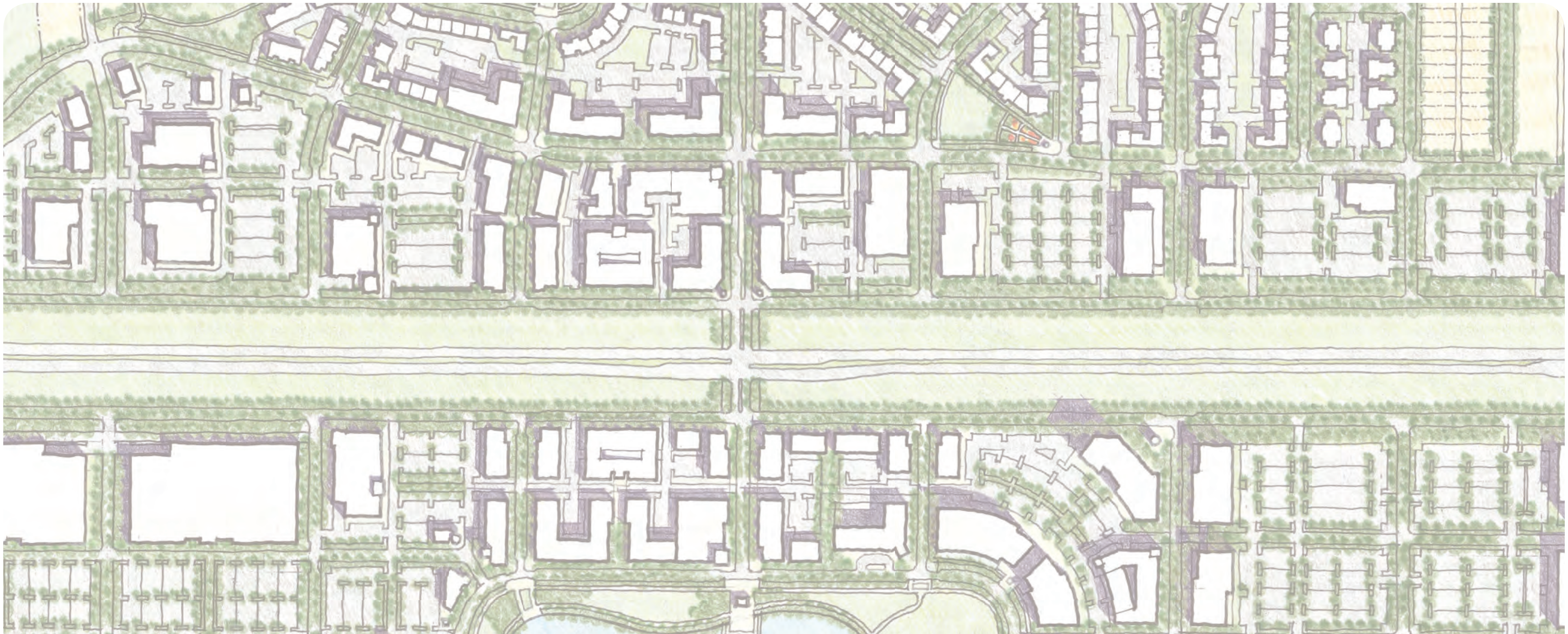

City of Grandview

M-150 Sustainable Development Corridor Plan

September 2012 - Corridor Context

PARSONS BRINCKERHOFF
PB's PlaceMaking Group

Draft

This plan has been prepared by the PlaceMaking Group at Parsons Brinckerhoff and their subconsultants for the City of Grandview, Missouri.

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The M-150 Sustainable Corridor Development Plan establishes a long-term vision, implementation steps, and design guidelines for the development of the M-150 Highway corridor as a unique regional destination. This Corridor Context document describes the context and background for the corridor plan, including the opportunities and constraints that the M-150 Sustainable Corridor Development Plan is intended to address.

Market Overview

Grandview is located in southwest Jackson County, MO. The downtown core is oriented towards the north, and the southern boundary of the city lies on the border of Cass County. The M-150 corridor lies south of downtown Grandview, within close proximity to the county line. Although not located in the historical path of regional growth, Grandview and the M-150 corridor stand to benefit from some new large employment centers in the near future. The National Nuclear Safety Agency (NNSA) is relocating to new, 1.1-million-square-foot facility just west of the corridor. The new space will include up to 2,700 employees with an average salary of $95,000. Just south of the NNSA site, the CenterPoint-KCS Intermodal Center ("CenterPoint"), a 1,300-acre multimodal distribution hub, will eventually house five million square feet of distribution space and up to 2,000 employees.

In light of the above trends, the city is exploring development opportunities on available land. The 21 parcels analyzed total over 650 acres east of I-49/US-71 and north and south of M-150. Figure 1 shows the parcels in more detail.

Figure 1: Potential development parcels in the Study Area

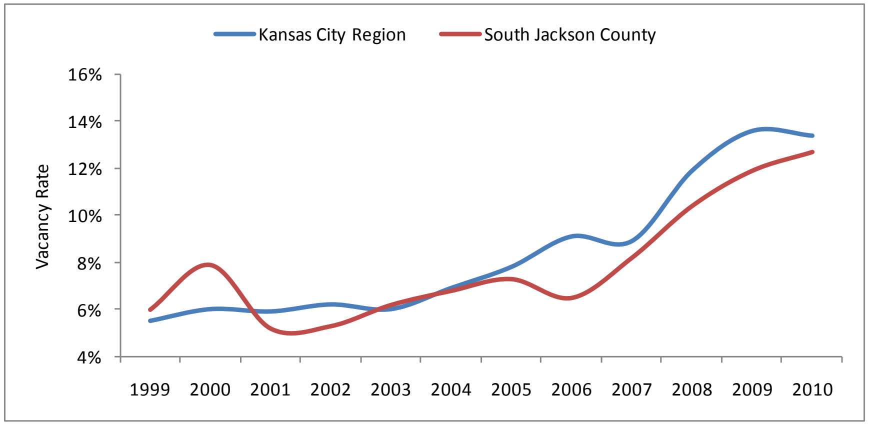
The following analysis considers the corridor's relative strengths and weaknesses for new development, including access, visibility, proximity to employment concentrations, and complementary surrounding land uses.

Market Analysis

Retail Market Overview

As a result of the slow recovery from the regional and national economic downturn, retail conditions in the Kansas City and South Jackson County submarket are somewhat weak. Both the region and submarket experienced vacancy rate lows ranging from 5 to 6 percent in the earlier part of the decade but have experienced gradual increases to highs of over 13 percent in 2009 and 2010. This upward trend in vacancy rate is similar to retail trends nationally.

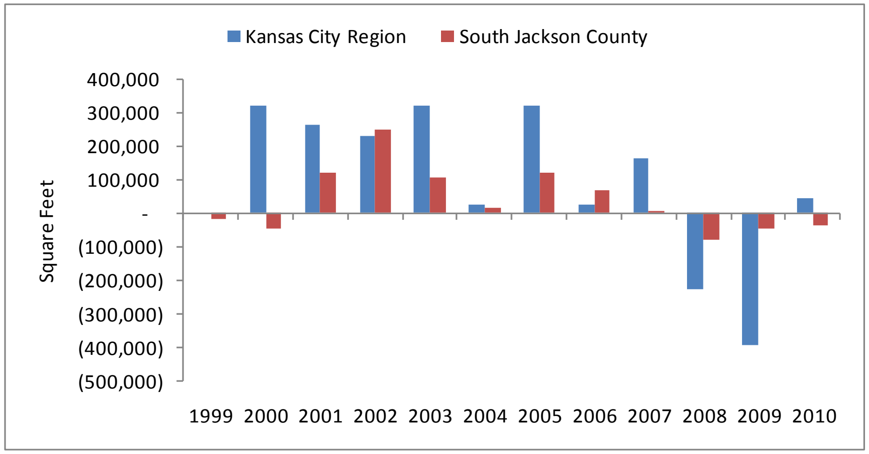
Figure 2: Historical Retail Vacancy Rate; Kansas City Region and South Jackson County Submarket; 1999-2010



Source: REIS, PB Analysis

As the economy has weakened, consumer spending has declined, resulting in weaker retail sales and store closings. Along with vacancy rate, this economic trend is further reflected in historical net absorption. Both defined areas had ongoing periods of positive net absorption from 2001 through 2006 followed by negative net absorption in 2008 and 2009, as shown in Figure 3.

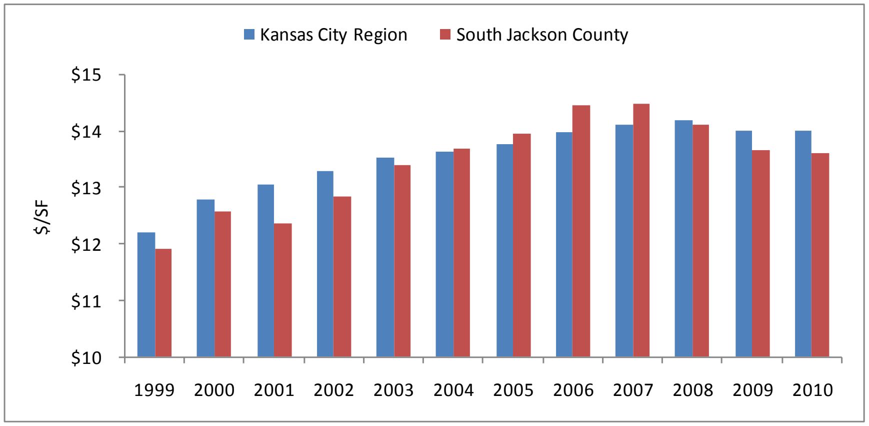
Figure 3: Historical Net Absorption; Kansas City Region and South Jackson County Submarket; 1999-2010



Source: REIS, PB Analysis

Asking rents reflect these trends as well, with rents increasing over the same period, peaking in 2007-2008, followed by a period of declining rents.

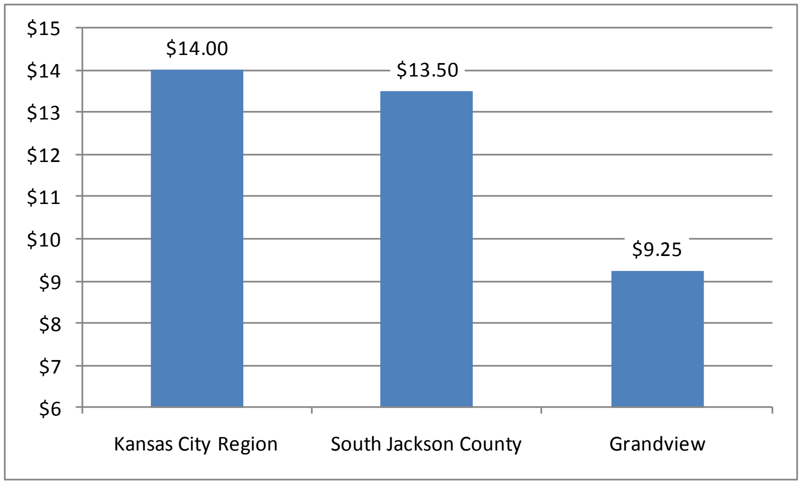
Figure 4: Historical Average Retail Rent; 1999-2010



Source: REIS, PB Analysis

Grandview's retail market appears to be generally weaker than the submarket and region. Average asking rents as of the first quarter 2011 for the region were $14 per square foot and the South Jackson County submarket average was $13.50 per square foot. However, asking rents for available space listed in Grandview locations range from $5.00 to $17.50, and average $9.25, a significant discount to the submarket average.

Figure 5: Average Retail Asking Rent per Square Foot; 2011



Source: REIS, City of Grandview, PB Analysis

Regional retail demand is being met by Summit Fair and Summitwoods Crossing in Lee's Summit, and demand for general merchandise is met by supply at Truman Corners. Furthermore, later sections will show that the study area is not currently surrounded by sufficient households to support significant amounts of retail. As such, the current retail opportunity is limited. The opportunity should improve somewhat as the area experiences more household growth and a higher daytime population associated with the new employment centers west of Highway 71.

Lifestyle Retail Analysis and Case Studies

Based on conversations, workshops, and feedback from the City and various stakeholders, there is strong interest in developing a unique retail component at the subject site, including a mix of uses, elements of lifestyle retail formats, and upscale tenants such as local gourmet grocers. Based on this input, the planning team looked beyond the very

Market Overview

weak retail market conditions reflected in the high-level retail market trends above, and analyzed retail development trends, patterns, and case studies from the region, to better understand the feasibility of unique retail at the site.

The Kansas City region has a storied retail development history, beginning with the Country Club Plaza ("the Plaza") in the 1920s. The Plaza, widely considered the first ever lifestyle retail center in the nation, served the original suburbs of Kansas City, as affluent households migrated south of the city's core in the early 20th century, drawn to the attractive physical landscape, topography, creeks, and other natural amenities found in this area. In the post-war era, regional growth took place in all directions outside of the Kansas City core, in Johnson County to the southwest, north of the river in Clay and Platte counties, and into the Jackson County suburbs beyond the Kansas City border. A proven adage of the real estate development industry is that "retail follows rooftops," or household growth, and during this time retail space emerged in various locations in these inner ring suburban locations.

In later decades, regional growth patterns began to concentrate in certain submarkets, as Johnson County, KS began to capture a greater percentage of regional growth, and after that, the area north of the river (Clay and Platte counties) emerged as a secondary path of growth. Over the same period, the regional enclosed mall became the dominant retail format for large-scale centers. Numerous enclosed malls were built throughout the region, however, today only a few still exist as healthy retail centers. This decline in the regional enclosed mall format resulted from two trends: 1) the increasing market share gained by "category killer" retailers generally oriented in big-box formats, and 2) for goods and services not offered in the big box category, consumers and retail tenants have demonstrated an increasing preference for more inviting retail formats, such as those offering appealing, walkable, open-air environments found in lifestyle centers.

Over the past decade, numerous lifestyle centers and centers with lifestyle elements have been built in the Kansas City region. Along with open-air, walkable streetscapes, lifestyle centers are typically characterized by an upscale set of retail tenants targeting more affluent households. However, as the physical format of the lifestyle center has become more common, lifestyle centers are not necessarily always comprised of a high-end tenant mix, and some hybrid formats have emerged that combine elements of lifestyle centers with characteristics of more conventional formats, such as those that include large, big-box anchors.

Lifestyle center retail can be in a single-use format or as one component of a mixed-use development. The most common mixed-use configuration incorporating lifestyle retail includes ground-floor retail with three to four stories of multifamily residential or commercial space, typically comprised of either office or hospitality uses. Although more prevalent in recent years, mixed-use developments such as these tend to be far more challenging to develop than conventional single-use formats. From a construction standpoint, designing and building multiple uses in the same structure tends to be more complicated and costly than single-use development, and the timing of delivery is typically slower.

From a market perspective, the successful project needs strong supply and demand conditions in multiple land use categories (e.g., residential, retail, and office), in order to minimize market exposure in the form of lease-up and sales periods and maximize return on investment. As a result, although much more compelling and attractive to the end user, such mixed-use lifestyle centers carry increased risk from an investment perspective, making financing far more challenging to acquire. With significantly higher market and financial feasibility hurdles, mixed-use lifestyle centers are most often found in the best locations of a region, those with a strong demographic profile, outstanding access and visibility, close proximity to large employment concentrations, and complementary surrounding land uses.

In this context, case studies of some recently built retail centers in the Kansas City region were analyzed to better understand the necessary conditions for successful lifestyle-oriented retail development in the region. Selected centers include the following:

Summit Fair – Finished in 2009, Summit Fair is a 500,000-square-foot single-use lifestyle center in Lee's Summit, located approximately 12 miles northeast of the subject sites. The site has strong access, located at the intersection of I-470 and Highway 50. The project is adjacent to Summitwoods Crossing, a more conventional power center, and together the two centers complement each other well, combining to target a broad range of demographic segments and expenditure categories. As such, they form a major retail destination in southeast Jackson County.

Department store anchor in less walkable configuration at Summit Fair

Upscale lifestyle-oriented tenant at Summit Fair.

Summit Fair is anchored by two department stores, and represents an example of a lifestyle center that is not comprised entirely of upscale retail tenants. Summit Fair's open-air layout includes a main street configuration with attractive landscaping and good walkability. Along with the department store anchors, the center has other elements of more traditional retail formats, including pad sites with standalone restaurants isolated by large surface parking lots.

Zona Rosa - Located in Platte County, MO near the Kansas City International Airport (KCI), this lifestyle center is comprised of a mix of 925,000 square feet of retail, 97,000 square feet of office, and 75 rental apartments. The site has strong access, located at the intersection of Interstate 29 and Highway 152. Zona Rosa combines elements of various retail formats, including an open-air lifestyle retail component configured on a street grid, surrounded by more conventional restaurant pad sites along I-29 and anchored by large retailers such as department stores.

Phase I was completed in 2004 and phase II was finished in 2008. Office space is configured above some of the lifestyle retail and in the first phase of work, a small amount (24 units) of "soft loft" apartments were built over retail as well. 49 additional units were delivered in a later phase. In both phases, the units are configured in three stories above ground-floor retail.

Market Overview

Zona Rosa map; walkable street grid at the core and to the north, with large anchors and pad sites on the periphery

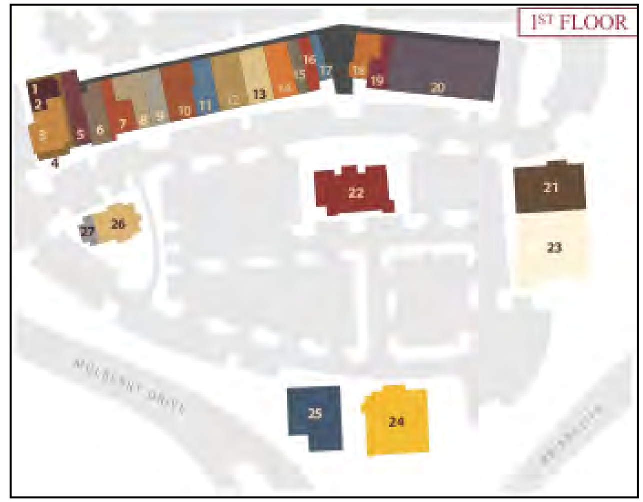
Average rent per square foot is approximately $1.25, which represents a premium over nearby non-mixed-use apartment comparables. This rent level likely represents the minimum threshold to justify the additional construction costs associated with mixed-use residential over retail configurations versus conventional garden apartment formats. Because it is a substantial premium over local competition, it carries higher market risks, and is why the total unit count is as low as it is relative to other apartment communities. On the other hand, the apartment component requires less investment in amenities relative to a single-use apartment project, due to the existing surrounding mix of uses that serve as a built-in amenity.

Park Place – Located in Leawood, KS, Park Place includes 200,000 square feet of retail along with a mix of office, residential, and hospitality uses. Park Place benefits from its strategic location adjacent to the largest employer in the region. The Sprint World Headquarters campus is a 3.9 million square foot office complex housing approximately 11,000 employees. The site is also within close proximity to large retail concentrations, including adjacency to the Town Center Plaza, a successful single-use lifestyle center built in the 1990s. This area is surrounded by some of the strongest demographics in the region for upscale retail, and Park Place's retail tenants are comprised of primarily high-end local stores, restaurants, and services. The residential component, which includes a mix of condominiums, lofts, and townhomes, was put on hold due to ongoing weak residential market conditions. The retail, office, and hotel components, however, appear to be thriving.

Streetscape at Park Place

Briarcliff Village – Located in Kansas City, MO, just north of downtown, Briarcliff Village is part of the Briarcliff master-planned community. Its unique location atop bluffs near downtown provides residents and tenants with outstanding view opportunities. Built in 2006, Briarcliff Village is a strip of mixed-use commercial space, consisting primarily of office space configured over ground-floor retail. Unlike the other projects, the design does not provide a walkable main street atmosphere, a key element of the lifestyle center concept. The retail tenants are, however, comprised almost entirely of upscale independent retailers, restaurants, and services. Despite the more conventional layout, with stores fronting large surface parking areas as opposed to walkable streetscapes, the physical design elements and features are visually appealing and connote a higher-end atmosphere often associated with lifestyle-oriented retail.

Storefront at Briarcliff Village

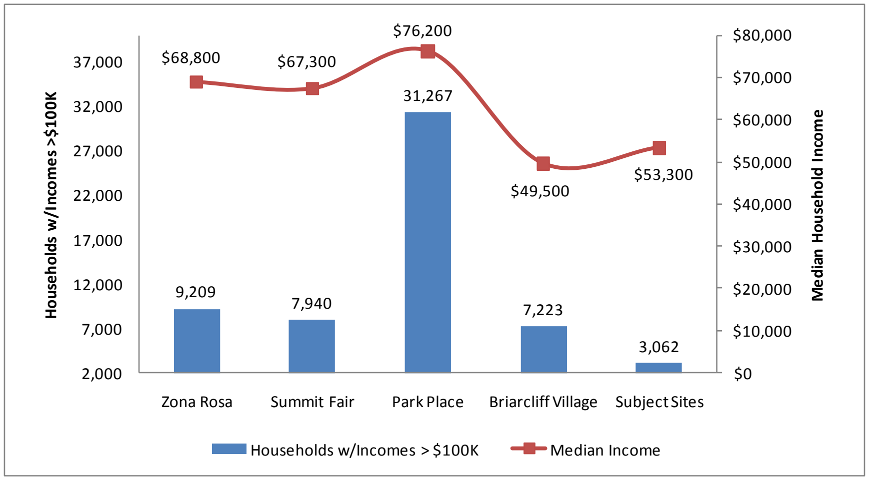


Briarcliff Village Layout

Lifestyle centers typically target more affluent households, thus making the depth of higher-income households a key element of the viability of lifestyle retail in a given location. Figure 6 shows the total number of households with incomes greater than $100,000 within a 10-minute drive-time of each case study along with the study area, and also shows the median income for each area.

Market Overview

Figure 6: Total higher income households and median incomes for households within 10-minute drive-time; 2011



Source: ESRI, PB Analysis

Park Place benefits from the strongest set of demographics for upscale retail, and not surprisingly, of the case studies analyzed, it represents the only pure lifestyle center comprised of mixed-use ground-floor retail occupied entirely by upscale tenants and configured on a main street grid. Both Zona Rosa and Summit Fair have lifestyle retail components, with main street open-air retail as their core focal point, but each one reduces risk and better matches the surrounding demographic profile by targeting a broader demographic range of consumers with a heavier weighting of mid-scale tenants. These include large department store anchors and isolated pad sites that serve to drive traffic to the non-anchor tenants, but also detract from the overall lifestyle-oriented look and feel. Briarcliff has a lifestyle-oriented tenant mix and a mixed-use office-over-retail feature, but the physical layout does not offer a walkable main street atmosphere.

Based on the demographic profile of each case, it is not surprising that Park Place has numerous other neighboring concentrations of upscale retail centers in the immediately surrounding area. The Grandview study area has far fewer higher-income households in the defined area, and a lower median income than all but Briarcliff Village. However, the drive-time zone from Briarcliff Village incorporates large concentrations of less affluent Kansas City neighborhoods not likely targeted by the center. Furthermore, the Briarcliff Village retail space is the smallest of the group at 140,000 square feet.

Figure 7 summarizes additional data and information from these case studies, including demographics, site strengths, and other criteria relevant for retail development.

Figure 7: Comparison of regional lifestyle case study profiles and Grandview Study Area; Kansas City Region; 2011

Profile	Zona Rosa	Summit Fair	Park Place	Briarcliff Village	Subject Sites
Location	Kansas City, MO	Lee's Summit, MO	Leawood, KS	Kansas City, MO	Grandview, MO
Retail Square Footage	925,000	500,000	200,000	140,000	
Description	Large-scale mixed-use lifestyle center	Single-use lifestyle center	Mixed-use Lifestyle Center	Mixed-use retail strip	
Other Land Uses	Office, residential	NA	Office, hotel, residential	2nd-floor office	
Year Built	2004/2008	2009	2008	2006	
Demographics	10-Minute Drivetime	10-Minute Drivetime	10-Minute Drivetime	10-Minute Drivetime	10-Minute Drivetime
2010 Households	34,248	35,473	90,386	53,095	27,320
2015 Households	37,470	36,772	94,225	55,695	27,995
Average Annual Growth	1.8%	0.7%	0.8%	1.0%	0.5%
2010 Median Household Income	$68,802	$67,256	$76,155	$49,459	$53,307
2010 Total HH >$100K Income	9,209	7,940	31,267	7,223	3,062
2010 % HH's w/income > $100K	26.9%	22.4%	34.6%	13.6%	11.2%
Retail Location Analysis					
	Strong highway access, I-29 and Highway 152, near airport; high household growth	Strong highway access on I-435 and Highway 50. Very complementary surrounding land uses	Close proximity to most affluent households in region and concentrations of upscale retail; adjacent to Sprint Nextel world HQ campus, largest employer in region	Part of master-planned community with unique topography and views, and strong highway access	Relatively unestablished, greenfield location in outlying fringe of south Jackson County; potentially strong highway access and potential for large contiguous developable land areas

Source: ESRI, PB Analysis

Market Overview

Lifestyle Retail Conclusion: Grandview's M-150 corridor has significantly fewer households within a 10-minute drive-time than other recently built mixed- and single-use lifestyle centers in the region and far fewer higher income households, both in absolute terms as well as in percentage terms. A 20-minute regional drive-time yields household levels comparable with other lifestyle centers, but this trade area overlaps with large amounts of existing regional retail concentrations in Lee's Summit, Leawood, and other nearby submarkets, suggesting low likely capture rates on the corridor from this defined area.

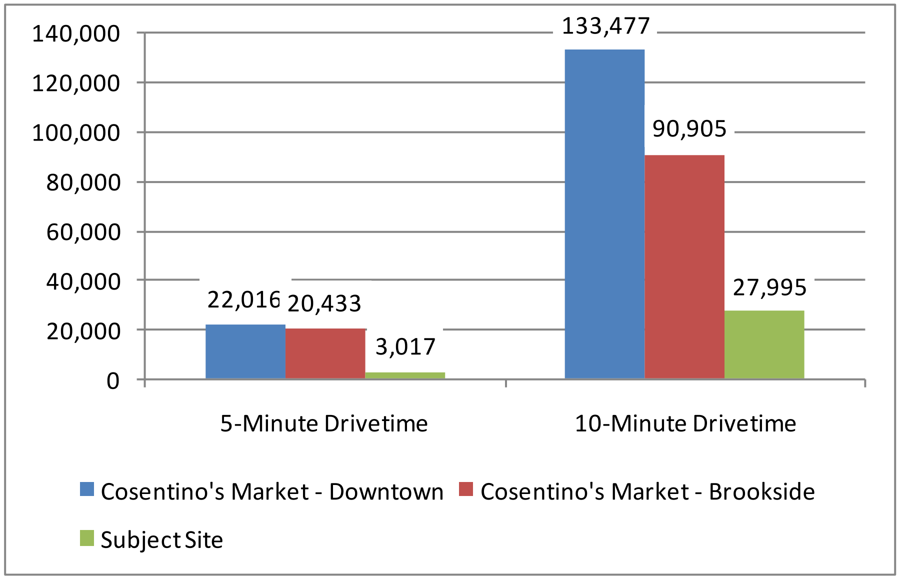
Lifestyle Retail Recommendation: The corridor's location between competition to the east and to the west make it an unlikely candidate for lifestyle-oriented retail drawing from a 20-minute drive-time trade area, and the 10-minute drive-time trade area yields insufficient demographic levels for lifestyle retail at this time. A closer look at long-term household growth forecasts will help shed light on the timing of opportunity although the differences in demographic profiles between the M-150 corridor and case studies suggests a much longer term. Assuming the typical look and feel of more conventional suburban retail formats (e.g. "big box" or power centers) are not desirable, the City could consider incentivizing a hybrid center drawing elements of both formats, designed with scalability and the flexibility to scale and/or redevelop over time.

Gourmet Grocery Case Study Analysis

Stakeholders also expressed an interest in having a gourmet grocery store located on the corridor. The example referenced was Cosentino's Market, a local gourmet grocery store with two other locations in the region. The other two locations are considered very strong retail locations. The downtown location is part of the new Power & Light District, a regional entertainment destination with a new indoor arena, bars, restaurants, and destination retailers. The other location is in Brookside, an attractive, historic shopping district that predates the Plaza. It is surrounded by affluent households in an established, close-in Kansas City neighborhood.

Figure 8 compares total households within 5- and 10-minute drive-time zones of each site.

Figure 8: Total households within 5- and 10-minute drive-time of existing Cosentino's Market locations and Grandview Study Area; Kansas City Region; 2011



Source: ESRI, PB Analysis

The subject site has far fewer total households compared to the two existing Cosentino's Market sites, and Figure 9 below shows the same to be true for higher-income households as well.

Figure 9: Comparison of existing Cosentino's Market locations with Grandview Study Area; Kansas City Region; 2011

	Cosentino's Market - Downtown		Cosentino's Market - Brookside		Subject Sites	
	5-Minute Drivetime	10-Minute Drivetime	5-Minute Drivetime	10-Minute Drivetime	5-Minute Drivetime	10-Minute Drivetime
2010 Households	21,752	133,278	20,431	90,978	2,925	27,320
2015 Households	22,016	133,477	20,433	90,905	3,017	27,995
Average Annual Growth	0.2%	0.0%	0.0%	0.0%	0.6%	0.5%
2010 Median Household Income	$31,931	$39,997	$61,893	$49,098	$51,426	$53,307
2015 Median Household Income	$37,790	$47,031	$67,535	$56,632	$58,210	$59,594
2010 Total HH >$100K Income	1,258	11,868	5,377	15,138	319	3,062
2010 % HH's w/income > $100K	5.8%	8.9%	26.3%	16.6%	10.9%	11.2%
Retail Location Analysis	Strong centrally-located retail location in the burgeoning Power & Light District, a downtown KC entertainment destination		Attractive, historic shopping district that predates the Country Club Plaza, surrounded by affluent households in established close-in KCMO suburb		Relatively unestablished, greenfield location in south Jackson County; potentially strong highway access	
Conclusion	Subject site does not share locational retail strengths of other Cosentino's Market locations. Existing Cosentino's Markets are located in destination retail centers that benefit from large numbers of affluent households in immediately surrounding area. Gourmet grocer highly unlikely viable tenant at site in short term, even with substantial public investment/incentive.					
Recommendation	In short- to mid-term timeframes, consider more conventional grocery retail formats and tenants that target broader range of demographic audiences and may be more viable with surrounding demographic profile; Consider subsidizing additional costs of unique architecture and/or design features that would otherwise add too much risk to conventional retail development pro forma.					

Source: ESRI, PB Analysis

Market Overview

Gourmet Grocery Conclusion: The subject site does not share the same locational retail strengths of other Cosentino's Market locations. Existing Cosentino's Markets are located in destination retail centers that benefit from large numbers of affluent households in the immediately surrounding area. The same is true for the two Whole Foods and Trader Joes locations in the region. Based on this assessment, a gourmet grocer represents a highly unlikely viable tenant at the site in the short term, even with substantial public investment/incentives.

Grocery Recommendation: In the short- to mid-term timeframes, more conventional grocery retail formats and tenants that target a broader range of demographic audiences may be more viable with the existing surrounding demographic profile. To avoid undesirable "could-be-anywhere" conventional suburban retail formats, the city should consider subsidizing the additional costs of unique architecture and/or design features that would otherwise add too much risk to a conventional retail development pro forma.

Overall Retail Conclusions and Recommendations: Historical development patterns both in the Kansas City region as well as throughout the country show that retail does follow rooftops. In the context of new construction / greenfield development, residential delivery occurs first, and retail construction eventually occurs once a sufficient threshold or concentration of households exists.[1] These historical development patterns taken in the context of the M-150 corridor and its immediately surrounding area strongly suggest that the retail opportunity is not a short-term one, and will require substantial new growth in households in the surrounding areas. The Economic and Demographic Overview section will summarize historical and forecasted regional and local growth patterns to help better inform the timing of any new retail opportunity.

For-Sale Residential

Like the majority of the nation, the for-sale residential market is currently weak in Grandview and the surrounding submarkets. Historical permitting activity for Jackson County shows a peak in residential construction development in 2005, followed by a dramatic decline as the housing market collapsed. In 2010, Jackson County had roughly one tenth the permitting activity of 2005. Grandview's new home activity represents a very small share of the Jackson County new home market. Other than a large quantity of multifamily units delivered in 2001, permitting activity in Grandview has ranged from around 25 to 50 units per year.

Figure 10: Historical Residential Permits; City of Grandview and Jackson County, 2001-2010

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-Year Avg.
Grandview	468	33	32	47	48	26	23	51	37	26	79
Jackson County, MO	5,198	5,530	5,570	5,990	6,068	5,743	2,809	2,047	959	670	4,058
Grandview Share	9.0%	0.6%	0.6%	0.8%	0.8%	0.5%	0.8%	2.5%	3.9%	3.9%	1.9%

Source: US Census, PB Analysis

Sales volume demonstrated a similar pattern over the past five years in Grandview and Jackson County. Figure 11 shows that both areas

[1] The rare exceptions to this rule involve destination retail typically associated with a major catalytic development as opposed to surrounding household growth. Regional examples include the Power & Light District in the downtown Kansas City central business district, which became feasible as a result of a new indoor arena, and the Legends at Village West, which is adjacent to the Kansas Speedway in Wyandotte County, MO.

experienced sharp declines from highs in 2005. Grandview has averaged a 2.7% share of Jackson County sales volume.

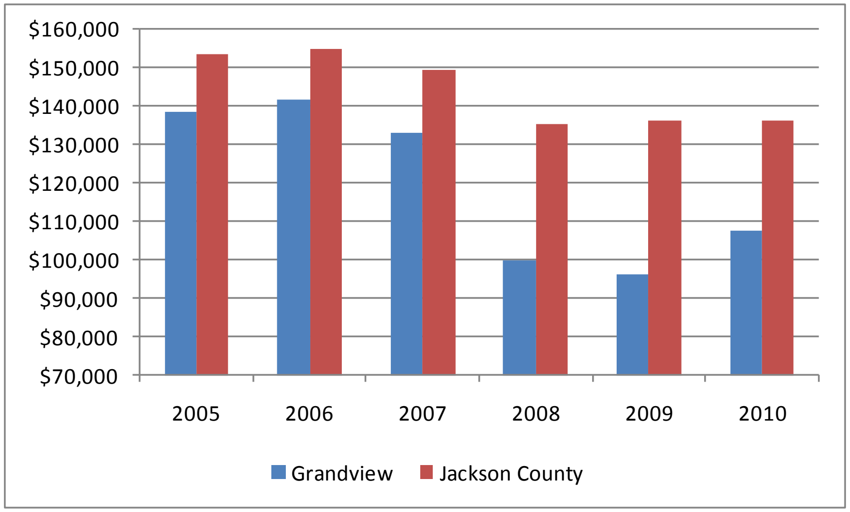
Figure 11: Historical Sales Volume; Grandview and Jackson County; 2005-2010

Area	2005	2006	2007	2008	2009	2010	5-Year Avg.
Grandview	518	411	373	287	264	163	336
Jackson County	18,529	15,851	15,425	10,628	8,904	6,564	12,650
Grandview Share	2.8%	2.6%	2.4%	2.7%	3.0%	2.5%	2.7%

Source: Hanley Wood, PB Analysis

Figure 12 highlights historical median price trends for Grandview and Jackson County. Historically Grandview median prices have been lower than the county median and both areas have experienced ongoing price declines over the period. While the county median price trend flattened out from 2009 to 2010, Grandview experienced a slight increase over the same period. Despite this increase, the 2010 median price was still significantly lower than price levels during 2005 through 2007.

Figure 12: Historical Annual Median Sales Price; City of Grandview and Jackson County; 2005-2010



Source: Hanley Wood, PB Analysis

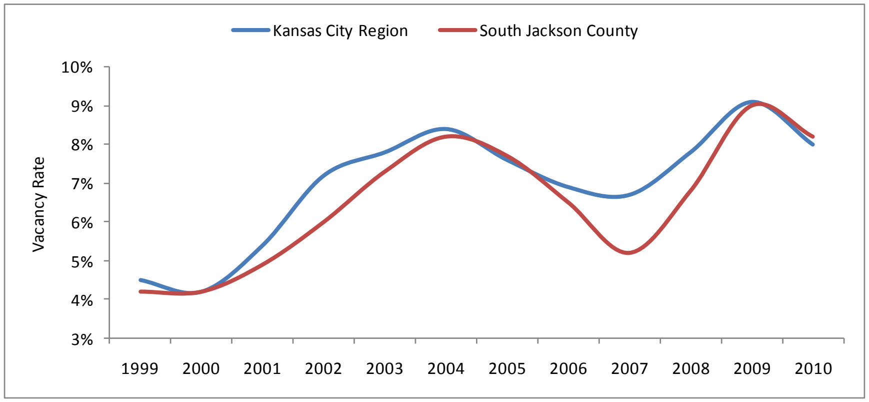
These price trends indicate that Grandview trails the overall county in terms of achievable pricing, and that it is also still suffering from the ongoing weak housing market.

Rental Apartments

Unlike national trends showing generally healthy rental apartment market conditions, apartment vacancies in the Kansas City region and the South Jackson County submarket reached 10-year highs in 2009 followed by a slight decline in 2010.

Market Overview

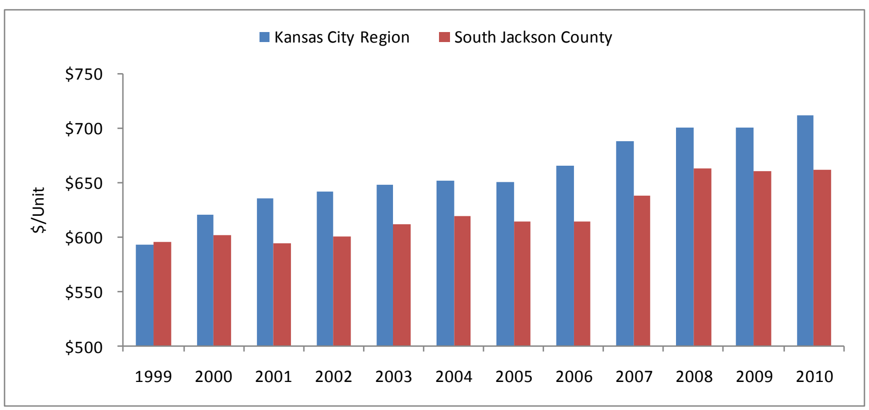
Figure 13: Historical Apartment Vacancy Rate; 1999-2010



Source: REIS, PB Analysis

Despite fluctuating vacancy rates, rents have gradually increased in both areas since 1999. After being close to equal in 1999, South Jackson County rents began experiencing a discount to the region over the past decade.

Figure 14: Historical Average Monthly Apartment Rent per Unit; 1999-2010



Source: REIS, PB Analysis

Grandview has experienced minimal new rental apartment development over the past decade. Grand Summit, built in 2001, is the only relatively new apartment community delivered in Grandview over the past ten years. The project is located in the southeast subarea of the corridor. Rents range from $535 for a 545-SF one-bedroom unit ($.98/SF) to $775 for a 1,043-SF 2-bedroom unit ($.74/SF).

Residential Conclusion: New construction multifamily units physically integrated within a larger mixed-use development are extremely rare in the Kansas City region. A relatively small handful of rental apartments exist at Zona Rosa, and planned residential units at Park Place have been on hold for several years. The primary barrier to such development is the affordability of the regional residential market. In more expensive markets, condominiums and other smaller attached products target not only empty-nesters and affluent double-income households making more of a discretionary purchase, but they also serve as an entry-level product for households priced out of larger residential offerings.

In Kansas City, high quality, market rate, single-family detached product is relatively affordable, thereby acting as a low ceiling for achievable pricing of other smaller, attached products. For example, new construction single-family detached homes at Sunrise Farms, part of the study area, start at $125,000. This supply dynamic makes the purchase of a condominium a purely discretionary/lifestyle purchase, which limits the demand pool significantly, and means the potential site has to have many strengths and very few weaknesses for lifestyle-oriented residential development (e.g., walkable proximity to upscale services and amenities, access to white-collar employment concentrations, etc.).

Mixed-use rental apartments face a similar price constraint/ceiling. Units configured in a mixed-use setting, atop ground-floor retail/services, tend to have higher construction costs, thereby requiring higher achievable rents in order to be financially viable. However, high quality, affordable market-rate units abound in the region. Potential renter households will pay a premium for a mixed-use environment, but this “luxury-renter-by-choice” target segment is generally limited in size, and more price-sensitive households will rent or purchase something more affordable. As such, mixed-use rental units face the same constraints as condominiums, including strong site requirements and increased market and financial risks.

The achievable mixed-use rental premium can be somewhat isolated by comparing the units at Zona Rosa to neighboring units at the Vintage at Zona Rosa, a conventional garden apartment community adjacent to the lifestyle center. The mixed-use units at Zona Rosa achieve an average rent per square foot of $1.25 while the garden apartment units at the single-use Vintage at Zona Rosa average $0.88 per square foot. Although other criteria factor into the rent premium, including age of the units, finish quality, etc., this rent difference suggests a substantial premium afforded by units in a mixed-use environment. However, the depth of demand for such higher rents is shallow. This fact is reflected in the total unit counts of the two projects. The units at Zona Rosa only total 73, with 24 delivered in the first phase and 49 in the second. The Vintage at Zona Rosa has over four times the units with 308, a unit count more typical of conventional garden apartment communities.

The residential component at Zona Rosa and the lack thereof at Park Place are indicative of a challenging market for suburban mixed-use multifamily product. Although ongoing weakness in the housing market has contributed, even in the best of housing market conditions, minimal mixed-use residential units were delivered in the region. As such, mixed-use multifamily does not represent a strong opportunity in the study area.

Economic and Demographic Overview

To achieve an understanding of the population living and working in Grandview, the planning team examined historical and projected household, employment, and income trends for the City of Grandview, Jackson County, and the Kansas City region. This analysis provides an understanding of Grandview’s role in the region in the context of historical and forecasted growth. The analysis also ensures that any forward-looking demand estimates for residential and commercial development opportunities in the Grandview area are grounded in reality and factor in these historical and forecasted trends.

Population

Grandview population has declined by about 500 over the 20-year period from 1990 to 2010. During the same period, Jackson County grew by 6.5 percent and the 7-county core experienced total population growth of 25 percent. Future projections, however, indicate slightly stronger relative growth for Grandview, with population increasing by close to 12% to nearly 27,400 in 2040. Although this represents stronger growth than demonstrated historical trends for Grandview, it still trails the forecasted rates for both Jackson County and the region. Over the same 30-year forecast period, Jackson County population is projected to grow by 20 percent while the 7-county defined area is projected to grow by 40 percent.

Figure 15: Historical and Projected Population, 1990-2040

Area	1990	2000	2010	2020	2030	2040
Grandview	24,970	24,970	24,475	25,400	26,360	27,370
Avg. Annual Growth		*0.00%*	*-0.20%*	*0.37%*	*0.37%*	*0.38%*
Jackson County	633,200	654,900	674,200	716,600	761,600	809,400
Avg. Annual Growth		*0.34%*	*0.29%*	*0.61%*	*0.61%*	*0.61%*
Kansas City Region	1,491,700	1,674,400	1,862,800	2,083,900	2,331,200	2,607,900
Avg. Annual Growth		*1.16%*	*1.07%*	*1.13%*	*1.13%*	*1.13%*

Source: U.S. Census, Mid-America Regional Council (MARC), PB Analysis

Households

Although population declined, Grandview experienced positive household growth over the same period, as average household sizes declined. Grandview household growth was 4 percent in the two decades beginning in 1990, reaching 9,970 in 2010. During the same period, Jackson County grew by over 22,000 households, or nearly 9%, while the region grew by 27 percent. Grandview's household growth is projected to increase by almost 15% to 11,100 in 2040 although this rate still trails the County and Region by a wide margin.

Figure 16: Historical and Projected Households by Area, 1990-2040

Area	1990	2000	2010	2020	2030	2040
Grandview	9,270	9,730	9,640	10,090	10,560	11,060
Avg. Annual Growth		*0.49%*	*-0.09%*	*0.46%*	*0.46%*	*0.46%*
Jackson County	252,600	266,500	274,800	295,300	317,300	341,000
Avg. Annual Growth		*0.54%*	*0.31%*	*0.72%*	*0.72%*	*0.72%*
Kansas City Region	576,200	657,800	733,000	832,500	945,500	1,073,900
Avg. Annual Growth		*1.33%*	*1.09%*	*1.28%*	*1.28%*	*1.28%*

Source: U.S. Census, MARC, PB Analysis

Employment

Jackson County was impacted heavily by the recent recession. Between 2000 and 2010, the City lost almost 10 percent of its total employment while the 7-county region lost just 1.6 percent over the same period. Although local data for at-place employment below the county level is unavailable for the same 10-year period, annual estimates from 2002 through 2009 suggest that Grandview experienced steeper declines than Jackson County in certain years but higher growth in other years. Grandview's share of total County employment has ranged from 3.0 to 3.2 percent over the same period.

Figure 17: Historical Employment, 2002-2009

Area	2002	2003	2004	2005	2006	2007	2008	2009
Grandview	11,380	11,415	10,710	10,860	11,270	11,530	11,540	10,360
Annual Growth		*0.31%*	*-6.18%*	*1.40%*	*3.78%*	*2.31%*	*0.09%*	*-10.23%*
Jackson County	358,025	344,700	345,950	353,125	359,475	364,000	364,600	348,525
Annual Growth		*-3.72%*	*0.36%*	*2.07%*	*1.80%*	*1.26%*	*0.16%*	*-4.41%*
Grandview share of County Emp.	3.2%	3.3%	3.1%	3.1%	3.1%	3.2%	3.2%	3.0%

Source: U.S. Census Bureau, Center for Economic Studies; PB Analysis

Much like the long-range population and household forecasts, Grandview employment growth is forecasted to trail that of the county. Jackson County employment is expected to grow by 34 percent, with Grandview employment increasing by just 15 percent.

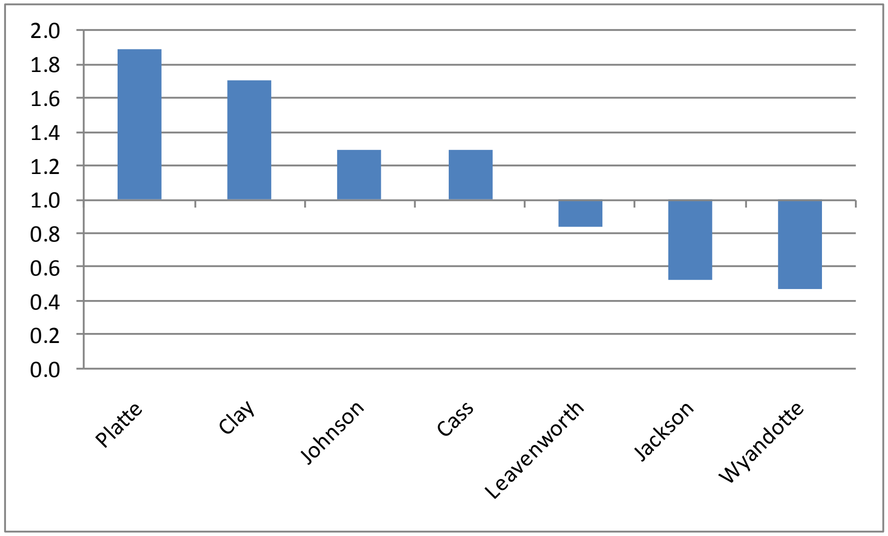
Figure 17: Projected Employment, 2009 -2040

Area	2009	2020	2030	2040
Grandview	10,360	10,880	11,370	11,880
Avg. Annual Growth		*0.45%*	*0.44%*	*0.44%*
Jackson County	348,525	386,900	425,500	467,900
Avg. Annual Growth		*0.95%*	*0.96%*	*0.95%*

Source: U.S. Bureau of Labor Statistics; U.S. Census Bureau, Center for Economic Studies; MARC; PB Analysis

Economic and demographic conclusions: In the context of regional growth, Jackson County is a relatively well established, close-in submarket. As such, in the long-range forecasts, it is less poised to capture population, household, and employment growth relative to other parts of the region. A look at fair-share capture ratios indicates that Johnson County, KS, to the west, Clay and Platte Counties to the north, and Cass County to the south are forecasted to capture more than their fair share of regional growth. The fair-share capture ratio compares each county's current share of households, and compares it to their percentage share of future growth. A one-to-one ratio would imply a fair share of growth, a ratio higher than one would indicate greater than fair share capture, and a ratio of less than one implies less than fair share.

Figure 18: Forecasted fair share household growth capture ratio by county, 2010-2040



The historical and forecasted path of regional growth is to the north, in Clay and Platte Counties, and to the southwest, in Johnson County while the older, closer-in counties of Wyandotte and Jackson stand to capture less than their fair share of growth. Grandview's regional position as a slower growing city in a slower growing county does not bode well for development opportunities in the study area. Based on historical and forecasted growth trends and patterns, there will need to be a major catalytic event to spur growth in the surrounding area sufficient to support new large-scale development.

Although long-range forecasts suggest slow growth, in light of recent economic development trends near Grandview, it is possible that demand for new residential and commercial land uses could increase along the corridor. With two large employers relocating just west of the subject sites, with an eventual concentration of 4,000 to 5,000 jobs, the NNSA and CenterPoint projects could be catalytic events that serve to accelerate the opportunity in the immediately surrounding area. Daytime population will be significantly higher, which will boost demand for restaurants and services, and business-driven hospitality demand could support new hotel development. It is not clear what kind of potential there is for related businesses seeking proximity to these two large employers, but this could also serve to increase employment potential in the area.

While many of the new employees will prefer to commute from their current residence, some percentage will demonstrate a preference to live within close proximity to their jobs. Although it is currently unclear how many will prefer close proximity, a conservative estimate of 5 to 10 percent could yield increased housing demand of 200 to 500 units in the immediately surrounding area from CenterPoint and NNSA. While the NNSA employees will have higher incomes on average, much of the distribution-related employment at CenterPoint will likely be somewhat lower than NNSA. As such, a variety of housing options targeting a broad range of income levels is recommended to maximize demand capture.

Regardless of the impact of the new employment concentrations nearby, long-range forecasts for the 10-minute drive-time zone surrounding the M-150 corridor suggest that there will eventually be a retail opportunity. The 10-minute drive-time zone is forecasted to grow by approximately 11,000 households from 2011 to 2040. This growth would put the household total at close to 38,000, which is on par with the 10-minute drive-times of Zona Rosa and Summit Fair. However, it is unclear what type of income profiles and expenditure patterns these households will have.

Growth forecasts for the specific subject sites suggest minimal development although it is likely that the ongoing increases in nearby employment could increase the growth potential at the sites. The long-range forecast for the M-150 corridor suggests the addition of approximately 100 jobs and 450 households by 2040. However, the combination of major employment additions at CenterPoint and NNSA and aggressive measures by the city to encourage strong placemaking could position the corridor to capture more household and employment growth otherwise forecasted for the surrounding area.

Market Analysis Conclusions

- **The current retail opportunity is limited but potential is increasing -** The opportunity should improve somewhat as the area experiences more household growth and a higher daytime population associated with the new employment centers west of Highway 71.

- **Lifestyle retail will not be viable in the short- and medium-term –** Although some retail will be viable as employment and households increase in the next 5 to 10 years, forecasts suggest that the surrounding demographic profile will be insufficient for lifestyle retail development.

- **Mixed-use residential development does not represent an opportunity but "multi-use" development may be viable[2] –** The increased costs and market/financial risks associated with mixed-use residential development make it a challenge to deliver anywhere in the Kansas City region. However, multiple uses on the same site could still be viable (e.g. retail along the highway frontage with separate residential, both oriented on the same parcel of land and planned to fit together).

- **New employment concentrations near the subject sites should accelerate the development opportunity -** The increased employment at CenterPoint and the NNSA should increase commercial and residential demand at the site.

[2] For the purposes of this analysis, the term "mixed-use" refers to different uses in a single structure, not parcel. Multiple uses on the same site are often referred to as a mixed-use site, but consist of multiple single-use structures. For this analysis, different single-use structures on the same site are referred to as a "multi-use" site.

Development Context

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Development Context

The M-150 corridor includes a range of existing land uses, from undeveloped agricultural uses to multi-family residential to general commercial. There are large undeveloped parcels along the corridor, leading to the widespread opinion among city residents that this corridor is the “last frontier” for development in Grandview.

Existing residential neighborhoods along the corridor, including Belvidere in the southwest subarea and River Oaks in the northwest subarea, create natural nodes for non-residential development at the I-49/US-71 and M-150 interchange and at Byars Road.

The Grandview Zoning Ordinance divides the City into fifteen zoning districts. The main districts found along the Highway 150 corridor are R-1, Single-Family, and PD, Planned District. This analysis divides the corridor into four quadrants, using Highway 150 and Byars Road, and discusses the zoning, land uses, and entitlements associated with each.

Northwest Subarea

The northwest subarea, north of Highway 150 between US 71 Highway and Byars Road, includes the River Oaks development, a single-family residential development surrounding a privately owned and managed golf course. This area is predominately zoned R-1 and PD.

Figure 19: Northwest Subarea Zoning

The significant undeveloped property in this quadrant is part of the Gateway Commons development, which is anchored at the corner of Highway 150 and US-71 by Gail’s Harley Davidson. This development was the subject of a Conceptual Development Plan (CDP) adopted in 2003. That plan called for commercial retail development along Highway 150, including big box retail and pad sites, with 80 townhomes and 106 single-family lots to the north. However, development approvals from the 2003 CDP have lapsed and there are no existing entitlements in this subarea. Future development is likely to be significantly impacted by the P-1, Conservancy District, which follows the floodplain in this area. The P-1 district permits only agricultural, recreation, utility, and non-commercial government uses.

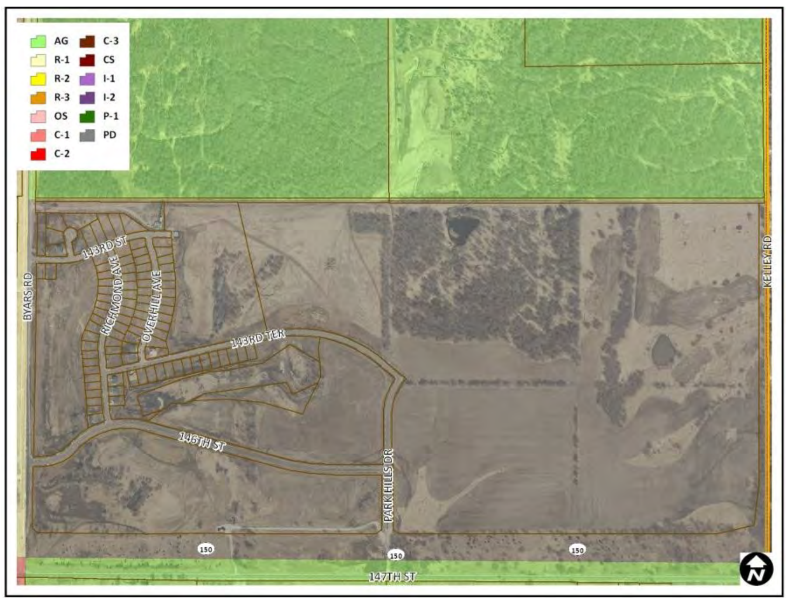
Development Context

The Planned District offers significant development flexibility, with no required dimensional standards. Conceptual Development Plans may establish standards for landscaping, parking, signage, and design as well as established all permitted and accessory uses. The process of approving a Conceptual Development Plan requires public hearings before the Planning Commission and Board of Aldermen, with the final approval by the Board of Aldermen.

Northeast Subarea

The land north of Highway 150, between Byars and Kelley Roads, is zoned PD, Planned District, and subject to the approved Conceptual Development Plan for the Sunrise Farms development.

Figure 20: Northeast Subarea Zoning

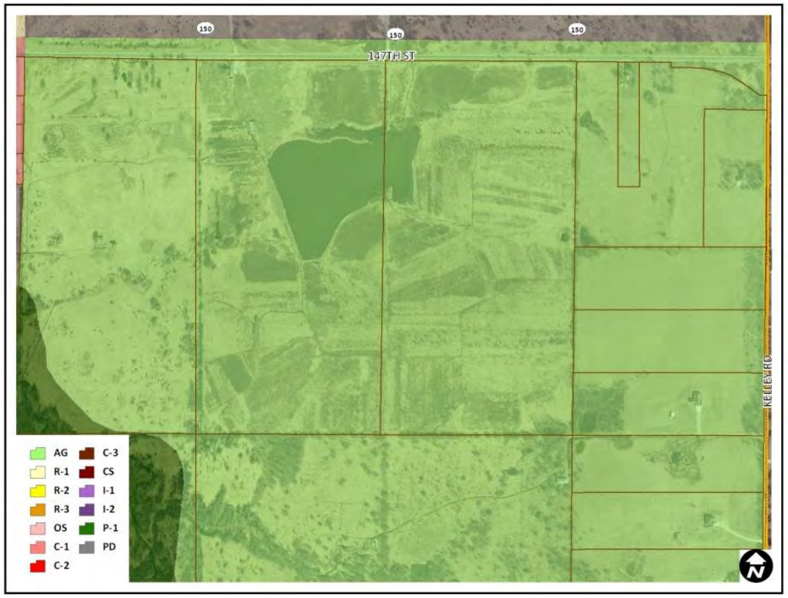


Ordinance 6100, which approved the Conceptual Development Plan for Sunrise Farms and was passed on May 8, 2007, established that the CDP was valid for three years. "Final plans and plats for subsequent development phases may be submitted after three (3) years without approval or a new or amended Conceptual Development Plan provided there has been consistent development progress and such plans and plats are in substantial conformance with the approved Conceptual Development Plan." There is a valid argument that there has not been consistent development progress, given that only Phase I is under construction and the original developer no longer owns any other property in the development. However, there have been no discussions regarding the validity of the CDP.

Southeast Subarea

The southwest subarea is generally undeveloped. These parcels are all zoned Agricultural, which permits agricultural uses, churches, recreation and utilities, and single-family homes on at least 3 acres. Most of this land is likely to be rezoned over time, as the owners either begin development or the property changes hands. There are some parcels containing residences along Kelley Road which are likely to remain in agricultural due to their estate-style residential development. The land south of Highway 150, between Byars and Kelley Roads, is entirely zoned AG, Agricultural.

Figure 21: Southeast Subarea Zoning



In the case of future rezoning requests, Community Development staff will rely on the adopted Future Land Use map as one of the criteria for recommending approval. The Future Land Use map shows most of this area as future single-family residential development, with nodes of future commercial development at Byars and Kelley Roads.

Southwest Subarea

The land south of Highway 150, between US 71 Highway and Byars Road, is predominately zoned R-1 and PD, with some limited commercial districts.

Figure 22: Southwest Subarea Zoning

This area includes the Belvidere neighborhood, a single-family residential development that was developed beginning in the 1950s. There is some limited commercial development in the northwest corner of this quadrant, immediately adjacent to the US-71/Highway 150 interchange. The last zoning change in this quadrant was the rezoning of three R-1 parcels to C-2 in 2009 to permit the redevelopment of the corner of White Avenue and Highway 150 for a QuikTrip gas station/convenience store. Additional redevelopment pressure is likely in the existing C-2 district as well as in a portion of the R-1 district to the east of White Avenue adjacent to 147th Street, where the Future Land Use Map would support additional rezoning to a commercial district.

To the east of Belvidere, the Grand Summit development is zoned PD, Planned District. This development is an apartment community surrounding a privately owned and managed golf course. A second phase of the apartment complex, approximately doubling the number of apartments in the development, is expected to begin construction by the end of 2012.

At the intersection of Byars Road and Highway 150, there is a small area zoned OS, Office/Services, and C-1, Neighborhood Shopping Center. Only one of the OS parcels is developed. The C-1 district, which includes the four parcels adjacent to Byars Road, allows for neighborhood-scale retail. Both the OS and C-1 districts permit "dwelling units" provided that parking requirements are met. Development in this area is likely to be impacted by future plans for 147th Street. While 147th Street is currently being constructed in a straight line to intersect with Byars Road to function as a frontage road to Highway 150, MoDOT has indicated its preference for 147th Street to eventually swing to the south, through one of the existing C-1 parcels, to provide greater stacking distance for the traffic signal at Byars and Highway 150.

Development Review Process

Generally, the City prides itself on providing a customer-friendly development process. One outcome of this pride is that development in the Euclidean zoning districts and for approved CDPs in the PD district is a streamlined process subject only to administrative reviews. For example, a new shopping center in an existing C-2 district would not require any Planning Commission or Board of Aldermen review, as long as no conditional uses or variances were required.

Conversely, the Planned District offers a very high level of flexibility, but requires developers to submit to two public hearings and the final approval of the Board of Aldermen. Compared to development process available with any other zoning district, it is a higher hurdle. This barrier may have the impact of discouraging developers from proposing innovative or unusual development patterns, compared to the shorter timeframe possible under any other zoning district.

Circulation & Access

Vehicular traffic dominates circulation and access through the corridor. Due to the limited amount of development between Byars and Kelly Roads, the street network is incomplete or unestablished in the east subareas of the corridor.

Frontage roads for both I-49/US-71 and M-150 create the foundation for circulation through the corridor. Along I-49/US-71, the frontage road north of M-150 is one-way, with the frontage road extending north from M-150 on the east side moving only northbound traffic. South of M-150, the I-49/US-71 frontage road carries two-way traffic, but does not connect to the 147th Street, the south M-150 frontage road. These constraints create some challenges for traffic moving through this area, but channeling some heavy truck traffic south of M-150 through the residential Belvidere neighborhood in order to reach M-150 and requiring circuitous routes from the northbound frontage road in order to reach the M-150 corridor.

The M-150 frontage roads are currently discontinuous on both sides of the highway. On the north side, the frontage road lacks a segment between White Avenue and Grand Summit Boulevard, but this segment is in the City's Capital Improvements Program. On the south side, the frontage road is 147th Street. This street is currently missing a segment between Grand Summit Boulevard to the east side of Oil Creek.

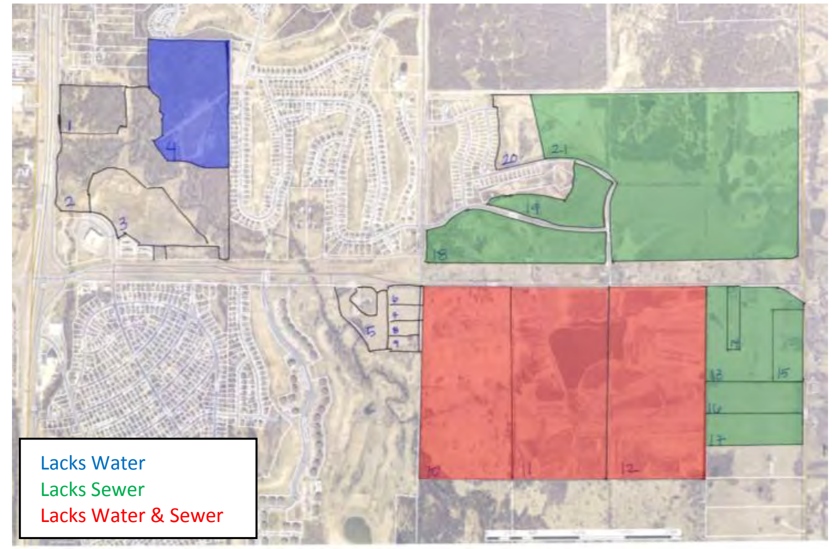
Drainage and Utilities

The M-150 corridor features the junction of the Little Blue River and Oil Creek to the northeast of the I-49/US-71 and M-150 interchange. That area is also prone to flooding, with floodplain extending to the southeast along Oil Creek. While this area creates a challenge for development, it also offers the opportunity to use water features as an amenity for future development.

Figure 23: M-150 Corridor Drainage

Future development will require the extension of water and wastewater service to parcels that are currently unserved by these utilities. The undeveloped parcels in the east subareas are lacking sanitary sewer service, which must be extended prior to any development in this area.

Figure 24: Areas Lacking Utility Service



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Character

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Character

Existing Development Pattern

Development along M-150 is characterized by large setbacks from the highway, with a street edge that is not well defined. In the east subareas, the lack of development gives this area a rural character.

Gateways & Landmarks

There are no memorable gateway entries in Grandview along M-150. The lack of gateways is partially due to the generally undeveloped nature of the corridor. This lack creates an opportunity for the City to intentionally create gateway elements as the corridor develops in the future.

Edges & Views

The significant topographic changes along the highway naturally create edges, or places for character-defining treatments and elements. The natural edges allow the framing of views and entries that will assist in defining the corridor as it develops.

Visual Preference Survey

As part of the planning process, the planning team conducted a visual preference survey during small group meetings on July 27-28, 2011 and a community workshop on July 28, 2011. Participants were asked to identify their preferred images in categories including development patterns, parking, signs, street character, and open space and views, as well as to indicate which images they did not like in those categories.

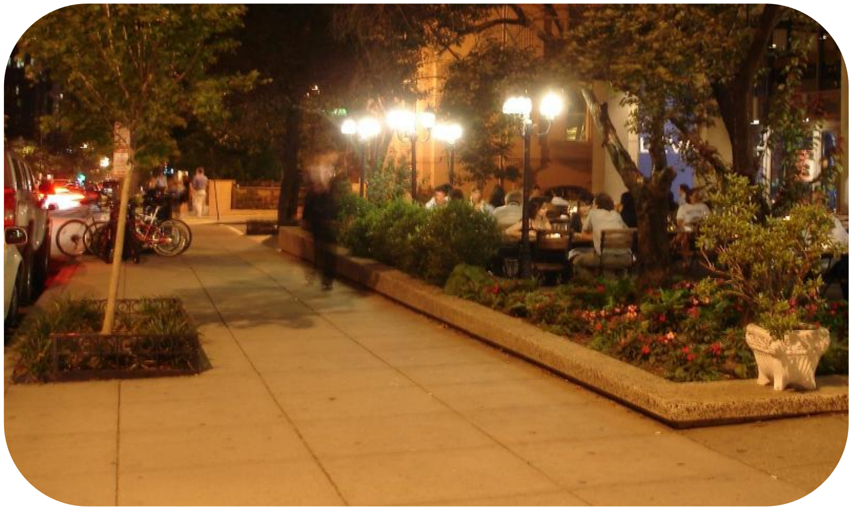
Character

Generally, participants responded most favorably to photos that included significant green elements, such as landscaping, trees, and water features, and active outdoor uses, such as outdoor café seating and trails.

Most highly rated Access/Frontage Road image: +16

Most Positive Traffic Zone Photo: +6

Most highly rated Open Space/Landscape image: +16



Most highly rated Night Effects image: +16

Most highly rated Landmarks/Gateways image: +9

Most highly rated Green Zone image: +6

Most highly rated Pedestrian Zone image: +9

Most highly rated Development Zone image: +10

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Opportunities & Constraints

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Future Opportunities & Constraints

Available Land Estimate

The planning team has identified 21 parcels in the study area with development or redevelopment potential. Each parcel was reviewed to determine which ones represent the strongest opportunity based on numerous criteria, including but not limited to:

- **Highway frontage/access:** frontage on I-49/US-71 and M-150 enhances site visibility and access, and increases the potential for commercial and residential development;
- **Total contiguous area:** Parcel sizes range from 2 acres to over 150 acres; those with more contiguous land may be better poised for development than smaller parcels requiring land assemblage.
- **Potential barriers to development:** Examples of barriers include the presence of existing development, flood zones, etc.
- **Other site-specific strengths and weaknesses for residential and commercial development:** Besides highway frontage, these attributes include complementary surrounding land uses, topography, proximity to planned employment, existing infrastructure such as water and sewer, etc.

The 21 parcels were analyzed based on the above criteria and are highlighted in Figure 25.

Figure 25: Potential development parcels in the Study Area

For reference, the 21 parcels are divided into three development zones. Parcels one through four are part of the Gateway Commons development, parcels 18 through 21 are part of the Sunrise Farms residential development, and for the purposes of this analysis, the remaining parcels 5 through 17 are classified as the South 150 development zone. Figure 21 provides details on the estimated developable acreage of each zone. Total land area for these parcels is approximately 650 acres, and the majority of this area is available for development given the limited presence of existing land uses or structures.

Figure 26: Acreage by Parcel and Development Zone

Parcels	Area	Acres
1	Gateway Commons	13.6
2	Gateway Commons	48.5
3	Gateway Commons	23.5
4	Gateway Commons	39.9
Subtotal		**125.5**
5	South 150	7.5
6	South 150	3.0
7	South 150	2.2
8	South 150	2.2
9	South 150	2.4
10	South 150	74.4
11	South 150	78.7
12	South 150	80.6
13	South 150	25.6
14	South 150	3.0
15	South 150	9.6
16	South 150	13.4
17	South 150	13.5
Subtotal		**315.9**
18	Sunrise Farms	30.8
19	Sunrise Farms	16.3
20	Sunrise Farms	13.1
21	Sunrise Farms	156.9
Subtotal		**217.1**
Total		**658.5**

Development Outlook

Each development zone was analyzed based on the various site criteria most likely to impact the market potential for residential and commercial development. Figure 27 summarizes this analysis.

Figure 27: Parcel Strengths, Weaknesses, and Opportunities for Development

Parcels	Area	Acres	Strengths	Weaknesses	Opportunities
1-4	Gateway Commons	125.5	Strong highway access, visibility at NE corner of 71 and 150; one owner; large parcels; closest proximity to new employment west of 71	Key SW corner already developed with low-density retail	Opportunity to target increased daytime population from CenterPoint and NNSA, and potential business travelers
5-17	South 150	315.9	Most total acreage	numerous land owners and smaller parcels (median size 10 acres)	Assembling parcels 10-12 would represent 75% of South 150 land area; only 2 owners
18-21	Sunrise Farms	217.1	Large parcels, single owner, adjacent to new residential construction	Likely owner incentive to continue developing low-density SFD	Leverage 150 frontage for commercial with residential off the highway

The Gateway Commons development zone has the best highway access and visibility, at the northeast corner of highway 71 and 150. However, the southwest corner of the site, which benefits from the strongest visibility, has already been developed with a lower-density, conventional suburban retail format, setting the tone for the area. The Sunrise Farms zone includes four large parcels, owned by a single residential developer. Along with the plans for residential, the developer has plans for commercial uses along 150.

While the Gateway Commons and Sunrise Farms development zones have proposed plans in place, the South 150 zone plans are undetermined. The 13 different South 150 parcels total the most acreage of the three zones, but include several different landowners and smaller parcels. Although the area may be more challenging to develop due to the presence of numerous landowners, only three parcels controlled by two owners represent almost three quarters of the total development zone.