

# The North Metro and Its Opportunities for Anchor Bank Heritage

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## Conclusions

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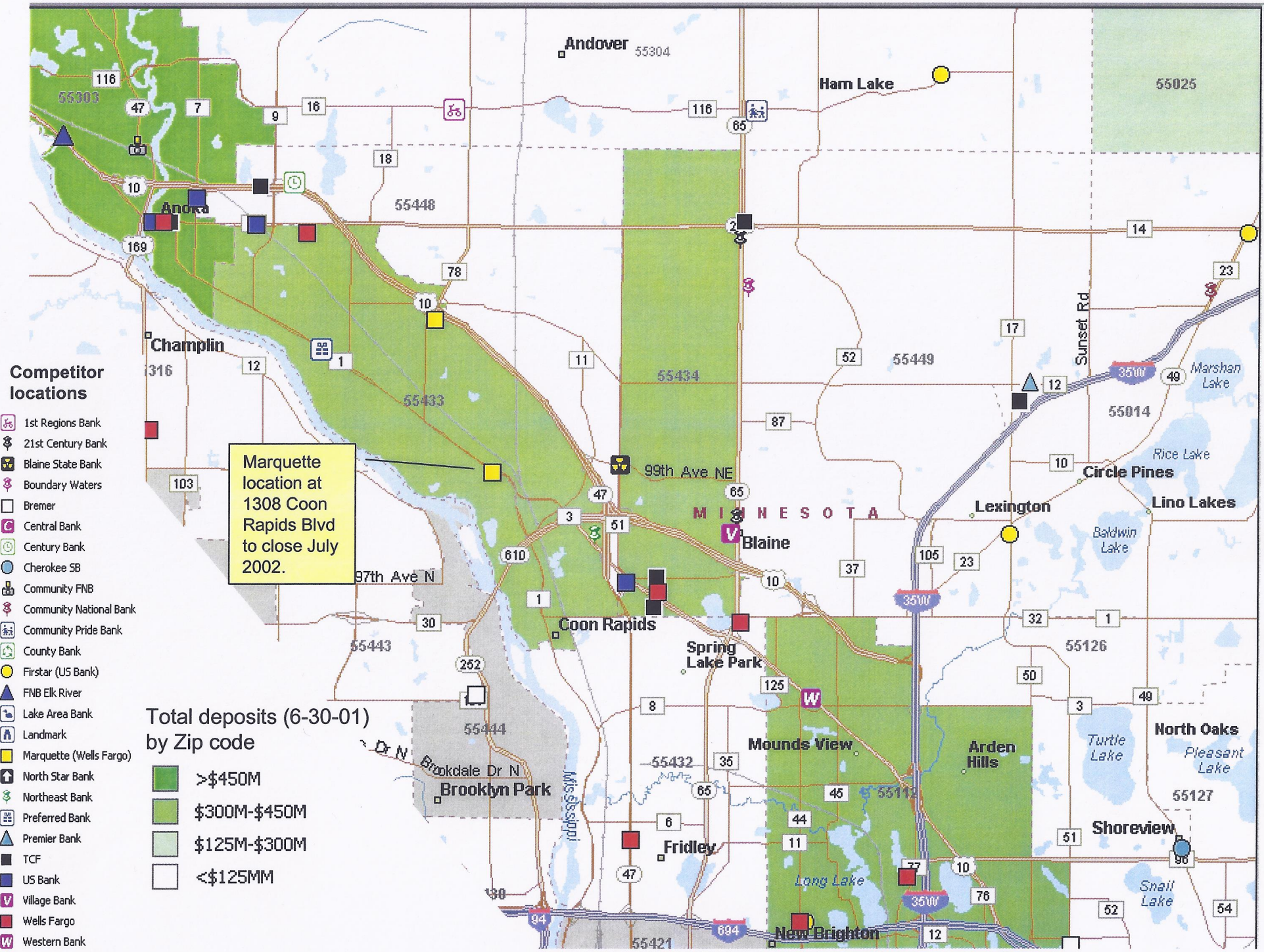
Of Blaine, Coon Rapids, and the city of Anoka, Blaine offers the greatest opportunities for acquiring high-value business and consumer customers:

- Blaine currently has over 1,000 acres of undeveloped land for sale --- much of it zoned for industry and business parks.
- Blaine has the transportation, zoning, and municipal services (water and sewer) conducive to significant near- and long-term development of business customers.
- Due to its highways and roads, a location in Blaine would be convenient for business customers in Coon Rapids and the communities to the south.
- Blaine's has constructed and continues to construct thousands of upper- and middle-income homes.
- Blaine has the transportation, shopping, and recreational areas to attract upper-income households.

While Anoka has its own advantages in attracting businesses and upper-income residents, its small size makes these opportunities much smaller than those of Blaine. Coon Rapids has its own advantages in attracting businesses, but is limited by the amount of available land. It has little to attract upper-income households.

The banking opportunities offered by Blaine, although considerable, are contingent on the economic health of the region and the nation. This should be kept in mind when making decisions on whether or not to act on this opportunity and on the timing of the action.





# Introduction

## Transportation corridors in the North Metro and surrounding areas



### Planned Highway Extensions: SR-610

Long-range plans by the Minnesota Department of Transportation (Mn/DOT) include extending SR-610 from US-169 (left side of map, above) west to I-94 by 2015. When completed, 610 and US-10 will provide an alternate connection between 35W and I-94.

### Northstar Commuter Rail (proposed)

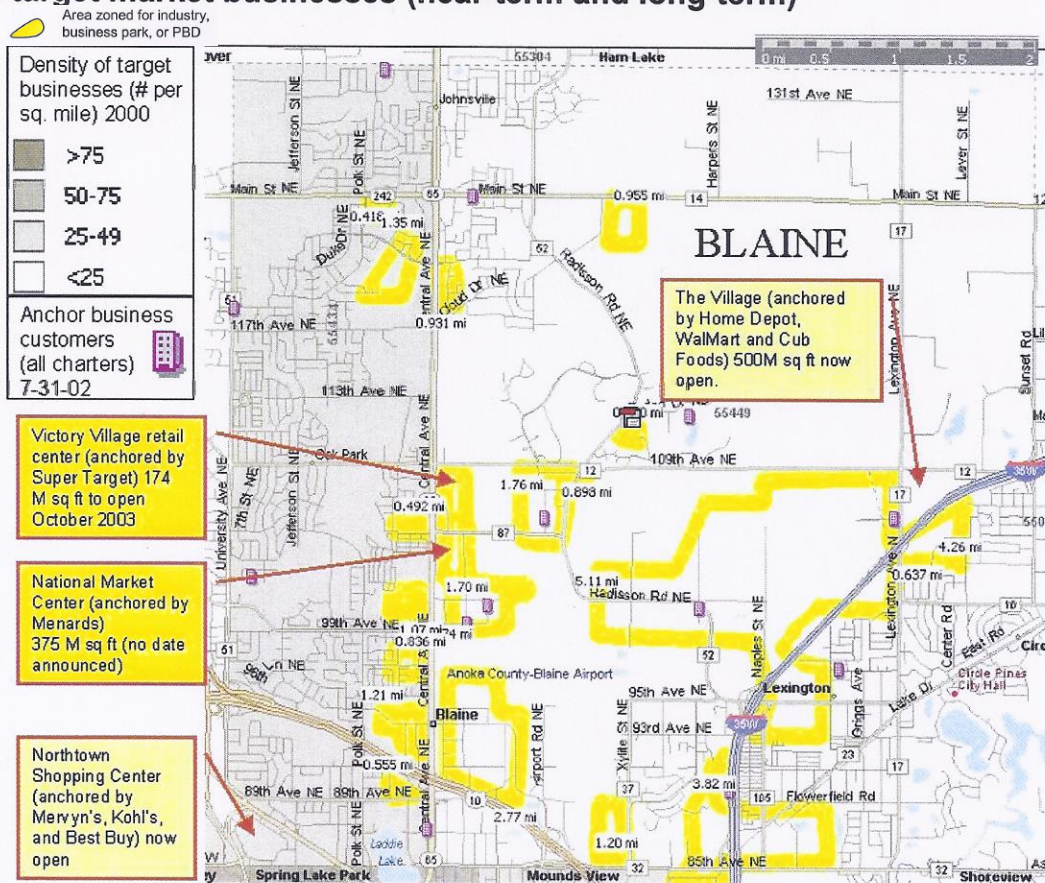
The Northstar project would provide passenger rail service on the existing freight railroad line between Rice (just north of St. Cloud) to Minneapolis (5th Street & 5th Avenue). At the 5th & 5th station, the Hiawatha Light Rail line would extend rail transport south to the Minneapolis/St. Paul Airport and to the Mall of America.

A \$120 million dollar bonding request from the Ventura administration in 2002 was not included in the bonding bill voted on by the legislature. Had it been included and passed, the federal Department of Transportation would have matched that amount with \$139 million. Some observers have speculated that Governor Ventura's support for Northstar was the reason for the legislature's dropping the request from the bill. Now that the Governor is not seeking re-election, Northstar supporters hope that the project will gain approval in 2003 during the next legislative session.

# Blaine

A year from now Blaine should be unrecognizable. Its ambitious plans for retail, office park, industrial, and residential development, if realized, will transform the now mostly rural town. Residential development includes more than a *thousand* homes to sell between \$300,000 and \$800,000. Hundreds of such homes have already been constructed and sold. Three factors that make these developments attractive to prospective businesses and upper-income residents are: the Tournament Players Club golf course (owned and operated by the PGA), the Anoka County-Blaine airport (which can accommodate small jets), and a variety of retail shopping options nearby.

## Blaine target market businesses (near-term and long-term)



The SR-65 corridor has the greatest concentration of businesses with Anchor's target SICs (as of December 2000). However, they occupy only a portion of the land zoned for them (the industrial, office park, and planned business developments zones outlined in yellow, above). As of July 2001, the amount of this land, developed and undeveloped, consisted of:

Zones	Acreage
Industrial (all levels)	1,852.66
Planned Business District	733.29
Office Research Park	39.72
<b>TOTAL</b>	<b>2,625.67</b>

As the map depicts in yellow, above, most of this land is located east of the airport. Some industrial parks are already present, but most of the zones are undeveloped. In the map and table, below, the areas in light green are commercial lots that were available for sale as of July 30, 2001. The dark green lot came on the market later.

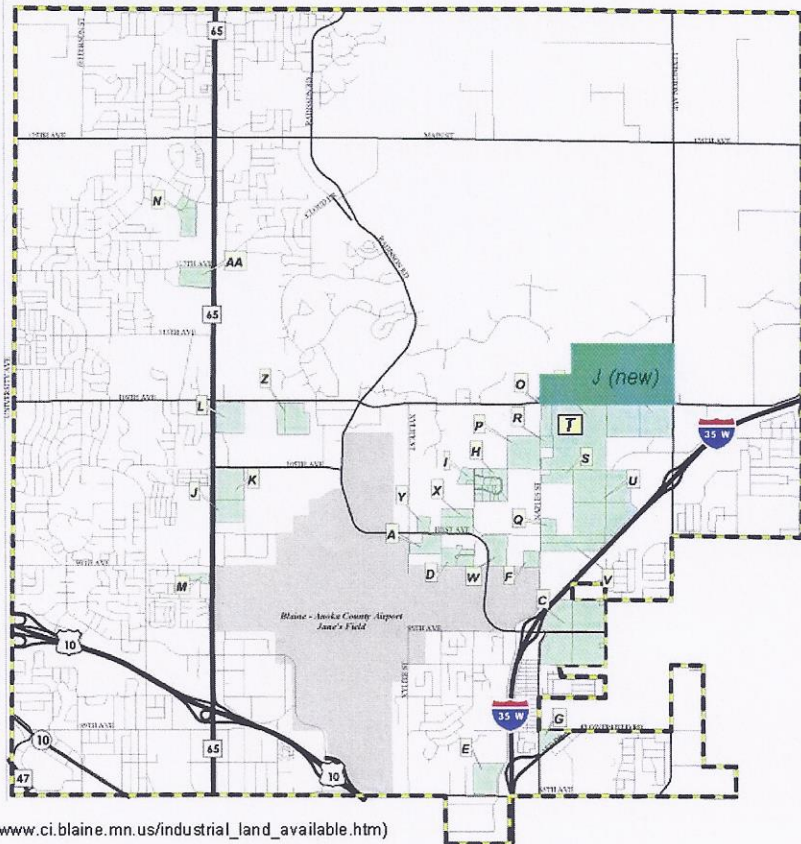
Between July 30, 2001 and August 1, 2002, four lots have been sold (shaded gray in the table). During that same period a new lot (dark green) became available at the corner of 109<sup>th</sup> and Lexington, across from "The Village" shopping center.

Lots J (old designation), K, and L, all of which are along SR-65, were all sold to be developed as retail shopping centers. This will be discussed later in this section.

**Industrial development opportunities in Blaine (as of 8-1-01)**

AA	22.0	Hwy 65 and 117th Ave.
B	74.0	109th Ave. and Lexington Ave.
C	143.0	95th Ave. and I-35W
D	11.0	4 upland 101st Ave. and Radisson Rd.
E	28.8	85th Ave. and I-35W
F	6	* SOLD* 101st Ave. and Naples St.
G	11.5	Naples St. and Lake Dr.
H	10.0	101st Ave. and Flanders St.
H	20.0	101st Ave. and Flanders St.
I	1.0	101st Ave. and Flanders St.
J	24.4	* SOLD* Hwy 65 and Radisson Rd.
J (new)	280.0	109th Ave. & Lexington Ave.
K	33.2	* SOLD* Hwy 65 and 105th Ave.
L	34.6	* SOLD* Hwy 65 and 109th Ave.
M	9.2	Hwy 65 and 99th Ave.
N	22.5	Hwy 65 and Paul Parkway
O	13.0	109th Ave. and Naples St.
P	40.0	109th Ave. and Naples St.
Q	10.0	101st Ave. and Naples St.
R	5.0	101st Ave. and Naples St.
S	15.0	101st Ave. and Naples St.
T	137.0	109th Ave. and Naples St.
U	140.0	52 upland I-35W and Pheasant Ridge Dr.
V	42.0	I-35W and 101st Ave.
W	23.0	10 upland 101st Ave. and Radisson Rd.
X	10.0	101st Ave. and Flanders St.
X	18.5	101st Ave. and Flanders St.
Y	10.0	101st Ave. and Xylite St.
Z	20.0	109th Ave. and Davenport St.

1132.5 total acres for sale as of 8-1-02  
(total omits lots sold between 8/01 and 8/02)



Source: Economic Dev. Authority, City of Blaine ([http://www.ci.blaine.mn.us/industrial\\_land\\_available.htm](http://www.ci.blaine.mn.us/industrial_land_available.htm))

It is worth noting that the land north of 109<sup>th</sup> Avenue and east of Rendove Street (roughly the western edge of Lot O in the map, above, with the exception of the new Lot J) is outside the Metropolitan Urban Services Area (MUSA). This currently prevents this land from being connected to the metropolitan water and sewage system, limiting its near-term development to large-lot homes. This land outside the MUSA includes the northeast corner lot across from "The Village" shopping area at 109<sup>th</sup> & Lexington Avenue. However, the amount of land and scope of development plans within the MUSA are still substantial, as the yellow areas in the earlier map attest.

The developed industrial and business parks in Blaine rarely show a "for sale" or "for lease" sign:

Directly across from "The Village" on Lexington Avenue is the Pheasant Ridge Drive business park. Located here are:

- **ITW BGK** ("electric infrared curing systems for the coating and finishing industries")
- World headquarters of **Aveda** (beauty products)
- Headquarters of **Security Products Company** (security equipment for financial institutions)
- World headquarters of **PlastiDip International** (spray-on plastic coatings)
- **NCR Comten** (computer network equipment) --- a division of AT&T's NCR.

Blaine plans to expand this park another 500,00 square feet (if use of the wetland it borders is approved).

In the 160-acre Mankato Street-area industrial park (near the corner of Radisson Road and 109<sup>th</sup> Avenue), I was able to identify 27 operating businesses.

Many more businesses are located in the industrial parks around the airport. Around Airport Road alone (vicinity of US-10 and SR-65), I identified 30 operating businesses.

Along SR-65, the types of businesses vary greatly, including a concrete producer, a mobile home park, sporting goods stores, auto dealers, and a go-cart racetrack. However, much of SR-65 is also undeveloped. Two of these undeveloped areas will soon be the Victory Village retail center at 109<sup>th</sup> & SR-65 (with a Super Target as an anchor) and the 375,000-square foot National Market Center (with Menards as an anchor). These are the lots J, K, and L in the previous map and table, above. The promotional book, "Come See Blaine", will give details on size, design, and anticipated tenants.

Assuming long-term national economic growth, Blaine has several factors that should encourage our target businesses to locate there:

- All of the area south of 109<sup>th</sup> Avenue is in the Metropolitan Urban Services Area, so it already has MetCouncil approval for water and sewage service.
- Residential development, particularly upper- and middle-bracket, would help businesses attract and retain quality employees. Adding to the attraction are the short commute to the industrial and business parks, convenient shopping, and access to the city's sport facilities (which includes a PGA-operated golf course and the soon-to-be-constructed National Youth Golf Center).

- Easy access to US-10 and 35W, and an airport “accommodating all single-engine, most twin-engine, and some light jet aircraft” (according to the City of Blaine), make Blaine a transportation hub in the North Metro.

### **Blaine’s consumer customer potential (near- and long-term)**

In 2000, Blaine had a population of 44,942. This has been steadily increasing as new housing developments reach completion. Also steadily increasing has been average household income. For example, the 2000 Census found the average household income in the area north of 109<sup>th</sup> Avenue between SR-65 and Lexington Avenue to be just \$73,648. Since the Census, upper-bracket homes have been constructed and occupied in the area, some selling for as much as \$800,000. This has increased both the population and the average household income in the area.

Blaine has several large, upper-bracket residential developments planned and under construction. Many of these homes are already occupied. The most significant of these in terms of likely household income (dollar amount, density and whole number of households) is Deacon’s Walk. It is being constructed around the PGA-owned and operated Tournament Players Club (between SR-65, 109<sup>th</sup> Avenue, and Radisson Road). Construction began in 1998 with the more modest homes shown in the first photograph, below. Higher value homes, such as those in the next two photos, are still being constructed.



**Deacon’s Walk (Tournament Players Club)**

- North of 109<sup>th</sup> Ave and west of Radisson Rd
- 750 townhomes, single-family and executive homes being constructed between 1998 and 2002 (90% complete)
- Range: \$140 M (townhome) - \$800 M (executive)

Other residential developments planned and under construction are:





**The Lakes at TPC** (also part of the Tournament Players Club development)

- North of Deacon's Walk and west of Radisson Road
- 192 townhomes and single-family homes being constructed between 2001 and 2003
- Range: \$150 M (townhome) to \$350 M (single-family).

**Sanctuary** (across from the planned 18-hole National Youth Golf Center)

- South of 109<sup>th</sup> and east of Radisson Road
- 200 single-family homes being constructed 2001 –2005
- Range: \$300 M to \$600 M

**Club West**

- North of 109th Ave. and east of SR-65
- 1,050 townhomes, single-family and apartment units being constructed 2002 – 05 (50% complete).
- Range: \$135 M (townhome) to \$300 M (single-family); apartment rents vary by style

**Quail Creek**

- East of Radisson Road and north of 125th Avenue
- 300 single-family homes 1997-2004
- Range: \$180 M to \$450 M

**Partridge Preserve** (just south of Quail Creek)

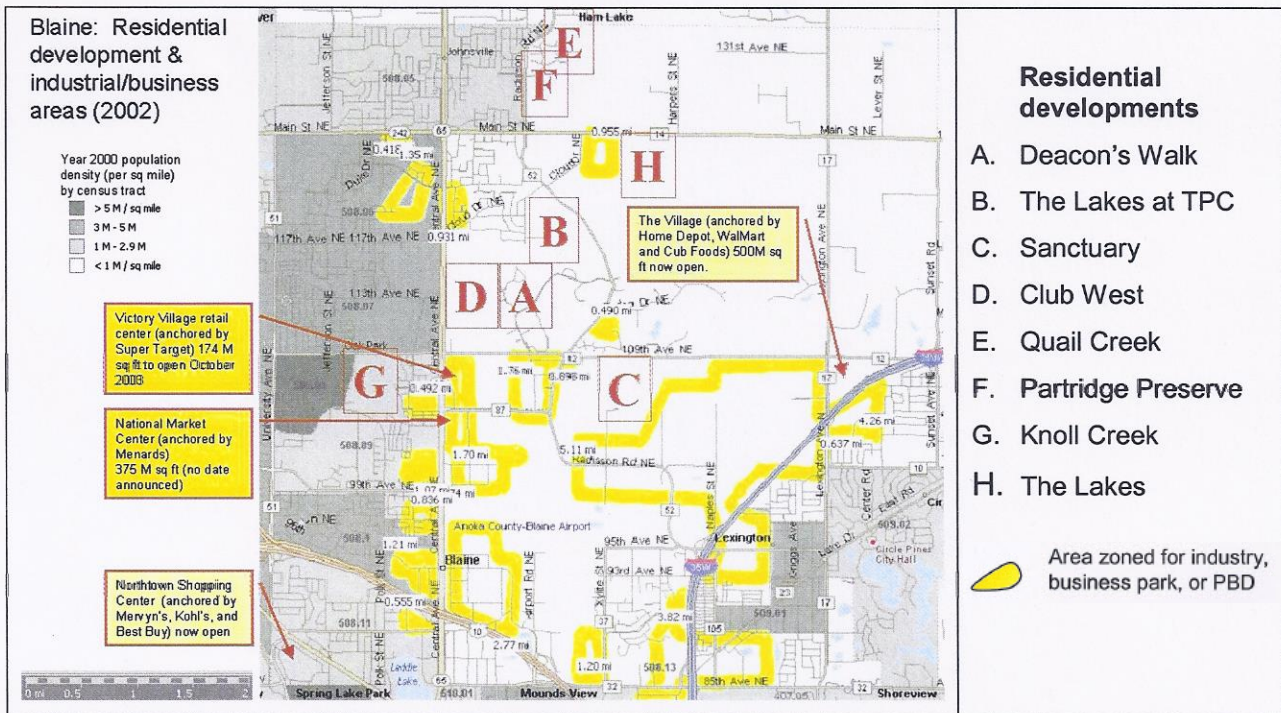
- East of Radisson Road
- 100 single-family homes to be completed in 2002
- Range: \$175 M - \$300 M

**Knoll Creek**

- South of 109th Avenue and west of SR-65
- 140 single-family homes to be completed 2003
- Range: \$160 M - \$230 M

Blaine has proposed to the MetCouncil the construction of 3,500 to 4,000 homes on Main Street (CR-14), mid-way between SR-65 and Lexington Avenue. The price range has not yet been determined. To be known as "The Lakes" (not to be confused with The Lakes at TPC), the land currently lies outside the MetCouncil's MUSA. The MetCouncil has not yet approved the development. However, Curt Larson, Blaine's

Economic Development Specialist, sees “no red flags” to the MetCouncil’s approval. Once approved, construction would begin in 2003 with completion expected in 2008.



In addition to the eight residential development areas, the map, above, shows population density in those neighborhoods that were in existence prior to 2000. It also shows the areas currently zoned for business park, industrial, and planned business developments (PBDs). The dense population areas shown to the west of SR-65 are mostly neighborhoods 10 or more years old. Some, such as this neighborhood at Jackson Street & 125<sup>th</sup> Avenue (below), are being expanded with townhomes.



Although the area north of 109<sup>th</sup> Avenue and east of the new and planned developments is sparsely populated and outside the MUSA, there are occasional small neighborhoods, each with less than two dozen homes. They vary in value and age with most appearing to be less than 10 years old. Most of these small neighborhoods are middle-income, such as those pictured, below.



B20 S (Radisson Woods Drive off 109th)



B1 W (Radisson & Cloud Drive)

Others of these small neighborhoods are decidedly up-scale. The photos, below, were taken on 114<sup>th</sup> Lane NE, just off Lexington Avenue about a mile north of 109<sup>th</sup> Avenue. At the end of 114<sup>th</sup> Lane is a sign announcing that this upper-bracket neighborhood will be extended in the future. This area is currently outside the MUSA, limiting its development for the time being.



A13 SE

A16 NW

A17 NE

The previous map, above, clearly shows that potential consumer customers in the near- and long-term are located along the SR-65 corridor (left side of map). The corridor features established, dense, middle-income neighborhoods to the west and emerging new high-income neighborhoods to the east. However, because of the draw of “The Village” shopping area at Lexington and 109<sup>th</sup> (east side of town) and the new jobs that will be created in the industrial/business parks south and west of it, SR-65 is not *necessarily* the only location for attracting customers from the 65 corridor. This will be discussed later.

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### Anchor's competition in Blaine

Zip	Bank	# loc	Deposits (\$MM)	Market share in Zip
55014	Firststar (US Bank)	2	\$57.6	50%
55014	Lino Lakes State Bank	1	\$41.8	36%
55014	Community National Bank	1	\$16.4	14%
<b>TOTAL</b>		<b>4</b>	<b>\$115.8</b>	<b>100%</b>

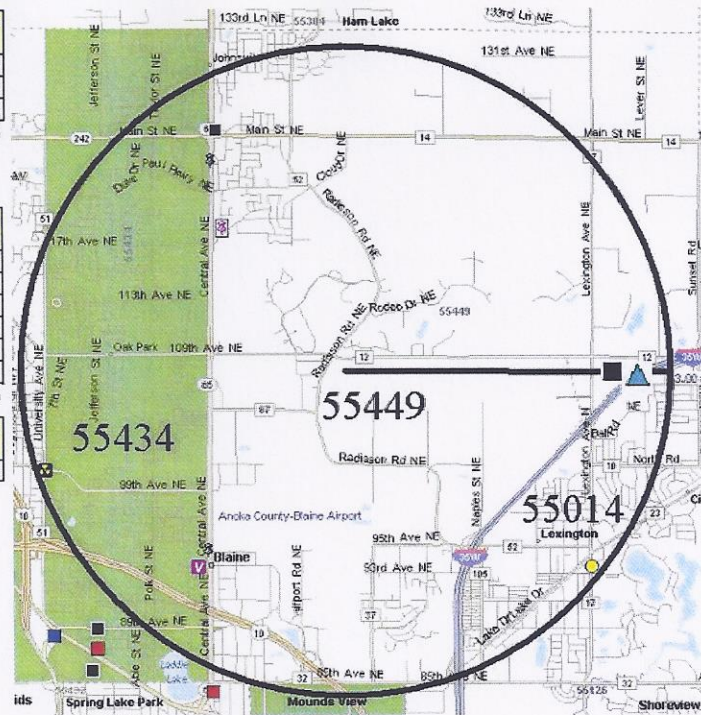
Lino Lakes SB and Community National Bank are both located two miles east of Blaine in Lino Lakes.

Zip	Bank	# loc	Deposits (\$MM)	Market share in Zip
55434	TCF	3	\$117.4	34%
55434	US Bank	1	\$101.9	30%
55434	Wells Fargo	2	\$38.8	11%
55434	Blaine State Bank	1	\$21.7	6%
55434	Village Bank	1	\$19.0	6%
55434	21st Century Bank	2	\$44.6	13%
<b>TOTAL</b>		<b>10</b>	<b>\$343.4</b>	<b>100%</b>

Zip	Bank	# loc	Deposits (\$MM)	Market share in Zip
55449	Boundary Waters	1	\$2.2	100%

Since June 2001, TCF and Premier Banks have opened store branches in "The Village" shopping center (109th & Lexington).

<p>Competitor locations</p> <ul style="list-style-type: none"> <li> 21st Century Bank</li> <li> Blaine State Bank</li> <li> Boundary Waters</li> <li> Firststar (US Bank)</li> <li> Premier Bank</li> <li> TCF</li> <li> US Bank</li> <li> Village Bank</li> <li> Wells Fargo</li> </ul>	<p>Total deposits (6-30-01) by Zip code</p> <ul style="list-style-type: none"> <li> &gt;\$450M</li> <li> \$300M-\$450M</li> <li> \$125M-\$300M</li> <li> &lt;\$125MM</li> </ul>
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The circle represents a three-mile radius around Blaine City Hall.

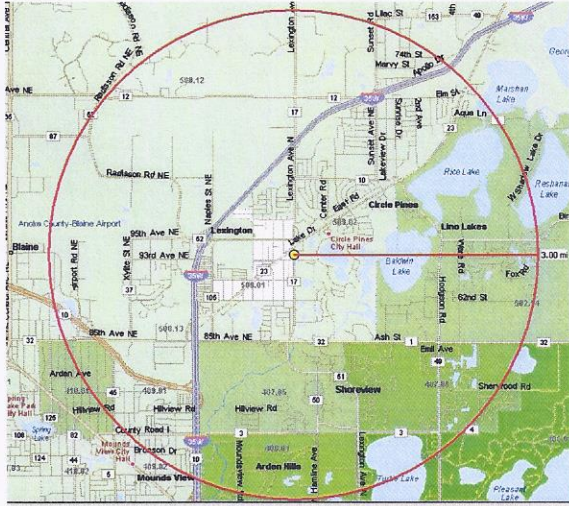
The tables, above, show the June 30, 2001 deposits and market share of the banks in Blaine's three Zip codes. Although the 55434 Zip code is highly contested (six competitors with a total of 10 locations), most of that competition is taking place in the southwestern corner of Blaine near CR-10.

If we look at the three-mile radius around Blaine City Hall, which is almost the geographic center of the city, here is how the competition looked in June 2001 (the latest period for which FDIC deposit data is available):

21<sup>st</sup> Century and US Bank (through an acquired Firststar location) dominated the area in June 2001. 21<sup>st</sup> Century has two locations, both on SR-65 --- one north of 109<sup>th</sup> Avenue, the other south.

3-mile radius of Blaine City Hall		
21st Century	\$44.6	33%
Firststar (US Bank)	\$39.7	29%
Blaine State Bank	\$21.7	16%
Village Bank	\$19.0	14%
TCF	\$9.0	7%
Boundary Waters	\$2.2	2%
<b>\$136.06</b>		<b>100%</b>

The former Firststar location (now US Bank) is located at the corner of Lexington Avenue and Commercial Street in Circle Pines. On the map, below, the bank is shown in the center and the red circle defines the area three miles around it.



This former Firststar location seems to have gotten much of its deposits from the wealthier areas to the south: Arden Hills, Shoreview, Lino Lakes, and North Oaks. The green shading represents average household income, with darker shades denoting higher numbers. Arden Hills, for example, had an average household income in 2000 of \$109,214. All four communities are within three miles of former Firststar bank.

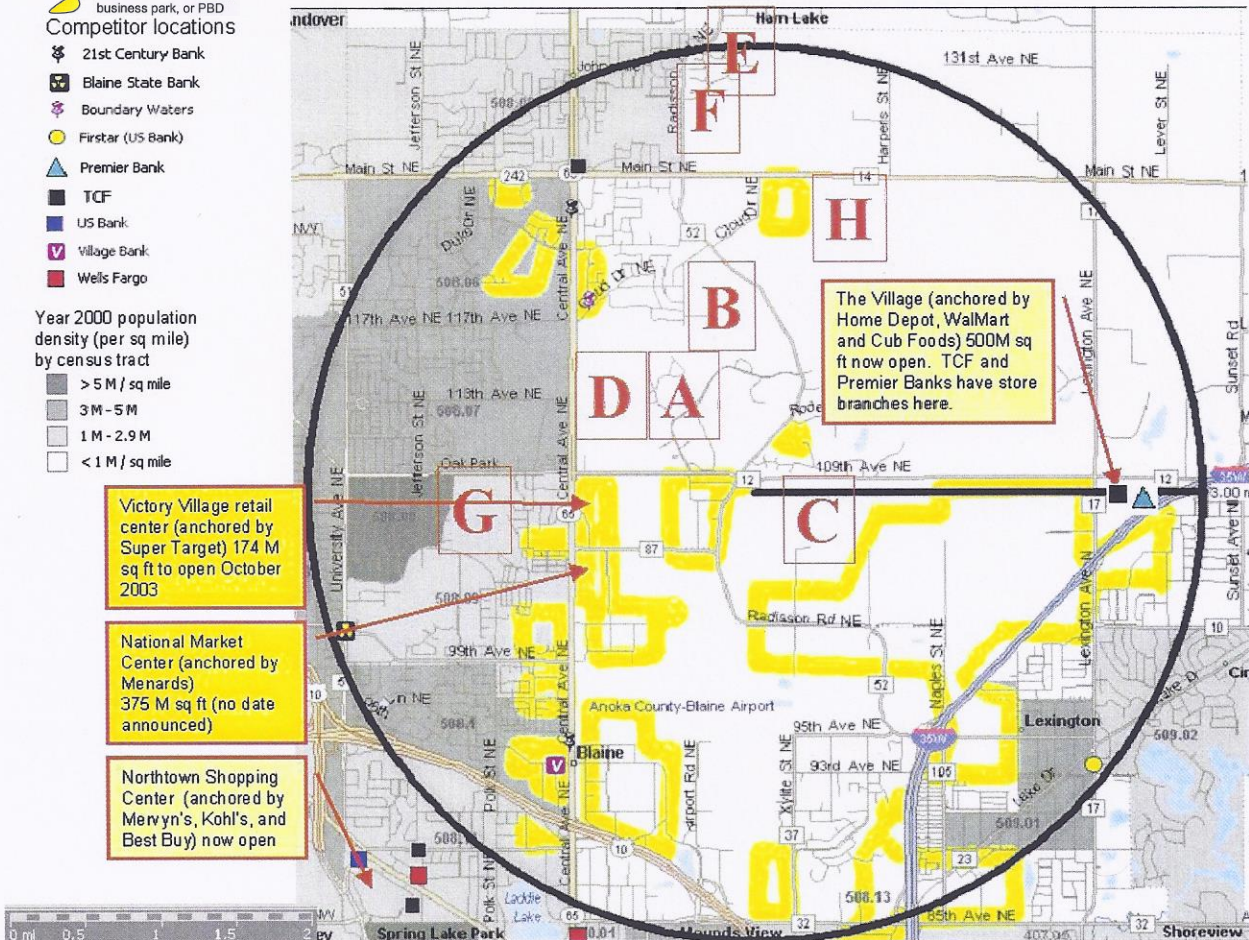
US Bank's location here on Lexington Avenue should help it attract businesses in Lexington Avenue's new industrial and business parks as they are developed.

Since June 2001, two new competitor locations have opened in Blaine: Both TCF and Premier Banks have opened store branches in "The Village" shopping center at 109<sup>th</sup> & Lexington. TCF is inside the Cub Foods store and Premier is inside Wal-Mart.

### Conclusions concerning Blaine

- Area zoned for industry, business park, or PBD
- Competitor locations**
- 21st Century Bank
- Blaine State Bank
- Boundary Waters
- Firststar (US Bank)
- Premier Bank
- TCF
- US Bank
- Village Bank
- Wells Fargo

- Year 2000 population density (per sq mile) by census tract
- > 5 M / sq mile
  - 3M - 5M
  - 1M - 2.9M
  - < 1 M / sq mile



- Blaine has the transportation, zoning, and municipal services (water and sewer) conducive to significant near- and long-term development of business customers. However, the realization of business customer potential depends on the economic health of the region and the nation.
- Blaine offers excellent opportunities for near- and long-term development of consumer customers, particular upper-income customers.
- If we were to consider Blaine in isolation of its surrounding communities, the ideal location for a branch of Anchor Bank Heritage would be near Blaine City Hall at the intersection of the 109<sup>th</sup> Avenue and Radisson Road (the center of the circle, above). It would be close to the new residential developments and be on the commuting route to the industrial and business parks. It would also be equidistant of the two primary retail shopping areas in Blaine: "The Village" at 109<sup>th</sup> & Lexington and the retail centers to be built on the SR-65 Corridor. It would also be an easy drive for business owners already located in the 65 Corridor.

**End of excerpt of full report**