \$81.7 million. These additional net new sales captured by the City of Grand Island would prove to increase the City's pull factor from a current rate of 1.42 to a range of 1.48 to 1.50.

The direct net new sales generated by the proposed Conestoga Mall redevelopment and captured by the City of Grand Island would also produce a spinoff effect on Grand Island's retail market in the form of indirect sales, estimated at \$24.6 million to \$32.7 million annually.

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

Canyon Research Southwest, Inc. has provided real estate consulting services for many leading organizations including:

American Furniture Warehouse (Englewood, CO)
Arizona State Land Department
Bain & Company, Inc. (Boston, Massachusetts)
Bayer Properties (Birmingham, Alabama)
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cameron Group (Syracuse, New York)
Carrow Real Estate Services (Albany, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter-Day Saints
City of Belton, Missouri
City of Coffeyville, Kansas
City of Dodge, Kansas
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Hesston, Kansas
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Newton, Kansas
City of Norman, Oklahoma
City of Overland Park, Kansas
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Wichita, Kansas
DeRito Partners Development, Inc.
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Finney County Economic Development Corporation
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company

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Canyon Research Southwest, Inc.

Heritage Bank (Louisville, Colorado)
Highwoods Properties (Kansas City, MO)
Holiday Hospitality Corporation (Atlanta, Georgia)
JPI Development
Kaiser Permanente (Oakland, California)
Kessinger Hunter (Overland Park, Kansas)
Landmark Organization (Austin, Texas)
Lawrence Group (St. Louis, MO)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Leavenworth County, Kansas
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
National Realty Advisors
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Platte County Economic Development Council
Prieb Homes, Inc. (Olathe, Kansas)
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
Royal Properties (Champaign, Illinois)
Jack Stack Barbecue
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Widewaters (Syracuse, New York)

EXHIBIT B

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

EDUCATION

In 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration, receiving honors status for his superior cumulative grade point average. In 1992, Mr. Lander received a Master's in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.

President (October 1984 to Present)

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

Mountain West Research

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

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

Iiff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

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

RANGE OF EXPERIENCE

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their master's program in Real Estate, City and Regional Planning, and Business.

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

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

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

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

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