

Retail Market Assessment



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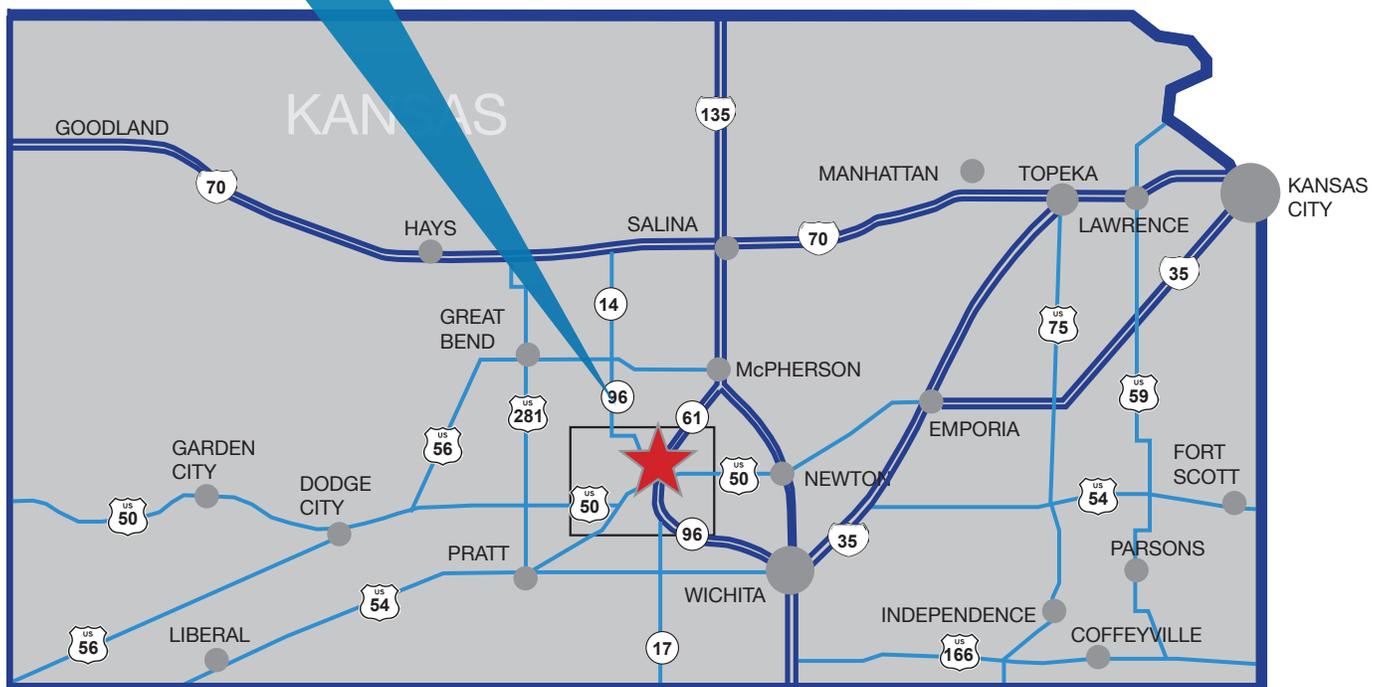
WHY

CHOOSE

HUTCHINSON?

With a central location to the the United States, Hutchinson offers convenience and efficiency. Access is easy and commute times are short to Hutchinson. The highway system is superb and provides easy access to the Interstate and Wichita via four-lane expressways built to interstate standards. Hutchinson is less than an hour away from the Wichita Dwight D. Eisenhower National Airport which provides non-stop and connection flights throughout the United States daily.

Hutchinson is home to many national tenants and is supported by a large population base, workforce, national visitor attractions and a local student population.



Background

Hutchinson/Reno County is strategically located in South Central Kansas with access via K-61, K-96 or US-50. Hutchinson is located approximately 45 minutes from Wichita, Kansas and US Interstate 35. Hutchinson is the 11th largest city in Kansas and is the largest city in Reno County. It has been home to salt mines since 1887, thus its nickname of “Salt City”, but locals call it “Hutch”.

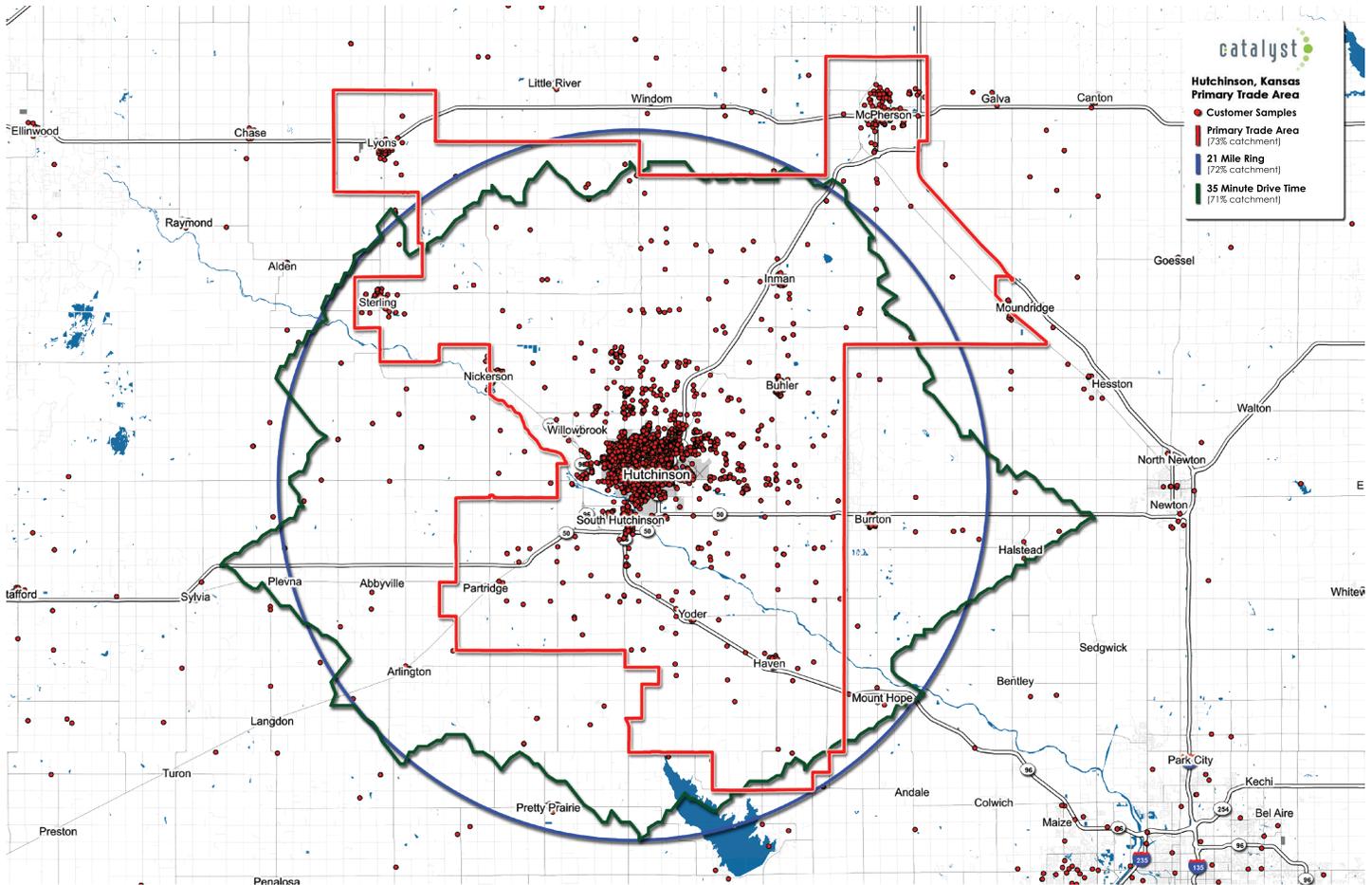


As of 2017, the population is 41,690, however the primary trade area includes nearly 83,000 people with a median income of \$52,008. Hutchinson serves as a regional hub to the adjacent rural areas of Kansas and is also a community of choice for people that desire a strong quality of life with all the amenities of a first-class city. The region creates retail purchasing power of over \$1.1B and current retail demand for over 300,000 square feet of additional retail.

Hutchinson is host to a number of nationally known facilities, events and festivals that draw in over 1.5 million visitors each year. These include the Kansas State Fair, and National Junior College Athletic Association (NJCAA) Basketball Tournament. Hutchinson also has first-class museums such as the Cosmosphere and Strataca. Hutchinson is also home to the Hutchinson Regional Medical Center, Dillons, Siemens Gamesa, Tyson and Hutchinson Community College.

The region is home to a regional mall and tenants such as Lowes, Buffalo Wild Wings, Home Depot, McDonalds, Chili's, Rib Crib, Aldi, Ace Hardware, Walgreens, Tractor Supply, Dunhams, Hobby Lobby, Orscheln TJ-Maxx and many others.

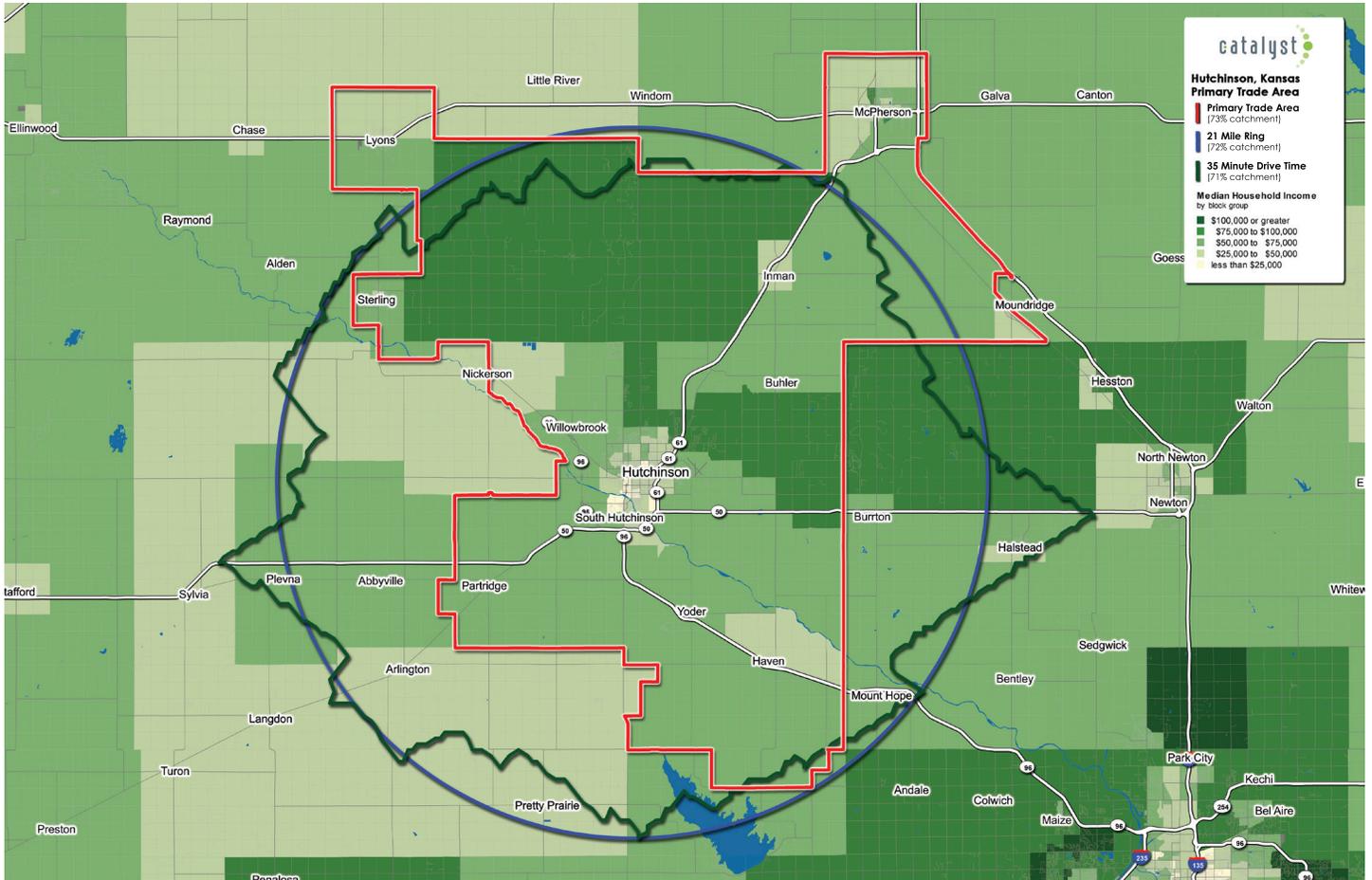
Primary Trade Area



METHODOLOGY

In November 2017, Catalyst conducted a customer intercept study that included over 4,100 samples. These samples were collected from major retailers, including Hutchinson Mall, The Home Depot, Ace Hardware, and Dillons (3200 Plaza East Drive) within Hutchinson. Common Evening Locations (C.E.L) were derived from the samples and geocoded to construct the Primary Trade Areas. Catalyst used a 73% capture rate of the C.E.L. to define the Primary Trade Area for Hutchinson. The 35 minutes drive time trade area represents 71% catchment, and the 21 mile ring trade area represents 72% catchment of C.E.L. from the study point at the intersection of N Main St. and W 1st Ave. to construct their respective trade areas.

Income

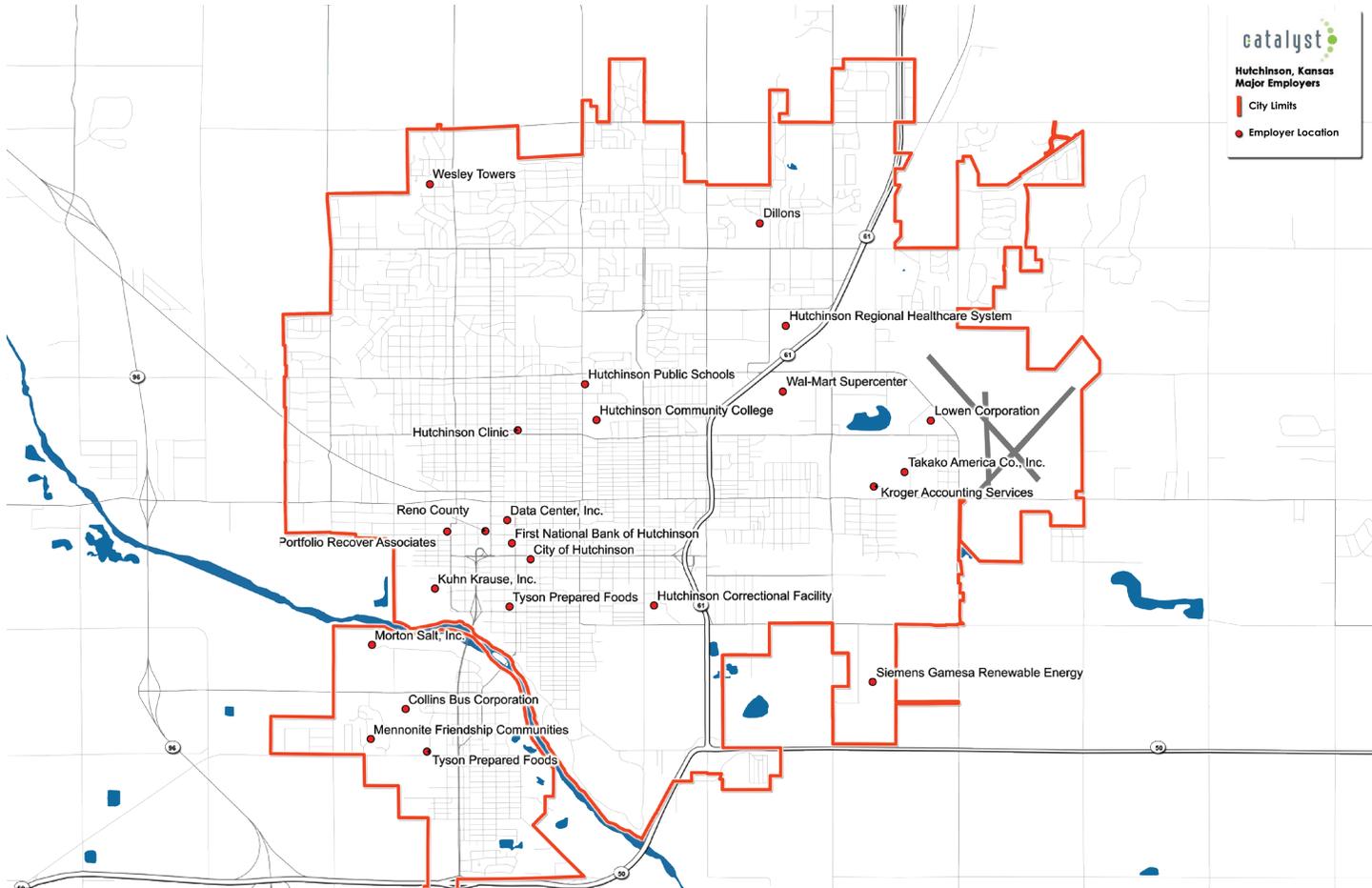


DEMOGRAPHICS

	Primary Trade Area	35 Minute Drive Time	21 Mile Ring
Median Household Income	\$52,008	\$51,640	\$51,670
Average Household Income	\$63,933	\$62,902	\$63,026
% HHs w/ Income less than \$25,000	21%	22%	22%
% HHs w/ Income \$25,000 - \$50,000	29%	29%	29%
% HHs w/ Income \$50,000 - \$75,000	21%	21%	21%
% HHs w/ Income \$75,000 - \$100,000	13%	14%	14%
% HHs w/ Income \$100,000 or greater	16%	15%	15%

Source: STI PopStats

Major Employers



catalyst
 Hutchinson, Kansas
 Major Employers
 City Limits
 Employer Location

DEMOGRAPHICS

Employer	Employment	Employer	Employment
Hutchinson Regional Healthcare System	1,200	Wal-Mart Supercenter	300
Hutchinson Public Schools	878	Portfolio Recover Associates	281
Hutchinson Community College	877	Wesley Towers	268
Hutchinson Clinic	609	Lowen Corporation	275
Dillons	548	Collins Bus Corporation	230
Tyson Prepared Foods	548	Mennonite Friendship Communities	225
Hutchinson Correctional Facility	507	Kuhn Krause, Inc.	208
City of Hutchinson	430	First National Bank of Hutchinson	183
Reno County	395	Data Center, Inc.	160
Siemens Gamesa Renewable Energy	360	Morton Salt, Inc.	147
Kroger Accounting Services	319	Takako America Co., Inc.	140

Source: Hutchinson Chamber of Commerce (July 2017)

PTA Demand



Source: Catalyst

+ 82,354
Population

+ \$52,008
Median Income

+ \$1.046B
Purchasing
Power

To calculate retail potential, Catalyst evaluated the existing retail demand and supply for the PTA. Retail supply is measured by using existing retail expenditures to calculate supply. Demand is calculated using purchasing power derived from population and income to estimate the amount of retail capacity within the trade area. The difference of retail demand less retail supply is considered “retail leakage” or “retail gap.”

Based upon recent research, the current population in the PTA is 82,354 and current median income is \$52,008 which creates overall purchasing power or retail demand of \$1.04 billion, using a factor of 30% for retail expenditures of per capita total income.

The current supply is \$1.140B. The difference, or retail gap, reveals a aggregate surplus of \$90 +/- million. However, the trade area reflects positive demand across individual retail categories in the local trade area as shown on the adjacent chart.

Source: ESRI, Popstats, Catalyst

Leakage

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/ Surplus Factor
Other Motor Vehicle Dealers	4412	\$74,517,754	\$15,754,701	\$58,763,053	65.1
Furniture Stores	4421	\$19,892,842	\$17,280,355	\$2,612,487	7.0
Home Furnishings Stores	4422	\$8,847,777	\$7,084,016	\$1,763,761	11.1
Electronics & Appliance Stores	443	\$25,722,624	\$17,090,487	\$8,632,137	20.2
Food & Beverage Stores	445	\$174,572,522	\$171,559,835	\$3,012,687	0.9
Grocery Stores	4451	\$153,793,992	\$137,135,691	\$16,658,301	5.7
Health & Personal Care Stores	446,4461	\$46,314,184	\$44,239,146	\$2,075,038	2.3
Clothing Stores	4481	\$23,148,713	\$9,911,260	\$13,237,453	40.0
Shoe Stores	4482	\$4,268,212	\$3,229,373	\$1,038,839	13.9
Jewelry, Luggage, Leather Goods	4483	\$6,992,370	\$4,405,802	\$2,586,568	22.7
Other General Merchandise Stores	4529	\$47,029,385	\$15,084,862	\$31,944,523	51.4
Other Miscellaneous Store Retailers	4539	\$22,412,620	\$12,195,238	\$10,217,382	29.5
Drinking Places - Alcoholic Beverages	7224	\$7,345,558	\$2,922,184	\$4,423,374	43.1
Other Miscellaneous Store Retailers	4539	\$128,929,443	\$114,699,607	\$14,229,836	6
Drinking Places - Alcoholic Beverages	7224	\$24,004,025	\$19,226,790	\$4,777,235	11
Restaurants/Other Eating Places	7225	\$625,065,429	\$594,841,505	\$30,223,924	3

Source: ESRI, Catalyst

To determine leakage, Catalyst extracted existing sales expenditure data and demand estimates for the PTA. The PTA shows demand for a number of individual categories. In context of retail needs, the PTA shows the greatest demand for soft-goods oriented retail, including clothing and shoes. The market is underserved in grocery and there are many niche and specialty grocery chains expanding nationally. In addition, service retailers can adapt to local consumer preferences and nuance customized services to differentiate market offerings. The PTA also shows capacity for regional/destination oriented uses such as restaurants, health and beauty and electronics merchandisers. The PTA also shows capacity for full service restaurants and restaurants that serve alcohol.

Projected Demand

The projected household growth will fuel demand for additional retail and restaurant services throughout the region. The projected population growth and associated per capita income (purchasing power) was used to calculate future retail expenditures in the PTA. To translate projected retail demand into square footage demand, the average market sales per square foot for each category was applied to the unmet retail demand to measure the market supportable square footage of new retail. The table below shows the cumulative new retail demand by square foot through 2047.

Potential Supportable Retail Square Footage By Retail Category
(Note: Residential-generated retail demand only takes into account the *unmet* retail demand by retail category)

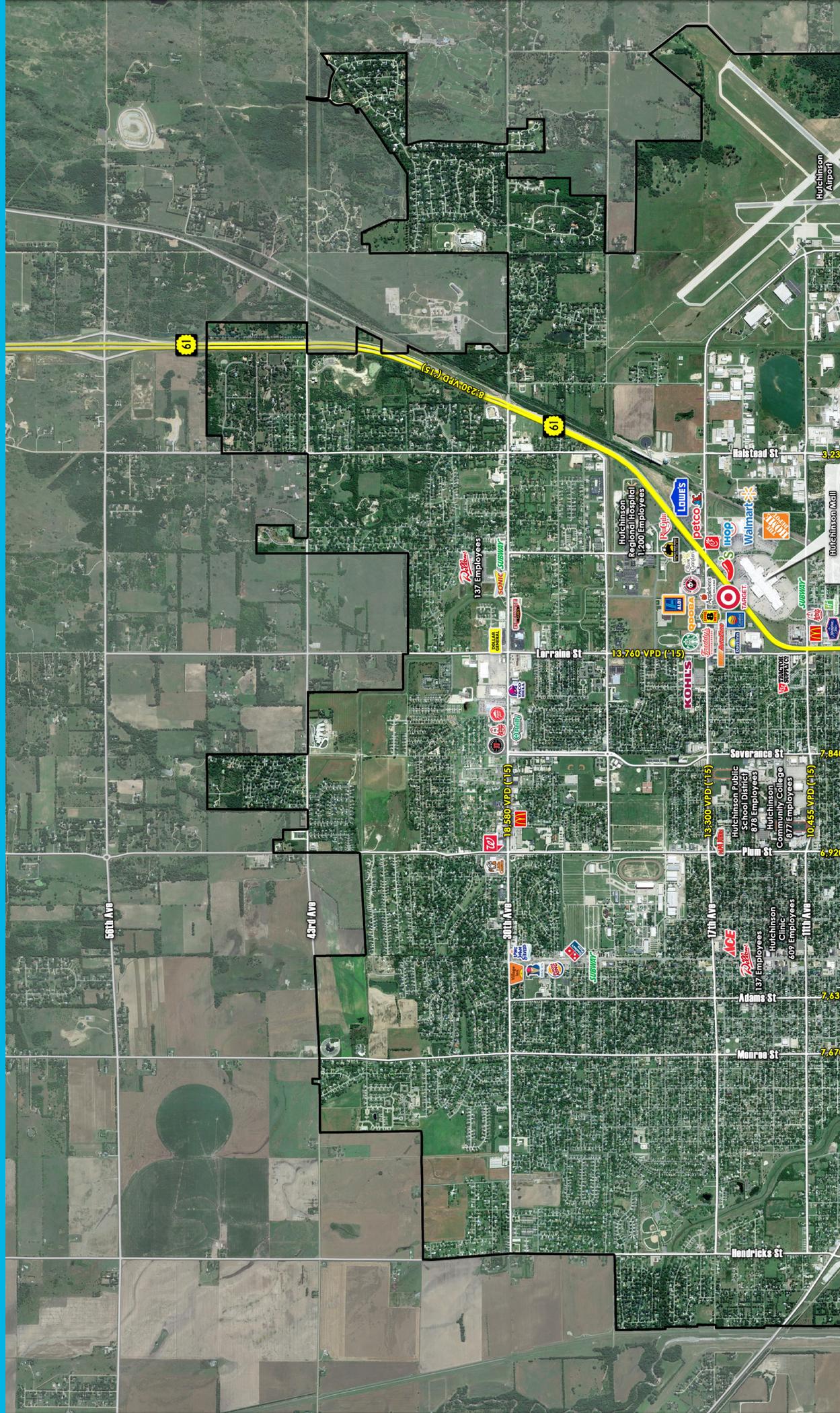
Category	NAICS	Workforce	Commuter	Residential	Total
Auto Parts, Accessories & Tire Stores	4413		220	19,458	4,787
Furniture Stores	4421			39,786	5,225
Home Furnishings Stores	4422			19,170	3,821
Electronics & Appliance Stores	443			51,445	17,264
Bldg Material & Supplies Dealers	4441			115,095	-
Lawn & Garden Equip & Supply Stores	4442			11,378	-
Grocery Stores	4451	8,435	789	210,455	37,953
Specialty Food Stores	4452			18,142	-
Beer, Wine & Liquor Stores	4453			33,184	-
Health & Personal Care Stores	446,4461	16,278		84,909	24,014
Gasoline Stations	447,4471	22,851	2,755	90,706	4,422
Clothing Stores	4481	3,035	303	46,297	31,496
Shoe Stores	4482	4,174	555	18,496	12,316
Specialty Retail (i.e. Jewelry, Luggage & Leather Goods Stores)	4483	3,180		13,319	9,576
Sporting Goods/Hobby/Musical Instr Stores	4511	1,809	278	33,485	-
Book, Periodical & Music Stores	4512		278	7,672	-
Department Stores Excluding Leased Depts.	4521	5,426		275,508	-
Other General Merchandise Stores	4529	25,043	416	152,846	129,279
Florists	4531		278	3,612	-
Office Supplies, Stationery & Gift Stores	4532	6,122	278	16,573	5,791
Used Merchandise Stores	4533		555	15,731	-
Other Miscellaneous Store Retailers	4539		387	57,335	26,525
Full-Service Restaurants	7221	7,955	467		12,136
Limited-Service Eating Places	7222	10,713	661		14,738
Special Food Services	7223			1,727	-
Drinking Places - Alcoholic Beverages	7224	-	-	12,243	7,372
Total Demand (SF)		115,020	8,220	1,348,572	346,984

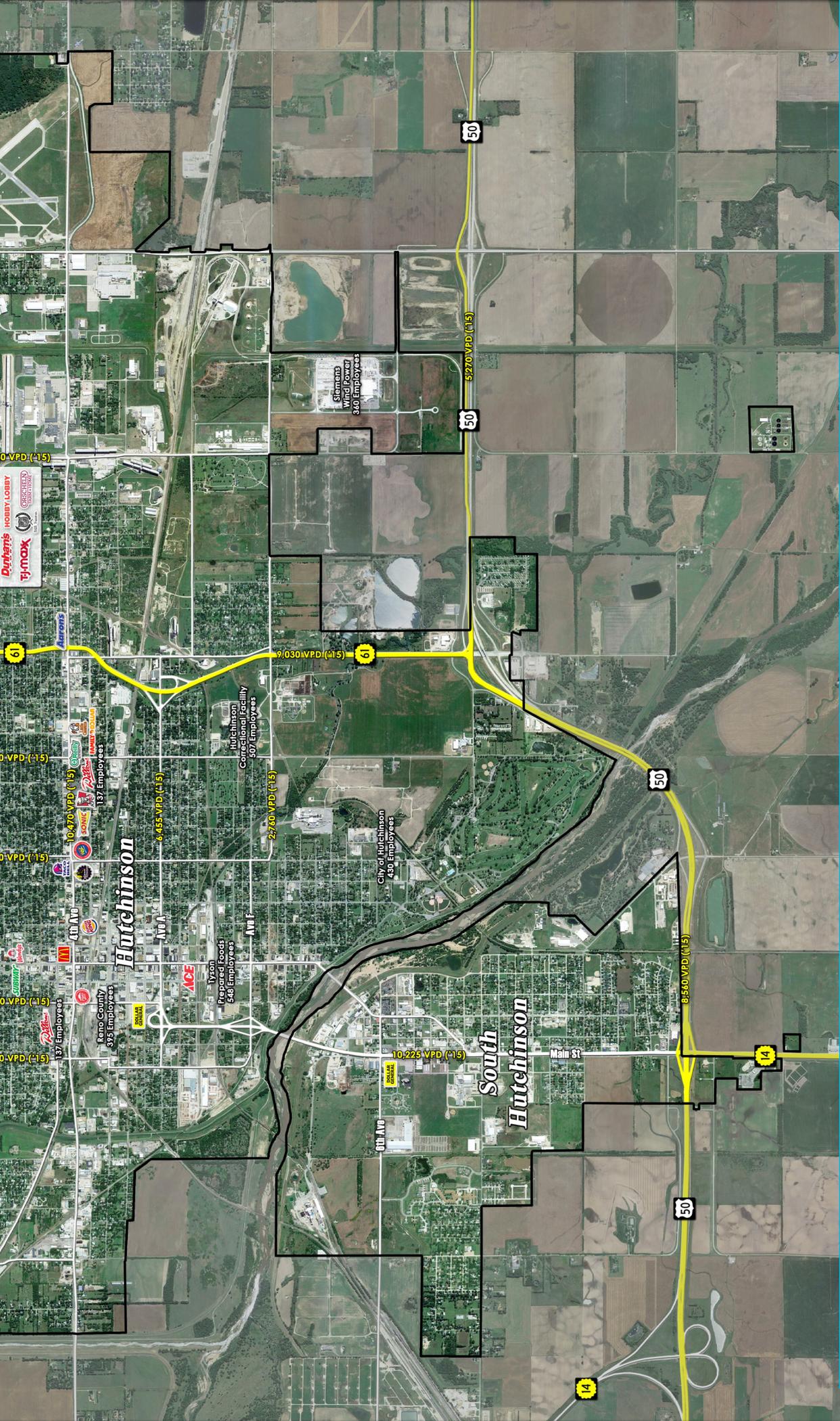
The chart reflects that there is approximately 346,000 square feet of retail demand with the greatest demand in grocery, pharmacy, general merchandise and soft goods.

Source: Catalyst Commercial, ESRI

Major Retail Aerial Map

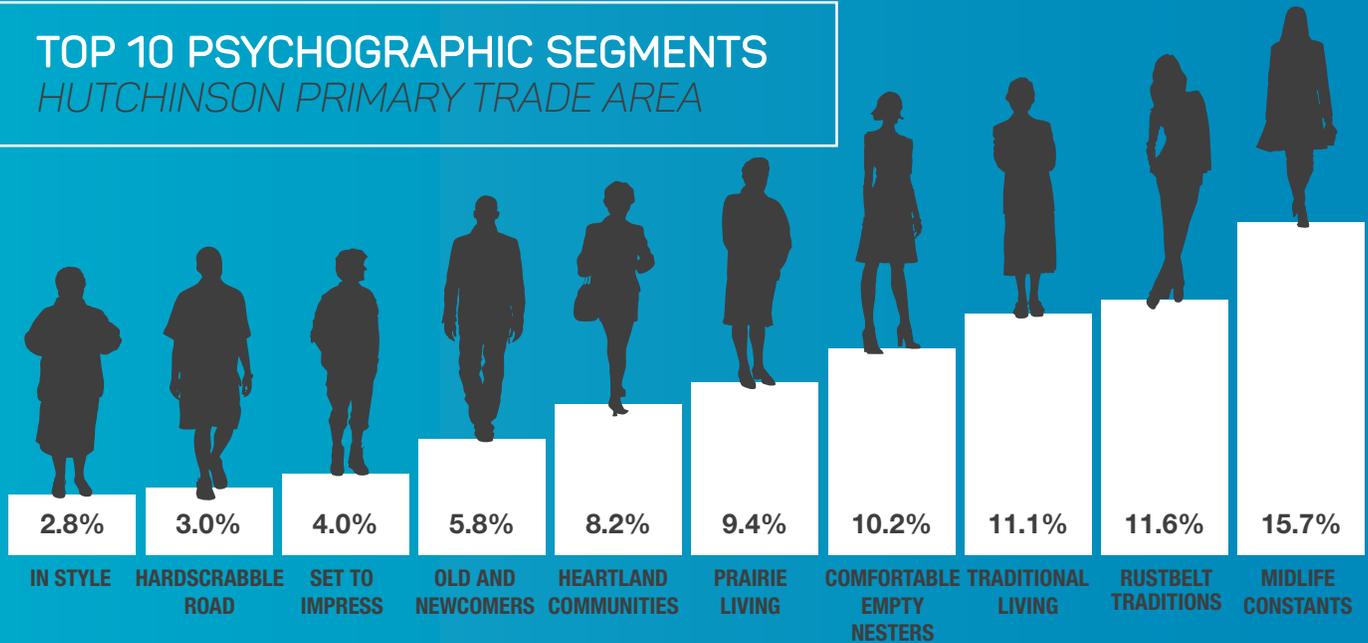
Hutchinson, Kansas





TOP 10 PSYCHOGRAPHIC SEGMENTS

HUTCHINSON PRIMARY TRADE AREA



1

MIDLIFE CONSTANTS

Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities, in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts. The neighborhoods consist of older home (most built before 1980) found in the suburban periphery of smaller metropolitan markets. Established neighborhoods with slow rates of change and residents that have lived in the same house for years. Neighborhoods consist of single-family homes, less than half are still mortgaged, with a median home value of \$141,000. 64% of Midlife Constants have a high school diploma or some college education. Almost 42% of households are receiving Social Security; 28% also receive retirement income. Radio and newspapers are the media of choice (after television).

2

RUSTBELT TRADITIONS

The backbone of older industrial cities in states surrounding the Great Lakes, Rustbelt Traditions residents are a mix of married-couple families and singles living in older developments of single-family homes. While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. Rustbelt Traditions represents a large market of stable, hard-working consumers with modest incomes but above average net worth. Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years. Almost half (46%) of the households are married-couple families, similar to the US (48%), most without children; the slightly higher proportion of singles reflects the aging of the population. Most neighborhoods are made up of single-family homes in older neighborhoods built in the 1950s. Nearly three quarters own their homes, over half of households have mortgages. While most income is derived from wages and salaries, nearly 30% of households collect Social Security and nearly 20% draw income from retirement accounts.

3

TRADITIONAL LIVING

Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun. Married couples are the dominant household type, but fewer than expected from the younger age profile and fewer with children; however, there are higher proportions of single-parent and single-person households. Homes are primarily single family or duplexes in older neighborhoods built before 1940. Over 70% of Traditional Living residents have completed high school or some college. Over three quarters of households derive income from wages and salaries, augmented by Supplemental Security Income and public assistance.

4

COMFORTABLE EMPTY NESTERS

Residents in this large, growing segment are older, with more than half of all householders aged 55 or older; many still live in the suburbs where they grew up. Most are professionals working in government, health care, or manufacturing. These Baby Boomers are earning a comfortable living and benefiting from years of prudent investing and saving. Their net worth is well above average (Index 363). Many are enjoying the transition from child rearing to retirement. They value their health and financial well-being. Most homes within the Comfortable Empty Nesters segment were built between 1950 and 1990. 34% of residents are college graduates; nearly 66% have some college education.

TOP 10 PSYCHOGRAPHIC SEGMENTS

HUTCHINSON PRIMARY TRADE AREA

5

PRAIRIE LIVING

Prairie Living is Tapestry Segmentation's most rural market, comprising about 1 percent of households, located mainly in the Midwest, with a predominance of self-employed farmers. These agricultural communities are not diverse, dominated by married-couple families that own single-family dwellings and many vehicles. Median household income is similar to the US, and labor force participation is slightly higher. Faith is important to this hardworking market. When they find time to relax, they favor outdoor activities. About four-fifths of households are owner occupied. Most homes within the Prairie Living segment are single-family (87%) built before 1980; a higher proportion were built before 1940. Half of the residents have completed some college or hold a college degree. Wage and salary income for 73% of households plus self-employment income for 27%.

6

HEARTLAND COMMUNITIES

Well settled and close-knit, Heartland Communities are semirural and semiretired. These older householders are primarily homeowners, and many have paid off their mortgages. Their children have moved away, but they have no plans to leave their homes. Their hearts are with the country; they embrace the slower pace of life here but actively participate in outdoor activities and community events. Traditional and patriotic, these residents support their local businesses, always buy American, and favor domestic driving vacations over foreign plane trips. The rural economy of this market provides employment in the manufacturing, construction, and agriculture industries. The distribution of household types is comparable to the US, primarily (but not the majority) married couples, more with no children, and a slightly higher proportion of singles that reflects the aging of the population.

7

OLD AND NEWCOMERS

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices. Old and Newcomers primarily occupy rental properties (54%), with 45% of housing units consisting of single-family dwellings. 44% are multiunit buildings in older neighborhoods, built before 1980. 28% of residents in the Old and Newcomers segment have a college degree, while 33% have some college education, and 10% are still enrolled in college.

8

SET TO IMPRESS

Set to Impress is depicted by medium to large multiunit apartments with lower than average rents. These apartments are often nestled into neighborhoods with other businesses or single-family housing. Nearly one in three residents is 20 to 34 years old, and over half of the homes are nonfamily households. Although many residents live alone, they preserve close connections with their family. Income levels are low; many work in food service while they are attending college. This group is always looking for a deal. They are very conscious of their image and seek to bolster their status with the latest fashion. Set to Impress residents are tapped into popular music and the local music scene. Renters make up nearly three quarters of all households, while single-person households make up over 40% of all households.

9

HARDSCRABBLE ROAD

Hardscrabble Road neighborhoods are in urbanized areas within central cities, with older housing, located chiefly in the Midwest and South. This slightly smaller market is primarily a family market, married couples (with and without children) and single parents. Younger, highly diverse (with higher proportions of black, multiracial, and Hispanic populations), and less educated, they work mainly in service, manufacturing, and retail trade industries. Unemployment is high (almost twice the US rate), and median household income is half the US median. Almost 1 in 3 households have income below the poverty level. Approximately 60% of householders are renters, living primarily in single-family homes, with a higher proportion of dwellings in 2-4 unit buildings. This market is struggling to get by.

10

IN STYLE

In Style denizens embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement. Home ownership sits at 69%, with 51% of homes qualifying as mortgaged. Neighborhood characteristics consist of primarily single-family homes, in older neighborhoods (built before 1980), with a mix of town homes and smaller apartment buildings. 46% of residents are college graduates, while 75% have some college education.

PTA Demographics

POPULATION

1990 Population	79,522
2000 Population	85,098
2010 Population	83,821
2017 Population	82,354
2022 Population	81,202
2027 Population	80,142
% Growth 2017 - 2022	-1.4%
% Growth 2010 - 2017	-1.8%

HOUSEHOLDS

2010 Households	33,596
2017 Households	33,001
Persons Per Household	2.4

HOUSING

Households	33,001
Vacant Units	3,120
Renter-Occupied Units	10,321
Owner-Occupied Units	22,680
Median Home Value	\$114,043

RACE

% White	86.4%
% Black	2.6%
% Asian	0.5%
% Hispanic	8.0%
% Other	2.5%

EMPLOYMENT

Workplace Establishments	2,740
Workplace Employees	42,808

Source: STI PopStats

PTA Demographics

INCOME

2017 Median Household Income	\$52,008
2017 Average Household Income	\$63,933

EDUCATIONAL ATTAINMENT

Educational Base - Age 25 +	55,377
Less than 9th Grade	3.8%
Some High School	7.3%
High School or GED	28.7%
Some College	28.7%
Associates Degree	9.4%
Bachelors Degree	15.2%
Masters Degree	5.3%
Professional Degree	0.9%
Doctorate Degree	0.6%

AGE

Median Age Female	41.9
Median Age Male	38.7
Median Age - Both	40.4
Generation Z (Ages 0 - 18)	22.4%
Millennials (Ages 18 - 35)	22.8%
Generation X (Ages 35 - 55)	22.6%
Baby Boomers (Ages 55 - 75)	23.6%
Silent Generation (Ages 75 +)	8.7%

Void Analysis

Auto:

Discount Tire
Firestone
Jiffy Lube

Books:

Barnes & Noble
Books-a-million
Half Price Books
Mardel

Clothing:

Abercrombie & Fitch
Aeropostale
American Eagle
Ann Taylor
Anthropologie
Avenue
Banana Republic
Bon Worth
Catherines
Cato
Charlotte Russe
Chico's
Citi Trends
Dress Barn
Express
Forever 21
Fossil
Gap
Goody's
H And M
Hollister Co.
J. Crew
J. Jill
Justice
K&G Superstore
Lane Bryant
Men's Wearhouse
New York & Company
Nordstrom Rack
Old Navy

PacSun

Rainbow
Talbots
The Childrens Place
Tilly's
Urban Outfitters
Victoria's Secret
White House | Black Market

Electronics:

Apple
Best Buy
RadioShack

Convenience:

7-Eleven
BP
Circle K
QuikTrip
Shell
Sinclair
Valero

Craft/Fabric:

Jo-Ann
Michaels

Department Stores:

Dillard's
Gordmans
Macy's
Nordstrom
Stage

Discount Department Stores:

Babies R Us
Burlington Coat Factory
David's Bridal
Kmart
Marshalls
Ross
Sears

Void Analysis

Shopko
Stein Mart
Toys R Us
Tuesday Morning

Dollar Stores
Big Lots
5 Below

Drug Stores
Complete Nutrition
CVS
NUTRISHOP
Nutrition Zone
Vitamin Shoppe
Vitamin World
Viva Vitamins

Fitness
Anytime Fitness
Curves For Women
Lifetime Fitness
Orangetheory Fitness
Snap Fitness
World Gym

Furniture/ Household
Ashley Furniture
At Home
Bassett
Bed Bath & Beyond
Cost Plus
Crate and Barrel
Ethan Allen
Havertys
HomeGoods
IKEA
La-Z-Boy
Pier 1
Pottery Barn
Relax The Back
The Container Store

Thomasville

Grocery
Hy-Vee
Natural Grocers
Neighborhood Market
Price Chopper
Save-A-Lot
Sprouts
Thriftway Stores
Trader Joe's
Whole Foods

Health Beauty
Beauty Brands
Claire's
Fantastic Sams
MasterCuts
Sephora
Sport Clips
Supercuts

Home Improvement
Do It Best
FFO Home
Menards
Probuild
Sutherlands
True Value

Movie Theatre
AMC
Cinemark
Regal

Office Supply
Staples

Pet Stores
PetsMart
Petland

Void Analysis

Restaurants Bakery

Corner Bakery
Einstein Bros
Panera Bread

Restaurants Casual

BJ's Restaurant & Brewery
Bob Evans
Bonefish Grill
BURGERFI
California Pizza Kitchen
Captain D's Seafood
Carrabba's
Cheddar's Chipotle
Cracker Barrel
Dave and Busters
Denny's
Dickey's
Egg & I
Famous Dave's
First Watch
Fuddruckers
Golden Corral
Hooters
Houlihan's
Huddle House
Logan's Roadhouse
Longhorn Steakhouse
Macaroni Grill
Noodles & Company
Olive Garden
Outback Steakhouse
P.F. Chang's
Pei Wei
Perkins
Qdoba
Red Lobster
Red Robin
Ryan's
Smashburger
T.G.I. Friday's
Texas Roadhouse
The Cheesecake Factory
Waffle House
Zaxby's
Zoes Kitchen

Restaurants Coffee Donuts

Caribou Coffee
Dunkin' Donuts
Krispy Kreme
Scooters Coffee
Winchell's

Restaurants Fast Food

Hardees
Jack in the Box
Boston Market
Church's Chicken
Culver's
Freebirds
Popeyes
Raising Canes
Steak n Shake
Taco Bueno
Wing Stop

Restaurants Ice Cream/Smoothie

Baskin-Robbins
Cold Stone Creamery
Marble Slab Creamery
Orange Leaf
Robeks
Smoothie King
TCBY
Tropical Smoothie Café

Restaurants Pizza

Blaze Pizza
Chuck E. Cheese's
CiCi's Pizza
Godfather's Pizza
Marco's Pizza
MOD Pizza
Pie Five Pizza
Pizza Studio
Pizzeria Locale
Rosati's
Villa Pizza

Restaurants Sandwich

Charley's Grilled Subs

Void Analysis

Firehouse Subs
Jason's Deli
Jersey Mike's
Lenny's Sub Shop
McAlister's Deli
Mr. Goodcents
Potbelly Sandwich Works
Quiznos
Sandella's Flatbread
Schlotzsky's Deli
Which Wich

Shoes
DSW
Foot Locker
Johnston & Murphy
Nike
Off Broadway
Rack Room Shoes
Shoe Carnival
Shoe Dept
Shoe Sensation

Specialty
Party City
Savers
See's Candies

Sporting Goods
Academy Sports
Bass Pro Shops
Cabela's
Champs Sports
Dick's
Edwin Watts Golf
Gander Mountain
Golf Galaxy
Play It Again Sports
REI

Wholesale
Costco
Sam's Club

Wireless
AT&T
Sprint
T-Mobile



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