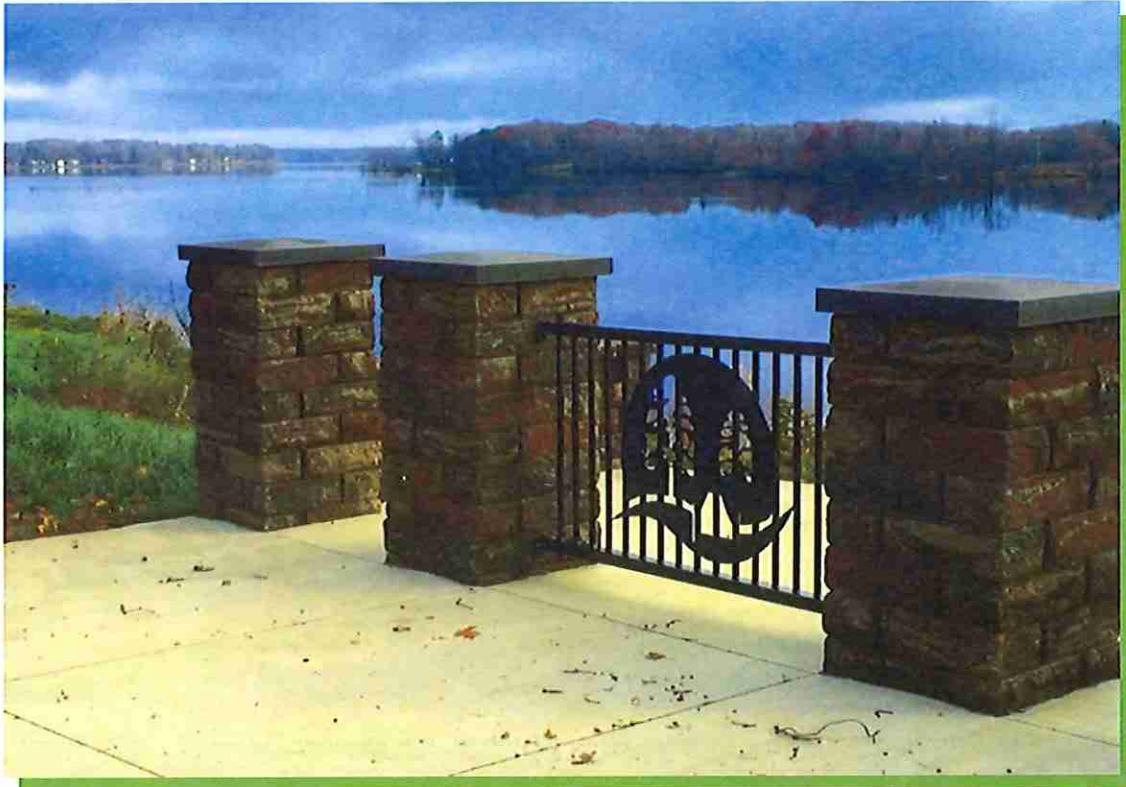


This project was funded in part by
the Initiative Foundation, a
regional foundation and the
Greater Pine Area Endowment



GROWTHSERVICESGROUP

Market Feasibility Study Pine City, MN.



Growth Services Group, LLC

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Scope and Purpose

The following Market Feasibility Study will review the proposed development of a hotel project in Pine City, Minnesota. At the time of this report the size of the proposed hotel would be 42 guest rooms. The proposed site for the hotel is located at the intersection east of Interstate 35 and north of Business Loop 35 south, (site B south) in Pine City, Minnesota. This site is an ideal location to provide the best visibility for travelers entering into the community from the interstate near other businesses. The site has the best mix of visibility, cost, and development potential. Alternative sites were reviewed at the west side of Interstate 35 and south of Business Loop 35 south (site A south), the east side of Interstate 35 and north of Business Loop 35 north (site A north), and the east side of Interstate 35 and south of Business Loop 35 north (site B north).

Growth Services Group, LLC (GSG) was contracted to provide a Market Feasibility Study for the Pine City, Minnesota market area. This Market Study provides a demographic and economic overview of the subject area to determine the overall feasibility of a new Greenfield hotel development. The purpose of this Market Study is to estimate the perceived demand and to estimate financial performance of a new hotel in Pine City, Minnesota.

GSG has analyzed market conditions, economic and demographic factors, and site conditions to determine their impact on the proposed project. GSG has utilized both primary and secondary data sources that are assumed to be correct to analyze the subject area's demand for additional rooms. Research also included local interviews with area representatives from a variety of public and private sector organizations. The Report includes primary data and input regarding the overall feasibility of the project today and analyzes the potential for future growth in demand in the subject area.

The GSG Market Feasibility Study Report addresses the estimated operating performance of the project and provides recommendations as to size and scope of the development. The study provides owners, investors, operators and lenders with a snapshot of the overall feasibility of the project based on market conditions at the time of the survey, and all data is provided for discussion purposes only. Future macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of this project. GSG makes no representations regarding the development or possible investments. Potential developers and investors should rely on their own due diligence when making investment decisions.

In addition, estimated financial performance projections have been prepared based on current operating performance in the market area as determined through a competitive analysis and review of industry data. Occupancy, average daily room rate, and sales revenue projections for the hotel were based upon a detailed review of comparable sales, field research data, and surveys. Recommendations as to the property type, property size, services, and amenities were included. These projections and recommendations were based upon the market demand research for the proposed facility at the time and are included as a suggestion only.

This Feasibility Study represents compiled data from the most up-to-date sources available to GSG at the time the report was completed and GSG cannot be held responsible for updates or changes to data that occurred after each data source was accessed.

Area Analysis

Proposed Location

The general market for this hotel is Pine City, MN. However, this market is broader than just Pine City and includes areas within Pine County. Pine City, MN is located in eastern Minnesota, about an hour north of Minneapolis, MN, which offers a variety of local support for retail, dining, and community events. The nearest city with a population of 100,000+: Minneapolis, MN (67.9 miles, population 382,578). The nearest city with a (proper) population 1,000,000+: Chicago, IL (459.1 miles, population 2,695,598).

About Pine City

Pine City is a city in Pine County, Minnesota, United States. The population was 3,127 at the 2010 census. Pine City is the county seat of, and the largest city in, Pine County. The Initiative Foundation named Pine City "Outstanding Community" of 2009 and the NAMM Foundation (National Association of Music Merchants) identified it as one of the "Best Communities for Music Education in America" for 2010, 2011 and 2012. The Dakota Indians were the first to settle in the area. With the Ojibwa expansion, the area became a mixture of the two tribes. By the early 19th century, the area became predominantly Ojibwa. They trapped and hunted on the land and traded furs at the nearby trading posts. With the Treaty of St. Peters of 1837, dubbed the "White Pine Treaty," lumbering began in the area. Lumbering, though, was limited by access to the available waterways. In the late 19th century, European settlers came to the Pine City area, which was still heavily forested with thick white pine trees, some of the largest in the state. Pine City was platted in 1869. The city was incorporated in 1881. When Buchanan County was merged with Pine County in 1861, the county seat was consolidated to Pine City because it was already well-established.

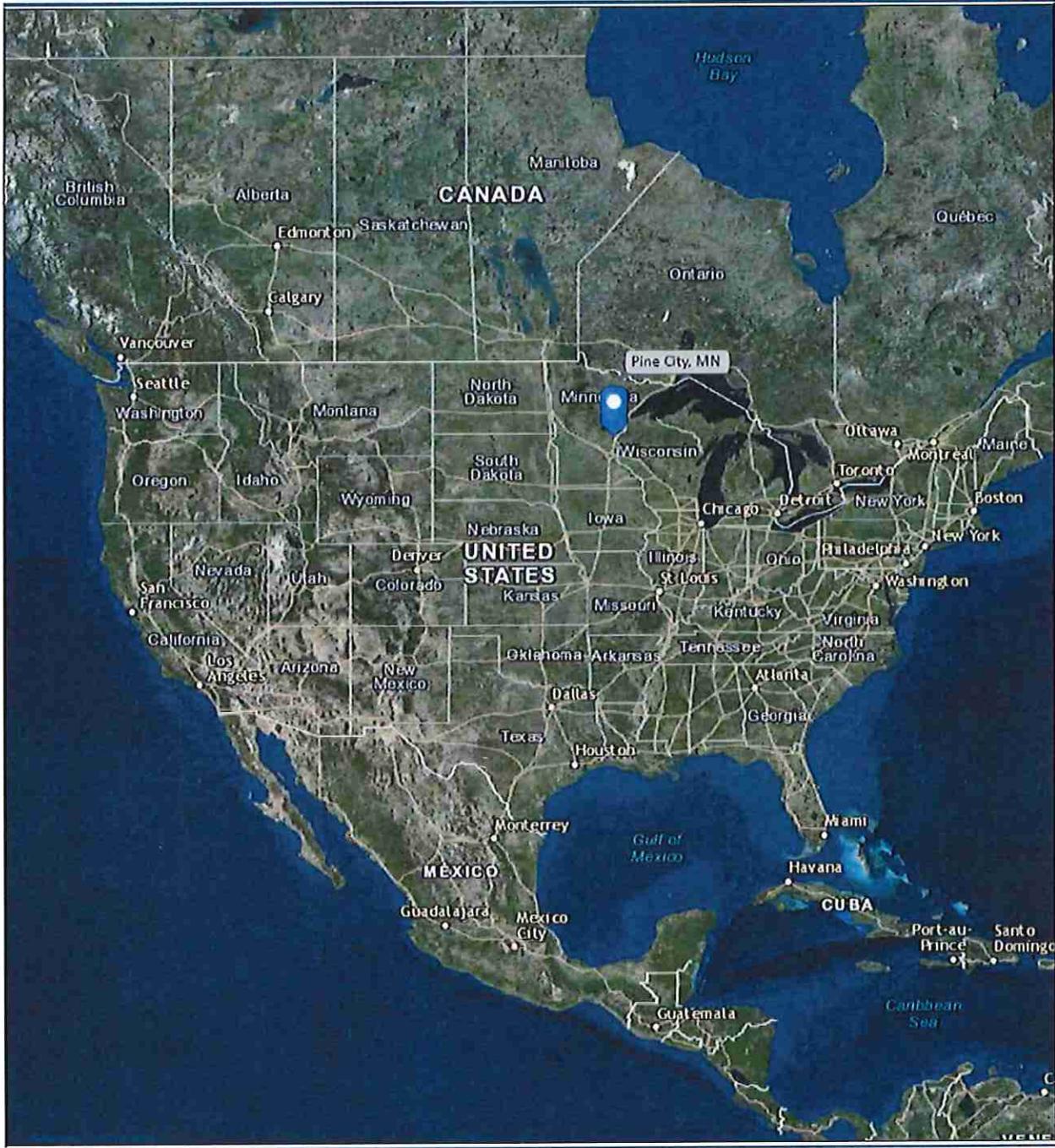


Census	Pop.	%±
1890	535	—
1900	993	85.6%
1910	1,258	26.7%
1920	1,303	3.6%
1930	1,343	3.1%
1940	1,708	27.2%
1950	1,937	13.4%
1960	1,972	1.8%
1970	2,143	8.7%
1980	2,489	16.1%
1990	2,613	5.0%
2000	3,043	16.5%
2010	3,127	2.8%
Est. 2014	3,203	2.4%

Geographic Information Systems (GIS) Analysis of Market Area:



Pine City, MN location in U.S.

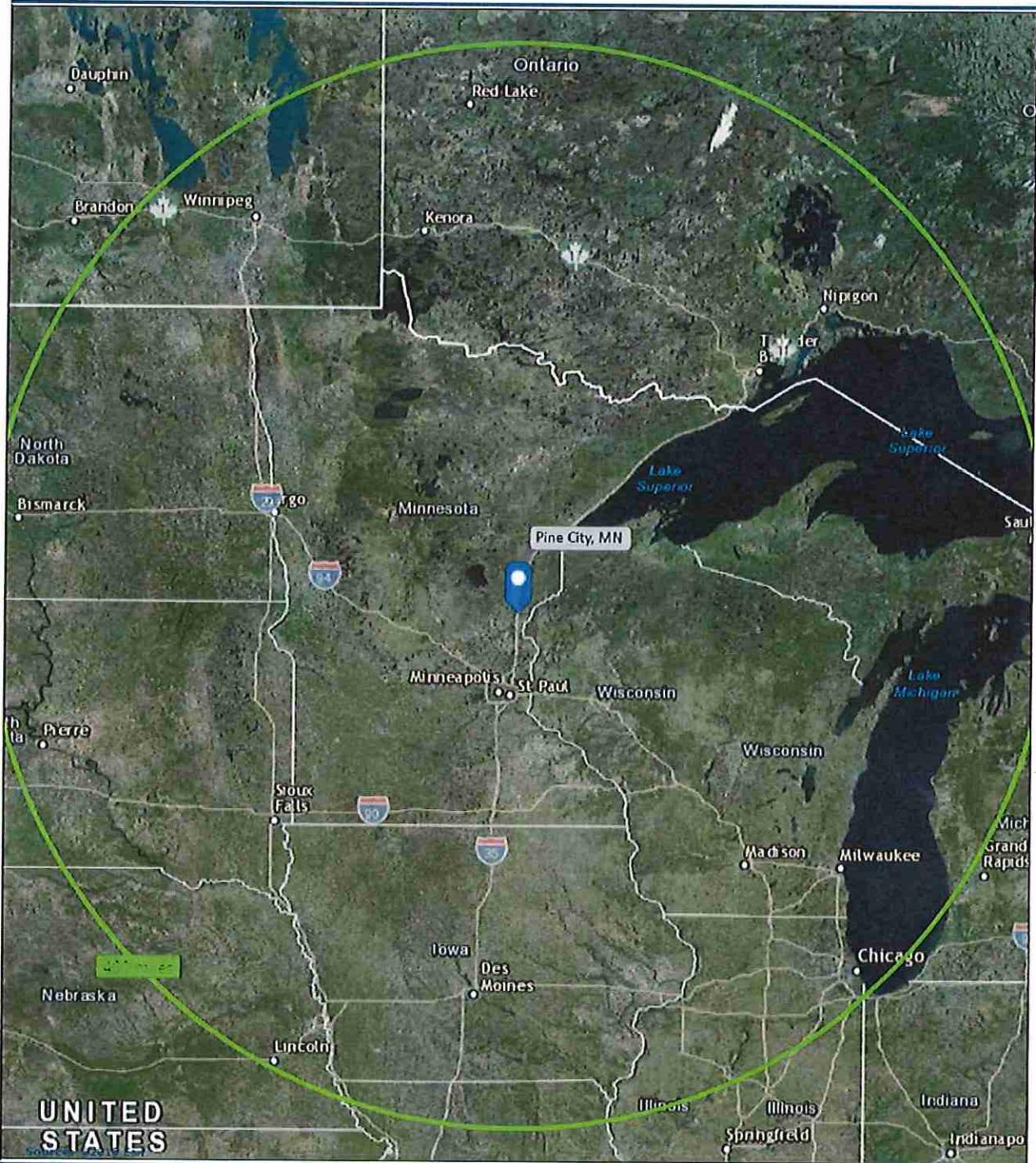


May 05, 2016



Major markets near Pine City, MN

400 mile radius

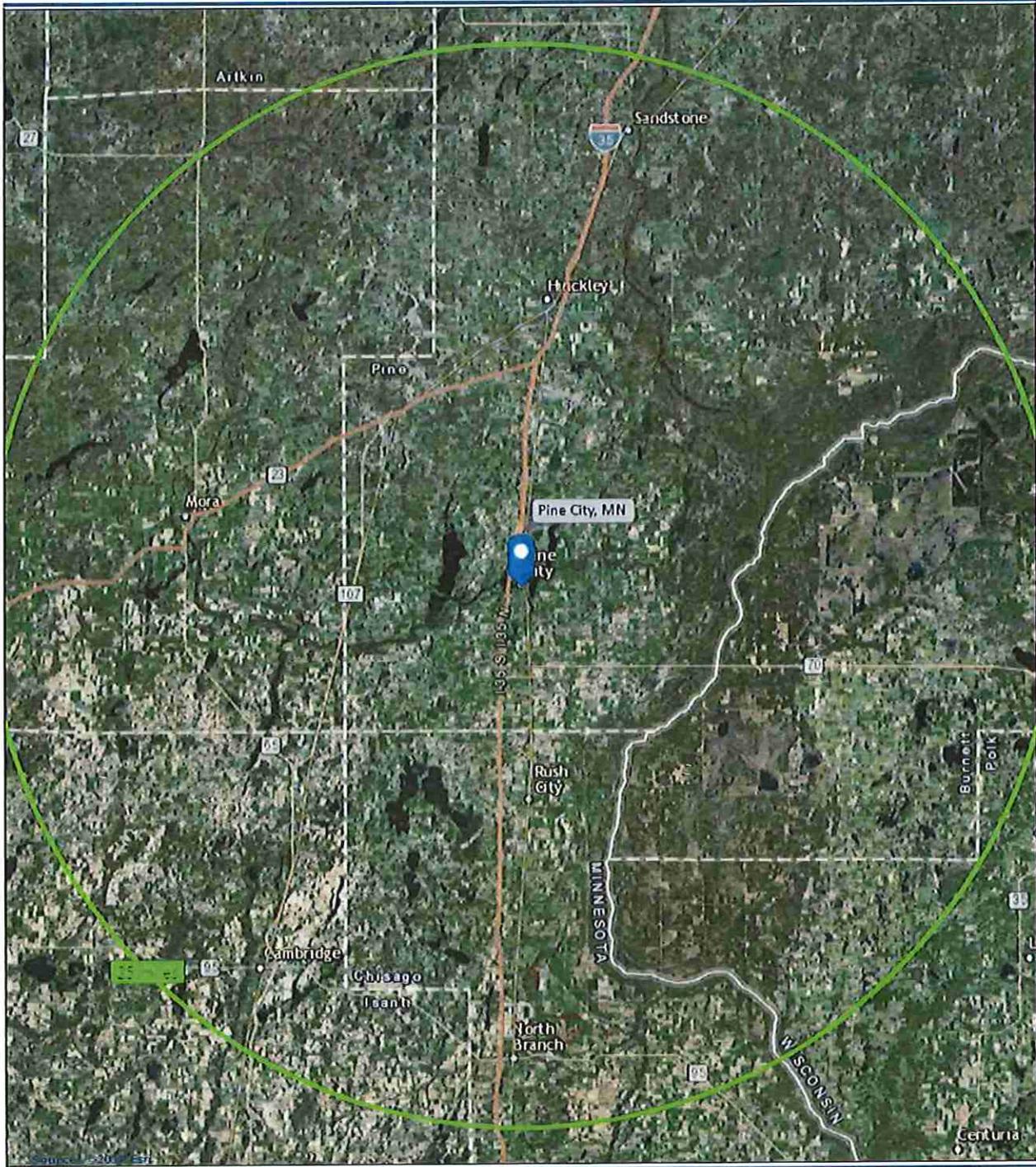


May 05, 2016



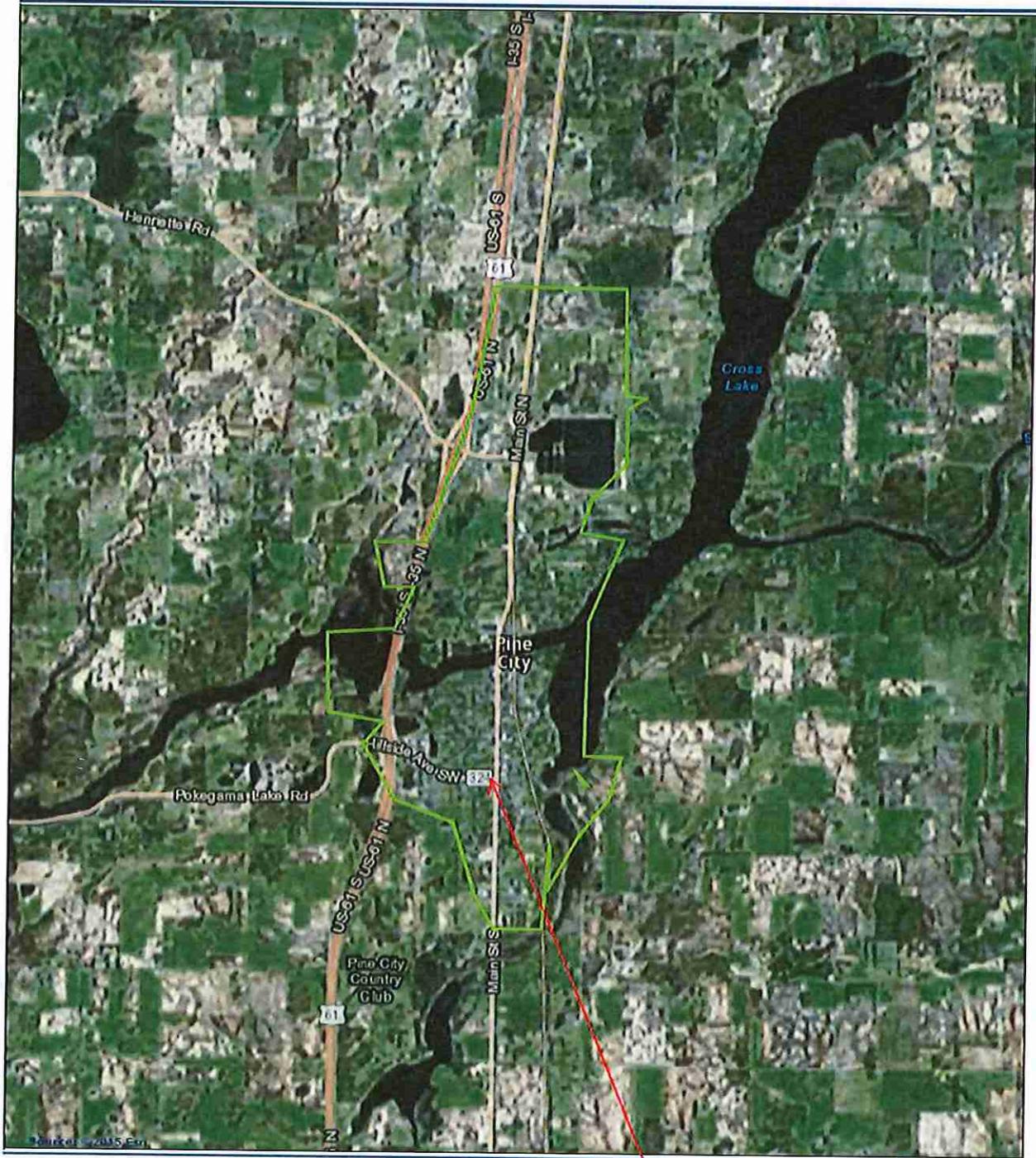
Small markets near Pine City, MN

25 mile radius



May 05, 2016

Pine City, MN boundaries (proper)

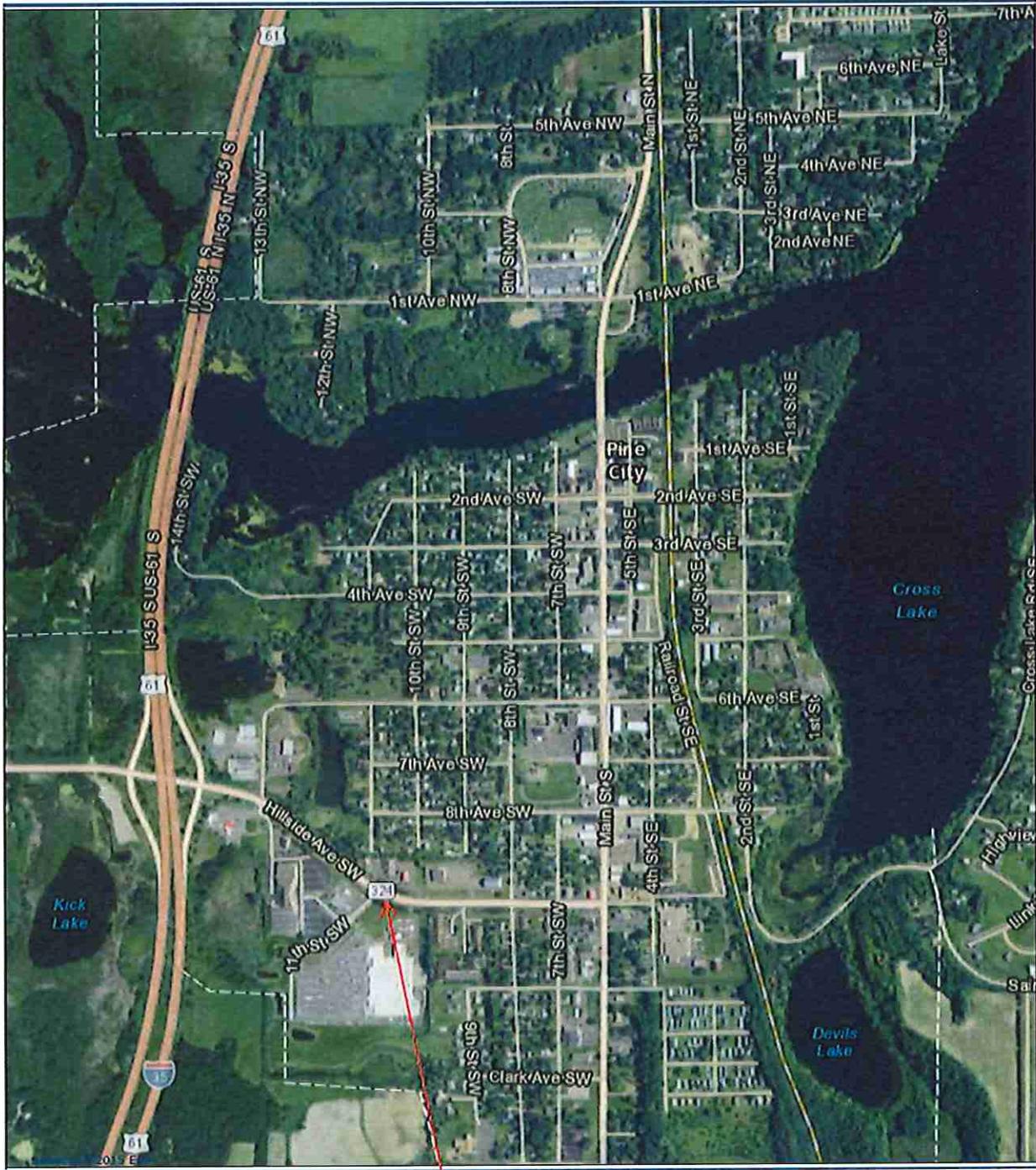


Now I-35 Business Loop

May 05, 2016

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May 05, 2016

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Now I-35 Business Loop

Page 1 of 1

Site Analysis

The proposed site is located at the intersection of Interstate 35 and Business Loop 35, site B south. This site offers a high traffic count traveling through the City of Pine City, less than 1 mile from a major interstate.

Pine City has small but vibrant local retail district supported by the Pine City Chamber of Commerce. It has a small town feel with the state's two largest metropolitan areas about an hour away (Minneapolis-St. Paul-Bloomington, and Duluth-Superior, Wisconsin). St. Cloud, MN is just over an hour to the west as well. Local government and private businesses continue to make investment in the area to ensure diversity, stability, and continued growth in the local economy.

Proposed Subject Site Evaluation

Accessibility	Fair	Good	Excellent
Availability of Utilities	Fair	Good	Excellent
Land Cost	Fair	Good	Excellent
Site Prep	Fair	Good	Excellent
Visibility	Fair	Good	Excellent
Zoning	Fair	Good	Excellent
Overall Location Rating	Fair	Good	Excellent

Site B South is rated overall as excellent. This rating was determined due to excellent visibility and accessibility for potential customers, a growing business environment, and excellent development potential for this proposed hotel site. Alternative sites were reviewed at the west side of Interstate 35 and south of Business Loop 35 south (site A south), the east side of Interstate 35 and north of Business Loop 35 north (site A north), and the east side of Interstate 35 and south of Business Loop 35 north (site B north).

Utilities:

Type	Name	Phone
Electricity	East Central Energy	(800) 254-7944
Natural Gas	Minnesota Energy Resources Corp	(800) 889-9508
Wastewater	City of Pine City	(320) 629-2575
Water	City of Pine City	(320) 629-2575

Commercial Electricity Rates in Pine City

- The average commercial electricity rate in Pine City is 10¢/kWh.
- This average (commercial) electricity rate in Pine City is 13.12% greater than the Minnesota average rate of 8.84¢/kWh.
- The average (commercial) electricity rate in Pine City is 0.89% less than the national average rate of 10.09¢/kWh. Commercial rates in the U.S. range from 6.86¢/kWh to 34.88¢/kWh.

Industrial Natural Gas Rates in Pine City

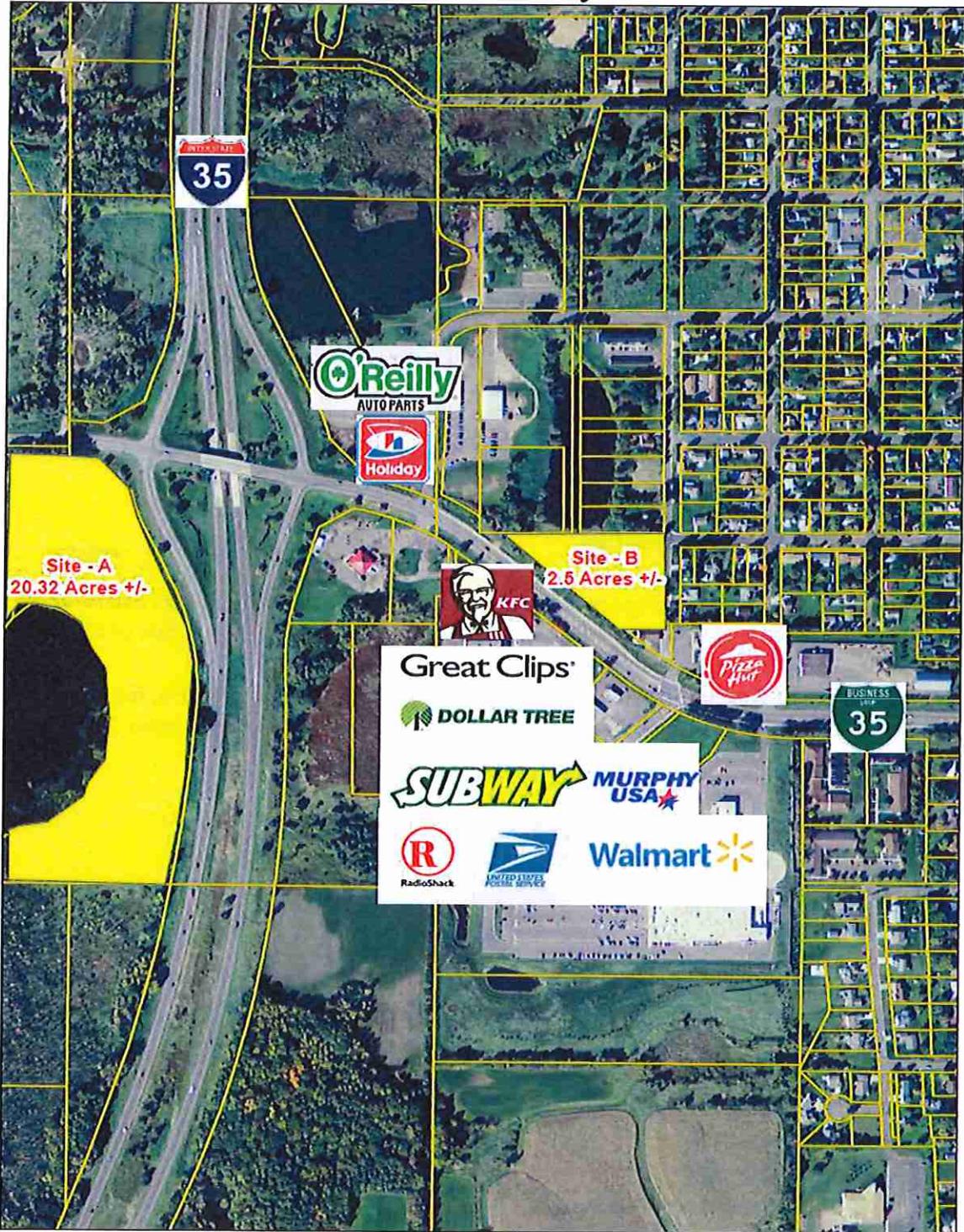
- Pine City, MN industrial natural gas prices in December 2015 (based on Minnesota data) averaged \$4.31 per thousand cubic feet, which was approximately 27.5% more than the average rate of \$3.38 per thousand cubic feet in the United States overall that month.
- Year over year, the average industrial natural gas rate in Pine City decreased 34.3%, from \$6.56 per thousand cubic feet in December 2014 to \$4.31 per thousand cubic feet in December 2015.

Water Rate

- \$0.0077 per gallon

Proposed Site Aerial (Site B)

South Pine City Exit



Alternative Sites (Aerial View)

North Pine City Exit



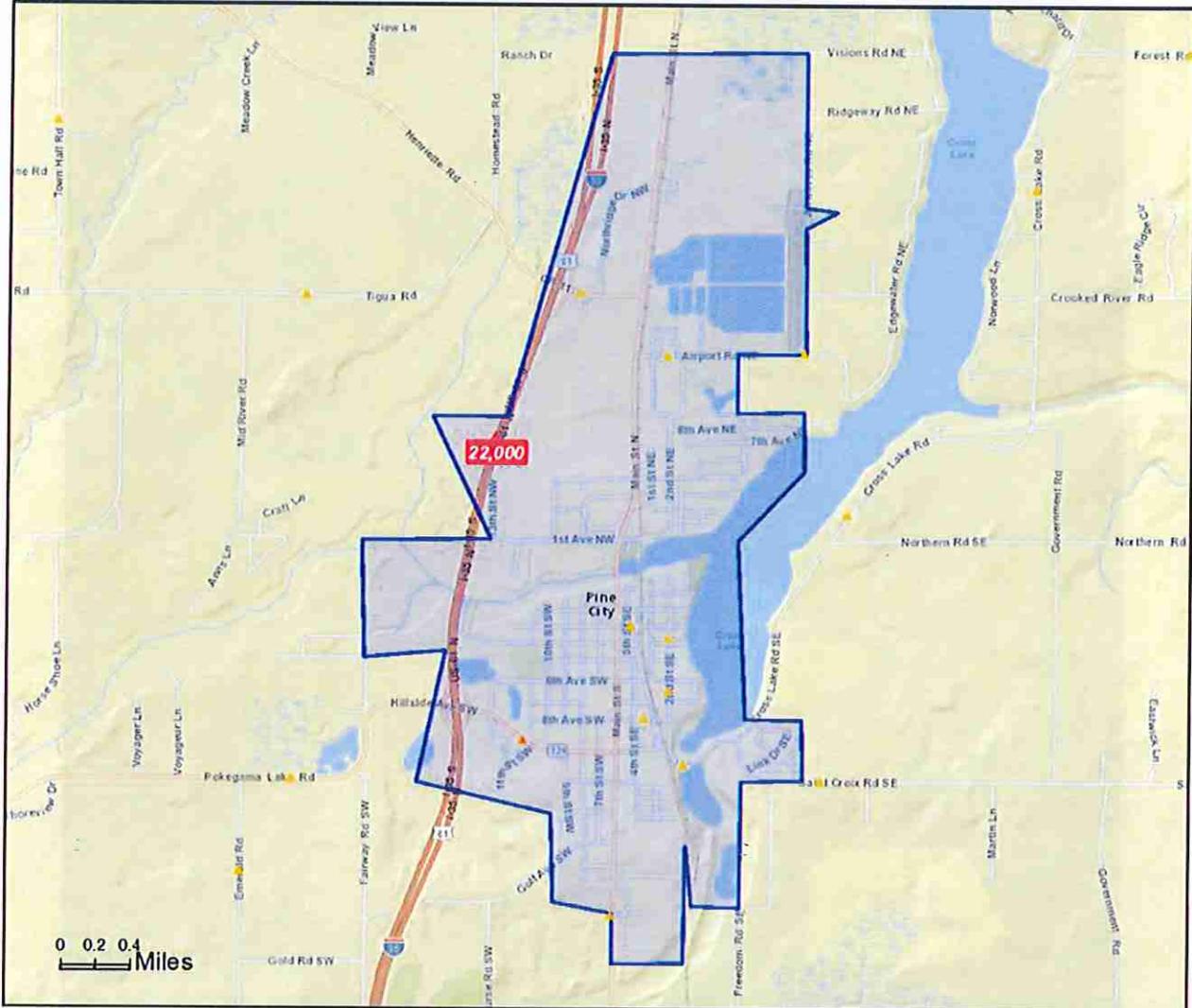
City Traffic Map



Traffic Count Map

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group



- Average Daily Traffic Volume**
- ▲ Up to 6,000 vehicles per day
 - ▲ 6,001 - 15,000
 - ▲ 15,001 - 30,000
 - ▲ 30,001 - 50,000
 - ▲ 50,001 - 100,000
 - ▲ More than 100,000 per day



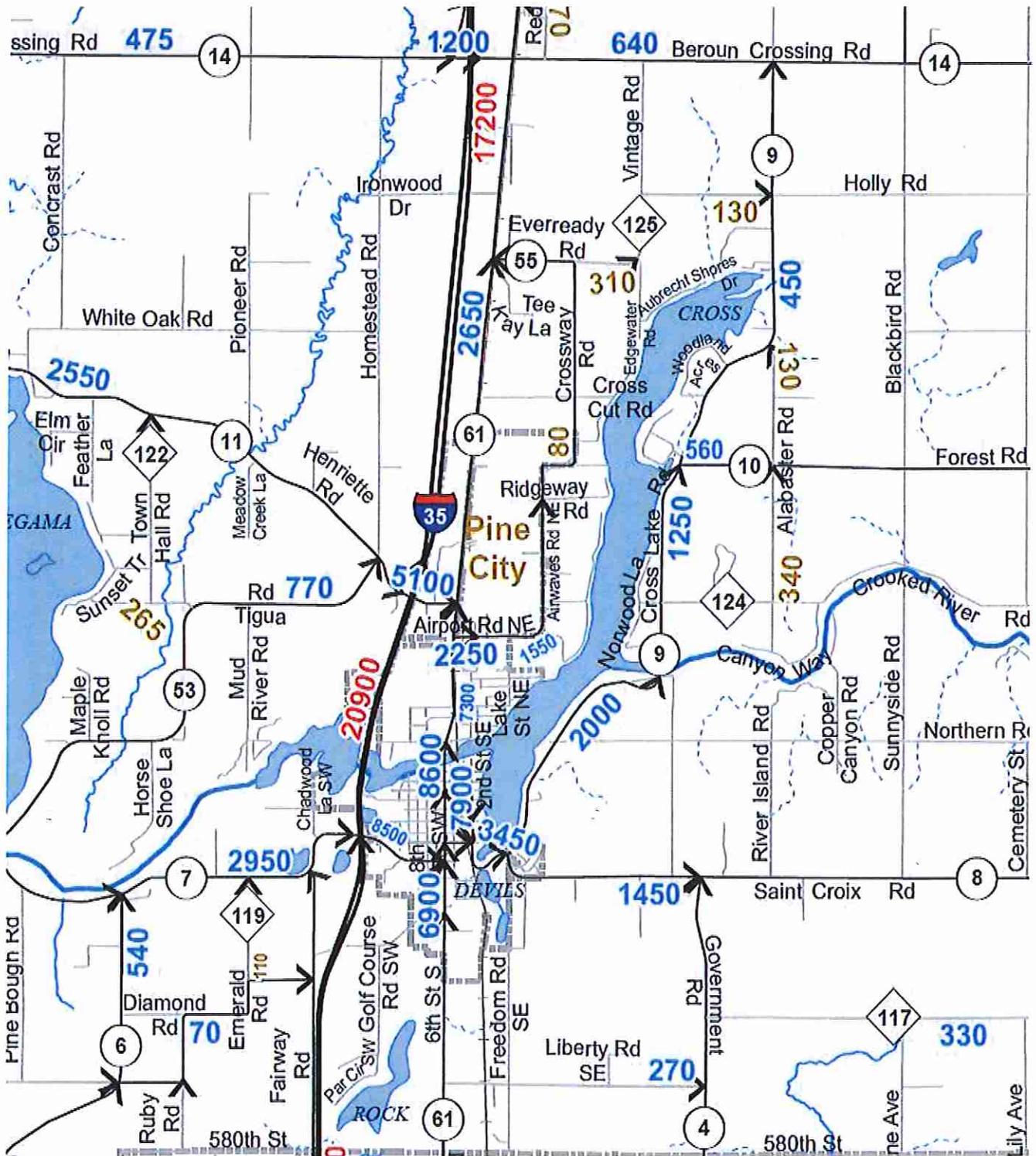
Source: ©2015 Market Planning Solutions, Inc.

March 08, 2016

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County Traffic Map



Economic Analysis



2010 Census Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

	2000	2010	2000-2010 Annual Rate
Population	3,152	3,123	-0.09%
Households	1,281	1,322	0.32%
Housing Units	1,345	1,468	0.88%
Population by Race			
		Number	Percent
Total		3,123	100.0%
Population Reporting One Race		3,071	98.3%
White		2,985	95.6%
Black		8	0.3%
American Indian		48	1.5%
Asian		23	0.7%
Pacific Islander		1	0.0%
Some Other Race		6	0.2%
Population Reporting Two or More Races		52	1.7%
Total Hispanic Population		38	1.2%
Population by Sex			
Male		1,524	48.8%
Female		1,599	51.2%
Population by Age			
Total		3,123	100.0%
Age 0 - 4		199	6.4%
Age 5 - 9		198	6.3%
Age 10 - 14		175	5.6%
Age 15 - 19		174	5.6%
Age 20 - 24		205	6.6%
Age 25 - 29		241	7.7%
Age 30 - 34		209	6.7%
Age 35 - 39		168	5.4%
Age 40 - 44		174	5.6%
Age 45 - 49		201	6.4%
Age 50 - 54		218	7.0%
Age 55 - 59		154	4.9%
Age 60 - 64		143	4.6%
Age 65 - 69		154	4.9%
Age 70 - 74		128	4.1%
Age 75 - 79		119	3.8%
Age 80 - 84		122	3.9%
Age 85+		141	4.5%
Age 18+		2,444	78.3%
Age 65+		664	21.3%
Median Age by Sex and Race/Hispanic Origin			
Total Population		39.8	
Male		35.0	
Female		44.3	
White Alone		40.9	
Black Alone		27.5	
American Indian Alone		27.2	
Asian Alone		33.8	
Pacific Islander Alone		52.5	
Some Other Race Alone		15.0	
Two or More Races		18.3	
Hispanic Population		26.7	

Data Note: Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions. Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

March 08, 2016

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*Pine City provided data showing that a MN Official Count Resolution for adjusts population 2014 Est. - 3203, 2013 Est. - 3083, 2012 Est. - 3084, 2011 Est. - 3119, and 2010 Est. - 3127 (+2.4%)



2010 Census Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

Households by Type		
Total	1,322	100.0%
Households with 1 Person	504	38.1%
Households with 2+ People	818	61.9%
Family Households	738	55.8%
Husband-wife Families	498	37.7%
With Own Children	172	13.0%
Other Family (No Spouse Present)	240	18.2%
With Own Children	147	11.1%
Nonfamily Households	80	6.1%
All Households with Children	352	26.6%
Multigenerational Households	25	1.9%
Unmarried Partner Households	123	9.3%
Male-female	115	8.7%
Same-sex	8	0.6%
Average Household Size	2.24	
Family Households by Size		
Total	738	100.0%
2 People	342	46.3%
3 People	163	22.1%
4 People	135	18.3%
5 People	55	7.5%
6 People	28	3.8%
7+ People	15	2.0%
Average Family Size	2.91	
Nonfamily Households by Size		
Total	584	100.0%
1 Person	504	86.3%
2 People	66	11.3%
3 People	8	1.4%
4 People	4	0.7%
5 People	1	0.2%
6 People	1	0.2%
7+ People	0	0.0%
Average Nonfamily Size	1.18	
Population by Relationship and Household Type		
Total	3,123	100.0%
In Households	2,955	94.6%
In Family Households	2,268	72.6%
Householder	738	23.6%
Spouse	498	15.9%
Child	839	26.9%
Other relative	72	2.3%
Nonrelative	121	3.9%
In Nonfamily Households	687	22.0%
In Group Quarters	168	5.4%
Institutionalized Population	157	5.0%
Noninstitutionalized Population	11	0.4%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. Average family size excludes nonrelatives.
 Source: U.S. Census Bureau, Census 2010 Summary File 1.

March 08, 2016



2010 Census Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

Family Households by Age of Householder		
Total		
Householder Age 15 - 44	738	100.0%
Householder Age 45 - 54	309	41.9%
Householder Age 55 - 64	147	19.9%
Householder Age 65 - 74	106	14.4%
Householder Age 75+	89	12.1%
	87	11.8%
Nonfamily Households by Age of Householder		
Total	584	100.0%
Householder Age 15 - 44	130	22.3%
Householder Age 45 - 54	95	16.3%
Householder Age 55 - 64	77	13.2%
Householder Age 65 - 74	101	17.3%
Householder Age 75+	181	31.0%
Households by Race of Householder		
Total	1,322	100.0%
Householder is White Alone	1,294	97.9%
Householder is Black Alone	1	0.1%
Householder is American Indian Alone	9	0.7%
Householder is Asian Alone	4	0.3%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	1	0.1%
Householder is Two or More Races	13	1.0%
Households with Hispanic Householder	16	1.2%
Husband-wife Families by Race of Householder		
Total	498	100.0%
Householder is White Alone	491	98.6%
Householder is Black Alone	0	0.0%
Householder is American Indian Alone	2	0.4%
Householder is Asian Alone	2	0.4%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	1	0.2%
Householder is Two or More Races	2	0.4%
Husband-wife Families with Hispanic Householder	6	1.2%
Other Families (No Spouse) by Race of Householder		
Total	240	100.0%
Householder is White Alone	235	97.9%
Householder is Black Alone	0	0.0%
Householder is American Indian Alone	1	0.4%
Householder is Asian Alone	1	0.4%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	0	0.0%
Householder is Two or More Races	3	1.3%
Other Families with Hispanic Householder	2	0.8%
Nonfamily Households by Race of Householder		
Total	584	100.0%
Householder is White Alone	568	97.3%
Householder is Black Alone	1	0.2%
Householder is American Indian Alone	6	1.0%
Householder is Asian Alone	1	0.2%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	0	0.0%
Householder is Two or More Races	8	1.4%
Nonfamily Households with Hispanic Householder	8	1.4%

Source: U.S. Census Bureau, Census 2010 Summary File 1.

March 08, 2016



2010 Census Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

Total Housing Units by Occupancy		
Total	1,468	100.0%
Occupied Housing Units	1,322	90.1%
Vacant Housing Units		
For Rent	26	1.8%
Rented, not Occupied	0	0.0%
For Sale Only	33	2.2%
Sold, not Occupied	5	0.3%
For Seasonal/Recreational/Occasional Use	38	2.6%
For Migrant Workers	0	0.0%
Other Vacant	44	3.0%
Total Vacancy Rate	9.9%	
Households by Tenure and Mortgage Status		
Total	1,322	100.0%
Owner Occupied	821	62.1%
Owned with a Mortgage/Loan	533	40.3%
Owned Free and Clear	288	21.8%
Average Household Size	2.44	
Renter Occupied	501	37.9%
Average Household Size	1.90	
Owner-occupied Housing Units by Race of Householder		
Total	821	100.0%
Householder is White Alone	809	98.5%
Householder is Black Alone	1	0.1%
Householder is American Indian Alone	4	0.5%
Householder is Asian Alone	2	0.2%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	1	0.1%
Householder is Two or More Races	4	0.5%
Owner-occupied Housing Units with Hispanic Householder	8	1.0%
Renter-occupied Housing Units by Race of Householder		
Total	501	100.0%
Householder is White Alone	485	96.8%
Householder is Black Alone	0	0.0%
Householder is American Indian Alone	5	1.0%
Householder is Asian Alone	2	0.4%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	0	0.0%
Householder is Two or More Races	9	1.8%
Renter-occupied Housing Units with Hispanic Householder	8	1.6%
Average Household Size by Race/Hispanic Origin of Householder		
Householder is White Alone	2.23	
Householder is Black Alone	1.00	
Householder is American Indian Alone	1.89	
Householder is Asian Alone	4.25	
Householder is Pacific Islander Alone	0.00	
Householder is Some Other Race Alone	2.00	
Householder is Two or More Races	2.69	
Householder is Hispanic	2.19	

Source: U.S. Census Bureau, Census 2010 Summary File 1.

March 08, 2016

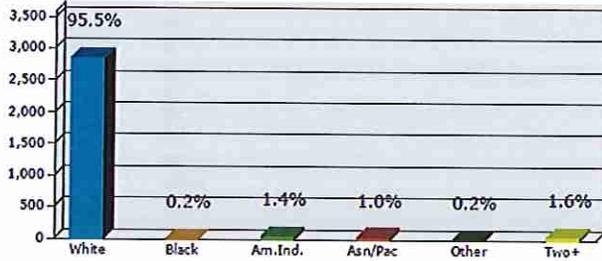


Graphic Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

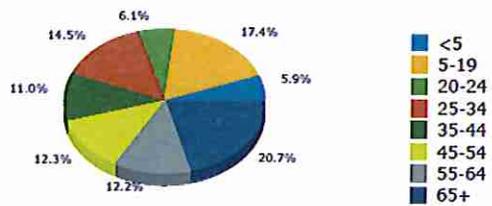
Prepared by The Growth Services Group

2015 Population by Race

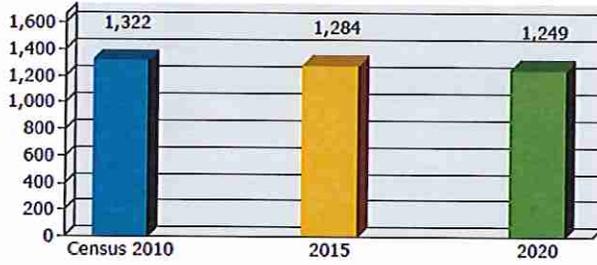


2015 Percent Hispanic Origin: 1.3%

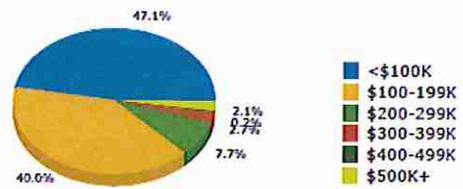
2015 Population by Age



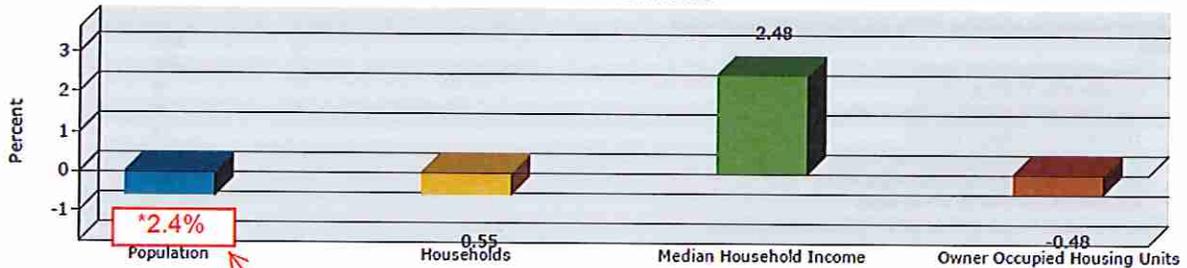
Households



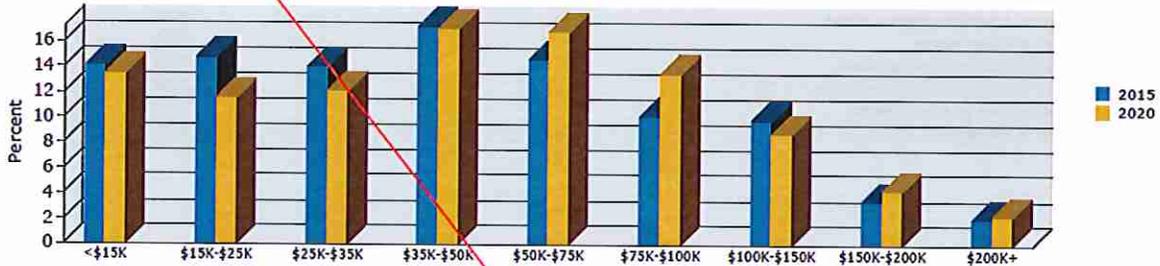
2015 Home Value



2015-2020 Annual Growth Rate



Household Income



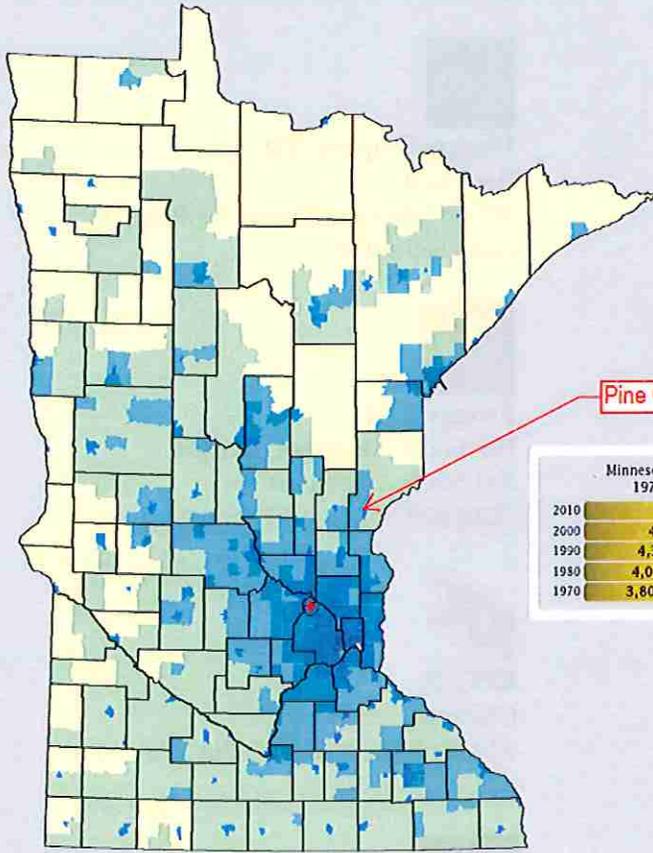
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

***MN Official Count Resolution shows 2014 Est. Population of 3203 +2.4% over 2010**

March 08, 2016

2010 Census: Minnesota Profile

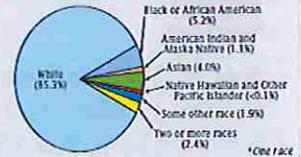
Population Density by Census Tract



Minnesota Population 1970 to 2010

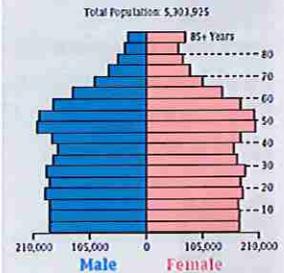
2010	5,303,925
2000	4,919,479
1990	4,375,099
1980	4,075,970
1970	3,804,971

State Race* Breakdown



Hispanic or Latino (of any race) makes up 4.7% of the state population.

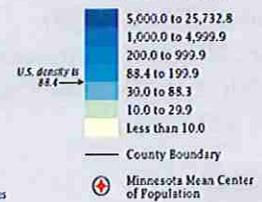
Population by Sex and Age



Housing Tenure



People per Square Mile by Census Tract



U.S. Department of Commerce | Economics and Statistics Administration | U.S. CENSUS BUREAU

Local Restaurants and Dining (Partial List)



A & W All-American Food (\$)
Burgers, Chicken, Hot Dogs, Desserts
820 Main St. S, Pine City
(320) 629-3955



American Legion (\$)
Steakhouse, American, Barbecue
525 Main St. N, Pine City
(320) 629-2021



Back Roads Bar & Grill (\$\$)
American, Desserts, Ice Cream, Seafood
19379 Homestead Rd., Pine City
(320) 629-4868



Bamboo Kitchen (\$\$)
Asian, Noodles, Vietnamese
610 8th Ave. SW, Pine City
(320) 629-8142



Cabin Coffees (\$\$)
Coffee Shop, Bagels, Smoothies
620 8th Ave. SW, Pine City
(320) 629-5982



Chubby's Sports Bar and Grill (\$\$)
American, Burgers, Bar Food, Sports Bars
515 8th Ave. SE, Pine City
(320) 629-8108



Dairy Queen (\$)
Ice Cream, Burgers, Hot Dogs, Fast Food
1000 Main St. S, Pine City
(320) 629-3660



Floppy Crappie (\$\$)
Bar Food
10762 Lakeview Shore Dr., Pine City
(320) 629-8039



Froggy's (\$)
Bar Food, American, Burgers
209 5th St. SE, Pine City
(320) 629-9917



KFC (\$)
Chicken, Fast Food
1280 Hillside Ave. SW, Pine City
(320) 629-3760



Maverick's Bar & Chengwatana Country Club (\$)
American, Burgers, Bar Food
29410 Beroun Crossing Rd., Pine City
(320) 629-6299



McDonald's (\$)
Burgers, Breakfast, Fast Food
1255 8th St. NW, Pine City
(320) 629-0030



More than Sprouts (\$\$\$)
 Health, Organic
 245 5th St. SE, Pine City
 (320) 629-3969



Muffies on the Lake (\$\$)
 Supper Club, Sports Bar
 13645 Muffies Ln, Pine City
 (320) 629-9979



New China (\$)
 Chinese
 150 Main St. S, Pine City
 (320) 629-6365



Nicoll's Cafe (\$\$)
 Breakfast, Brunch, American, Coffee Shop
 255 Main St. S, Pine City
 (320) 629-6833



Pam's Kitchen (\$)
 Breakfast, Brunch, Coffee Shop, Sandwiches, Subs
 900 4th St. SE, Pine City
 (320) 629-5152



Pine City Country Club (\$)
 American, Burgers
 10413 Golf Course Rd. SW, Pine City
 (320) 629-3848



Pizza Hut & Wing Street (\$)
 Pizza
 1005 Hillside Ave. SW, Pine City
 (320) 629-2525



Pizza Pub (\$)
 Pizza, Subs
 500 3rd Ave. SE, Pine City
 (320) 629-6468



Rock Creek Cafe (\$)
 Cafe, American, Salads, Sandwiches
 5737 State Hwy 70, Pine City
 (320) 629-4862



Scotty's Parkside Cafe (\$)
 Coffee Shop, Desserts, Ice Cream
 223 5th St. SE, Pine City
 (320) 629-4676



Subway Sandwiches & Salads (\$)
 Subs, Wraps, Salads, Breakfast
 1100 Hillside Ave. SW, Pine City
 (320) 629-7773



Subway Sandwiches & Salads (\$)
 Subs, Wraps, Salads, Breakfast
 130 Evergreen Sq. SW, Pine City
 (320) 629-0002



The Cricket (\$\$)

Pizza, Bar

6050 State Hwy 70, Pine City

(320) 629-7430



Wings North (\$\$)

Bar, American

19379 Homestead Rd., Pine City

(320) 629-5002



Time Out Sports Bar & Grill (\$)

Pizza, Sports Bars

6176 State Hwy 70, Pine City

(320) 629-4699



Village Bar and Grill (\$\$)

Bar, American

245 3rd Ave. SE, Pine City

(320)-629-1066



Retail Goods and Services Expenditures

Pine City, MN
Pine City, MN (2751064)
Geography: Place

Prepared by The Growth Services Group

Top Tapestry Segments	Percent	Demographic Summary	2015	2020
Midlife Constants (5E)	71.4%	Population	2,992	2,903
Hardscrabble Road (8G)	25.2%	Households	1,284	1,249
Salt of the Earth (6B)	3.4%	Families	754	731
Top Tier (1A)	0.0%	Median Age	40.4	40.5
Professional Pride (1B)	0.0%	Median Household Income	\$39,992	\$45,207

	Spending Potential Index	Average Amount Spent	Total
Apparel and Services	74	\$1,718.69	\$2,206,803
Men's	74	\$319.45	\$410,174
Women's	76	\$610.80	\$784,268
Children's	73	\$271.72	\$348,889
Footwear	75	\$341.03	\$437,885
Watches & Jewelry	73	\$105.23	\$135,115
Apparel Products and Services (1)	72	\$70.46	\$90,471
Computer			
Computers and Hardware for Home Use	74	\$159.99	\$205,421
Portable Memory	76	\$4.11	\$5,282
Computer Software	67	\$13.50	\$17,337
Computer Accessories	75	\$14.38	\$18,462
Entertainment & Recreation	77	\$2,550.17	\$3,274,418
Fees and Admissions	72	\$464.69	\$596,657
Membership Fees for Clubs (2)	73	\$125.89	\$161,640
Fees for Participant Sports, excl. Trips	71	\$85.45	\$109,717
Admission to Movie/Theatre/Opera/Ballet	70	\$116.02	\$148,964
Admission to Sporting Events, excl. Trips	78	\$51.96	\$66,711
Fees for Recreational Lessons	69	\$84.89	\$109,003
Dating Services	80	\$0.48	\$622
TV/Video/Audio	80	\$1,048.51	\$1,346,281
Cable and Satellite Television Services	82	\$737.40	\$946,819
Televisions	78	\$115.39	\$148,155
Satellite Dishes	78	\$1.22	\$1,562
VCRs, Video Cameras, and DVD Players	77	\$8.46	\$10,863
Miscellaneous Video Equipment	69	\$7.47	\$9,592
Video Cassettes and DVDs	76	\$24.36	\$31,276
Video Game Hardware/Accessories	77	\$17.70	\$22,730
Video Game Software	80	\$21.87	\$28,083
Streaming/Downloaded Video	64	\$3.68	\$4,721
Rental of Video Cassettes and DVDs	74	\$17.35	\$22,274
Installation of Televisions	71	\$0.80	\$1,025
Audio (3)	72	\$88.95	\$114,218
Rental and Repair of TV/Radio/Sound Equipment	72	\$3.87	\$4,964
Pets	79	\$449.28	\$576,877
Toys and Games (4)	78	\$95.67	\$122,845
Recreational Vehicles and Fees (5)	74	\$160.82	\$206,494
Sports/Recreation/Exercise Equipment (6)	72	\$136.85	\$175,716
Photo Equipment and Supplies (7)	71	\$58.10	\$74,594
Reading (8)	79	\$120.18	\$154,306
Catered Affairs (9)	67	\$16.08	\$20,648
Food	77	\$6,535.87	\$8,392,054
Food at Home	78	\$4,078.55	\$5,236,858
Bakery and Cereal Products	79	\$577.32	\$741,281
Meats, Poultry, Fish, and Eggs	78	\$895.77	\$1,150,165
Dairy Products	78	\$437.10	\$561,232
Fruits and Vegetables	77	\$755.96	\$970,650
Snacks and Other Food at Home (10)	79	\$1,412.41	\$1,813,530
Food Away from Home	75	\$2,457.32	\$3,155,195
Alcoholic Beverages	73	\$404.28	\$519,093
Nonalcoholic Beverages at Home	79	\$394.76	\$506,878

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2015 and 2020; Consumer Spending data are derived from the 2011 and 2012 Consumer Expenditure Surveys, Bureau of Labor Statistics.

March 08, 2016



Retail Goods and Services Expenditures

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

	Spending Potential Index	Average Amount Spent	Total
Financial			
Investments	56	\$1,555.71	\$1,997,531
Vehicle Loans	78	\$3,317.19	\$4,259,269
Health			
Nonprescription Drugs	80	\$103.88	\$133,388
Prescription Drugs	87	\$430.53	\$552,796
Eyeglasses and Contact Lenses	81	\$72.94	\$93,655
Home			
Mortgage Payment and Basics (11)	75	\$7,031.27	\$9,028,154
Maintenance and Remodeling Services	79	\$1,325.81	\$1,702,343
Maintenance and Remodeling Materials (12)	82	\$247.10	\$317,270
Utilities, Fuel, and Public Services	82	\$4,127.18	\$5,299,301
Household Furnishings and Equipment			
Household Textiles (13)	78	\$76.61	\$98,368
Furniture	77	\$396.38	\$508,950
Rugs	81	\$19.95	\$25,611
Major Appliances (14)	79	\$212.92	\$273,383
Housewares (15)	77	\$55.51	\$71,273
Small Appliances	79	\$36.21	\$46,493
Luggage	69	\$6.33	\$8,122
Telephones and Accessories	74	\$37.07	\$47,596
Household Operations			
Child Care	69	\$310.76	\$399,020
Lawn and Garden (16)	81	\$350.56	\$450,115
Moving/Storage/Freight Express	69	\$51.31	\$65,881
Housekeeping Supplies (17)	78	\$566.12	\$726,900
Insurance			
Owners and Renters Insurance	84	\$421.02	\$540,589
Vehicle Insurance	79	\$952.81	\$1,223,413
Life/Other Insurance	80	\$370.71	\$475,995
Health Insurance	83	\$2,199.34	\$2,823,947
Personal Care Products (18)	75	\$351.59	\$451,446
School Books and Supplies (19)	75	\$135.56	\$174,064
Smoking Products	87	\$405.87	\$521,132
Transportation			
Vehicle Purchases (Net Outlay) (20)	80	\$3,228.94	\$4,145,953
Gasoline and Motor Oil	80	\$2,824.71	\$3,626,928
Vehicle Maintenance and Repairs	77	\$860.59	\$1,104,997
Travel			
Airline Fares	69	\$331.04	\$425,054
Lodging on Trips	74	\$334.69	\$429,746
Auto/Truck/Van Rental on Trips	68	\$23.00	\$29,534
Food and Drink on Trips	74	\$345.95	\$444,194

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2015 and 2020; Consumer Spending data are derived from the 2011 and 2012 Consumer Expenditure Surveys, Bureau of Labor Statistics.

March 08, 2016



Retail Goods and Services Expenditures

Pine City, MN
Pine City, MN (2751064)
Geography: Place

Prepared by The Growth Services Group

- (1) **Apparel Products and Services** includes material for making clothes, sewing patterns and notions, shoe repair and other shoe services, apparel laundry and dry cleaning, alteration, repair and tailoring of apparel, clothing rental and storage, and watch and jewelry repair.
- (2) **Membership Fees for Clubs** includes membership fees for social, recreational, and civic clubs.
- (3) **Audio** includes satellite radio service, sound components and systems, digital audio players, records, CDs, audio tapes, streaming/downloaded audio, tape recorders, radios, musical instruments and accessories, and rental and repair of musical instruments.
- (4) **Toys and Games** includes toys, games, arts and crafts, tricycles, playground equipment, arcade games, and online entertainment and games.
- (5) **Recreational Vehicles & Fees** includes docking and landing fees for boats and planes, purchase and rental of RVs or boats, and camp fees.
- (6) **Sports/Recreation/Exercise Equipment** includes exercise equipment and gear, game tables, bicycles, camping equipment, hunting and fishing equipment, winter sports equipment, water sports equipment, other sports equipment, and rental/repair of sports/recreation/exercise equipment.
- (7) **Photo Equipment and Supplies** includes film, film processing, photographic equipment, rental and repair of photo equipment, and photographer fees.
- (8) **Reading** includes digital book readers, books, magazine and newspaper subscriptions, and single copies of magazines and newspapers..
- (9) **Catered Affairs** includes expenses associated with live entertainment and rental of party supplies.
- (10) **Snacks and Other Food at Home** includes candy, chewing gum, sugar, artificial sweeteners, jam, jelly, preserves, margarine, fat, oil, salad dressing, nondairy cream and milk, peanut butter, frozen prepared food, potato chips, nuts, salt, spices, seasonings, olives, pickles, relishes, sauces, gravy, other condiments, soup, prepared salad, prepared dessert, baby food, miscellaneous prepared food, and nonalcoholic beverages.
- (11) **Mortgage Payment and Basics** includes mortgage interest, mortgage principal, property taxes, homeowners insurance, and ground rent.
- (12) **Maintenance and Remodeling Materials** includes supplies/tools/equipment for painting and wallpapering, plumbing supplies and equipment, electrical/heating/AC supplies, materials for hard surface flooring, materials for roofing/gutters, materials for plaster/panel/siding, materials for patio/fence/brick work, landscaping materials, and insulation materials for owned homes.
- (13) **Household Textiles** includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers, decorative pillows, and materials for slipcovers and curtains.
- (14) **Major Appliances** includes dishwashers, disposals, refrigerators, freezers, washers, dryers, stoves, ovens, microwaves, window air conditioners, electric floor cleaning equipment, sewing machines, and miscellaneous appliances.
- (15) **Housewares** includes plastic dinnerware, china, flatware, glassware, serving pieces, nonelectric cookware, and tableware.
- (16) **Lawn and Garden** includes lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment.
- (17) **Housekeeping Supplies** includes soaps and laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, giftwrap supplies, postage, and delivery services.
- (18) **Personal Care Products** includes hair care products, nonelectric articles for hair, wigs, hairpieces, oral hygiene products, shaving needs, perfume, cosmetics, skincare, bath products, nail products, deodorant, feminine hygiene products, adult diapers, and personal care appliances.
- (19) **School Books and Supplies** includes school books and supplies for College, Elementary school, High school, Vocational/Technical School, Preschool/Other Schools, and Other School Supplies.
- (20) **Vehicle Purchases (Net Outlay)** includes net outlay for new and used cars, trucks, vans, motorcycles, and motor scooters.

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.
Source: Esri forecasts for 2015 and 2020; Consumer Spending data are derived from the 2011 and 2012 Consumer Expenditure Surveys, Bureau of Labor Statistics.

March 08, 2016



Retail MarketPlace Profile

Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

Summary Demographics						
2015 Population						2,992
2015 Households						1,284
2015 Median Disposable Income						\$32,189
2015 Per Capita Income						\$24,424
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$40,524,132	\$38,610,845	\$1,913,287	2.4	46
Total Retail Trade	44-45	\$36,807,972	\$28,586,081	\$8,221,891	12.6	28
Total Food & Drink	722	\$3,716,160	\$10,024,764	-\$6,308,604	-45.9	18
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$8,552,643	\$7,479,833	\$1,072,810	6.7	7
Automobile Dealers	4411	\$6,963,850	\$5,445,585	\$1,518,265	12.2	2
Other Motor Vehicle Dealers	4412	\$1,055,965	\$393,010	\$662,955	45.8	1
Auto Parts, Accessories & Tire Stores	4413	\$532,828	\$1,641,238	-\$1,108,410	-51.0	4
Furniture & Home Furnishings Stores	442	\$984,012	\$356,904	\$627,108	46.8	1
Furniture Stores	4421	\$643,050	\$0	\$643,050	100.0	0
Home Furnishings Stores	4422	\$340,962	\$356,904	-\$15,942	-2.3	1
Electronics & Appliance Stores	443	\$1,628,937	\$0	\$1,628,937	100.0	0
Bldg Materials, Garden Equip. & Supply Stores	444	\$1,885,819	\$1,850,098	\$35,721	1.0	5
Bldg Material & Supplies Dealers	4441	\$1,483,365	\$1,356,531	\$126,834	4.5	3
Lawn & Garden Equip & Supply Stores	4442	\$402,454	\$493,567	-\$91,113	-10.2	2
Food & Beverage Stores	445	\$6,309,281	\$4,574,370	\$1,734,911	15.9	3
Grocery Stores	4451	\$5,374,762	\$2,411,363	\$2,963,399	38.1	1
Specialty Food Stores	4452	\$369,486	\$148,020	\$221,466	42.8	1
Beer, Wine & Liquor Stores	4453	\$565,033	\$2,014,987	-\$1,449,954	-56.2	1
Health & Personal Care Stores	446,4461	\$2,583,147	\$176,222	\$2,406,925	87.2	1
Gasoline Stations	447,4471	\$2,850,055	\$9,556,270	-\$6,706,215	-54.1	4
Clothing & Clothing Accessories Stores	448	\$1,450,547	\$0	\$1,450,547	100.0	0
Clothing Stores	4481	\$1,119,570	\$0	\$1,119,570	100.0	0
Shoe Stores	4482	\$234,440	\$0	\$234,440	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$96,537	\$0	\$96,537	100.0	0
Sporting Goods, Hobby, Book & Music Stores	451	\$1,069,161	\$269,802	\$799,359	59.7	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$888,246	\$269,802	\$618,444	53.4	1
Book, Periodical & Music Stores	4512	\$180,915	\$0	\$180,915	100.0	0
General Merchandise Stores	452	\$7,071,012	\$0	\$7,071,012	100.0	0
Department Stores Excluding Leased Depts.	4521	\$5,692,375	\$0	\$5,692,375	100.0	0
Other General Merchandise Stores	4529	\$1,378,637	\$0	\$1,378,637	100.0	0
Miscellaneous Store Retailers	453	\$1,595,707	\$4,322,582	-\$2,726,875	-46.1	6
Florists	4531	\$68,024	\$317,027	-\$249,003	-64.7	1
Office Supplies, Stationery & Gift Stores	4532	\$218,810	\$48,655	\$170,155	63.6	1
Used Merchandise Stores	4533	\$175,295	\$303,141	-\$127,846	-26.7	1
Other Miscellaneous Store Retailers	4539	\$1,133,578	\$3,653,759	-\$2,520,181	-52.6	3
Nonstore Retailers	454	\$827,651	\$0	\$827,651	100.0	0
Electronic Shopping & Mail-Order Houses	4541	\$634,650	\$0	\$634,650	100.0	0
Vending Machine Operators	4542	\$44,230	\$0	\$44,230	100.0	0
Direct Selling Establishments	4543	\$148,771	\$0	\$148,771	100.0	0
Food Services & Drinking Places	722	\$3,716,160	\$10,024,764	-\$6,308,604	-45.9	18
Full-Service Restaurants	7221	\$2,106,884	\$3,562,884	-\$1,456,000	-25.7	8
Limited-Service Eating Places	7222	\$1,415,984	\$6,377,426	-\$4,961,442	-63.7	9
Special Food Services	7223	\$87,277	\$84,454	\$2,823	1.6	1
Drinking Places - Alcoholic Beverages	7224	\$106,015	\$0	\$106,015	100.0	0

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please click the link below to view the Methodology Statement. <http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>

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March 08, 2016

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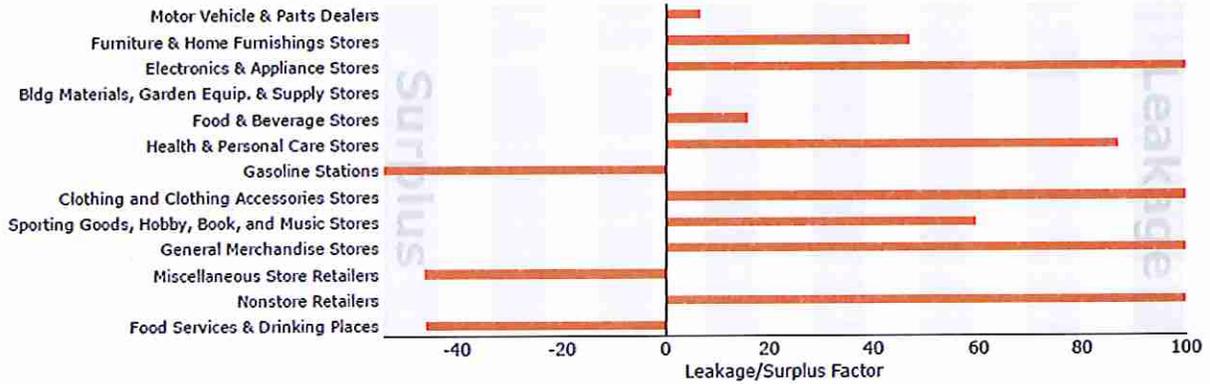


Retail MarketPlace Profile

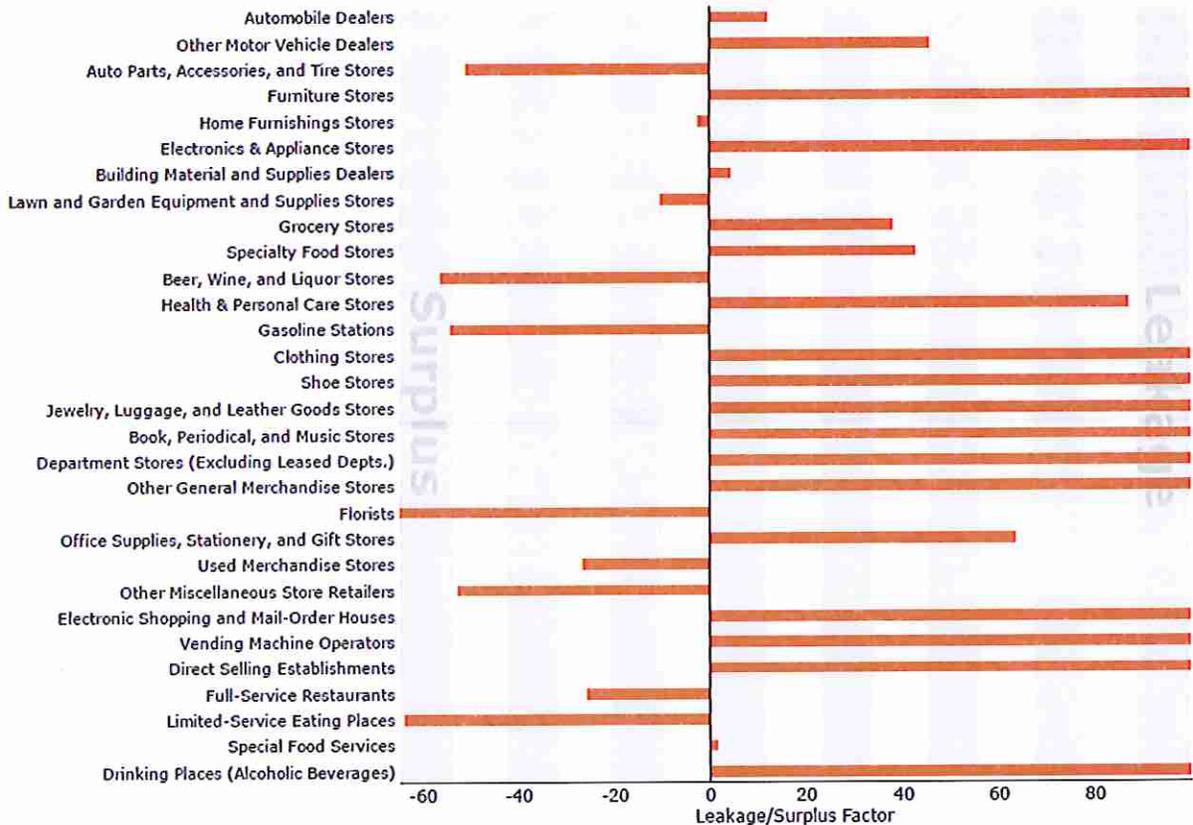
Pine City, MN
 Pine City, MN (2751064)
 Geography: Place

Prepared by The Growth Services Group

Leakage/Surplus Factor by Industry Subsector



Leakage/Surplus Factor by Industry Group



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March 08, 2016

Workforce Analysis



Business Summary

55063 (Pine City)
Geography: ZIP Code

Prepared by The Growth Services Group

Data for all businesses in area

Total Businesses:	444
Total Employees:	3,230
Total Residential Population:	9,305
Employee/Residential Population Ratio:	0.35:1

by SIC Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Agriculture & Mining	15	3.4%	54	1.7%
Construction	47	10.6%	194	6.0%
Manufacturing	12	2.7%	249	7.7%
Transportation	14	3.2%	60	1.9%
Communication	2	0.5%	17	0.5%
Utility	2	0.5%	4	0.1%
Wholesale Trade	14	3.2%	128	4.0%
Retail Trade Summary	68	19.8%	945	29.3%
Home Improvement	12	2.7%	60	1.9%
General Merchandise Stores	2	0.5%	311	9.6%
Food Stores	6	1.4%	47	1.5%
Auto Dealers, Gas Stations, Auto Aftermarket	14	3.2%	66	2.0%
Apparel & Accessory Stores	0	0.0%	0	0.0%
Furniture & Home Furnishings	7	1.6%	14	0.4%
Eating & Drinking Places	25	5.6%	350	10.8%
Miscellaneous Retail	22	5.0%	97	3.0%
Finance, Insurance, Real Estate Summary	54	12.2%	140	4.3%
Banks, Savings & Lending Institutions	30	6.8%	56	1.7%
Securities Brokers	2	0.5%	5	0.2%
Insurance Carriers & Agents	10	2.3%	34	1.1%
Real Estate, Holding, Other Investment Offices	12	2.7%	45	1.4%
Services Summary	154	34.7%	1,203	37.2%
Hotels & Lodging	1	0.2%	2	0.1%
Automotive Services	18	4.1%	35	1.1%
Motion Pictures & Amusements	11	2.5%	41	1.3%
Health Services	16	3.6%	266	8.2%
Legal Services	7	1.6%	25	0.8%
Education Institutions & Libraries	9	2.0%	367	11.4%
Other Services	92	20.7%	467	14.5%
Government	28	6.3%	211	6.5%
Unclassified Establishments	14	3.2%	25	0.8%
Totals	444	100.0%	3,230	100.0%

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May 05, 2016

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Business Summary

55063 (Pine City)
Geography: ZIP Code

Prepared by The Growth Services Group

by NAICS Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing & Hunting	8	1.8%	26	0.8%
Mining	0	0.0%	0	0.0%
Utilities	1	0.2%	3	0.1%
Construction	48	10.8%	197	6.1%
Manufacturing	15	3.4%	261	8.1%
Wholesale Trade	14	3.2%	128	4.0%
Retail Trade	59	13.3%	581	18.0%
Motor Vehicle & Parts Dealers	11	2.5%	51	1.6%
Furniture & Home Furnishings Stores	3	0.7%	5	0.2%
Electronics & Appliance Stores	1	0.2%	3	0.1%
Bldg Material & Garden Equipment & Supplies Dealers	11	2.5%	53	1.6%
Food & Beverage Stores	7	1.6%	54	1.7%
Health & Personal Care Stores	4	0.9%	22	0.7%
Gasoline Stations	3	0.7%	15	0.5%
Clothing & Clothing Accessories Stores	0	0.0%	0	0.0%
Sport Goods, Hobby, Book, & Music Stores	3	0.7%	6	0.2%
General Merchandise Stores	2	0.5%	311	9.6%
Miscellaneous Store Retailers	13	2.9%	59	1.8%
Nonstore Retailers	1	0.2%	2	0.1%
Transportation & Warehousing	10	2.3%	48	1.5%
Information	7	1.6%	40	1.2%
Finance & Insurance	42	9.5%	95	2.9%
Central Bank/Credit Intermediation & Related Activities	30	6.8%	56	1.7%
Securities, Commodity Contracts & Other Financial	2	0.5%	5	0.2%
Insurance Carriers & Related Activities; Funds, Trusts &	10	2.3%	34	1.1%
Real Estate, Rental & Leasing	20	4.5%	68	2.1%
Professional, Scientific & Tech Services	24	5.4%	104	3.2%
Legal Services	9	2.0%	31	1.0%
Management of Companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation	10	2.3%	38	1.2%
Educational Services	10	2.3%	373	11.5%
Health Care & Social Assistance	28	6.3%	410	12.7%
Arts, Entertainment & Recreation	8	1.8%	47	1.5%
Accommodation & Food Services	26	5.9%	352	10.9%
Accommodation	1	0.2%	2	0.1%
Food Services & Drinking Places	25	5.6%	350	10.8%
Other Services (except Public Administration)	71	16.0%	214	6.6%
Automotive Repair & Maintenance	14	3.2%	27	0.8%
Public Administration	29	6.5%	220	6.8%
Unclassified Establishments	14	3.2%	25	0.8%
Total	444	100.0%	3,230	100.0%

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May 05, 2016

Historic Unemployment Rate for Pine County

Year	Month	Labor Force	Employment	Unemployment	Rate %
2015	12	14981	14074	907	6.1
2015	11	14784	14122	662	4.5
2015	10	14756	14192	564	3.8
2015	9	14556	13968	588	4
2015	8	14536	13913	623	4.3
2015	7	14722	14006	716	4.9
2015	6	14869	14119	750	5
2015	5	14775	14041	734	5
2015	4	14762	13854	908	6.2
2015	3	14999	13812	1187	7.9
2015	2	14808	13653	1155	7.8
2015	1	14826	13666	1160	7.8
2014	12	14734	13877	857	5.8
2014	11	14758	14021	737	5
2014	10	14716	14169	547	3.7
2014	9	14549	13924	625	4.3
2014	8	14479	13829	650	4.5
2014	7	14690	13943	747	5.1
2014	6	14548	13780	768	5.3
2014	5	14590	13798	792	5.4
2014	4	14679	13593	1086	7.4
2014	3	14788	13508	1280	8.7
2014	2	14658	13395	1263	8.6
2014	1	14669	13385	1284	8.8
2013	12	14724	13708	1016	6.9
2013	11	14721	13886	835	5.7
2013	10	14720	13987	733	5
2013	9	14788	14020	768	5.2
2013	8	14728	13927	801	5.4
2013	7	14932	14044	888	5.9
2013	6	15101	14169	932	6.2
2013	5	14872	13953	919	6.2
2013	4	14911	13712	1199	8
2013	3	14985	13609	1376	9.2
2013	2	14898	13516	1382	9.3
2013	1	15108	13574	1534	10.2

*Source - Minnesota Department of Employment and Economic Development

Top Employers in Pine City

Business Name	Employee Size*
Wal-Mart Super Center	350
Pine County	275
Pine City School District	270
Lakeside Medical Center	140
MINPACK, Inc.	130
Pine Technical College	125
Atscott Manufacturing	110
Innovative Basement Systems	95
McDonald's	85
Community Living Options	80

*Source – Reference USA, some are estimates and can be up to 3 years old.

Education in Pine City



PINE CITY PUBLIC SCHOOLS
PREPARING OUR STUDENTS FOR THE FUTURE
WWW.ISD578.ORG



**Pine
Technical
College**

College/University in Pine City:

- Pine Technical & Community College (Full-time enrollment: 1,047; Location: 900 4th St SE; Public; Website: www.pine.edu)

Colleges/Universities with over 2000 students nearest to Pine City:

- Anoka-Ramsey Community College (about 49 miles; Coon Rapids, MN; FT enrollment: 5,918)
- Wisconsin Indianhead Technical College (about 52 miles; Rice Lake, WI; FT enrollment: 2,414)
- North Hennepin Community College (about 54 miles; Brooklyn Park, MN; FT enrollment: 4,943)
- Bethel University (about 55 miles; Saint Paul, MN; FT enrollment: 4,061)
- Century College (about 55 miles; White Bear Lake, MN; FT enrollment: 7,393)
- Hennepin Technical College (about 55 miles; Brooklyn Park, MN; FT enrollment: 4,515)
- University of Northwestern-St Paul (about 56 miles; Saint Paul, MN; FT enrollment: 2,680)

Public high schools in Pine City:

- Pine City Junior Senior High School (Location: 1400 Main St. S.; Grades: 7-12)
- VISION (Location: 870 Main St.; Grades: KG-12)
- Pine City ALC Area Learning Center (Location: 1225 Main St. S.; GED/Adult Diploma)

Public elementary/middle schools in Pine City:

- Pine City Elem (Location: 700 6th Ave. SW.; Grades: KG-6)

Private elementary/middle school in Pine City:

- St. Mary's Catholic School (Students: 84; Location: 815 6th Ave SW; Grades: PK - 6)



Transportation

Airports:

Pine City is served by the Rush City Regional Airport (KROS), seven miles south. Major flights can be taken through Minneapolis St. Paul International Airport (MSP) or Duluth (DLH)

Mass transit:

Presently, the Rush Line Corridor task force is studying the feasibility of rail service to serve area commuters and the Northern Lights Express passenger line is proposed to serve area residents. For travel within the city, there is local taxi service available.

Bus:

Pine City is served by the Arrowhead Transit intra-county system. An intercity bus service called Jefferson Lines runs from Pine City to St. Paul or Duluth twice daily.

Major highways:

Pine City is located along Interstate 35 between the Twin Cities and Duluth. The St. Croix Scenic Byway also passes through Pine City. The major highways include:

- Interstate 35
- Interstate 35 Business Loop
- Pine County Route 7 MN
- Pine County Route 8 MN
- Pine County Route 9 MN
- Pine County Route 11 MN
- Pine County Route 61 MN

Rail:

Pine City is located on rail lines owned by BNSF Railway and leased by St. Croix Valley Railroad.

Local Economic Development

LOCAL TOOLS FOR FINANCIAL ASSISTANCE

Tax Assistance: Tax Increment Financing (TIF): TIF financing is used to write down the cost of land and improvements. TIF is basically the difference between the property's original property taxes and the property taxes due after the property improvements have been completed. The tax increment can be used to help finance eligible costs associated with the project.

Tax Abatement: Negotiated with City by project.

Customized Training: Pine Technical and Community College administers a program to provide training to area businesses with State subsidies.

Financial Assistance: Pine City Revolving Loan Fund: The City's Revolving Loan fund can provide a low-interest, short-term gap loan to assist in the financing of projects of special interest to the City.

Business Consulting: SBDC Satellite Office Consultants can assist entrepreneurs with marketing, business planning, and access to financing. Services are offered at zero cost.

Shovel Ready-Certified Sites: Shovel-Ready sites put Pine City in the best possible position to attract new business and industry. The sites are complete and ready for development.

REGIONAL TOOLS FOR FINANCIAL ASSISTANCE

Initiative Foundation: Offers a variety of financial loan programs to assist businesses with gap financing.

PACE (Property Assessed Clean Energy): Property owners can take out loans to finance the installation of generation capacity/energy efficiency equipment and upgrades secured with property liens, paid off via property taxes. Financing is available through the St. Paul Port Authority with a Joint Powers Agreement.

Minnesota Community Capital Program: Businesses located within the service territory of East Central Energy can borrow up to \$1.5 million with the support of East Central Energy and Great River Energy.

Minnesota Investment Fund: Loan funds are available from the Department of Employment and Economic Development through the City of Pine City. The loan amount is based upon the number of jobs created or retained and the wages paid.

East Central Regional Development Center Revolving Loan Fund: The ECRDC serves businesses that locate within Region 7E and can provide a low-interest, short-term gap loan to assist in the financing of qualifying projects.

Minnesota Job Skills Partnership: This is a competitive program to assist with customized worker training. The training is provided at the business site by qualified trainers from a state college.

Bankers: Pine City's banks and Economic Development Authority work closely with new and expanding businesses to explore all available sources of financing, loan guarantees and grants. Pine City will work with these tools to take an active role in promoting local businesses.

Supply and Demand Analysis

Pine City Travel Potential



Retail Market Potential

55063 (Pine City)
Geography: ZIP Code

Prepared by The Growth Services Group

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Restaurants (Adults)			
Went to family restaurant/steak house in last 6 months	5,474	75.0%	99
Went to family restaurant/steak house: 4+ times a month	2,028	27.8%	97
Went to fast food/drive-in restaurant in last 6 months	6,679	91.6%	101
Went to fast food/drive-in restaurant 9+ times/mo	2,678	36.7%	91
Fast food/drive-in last 6 months: eat in	2,777	38.1%	105
Fast food/drive-in last 6 months: home delivery	481	6.6%	84
Fast food/drive-in last 6 months: take-out/drive-thru	3,711	50.9%	108
Fast food/drive-in last 6 months: take-out/walk-in	1,265	17.3%	89
Television & Electronics (Adults/Households)			
Own any e-reader/tablet	1,166	16.0%	75
Own any portable MP3 player	2,253	30.9%	92
HH owns 1 TV	705	19.0%	94
HH owns 2 TVs	1,019	27.5%	104
HH owns 3 TVs	860	23.2%	108
HH owns 4+ TVs	725	19.5%	99
HH subscribes to cable TV	1,643	44.3%	87
HH subscribes to fiber optic	77	2.1%	31
HH has satellite dish	1,375	37.1%	145
HH owns DVD/Blu-ray player	2,333	62.9%	102
HH owns camcorder	587	15.8%	101
HH owns portable GPS navigation device	1,101	29.7%	108
HH purchased video game system in last 12 mos	216	5.8%	63
HH owns Internet video device for TV	126	3.4%	78
Travel (Adults)			
Domestic travel in last 12 months	3,604	49.4%	98
Took 3+ domestic non-business trips in last 12 months	927	12.7%	102
Spent on domestic vacations in last 12 months: <\$1,000	799	11.0%	97
Spent on domestic vacations in last 12 months: \$1,000-\$1,499	408	5.6%	93
Spent on domestic vacations in last 12 months: \$1,500-\$1,999	246	3.4%	96
Spent on domestic vacations in last 12 months: \$2,000-\$2,999	290	4.0%	104
Spent on domestic vacations in last 12 months: \$3,000+	429	5.9%	108
Domestic travel in the 12 months: used general travel website	468	6.4%	91
Foreign travel in last 3 years	1,392	19.1%	80
Took 3+ foreign trips by plane in last 3 years	223	3.1%	70
Spent on foreign vacations in last 12 months: <\$1,000	243	3.3%	79
Spent on foreign vacations in last 12 months: \$1,000-\$2,999	214	2.9%	96
Spent on foreign vacations in last 12 months: \$3,000+	279	3.8%	78
Foreign travel in last 3 years: used general travel website	313	4.3%	78
Nights spent in hotel/motel in last 12 months: any	3,000	41.1%	100
Took cruise of more than one day in last 3 years	601	8.2%	94
Member of any frequent flyer program	917	12.6%	75
Member of any hotel rewards program	964	13.2%	94

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults or households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.

Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by GfK MRI in a nationally representative survey of U.S. households. Esri forecasts for 2015 and 2020.

May 05, 2016

About Pine City and Surrounding Markets

Pine City's estimated population is 3,572. With an abundance of lakes and rivers encircling the community, there are over 10,000 people in the immediate area (zip code 55063). The community is conveniently located just 85 miles south of Duluth and 65 miles north of Minneapolis-St. Paul. Pine City is the county seat of Pine County and is the largest city in the county. Pine County's estimated population is just over 30,000.



A towering redwood statue of a voyageur can be found overlooking downtown from a park on the north shore of the Snake River. There are boat and fishing piers, picnic facilities, and a lovely gazebo shelter. At the southern edge of the city, near Pine City High School, are four city-owned softball fields with restroom facilities, open to the public, and available for area league play.

City Hall is conveniently located in the business district at 315 Main Street S. City staff is in the office from 8:00 a.m. to 4:30 p.m. Monday through Friday and can answer questions regarding city services. The City Council meets in the Council Chambers on the first and last Wednesdays of each month at 6:30 p.m. Pine City's Planning Commission meets at 6:30 p.m. on the fourth Tuesday of each month.

Conveniently located just an hour's drive north of Minneapolis-St. Paul with easy access on Interstate 35, Pine City is within reach of customers, suppliers and an entire marketplace of services and resources.

The Pine City Area

Pine City is home to one of the State's fastest growing colleges. The community boasts a highly educated and skilled workforce, a high level of community engagement, and a widely-diversified commercial and industrial base. The town's roots are in agriculture and logging but its future is in new technologies. From Post-it® notes to docks and boat lifts, Pine City has a solid business base in a wide range of industries. Being the county seat of Pine County, Pine City is also a commercial and cultural hub for surrounding communities and townships. The market area stretches south to the northern Twin Cities' suburbs, east to Siren, WI, west to Mora, MN, and north to Moose Lake, MN, drawing a commercial base that includes nearly 55,000 consumers. This thriving regional center is a place of promise for companies ready to relocate or expand. To stimulate economic growth and development, the Greater Pine City area has more than 500 acres of land for commercial and light industrial expansion, demonstrating the community commitment to sustaining a healthy and growing economy.

The Twin Cities

Often rated among the America's most livable metropolitan areas, Minneapolis-St. Paul is home to over three million people, 34 Fortune 1000 corporations, a top research university, and industry leading companies. With agricultural processing giants like Cargill and General Mills, retail household names Target and Best Buy, and innovators in medical technology and manufacturing like Medtronic and 3M, the Twin Cities are the economic engine of the upper Midwest. The metro area draws people and resources that are easily reached from Pine City. The Twin Cities Metropolitan Statistical Area is only 6 miles from the Pine County line.

The Twin Ports

The Duluth area, just to the north, serves as the economic hub of northeastern Minnesota. It has a great tourism industry, an international airport, and access to the St. Lawrence Seaway.

Pine and Chisago Counties

The Greater Pine City area straddles the border of Pine and Chisago counties. The city lies entirely within southern Pine County but those in northern Chisago County gravitate toward Pine City as well. This proximity to the metro offers substantial benefits to companies in certain industries. Pine City, a rural county, enjoys favorable tax rates and economic development opportunities designed to stimulate and sustain rural economies

Community Events and Attractions

- One of Pine City's attractions is the 35 foot redwood voyageur statue located at Riverside Park on the Snake River. You can picnic in a spacious gazebo in the park and take advantage of the many photo opportunities.
- Throughout the year, there are numerous other special events, including the Pine County Fair, the last week in July, and the North West Co. Fur Post Wild Rice Rendezvous, the third weekend in September.
- The largest fire in Minnesota history is remembered at the Hinckley Fire Museum, located in the restored railroad depot downtown.
- For family fun, Pine City has completed a Robert Leathers playground. Free for the whole family, you may weave through the castle and stretch your imagination in the magical complex.
- The community is famous for its huge flea market, held every Wednesday morning at the Pine County Fairgrounds in Pine City.
- Mora features, as a tribute to its sister city in Mora, Sweden, a 25-ft Dala Horse, the largest in North America, and a 20-ft high "MoraKlocka" that stands in the city center.
- Among the many other area attractions are the Pine County Historical Museum, located in the old railroad depot at Askov, and Sturgeon Lake, which is in the top 10 lakes for popularity in the state.
- Sandstone, in east central Pine County, offers access to Banning State Park and the Kettle River, the first river designated a Wild and Scenic River by the state. Great canoeing and kayaking! Trout fishing at Grindstone Lake!
- The Audubon Center of the North Woods, on Grindstone Lake 8 miles east of Sandstone, is an environmental education sanctuary. The Sandstone History and Art Center adds artifacts and exhibits every year.
- Special events include Quarry Days, accentuating the life and times of early Sandstone, the World Championship Rodeo, and the Taste of Sandstone - an opportunity to sample foods and customs of

different ethnic groups.

- Sturgeon Lake provides many recreational opportunities and is in the top ten most popular lakes in the state. Pokegama and Cross lakes, linked by the Snake River, provide 50 miles of shoreline and 3,000 acres of navigable waterway. During summer there are free Friday night concerts in downtown Robinson Park, and an annual Art Fest, sponsored by the Pine City Art Council is held the third Saturday in July. The Heritage Players are also active in Pine City. They enhance the community with seasonal dramas, musicals and comedy productions - all performed by local talent.
- The Chengwatana State Forest, with miles of hiking trails, cross country skiing, ATV trails, campsites and snowmobiling, is just east of Pine City, and the nearby St. Croix State Park also provides an abundance of outdoor activities. Willard Munger State Trail, America's longest paved trail starts in Hinckley and travels north for 70 miles, offering biking, snowmobiling, etc.
- During summer there are free Friday night concerts in downtown Robinson Park, and an annual Art Fest, sponsored by the Pine City Art Council is held the third Saturday in July. The Heritage Players are also active in Pine City. They enhance the community with seasonal dramas, musicals and comedy productions - all performed by local talent.
- There are several challenging golf courses in the area, including Pine City's 9-hole public course. Pine City also has a softball complex and an indoor hockey arena.

Canoeing

The Snake River beckons to canoeists. Bring your own canoe or rent one. Watch for bald eagles, loons, bears and deer as you paddle down the river.

Fishing

The Snake River makes a productive waterway to cast your line for walleye, bass, pike, catfish, perch, crappie and sunfish. Access the river from any of the public landings or head to Cross or Pokegama lakes to use their public boat launches to reach the river. The lakes themselves make good fishing spots, too. Buy a Minnesota state fishing license at a local sporting goods or bait shop before you cast your line.

Parks and Forests

Visitors to Pine City can enjoy one of 12 parks throughout the city. Facilities include grills and a playground. The park, on the north shore of the Snake River, features picnic tables and grills situated near a nature pond and walking paths.

St. Croix State Park offers 34,000 acres of forests, meadows, marshes, bogs, and streams, along with Lake Clayton. The park has facilities which include camping with semi-modern sites, backpacking campsites, canoeing campsites along the St. Croix River and Kettle River, both modern and primitive group centers for larger groups, and a guest house—two-story, six bedroom house which will accommodate up to 15 people. The park is a beautiful park for hikers, bikers, horseback riding, fishing, skiing and snowmobiling. There are 127 miles of foot trails, five miles of paved bike trails, 75 miles of horseback trails, 11 miles of groomed ski trails and 80 miles of groomed snowmobile trails adjoining Chengwatana State Forest.



Banning State Park located near Sandstone is an attraction by whitewater canoeists and kayak enthusiasts. This park encompasses 6,000 acres and runs along the Kettle River, a river with many large holes and kettles which cause the water currents to become more turbulent with challenging rapids. Banning State Park also includes 14 miles of hiking trails along the river and remnants of bygone sandstone quarry mining buildings. The park has rustic and semi modern campsites

Chengwatana State Forest encompasses about 29,000 acres and is located east of Pine City or Beroun. The Snake River Campground east of Pine City has 26 rustic campsites. Next to this campsite is access to the eight-mile Redhorse Ski Touring and Hiking Trail which provides access to horse trails as well as snowmobile trails.

Golf

Pine City Country Club (10413 Golf Course Road S.W., Pine City; 320.629.3848) offers nine holes of golf. The course is open to the public from April through October. Other amenities include a clubhouse with a grill, bar and banquet facilities.

Voyageur Park Disc Golf Course is home to a Guinness World Record. The most disc golf holes played in 24 hours was 1,305 played here at this course in 2011.

Historical

A few hours spent at the North West Company Fur Post gives you a feel for life in 1804. The Minnesota State Historical Society manages the encampment, which includes replicas of the seasonal living quarters of the Ojibwa Indians, who lived in the area until European settlers arrived. Visitors to the post meet a fur trade clerk who explains the importance of bartering, especially of beaver fur, in the 1800s. A visitor's center features a 24-foot-long canoe, similar to the ones used to carry merchandise on the Snake River. The museum store sells jewelry, specialty books and historic reproductions related to the fur post.

Rural School Museum is a one-room schoolhouse in School District No. 69 that gives a look at a classroom from the early 1900's. The museum opens to the public beginning Memorial Day each year and visitors can tour the museum on Sundays from noon to 3pm through Labor Day.

Calendar of Events for 2016

Spring, summer, and fall:

Citywide Garage Sale	May 14, 2016	
Memorial Day Parade	May 30, 2016	
East-Central Minnesota Pride	June 5, 2016	12 th Annual
Freedom Fest	June 23-26, 2016	
Art Fest in Robinson Park	July 16, 2016	39 th Annual
National Night Out	August 2, 2016	
Pine County Fair	August 3-7, 2016	124 th Annual
Czech Booyah (stew) Festival	August 14, 2016	85 th Annual
Pine City PRCA Championship Rodeo	Labor Day Weekend	10 th Annual
Andersons Rock Creek Relics Threshing and Sawing Show	September 10-11, 2016	
North West Company Post's "Rendezvous" Fall Gathering	September 17-18, 2016	38 th Annual
Highway 61 Film Festival	October 7-9, 2016	6 th Annual
Mystery at the Fur Post	October 14-15, 2016	

Winter:

Winter Frolic Jan. 23	January 23, 2016	
(Ice) Fishing Derby @ Pokegama Lake	January 17, 2016	47 th Annual
Lawn Mower Races @ Pokegama Lake	February (TBD) 2016	
Queen Charlotte's Ball	February 13, 2016	
Pine Pond Hockey Classic @ West Side Park	TBD	5 th Annual
Holiday Madness and lighted parade	December 3, 2016	

Community Interviews

1. Local Small Business Owner:

Respondent has a need for overnight accommodations several times per year. Most needs are to accommodate 5-6 visitors staying an average of 3-5 nights. Visitors are currently staying at the Days Inn in Hinckley. The primary need is for lodging but respondent does have a need a couple of times per year for meeting space. Respondent finds location to be a very important factor in the decision process ranking at 8/10 while specific brand affiliation is not as important giving it a 5/10 rating. Respondent felt the current offerings lack good service and amenities that newer hotels seem to offer. It is important to have a clean, well-run facility so that guests will stay regularly based on a positive experience. One current offering is better than the other, but more variety is needed. Respondent rated the current hotel/motel options in Pine City as a 5/10 and those in surrounding markets as an 8/10. Respondent feels that the proposed hotel would be a benefit considering the long drive to surrounding markets for decent lodging.

2. Local Mid-Sized Employer:

This organization has a need for hotel accommodations frequently for both overnight stays and meetings. Currently numerous meetings are held in or near the community and business partners stay on a regular basis. Most of these partners regularly complain about lack of choices locally and choose to stay 20 minutes or more away in surrounding markets where the variety is greater. These stays range from 3-7 nights. Respondent feels that a higher quality hotel could spur additional meetings being held in the area that would require additional overnight stays. Respondent said amenities such as a fitness room, pool, and bar would be a welcome change to the current options. The organization also has a need for banquet space for up to 25 people. Respondent ranks the importance of location very high at a 10/10 with limited current options and ranked the hotel brand low at a 4/10. Respondent feels that brand does not matter as long as the hotel is clean and well run. Respondent mentioned there are two unbranded hotels currently and both have issues. Respondent rates the current Pine City options very low at a 2/10 while indicating that the outside market options in the surrounding markets provide a variety of options and price points more suited to their guests' needs. Respondent feels the proposed hotel would be a huge asset to the city of Pine City

3. Local Employer:

This organization has a minimal need for overnight accommodations with 1-2 visitors approximately 2-3 times per year. The respondent's guests typically stay at the Days Inn or Casino in Hinckley. Respondent sees a definite need for meeting space with Wi-Fi and audio/visual equipment. Current options exist but are not either clean or easily accessible. Respondent also has a need for banquet space that is more convenient and closer to where the guests are actually staying. Respondent mentioned that location is at the top of the list and a key decision in recommending accommodation to guests ranking it 9/10. Respondent feels that branding is somewhat important, but cleanliness and attitude of the employees is more important, giving branding a rank of 5/10. Respondent did add that a national brand would likely give the community more recognition for its accommodations. Respondent indicated that the current options in Pine City are "just ok" while rating the options in the surrounding markets market "better."

4. Local Business Owner:

This respondent sees a huge need for overnight accommodations and banquet space. They send guests to surrounding markets due to better options and a lower corporate rate at a larger chain. Respondent indicated

that many of their visitors stay 1-2 weeks multiple times per year. Respondent indicated that many of the local businesses have visitors in town for meetings and that there is currently not enough good meeting spaces for use and no good quality accommodations. Respondent sees a need for banquet space to accommodate 40-50 people. Respondent rates location a 4/10 and brand affiliation a 6/10. Respondent rates the current options in Pine City at a 1/10. The respondent rated the outside options in surrounding markets a 8/10 since many options exist that are higher quality brands. Respondent sees the proposed hotel as a huge asset to the community as long as it is higher quality (3 stars or better). Respondent indicated that visitors dislike the current options and frequently complain that they need a better hotel.

5. Local Long-Standing Business Owner

This respondent indicated that a hotel would be a huge asset to the community. Respondent indicated that the current offerings are sub-par. It was emphasized that cleanliness and service is a problem that is echoed throughout the business community regarding the current hotels. There is a local hotel operated by a couple that is clean, but it is not very convenient for transient business. Respondent indicated that location is vitally important, rating it a high 10/10. Respondent rated branding fairly important at a 7/10, but added that if a nice private hotel existed that branding would not matter as people would choose the local option. Respondent ranked the current Pine City options a 5/10 scale while ranking the outside options in surrounding markets an 8/10. Respondent sees the proposed hotel as a huge advantage for the community as a way to keep revenue in town that is currently being spent in other communities.

6. Local Small Business Manager:

Respondent mentioned that they host 3-4 large events annually with a need for overnight accommodations. Respondent indicated that most visitors are staying in surrounding markets. Respondent rated location at the highest level of 10/10 and indicated that brand is not as important rating it 2/10. Respondent rated the current Pine City options at a 2/10 while rating the outside market at the highest possible 10/10 adding that almost any option exists to satisfy needs. Respondent sees the proposed hotel as a huge asset to the community with service people coming to town. Respondent sees the hotel project as a huge community impact that will bring in more visitors and events. Respondent stated, "Pine City is a unique community with a lot of outdoor living and many local events that require good accommodations, but there just aren't any good ones currently. We desperately need a quality hotel, not just budget options. Pine City is missing that stand out hotel to capture the lost guest that is leaving to stay in surrounding markets."

7. Local Administrator:

This organization does not have a regular need for accommodations but does see a huge need from other local businesses and organizations. Respondent added that it would be nice to have a place that visitors could have a more modern and upscale place to stay in town. Respondent indicated that many current visitors are staying at a local motel in Pine City which is cheap and not very clean. Many choose to stay in surrounding markets because of more choices and better hotels. The organization has a need for meeting/banquet space 2-3 times per year for 40 people. Respondent rated location as the highest 10/10 adding that convenience is paramount. Respondent rated brand at a 7/10 but added that a clean hotel would be welcomed by visitors regardless. Respondent rated the current Pine City options at a 3/10 while rating the outside options in surrounding markets excellent at 9/10, adding that all types of hotels exist for any needs from economy to upscale with high-end dining. Respondent sees hotel as an asset to the community and other major employers in the region. Respondent added that the project would be positive for the community since there are limited options with limited amenities currently in Pine City.

8. Local Director of Operations:

This respondent mentioned several events that take place that bring many people into to the community on multiple occasions. Respondent added that the majority of travelers and guests are using overnight options in surrounding markets. Respondent also sees a strong need for a reception space to accommodate 25-50 people. Respondent rates location at 8/10, indicating a higher quality option is needed in Pine City. The current options are “terrible” as far as service is concerned. Respondent rated brand affiliation very low at 3/10 and indicated that reputation is the most important thing to guests and that the hotel should meet certain basic standards and expectations. Respondent rated the current Pine City options a 2/10 while adding that the surrounding market rates 9/10. The only negative of surrounding markets is the drive. Respondent sees the proposed hotel as a huge asset to the community for multiple reasons including capturing more tax dollars for the city, sales for the merchants in the community, adding employment for the citizens, and as a more favorable experience for visitors to town by eliminating the need to drive to other markets for more upscale overnight accommodations.

9. Local Major Employer:

This respondent hosts visitors on a regular basis. Stays average from 2 nights to 2 weeks. Guests are currently using the Days Inn in Hinckley, and some choosing to stay at the Casino. Respondent does have a need for banquet space 1-2 times per year for up to 35 people. Respondent rated location high at 9/10 and added that most of the time visitors are tired when meetings get out and they would like to stay locally as opposed to driving to surrounding markets. Respondent also added that some visitors may prefer to drive to surrounding markets for more restaurant and shopping options in the evenings, etc. Respondent added that brand is not important however the first stay is critical for guests as there is an unknown. A good experience on the first stay will overcome lack of brand if the hotel is clean and well run, etc. Respondent rated the current Pine City options low at a 2/10 while rating the outside markets high at 9/10. Respondent said a higher quality hotel could bring in more businesses and support the tourism and recreation events in the area.

10. Local Employer:

This organization does not have a significant need for accommodations with typically 1-2 visits per year for 1-2 day time frames with most guests staying in surrounding markets at the Casino or hotels in Hinckley. Respondent mentioned amenities as being very important. The organization has a need for banquet space 1-2 times per year for 35 plus people. Respondent rated location high at an 8/10 while rating brand very low at a 1/10. Respondent rated the current Pine City options low at a 4/10 while rating the outside markets much higher at 8/10. Respondent sees the potential hotel project as an asset adding from the company’s perspective they would not see a huge benefit other than a better local option. Respondent added that meeting space and a restaurant would be utilized by the community and would be positive. Some concern was expressed that even with another hotel option in Pine City that some people may still choose to stay closer to surrounding markets where there is a casino and more to do.

11. Local Administrator:

This organization has a large need for overnight accommodations and meeting space. Typically their needs are for 25 guests annually for 4-5 nights each. Respondent added that most people would be interested in meeting rooms and banquet space at the proposed hotel. Currently visitors are staying at a local motel, but have complaints about their service and cleanliness. Respondent rated location high at an 8/10 while rating brand



at a 5-6/10. Respondent rated the current Pine City options at a 2/10 adding that outside options rate much higher at 7-8/10. Respondent would see the proposed hotel as an asset for Pine City as it would accommodate more guests that are looking for something newer and nicer.

12. Local Real Estate Professional:

This respondent has significant need for hotel accommodations recommending hotels to many guests throughout the year. Respondent sees a large need for banquet space for receptions etc. where alcohol is permitted and feels that space would need to hold at least a hundred people. Respondent rated location high at an 8-9/10 reiterating visitors desire to stay local, while rating brand low at a 5/10. Respondent added that once people have a good experience at the hotel, word of mouth will sell the facility and brand will not matter. Respondent rated the current options in Pine City at 3/10 while rating the outside market only at a 7/10. Respondent feels that a nicer hotel would benefit the community even though the community is smaller, the community would now have all the amenities of larger communities. Respondent feels that a hotel would provide growth for other businesses expanding and starting in the community.

Lodging Rate and Supply

<i>*Existing Hotel Occupancy & Rates by Competitor (Based on Proximity and Amenities)</i>					
Competing Property:	Rate Information:				Average Rate
	KING	DOUBLE	LOWEST	CORP	
Gail Motel - Pine City	\$84.00	\$73.00	\$66.00	N	\$74.33
Grand Casino - Hinckley	\$129.00	\$129.00	\$49.00	N	\$102.33
Grand Hinckley Inn – Hinckley	\$69.00	\$59.00	\$39.00	N	\$55.66
Days Inn - Hinckley	\$140.00	\$130.00	\$120.00	Y	\$130.00
Americas Best Value Inn - Hinckley	\$130.00	\$120.00	\$100.00	Y	\$116.66
AmericInn - Mora	\$130.00	\$111.00	\$111.00	Y	\$117.33
Budget Host Inn & Suites – North Branch	\$80.00	\$80.00	\$65.00	Y	\$75.00
AmericInn – North Branch	\$130.00	\$120.00	\$84.00	Y	\$111.33
Crossings by Grand Stay - Cambridge	\$129.00	\$119.00	\$110.00	Y	\$119.33
MARKET AVERAGE DAILY ROOM RATE:					\$100.21
<i>Existing Hotel Room Capacity</i>					
					Number of Rooms
Gail Motel - Pine City					12
Grand Casino - Hinckley					563
Grand Hinckley Inn – Hinckley					154
Days Inn - Hinckley					69
Americas Best Value Inn - Hinckley					49
AmericInn - Mora					41
Budget Host Inn & Suites – North Branch					40
AmericInn – North Branch					50
Crossings by Grand Stay - Cambridge					42
Total Available Rooms:					1020

*Comps selected on several criteria including but not limited to distance/price/usage/and relevance.

ADR listed above may include some discounting from social/leisure/group rates that may be discounted on weekends for special events or group rates for 10 or more rooms utilized. However, with a high level of corporate/commercial demand, the ADR in the market remains strong. The market includes a strong tourism base as compared to similar size markets regionally and nationally. Based on local interviews, it is clear that un-accommodated lodging demand exists in the local market due to a lack of adequate lodging options.

A new hotel in the market that would exceed the current status of the six closest existing competitors and include the desired amenities could recognize a higher ADR similar to options now being regularly utilized in the surrounding market. A number of respondents indicated the importance of location and their desire to house guests in the Pine City market given an acceptable new alternative.

Pine City Area (Expanded Market) Hotel Trend Analysis

Tab 2 - Data by Measure

Pine City, MN Hotel Market Analysis

Job Number: 747867_SADIM Staff: CW Created: February 10, 2016

Occupancy (%)														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	39.0	44.2	39.3	39.2	44.2	57.6	65.2	63.4	56.1	48.7	36.9	33.9	47.4	47.4	
2010	39.2	44.1	41.5	42.0	49.6	61.4	72.1	67.6	60.2	52.0	38.4	36.1	50.4	50.4	
2011	39.5	45.2	42.9	44.1	47.6	61.0	70.3	68.8	61.5	53.9	39.7	37.9	51.1	51.1	
2012	36.5	42.8	43.4	41.9	49.9	65.0	71.6	70.8	61.9	55.7	41.6	37.7	51.7	51.7	
2013	37.4	46.0	43.9	45.7	51.9	63.7	70.2	70.8	61.6	55.2	43.1	38.5	52.4	52.4	
2014	40.3	49.3	46.4	44.9	51.8	64.2	71.4	71.7	62.7	56.9	43.1	40.7	53.8	53.8	
2015	43.2	47.7	45.3	48.2	52.4	65.2	73.1	69.7	64.6	57.6	40.6	37.0	53.9	53.9	
Avg	39.3	45.6	43.3	43.7	49.7	62.6	70.6	69.0	61.3	54.3	40.5	37.4	51.5	51.5	

ADR (\$)														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	73.16	75.60	72.55	69.58	74.38	82.27	91.71	90.67	81.48	73.45	68.65	72.06	78.72	78.72	
2010	73.95	75.98	73.45	70.47	72.84	80.32	87.64	86.54	80.95	77.61	72.69	73.61	78.39	78.39	
2011	74.96	76.21	73.99	72.59	73.39	81.91	89.21	88.02	82.55	78.16	75.36	77.81	79.79	79.79	
2012	78.84	80.87	78.93	76.10	78.52	87.40	91.91	91.36	86.12	78.89	76.36	78.41	83.20	83.20	
2013	80.08	83.20	80.88	78.38	81.92	90.68	95.82	96.21	88.66	83.74	80.60	82.34	86.44	86.44	
2014	83.89	83.83	83.22	81.10	85.15	93.06	98.90	101.03	92.40	85.96	81.68	83.10	89.16	89.16	
2015	86.47	88.25	84.43	83.25	88.01	96.44	102.39	103.50	96.66	92.24	86.16	87.32	92.69	92.69	
Avg	78.92	80.73	78.44	76.22	79.51	87.72	94.08	94.12	87.25	81.81	77.67	79.49	84.31	84.31	

RevPAR (\$)														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	28.53	33.40	28.51	27.31	32.89	47.37	59.82	57.52	45.72	35.74	25.37	24.43	37.30	37.30	
2010	28.97	33.50	30.48	29.62	36.16	49.31	63.20	58.49	48.69	40.35	27.88	26.55	39.55	39.55	
2011	29.58	34.44	31.71	32.02	34.95	49.94	62.68	60.58	50.80	42.09	29.95	29.50	40.78	40.78	
2012	28.79	34.59	34.24	31.87	39.15	56.85	65.83	64.72	53.29	43.96	31.76	29.58	43.00	43.00	
2013	29.96	38.28	35.52	35.82	42.55	57.78	67.26	68.12	54.61	46.19	34.77	31.73	45.32	45.32	
2014	33.76	41.33	38.63	36.37	44.12	59.76	70.62	72.48	57.94	48.93	35.23	33.86	47.94	47.94	
2015	37.32	42.08	38.25	40.14	46.08	62.84	74.82	72.13	62.45	53.13	34.99	32.29	49.93	49.93	
Avg	31.01	36.83	33.93	33.34	39.49	54.92	66.41	64.95	53.45	44.44	31.47	29.74	43.46	43.46	

Supply														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	64,139	57,932	64,139	62,070	64,139	62,610	64,697	64,697	62,610	64,697	62,070	64,139	757,939	757,939	
2010	64,139	57,932	64,139	62,070	64,139	62,880	64,976	64,976	62,880	64,945	62,310	64,387	759,773	759,773	
2011	64,387	58,156	64,387	62,310	64,387	62,850	64,945	64,945	62,850	64,945	62,310	64,387	760,859	760,859	
2012	64,387	58,156	64,387	62,310	64,387	62,850	64,976	64,976	62,880	64,976	62,340	64,418	761,043	761,043	
2013	64,418	58,184	64,418	62,340	64,418	62,880	64,976	64,976	62,880	64,976	62,340	64,418	761,224	761,224	
2014	64,418	58,184	64,418	62,340	65,999	64,410	66,557	66,557	64,410	66,557	63,870	65,999	773,719	773,719	
2015	66,030	59,640	66,030	63,900	68,138	66,480	68,696	68,696	66,480	68,696	65,940	68,138	796,864	796,864	
Avg	64,560	58,312	64,560	62,477	65,087	63,566	65,689	65,689	63,570	65,685	63,026	65,127	767,346	767,346	

Demand														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	25,011	25,593	25,202	24,361	28,359	36,049	42,205	41,040	35,130	31,485	22,933	21,745	359,113	359,113	
2010	25,128	25,540	26,617	26,086	31,837	38,606	46,855	43,914	37,823	33,768	23,897	23,225	383,296	383,296	
2011	25,404	26,286	27,595	27,486	30,662	38,321	45,629	44,699	38,679	34,974	24,767	24,411	388,913	388,913	
2012	23,516	24,873	27,934	26,092	32,107	40,878	46,536	46,033	38,912	36,202	25,930	24,305	393,318	393,318	
2013	24,098	26,774	28,293	28,485	33,459	40,070	45,606	46,007	38,728	35,840	26,891	24,822	399,073	399,073	
2014	25,929	28,683	29,903	27,960	34,196	41,365	47,524	47,750	40,392	37,886	27,547	26,890	416,025	416,025	
2015	28,496	28,436	29,917	30,810	35,672	43,317	50,200	47,874	42,946	39,570	26,778	25,197	429,213	429,213	
Avg	25,369	26,598	27,923	27,326	32,327	39,801	46,365	45,331	38,944	35,675	25,535	24,371	395,564	395,564	

Revenue (\$)														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2009	1,829,751	1,934,799	1,828,354	1,695,016	2,109,414	2,965,635	3,870,414	3,721,127	2,862,554	2,312,419	1,574,425	1,567,002	28,270,910	28,270,910	
2010	1,858,266	1,940,559	1,955,056	1,838,246	2,319,056	3,100,746	4,106,477	3,800,477	3,061,915	2,620,673	1,737,166	1,709,513	30,048,150	30,048,150	
2011	1,904,381	2,003,175	2,041,669	1,995,273	2,250,209	3,138,961	4,070,428	3,934,288	3,192,872	2,733,604	1,866,458	1,899,366	31,030,684	31,030,684	
2012	1,853,969	2,011,445	2,204,761	1,985,599	2,521,043	3,572,845	4,277,327	4,205,439	3,351,070	2,856,085	1,979,945	1,905,642	32,725,170	32,725,170	
2013	1,929,681	2,227,489	2,288,305	2,232,755	2,741,055	3,633,359	4,369,999	4,426,323	3,433,668	3,001,393	2,167,359	2,043,867	34,495,253	34,495,253	
2014	2,175,070	2,404,534	2,488,516	2,267,518	2,911,718	3,849,322	4,700,180	4,823,989	3,732,230	3,256,850	2,250,016	2,234,452	37,094,395	37,094,395	
2015	2,464,179	2,509,496	2,525,897	2,564,847	3,139,612	4,177,618	5,140,062	4,955,069	4,151,366	3,650,091	2,307,176	2,200,226	39,785,639	39,785,639	
Avg	2,002,185	2,147,357	2,190,365	2,082,751	2,570,301	3,491,212	4,362,127	4,266,673	3,397,954	2,918,731	1,983,221	1,937,153	33,350,029	33,350,029	

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Tab 3 - Percent Change from Previous Year - Detail by Measure

Pine City, MN Hotel Market Analysis

Job Number: 747867_SADIM Staff: CW Created: February 10, 2016

Occupancy														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	0.5	-0.2	5.6	7.1	12.3	6.6	10.5	6.5	7.2	6.8	3.8	6.4	6.5	6.5	
2011	0.7	2.5	3.3	5.0	-4.1	-0.7	-2.6	1.8	2.3	3.6	3.6	5.1	1.3	1.3	
2012	-7.4	-5.4	1.2	-5.1	4.7	6.7	1.9	2.9	0.6	3.5	4.6	-0.5	1.1	1.1	
2013	2.4	7.6	1.2	9.1	4.2	-2.0	-2.0	-0.1	-0.5	-1.0	3.7	2.1	1.4	1.4	
2014	7.6	7.1	5.7	-1.8	-0.2	0.8	1.7	1.3	1.8	3.2	-0.0	5.7	2.6	2.6	
2015	7.2	-3.3	-2.4	7.5	1.0	1.5	2.3	-2.9	3.0	1.2	-5.8	-9.2	0.2	0.2	
Avg	1.8	1.4	2.4	3.6	3.0	2.1	2.0	1.6	2.4	2.9	1.7	1.6	2.2	2.2	

ADR														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	1.1	0.5	1.2	1.3	-2.1	-2.4	-4.4	-4.6	-0.7	5.7	5.9	2.1	-0.4	-0.4	
2011	1.4	0.3	0.7	3.0	0.7	2.0	1.8	1.7	2.0	0.7	3.7	5.7	1.8	1.8	
2012	5.2	6.1	6.7	4.8	7.0	6.7	3.0	3.8	4.3	0.9	1.3	0.8	4.3	4.3	
2013	1.6	2.9	2.5	3.0	4.3	3.7	4.2	5.3	3.0	6.1	5.6	5.0	3.9	3.9	
2014	4.8	0.8	2.9	3.5	3.9	2.6	3.2	5.0	4.2	2.7	1.3	0.9	3.2	3.2	
2015	3.1	5.3	1.5	2.6	3.4	3.6	3.5	2.5	4.6	7.3	5.5	5.1	4.0	4.0	
Avg	2.8	2.6	2.6	3.0	2.9	2.7	1.9	2.3	2.9	3.9	3.9	3.3	2.8	2.8	

RevPAR														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	1.6	0.3	6.9	8.5	9.9	4.1	5.6	1.7	6.5	12.9	9.9	8.7	6.0	6.0	
2011	2.1	2.8	4.0	8.1	-3.3	1.3	-0.8	3.6	4.3	4.3	7.4	11.1	3.1	3.1	
2012	-2.6	0.4	8.0	-0.5	12.0	13.8	5.0	6.8	4.9	4.4	6.0	0.3	5.4	5.4	
2013	4.0	10.7	3.7	12.4	8.7	1.6	2.2	5.3	2.5	5.1	9.5	7.3	5.4	5.4	
2014	12.7	7.9	8.7	1.6	3.7	3.4	5.0	6.4	6.1	5.9	1.3	6.7	5.8	5.8	
2015	10.5	1.8	-1.0	10.4	4.4	5.1	6.0	-0.5	7.8	8.6	-0.7	-4.6	4.1	4.1	
Avg	4.7	4.0	5.1	6.7	5.9	4.9	3.8	3.9	5.3	6.9	5.6	4.9	5.0	5.0	

Supply														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.2	
2011	0.4	0.4	0.4	0.4	0.4	-0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.1	0.1	
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
2014	0.0	0.0	0.0	0.0	2.5	2.4	2.4	2.4	2.4	2.4	2.5	2.5	1.6	1.6	
2015	2.5	2.5	2.5	2.5	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.0	3.0	
Avg	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.8	

Demand														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	0.5	-0.2	5.6	7.1	12.3	7.1	11.0	7.0	7.7	7.3	4.2	6.8	6.7	6.7	
2011	1.1	2.9	3.7	5.4	-3.7	-0.7	-2.6	1.8	2.3	3.6	3.6	5.1	1.5	1.5	
2012	-7.4	-5.4	1.2	-5.1	4.7	6.7	2.0	3.0	0.6	3.5	4.7	-0.4	1.1	1.1	
2013	2.5	7.6	1.3	9.2	4.2	-2.0	-2.0	-0.1	-0.5	-1.0	3.7	2.1	1.5	1.5	
2014	7.6	7.1	5.7	-1.8	2.2	3.2	4.2	3.8	4.3	5.7	2.4	8.3	4.2	4.2	
2015	9.9	-0.9	0.0	10.2	4.3	4.7	5.6	0.3	6.3	4.4	-2.8	-6.3	3.2	3.2	
Avg	2.4	1.9	2.9	4.1	4.0	3.2	3.0	2.6	3.4	3.9	2.6	2.6	3.0	3.0	

Revenue														Total Year	Dec YTD
	January	February	March	April	May	June	July	August	September	October	November	December			
2010	1.6	0.3	6.9	8.5	9.9	4.6	6.1	2.1	7.0	13.3	10.3	9.1	6.3	6.3	
2011	2.5	3.2	4.4	8.5	-3.0	1.2	-0.9	3.5	4.3	4.3	7.4	11.1	3.3	3.3	
2012	-2.6	0.4	8.0	-0.5	12.0	13.8	5.1	6.9	5.0	4.5	6.1	0.3	5.5	5.5	
2013	4.1	10.7	3.8	12.4	8.7	1.7	2.2	5.3	2.5	5.1	9.5	7.3	5.4	5.4	
2014	12.7	7.9	8.7	1.6	6.2	5.9	7.6	9.0	8.7	8.5	3.8	9.3	7.5	7.5	
2015	13.3	4.4	1.5	13.1	7.8	8.5	9.4	2.7	11.2	12.1	2.5	-1.5	7.3	7.3	
Avg	5.2	4.5	5.6	7.3	7.0	6.0	4.9	4.9	6.4	8.0	6.6	5.9	5.9	5.9	

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Tab 4 - Percent Change from Previous Year - Detail by Year

Pine City, MN Hotel Market Analysis

Job Number: 747867_SADIM Staff: CW Created: February 10, 2016

	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Total Year	Dec YTD
Occ	0.5	-0.2	5.6	7.1	12.3	6.6	10.5	6.5	7.2	6.8	3.8	6.4	6.5	6.5
ADR	1.1	0.5	1.2	1.3	-2.1	-2.4	-4.4	-4.6	-0.7	5.7	5.9	2.1	-0.4	-0.4
RevPAR	1.6	0.3	6.9	8.5	9.9	4.1	5.6	1.7	6.5	12.9	9.9	8.7	6.0	6.0
Supply	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.2
Demand	0.5	-0.2	5.6	7.1	12.3	7.1	11.0	7.0	7.7	7.3	4.2	6.8	6.7	6.7
Revenue	1.6	0.3	6.9	8.5	9.9	4.6	6.1	2.1	7.0	13.3	10.3	9.1	6.3	6.3

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total Year	Dec YTD
Occ	0.7	2.5	3.3	5.0	-4.1	-0.7	-2.6	1.8	2.3	3.6	3.6	5.1	1.3	1.3
ADR	1.4	0.3	0.7	3.0	0.7	2.0	1.8	1.7	2.0	0.7	3.7	5.7	1.8	1.8
RevPAR	2.1	2.8	4.0	8.1	-3.3	1.3	-0.8	3.6	4.3	4.3	7.4	11.1	3.1	3.1
Supply	0.4	0.4	0.4	0.4	0.4	-0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.1	0.1
Demand	1.1	2.9	3.7	5.4	-3.7	-0.7	-2.6	1.8	2.3	3.6	3.6	5.1	1.5	1.5
Revenue	2.5	3.2	4.4	8.5	-3.0	1.2	-0.9	3.5	4.3	4.3	7.4	11.1	3.3	3.3

	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Total Year	Dec YTD
Occ	-7.4	-5.4	1.2	-5.1	4.7	6.7	1.9	2.9	0.6	3.5	4.6	-0.5	1.1	1.1
ADR	5.2	6.1	6.7	4.8	7.0	6.7	3.0	3.8	4.3	0.9	1.3	0.8	4.3	4.3
RevPAR	-2.6	0.4	8.0	-0.5	12.0	13.8	5.0	6.8	4.9	4.4	6.0	0.3	5.4	5.4
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-7.4	-5.4	1.2	-5.1	4.7	6.7	2.0	3.0	0.6	3.5	4.7	-0.4	1.1	1.1
Revenue	-2.6	0.4	8.0	-0.5	12.0	13.8	5.1	6.9	5.0	4.5	6.1	0.3	5.5	5.5

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Total Year	Dec YTD
Occ	2.4	7.6	1.2	9.1	4.2	-2.0	-2.0	-0.1	-0.5	-1.0	3.7	2.1	1.4	1.4
ADR	1.6	2.9	2.5	3.0	4.3	3.7	4.2	5.3	3.0	6.1	5.6	5.0	3.9	3.9
RevPAR	4.0	10.7	3.7	12.4	8.7	1.6	2.2	5.3	2.5	5.1	9.5	7.3	5.4	5.4
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	2.5	7.6	1.3	9.2	4.2	-2.0	-2.0	-0.1	-0.5	-1.0	3.7	2.1	1.5	1.5
Revenue	4.1	10.7	3.8	12.4	8.7	1.7	2.2	5.3	2.5	5.1	9.5	7.3	5.4	5.4

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Total Year	Dec YTD
Occ	7.6	7.1	5.7	-1.8	-0.2	0.8	1.7	1.3	1.8	3.2	-0.0	5.7	2.6	2.6
ADR	4.8	0.8	2.9	3.5	3.9	2.6	3.2	5.0	4.2	2.7	1.3	0.9	3.2	3.2
RevPAR	12.7	7.9	8.7	1.6	3.7	3.4	5.0	6.4	6.1	5.9	1.3	6.7	5.8	5.8
Supply	0.0	0.0	0.0	0.0	2.5	2.4	2.4	2.4	2.4	2.4	2.5	2.5	1.6	1.6
Demand	7.6	7.1	5.7	-1.8	2.2	3.2	4.2	3.8	4.3	5.7	2.4	8.3	4.2	4.2
Revenue	12.7	7.9	8.7	1.6	6.2	5.9	7.6	9.0	8.7	8.5	3.8	9.3	7.5	7.5

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Total Year	Dec YTD
Occ	7.2	-3.3	-2.4	7.5	1.0	1.5	2.3	-2.9	3.0	1.2	-5.8	-9.2	0.2	0.2
ADR	3.1	5.3	1.5	2.6	3.4	3.6	3.5	2.5	4.6	7.3	5.5	5.1	4.0	4.0
RevPAR	10.5	1.8	-1.0	10.4	4.4	5.1	6.0	-0.5	7.8	8.6	-0.7	-4.6	4.1	4.1
Supply	2.5	2.5	2.5	2.5	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.0	3.0
Demand	9.9	-0.9	0.0	10.2	4.3	4.7	5.6	0.3	6.3	4.4	-2.8	-6.3	3.2	3.2
Revenue	13.3	4.4	1.5	13.1	7.8	8.5	9.4	2.7	11.2	12.1	2.5	-1.5	7.3	7.3

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Tab 5 - Twelve Month Moving Average

Pine City, MN Hotel Market Analysis

Job Number: 747867_SADIM Staff: CW Created: February 10, 2016

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	47.4	47.4	47.6	47.8	48.3	48.6	49.2	49.5	49.9	50.2	50.3	50.4
2011	50.5	50.6	50.7	50.8	50.7	50.6	50.5	50.6	50.7	50.8	51.0	51.1
2012	50.9	50.7	50.7	50.5	50.7	51.1	51.2	51.4	51.4	51.5	51.7	51.7
2013	51.8	52.0	52.0	52.4	52.5	52.4	52.3	52.3	52.3	52.2	52.4	52.4
2014	52.7	52.9	53.1	53.1	53.0	53.1	53.2	53.4	53.5	53.6	53.6	53.8
2015	54.0	53.9	53.7	54.0	54.0	54.2	54.3	54.2	54.4	54.5	54.2	53.9

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	78.78	78.81	78.85	78.87	78.69	78.51	78.17	77.78	77.75	78.10	78.32	78.39
2011	78.46	78.47	78.49	78.62	78.68	78.83	78.99	79.18	79.34	79.39	79.54	79.79
2012	80.05	80.36	80.71	80.98	81.38	81.96	82.30	82.71	83.07	83.12	83.16	83.20
2013	83.27	83.42	83.55	83.67	83.94	84.26	84.69	85.25	85.50	85.94	86.20	86.44
2014	86.66	86.68	86.83	87.03	87.30	87.55	87.95	88.54	88.91	89.09	89.15	89.16
2015	89.31	89.61	89.70	89.80	90.02	90.38	90.84	91.13	91.56	92.11	92.41	92.69

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	37.34	37.34	37.51	37.70	37.98	38.14	38.44	38.53	38.78	39.17	39.37	39.55
2011	39.60	39.67	39.77	39.96	39.86	39.91	39.86	40.04	40.22	40.36	40.53	40.78
2012	40.72	40.73	40.94	40.93	41.29	41.86	42.13	42.48	42.69	42.85	42.99	43.00
2013	43.10	43.38	43.49	43.81	44.10	44.18	44.30	44.59	44.70	44.89	45.13	45.32
2014	45.64	45.87	46.13	46.18	46.31	46.50	46.83	47.25	47.55	47.78	47.79	47.94
2015	48.22	48.26	48.21	48.49	48.65	48.94	49.37	49.40	49.80	50.16	50.11	49.93

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	757,939	757,939	757,939	757,939	757,939	758,209	758,488	758,767	759,037	759,285	759,525	759,773
2011	760,021	760,245	760,493	760,733	760,981	760,951	760,920	760,889	760,859	760,859	760,859	760,859
2012	760,859	760,859	760,859	760,859	760,859	760,859	760,890	760,921	760,951	760,982	761,012	761,043
2013	761,074	761,102	761,133	761,163	761,194	761,224	761,224	761,224	761,224	761,224	761,224	761,224
2014	761,224	761,224	761,224	761,224	762,805	764,335	765,916	767,497	769,027	770,608	772,138	773,719
2015	775,331	776,787	778,399	779,959	782,098	784,168	786,307	788,446	790,516	792,655	794,725	796,864

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	359,230	359,177	360,592	362,317	365,795	368,352	373,002	375,876	378,569	380,852	381,816	383,296
2011	383,572	384,318	385,296	386,696	385,521	385,236	384,010	384,795	385,651	386,857	387,727	388,913
2012	387,025	385,612	385,951	384,557	386,002	388,559	389,466	390,800	391,033	392,261	393,424	393,318
2013	393,900	395,801	396,160	398,553	399,905	399,097	398,167	398,141	397,957	397,595	398,556	399,073
2014	400,904	402,813	404,423	403,898	404,635	405,930	407,848	409,591	411,255	413,301	413,957	416,025
2015	418,592	418,345	418,359	421,209	422,685	424,637	427,313	427,437	429,991	431,675	430,906	429,213

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2010	28,299,425	28,305,185	28,431,887	28,575,117	28,784,759	28,919,870	29,155,933	29,235,283	29,434,644	29,742,898	29,905,639	30,048,150
2011	30,094,265	30,156,881	30,243,494	30,400,521	30,331,674	30,369,889	30,333,840	30,467,651	30,598,608	30,711,539	30,840,831	31,030,684
2012	30,980,272	30,988,542	31,151,634	31,141,960	31,412,794	31,846,678	32,053,577	32,324,728	32,482,926	32,605,407	32,718,894	32,725,170
2013	32,800,882	33,016,926	33,100,470	33,347,626	33,567,638	33,628,152	33,720,824	33,941,708	34,024,306	34,169,614	34,357,028	34,495,253
2014	34,740,642	34,917,687	35,117,898	35,152,661	35,323,324	35,539,287	35,869,468	36,267,134	36,565,696	36,821,153	36,903,810	37,094,395
2015	37,383,504	37,488,466	37,525,847	37,823,176	38,051,070	38,379,366	38,819,248	38,950,328	39,369,464	39,762,705	39,819,865	39,785,639

High value is boxed.

Low value is boxed and italicized

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Methodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered.

Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels.

Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on the revenue and demand distribution patterns of similar hotels in the same location.

We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

Glossary

ADR (Average Daily Rate)

Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

Affiliation Date

Date the property affiliated with current chain/flag

Census (Properties and Rooms)

The number of properties and rooms that exist within the selected property set or segment.

Change in Rooms

Indicator of whether or not an individual hotel has added or removed rooms from their inventory.

Exchange Rate

The factor used to convert revenue from U.S. Dollars to the local currency. The exchange rate data is obtained from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data.

Extended Historical Trend

Data on selected properties or segments starting in 2000.

Demand (Rooms Sold)

The number of rooms sold (excludes complimentary rooms).

Full Historical Trend

Data on selected properties or segments starting in 1987.

Occupancy

Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied.

Open Date

Date the property opened as a lodging establishment.

Percent Change

Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as $((TY-LY)/LY) * 100$.

Revenue (Room Revenue)

Total room revenue generated from the sale or rental of rooms.

RevPAR (Revenue Per Available Room)

Room revenue divided by rooms available

Sample % (Rooms)

The % of rooms from which STR receives data. Calculated as $(\text{Sample Rooms}/\text{Census Rooms}) * 100$.

Standard Historical Trend

Data on selected properties or segments starting in 2005.

STR Code

Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

Supply (Rooms Available)

The number of rooms times the number of days in the period.

Twelve Month Moving Average

The value of any given month is computed by taking the value of that month and the values of the eleven preceding months, adding them together and dividing by twelve.

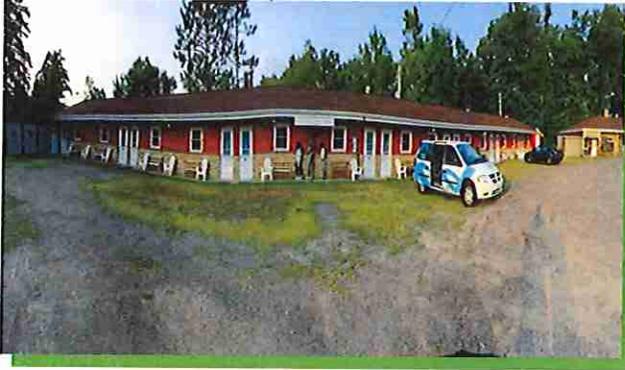
Year to Date

Average or sum of values starting January 1 of the given year.

*Source: STR Inc.

Pine City Local Competitors (Partial List)

Gail Motel - Pine City, MN.



Trip Advisor Traveler Rating
3.5/5

Excellent - 2
Very good - 3
Average - 0
Poor - 2
Terrible - 1

Economy motel with 12 rooms - no elevator
No swimming pool
Refrigerator in every room
Air conditioning
Free parking

Grand Casino - Hinckley, MN.



Trip Advisor Traveler Rating
3.5/5

Excellent - 95
Very good - 103
Average - 47
Poor - 23
Terrible - 36

Upper-midscale hotel with 8 floors, 563 rooms and suites - elevator
Heated indoor swimming pool
Exercise room
Free breakfast
Restaurant – Bar/Lounge
Casino
Free Internet in room
Free parking

Grand Hinckley Inn - Hinckley, MN.



Trip Advisor Traveler Rating
3.5/5

Excellent - 8
Very good - 12
Average - 9
Poor - 5
Terrible - 4

Midscale hotel with 2 floors, 154 rooms and suites – elevator
Located across from Grand Casino
Refrigerator in every room
Free hot breakfast buffet
Free Internet in room
Free parking

Days Inn - Hinckley MN.



Trip Advisor Traveler Rating
3/5

Excellent - 40
Very good - 45
Average - 53
Poor - 63
Terrible - 61

Economy hotel with 2 floors, 69 rooms - no elevator
Swimming pool/hot tub
Free continental breakfast
Free Internet in room
Free parking

America's Best Value Inn - Hinckley, MN.



Trip Advisor Traveler Rating
3/5

Excellent - 13
Very good - 15
Average - 13
Poor - 8
Terrible - 21

Economy motel with 2 floors, 49 - no elevator
Free continental breakfast
Free internet in room
Free parking
Pet-friendly motel

AmericInn - Mora, MN.



Trip Advisor Traveler Rating
3.5/5

Excellent - 18
Very good - 11
Average - 5
Poor - 5
Terrible - 8

Midscale hotel with 2 floors and 41 rooms
Heated indoor swimming pool
Microwave and refrigerator in every room
Free hot breakfast
Free Internet in room
Free parking

Budget Host Inn & Suites – North Branch, MN.

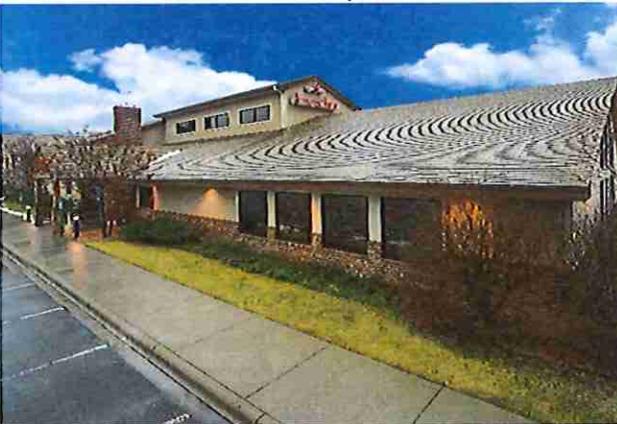


Trip Advisor Traveler Rating
3.5/5

Excellent - 2
Very good - 8
Average - 4
Poor - 0
Terrible - 1

Economy hotel with 3 floors, 40 rooms - elevator
No swimming pool
Exercise room
Free breakfast
Free internet in room
Free parking
Self-serve laundry

AmericInn – North Branch, MN.



Trip Advisor Traveler Rating
4.5/5

Excellent - 135
Very good - 26
Average - 7
Poor - 3
Terrible - 3

Upper-midscale hotel with 2 floors, 50 rooms
Indoor swimming pool
Exercise room
Conference space
Free breakfast
Free internet in room
Free parking

Crossings by GrandStay - Cambridge, MN.



Trip Advisor Traveler Rating
4.5/5

Excellent - 61
Very good - 21
Average - 6
Poor - 3
Terrible - 7

- Midscale hotel with 2 floors, 42 rooms
- Indoor swimming pool
- Exercise room
- Free hot breakfast buffet
- Free Internet in room
- Free parking

Recommendations

After extensive research it is GSG's conclusion that a hotel project would be ideally located at the intersection east of Interstate 35 and north of Business Loop 35 south, (site B south) in Pine City, Minnesota. Alternative sites were reviewed at the west side of Interstate 35 and south of Business Loop 35 south (site A south), the east side of Interstate 35 and north of Business Loop 35 north (site A north), and the east side of Interstate 35 and south of Business Loop 35 north (site B north). This site has all needed utilities, offers the best visibility, and would provide the best ROI (return on investment) of the sites evaluated. Review of demographics and community interviews suggest that a mid-level to upper mid-level hotel would be ideal and provide the amenities to meet the community's needs. This type of hotel would be well received and provide a new tier to effectively draw guests back to Pine City from the nearby Surrounding markets.

The community, as well as surrounding smaller communities in the region, offer a number of hotel demand generators including tourism, industry, and pass through travel. Nearly half of the local entities interviewed are regularly sending overnight guests out of the Pine City market. A new hotel development would assist the City, local merchants and restaurateurs with recapturing lost hotel stays and subsequent guest spending by redirecting that economic impact back to the community.

Property Recommendations:

Size:	42 Rooms
Amenities:	Business center, banquet space to accommodate >25, hot breakfast, fitness room, and pool
Rate:	Within 20% of ADR average of \$100.21 Recommended rate range: \$99.99-\$120.25

Specific brand affiliation did not appear to be important, but branding of some sort appeared to be somewhat important during the community interviews. It is suggested that any hotel development should include a quality regional or national brand name.

It is GSG's conclusion that a hotel project could be successful using the aforementioned recommendation as a starting point. GSG prepared these recommendations using the more up to date information available at the time this study was conducted and all information is assumed to be accurate. GSG assumes no liability in the accuracy of publicly available data, or the recommendation to move forward with a proposed hotel project at this site. The information contained in this report is for discussion purposes only. Potential developers and investors should rely on their own due diligence regarding the project.



GROWTHSERVICESGROUP

Disclaimer

Thank you for the opportunity to provide this GSG Market Feasibility Study for the proposed hotel development project in Pine City, MN. This Market Study provides a demographic and economic overview of the subject area to determine the overall feasibility of a new Greenfield hotel development. The written report is provided based on research and analysis of the variables that may impact the new development project.

GSG has analyzed market conditions, economic and demographic factors, and site conditions to determine their impact on the proposed project. GSG has utilized both primary and secondary data sources that are assumed to be correct to analyze the subject area's demand for additional rooms. Research also included local interviews with area representatives from a variety of public and private sector organizations. The report includes primary data and input regarding the overall feasibility of the project today and analyzes the potential for future growth in demand in the subject area.

The GSG Market Feasibility Study Report addresses the estimated operating performance of the project and provides recommendations as to size and scope of the development. The report provides owners, investors, operators and lenders with a snapshot of the overall feasibility of the project based on market conditions at the time of the survey. Future macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of this project. GSG makes no representations regarding the development or possible investments. Potential developers and investors should rely on their own due diligence when making investment decisions.

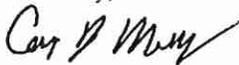
GSG hereby certifies that we have no undisclosed interest in the property nor is our compensation dependent upon the report's findings. As with all studies of this type, the results are based on competent management and assume no material change in the lodging industry in the immediate area from the set forth in this report. GSG has no control over construction costs or timing of construction and opening.

GSG makes no express representations or warranty that the contents of this report are accurate, reasonable or free from errors, omissions or other defects of any kind or nature. Those who rely on this report do so solely at their own risk and GSG disclaims all liability, damages or loss with respect to such reliance.

While the terms of this engagement do not require GSG to revise this report to reflect changing conditions in the market subsequent to the date of completion of our fieldwork, we are available to discuss the need to revisit the report due to changing market conditions in the future.

Please feel free to contact our office should you have any questions or comments.

Sincerely,



Corey J. Mehaffy
CEO

Financial Projections*

Proposed Hotel Costs Pine City, MN.

Building Specifications: 42 unit, three (2) story center-load Hotel & Suites with pool, guest wine & beer bar, standard (king & queen/queen) rooms, meeting room space, free hot breakfast for guests, guest convenience store, guest fitness room, and guest laundry room.

	42 Rooms with pool	
<u>Land (with Site Improvements & Community Fees)</u>	\$350,000	
	\$8333/room	
<u>Building Construction</u>	\$3,125,000	
	\$74,405/room	
<u>Fixtures, Furnishings and Equipment</u>	\$503,500	
	\$11,988/room	
<u>Indirect Costs</u>		
Appraisal	\$5,000	
Architectural / Engineering	\$80,000	
Franchise Fee	\$35,000	
Surveys	\$10,000	
Development Services	\$100,000	
Pre-Opening Expenses	\$40,000	
Working Capital	\$100,000	
Legal and Accounting Fees	\$30,000	
Construction Period Interest / Loan Fees / Closing	\$80,000	
Insurance & Taxes During Construction	\$20,000	
Project Contingency	\$100,000	
Total	\$600,000	
	\$14,285/room	

<u>Total Projected Costs</u>	\$4,578,000	
	\$109,000/room	
Anticipated Loan Amount:	\$3,204,600	70.00% Loan to Value
Suggested Cash Injection:	\$1,373,400	30.00% Capital Position

Estimated Loan Terms: 25 Years @ 5.5%
 Estimated Monthly Debt Service: \$19,679.05
 Estimated Annual Debt Service: \$236,148.60

*Pricing noted above valid for 90 days from 4/27/16 and subject to verification.

Financial Projections:

Projected numbers compared to similar markets for a hotel with the following rooms: Rooms: 42

	Y1 M1	Y1 M2	Y1 M3	Y1 M4	Y1 M5	Y1 M6	Y1 M7	Y1 M8	Y1 M9	Y1 M10	Y1 M11	Y1 M12	Total
Lodging Rooms Available	1302	1176	1302	1260	1302	1260	1302	1302	1260	1302	1260	1302	15330
Lodging Occupancy %	35.8%	37.4%	45.8%	53.7%	58.1%	63.3%	65.4%	62.0%	60.8%	56.4%	52.8%	51.1%	53.6%
Total Occupied Rooms	466	440	596	677	756	798	852	807	766	734	665	665	8223
Average Daily Rate (ADR)	\$89.12	\$92.22	\$95.88	\$96.91	\$94.33	\$94.42	\$95.55	\$96.87	\$94.66	\$93.90	\$93.28	\$92.32	\$94.12

Hotel Revenue by Source	Y1 M1	Y1 M2	Y1 M3	Y1 M4	Y1 M5	Y1 M6	Y1 M7	Y1 M8	Y1 M9	Y1 M10	Y1 M11	Y1 M12	Total
Room Revenue	\$41,540	\$40,561	\$57,175	\$65,571	\$71,357	\$75,308	\$81,362	\$78,197	\$72,517	\$68,953	\$62,057	\$61,423	\$773,932
Telephone/Misc.	\$250	\$266	\$275	\$342	\$370	\$444	\$489	\$445	\$448	\$440	\$436	\$453	\$4,658
Vending/Bar Sales	\$1,924	\$2,028	\$2,184	\$2,297	\$2,376	\$2,426	\$2,473	\$2,457	\$2,402	\$2,598	\$2,427	\$2,509	\$28,101
Total Revenue	\$43,714	\$42,855	\$59,634	\$68,210	\$74,103	\$78,178	\$84,324	\$81,099	\$75,367	\$71,991	\$64,920	\$64,385	\$806,691

Payroll Expense Year 1 by Month	Y1 M1	Y1 M2	Y1 M3	Y1 M4	Y1 M5	Y1 M6	Y1 M7	Y1 M8	Y1 M9	Y1 M10	Y1 M11	Y1 M12	Total
Manager	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$43,200
Housekeeping	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
Maintenance	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$19,200
Front Desk	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$57,600
Total	\$13,500	\$162,000											

Payroll Expense by Year	Year 1	Year 2	Year 3	Year 4	Year 5
Manager	\$43,200	\$44,320	\$45,912	\$46,880	\$47,500
Housekeeping	\$42,000	\$44,000	\$46,200	\$48,300	\$50,250
Maintenance	\$19,200	\$20,400	\$21,000	\$21,950	\$22,650
Front Desk	\$57,600	\$59,250	\$60,875	\$62,000	\$63,500
Total	\$162,000	\$167,970	\$173,987	\$179,130	\$183,900

Operating Expenses Year 1 by Month	Y1 M1	Y1 M2	Y1 M3	Y1 M4	Y1 M5	Y1 M6	Y1 M7	Y1 M8	Y1 M9	Y1 M10	Y1 M11	Y1 M12	Total
Salary	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$162,000
Employee Related Expenses	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$2,025	\$24,300
Marketing & Promotions	\$187	\$183	\$257	\$295	\$321	\$339	\$366	\$352	\$326	\$310	\$279	\$276	\$3,492
Laundry	\$208	\$203	\$286	\$328	\$357	\$377	\$407	\$391	\$363	\$345	\$310	\$307	\$3,880
Utilities	\$1,911	\$1,866	\$2,630	\$3,016	\$3,282	\$3,464	\$3,743	\$3,597	\$3,336	\$3,172	\$2,855	\$2,825	\$35,697
Cleaning Supplies	\$95	\$92	\$130	\$150	\$163	\$172	\$186	\$178	\$165	\$157	\$141	\$140	\$1,769
Linens	\$299	\$292	\$412	\$472	\$514	\$542	\$586	\$563	\$522	\$496	\$447	\$442	\$5,587
Guest Supplies	\$291	\$284	\$400	\$459	\$499	\$527	\$570	\$547	\$508	\$483	\$434	\$430	\$5,432
Operating Supplies	\$174	\$170	\$240	\$275	\$300	\$316	\$342	\$328	\$305	\$290	\$261	\$258	\$3,259
Repairs and Maintenance	\$253	\$247	\$349	\$400	\$435	\$459	\$496	\$477	\$442	\$421	\$379	\$375	\$4,734
Groundskeeping	\$237	\$231	\$326	\$374	\$407	\$429	\$464	\$446	\$413	\$393	\$354	\$350	\$4,423
Property Management System	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Complimentary Breakfast	\$2,077	\$2,028	\$2,859	\$3,279	\$3,568	\$3,765	\$4,068	\$3,910	\$3,626	\$3,448	\$3,103	\$3,071	\$38,801
Travel Agent Fees	\$129	\$126	\$177	\$203	\$221	\$233	\$242	\$225	\$214	\$192	\$190	\$190	\$2,406
Reservations	\$224	\$219	\$309	\$354	\$385	\$407	\$439	\$422	\$392	\$372	\$335	\$332	\$4,191
Vending / Bar	\$415	\$406	\$572	\$656	\$714	\$753	\$814	\$782	\$725	\$690	\$621	\$614	\$7,760
Office Supplies	\$166	\$162	\$229	\$262	\$285	\$301	\$325	\$313	\$290	\$276	\$248	\$246	\$3,104
Swimming Pool	\$395	\$385	\$543	\$623	\$678	\$715	\$773	\$743	\$689	\$655	\$590	\$584	\$7,372
Telephone	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$4,500
Cable / Internet	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$5,100
Waste Removal	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Dues / Subscriptions	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Licenses / Permits	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1,500
Credit Card Fees	\$1,142	\$1,115	\$1,572	\$1,803	\$1,962	\$2,071	\$2,237	\$2,150	\$1,994	\$1,896	\$1,707	\$1,689	\$21,341
Franchise Fee	\$4,152	\$4,152	\$4,152	\$4,152	\$4,152	\$4,152	\$4,152	\$4,152	\$4,151	\$4,152	\$4,151	\$4,152	\$49,822
Miscellaneous	\$125	\$122	\$172	\$197	\$214	\$226	\$244	\$235	\$218	\$207	\$186	\$184	\$2,328
Accounting Fees	\$162	\$158	\$223	\$256	\$278	\$294	\$317	\$305	\$283	\$269	\$242	\$240	\$3,026
Professional Services Fees	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Insurance	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600
R.E./P.P. Taxes	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$37,500
Management Fee	\$2,623	\$2,571	\$3,578	\$4,093	\$4,446	\$4,691	\$5,059	\$4,866	\$4,522	\$4,319	\$3,895	\$3,863	\$48,527
Debt Service	\$0	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$19,679	\$216,469
Reserves for Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$36,340	\$55,767	\$60,169	\$62,400	\$63,936	\$64,988	\$66,594	\$65,754	\$64,248	\$63,318	\$61,483	\$61,323	\$726,321
Operating Income	\$7,374	(\$12,912)	(\$536)	\$5,810	\$10,167	\$13,190	\$17,729	\$15,345	\$11,119	\$8,673	\$3,437	\$3,062	\$80,370
Income Taxes	\$2,685	(\$986)	\$991	\$1,844	\$3,120	\$3,470	\$5,244	\$3,649	\$2,650	\$2,976	\$2,034	\$2,094	\$29,771
Total Expenses	\$39,025	\$54,781	\$61,160	\$64,244	\$67,056	\$68,458	\$71,838	\$69,403	\$66,898	\$66,294	\$63,517	\$63,417	\$756,092
Net Profit	\$4,689	(\$11,926)	(\$1,527)	\$3,966	\$7,047	\$9,720	\$12,485	\$11,696	\$8,469	\$5,697	\$1,403	\$968	\$50,599
Net Profit / Sales	10.7%	-27.8%	-2.6%	5.8%	9.5%	12.4%	14.8%	14.4%	11.2%	7.9%	2.2%	1.5%	6.3%

5 Year Revenue Projections (42 Rooms)

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	15330		15330		15330		15330		15330	
Lodging Occupancy %	53.6%		57.2%		59.3%		62.1%		65.7%	
Total Occupied Rooms	7665		8769		9091		9520		10072	
Average Daily Rate	\$94.12		\$96.78		\$99.02		\$99.94		\$101.83	
Revenue										
Guest Rooms	\$773,932	95.9%	\$848,641	96.0%	\$900,160	95.6%	\$951,422	95.6%	\$1,025,612	95.5%
Telephone/Misc	\$4,658	0.6%	\$4,954	0.6%	\$5,278	0.6%	\$5,784	0.6%	\$6,001	0.6%
Vending/Bar Sales	\$28,101	3.5%	\$30,410	3.4%	\$35,846	3.8%	\$38,454	3.9%	\$41,833	3.9%
Total	\$806,691	100.0%	\$884,005	100.0%	\$941,284	100.0%	\$995,660	100.0%	\$1,073,446	100.0%
Operating Expenses										
Salary	\$162,000	20.1%	\$167,970	19.0%	\$173,987	18.5%	\$179,130	18.0%	\$183,900	17.1%
Employee Related Expenses	\$24,300	3.0%	\$24,752	2.8%	\$26,356	2.8%	\$27,878	2.8%	\$30,056	2.8%
Marketing & Promotions	\$3,492	0.4%	\$3,536	0.4%	\$3,765	0.4%	\$3,983	0.4%	\$4,294	0.4%
Laundry	\$3,880	0.5%	\$4,066	0.5%	\$4,330	0.5%	\$4,580	0.5%	\$4,938	0.5%
Utilities	\$35,697	4.4%	\$37,128	4.2%	\$39,534	4.2%	\$41,818	4.2%	\$45,085	4.2%
Cleaning Supplies	\$1,769	0.2%	\$1,547	0.2%	\$1,647	0.2%	\$1,742	0.2%	\$1,879	0.2%
Linens	\$5,587	0.7%	\$5,569	0.6%	\$5,930	0.6%	\$6,273	0.6%	\$6,763	0.6%
Guest Supplies	\$5,432	0.7%	\$5,304	0.6%	\$5,648	0.6%	\$5,974	0.6%	\$6,441	0.6%
Operating Supplies	\$3,259	0.4%	\$3,182	0.4%	\$3,389	0.4%	\$3,584	0.4%	\$3,864	0.4%
Repairs and Maintenance	\$4,734	0.6%	\$4,641	0.5%	\$4,942	0.5%	\$5,227	0.5%	\$5,636	0.5%
Grounds-keeping	\$4,423	0.5%	\$4,871	0.6%	\$5,186	0.6%	\$5,486	0.6%	\$5,915	0.6%
Property Management System	\$3,000	0.4%	\$3,000	0.3%	\$3,000	0.3%	\$3,000	0.3%	\$3,000	0.3%
Complimentary Breakfast	\$38,801	4.8%	\$42,883	4.9%	\$45,662	4.9%	\$48,299	4.9%	\$52,073	4.9%
Travel Agent Fees	\$2,406	0.3%	\$2,519	0.3%	\$2,683	0.3%	\$2,838	0.3%	\$3,059	0.3%
Reservations	\$4,191	0.5%	\$4,075	0.5%	\$4,339	0.5%	\$4,590	0.5%	\$4,949	0.5%
Vending / Bar	\$7,760	1.0%	\$8,062	0.9%	\$8,585	0.9%	\$9,080	0.9%	\$9,790	0.9%
Office Supplies	\$3,104	0.4%	\$3,244	0.4%	\$3,455	0.4%	\$3,654	0.4%	\$3,940	0.4%
Swimming Pool	\$7,372	0.9%	\$7,532	0.9%	\$8,020	0.9%	\$8,483	0.9%	\$9,146	0.9%
Telephone	\$4,000	0.5%	\$4,000	0.4%	\$4,000	0.4%	\$4,000	0.4%	\$4,000	0.4%
Cable / Internet	\$4,500	0.6%	\$4,500	0.5%	\$4,500	0.5%	\$4,500	0.5%	\$4,500	0.4%
Waste Removal	\$2,800	0.3%	\$2,800	0.3%	\$2,800	0.3%	\$2,800	0.3%	\$2,800	0.3%
Dues / Subscriptions	\$600	0.1%	\$600	0.1%	\$600	0.1%	\$600	0.1%	\$600	0.1%
Licenses / Permits	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.1%
Credit Card Fees	\$21,341	2.6%	\$23,426	2.7%	\$24,944	2.7%	\$26,385	2.7%	\$28,446	2.7%
Franchise Fee	\$49,822	6.2%	\$66,060	7.5%	\$66,060	7.0%	\$66,060	6.6%	\$66,060	6.2%
Miscellaneous	\$2,328	0.3%	\$2,281	0.3%	\$2,429	0.3%	\$2,569	0.3%	\$2,769	0.3%
Accounting Fees	\$3,026	0.4%	\$3,395	0.4%	\$3,615	0.4%	\$3,823	0.4%	\$4,122	0.4%
Professional Services Fees	\$1,200	0.1%	\$1,105	0.1%	\$1,177	0.1%	\$1,245	0.1%	\$1,342	0.1%
Insurance	\$9,600	1.2%	\$7,647	0.9%	\$8,142	0.9%	\$8,612	0.9%	\$9,285	0.9%
R.E./P.P. Taxes	\$37,500	4.6%	\$38,975	4.4%	\$40,120	4.3%	\$41,250	4.1%	\$42,500	4.0%
Management Fee	\$48,527	6.0%	\$53,040	6.0%	\$56,477	6.0%	\$59,740	6.0%	\$64,407	6.0%
Debt Service	\$216,469	26.8%	\$236,148	26.7%	\$236,148	25.1%	\$236,148	23.7%	\$236,148	22.0%
Reserves for Replacement	\$0	0.0%	\$3,978	0.5%	\$8,942	1.0%	\$19,913	2.0%	\$21,469	2.0%
Total Operating Expenses	\$724,421	89.8%	\$783,338	88.6%	\$811,909	86.3%	\$844,765	84.8%	\$874,674	81.5%
Operating Income	\$82,270	10.2%	\$100,667	11.4%	\$129,375	13.7%	\$150,895	15.2%	\$198,772	18.5%
Income Taxes	\$16,454	2.0%	\$20,133	2.3%	\$25,875	2.7%	\$30,179	3.0%	\$39,754	3.7%
Total Expenses	\$740,875	91.8%	\$803,471	90.9%	\$837,784	89.0%	\$874,944	87.9%	\$914,429	85.2%
Net Profit	\$65,816	8.2%	\$80,534	9.1%	\$103,500	11.0%	\$120,716	12.1%	\$159,018	14.8%
Cash on Cash Return	4.79%		5.86%		7.54%		8.79%		11.58%	
Original Equity Investment:	\$1,373,400.00									

5 Year Break-Even Analysis (54 Rooms)

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	15330		15330		15330		15330		15330	
Lodging Occupancy %	49.2%		50.2%		51.7%		52.2%		53.6%	
Total Occupied Rooms	7543		7700		7925		8006		8209	
Average Daily Rate	\$92.10		\$94.77		\$96.03		\$98.51		\$99.66	
Revenue										
Room Revenue	\$694,693	96.2%	\$729,760	96.3%	\$761,003	96.5%	\$788,690	96.7%	\$818,150	96.9%
Total Revenue	\$722,134	100.0%	\$757,799	100.0%	\$788,604	100.0%	\$815,605	100.0%	\$844,324	100.0%
Hotel Payroll Expense										
Manager	\$43,200	6.0%	\$44,320	5.8%	\$45,912	5.8%	\$46,880	5.7%	\$47,500	5.6%
Houskeeping	\$42,000	5.8%	\$44,000	5.8%	\$46,200	5.9%	\$48,300	5.9%	\$50,250	6.0%
Maintenance	\$19,200	2.7%	\$20,400	2.7%	\$21,000	2.7%	\$21,950	2.7%	\$22,650	2.7%
Front Desk	\$57,600	8.0%	\$59,250	7.8%	\$60,875	7.7%	\$62,000	7.6%	\$63,500	7.5%
Total Payroll Expense	\$162,000	22.4%	\$167,970	22.2%	\$173,987	22.1%	\$179,130	22.0%	\$183,900	21.8%
Operating Expenses										
Employee Related Expenses	\$19,450	2.7%	\$20,220	2.8%	\$21,456	2.8%	\$22,876	2.8%	\$23,995	2.8%
Marketing & Promotions	\$3,012	0.4%	\$3,098	0.4%	\$3,134	0.4%	\$3,256	0.4%	\$3,476	0.4%
Laundry	\$3,500	0.5%	\$3,588	0.5%	\$3,672	0.5%	\$3,899	0.5%	\$4,023	0.5%
Utilities	\$35,697	4.9%	\$33,327	4.2%	\$35,659	4.2%	\$36,966	4.2%	\$39,610	4.2%
Cleaning Supplies	\$1,500	0.2%	\$1,634	0.2%	\$1,833	0.2%	\$1,911	0.2%	\$1,997	0.2%
Linens	\$5,587	0.8%	\$4,999	0.6%	\$5,349	0.6%	\$5,545	0.6%	\$5,941	0.6%
Guest Supplies	\$5,432	0.8%	\$4,761	0.6%	\$5,094	0.6%	\$5,281	0.6%	\$5,659	0.6%
Operating Supplies	\$3,259	0.5%	\$2,857	0.4%	\$3,057	0.4%	\$3,168	0.4%	\$3,395	0.4%
Repairs and Maintenance	\$4,734	0.7%	\$4,166	0.5%	\$4,457	0.5%	\$4,621	0.5%	\$4,951	0.5%
Grounds-keeping	\$4,423	0.6%	\$4,372	0.6%	\$4,678	0.6%	\$4,850	0.6%	\$5,196	0.6%
Property Management System	\$3,000	0.4%	\$3,000	0.4%	\$3,000	0.4%	\$3,000	0.3%	\$3,000	0.3%
Complimentary Breakfast	\$32,400	4.5%	\$34,224	4.9%	\$36,335	4.9%	\$37,889	4.9%	\$39,102	4.9%
Travel Agent Fees	\$2,200	0.3%	\$2,245	0.3%	\$2,366	0.3%	\$2,434	0.3%	\$2,491	0.3%
Reservations	\$3,412	0.5%	\$3,658	0.5%	\$3,914	0.5%	\$4,057	0.5%	\$4,348	0.5%
Vending / Bar	\$7,760	1.1%	\$7,237	0.9%	\$7,743	0.9%	\$8,027	0.9%	\$8,601	0.9%
Office Supplies	\$3,104	0.4%	\$2,912	0.4%	\$3,116	0.4%	\$3,230	0.4%	\$3,461	0.4%
Swimming Pool	\$6,222	0.9%	\$6,435	0.9%	\$6,639	0.9%	\$6,843	0.9%	\$7,001	0.9%
Telephone	\$4,000	0.6%	\$4,000	0.4%	\$4,000	0.5%	\$4,000	0.5%	\$4,000	0.4%
Cable / Internet	\$4,500	0.6%	\$4,500	0.6%	\$4,500	0.5%	\$4,500	0.5%	\$4,500	0.5%
Waste Removal	\$2,800	0.4%	\$2,800	0.4%	\$2,800	0.3%	\$2,800	0.3%	\$2,800	0.3%
Dues / Subscriptions	\$600	0.1%	\$600	0.1%	\$600	0.1%	\$600	0.1%	\$600	0.1%
Licenses / Permits	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.2%	\$1,500	0.2%
Credit Card Fees	\$18,112	2.5%	\$19,334	2.7%	\$20,450	2.7%	\$21,993	2.7%	\$23,004	2.7%
Franchise Fee	\$49,822	6.9%	\$66,060	8.3%	\$66,060	7.8%	\$66,060	7.5%	\$66,060	7.0%
Miscellaneous	\$1,912	0.3%	\$2,047	0.3%	\$2,145	0.3%	\$2,199	0.3%	\$2,309	0.3%
Accounting Fees	\$3,026	0.4%	\$3,047	0.4%	\$3,260	0.4%	\$3,380	0.4%	\$3,621	0.4%
Professional Services Fees	\$1,200	0.2%	\$992	0.1%	\$1,061	0.1%	\$1,100	0.1%	\$1,179	0.1%
Insurance	\$9,600	1.3%	\$6,864	0.9%	\$7,344	0.9%	\$7,613	0.9%	\$8,158	0.9%
R.E./P.P. Taxes	\$37,500	5.2%	\$38,975	5.3%	\$40,120	5.3%	\$41,250	5.3%	\$42,500	5.1%
Management Fee	\$48,527	6.7%	\$47,610	6.0%	\$50,942	6.0%	\$52,808	6.0%	\$56,585	6.0%
Debt Service	\$216,469	30.0%	\$236,148	23.3%	\$236,148	21.8%	\$236,148	21.0%	\$236,148	19.6%
Reserves for Replacement	\$0	0.0%	\$3,571	0.5%	\$8,066	1.0%	\$17,603	2.0%	\$18,862	2.0%
Total Operating Expenses	\$544,261	75.4%	\$580,781	76.6%	\$600,499	76.1%	\$621,406	76.2%	\$638,073	75.6%
Income Taxes	\$15,873	2.1%	\$9,048	1.1%	\$14,118	1.7%	\$15,069	1.7%	\$22,351	2.4%
Total Expenses	\$722,134	100.0%	\$757,799	100.0%	\$788,604	100.0%	\$815,605	100.0%	\$844,324	100.0%

* All financial projections are forward looking and estimated based on current economic indicators. GSG forecasts are compiled using information available at the time of the study and are not to be used as final numbers for any project. All financial projections are estimates and are not guaranteed by GSG and are subject to change and market fluctuation.