

Millcreek Economic Summary

The following report highlights findings of an economic analysis performed for Millcreek City. The study considers key nodes within the city, including strengths, weaknesses, and recommendations that may promote economic growth.

Overall, the study shows that the city has substantial opportunities in key areas. Demographics of Millcreek show an educated populace with relatively appealing income levels. Sales activity reveals centers of retail strength, as well as neighborhoods that could benefit from increased commercial activity.

The report notes some of the following highlights:

- Retail activity is strongest in the Brickyard area, along 3300 South (east of 2300 East), near 4500 South and 900 East, and just off of State Street
- Key nodes (based on demographics, visibility and exposure, and current uses) that are presently struggling to generate retail activity include 2300 East and 3300 South, 3900 South, and areas surrounding I-15
- Notable sales leakage occurs to neighboring cities, although the amount of leakage is not atypical for cities with similar geographical conditions
- The Olympus Hills area has a key location along the Wasatch Front, although the retail layout and offerings generate relatively limited sales tax revenues for developments of similar size. The area needs a stronger daytime population component, which could be filled with a notable office project
- The Wedge and Brickyard Plaza areas show significant potential for additional development and growth. Sales tax revenues in the area are notable, although a significant amount is lost to Salt Lake City due to boundary alignments
- Opportunities exist for flex office and quasi-commercial spaces near I-15

Sales Summary

The majority of the City's commercial sales occur in one of three commercial nodes: Canyon Rim (Node 3), Brickyard (Node 1), and 900 East 4500 South (Node 10). Furthermore, much of sales generated within each of these nodes is a result of large retailers located in each of the nodes – Canyon Rim (e.g., Smith's Marketplace, REI), Brickyard (e.g., Home Depot), and 900 East 4500 South (e.g., Walmart). Approximately 10 percent of all commercial sales in Millcreek occur outside one of the commercial nodes, and only 1.57 percent of all sales in Millcreek are from home occupations.¹

¹ Non-commercial businesses include governments, schools, and non-profits.

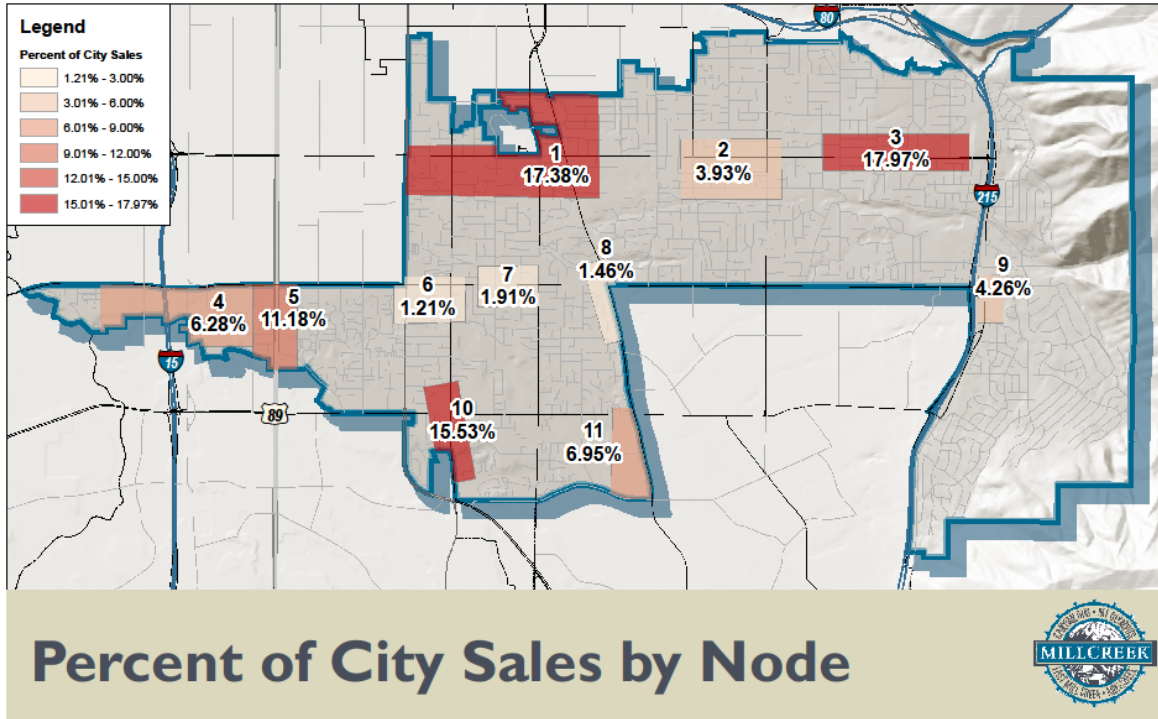
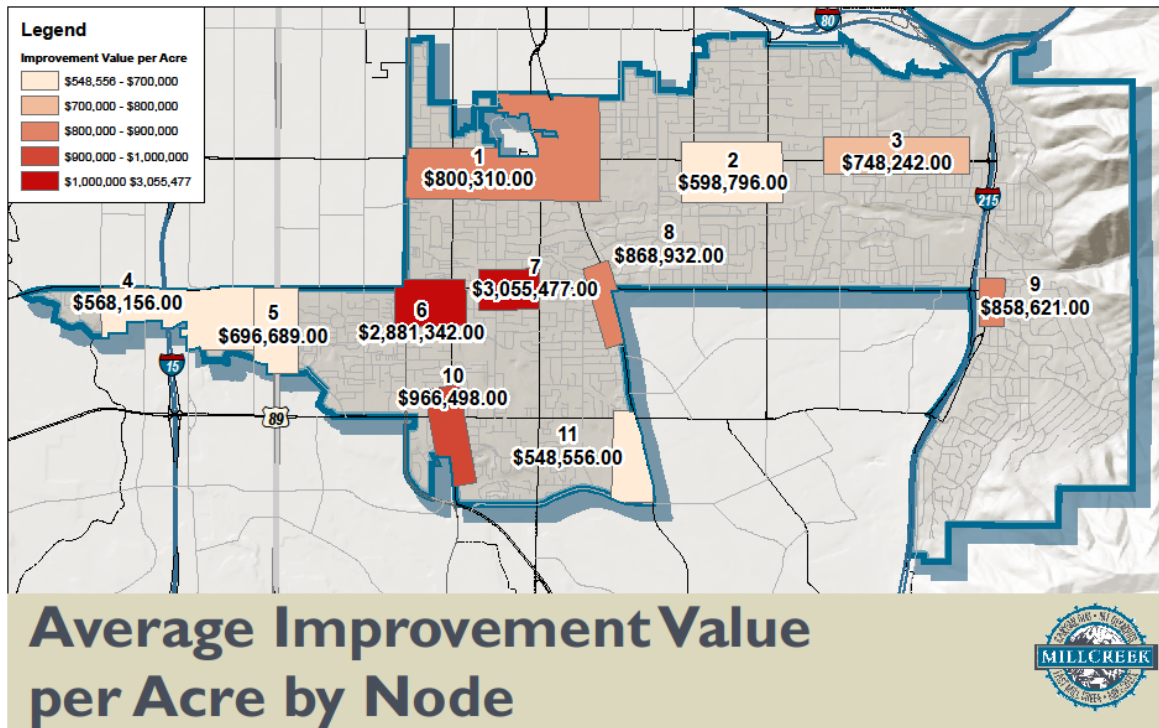


Table 1 - Percent of City Sales by Node

Node	Name	Percent of Sales
1	Brickyard	17.38%
2	2300 East 3300 South	3.93%
3	Canyon Rim	17.97%
4	I-15	6.28%
5	State Street	11.18%
6	700 East 3900 South	1.21%
7	St. Mark's	1.91%
8	Highland Drive - North	1.46%
9	Olympus Hills	4.26%
10	900 East 4500 South	15.53%
11	Highland Drive - South	6.95%
	Subtotal	88.05%
	Home Occupation	1.57%
	Non-Commercial	0.22%
	Remaining Millcreek	10.16%
	Subtotal	11.95%
	TOTAL	100.00%

Improvement Values

Improvement values for commercial parcels vary significantly throughout the City. Nodes with greater amounts of office space, including nodes 6 and 7, have the highest average improvement values per acre. Major retail centers, including Brickyard, Canyon Rim, and Olympus Hills, and 900 East and 4500 South have moderate improvement values on a per acre basis. The nodes with the lowest improvement values per acre are Highland Drive (South), I-15, State Street, and 2300 East 3300 South.



Vacant Land

Millcreek has relatively little vacant land left, especially within the commercial nodes. The City has approximately 656.65 vacant acres, only 48.95 of which is located within a node. Node 4 (I-15) has the greatest amount of vacant land of all nodes, with 27.36 vacant acres. Generally, most nodes have fewer than five acres of vacant land. Because of a lack of vacant land, redevelopment of underdeveloped parcels will be key for future economic development in Millcreek.

Table 2 – Vacant Land by Node

Node	Name	Vacant Acres	Percent of Vacant Acres
1	Brickyard	6.39	0.97%
2	2300 East 3300 South	1.61	0.24%
3	Canyon Rim	1.39	0.21%
4	I-15	27.36	4.17%
5	State Street	2.43	0.37%
6	700 East 3900 South	0.72	0.11%
7	St. Mark's	-	0.00%

8	Highland Drive (North)	1.92	0.29%
9	Olympus Hills	5.41	0.82%
10	900 East 4500 South	0.76	0.12%
11	Highland Drive (South)	0.96	0.15%
	Subtotal	48.95	7.46%
	Remaining Millcreek	607.70	92.54%
	Subtotal	607.70	92.54%
	TOTAL	656.65	100.00%

Node Analysis

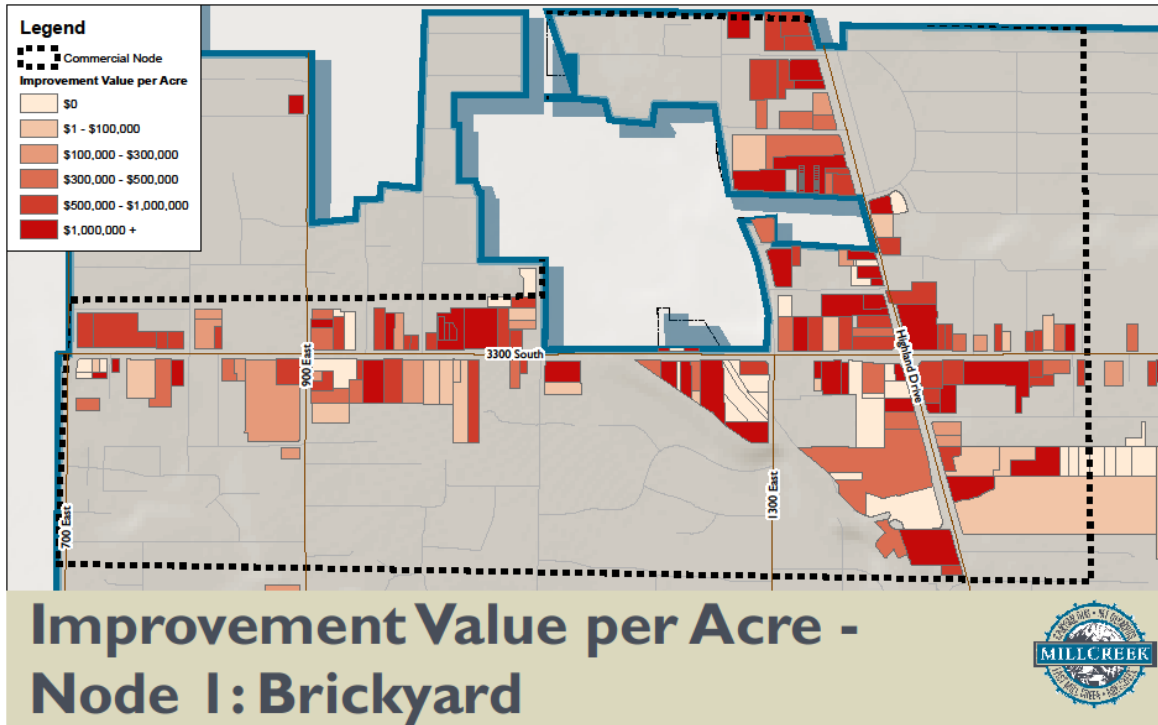
Node 1: Brickyard

Commercial sales in Node 1 total 17.4 percent of all sales in Millcreek, second only to the Canyon Rim node (Node 3). The majority of sales at Brickyard are from Building Material and Garden Equipment sales. This category comprises 44 percent of all sales in Node 1, as well as 81 percent of all Building Material and Garden Equipment sales in the entire City. Brickyard also has the majority of City sales for Furniture and Home Furnishings, Electronics and Appliances, Health and Personal Care, and Non-store Retailer stores.

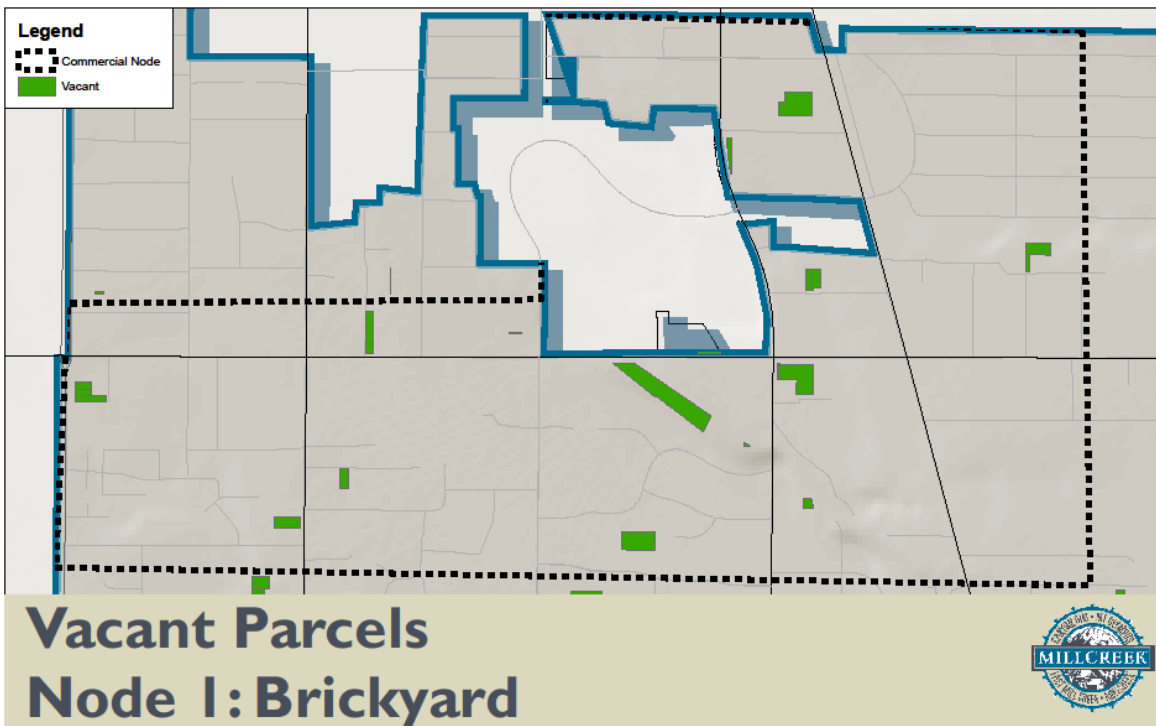
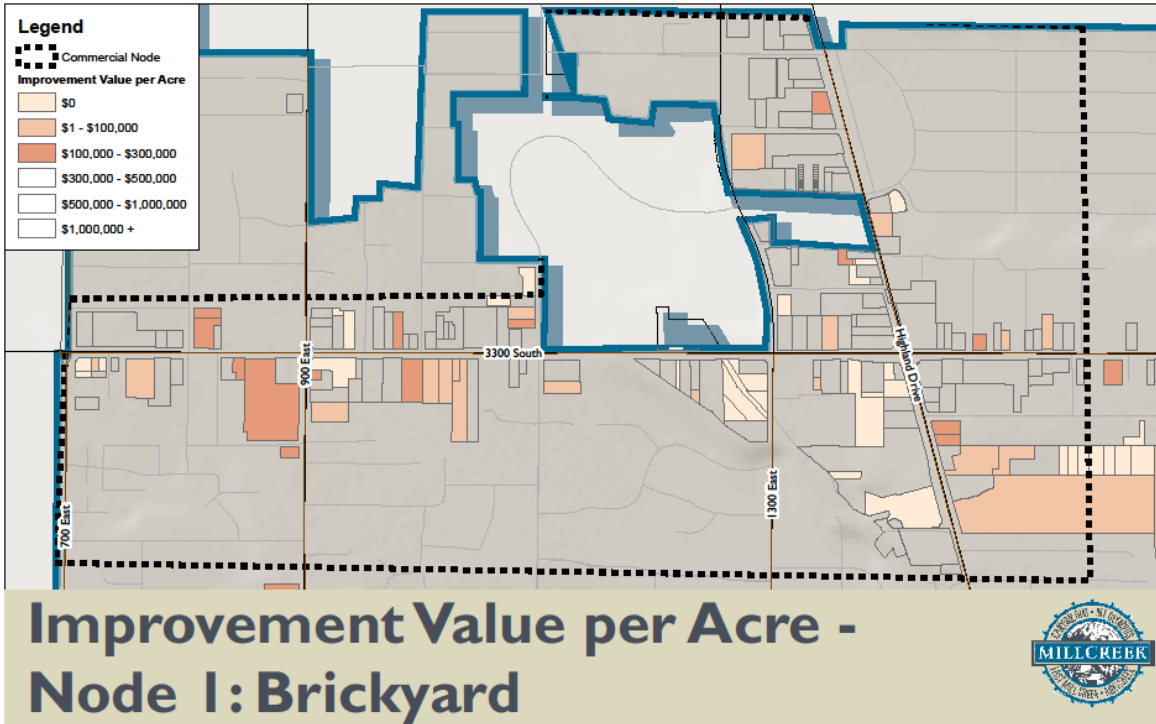
Table 3 – Node 1 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Building Material and Garden Equipment	43.76%	80.94%
Food Services and Drinking Places	9.81%	18.44%
Food and Beverage	9.31%	6.26%
Furniture and Home Furnishings	5.20%	58.42%
Electronics and Appliances	4.75%	63.17%
General Merchandise	4.71%	8.31%
Manufacturing	3.05%	40.28%
Health and Personal Care	2.78%	61.69%
Repair and Maintenance	2.69%	17.24%
Motor Vehicle and Parts	1.94%	3.38%
Amusement and Recreation	1.75%	27.34%
Professional, Scientific, and Technical Services	1.73%	17.39%
Personal and Laundry Services	1.57%	35.50%
Miscellaneous Retail	1.50%	6.72%
Clothing and Clothing Accessories	1.44%	35.39%
Sporting Goods, Hobby, Book, and Music	1.36%	3.52%
Construction	0.73%	7.77%
Nonstore Retailer	0.72%	56.97%
Wholesale Trade	0.68%	2.66%
Information	0.23%	2.52%
Real Estate, Rental, and Leasing	0.20%	1.61%

Accommodation	0.06%	49.76%
Health Care and Social Assistance	0.02%	0.19%
Educational Services	0.00%	0.76%
TOTAL	100.00%	17.38%



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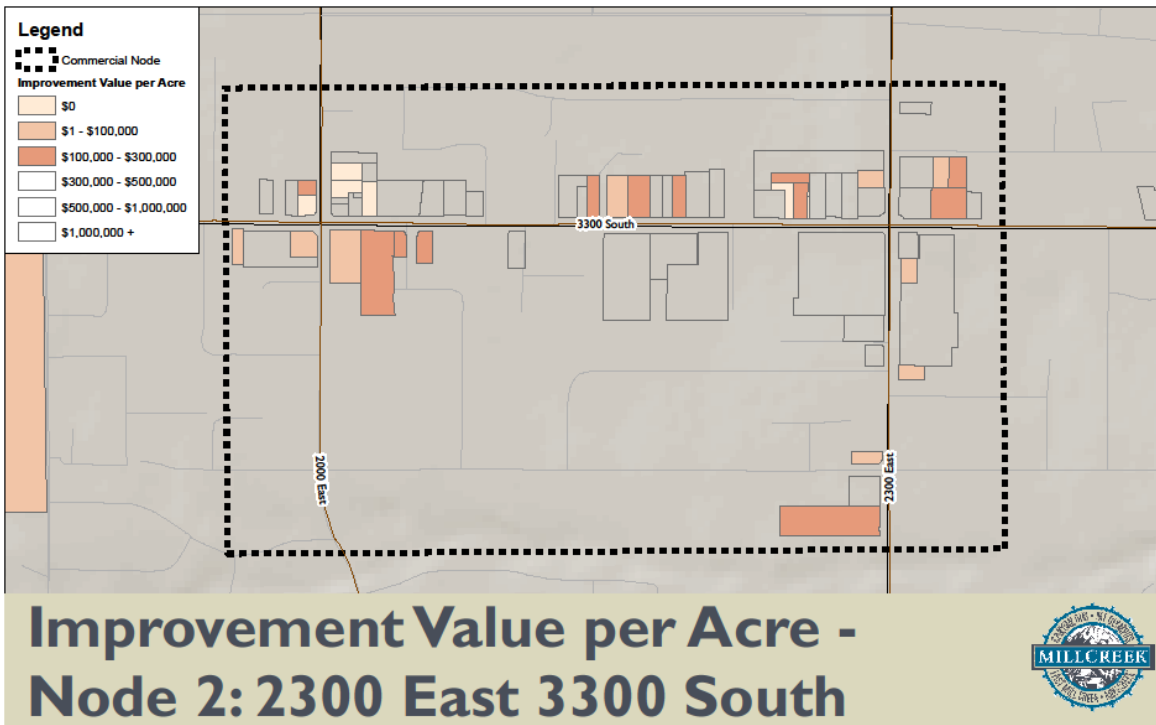
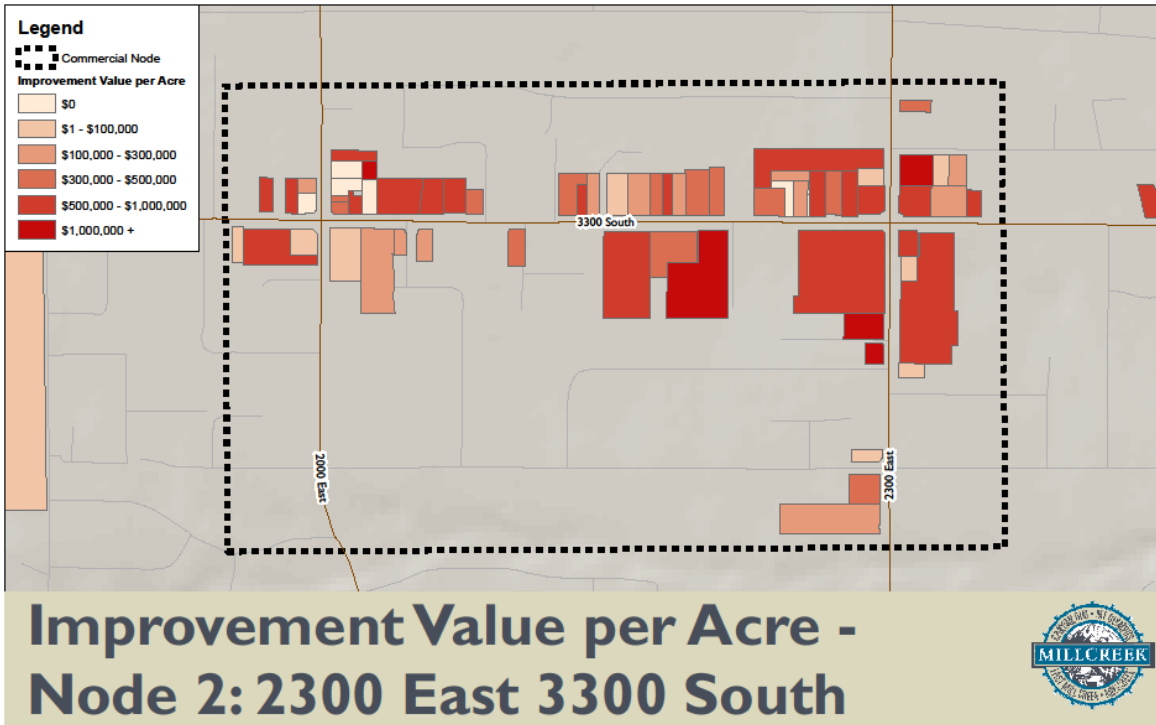


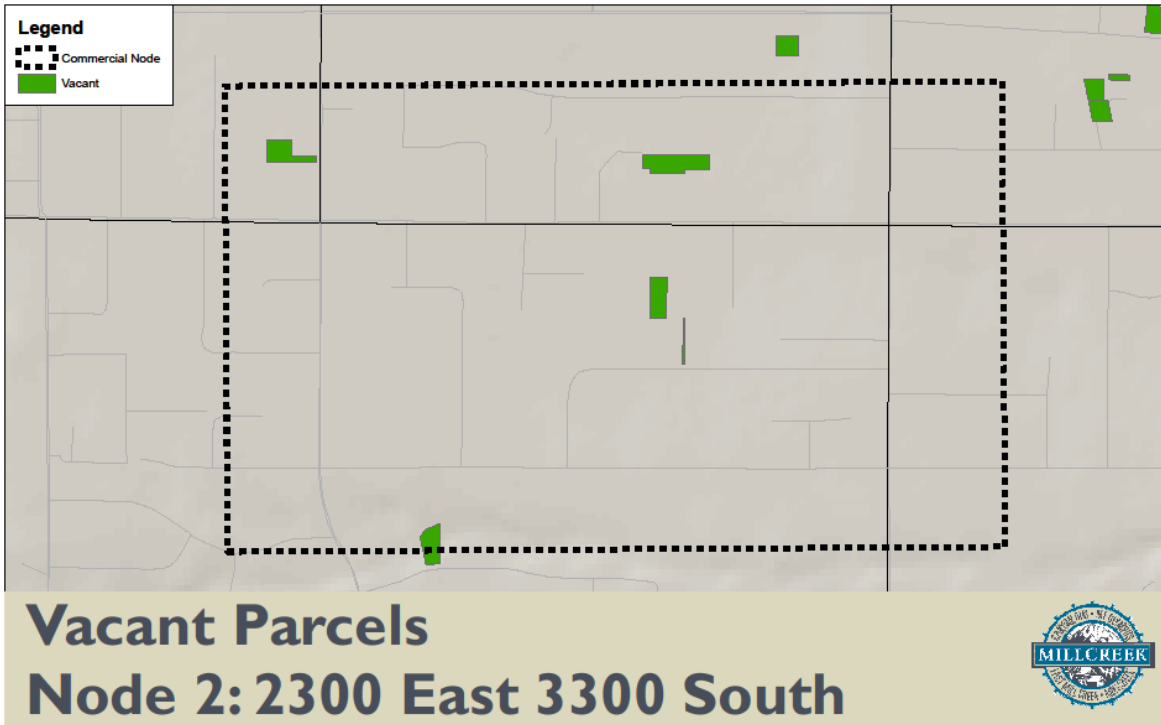
Node 2: 2300 East 3300 South

Node 2 is characterized by minimal overall sales, particularly since losing a major grocery occupant in 2017. The greatest sales are in the Food and Beverage category, with the area noted to represent roughly one quarter of the city's sales tax revenue from Repair and Maintenance services.

Table 4 – Node 2 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food and Beverage	31.03%	4.71%
Repair and Maintenance	17.39%	25.15%
Food Services and Drinking Places	14.72%	6.26%
Miscellaneous Retail	10.40%	10.51%
Motor Vehicle and Parts	5.62%	2.21%
Sporting Goods, Hobby, Book, and Music	4.58%	2.68%
Health and Personal Care	3.28%	16.47%
Gasoline Stations	2.97%	8.84%
Furniture and Home Furnishings	2.62%	6.66%
Real Estate, Rental, and Leasing	2.50%	4.49%
Manufacturing	1.25%	3.72%
Professional, Scientific, and Technical Services	0.98%	2.23%
Building Material and Garden Equipment	0.95%	0.40%
Wholesale Trade	0.77%	0.68%
Amusement and Recreation	0.40%	1.42%
Nonstore Retailer	0.29%	5.25%
Clothing and Clothing Accessories	0.20%	1.14%
Personal and Laundry Services	0.03%	0.16%
Transporting and Warehousing	0.02%	66.59%
TOTAL	100.00%	3.93%





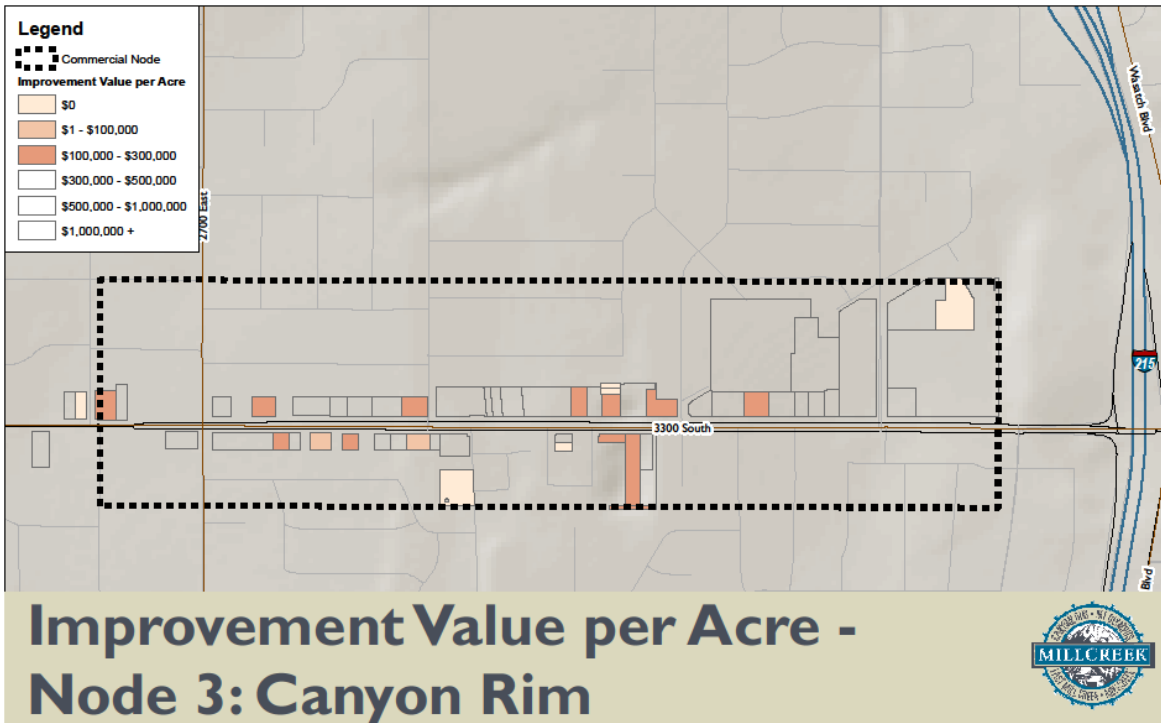
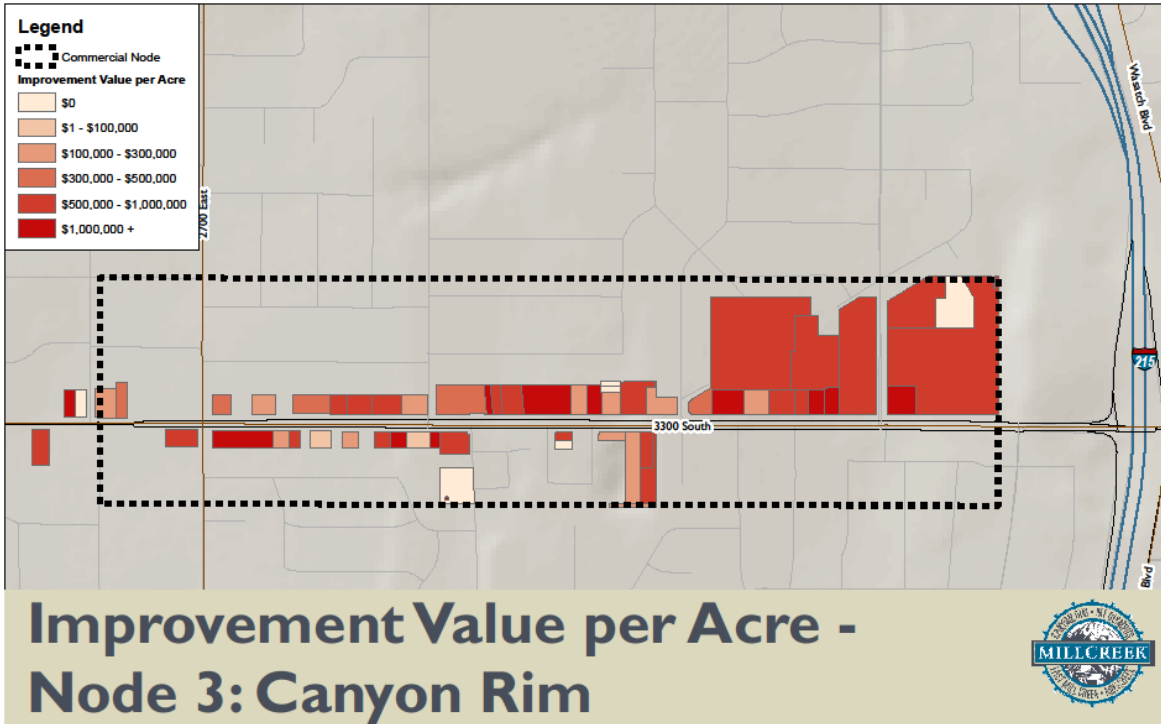
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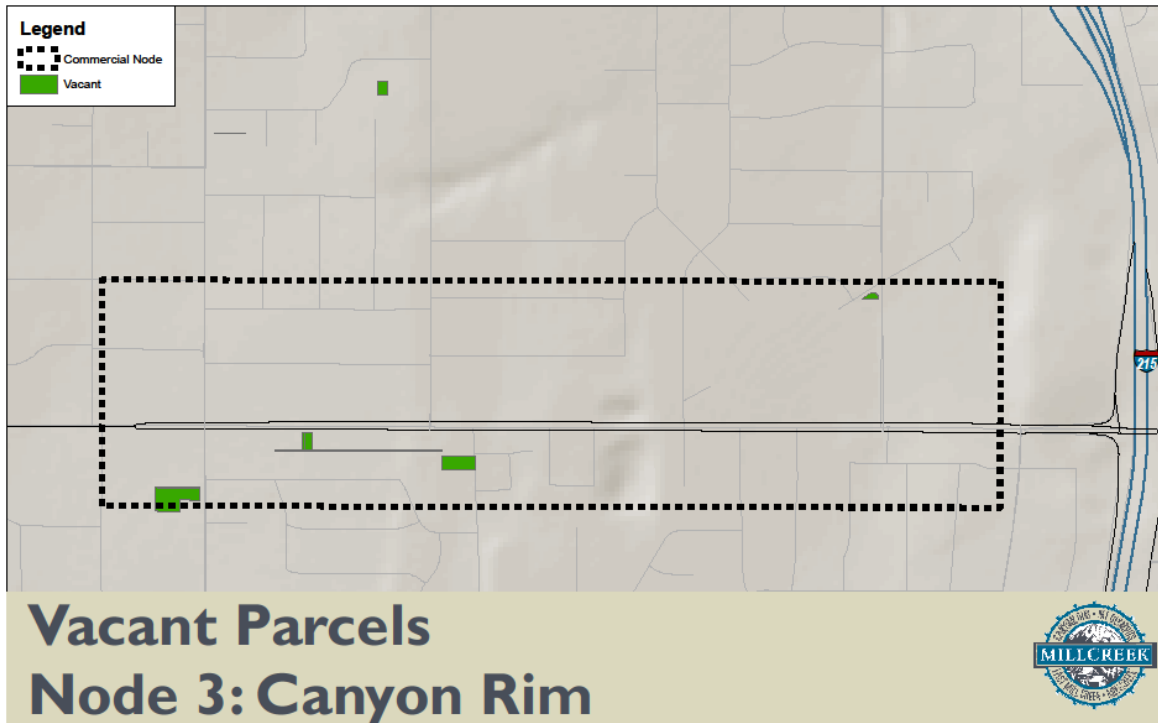
Node 3: Canyon Rim

The Canyon Rim (Node 3) submarket is the highest overall generator of sales tax revenue in the city. It includes several companies which cater to recreation and outdoor opportunities, as well as grocery and eating establishments. As noted on the table below, a significant portion of the node sales are generated from Food and Beverage, and Sporting Goods, Hobby, Book, and Music.

Table 5 – Node 3 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food and Beverage	52.14%	36.22%
Sporting Goods, Hobby, Book, and Music	32.60%	87.13%
Food Services and Drinking Places	9.10%	17.69%
Miscellaneous Retail	2.52%	11.64%
Amusement and Recreation	0.91%	14.68%
Clothing and Clothing Accessories	0.82%	20.89%
Manufacturing	0.72%	9.87%
Construction	0.48%	5.32%
Electronics and Appliances	0.25%	3.37%
Administrative and Support Services	0.20%	32.03%
Repair and Maintenance	0.17%	1.11%
Personal and Laundry Services	0.03%	0.72%
Professional, Scientific, and Technical Services	0.02%	0.16%
Health Care and Social Assistance	0.01%	0.19%
Building Material and Garden Equipment	0.01%	0.02%
Educational Services	0.01%	1.70%
Health and Personal Care	0.01%	0.14%
Information	0.01%	0.06%
Other Services	0.00%	1.53%
Real Estate, Rental, and Leasing	0.00%	0.02%
TOTAL	100.00%	17.97%





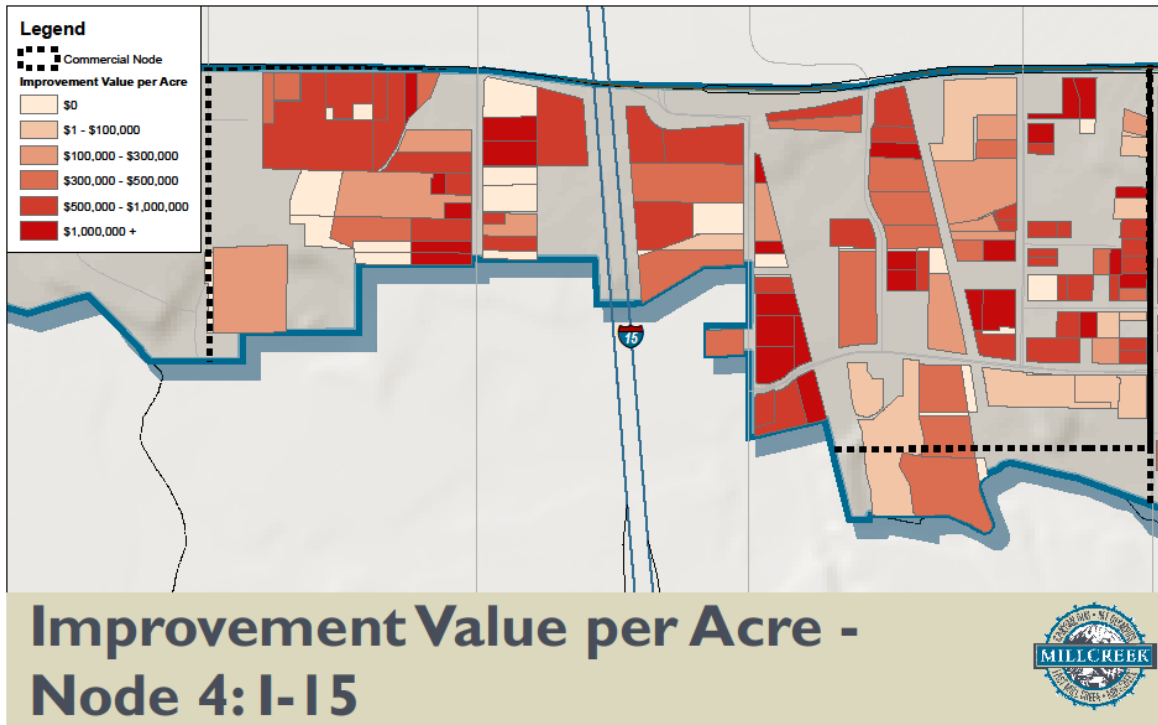
Node 4: I-15

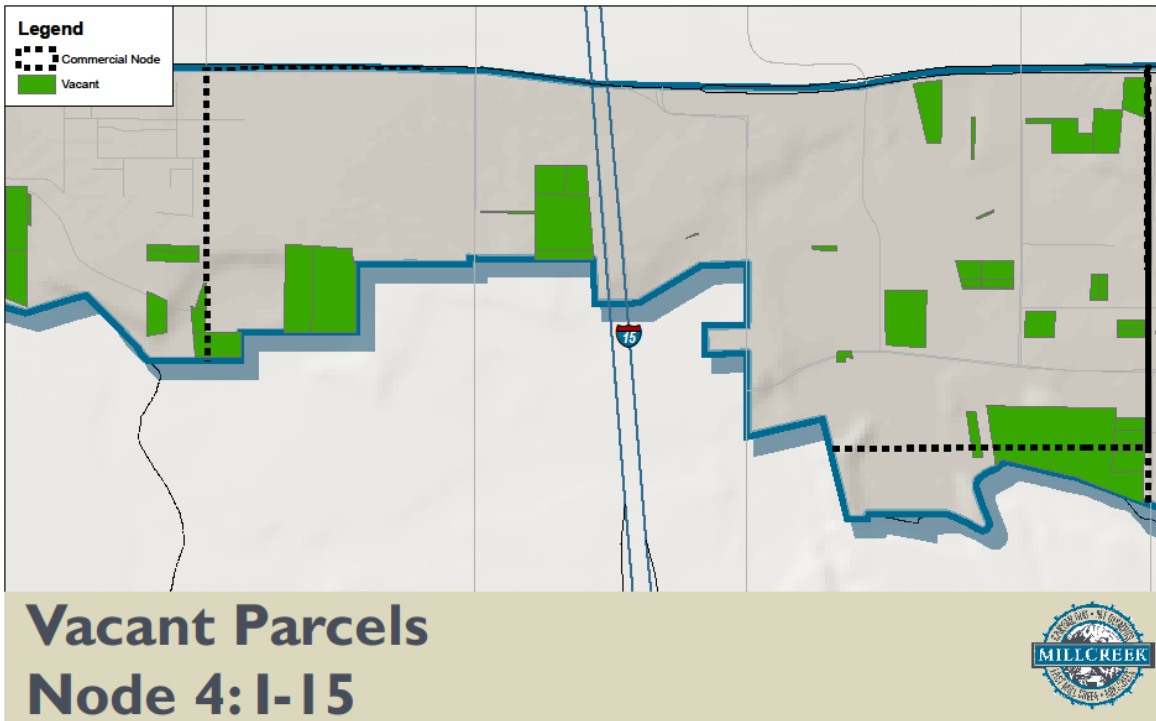
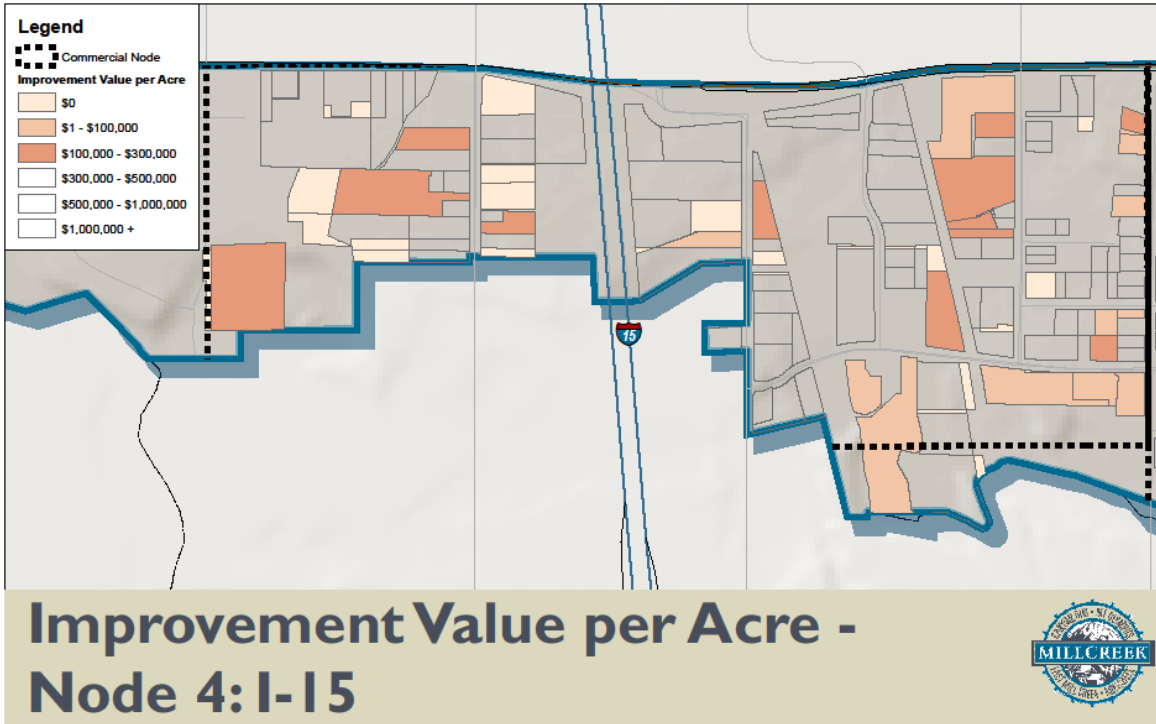
The I-15 node (Node 4) generates roughly \$41.7 million in city sales. It has significant representation in Wholesale Trade, as well as Building Material and Garden Equipment. Motor Vehicle and Parts operations are also reflected near the top of the list.

Table 6 – Node 4 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Wholesale Trade	57.17%	80.68%
Building Material and Garden Equipment	13.78%	9.21%
Motor Vehicle and Parts	11.24%	7.06%
Repair and Maintenance	5.32%	12.29%
Real Estate, Rental, and Leasing	2.94%	8.44%
Professional, Scientific, and Technical Services	1.92%	6.98%
Manufacturing	1.71%	8.16%
Amusement and Recreation	1.56%	8.76%
Construction	1.23%	4.74%
Food Services and Drinking Places	1.18%	0.80%
Furniture and Home Furnishings	0.72%	2.94%
Nonstore Retailer	0.59%	16.83%
Electronics and Appliances	0.50%	2.40%
Miscellaneous Retail	0.08%	0.12%
Health and Personal Care	0.03%	0.26%

Administrative and Support Services	0.02%	1.32%
General Merchandise	0.00%	0.00%
Personal and Laundry Services	0.00%	0.03%
Transporting and Warehousing	0.00%	17.18%
TOTAL	100.00%	6.28%



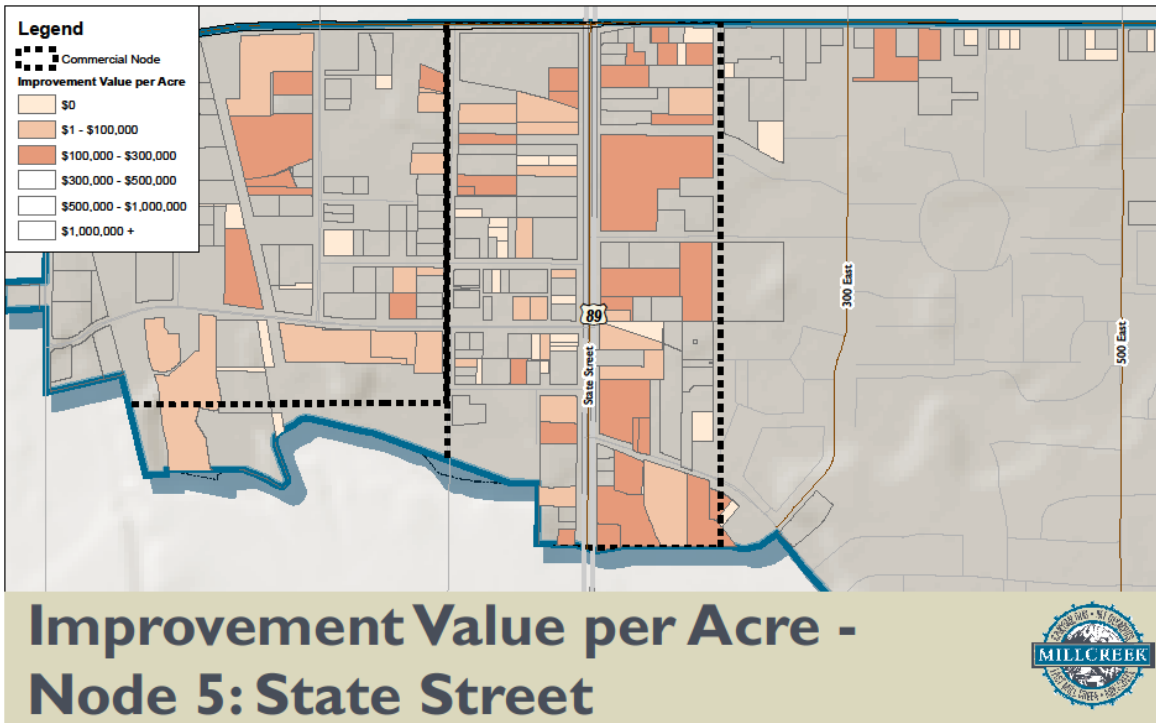
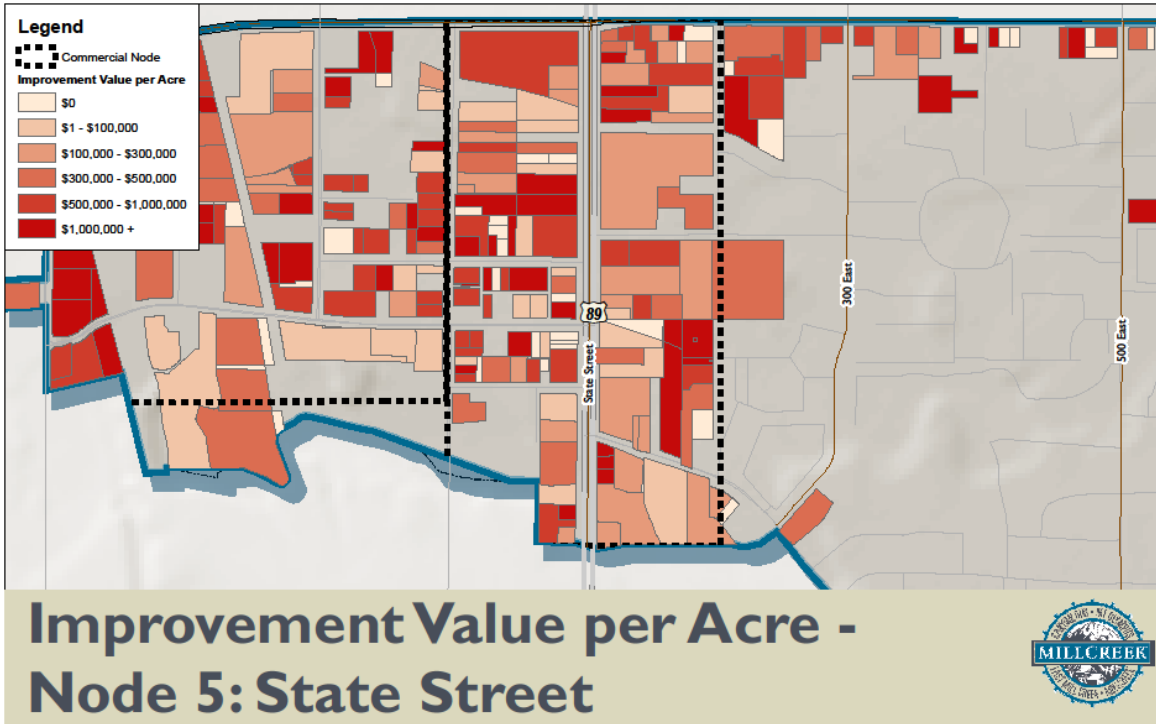


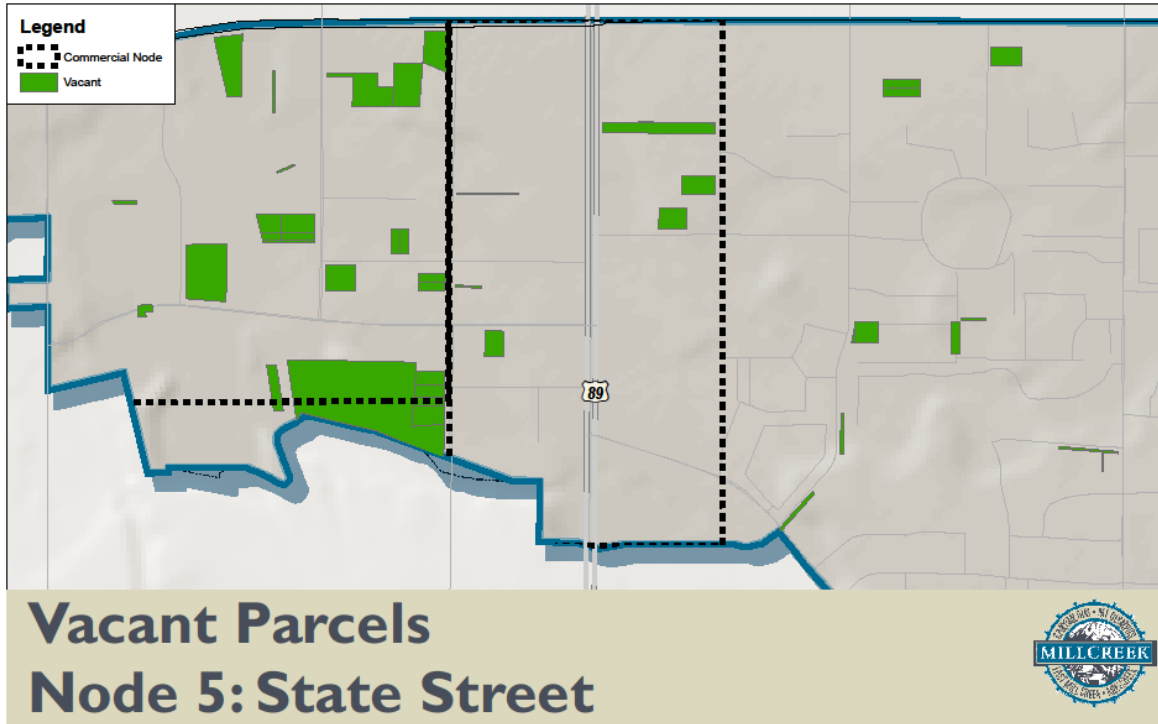
Node 5: State Street

The main State Street node (Node 5) represents a small geographical area, but more than 11 percent of the city's overall retail sales occur therein. Top categories include Motor Vehicle and Parts, and Real Estate, Rental, and Leasing.

Table 7 – Node 5 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Motor Vehicle and Parts	68.50%	76.58%
Real Estate, Rental, and Leasing	11.74%	60.10%
Repair and Maintenance	7.75%	31.89%
Wholesale Trade	2.97%	7.47%
Gasoline Stations	2.87%	24.31%
Food Services and Drinking Places	2.06%	2.50%
Miscellaneous Retail	1.60%	4.61%
Construction	0.56%	3.83%
Manufacturing	0.54%	4.61%
Furniture and Home Furnishings	0.54%	3.92%
Professional, Scientific, and Technical Services	0.32%	2.09%
Personal and Laundry Services	0.30%	4.29%
Building Material and Garden Equipment	0.23%	0.27%
Other Services	0.02%	4.28%
Transporting and Warehousing	0.00%	16.23%
Food and Beverage	0.00%	0.00%
TOTAL	100.00%	11.18%



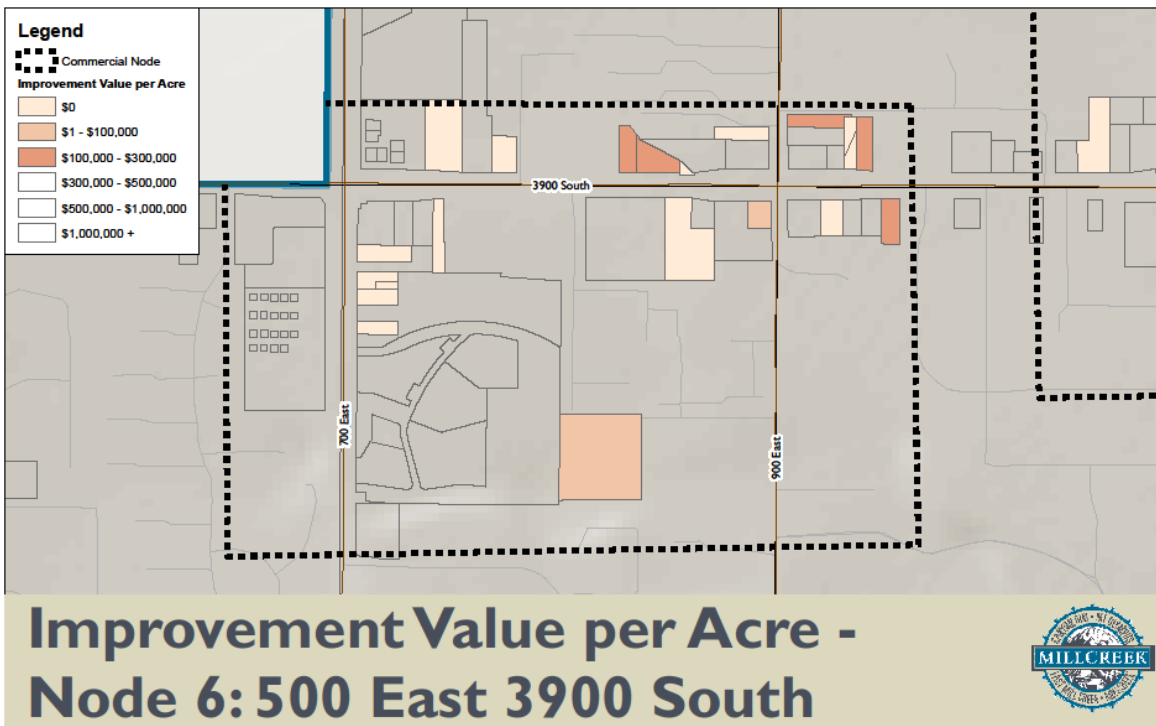
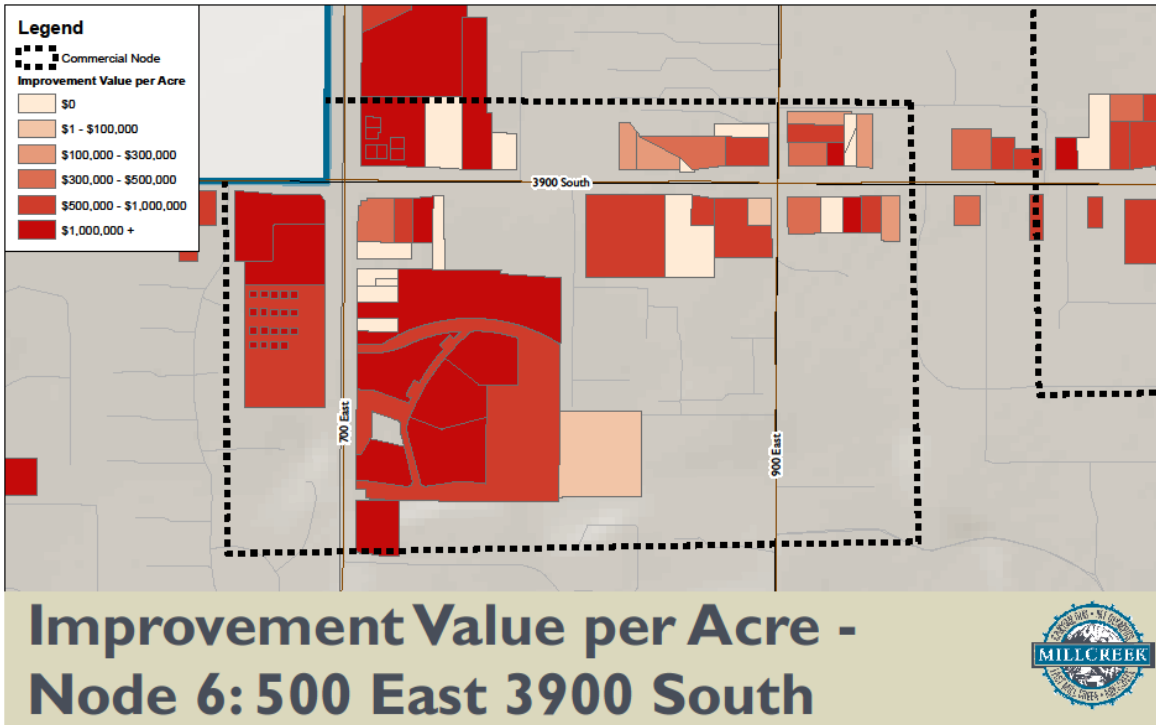


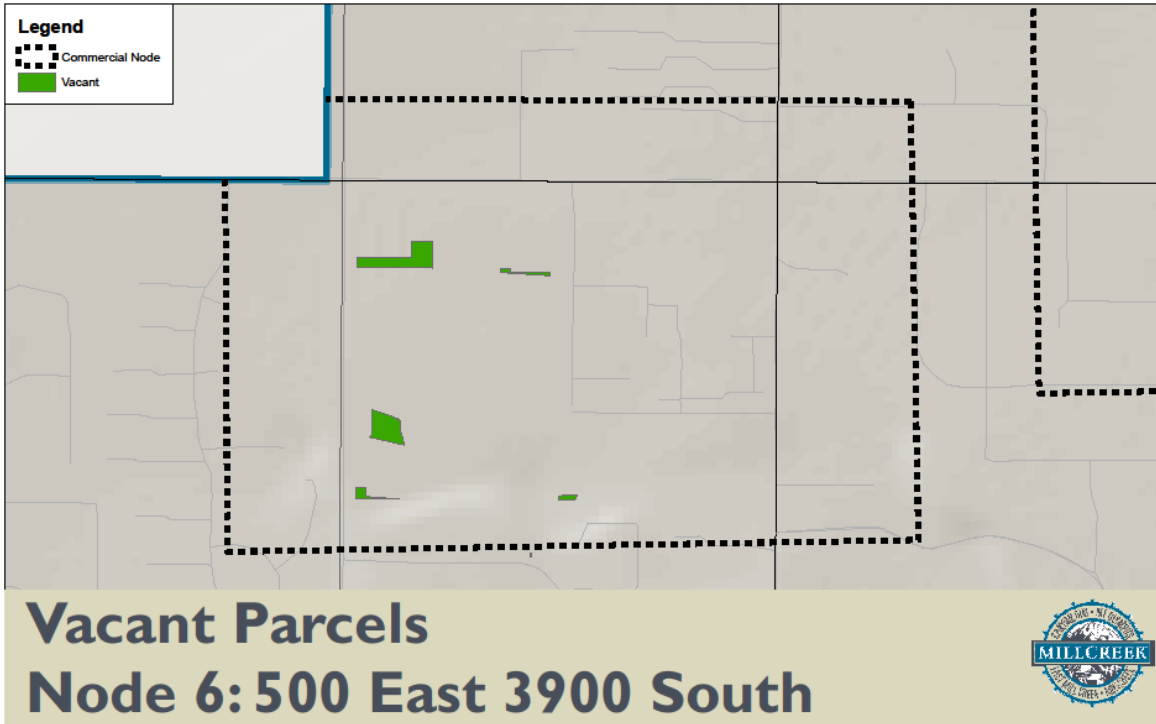
Node 6: 700 East 3900 South

Node 6 (700 East 3900 South) is the smallest of the nodes reflected in Millcreek, on a total sales basis. The area is also geographically limited, and is influenced by neighboring city boundaries. Overall, Food Services and Drinking Places make up the most sales in this submarket.

Table 8 – Node 6 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food Services and Drinking Places	44.00%	5.74%
Food and Beverage	17.79%	0.83%
Miscellaneous Retail	10.72%	3.33%
Motor Vehicle and Parts	7.88%	0.95%
Educational Services	5.09%	84.26%
Real Estate, Rental, and Leasing	3.49%	1.93%
Health Care and Social Assistance	3.41%	2.94%
Building Material and Garden Equipment	1.82%	0.23%
Manufacturing	1.72%	1.57%
Clothing and Clothing Accessories	1.62%	2.76%
Repair and Maintenance	1.09%	0.48%
Finance, Insurance, and Real Estate	0.81%	41.31%
Professional, Scientific, and Technical Services	0.57%	0.40%
Information	0.01%	0.01%
TOTAL	100.00%	1.21%



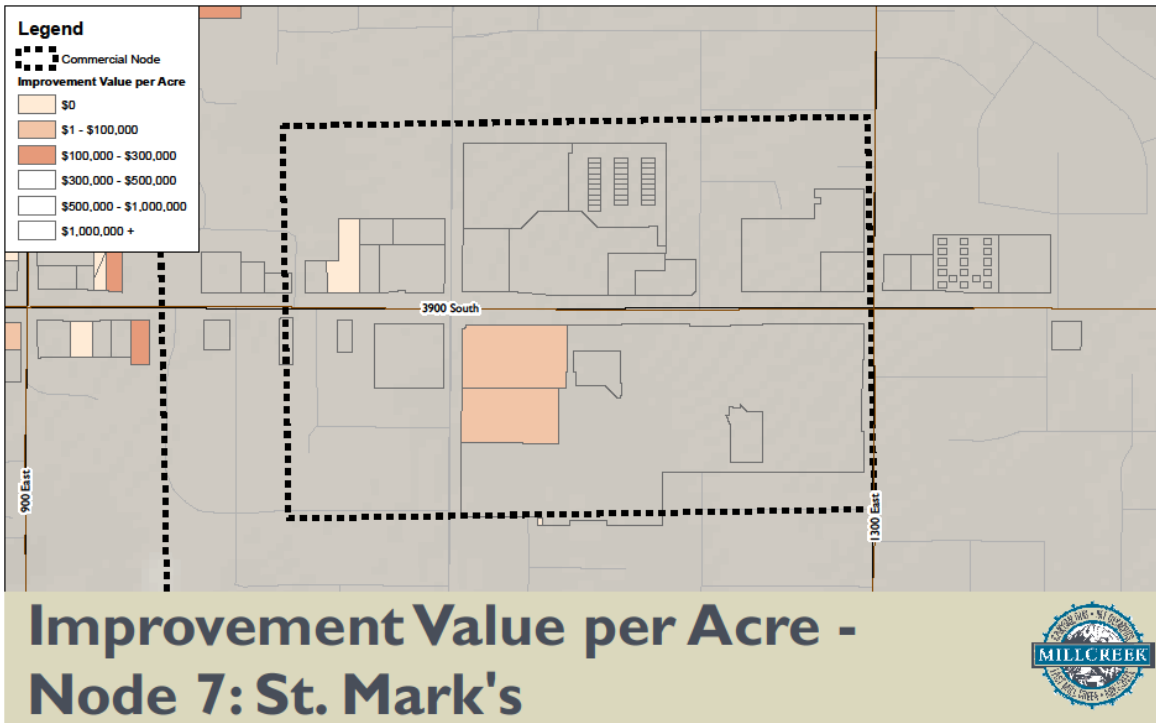
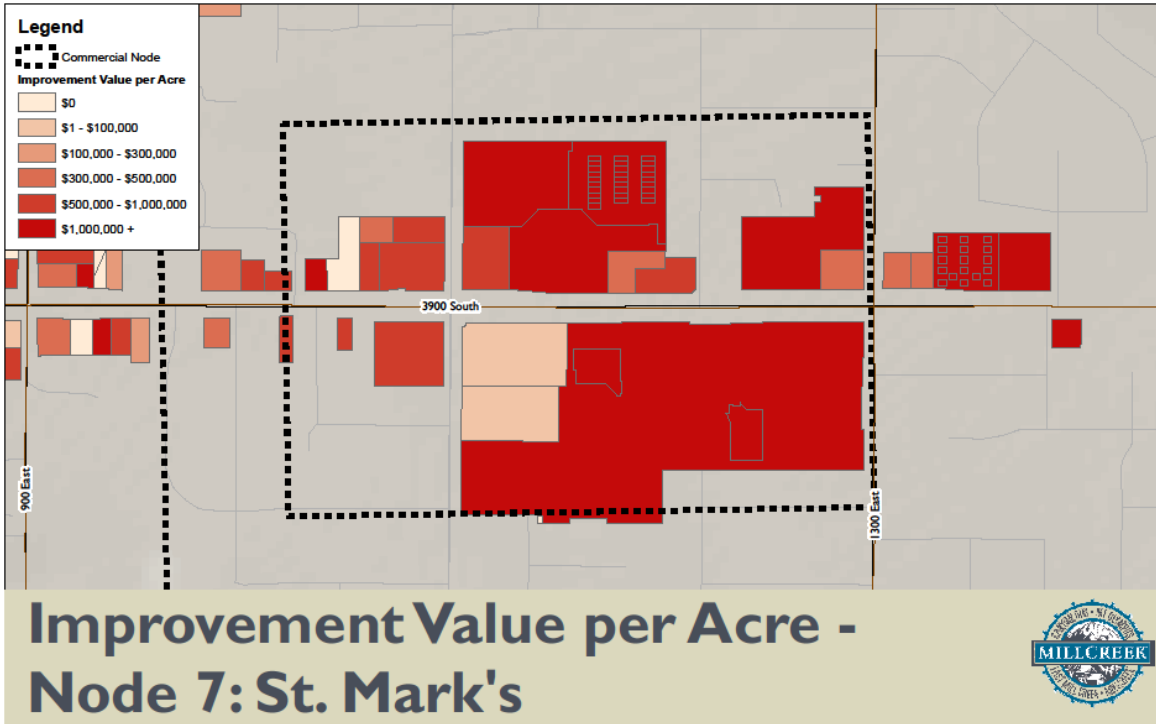


Node 7: St. Mark’s

The area surrounding St. Mark’s Hospital is herein designated as Node 7. It, similar to Nodes 6 and 8, is of small geographical size and limited sales. Overall, Node 7 generates near \$12.7 million, with Health Care and Social Assistance as its largest contributor, followed by Food Services and Drinking Places.

Table 9 – Node 7 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Health Care and Social Assistance	53.90%	73.41%
Food Services and Drinking Places	37.90%	7.83%
Professional, Scientific, and Technical Services	6.07%	6.69%
Health and Personal Care	1.22%	2.98%
Manufacturing	0.71%	1.03%
Personal and Laundry Services	0.13%	0.32%
Other Services	0.08%	3.74%
TOTAL	100.00%	1.91%

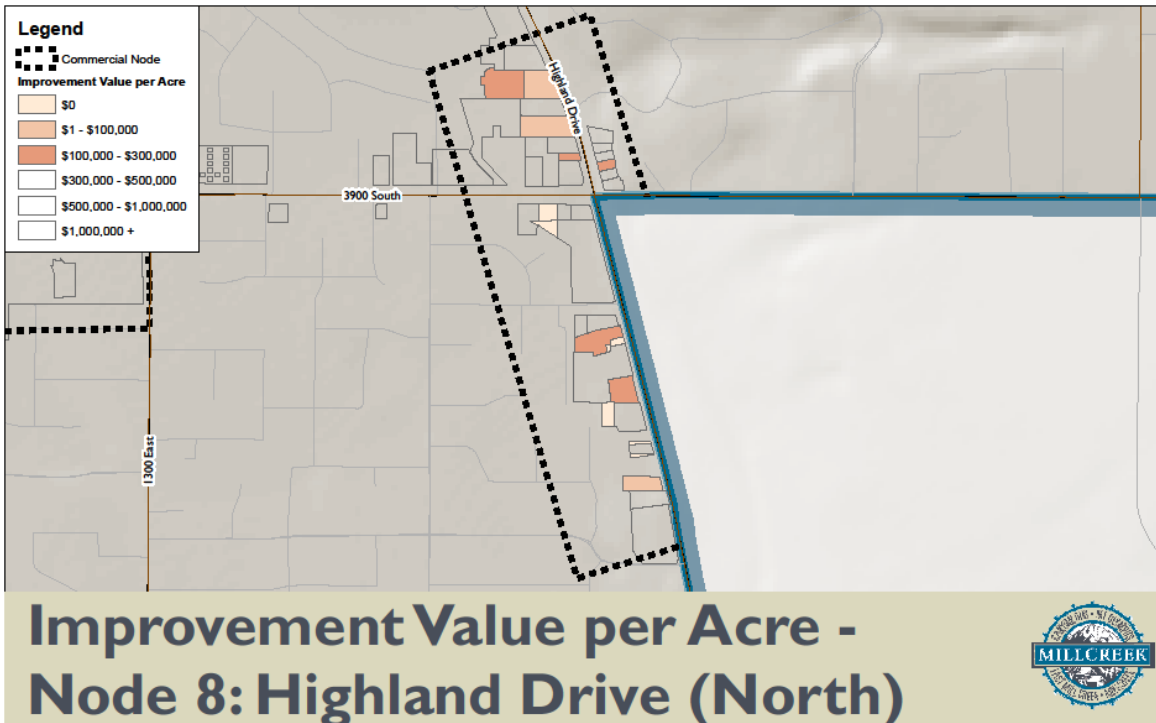
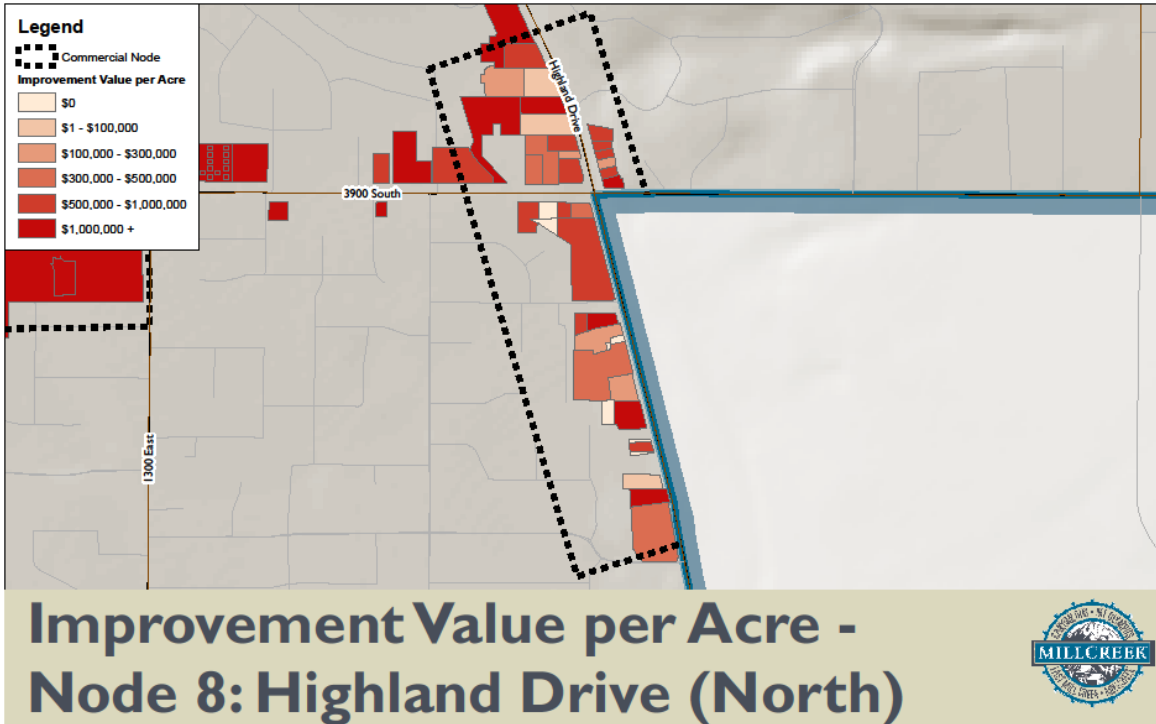


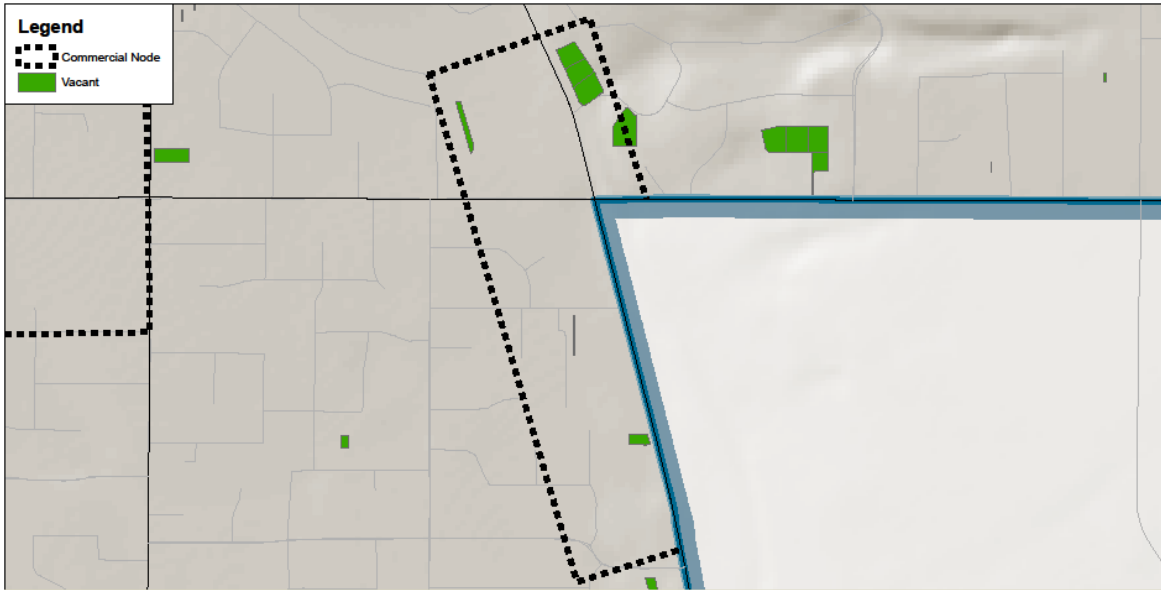
Node 8: Highland Drive (North)

Node 8 ksi located on a central portion of Highland Drive (within Millcreek), and is just north of Node 11. It shares a boundary with Highland, and gains some sales capture from this feature. Top generators in this node of roughly \$9.7 million include the categories of Food Services and Drinking Places, and Furniture and Home Furnishings.

Table 10 – Node 8 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food Services and Drinking Places	52.11%	8.22%
Furniture and Home Furnishings	13.88%	13.08%
Information	10.18%	9.45%
Miscellaneous Retail	8.02%	3.01%
Repair and Maintenance	4.30%	2.31%
Professional, Scientific, and Technical Services	3.43%	2.89%
Construction	3.37%	3.02%
Real Estate, Rental, and Leasing	2.12%	1.42%
Manufacturing	1.82%	2.02%
Personal and Laundry Services	0.46%	0.87%
Health Care and Social Assistance	0.12%	0.13%
Wholesale Trade	0.09%	0.03%
Finance, Insurance, and Real Estate	0.05%	3.18%
Educational Services	0.04%	0.81%
Building Material and Garden Equipment	0.01%	0.00%
TOTAL	100.00%	1.46%





Vacant Parcels Node 8: Highland Drive (North)



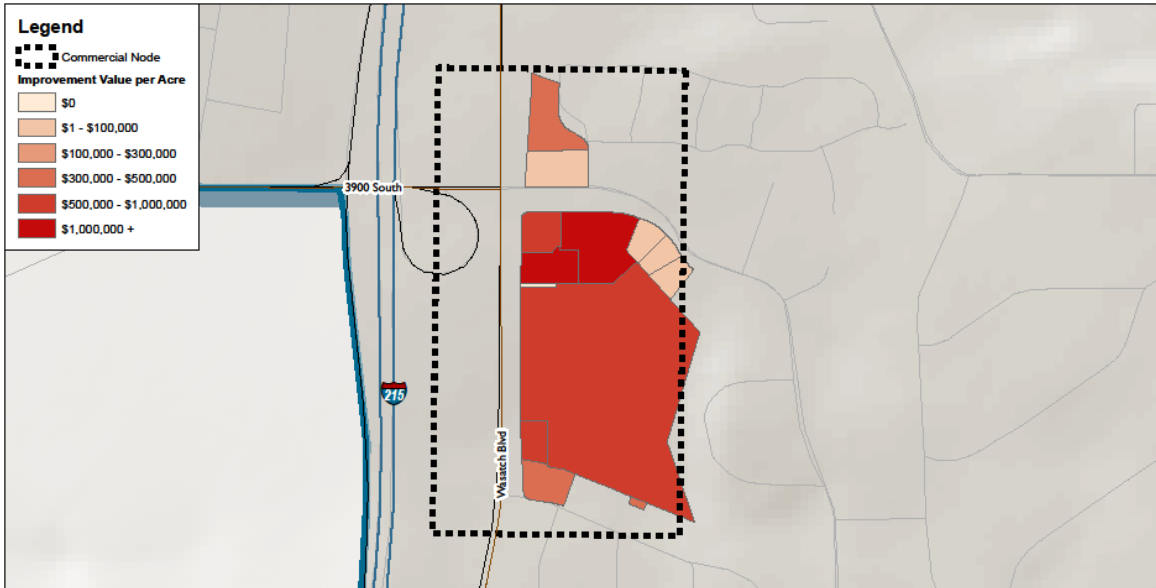
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Node 9: Olympus Hills

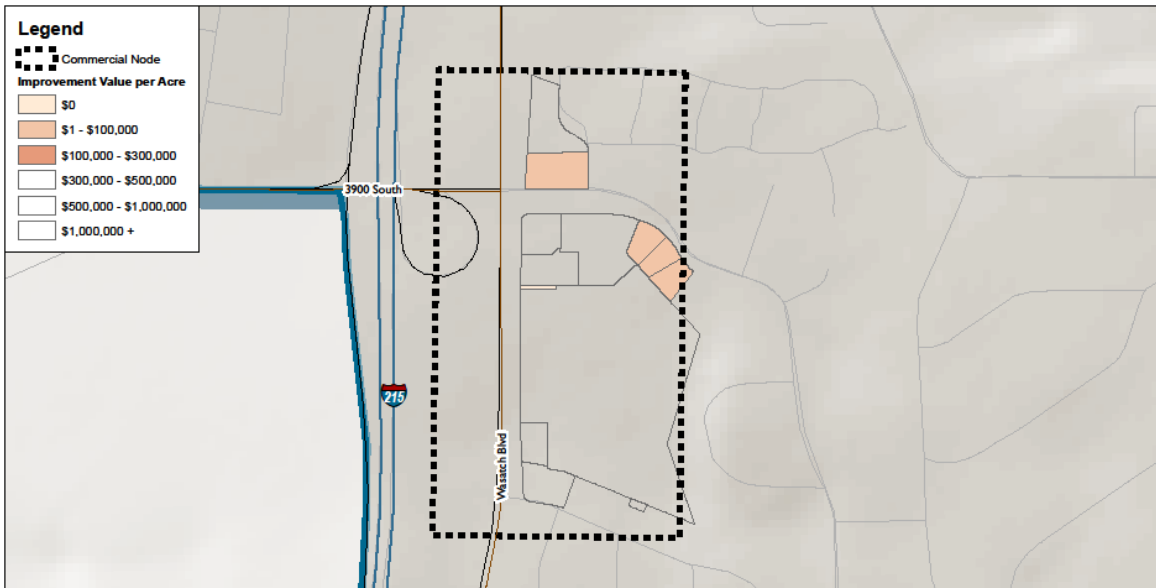
Node 9 is shown by Olympus Hills, the mixed-use shopping area located east of I-215. The area, despite its notable visibility and exposure and connections to the freeway generates just four percent of total city sales, or, roughly \$28.3 million. Food and Beverage and Food Services and Drinking Places top the list of highest sales in Node 9.

Table 11 – Node 9 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food and Beverage	51.43%	8.46%
Food Services and Drinking Places	17.16%	7.90%
Gasoline Stations	6.86%	22.12%
Real Estate, Rental, and Leasing	5.15%	10.03%
Manufacturing	4.46%	14.43%
Sporting Goods, Hobby, Book, and Music	4.21%	2.67%
Amusement and Recreation	3.41%	13.00%
Information	2.83%	7.65%
Clothing and Clothing Accessories	2.63%	15.82%
Personal and Laundry Services	1.06%	5.85%
General Merchandise	0.48%	0.21%
Electronics and Appliances	0.32%	1.03%
Miscellaneous Retail	0.01%	0.01%
Professional, Scientific, and Technical Services	0.00%	0.00%
TOTAL	100.00%	4.26%

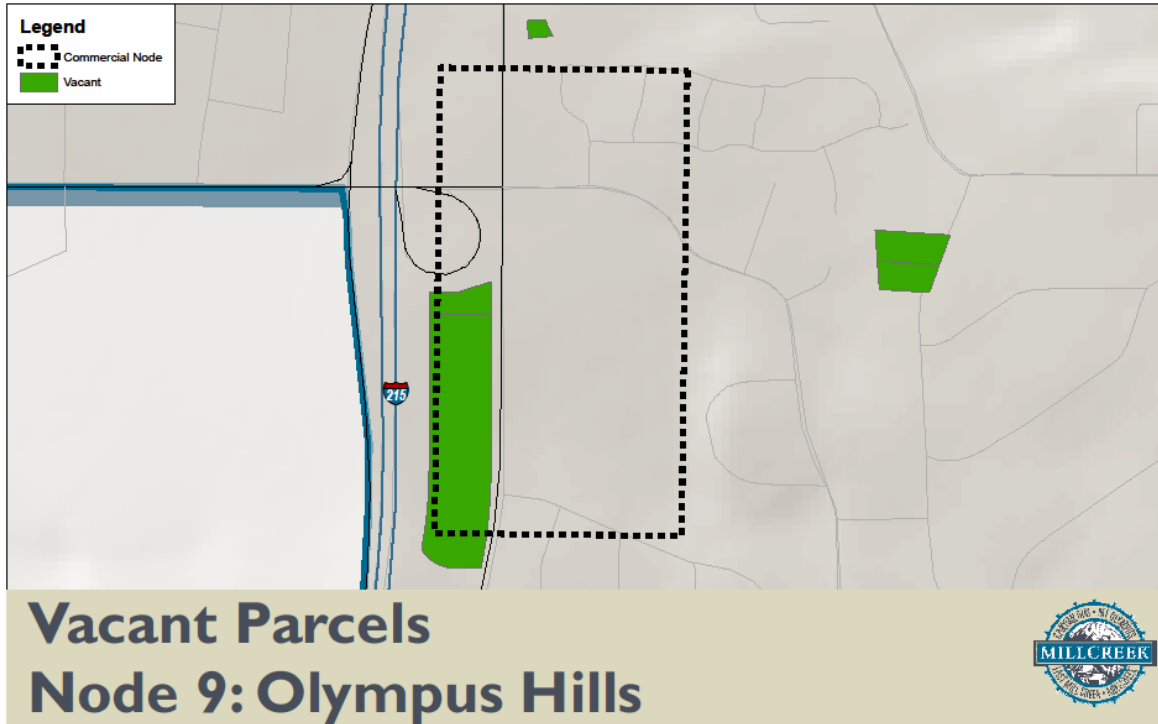


**Improvement Value per Acre -
Node 9: Olympus Hills**



**Improvement Value per Acre -
Node 9: Olympus Hills**



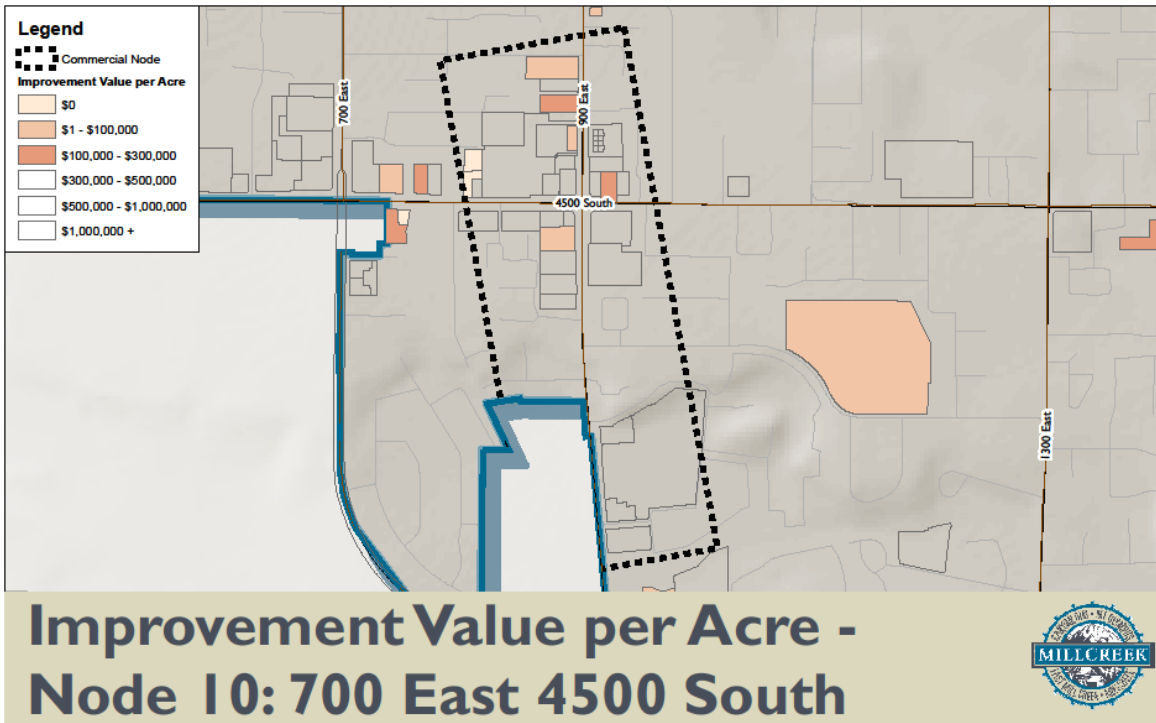
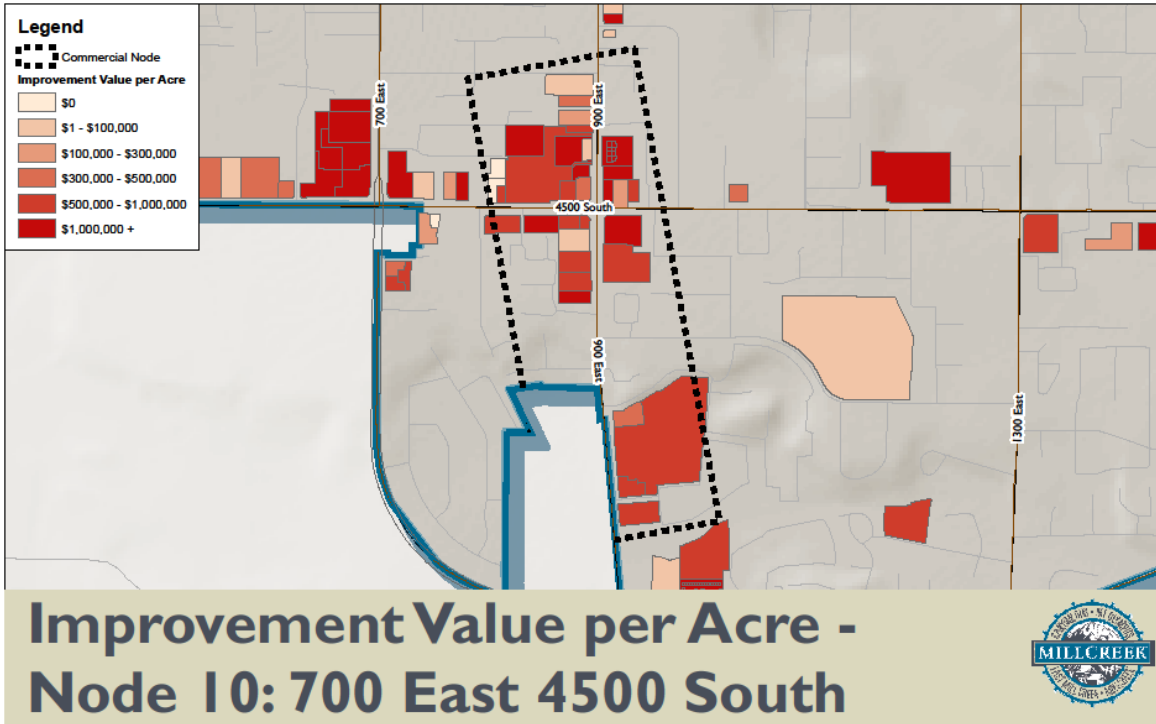


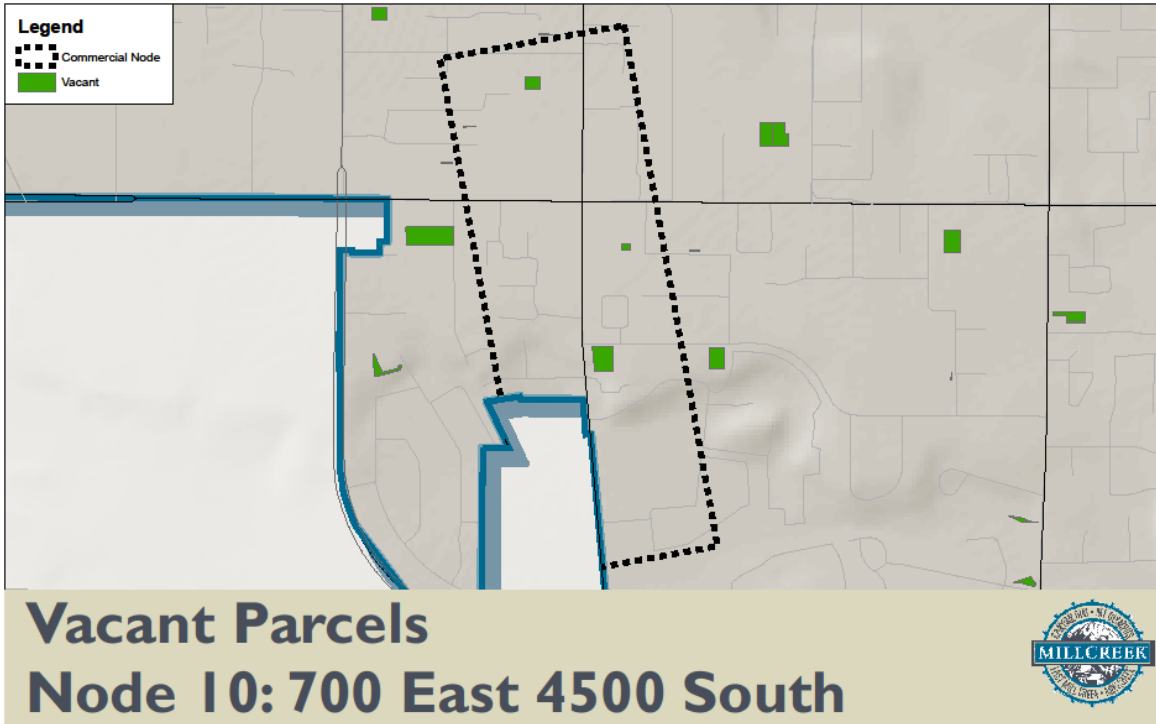
Node 10: 900 East 4500 South

Node 10 highlights commercial activity in a southern/central portion of Millcreek, at near 900 East and 4500 South. The node is significant in its revenue generation, with approximately 16 percent of total city sales and more than \$103 million. Top producers are General Merchandise and Food and Beverages.

Table 12 – Node 11 Commercial Sales

	Percent of Node Sales	Percent of City Sales
General Merchandise	56.93%	89.72%
Food and Beverage	34.10%	20.48%
Food Services and Drinking Places	3.44%	5.79%
Motor Vehicle and Parts	2.87%	4.45%
Repair and Maintenance	0.87%	4.96%
Miscellaneous Retail	0.72%	2.87%
Personal and Laundry Services	0.37%	7.55%
Wholesale Trade	0.37%	1.28%
Building Material and Garden Equipment	0.26%	0.44%
Electronics and Appliances	0.06%	0.67%
Health Care and Social Assistance	0.01%	0.10%
TOTAL	100.00%	15.53%





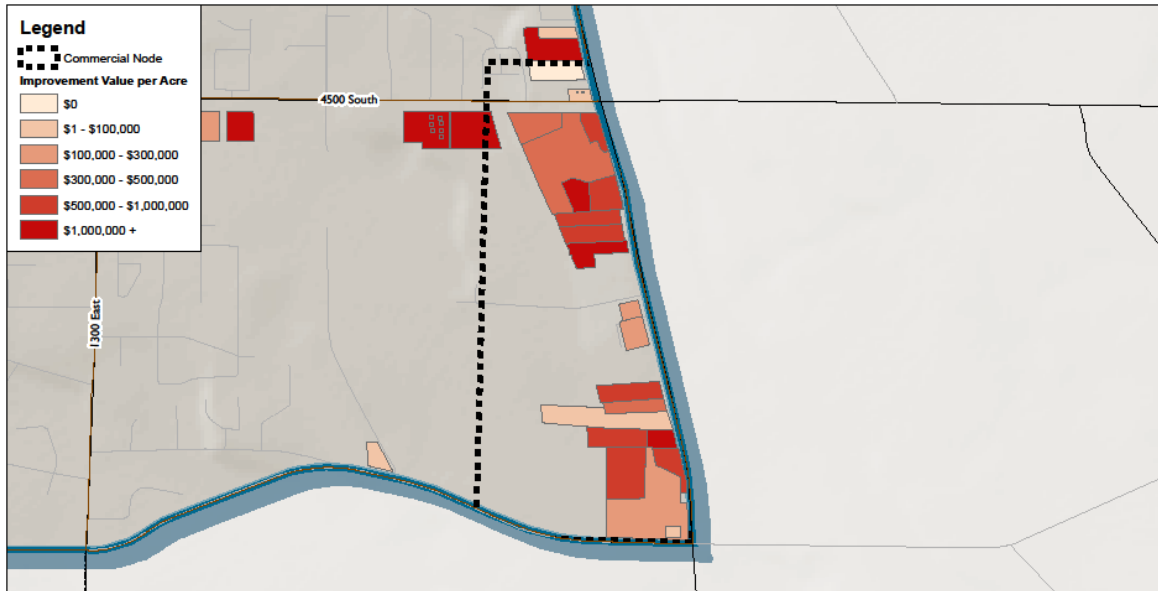
Node 11: Highland Drive (South)

The southern portion of Highland Drive (Node 11) is represented as Node 11. This area of commercial activity generates approximately seven percent of total city sales, and roughly \$49.2 million. The highest contributors are shown as Food and Beverage and Food Services and Drinking Places.

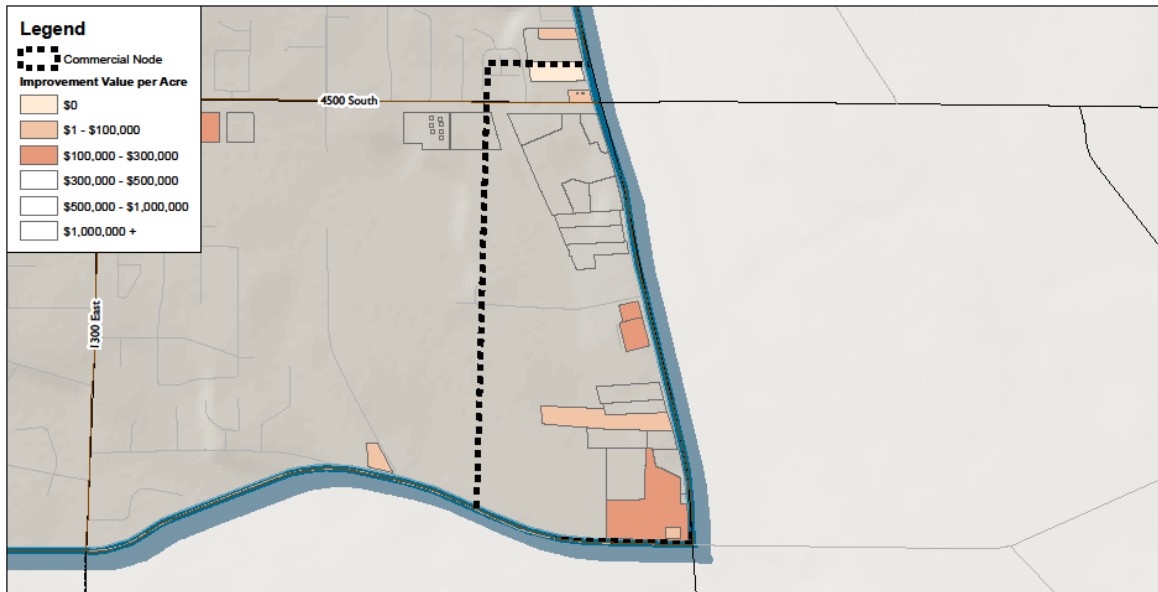
Table 13 – Node 11 Commercial Sales

	Percent of Node Sales	Percent of City Sales
Food and Beverage	63.45%	17.06%
Food Services and Drinking Places	10.50%	7.90%
Professional, Scientific, and Technical Services	6.12%	24.58%
Motor Vehicle and Parts	5.96%	4.14%
Construction	4.53%	19.40%
Wholesale Trade	2.81%	4.39%
General Merchandise	2.50%	1.76%
Sporting Goods, Hobby, Book, and Music	1.72%	1.78%
Electronics and Appliances	0.97%	5.18%
Personal and Laundry Services	0.87%	7.87%
Health and Personal Care	0.24%	2.09%
Miscellaneous Retail	0.14%	0.25%
Health Care and Social Assistance	0.10%	0.48%
Nonstore Retailer	0.07%	2.29%
Administrative and Support Services	0.03%	1.91%

Real Estate, Rental, and Leasing	0.00%	0.01%
TOTAL	100.00%	6.95%

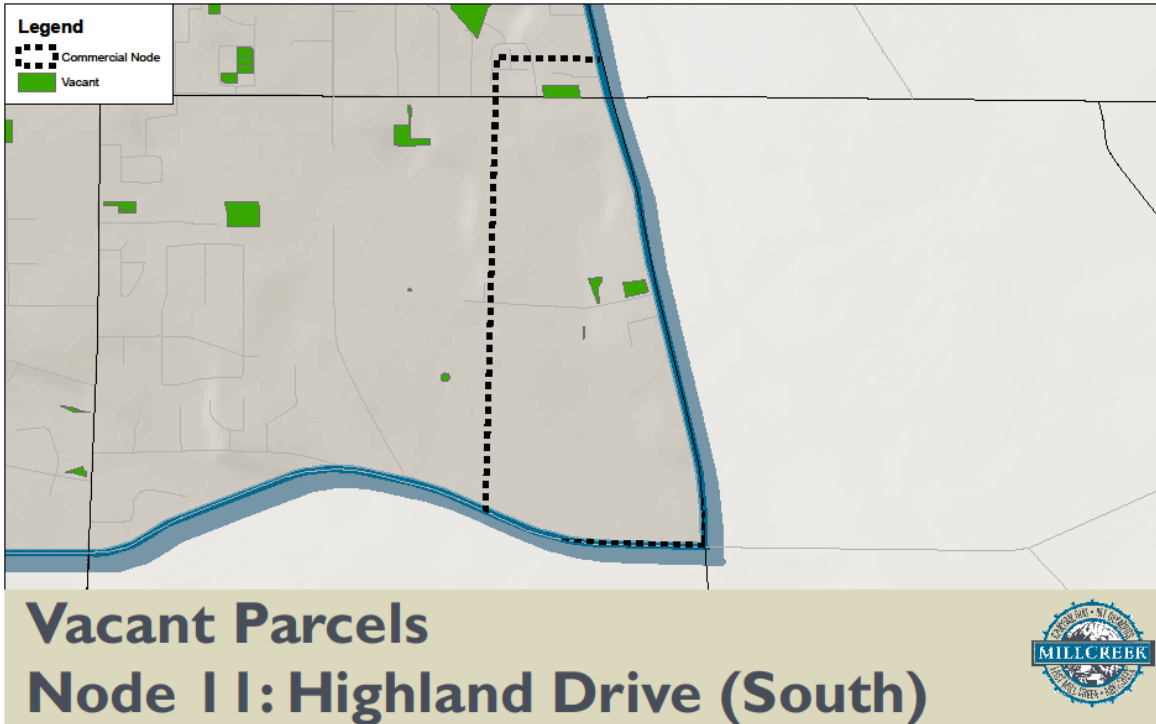


**Improvement Value per Acre -
Node I I: Highland Drive (South)**

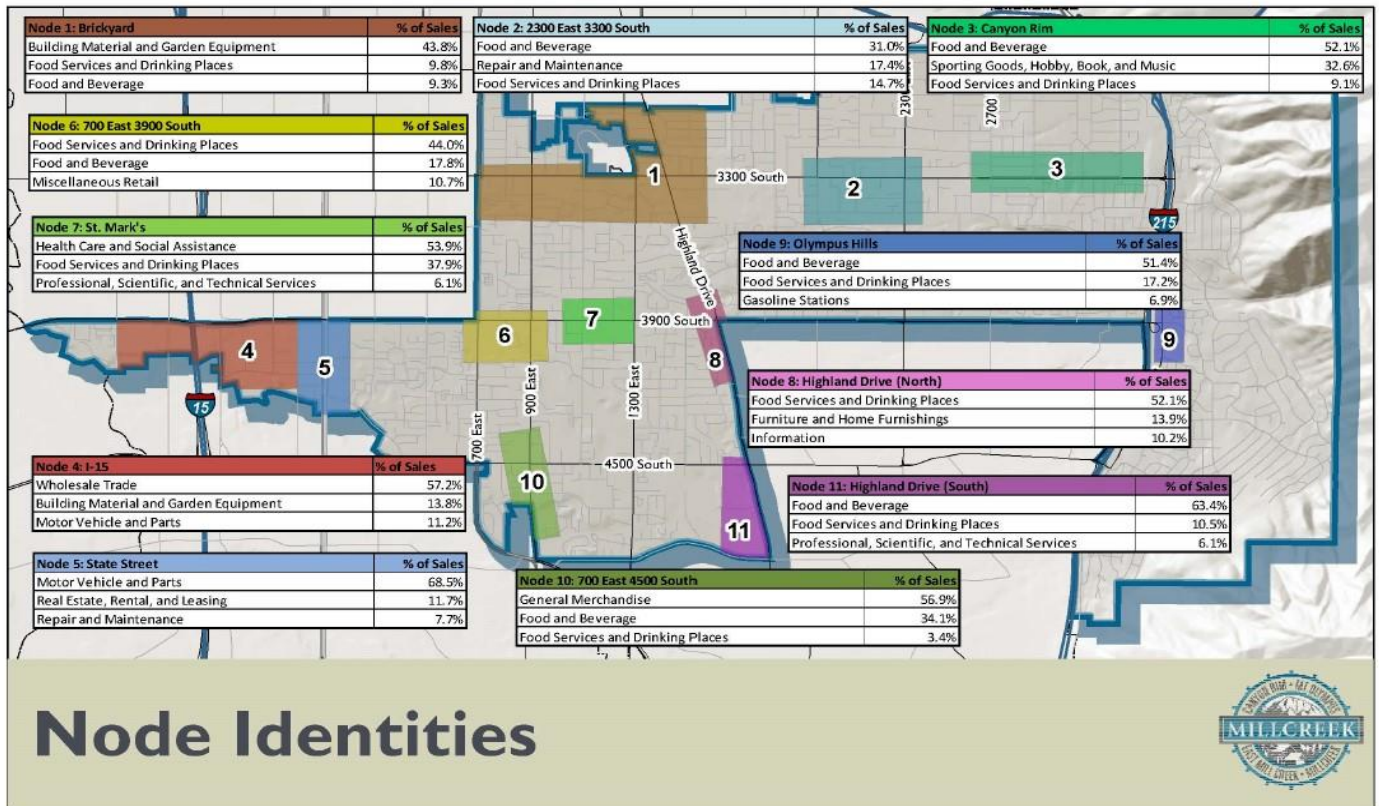


**Improvement Value per Acre -
Node I I: Highland Drive (South)**

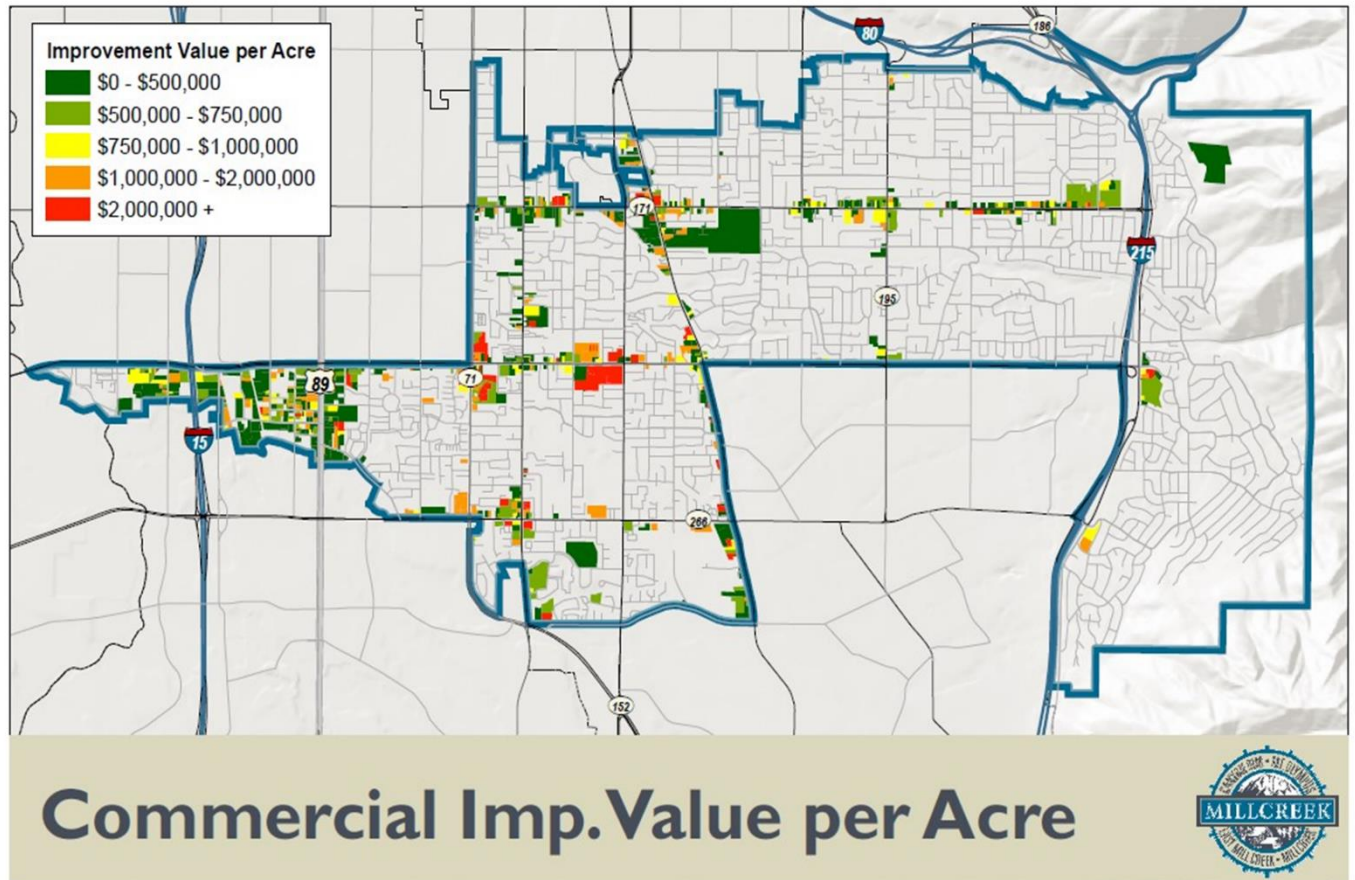




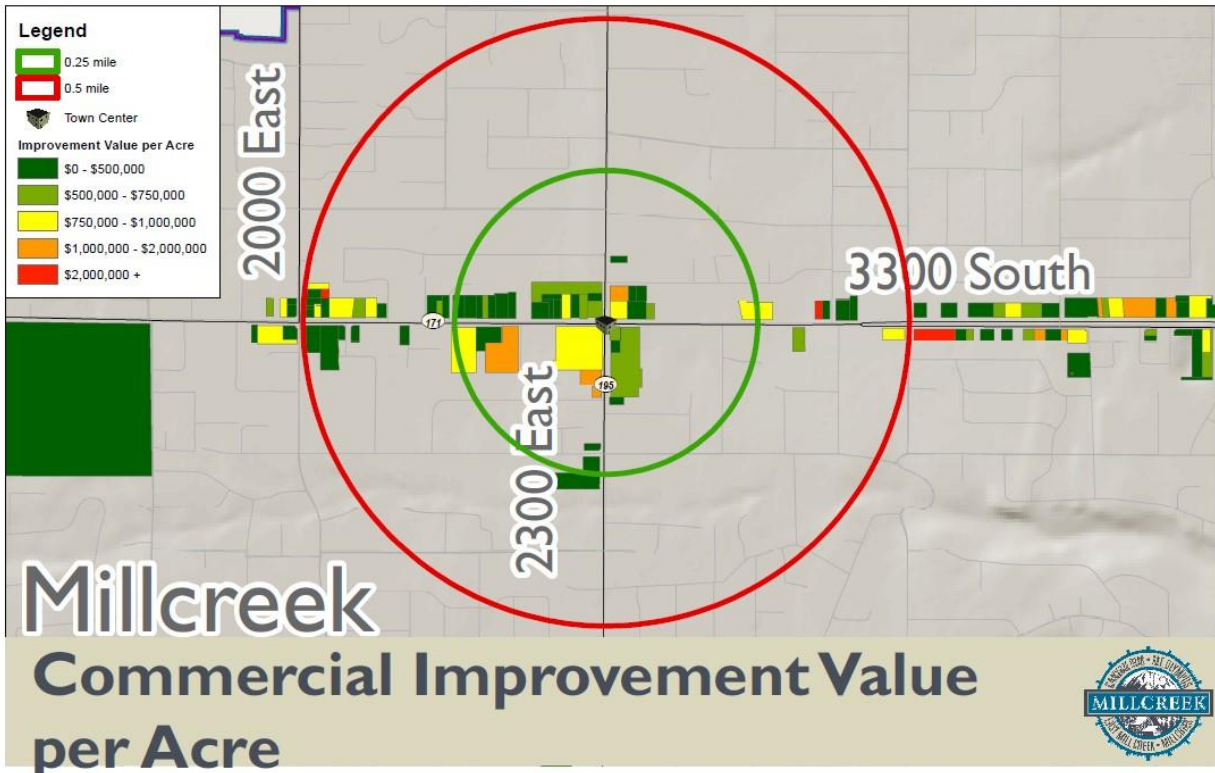
The previous node explanations are summarized on the following map.



Additionally considered in the analysis of the nodes and particular areas of Millcreek are the Improvement Values per acre. The associated map highlights areas in the nodes and their improvements values. Where low improvement values are found next to properties with high improvement values, opportunities for redevelopment or new development likely exist.



A more detailed look at the specific nodes is shown via the maps in the Addenda of this report. The map below is an example of a specific area (Node 2), and highlights individual parcels in an area that has many opportunities for redevelopment.



Strengths and Weaknesses of Key Nodes

Key nodes were determined based on inputs from city officials and citizens of Millcreek. These nodes are considered to be important due to their influence on existing Millcreek life, and for their future potential of possible development/redevelopment and activity. The nodes selected herein do not directly correlate to the Sales nodes, but are similar in most cases. Based on the aforementioned feedback, the following nodes were selected as key areas:

- The Wedge/3300 S. 1300 East
- 2300 East 3300 South
- Olympus Hills Area
- Meadowbrook/Main Street
- 4500 South Highland Drive

Strengths and weaknesses of the above areas are now presented, with potential conclusions that represent possible recommendations.

The Wedge – 3300 South 1300 East

Strengths

- Solid traffic counts and good connections to surrounding neighborhoods

- Neighboring properties include a well-positioned grocery store and shopping center that generate strong sales activity
- Underutilized parcels provide an opportunity for near-term redevelopment
- Population demographics in near proximity support commercial uses

Weaknesses

- Greatest generators of sales tax revenue are not within Millcreek boundaries
- Key parcels that capture visibility and exposure are developed with underperforming businesses and improvements which have minimal value
- A key tenant draw (Home Depot) is positioned such that exposure is limited, and traffic draw for neighboring uses is minimal
- Housing supply is primarily of low density design, and of older origins

Conclusions

- Key area for property tax and sales tax revenues. Represents a relative entrance to Millcreek, and should be a focus for attracting banner tenants
- Office use in the area is feasible and desirable, with up to three stories and parking in excess of 4.5 per thousand
- Residential uses should be considered at higher densities, with the increase in population to be favorable for future commercial uses. Upwards of five-stories could be supported, with podium parking financially feasible. Mixed-use of residential and retail could be supported at key sites, while office and retail mixed also has financial support. Building heights of mixed-use office and retail would likely be capped at three stories, and parking would be a major consideration for both uses
- Corner properties, where available, should be maximized for overall value purposes and use

2300 East 3300 South

Strengths

- Relatively near access to freeways
- Flat topography on this section of 3300 South
- Desirable traffic counts and central intersection, with good visibility and exposure characteristics for corner parcels
- Moderately appealing demographics in surrounding area for population and incomes

Weaknesses

- Underperforming uses at key locations
- Key site at southeast corner of 2300 East and 3300 South is poorly configured to capture visibility characteristics
- Mixture of uses in the area is not complementary
- Area has no sense of identity or sense of place

Conclusions

- The southeast corner parcel of 2300 East and 3300 South should be reconfigured to bring improvements up to 3300 South. As the largest site in the study area, it could house complementary uses, including multiple restaurant options with shared parking
- Mixed-use could be done in this area, although its financial feasibility is dependent upon the reuse and repositioning of numerous other properties in the area. Mixed-use would be more appropriate in other submarkets initially, but could include two to three-story office with ground floor, limited retail.
- A focus should be made on attracting uses that are complementary, and provide for a sub-identity to this neighborhood

Olympus Hills Area

Strengths

- Very high traffic counts in the immediate area
- Strong median incomes to the east of the study zone
- Topography results in strong visibility and exposure characteristics
- Very desirable connectivity characteristics, as well as proximity to recreational areas

Weaknesses

- The freeway acts as a barrier to residents on the west side of the center
- Slope issues create some site limitations
- Population demographics are somewhat limiting, due to the lack of density and the proximity of open space/mountains

Conclusions

- Strong retail purchasing characteristics suggest that focus should be placed on enhancing retail opportunities
- Increasing daytime population through office development will support the existing retail, and potentially provide additional retail needs
- Office development should be pursued, based on strong access characteristics, proximity to recreation and commercial uses, and due to more affordable rates that could be achieved in comparison to some nearby markets

Meadowbrook/Main Street

Strengths

- Proximity to transit options with the TRAX Meadowbrook Station
- Residential density in select areas boosts population demographics
- Good access to major transportation corridors
- Visibility and exposure characteristics are moderate for most of the focus area

Weaknesses

- Lower median incomes and overall population result in some limitations for select commercial uses
- Older uses in the neighborhood result in low improvement values
- Lack of identity or cohesive planning in the area

Conclusions

- Flex office space is financially feasible in the area and users would likely be drawn to more affordable land options and rental rates than what exists in competitive communities. Building heights would be kept at one and partial two-stories, with parking at 3.0 per thousand
- High density residential uses could capitalize on proximity to TRAX. Five-story construction with podium parking is financially feasible. Mixed-use retail and residential is likely not feasible, but may be considered if the retail portion is limited and occupies key corner or frontage sites with independent parking
- Main Street would have increased appeal to commercial users (office and retail) with continuous sidewalks/street improvements

4500 South Highland Drive

Strengths

- Solid traffic counts
- Healthy median incomes in the surrounding area
- Good connections to neighboring communities, resulting in opportunities for sales capture
- Strong property values for most sites in the surrounding area, with a mix of use types and densities

Weaknesses

- Key visibility and exposure parcels are occupied by single-family homes
- Moderately low population densities in the area limit retail use types and amounts
- Limited office use in the area

Conclusions

- Two-story office use, at sizes less than 10,000 square feet, could be supported in select areas. This would aid, albeit in a limited way, with daytime population demographics. Offices would likely have most appeal to local users, and should be built with architectural quality as a guide
- Additional small-scale retail would be supported in this area. Demographics and character of the area would be supportive of local-grown stores and eateries
- Retail pad parcels could be added in select areas, providing an opportunity for restaurant clustering

Overall Market Review

As noted in the above strengths, weaknesses, and conclusions/recommendations section, several areas have possible appeal for office and flex space. Retail sales conditions have been previously explained, while some additional information is presented herein for that market segment.

Office Market Review - Millcreek

- Headquarter users need more space than standard tenants. Most users want parking at 5.0 spaces per thousand or more (some large, call-center type tenants want parking in excess of 6.0 spaces per thousand)

- There is a lot of appeal in Millcreek for “one-off” office users who can’t afford I-15, or, those who want a more suburban feel
- There is also appeal for professionals who want limited commutes, want character of area like Millcreek
- Office construction in most infill places is likely with buildings of 1-3 stories, less than 25,000 sq.ft., and parking at a minimum of 4.0 per thousand
- Larger campus or headquarter-type facilities may be possible at the Olympus Cove submarket, if land can be accessed with some road reconfigurations



- The under three-story and standard floor-plate configuration is financially feasible at present, with capitalization rates at very healthy levels
- There is appeal for offices that would provide the ability to live close to work, be near amenities, and have architecturally intriguing properties that reflect the character of the area
- Adding office is integral to enticing more retail = daytime population. This is a major consideration for retailers in selecting new sites

Flex Market Review – Millcreek

- The flex market is overall a very healthy market segment
- Flex space typically includes roughly 50 percent office and 50 percent combination of warehouse, production, manufacturing, etc.
- This market segment is growing in Utah due to the expanding tech network, distribution needs, etc.
- There is great appeal along I-15 for flex use, particularly for properties that don’t have direct access to on/off ramps (less expensive land, as compared to uses for office that typically want freeway access)

- Flex uses are feasible with one and partial two-story designs, and parking at 3.0 spaces per thousand rentable square feet



Retail Market Review – Millcreek

Retail conditions for Utah and Millcreek are noted below:

Doing Well in 2018:

Grocery stores, automobile services, eateries, and “experiential” retail

Faring Poorly in 2018:

Clothing stores, toy stores, jewelry stores, department stores, anything struggling with competing with online shopping and providing customer experiences

What are retailers doing to adjust to changing market needs?

Concept stores – these are opportunities for customers to have experiences that are not replicated online

Distribution stores – stores which allow for drop-off deliveries from online services – results in quicker shipping times and reduced costs

Eateries – these are adapting to Uber Eats and other delivery services – ultimately leading to reduced table space and a greater need for pick-up capacities

Retailers are currently focusing on most of the following criteria for site selections:

- Strong traffic counts – multiple points of access
- Growing population counts in 0.5, 1.0, and 3.0-mile radii
- Daytime populations – this typically requires a strong office presence and/or a destination point
- Destination locations – customer draws (parks, stadiums, entertainment options, etc.)
- Retailers are more looking more closely at which demographics are more likely to online shop, and are looking for areas which support traditional retail activity.

Site criteria are also addressed, based on the perspective of various retailers that are well-known within the area. The bullet points below show what certain retail tenants are requesting in their site selection criteria:

- **Olive Garden** – 125,000 population in 15-minute drive time. Average 7,500 square feet, 1.0-2.5 acres, parking at more than 10.0 per thousand
- **Family Dollar** – Median incomes *below* \$60,000 in 1-mile radius, desire grocery-anchored centers. Average 8,500 square feet, parking in excess of 3.5 per thousand
- **Jamba Juice** – population more than 45,000 within 2.0 miles – daytime employment greater than 15,000 within 2.0 miles – average age less than 38 within 2.0 miles. Average 1,200 square feet, parking in excess of 5.5 per thousand, end cap, pad, or corner
- **Cabela's** – population minimum of 250,000 in 30-mile radius, minimum 75,000 daily traffic. Minimum of 5.0 acres, parking of 6.0 spaces per thousand
- **Michael's** – population minimum of 200,000 in a 10-mile area, required to have near access to a major traffic arterial, desire for areas of high income and high percentage of female population. Average 15,000 to 30,000 square feet, minimum parking of 5.0 spaces per thousand
- **Bed Bath & Beyond** – population minimum of 150,000 in 6-mile area, minimum of 15,000 households in area with over \$55,000 incomes, high home ownership ratios, areas of solid planned population growth. Average 20,000 to 40,000 square feet, parking at a minimum of 5.0 spaces per thousand. Reject locations that are near theaters, gyms, and restaurants
- **TJ Maxx** – population minimum of 100,000 in a 3-mile area, with close proximity to high-traffic tenants, grocery stores, clothing stores, bath and home stores; require mid-to-upper incomes, higher percentage of female population. Average size of 30,000 square feet, parking at a minimum of 5.0 spaces per thousand
- **Wal-Mart** – minimum population of 100,000 in three miles, major arterials in immediate area (40,000 ADT), avoid high or extra low-income areas. Average 140,000 to 200,000 square feet (Super Centers), parking at 4.5 to 6.0 per thousand
- **Costco** – suburb locations with minimum of 75,000 population within five miles. Will look at growing demographics within a 20-mile radius, near access to a major arterial required. Average store sizes of 100,000 to 175,000 square feet, parking typically required at 6.0 per thousand
- **Whole Foods** – minimum population of 200,000 within a 20-minute drive time, higher percentage of college-educated residents than most areas, median incomes above average, visibility characteristics are emphasized. Average store sizes of 25,000 to 50,000 square feet, parking at 5.5 to 6.0 per thousand
- **Sprouts** – minimum population of 100,000 within a 10-minute drive time, median incomes that are above average in the draw area, and easy access from a main thoroughfare. Average store size of 30,000 square feet, desirable to have minimum of 150-feet of storefront, parking at a minimum of 4.5 per thousand

- **Staples** – minimum population of 150,000 within a five-mile radius, plus a minimum of 5,000 small businesses. Focus on high-income areas and small business activity. Average store size of 25,000 square feet, parking required at 5.0 per thousand

Fiscal Impacts Review

Potential fiscal impacts from retail, flex, or office space are herein considered. The table below highlights retail, office, and flex space fiscal impacts to the city. These consider only the fiscal impacts per acre of a relatively low-density development (floor-to-area ratios are shown), and address only property tax valuations and point of sale impacts.

Use Type	Projected FAR/Density	Fiscal Impacts Per Acre*
Retail	FAR – 0.25	Roughly \$14,000 per acre
Office	FAR – 0.3	Roughly \$4,000 per acre
Flex Space	FAR – 0.2	Roughly \$2,500 per acre

*Property tax valuations and point of sale impacts only

Also noted in the table below are the estimated future values of new construction of retail (Class A and B), Office (Class A and B) and flex space. The future values (FV) are based on achievable rental rates that can be acquired in the current market, less appropriate expenses, and capitalized by a rate of return that is reflective of the risk associated with the property. Construction costs are next shown on the table, with the spread between costs and values reflected. The table serves as a gauge for what is feasible in Millcreek, and what first-year rates of return developers and investors are requiring in order to pursue development. Additional data points (spreadsheets) regarding the future value calculations are included within the Addenda.

Use Type	FV - 10,000 Sq.Ft.	Construction Costs	Spread	Feasible?	Capitalization Rates	Investment Conditions
Retail - Class A	\$180.00 sq.ft.	\$165.00 sq.ft.	\$15.00 sq.ft.	Yes	8.0%	Tenuous
Retail - Class B	\$130.00 sq.ft.	\$130.00 sq.ft.	\$0.00 sq.ft.	Possible	8.5%	Weak
Office - Class A	\$225.00 sq.ft.	\$190.00 sq.ft.	\$35.00 sq.ft.	Yes	7.25%	Strong
Office - Class B	\$185.00 sq.ft.	\$155.00 sq.ft.	\$30.00 sq.ft.	Yes	7.75%	Strong
Flex	\$160.00 sq.ft.	\$130.00 sq.ft.	\$30.00 sq.ft.	Yes	7.25%	Strong