APPENDIX A: Maguire Street Market Assessment

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Core Findings

In this section, AECOM reviewed the current market conditions in the City of Warrensburg, Missouri where there is considerable focus and energy empowering the potential for future development along the Maguire Street Corridor. Throughout this market analysis, AECOM evaluated trends in demographic and economic attributes in Warrensburg. Notable findings include:

- Population growth: Population growth has taken place at an annual rate of 1.4 percent in the City of Warrensburg from 2000 to 2010. During this time, the total population increased from roughly 16,300 in 2000 to 18,800 in 2010.
- College enrollment growth: From 2002 to 2011, total fall enrollment at the University of Central Missouri has grown at an annual rate of 1.4 percent. Additionally, from 2007 to 2011, fall enrollment has ascended the university's ten-year enrollment average by an average difference of 3 percent. Full-time undergraduate and graduate fall enrollment have increased at annual rates of 3 percent and 7 percent from 2007 to 2011.
- Household structure: From 1990 to 2010, persons living alone in the City of Warrensburg have increased as a share of the total population, from 30.4 percent in 1990 to 31.3 percent in 2010. On average, this segment of the population trended on a pace 4.5 percent higher than the national average from 1990 to 2010.
- Labor force: Johnson County's unemployment rate was nearly 1 percentage point below the national average in December 2011, at 7.5 percent. Additionally, after several years of decline, beginning in 2006, Johnson County has begun to experience growth in employment from 2010 (ten-year low) to 2011; employment is currently trending at 2002 levels.
- Industry sales: Retail Sales in the City of Warrensburg have been lead by the general merchandise stores and eating and drinking retail sectors. On average from 2007 to 2011, general merchandise stores have reported total sales upwards of $82.4 million, while eating and drinking places have reported totals upwards of $37.5 million. Building materials and health services sectors have experienced the most growth from 2007 to 2011, both increasing at annual rates of 27.5 percent.
- Housing: In the City of Warrensburg, occupied space has increased at an annual rate of 1.35 percent from 2000 to 2010. While owner-occupied units have grown during this time period, renter-occupied housing has increased at a quicker pace, at an annual rate of 1.43 percent from 2000 to 2010. During this time period, multiunit structures, specifically ones with 10 to 19 units, have experienced the more robust growth, increasing at an annual rate of 3 percent.
- Housing costs: On average, homes have sold for nearly $120,000 from 2008 to 2009, while the majority of rentals lease for rents between $500 and $1000 per month. In 2011, more than 50 percent of homeowners expended less than 20 percent of their household income on monthly mortgage costs, while over 50 percent of renters expended more than 30 percent of their household income towards monthly rental costs.
- Retail Space: The Maguire street corridor accounts for 67 percent of the total office and retail space in the City of Warrensburg, more than half of which is street level retail. Currently, the Maguire street corridor is reporting a vacancy rate of 6.4 percent, however nearly 90 percent of the vacancy is located on Missouri Route 13, north of US Route 50.

Perceptions, Issues, Opportunities

As part of the Gould Evans Team, AECOM conducted a series of stakeholder interviews in Warrensburg, beginning in December of 2011. Interviews were conducted with a sample of people from along the corridor and around the region, generally including:

- Merchants and property owners
- City staff in planning, finance
- City elected leadership
- County economic development
- University officials
- Real estate brokers
- Real estate property managers
- Main Street program

- Chamber leadership
- state economic development leadership (MODED)

The focus of the interviews was to frame perceptions, issues and opportunities that will influence the overall corridor planning effort. These insights were evaluated based on AECOM experience with similar corridors elsewhere in the Midwest. Key insights included:

Economic Framework

For Warrensburg, the recession came late. Recovery remains slow. Interviews identified several key demand drivers for the community:

Key Anchors – Whiteman AFB

Whiteman AFB employs about 10,000 active duty personnel and civilians, as well as a larger market of retirees. Roughly 75% of the base population lives off-base, in areas such as Warrensburg. In 2010, the base generated a significant impact on the region, supporting a total payroll in excess of $279 million, with base operating expenditures of an additional $220 million. Factoring indirect jobs supported, the 2010 impact study identified a total impact of the base to the region of almost $600 million. Given the sensitive nature of missions at Whiteman, base access is limited.

Partially due to Whiteman, the local market is highly transient, with a reported 47% of the community population turning over every year. Within this larger market, there is a core of retirees and residents who have lived in the community for many years. The transient nature of the community results in distinct and fragmented markets, with broad distinctions in market behavior between military retirees, active duty and college students. Interviews suggest that the military is a key driver of the housing market. Indications suggest that base employment levels have been stable / grown slightly.

Key Anchors - University

Like Whiteman, the university remains an essential anchor for the community. Like many universities, The University of Central Missouri has recently become more interested in how it interacts with the community, playing a more visible role. Reports indicate that the university is expecting a 3% to 4% increase in enrollment over the near-term. With state budgets remaining challenged and less funding for higher education, it is reasonable to expect that the university will pursue growth in enrollments. The University is planning a new mixed use development near the stadium and downtown that will support about 50,000 SF of retail space, in addition to 340 residential units. Reviews suggest that a share of university employees / professors do not live in Warrensburg, opting for communities closer to Kansas City.

Key Anchors – Gateway Tourism

Warrensburg continues to serve as a gateway into the Ozarks and Truman Lake Reservoir. These corridors include:

1. Hwy 71 or Hwy 291, connecting to Hwy 7 to Warsaw
2. Hwy 50 to Hwy 13 to Hwy 7 to Warsaw
3. Hwy 50 to Hwy 65 to Warsaw
4. To get to Lake of the Ozarks, Hwy 50 connects to Hwy 5 in Tipton.

The table below lists four possible routes which can be taken to get to and from these destinations and Kansas City. In addition, each route has a specific segment (i.e. a gateway or destination route segment) followed by the traffic point location associated with that route's specific segment.

From 2000 to 2010, the total daily traffic on Route 2 increased at an average annual rate of 0.1 percent. Route 2 represents the route in this table with the second highest daily traffic count total, at 21,339 in 2010, and is a direct route to the Truman Lake area, passing directly through the City of Warrensburg at US Route 50 and Missouri Route 13. Routes 3 and 4 both pass through the City of Warrensburg traveling to both tourist destination areas; more, average daily traffic counts on the gateway route segment on US Route 50, just west of Tipton, has experienced an average annual increase of 1.53 percent from 2000 to 2010.

Table 1: Traffic Counts for Tourist Destinations near Warrensburg, 2000-2010

	Route Segment	Traffic Point Location	2000	2010	Net	CAGR*
Route 1	Gateway	US Route 71 Southwest of Harrisonville	32,621	30,668	-1,953	-0.62%
	Destination	MO Route 7 West of Clinton	12,104	10,212	-1,892	-1.69%
Route 2	Gateway	US Route 50 West of Warrensburg	16,442	15,953	-489	-0.30%
	Destination	MO Route 13 North of Clinton	4,740	5,386	646	1.29%
Route 3	Gateway	US Route 50 West of Sedalia	13,878	10,849	-3,029	-2.43%
	Destination	Interstate 65 North of Warsaw	9,176	8,490	-686	-0.77%
Route 4	Gateway	US Route 50 West of Tipton	4,992	5,808	816	1.53%
	Destination	MO Route 5 North of Versailles	3,778	2,662	-1,116	-3.44%

Note: CAGR= Compound Annual Growth Rate
Source: Missouri Department of Transportation

While initially Maguire Street was the primary gateway from Kansas City, as other routes have been improved destination traffic through Warrensburg has slowed. At the same time interviews suggest that specific chain stores (Wal-Mart) sustain a strong business catering to this segment. As part of the analysis process, further research will be conducted to better evaluate destination traffic flows through Warrensburg.

Key Anchors – Health Care

The area is supported by a regional hospital. Related demand for medical office space resulted in the construction of several new medical office buildings east of McGuire Street.

Transportation Considerations

Although MoDOT has purchased access rights from property owners along the right-of-way for the new by-pass, it is not clear how this action will prevent retail from shifting toward the corridor. For the near term, values for vacant land appear to be more supportive of continued agricultural use rather than redevelopment. Other considerations include:

- Agricultural land values were quoted in the $2,200 per acre range.
- McGuire Street will require reinvestment in the near term. Potholes and drainage are significant problems, along with limited sidewalks. As one person put it, the State recently put icing (i.e. new asphalt) on what is in fact an old cake.
- Warrensburg lacks solid north south alternatives to Maguire Street. In many ways the community does not have a complete grid of streets.
- Gateway signage into the community is poor, particularly at the US 50 / Maguire interchange. Sense of “arrival” is lacking
- Union Pacific and Amtrak are significant users of the rail line through town.
- Some question as to the level of bike friendliness in the town
- Interviewees suggested that portions of Maguire may need to be widened.

Retail Framework

The market is still reacting to the apparent failure of Hawthorne Plaza, with two largely vacant strip centers and a partially completed bowling center. Interviews suggested that higher rents and limited visibility from Route 13 were factors. Other considerations include:

- Comments focused on the lack of certain types of stores in the community (apparel), linked with proximity to competitive stores closer to Kansas City.

- The community did survive the arrival of a Wal-Mart Supercenter, pointing to a stronger retail market. As well, the larger region appears saturated with Wal-Mart's.

- Reports indicate that several fast food chains rebuilt their stores in recent years to better serve this market.

- Rents along the corridor fall in a $10 to $15 per square foot range, with older shopping centers supporting rents in the $12 per SF range.

- Warrensburg supports a Main Street Program to sustain the downtown area. The area served by Main Street does not include the corridor. The mix of downtown stores includes several consignment shops, as well as restaurants and bars.

- Rents at the southern end of Maguire Street, including the intersection with County Route DD, are generally lower. Route DD was identified as a secondary route for military personnel, who live in the area. Interviews suggested that traffic speeds along this stretch of the corridor are higher, which is counterproductive from a retail standpoint.

Residential Framework

The military appears to have relevant influence over the housing market, particularly homes for sale. "Typical" new housing costs in the range of $175,000 (with basement). The upper end of the market (> $300,000) is saturated according to interviews. Other considerations include:

- During the recession, as military transfers had a harder time selling their other house, local demand for rental houses has increased. Rents for these units tend to fall in a $750 to $1500 per month range.
- Older 2br units (900 SF) rent for about $450 per month and Older 3br units (1100 SF) rent for about $950 per month
- Rates per bedroom for college students range between $250 to $275 per month
- Newer studio units are renting for $375 to $450 per month, and rental occupancies are positive

Core Implications

- The community has clearly benefited from stable growth opportunities created by Whiteman AFB and the university. At the same time, there appears to be a level of complacency about the assumed long-term stability of these anchors. While Whiteman has survived several base closure rounds, and sustains a critical and high profile mission, our experience suggests that over the long-term, there will generally be fewer larger military installations around the country.

- We would argue that the currently difficult fiscal climate at the state level in Missouri is influencing plans by the university to further grow enrollment. Based on experience in Platteville, WI, where UW-Platteville recorded annual enrollment growth of 3.8% since 2000, the rapid introduction of additional students creates both new housing demand, as well as housing market challenges, to the extent that growth happens in a planning vacuum.

- The analysis and interviews point to a retail market which has weathered the arrival of Wal-Mart and grown. Vacancies appear modest, in spite of the recession. Moving forward, our main concern focuses on the new by-pass route, and the extent to which MoDOT practice of securing easements along the corridor to limit development is successful. Field surveys of corridor real estate are suggesting that several existing shopping centers have not seen significant reinvestment recently, potential greenfield sites along the by-pass could see future tenant interest.

- The city does offer an industrial park, although reports suggest that it has few sites left for new development.

Demographic & Economic Perspective

The following section will focus on demographic and economic attributes of the nation.

National Perspective

To provide a proper national context for the Maguire Street Corridor Study, AECOM evaluated broader economic metrics related to how the US is recovering from the recession. Key points include:

- From October 2008 to October 2011, total US employment decreased by nearly 4.4 million jobs.
- For the first time since 1975, the Housing Price Index began to drop, falling nearly 15 percent from the first quarter of 2007 to the first quarter of 2011.
- As of 2010, nearly 1,700 financial institutions either closed or were merged with other financial institutions across the country.
- In 2009, all US financial institutions held a total of approximately $540 million of underperforming assets on their balance sheets. At the time, about 80 percent of these assets were derived from real estate securitized loans.
- Throughout the past 10 years, both mortgage debt and consumer credit have increased at nearly the same pace; however, consumer credit has begun to decrease in recent months, whereas mortgage debt continues to trend at levels equivalent to 2007 levels, parallel with the height of the US housing bubble.
- Individuals 65 years of age and older are expected to increase to over 70 million, noting a total increase of nearly 80 percent since 2010.
- Looking over the past 200 years of westward expansion of the US, the period from 2000 to 2010 saw a remarkably slow rate of movement in the center of the US population, comparable to levels achieved between 1920 and 1930. This lack of mobility is a key challenge for the country

Recession and Recovery

In 2008, the United States economy officially entered a recession. Economists consider this recession as a "generational" recession, or in other words, a severe economic event which happens infrequently and has a range of impacts much greater than a normal business cycle. More so, this experience has been described as the deepest economic recession since the Great Depression.

While there are myriad elements accounting for the cause of the current economic downturn, the underlying cause is generally recognized as the excessive expansion of credit issuance coupled with a contraction of economic activity and combined with the realities of government policy which favored home ownership while also deregulating financial and banking services. Severe reactions rippled throughout the US consumer sector, a sector driving growth and health of the nation's economy. Credit losses and economic weakness ignited uncertainty and panic within financial markets, which in-turn added another layer to the national economic problem, thus accelerating the deterioration of the US economy which began to be felt sometime between 2007 and 2008.

Arguably, the Midwestern US felt pressures sooner than the rest of the country. In 2006, industrial sectors slowed, at first by stagnation in the home construction industry and then sweeping throughout various industries following the collapse of Lehman Brothers in September 2008. This event marks one of the most profound periods of economic distress in recorded history. By October 2008, financial markets in the US and overseas essentially stopped working, industries shutdown, layoffs spiked, and the unemployment rate dramatically accelerated. Many cornerstones of the US economy, such as the automobile industry, were weakened to the point of bankruptcy and in some cases operations were terminated entirely. As a result, these deep impacts have caused fissures within the foundation of the US economy, likely to create long-lasting implications for many sectors, for many years to come. For example:

- Over the years, the US approach to economic growth can be best described as creative destruction: allowing firms to go bankrupt and then redeploying resources in new ways. Looking back to the last significant recession in the early 1980's, it is notable that many companies that are taken for granted today were formed out of this last period of dramatic instability. Some may expect the same from the current economic recession.

- Dramatic growth in home prices between 2004 and 2007 effectively dampened the initial wave of the Baby Boomer generation's housing transition, which may have otherwise happened. Subsequent impacts on retirement savings also suggest that many Boomers will need to remain in the workforce, which raises a unique set of workforce development challenges.

An additional concern is the broader impact of the recession on the public sector relative to tax implications. Across the US, property value growth has halted and begun to decrease. When combined with decreases in sales tax revenue and a general slowdown in development, the period from 2009 to 2014 may prove to be the most difficult years that the public sector has faced in recent history. While some public sector entities are better positioned to ride out these years, other entities will struggle with insolvency unless restructuring efforts are undertaken.

While recent events have proved dramatic with respect to financial implications and behavioral economic trends, there are signs of improving economic activity. In the later months of 2010, the US economy began to show signs of recovery, specifically:

- Following a contraction within the financial market, the market itself is showing signs of stability; however, economic activity is yet to increase due to tight access to capital for consumers and businesses.

- Some benefits of Federal stimulus have begun to emerge, resulting in limited economic activity as seen in employment, wages and housing prices. At the same time, the influence of policy levers is now weakening.

- Employment has experienced static movement throughout 2010 and since January 2011, the US has seen gradual increases in hiring, boosting total employment each month.

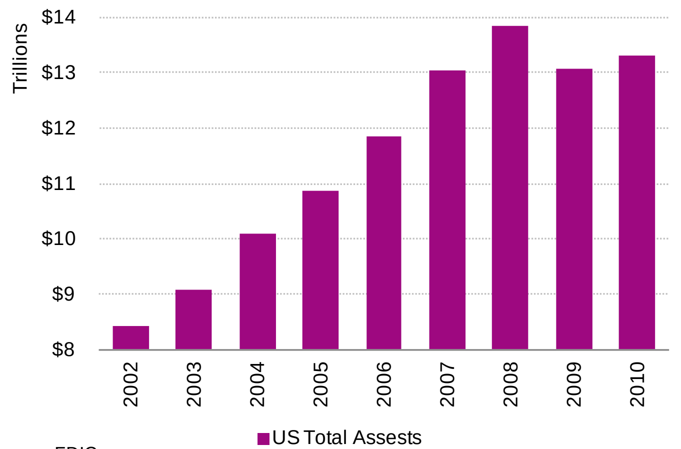
- Following years of dramatic growth in the price of homes from 2004 to 2007, home prices in the US decreased at staggering rates from 2006 to 2009; however, though home prices continue to lose value, in 2010 home values did not decrease at as slow a pace as they did in 2008 and 2009.

As the US and global economy slowly recovers, there are certain factors that will cause lag-time, resulting in a slower recovery than what may have been anticipated. While some segments of the US economy are improving, overarching factors may indicate a slow moving process towards a full recovery of the nation's financial system. In the following section, AECOM will provide a broad overview of the current national economic outlook. Most metrics will be analyzed based on how much the US has recovered since the housing and financial collapse.

State of Financial Institutions

The health of financial institutions is measured by a number of factors, one notable factor being the amount of bad debt a single bank or financial institution is carrying; in other words, what proportion of a bank's total assets are made up of loans or leases that are delinquent/underperforming (i.e., assets past due 30-90 days, assets past due 90 or more days, or assets in nonaccrual status). The following charts below look at all commercial banks and financial institutions that are insured or assisted by FDIC.

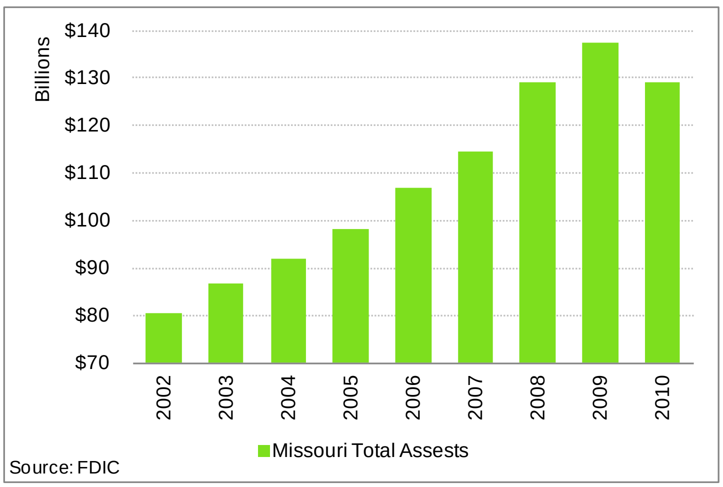
Figure 1: US Banks – Total Assets, 2002-2010



Source: FDIC

The adjacent chart summarizes the total amount of financial assets of all banks in the nation. From 2002 to 2010, total financial assets in the US have increased by an annual rate of six percent, peaking in 2008 at approximately $1.4 trillion. Since 2008, assets have decreased slightly and leveled off by 2010. The next figure tracks the growth of total assets by banks in Missouri.

Figure 2: Missouri Banks – Total Assets, 2002-2010

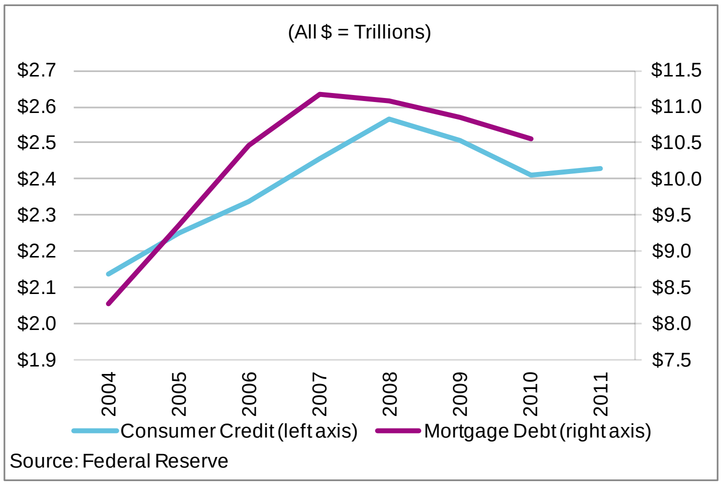


Total bank assets peaked in 2009, nearing $140 billion. Since then, Missouri has experienced a sharper decline than the US; however, total assets continue to remain substantially higher than all years prior to 2009. However, overall, from 2002 to 2010, Missouri is trending at the same pace as the US, increasing at an annual rate of 6 percent.

State of Consumer Borrowing

As the nation's economic recovery approaches its fourth year, it remains weak, only improving at a slow pace. Among other things, the current sluggish pace of recovery is due to the arduous process of deleveraging, as financial institutions and individuals chip away at massive amounts of debt. The following chart shows the amount of national debt as measured by consumer credit and mortgages.

Figure 3: National Debt Types, 2004-2011



Through nine months into 2011, consumer loans (excluding property), shifted upwards despite anti-credit attitudes born out of the recession; while at the end of 2010, mortgage debt has decreased slightly but is still far above 2005 levels. The data from the cross-currents is telling, suggesting a possible rise in confidence and income to boost some forms of consumer credit. Notable statistics include:

- Despite a 1.89 percent annual decrease following a peak in home mortgage debt in 2007, home mortgage debt in the US has increased at an annual rate of 4.14 percent from 2004 to 2010. This increase accounts for an actual net increase of nearly $2.3 trillion.

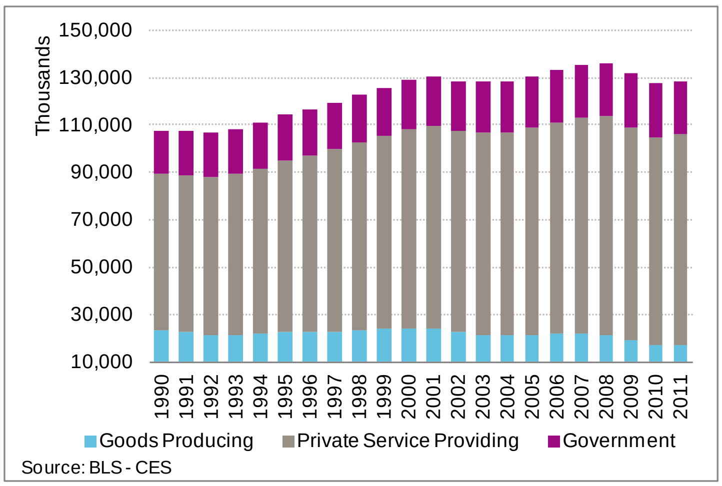
- 2008 marked the peak for which institutions extended credit (excluding property) to consumers. Onwards, consumer credit has decreased at an annual rate of 1.9 percent, a net total of about $145 billion in two plus years, nearing pre-recession levels.

As consumer credit converges on relative stability, mortgage debt remains the weakest part of the overall credit market. In the coming years, mortgage lending standards are likely to tighten. New rules being developed could require mortgage lending institutions to retain at least five percent of newly originated mortgages, where in the past it was routine for banks to sell off 100 percent; borrower down-payment commitments will grow.

State of Employment

Commonly cited as a leading metric gauging economic health, employment, as defined by the US Bureau of Labor Statistics (BLS), includes the total number of persons on establishment payrolls employed full- or part-time; including, intermittent employees, workers on sick leave, workers on paid holiday, and striking workers who are paid. Excluded from this measurement are proprietors, self-employed, unpaid family or volunteer workers, farm workers, and domestic workers.

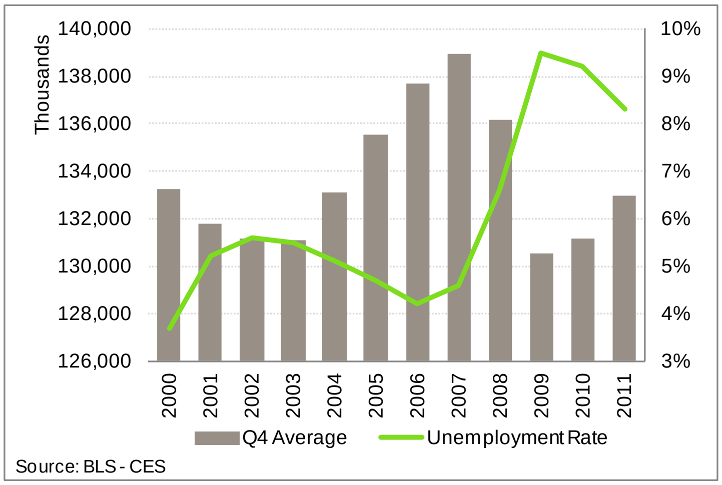
Figure 4: National Employment, January 1990-2012



The following chart shows the US average annual total employment from 1990-2012 (as of January) for aggregated industry sectors. During this time period, total employment increased by approximately 23 million, increasing at an annual growth rate of 0.88 percent. While the annual growth rate over this period of time has shown an upward trend, employment has decreased the past several years.

The US experienced the most dramatic decrease in employment from 2007 to 2009. Within this three year stretch, total employment decreased at an annual rate of 1.3 percent. From 2007 to 2009, the Goods Processing industry sector lost nearly 2.5 million jobs; the Private Service Providing industry sector lost nearly 1.4 million jobs, while the Government sector saw an increase of 500,000 jobs. However, there are signs of recovery, from January 2011 to January 2012, the United States economy gained nearly 1.9 million jobs. This growth is made up entirely from the private sector, as the government lost 300,000 jobs from 2011 to 2012. Additionally, pending for the future may be the loss of more government jobs, due to overbearing debt at all levels of government.

Figure 5: US Total Employment vs. Unemployment Rate, Q4 2000-2011



The chart above shows cyclical unemployment in the US, downward shifts in employment and upward shifts in the unemployment rate as of Q4 2000 through Q4 2011. Cyclical unemployment is the by-product of a weak economy. The onset of the recession occurred between 2007 and 2008 during the collapse of the US housing market, followed by financial institutions freezing credit.

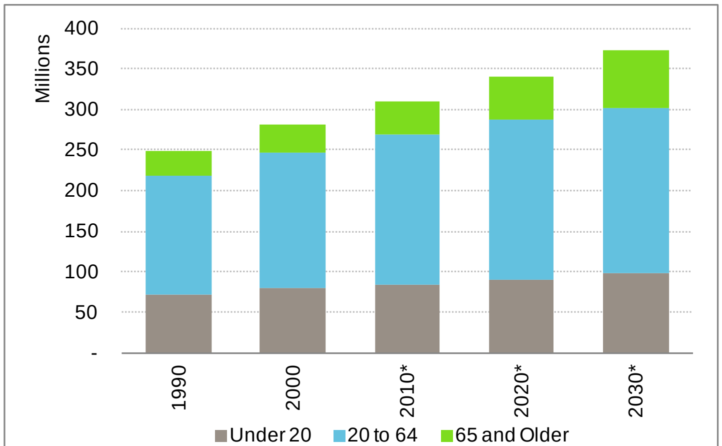
During the time of recession, the Q4 2008 total employment was nearly 136 million. However, the Q4 2008 unemployment rate of 6 percent was just beginning to rise, not peaking until Q4 of 2009, at 9.5 percent. Employment numbers reached a low point in Q4 of 2009; at this time, there were approximately 131 million individuals employed in the US labor force, about a 6-percent drop from the peak in Q4 of 2007. Concurrently, the nation's unemployment rate was at its peak.

It should be noted that in a healthy economy, a positive unemployment rate may be considered a good thing. It is an indication of a fluid available workforce, as well as potential for growth. Therefore, static unemployment, at some lower capacity, is healthy. In other words, a positive unemployment rate is the price paid for technological and personal socioeconomic advancement, taking into account structural unemployment (i.e., factory layoffs) and frictional unemployment (i.e., individuals moving between industries and locations).

Boomer Retirements

Defined by the US Census, Baby Boomers are individuals that were born in the post-World War II demographic birth boom, between 1946 and 1964. Population projections from 2000 to 2030 are shown below.

Figure 6: US Population Age Cohort Growth Projection, 1990-2030



Source: Census

Currently, the oldest Baby Boomers (born in 1946) will turn 65 years old in 2011, the youngest (born in 1964) are currently 47 years old. By 2029, all of the Baby Boomer generation will be 65 and older, the oldest individuals will be age 83. Not until 2031, when the youngest individuals of the Boomer generation are 67 years old, will all individuals within this cohort be eligible for full Social Security benefits. As Baby Boomers enter their retirement years, some economists believe that there will be a wide range of implications on the country. The projected growth of the older population in the US may present challenges to policy makers and programs (i.e. Social Security and Medicare). Additionally, the aging population may affect the government, businesses, health-care providers, and families.

Labor force participation among the elderly will have an important impact on the economy and dependency in the future. Some of these impacts will affect:

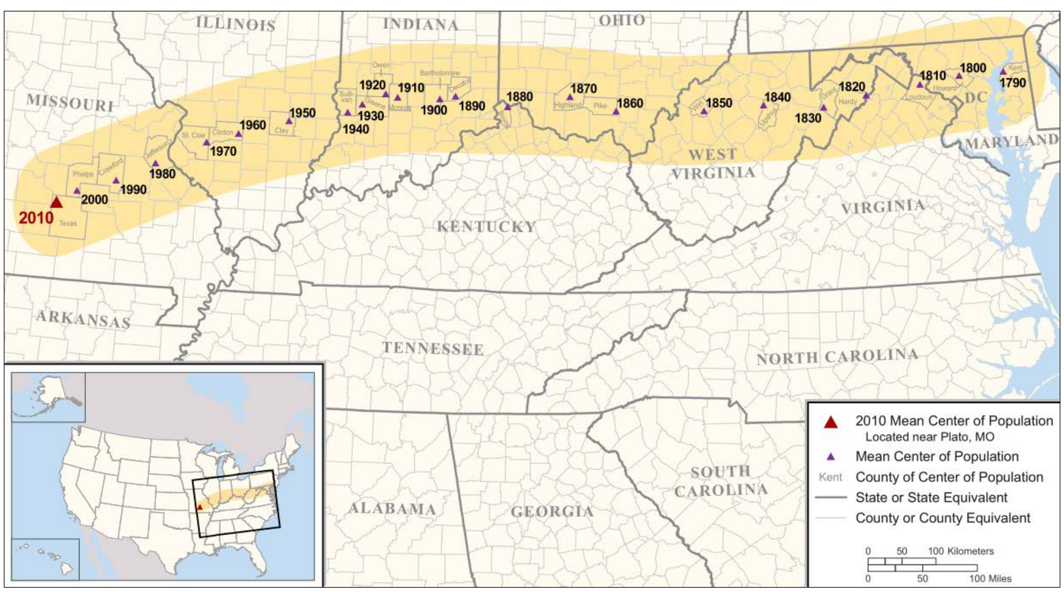
- The accumulation of credits for pensions, annuities, Medicare and Social Security benefits.
- The preemption of time and energy of adult children in supporting parents as dependents.
- As boomers reach retirement age they will be dependent on different sources of income, including a Social Security fund that will deplete as more individual become eligible.
- Patterns in labor force involvement in the past 50 years suggest that there is a declining trend in median age of retirement; however, with the recession affecting the savings of many boomers, some economists anticipate those reaching 65 (the official retirement age) to remain in the workforce.
- As the economy begins to slowly recover and grow, a workforce swollen with the Baby Boomer cohort may mean fewer jobs for younger workers, as well as those who became unemployed during the recession.

Population Center

The population center is defined as the geographical location that represents the centroid of a region's population. As there are shifts in population and migration, the population center shifts as well. Throughout history, the US population center has shifted in a line with southwesterly tones.

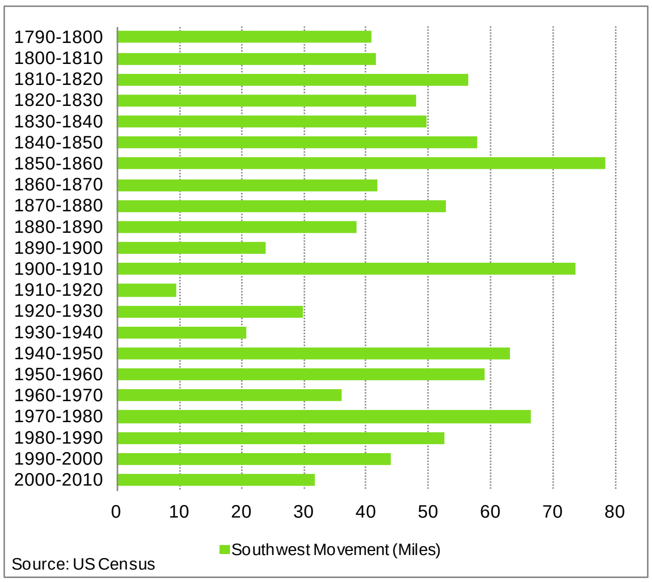
The National Mean Center of Population, determined by the US Census Bureau, is established by determining the place where an imaginary, flat, weightless and rigid map of the US would be in perfect balance. More clearly, the mean center is the geographic point where the US would be in perfect balance if each of the 308.7 million citizens weighed exactly the same. Since 1790, the population center has shifted west, reflecting the settling of the frontier, where waves of individuals began to immigrate west and south. According to the Census, the current location in Texas County, Missouri has traveled nearly 1,000 miles from the original center in 1790, Kent County, Maryland. The following figure shows the direction the National Mean Center of Population has traveled since 1790.

Figure 7: US Census Map of Population US Center, 1790-2010



The chart below tracks the number of miles that the mean center of US population has shifted to the southwest since 1790; thus, the ten-year rate of movement. Particularly notable in the following chart is the slower rate of movement during times of national economic turmoil; for example, between 1920 and 1940 the average rate of southwesterly movement was nearly 2 miles annually. This is significant, in that the rate of movement between 2000 and 2010, about 3 miles per year, which compares to trends from previous periods where the national economy was stressed. On average, the population center moved nearly 5 miles southwest annually since 1790.

Figure 8: US Population Center Distance Traveled SW, 1790-2010



Warrensburg / Johnson County Perspective

The section below will focus on demographic and economic characteristics of Johnson County, relative to select benchmark cities / counties, as well as the state of Missouri and the nation.

Population

The population of Johnson County (otherwise referred to as the Warrensburg Micropolitan Area) grew at an annual rate of 0.86 percent from 2000 to 2010 reaching approximately 52,600 in 2010, according to the US Census. The county's land area is approximately 530,000 acres with a population density of 0.10 people per acre and 63 people per square mile. The City of Warrensburg represents the largest municipality within Johnson County, with a total population of nearly 18,840 in 2010. Since 2000, The City of Warrensburg's share of total county population has increased at an annual rate of 0.6 percent from 2000 to 2010.

Figure 9: Map of Warrensburg Study Area

Dividing the City of Warrensburg from east to west is the Maguire Street Corridor (Located in above map). Since 2000, the Maguire Street Corridor has maintained nearly a 9 percent share of the total Warrensburg population, increasing from 1,530 in 2000 to 1,636 in 2010. According to the Census, the City of Warrensburg had a population density of 2.09 people per acre in 2010, while the Maguire Street Corridor had a slightly lower density figure at 2.02 people per acre in 2010.

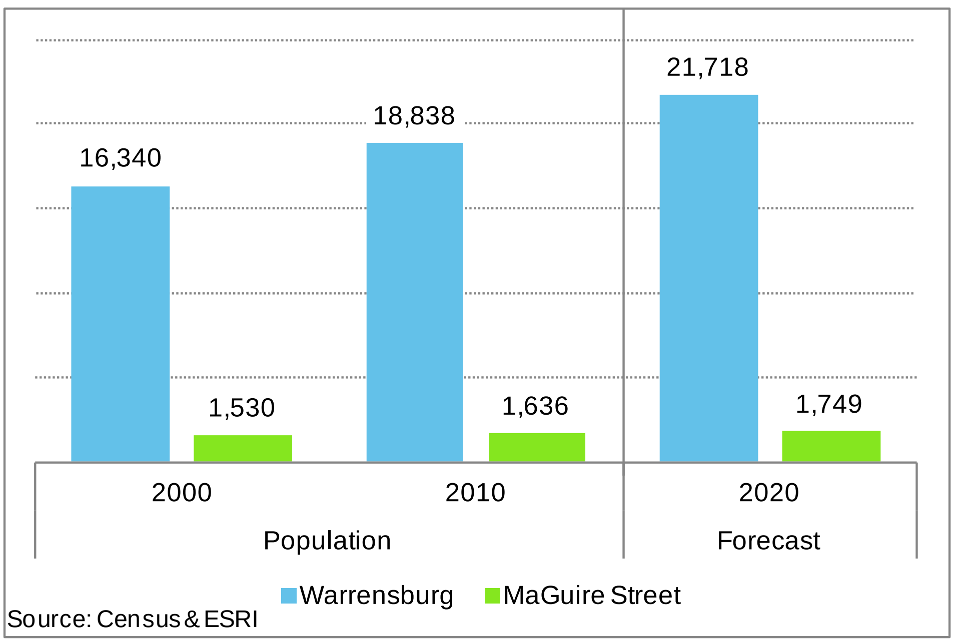
Table 2: Regional Population Characteristics, 2000-2010

	Population		CAGR	Net	Land Area		2010 Pop Density Per	
	2000	2010	2000-10	2000-10	Acre	Sq. Miles	Acre	Per Sq. Mile
Johnson County	48,258	52,595	0.86%	4,337	530,739	830	0.10	63
Warrensburg	16,340	18,838	1.43%	2,498	8,997	8.85	2.09	2,129
Maguire Street	1,530	1,636	0.67%	106	810	1.27	2.02	1,292

Source: Census & ESRI

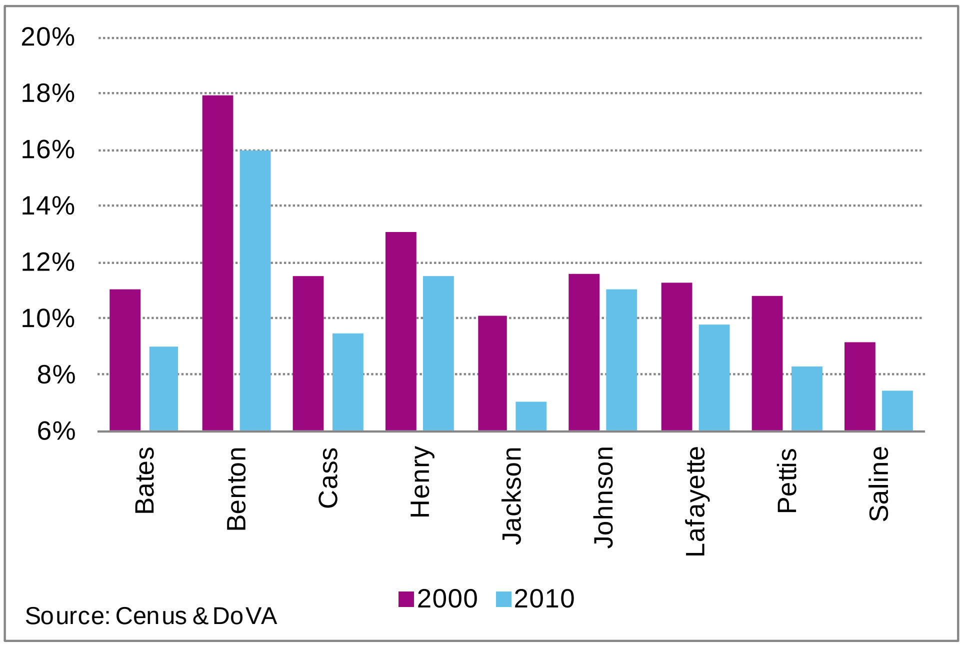
According to forecasts based on Census data, Warrensburg's population is projected to reach nearly 22,000 by 2020. Forecasts suggest that the Maguire Street Corridor, currently making up 9.4 percent share of the City's population, will experience a slight decrease in share from 2000 to 2010.

Figure 10: Warrensburg Population Forecast, 2000-2020



A significant portion of the City of Warrensburg's residents are students who attend the University of Central Missouri. AECOM estimated that college students accounted for roughly 15 percent of the Warrensburg population in 2000, and 13.7 percent in 2010. The Whiteman Air Force Base (AFB) Census Designated Place (CDP), located approximately 12 miles to the southeast of Warrensburg near the City of Knob Noster, reported a population of approximately 2,560 residents in 2010, which has decreased by 1,260 since 2000.

Figure 11: Johnson County Share of Veteran Population Comparison, 2000-2010



The chart above looks at the share of veterans living in Johnson County and all neighboring counties from 2000 to 2010. In 2010, Johnson County ranked third, relative to the counties indicated above, with a total of 5,800 former veterans in the general population. Jackson County (Kansas City) to the northwest, with approximately 50,000 veterans, and Cass County to the west, with 9,600 veterans, both reported higher totals of veteran population in 2010.

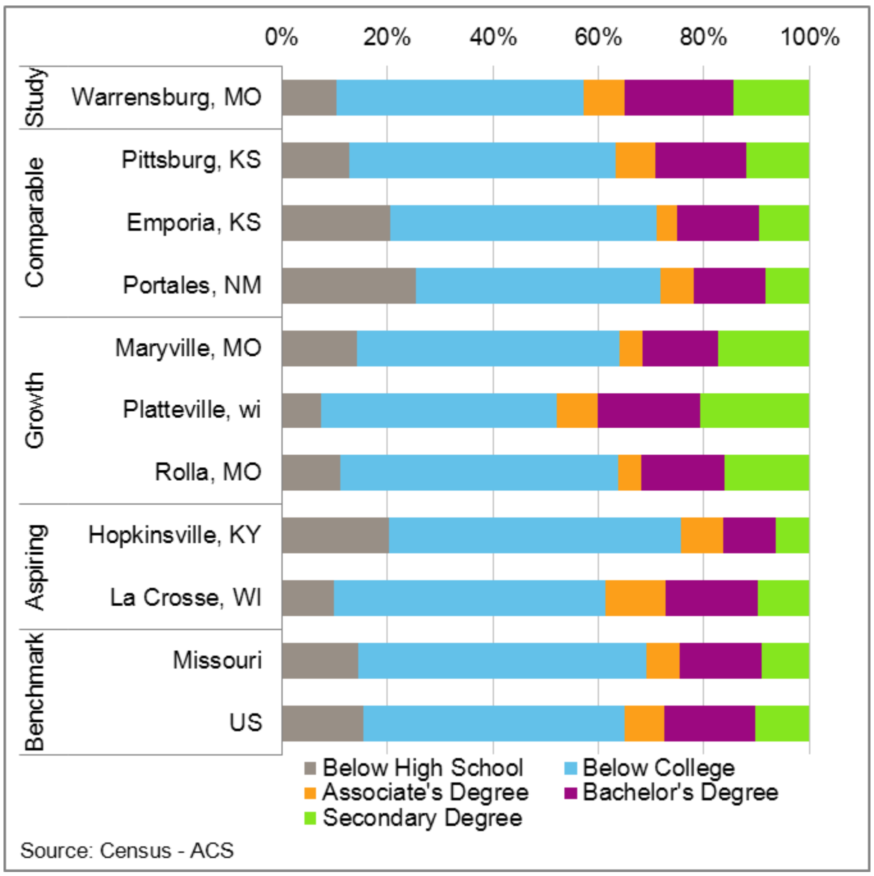
While each county indicated above have declined in the share of veteran population from 2000 to 2010, Benton County to the southeast, reported the highest share of veterans, with a 16 percent share in 2010. Johnson County reported an 11 percent share of veterans relative to total population in 2010, representing a decline by an average annual rate of 0.5 percent from 2000 to 2010.

Educational Attainment

The educational attainment of City of Warrensburg's workforce will influence the Area's business mix moving forward, and help inform how new jobs may take the place of jobs lost. The figure below examines the City of Warrensburg's share of population aged 25 years and older by educational attainment as compared to the State of Missouri, the nation and benchmark municipalities.

In 2009, nearly 57 percent of Warrensburg's population of individuals 25 years of age and older did not possess a higher-level degree (i.e. Associates, Bachelors, Secondary). With the exception of Platteville, WI, the City of Warrensburg was below the national average, state averages and benchmark cities for this measure. Slightly more than 43 percent of Warrensburg's residents hold at least an associates, bachelors, or secondary degree, exceeding the state average, at 31 percent, and the US average, at 35 percent. Only Platteville had a higher percentage of residents 25 years of age and older with at least an associate's, bachelor's or secondary degree, 48 percent.

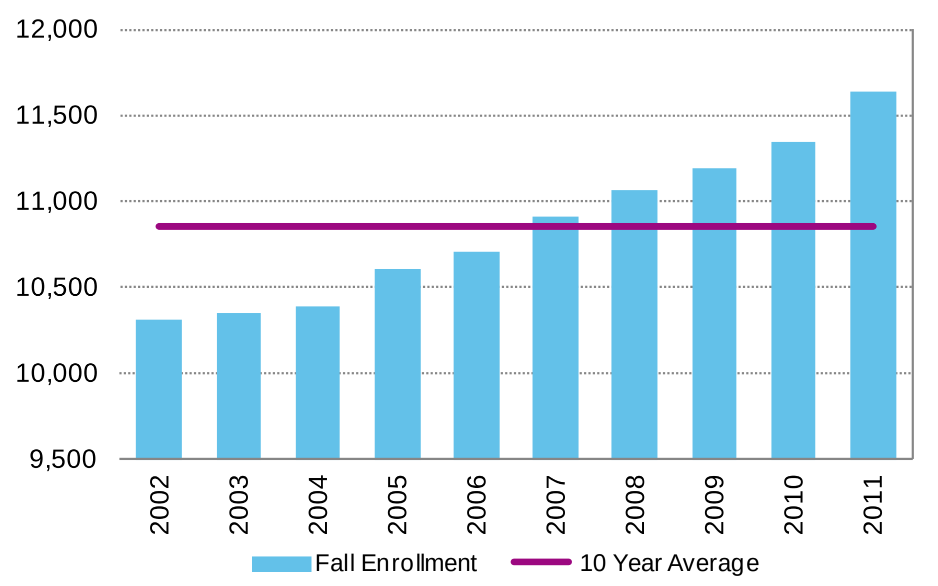
Figure 12: Benchmark Educational Attainment, 2009



College Enrollment

The figure below speaks to the growth trend in enrollment at the University of Central Missouri (UCM) from 2002 to 2011. UCM's average fall enrollment was 10,850. Overall, in the past 10 years, fall enrollment has increased at an annual rate of 1.35 percent, exceeding the ten year average from 2007 to 2011. From 2007 to 2011, average tuition rates increased by an annual rate of 2.9 percent, rising from approximately $9,000 in the fall of 2007 to $10,100 in the fall of 2011.

Figure 13: Univ. of Central Missouri Fall Enrollment, 2002-2011



Source: University of Central Missouri

The University of Central Missouri's student body consists, primarily, of full-time undergraduates. However, graduate students have increased at a quicker pace than undergraduates from 2006 to 2011; during this time, fall graduate enrollment increased from 1,741 in 2006 to 2,171 in 2011, and undergraduate fall enrollment increased from 8,970 in 2006 to 9,466 in 2011. From 2006 to 2011, the share of full-time undergraduate students increased at an annual rate of 1.2 percent, while the share of full-time graduate students increased at an annual rate of 3.8 percent. These growth rates are a clear indication that students are opting to attend college on a full-time basis as opposed to part-time, as well as students making the choice to either stay or return for a post-secondary degree.

Table 3: Univ. Central Missouri Total Fall Enrollment, 2006-2011

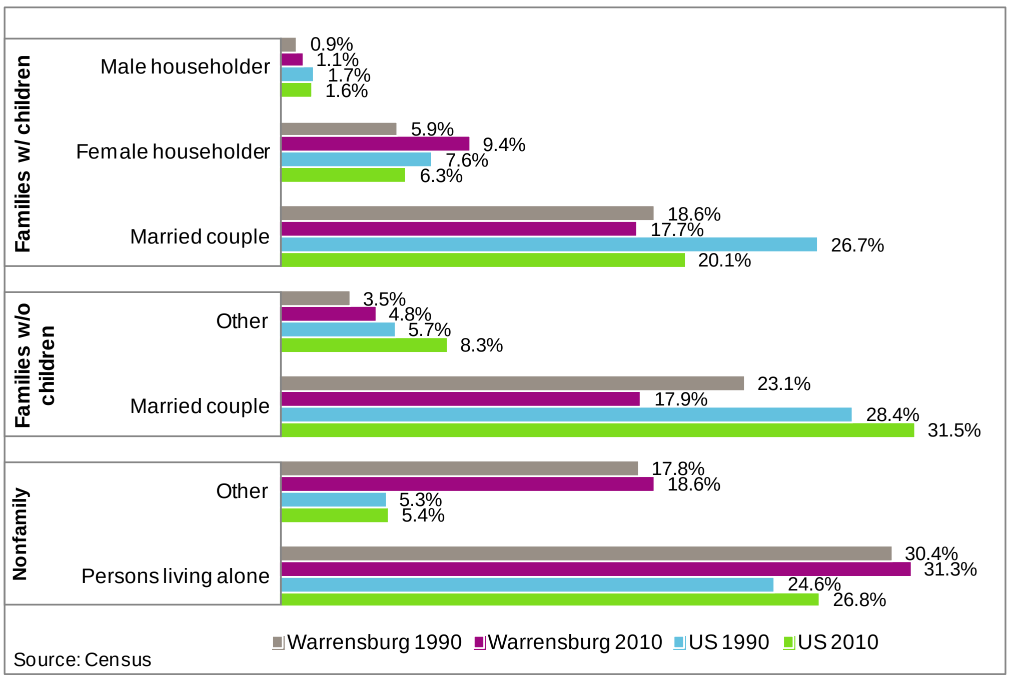
	2006	2007	2008	2009	2010	2011	CAGR 06-11
Total Undergraduate	8,970	8,919	8,980	9,088	9,168	9,466	1.1%
Full Time	*7,133*	*7,070*	*7,185*	*7,565*	*7,826*	*8,009*	*2.3%*
Part Time	*1,837*	*1,849*	*1,795*	*1,523*	*1,342*	*1,457*	*-4.5%*
Total Graduate	1,741	1,999	2,083	2,103	2,183	2,171	4.5%
Full Time	*414*	*477*	*491*	*550*	*612*	*622*	*8.5%*
Part Time	*1,327*	*1,522*	*1,592*	*1,553*	*1,571*	*1,549*	*3.1%*
Total Enrollment	10,711	10,918	11,063	11,191	11,351	11,637	1.7%
Full Time	*7,547*	*7,547*	*7,676*	*8,115*	*8,438*	*8,631*	*2.7%*
Part Time	*3,164*	*3,371*	*3,387*	*3,076*	*2,913*	*3,006*	*-1.0%*

Source: University of Central Missouri

Household Structure

The figure below depicts changes in household structure from 1990 to 2010 for the US and the City of Warrensburg. This figure revealed that the share of married families with children is expected to decrease by nearly 6.6 percent in the US and only 0.8 percent in Warrensburg. Persons living alone in Warrensburg are expected to grow by an actual 1 percent, from 30.4 percent to 31.3 percent from 1990 to 2010, while nationally this segment will increase by 2.2 percent. Married couples without children are projected to grow faster at the national level, as this share increases by 3.1 percent nationally, while in the City of Warrensburg, married couples without children will be 5.1 percent less in 2010 than what it was in 1990.

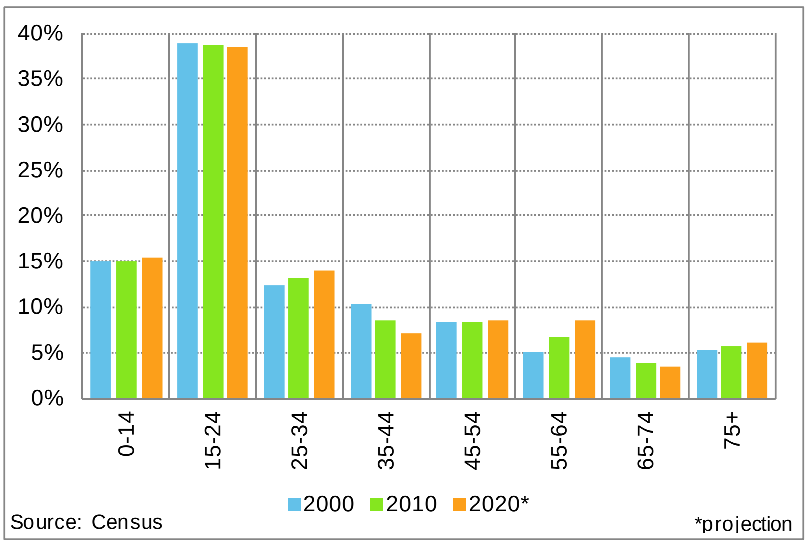
Figure 14: Changes in Household Structure, 1990-2010



Age Characteristics

Changes in population levels often correspond with shifts in age, household size and household structure. In the City of Warrensburg younger people, those between the ages of 0 and 24, experienced a slight decline as a share of the city's population; from 2000 to the 2010 projection, this cohort declined at an annual rate of 0.4 percent from 2000 to 2010. Children (ages 0-14) and young adults (ages 15-24) represent the largest segments of the population. Segments expected to grow through 2010 are groups between the ages 0 to 14 (growth rate of 0.1 percent), 25 to 34 (growth rate of 0.6 percent), 55 and 64 (growth rate of 2.5 percent), and older the older than 75 segment (growth rate of 0.6 percent).

Figure 15: Warrensburg Age Distribution, 2000-2020 (Projection)



Migration

Indicated in the table below, individuals migrating to Johnson County have been outnumbered by those migrating from Johnson County between 2001 and 2010. During this 10 year time span, Johnson County has experience a negative net migration of nearly 600 individuals. From 2001 to 2010, the majority of individuals migrating to and from Johnson County originated from and traveled to elsewhere in the state of Missouri (50 percent).

Table 4: Johnson County Population Migration, 2001-2010

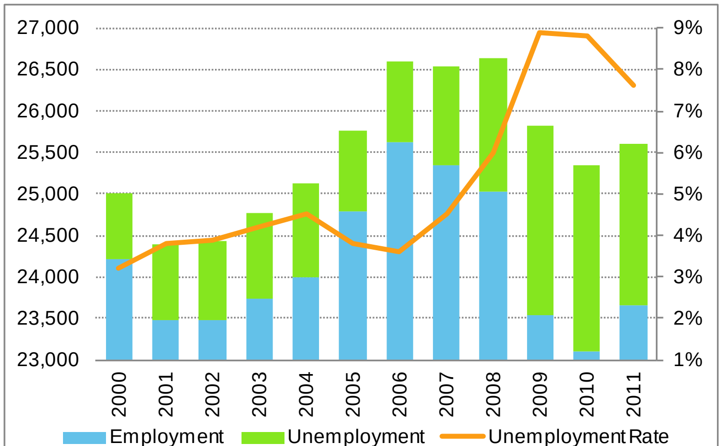
Total Mig - US & Foreign	Migration Into Johnson MO	Migration Out of Johnson MO	Net Migration
2001	2,058	1,969	89
2002	2,034	1,986	48
2003	2,091	2,070	21
2004	2,105	2,081	24
2005	1,941	2,079	-138
2006	1,910	2,106	-196
2007	1,874	1,993	-119
2008	1,867	2,072	-205
2009	1,968	1,994	-26
2010	1,861	1,953	-92
TOTAL	19,709	20,303	-594

Source: US Internal Revenue Service

Labor Force

The labor force is defined as all workers aged 16 and over that are either working or are actively seeking work. This naturally excludes most high school students, stay-at-home parents, retirees, individuals on medical leave, or other people who choose not to work.

Figure 16: Johnson County Labor Force, December 2000-2011



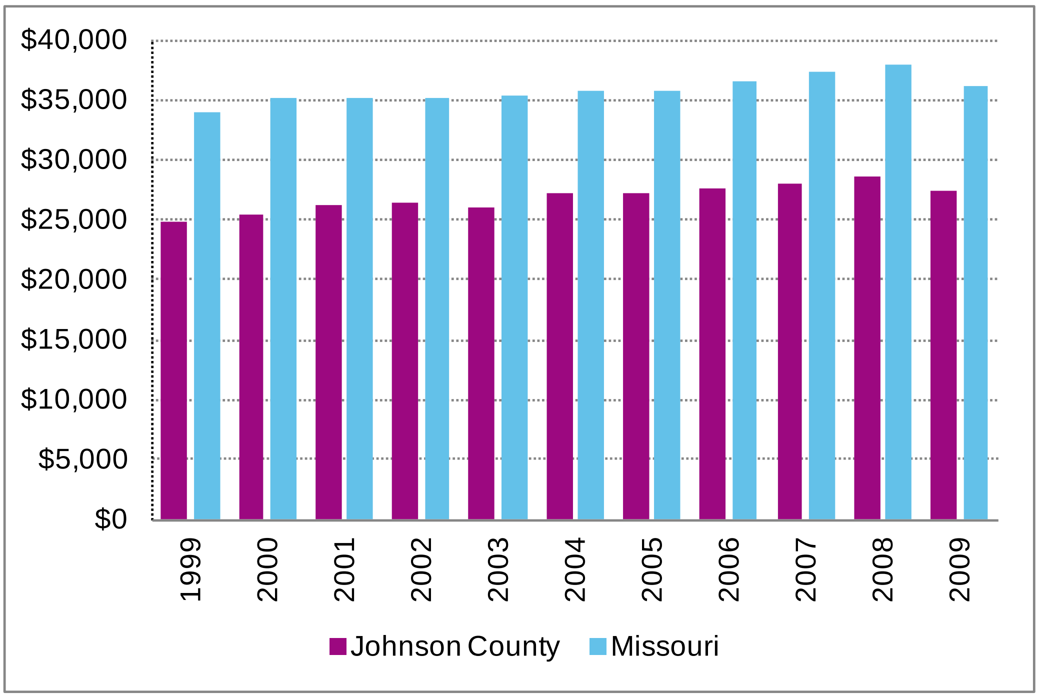
Source: BLS - LAUS

The figure above explores the annual labor force, employment and unemployment rate in Johnson County from December 2000 through December 2011. Peaking in 2006, employment in Johnson County grew from 24,200 in 2000 to 25,600 in 2006, while experiencing a favorable unemployment rate of 4 percent. Overall, while the labor force has grown, employment is currently trending below 2000 levels; however, it should be noted that total employment in Johnson County has shed a net 545 jobs since 2000, but nearly 2,000 jobs since 2006. Additionally, employment reached a low point in 2010, at 23,100, reflecting trends of the national recession, but in the past year Johnson County has improved slightly, increasing by 2.42 percent, while the unemployment rate has decreased 1 percentage point to 8 percent.

Income & Wages

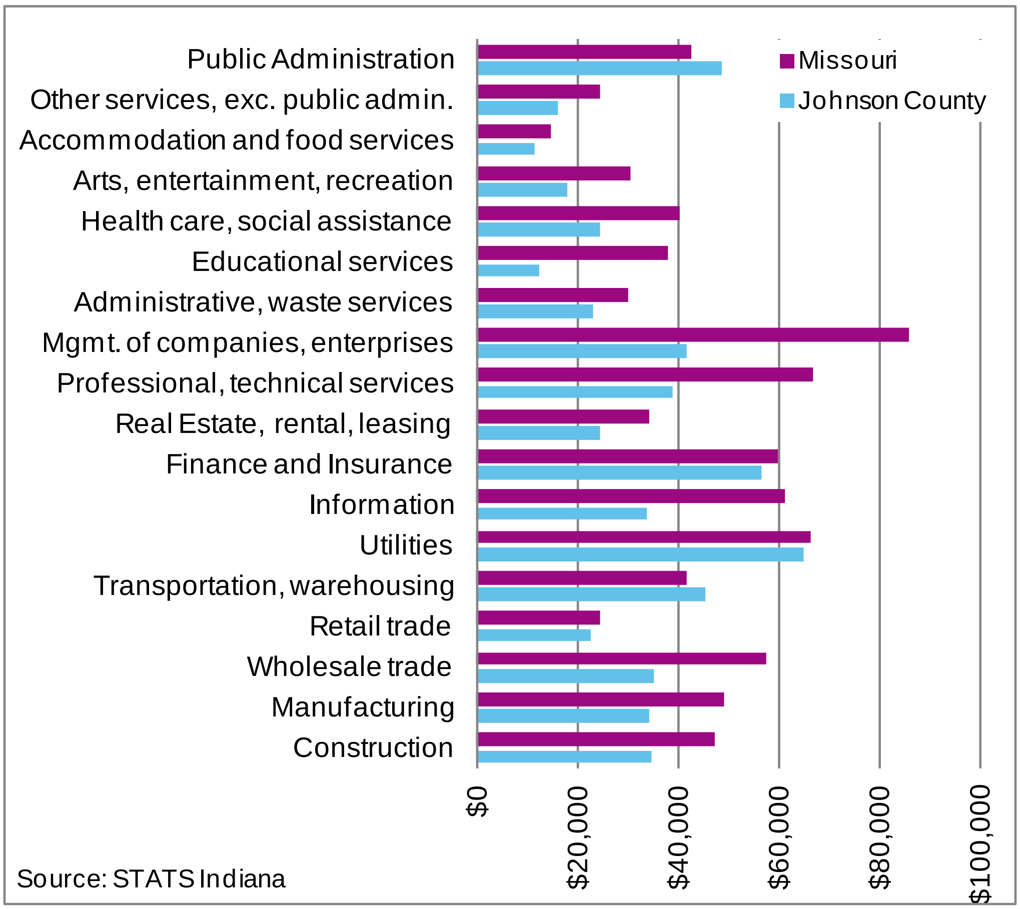
The below figure looks at per capita personal income in Johnson County compared to the state of Missouri from 1999 to 2009. During this time period individuals throughout the state of Missouri earned 33 percent more than individuals in Johnson County. However, from 1999 to 2009, per capita income in Johnson County increased at an annual rate of 1.24 percent while per capita personal income across the state increased at an annual rate of 0.8 percent.

Figure 17: Per Capita Personal Income, 2000-2009



The chart below looks at average wages across industry sectors in Johnson County compared to the state of Missouri in 2010. Overall, average wages across all industry sectors are nearly 21 percent lower in Johnson County compared to the state of Missouri, and 34 percent lower in the private sector. With the exception of public administration industry sector and transportation and warehousing industry sector, in no instance are wages in Johnson County greater than they are in the state of Missouri. However, nominal wage differentials in the retail trade industry and the utilities industry sector imply that wages in these sectors are comparable.

Figure 18: Industry Distribution of Avg. Wage Per Job, 2010



Benchmark Analysis

The following section is a benchmark analysis. This section will take a look at the performance and health of the City of Warrensburg relative to a select group of comparable cities. The criteria for selecting the benchmark cities for this analysis included several key attributes; such as, cities relative in size, cities with a mid-level college or university, cities experiencing growth, or larger cities that serve as potential / ideal models for Warrensburg, and cities that are within 15 miles of a functioning military facility (not all benchmarks exhibit this trait).

Throughout this section, the subsequent analyses will be formatted by indicating each benchmark by their respective subset, for example:

- The comparable benchmark subset – those cities which are similar size and geographic location, with university or military facility, and a population growth rate below 1 percent;

- The growth subset – those cities experiencing similar levels of population growth as the City of Warrensburg, specifically, cities with a population growth rate above 1 percent;

- The aspiring subset – those cities that act as a model for the City of Warrensburg to strive towards, in terms of labor force, and population growth.

Identified below are the cities that have been selected as appropriate benchmark cities; additionally, their host counties and universities have been listed as well.

Comparable Benchmarks:
- Emporia, KS, Lyon County – Emporia State University
- Pittsburg, KS, Crawford County – Pittsburgh State University
- Portales, NM, Roosevelt County – Eastern New Mexico University / Cannon AFB

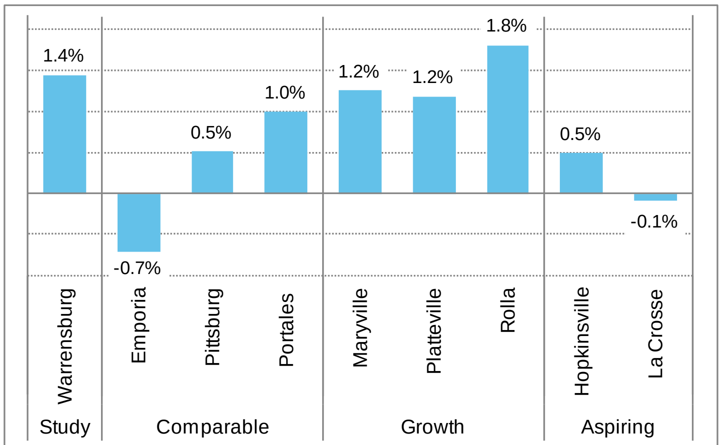
Growth Benchmarks:
- Maryville, MO, Nodaway County – Northwest Missouri State University
- Rolla, MO, Phelps County – Missouri University if Science and Technology / Fort Leonard Wood
- Platteville, WI, Grant County – University of Wisconsin-Platteville

Aspiring Benchmarks:
- La Crosse, WI, La Crosse County – University of Wisconsin-La Crosse
- Hopkinsville, KY, Christian County – Murray State University / Fort Campbell

Population Comparison

From 2000 to 2010, reporting a 2010 population of nearly 19,000, the City of Warrensburg experienced population growth, at an annual rate of 1.4 percent, quicker than all benchmarks included in this study, with the exception of Rolla, Missouri. La Cross, Wisconsin, with a 2010 population of 51,000, decreased at an annual rate of 0.1 percent from 2000 to 2010, and Emporia, Kansas, with a 2010 population of nearly 25,000, decreased at an annual rate of 0.7 percent from 2000 to 2010. On average, Warrensburg's growth rate trends in line with the growth benchmark cities, which averaged an annual population growth rate of 1.4 percent from 2000 to 2010.

Figure 19: Population Growth Benchmark Comparison, 2000-2010

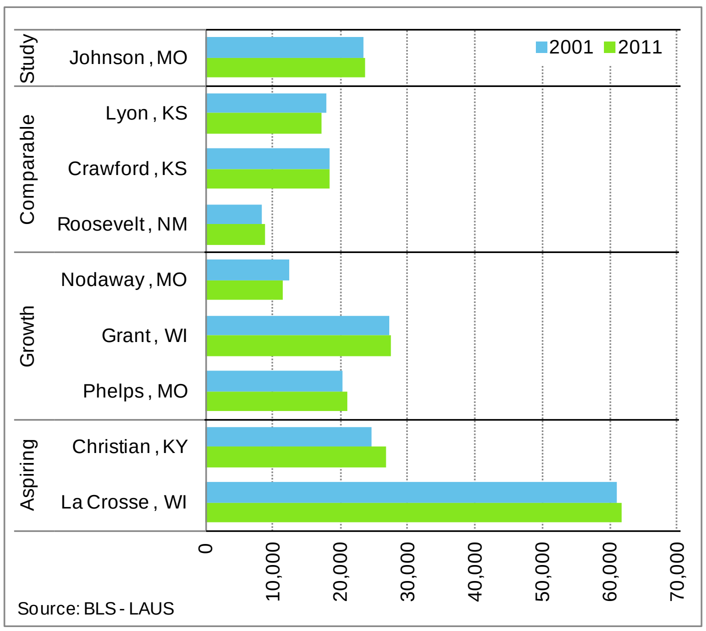


Source: Census

Employment Comparison

From 2001 to 2011, employment in Johnson County has increased nominally, at an annual rate of 0.1%. Relative to the benchmark counties, Lyon County, Kansas, Nodaway County, Missouri, and Grant County, Wisconsin, were the only counties that performed worse in terms of adding jobs. Employment levels in Christian County, Kentucky, increased at an annual rate of 1.0 percent from 2001 to 2011, representing the benchmark county with the quickest growth. The subset indicating the strongest performance from 2001 to 2011 was the aspiring subset, growing at an average annual rate of 0.5 percent; additionally, the growth subset displayed the weakest performance, decreasing at an average annual rate of 0.1 percent from 2001 to 2011.

Figure 20: Total Employment Benchmark Comparison, December 2001-2011



The United States unemployment rate was 8.3 percent in December 2011, while Johnson County, Missouri's unemployment rate was 7.6 percent at this time. Other than Christian County, Kentucky, part of the growth subset, Johnson County represented the county with the highest unemployment rate relative to the benchmark counties in December 2011. Additionally, from 2001 to 2011, the unemployment rate in Johnson County increased at an annual rate of 7.2 percent, increasing quicker than all of the benchmark counties, other than Nodaway County, Missouri, where the unemployment rate increased at an annual rate of 7.6 percent during this time. Johnson County's unemployment rate in December 2001 was 3.8 percent, while Nodaway County's unemployment rate was 2.4 percent. On average, from December, 2001 to December, 2011, Johnson County's unemployment rate was 5.4 percent; nationally, the average unemployment rate was 6.3 percent during this span.

Figure 21: Unemployment Benchmark Comparison, December 2011

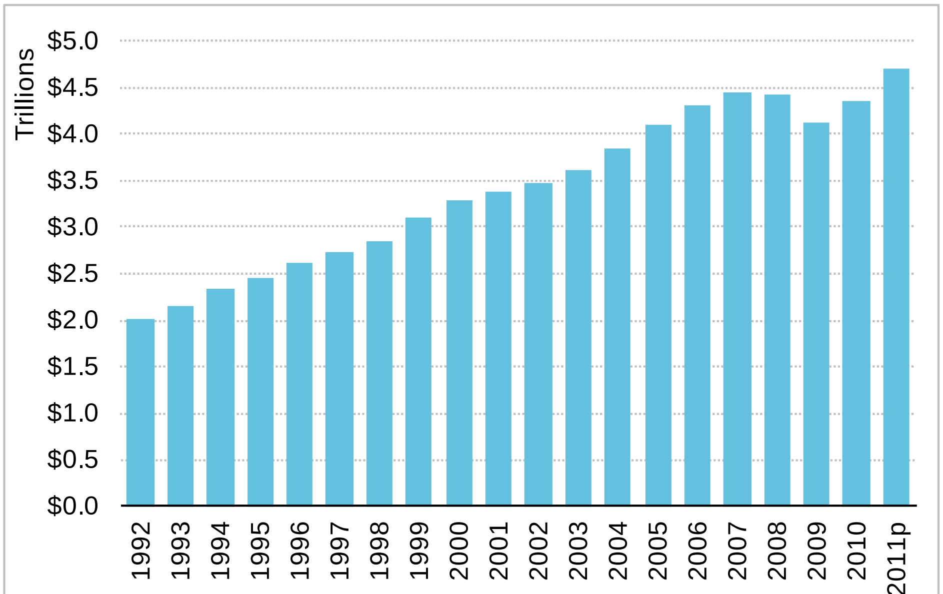
Retail and Office Perspective

The following section is a review of retail and office sector characteristics, and how these sectors have fared nationally and locally in recent years.

National Retail Spending Trends

In this section, AECOM examines national retail spending trends from 1992 through 2011. First, retail sales by retail category are evaluated, along with changes in spending patterns of consumers not only on what is being purchased, but where those purchases are being made. The U.S. Census Bureau provides national estimates of retail sales annually by category in the Annual Revision of Monthly Retail and Food Services. The retail sales estimates include establishments that sell merchandise to the general public without changing the product. Sales can occur in department stores, warehouses or specialized stores or through catalogs, infomercials and the Internet.

Figure 22 – National Retail Sales, 1992-2011 (Projection)



Source: U.S. Census Bureau

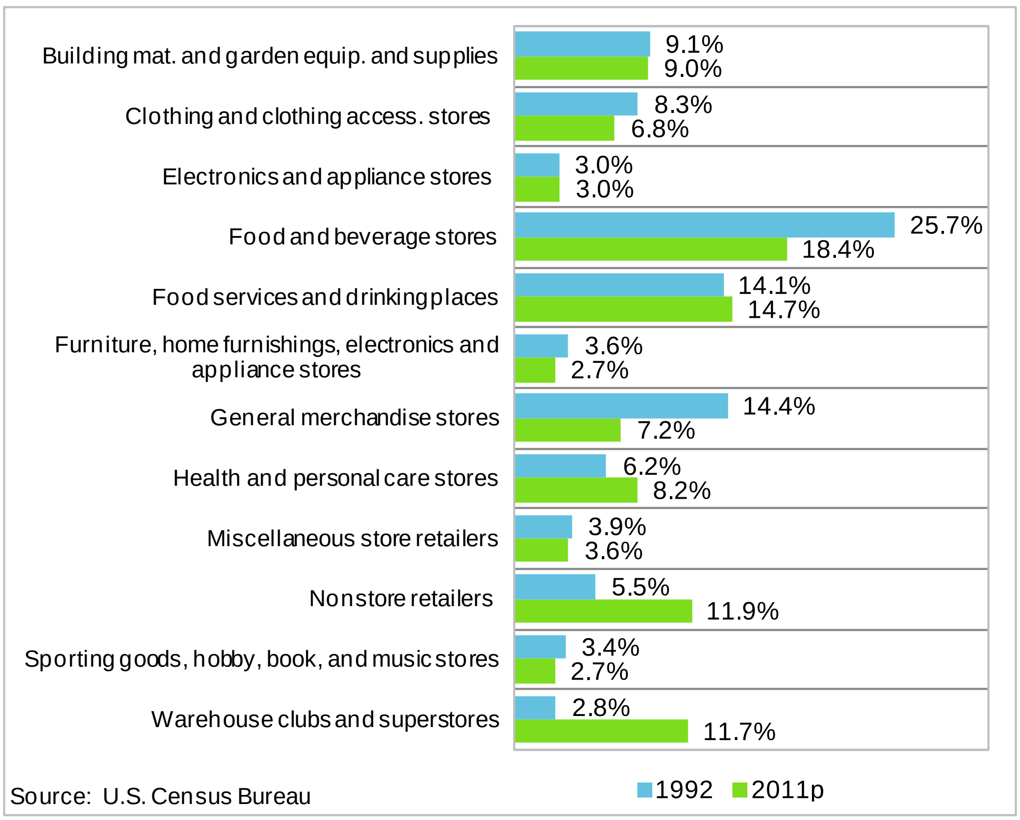
Beginning in 2008, retail sales declined for the first time in the past 20 years. In 2007, retail sales were $4.45 trillion, which fell to $4.13 trillion in 2009. In 2010, retail sales began to climb again reaching $4.35 trillion, reaching a 20 year high in 2011 at $4.69 trillion.

The average per capita retail spending has increased every year except for 2008 and 2009. In 2011, each U.S. resident spent an average of $15,080 on retail purchases, compared to $7,917 per resident in 1992.

In the following part of the analysis, retail spending on motor vehicles and parts dealers was excluded in order to focus primarily on general retail purchases. Nationally, Americans spend about one-fifth of their retail dollars on motor vehicles and associated service and repairs, which has remained relatively constant over time. In 2011, spending on motor vehicles and parts was 17.4 percent of all retail sales.

Although the amount being spent on general retail has grown substantially since 1992, how retail dollars are being spent has changed considerably. The following chart shows the distribution of retail dollars by segment. The biggest decline occurred at food and beverage (grocery) stores, falling from 25.7 percent of general retail dollars in 1992 to 18.4 percent in 2011. Part of this decline may be explained by the decline in the price of food that took place between 1992 and 2006. However, a large part is likely due to the increasing number of stores offering groceries including warehouse clubs and superstores like Wal-Mart Supercenters and Wal-Mart Neighborhood Markets.

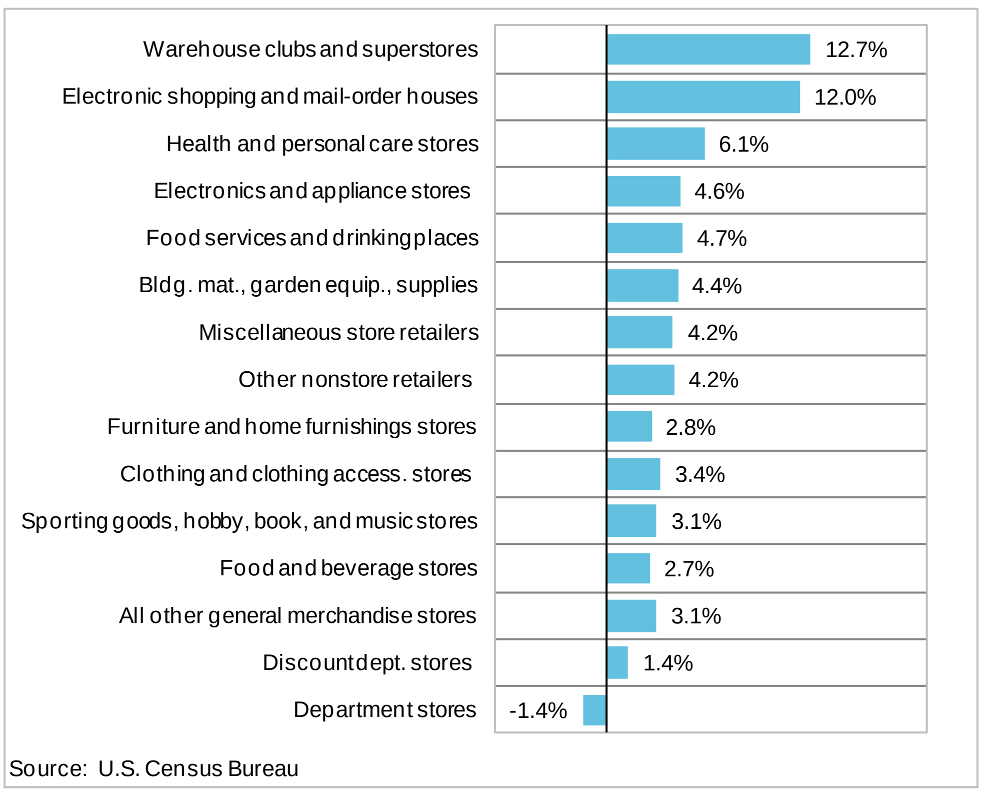
Figure 23 – Percent of General Retail Dollars by Category, 1992-2011 (Projection)



Department stores have also seen a smaller share of retail dollars. This can also be explained by the expansion of sales at warehouse clubs and superstores. In 1992, 2.8 percent of general retail dollars were spent at stores such as Sam's Club, Wal-Mart and Target. By 2011, this share had increased to 11.7 percent. Another notable change is the share of retail dollars being spent on retail purchases made through infomercials, catalogs and the Internet (non-store retailers). In 1992, 5.5 percent of general retail dollars were spent this way, this increased to 11.9 percent by 2011.

The following chart provides further evidence that Americans are moving away from traditional department stores and making more of their retail purchases in big box stores and online.

Figure 24 – Annual Growth – General Retail Sales, 1992-2011 (Projection)



From 1992 to 2011, retail sales captured by warehouse clubs such as Wal-Mart, Costco and Target have grown at an average annual rate of 12.8 percent. Online purchases increased 12.0 percent per year over this same time frame. Sales at traditional department stores have actually fallen at an average annual rate of 1.4 percent.

The following segment specific trends are also noted:

- The Internet continues to absorb market share from traditional retail formats. Between 1992 and 2011, Internet retailing is projected to have increased from 5.5 percent to 11.9 percent of general related retail sales, representing growth from about $78 billion in 1992 to nearly $399 billion in 2011. While the re-allocation of retail sales to the Internet is of little concern to retail chains, the same cannot be said for communities that derive sales taxes from retail space in the community and see sales dollars and taxes captured by internet formats.

- Growth of health and personal care stores reflects the increasing scale of products and services that drug stores and pharmacies now offer. Walgreens and CVS have been very aggressive in expanding across the Midwest.

- While larger format building material stores (Lowes, Menards and Home Depot) have dramatically altered the market for home improvement supplies, sales growth appears to have peaked in 2006 at $335 billion. Sales decreased by 4 percent between 2006 and 2007, 5 percent the following year and 12 percent from 2008 to 2009. In 2010 sales increased from the previous year by 5 percent to $283 billion, and up 6 percent in 2011 to $300 billion. Market share has also decreased since 2005. These declines reflect both the impact of the current downturn in the housing market, as well as a likely level of market saturation in this segment.

- While Department stores have only continued to struggle, grocery stores have responded, with formats either growing in size (80,000 ft^2 and up) or getting smaller (Trader Joes at 15,000 ft^2). Between 1992 and 2011 spending on food and beverage stores grew at an average annual rate of 2.7 percent. However, spending on this category was steadily increasing from 2004 to 2008. This may indicate a possible turnaround as grocery stores become more competitive with warehouse clubs and superstores. However, this increase may also reflect recent increases in the price of food, which began in 2006. Growth slowed in 2009 but started rising again in 2010, increasing by 6 percent from 2010 to 2011.

There are also several broader economic factors that are influencing retail spending patterns:

- In addition to declining sales, the tight credit markets have led to a wave of bankruptcies among American retailers. Midsize chains such as Levitz and Sharper Image have filed for bankruptcy protection and larger chains such as Circuit City and Linen 'n Things have closed leaving thousands of storefronts empty. Others companies such as Office Depot, Lowe's, J.C. Penny, Ann Taylor and the jeweler Zales, have all announced that they are downsizing their operations. CoStar Group Inc. estimates a net loss of 1,300 retail stores during 2008.

- Auto dealerships across the country are also being affected. Auto sales dropped by nearly 13 percent in 2008 and another 12 percent in 2009, the largest drop in more than 25 years. Declining sales have led automakers to close nearly 1,900 dealerships. The unprecedented closings reflect the precarious financial state of the firms, both of which have received substantial loans from the federal government. A federal tax incentive, the Car Allowance Rebate System, also known as Cash for Clunkers, helped sales rebound in 2010. From 2009 to 2011, sales increase by nearly 19 percent, from $690 billion in 2009 to $819 billion in 2011.

- Due largely to the rising price of gasoline, the share of retail dollars spent on fuel has increased significantly in recent years. Between 1992 and 2003 sales at gasoline stations were fairly steady at approximately 8 percent of general retail sales. It increased annually through 2008 where it peaked at 12.6 percent. It fell in 2009 to 10.2 percent, rose in 2010. With gas prices on the rise in 2011, up to a 12.8 percent share of general retail sales, it is expected to continue increasing through the near term.

- Retailers in general are also reacting to changing spending patterns driven by new technologies (broadband access and cell phones), which have in the past several years captured a significant share of disposable income, in the range of $50 to $150 per month. The emergence of services including TiVo, XM Satellite Radio, iTunes and Netflix are examples. The impact of broadband access is expected to have a significant impact on the profitability of traditional video rental stores, a standard anchor of many neighborhood retail centers.

- The rollout of Macy's in recent years as a national brand also highlights the disappearance of more than 10 regional department store brands, including Marshall Fields, Filene's, Foley's, Hecht's, Famous-Barr, Kaufmann's, Robinsons-May and L.S. Ayres, impacting shopping centers. Furthermore, other changes like the Sears/Kmart merger in 2005 has led to modifications for those retail formats. Chicago-based General Growth Properties' Chapter 11 bankruptcy protection announcement in early 2009 was a result of the company not being able to refinance its maturing debt. This announcement from the second largest mall owner in the United States is one major example of the inability to refinance debt in the current credit market crunch, which may impact other real estate companies as well.

- Big box formats are increasingly engaging in battles for market share (Wal-Mart versus Target, Kohl's versus JC Penney and Lowes versus Home Depot and Menards and Walgreens versus CVS). In all cases, the companies involved will choose to locate stores in close proximity to each other to pull sales from a competitor, even at the expense of cannibalizing existing store sales. This level of competition has boosted retail inventories, lowered store sales per square foot and created greater competitive pressures for independent store owners.

- Because larger format retailers are finding their traditional suburban markets increasingly saturated with retail space, national chains are increasingly looking at inner city markets for new growth in sales. Firms such as General Growth, Target and Wal-Mart are actively looking at urban sites and trying to deal with difficult questions of site assembly, brownfields remediation and entitlement.

While analysts predict that retail sales have bottomed out, they also caution that they may be slow to recover and may not reach previous peaks experienced during the housing boom and era of easy access to consumer credit. As the labor market recovers, consumers will likely increase their spending to satisfy pent up demand. However, even when jobs do come back, credit markets are tighter, home values are lower and many consumers may have accumulated debt during the recession, all of which will continue to affect retail spending. In addition, preliminary research from PricewaterhouseCoopers LLC (PwC) indicates that there has been a shift in shopping behavior emerging. Shoppers are taking a more thoughtful approach to buying, leaning toward more pragmatic and practical purchases rather than rampant deal-seeking behaviors. The source of consumer spending will change as well. Younger shoppers from Gen X and Gen Y will lead the recovery since Gen X is in the middle of a high-spending life stage and Gen Y has a greater willingness to spend, especially on new technologies. Although there will most likely not be a wholesale return to a pre-recession shopping mode, companies will need to adapt to the changed behaviors and patterns to win in today's changed marketplace, which includes online purchasing.

Warrensburg Office and Retail Industry Sales

The table below shows total sales by industry sector in Warrensburg from 2010 to 2011. In 2011, general merchandise stores, earning nearly $81 million, as well as eating and drinking places, earning nearly $38 million represented the top sellers in Warrensburg. Growing at the quickest pace in the City of Warrensburg is the health service industry sector, as well as the building materials industry sector, both growing at average annual rates of 27.5 percent from 2007 to 2011. Office and retail sales accounted 92 percent of total industry sales in Warrensburg in 2011, compared to 74 percent statewide.

Table 5: Warrensburg Total Sales – Office & Retail Sectors, 2007-11 (Forecast)

Description	SIC	2007	2008	2009	2010	2011 (Projected)	CAGR
Apparel & Accessory Stores	56-	$5,332,320	$5,880,925	$5,084,421	$5,388,135	$5,205,878	-0.6%
Building Materials	52-	$9,515,437	$10,696,515	$28,164,825	$27,188,987	$25,181,576	27.5%
Business Services	73-	$2,252,919	$2,657,929	$3,895,498	$4,079,069	$3,677,867	13.0%
Communication	48-	$10,769,879	$10,918,390	$10,140,128	$9,717,865	$9,752,390	-2.5%
Durable Goods	50-	$4,209,350	$2,593,707	$2,323,008	$2,081,082	$2,398,143	-13.1%
Eating & Drinking Places	58-	$36,151,049	$37,510,159	$37,066,622	$37,979,336	$38,952,611	1.9%
Food Stores	54-	$27,142,116	$28,230,090	$28,816,388	$28,990,782	$28,930,535	1.6%
General Merchandise Stores	53-	$81,452,257	$82,702,607	$83,593,044	$83,372,422	$81,107,417	-0.1%
Health Services	80-	$141,570	$306,717	$317,223	$402,965	$374,473	27.5%
Home Furniture Stores	57-	$28,123,308	$27,159,553	$8,358,669	$7,821,877	$8,268,249	-26.4%
Miscellaneous Retail	59-	$21,387,629	$19,514,652	$16,908,696	$16,705,835	$15,288,828	-8.0%
Nondurable Goods	51-	$4,259,133	$5,307,490	$5,040,806	$5,359,487	$5,197,909	5.1%
Person Services	72-	$320,761	$91,027	$99,779	$70,121	$154,921	-16.6%
Subtotal		$231,057,727	$233,569,761	$229,809,106	$229,157,962	$224,490,796	-0.7%

Source: AECOM

Similar to the table above, the table below looks at total sales in the City of Warrensburg on a per capita basis. In 2011, general merchandise stores reported the highest per capita sales figure, at $4,250, relative to the rest of the industry sectors in Warrensburg; additionally, eating and drinking places ($2,050), food stores ($1,500), and building materials stores ($1,318) all reported per capital sales higher than $1,000 in 2011. Again, the most growth is noticed in the building materials industry sector and the health services industry sector, both growing at an annual rate of 26.7 percent from 2007 to 2011.

Table 6: Warrensburg Per Cap Sales – Office & Retail Sectors, 2007-11 (Forecast)

Description	SIC	2007	2008	2009	2010	2011 (Projected)	CAGR
Apparel & Accessory Stores	56-	$287	$310	$265	$286	$273	-1.3%
Building Materials	52-	$512	$563	$1,467	$1,443	$1,318	26.7%
Business Services	73-	$121	$140	$203	$217	$193	12.3%
Communication	48-	$580	$575	$528	$516	$511	-3.1%
Durable Goods	50-	$227	$137	$121	$110	$126	-13.7%
Eating & Drinking Places	58-	$1,946	$1,975	$1,930	$2,016	$2,039	1.2%
Food Stores	54-	$1,461	$1,486	$1,501	$1,539	$1,515	0.9%
General Merchandise Stores	53-	$4,384	$4,354	$4,353	$4,426	$4,247	-0.8%
Health Services	80-	$8	$16	$17	$21	$20	26.7%
Home Furniture Stores	57-	$1,514	$1,430	$435	$415	$433	-26.9%
Miscellaneous Retail	59-	$1,151	$1,027	$881	$887	$800	-8.7%
Nondurable Goods	51-	$229	$279	$263	$285	$272	4.4%
Person Services	72-	$17	$5	$5	$4	$8	-17.2%
Subtotal		$12,436	$12,297	$11,967	$12,165	$11,754	-1.4

Source: AECOM

Below the table reports a location quotient analysis for total sales in the office and retail industry sectors in the City of Warrensburg. Location quotients are used to determine how well the local market, in this case Warrensburg, resembles a larger market, in this case the state of Missouri. Industry sectors with a LQ ratio greater than 1.0 are more significant locally compared to the state. In general, higher location quotients point to industry sectors which are more integrated in the local economy, and have a greater influence on growth and job creation. A sample of the sectors evaluated in the analysis follows.

In 2011, the building materials industry sector reported the highest location quotient at 2.20; additionally, this industry sector has experienced significant growth from 2007 to 2011, during that time increasing at an annual rate of 21.1 percent. General merchandise stores, reporting a location quotient of 1.96 in 2011, indicates a strong local influence, which is likely a product of big box chains in the area. Eating and drinking places reported a location quotient of 1.45 in 2011. The eating and drinking place sector has performed well in Warrensburg, likely, as a result of a large student population, nearly 15 percent of the total population, living on fixed incomes, in addition to being a gateway to several summer destination areas, such as the Truman Lake area and the Lake of the Ozarks.

Table 7: Warrensburg Sales LQ – Office & Retail Sectors, 2007-11 (Forecast)

Description	SIC	2007	2008	2009	2010	2011 (Projected)	CAGR
Apparel & Accessory Stores	56-	0.86	0.86	0.72	0.73	0.72	-4.4%
Building Materials	52-	1.02	1.15	2.33	2.31	2.20	21.1%
Business Services	73-	0.41	0.44	0.64	0.70	0.68	13.3%
Communication	48-	0.88	0.84	0.75	0.74	0.79	-2.6%
Durable Goods	50-	0.38	0.30	0.30	0.27	0.30	-5.6%
Eating & Drinking Places	58-	1.45	1.42	1.36	1.39	1.45	0.0%
Food Stores	54-	1.08	1.06	1.03	1.04	1.05	-0.7%
General Merchandise Stores	53-	2.05	2.01	1.95	1.96	1.96	-1.2%
Health Services	80-	0.23	0.44	0.38	0.47	0.47	20.2%
Home Furniture Stores	57-	1.74	1.69	0.75	0.69	0.75	-18.9%
Miscellaneous Retail	59-	0.73	0.83	0.81	0.80	0.74	0.3%
Nondurable Goods	51-	0.67	0.78	0.82	0.87	0.84	5.9%
Person Services	72-	0.25	0.06	0.07	0.05	0.12	-17.0%
Subtotal		1.23	1.25	1.24	1.24	1.25	0.3%

Source: AECOM

A pull factor analysis measures the strength of local retail trade compared to a larger market area, while controlling for both population and income. In this case it compares the per capita sales by industry sector in the City of Warrensburg to the state of Missouri, controlling for differences in per capita income. Like location quotients, there is an underlying assumption that the shopping patterns of residents in the local area are the same as that of the whole state. Pull factors estimate the extent to which a particular retail sector draws customers from outsides its boundaries. A pull factor greater than 1.0 implies that the market area is drawing customers from outside the area. A pull factor less than 1.0 implies that residents in the market area are spending dollars in competing markets.

The following table is a report of pull factor figures for the City of Warrensburg from 2007 to 2011. Relative to spending patterns of individuals statewide, several industry sectors in the City of Warrensburg indicate exemplary local significance. For example, the building materials sector, the health services sector, and the business services sector exhibited meteoric increases from 2007 to 2011.

Eating and drinking places have maintained a steady pace between 2007 and 2011, during which time reporting a strong pull factor of 1.97 in 2011. Industry sectors with the strongest local performance are the building materials sector, with a pull factor of 2.99 in 2011, and the general merchandise stores sector, with a pull factor of 2.67 in 2011.

Table 8: Warrensburg Pull Factor – Office and Retail Sectors, 2007-11 (Forecast)

Description	SIC	2007	2008	2009	2010	2011 (Projected)	CAGR
Apparel & Accessory Stores	56-	1.169	1.172	1.002	1.040	0.975	-4.4%
Building Materials	52-	1.395	1.561	3.260	3.287	2.999	21.1%
Business Services	73-	0.562	0.593	0.894	1.002	0.925	13.2%
Communication	48-	1.199	1.134	1.051	1.062	1.078	-2.6%
Durable Goods	50-	0.522	0.400	0.422	0.383	0.413	-5.6%
Eating & Drinking Places	58-	1.972	1.927	1.908	1.978	1.972	0.0%
Food Stores	54-	1.474	1.433	1.449	1.487	1.430	-0.8%
General Merchandise Stores	53-	2.800	2.721	2.733	2.789	2.668	-1.2%
Health Services	80-	0.308	0.600	0.535	0.675	0.643	20.2%
Home Furniture Stores	57-	2.374	2.285	1.056	0.983	1.024	-19.0%
Miscellaneous Retail	59-	0.993	1.126	1.139	1.143	1.003	0.3%
Nondurable Goods	51-	0.913	1.054	1.155	1.240	1.145	5.8%
Person Services	72-	0.334	0.086	0.097	0.070	0.159	-17.0%
Subtotal		1.677	1.694	1.743	1.774	1.696	0.3%

Source: AECOM

Johnson County Benchmark Location Quotient Analysis

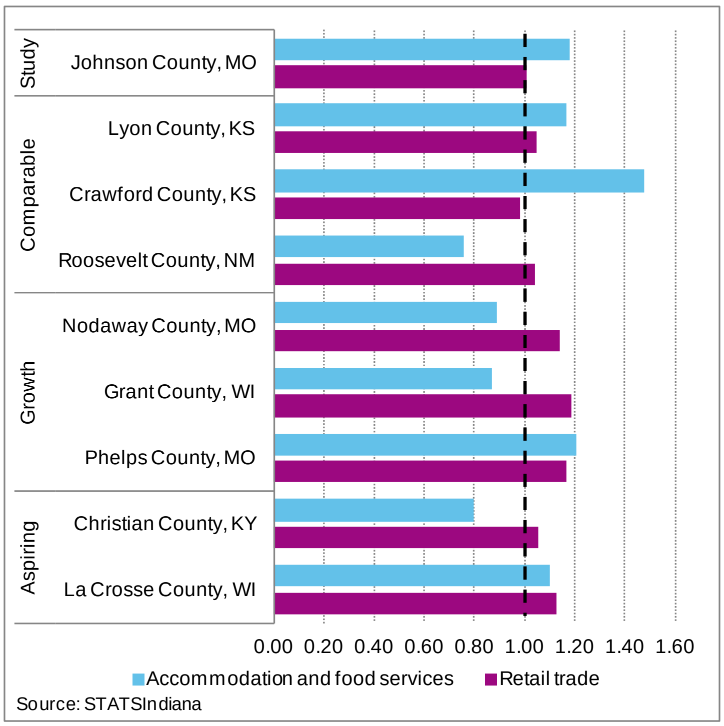
Due to the indefinite nature of public labor statistic data aggregated at localized levels, AECOM calculated location quotients for the following counties, which were used as representatives for the benchmark cities. This was done to avoid or eliminate issues involving unavailable or non-discloseable data.

The figures below provide a vantage point to analyze the significant presence of the accommodation and food service industry and the retail industry in Johnson County compared to benchmark counties. As mentioned earlier, a location quotient larger than 1.0 means that the local economy has a larger than expected share of firms or jobs indicating that the sector is exporting those goods and services outside of the local market. A location quotient of 1.0 indicates that the sector is performing sufficiently to meet local demand for the given good or service. A location quotient less than 1.0 indicates that the number of firms or jobs is lower than the distribution in the larger market and is likely importing goods and services to meet local demand.

The figure below is benchmark comparison, measuring location quotients for jobs in the accommodations and food industry sector and the retail trade industry. In Johnson County, MO, the location quotient for jobs in the retail trade industry sector was 1.01, suggesting that this sector is sufficiently meeting demand, thus performing better than the state average in this particular industry. The accommodations and food service industry reported a location quotient of 1.18 in Johnson County, which indicates that this industry is exceeding local demand and is performing at a higher level relative to the state of Missouri.

Only Crawford County, KS and Phelps County, MO posted higher location quotients in the accommodations and food service industry sector, while several benchmark counties had higher location quotient figures in the retail trade industry sector, including Grant County, WI with a location quotient of 1.19.

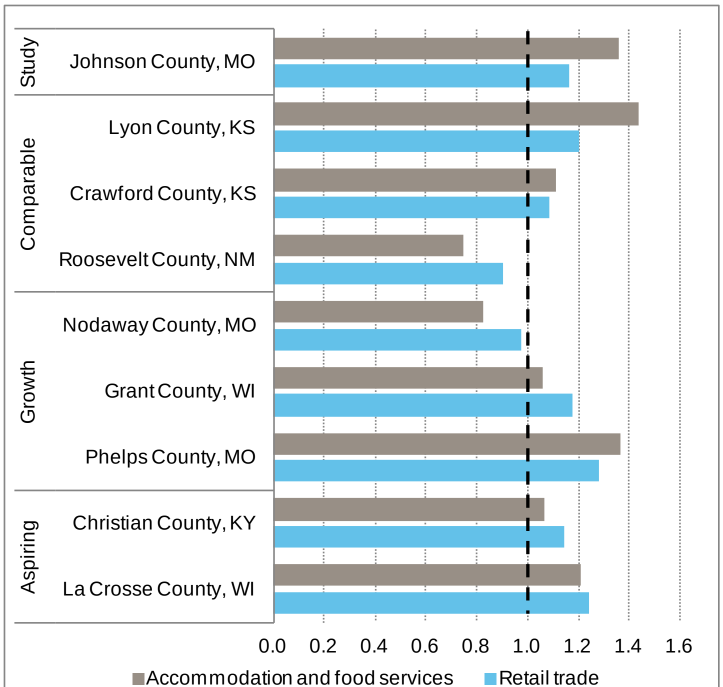
Figure 25: Benchmark Jobs LQ-Food Services/Retail-Comparison, 2010



The following chart is a location quotient analysis of the number of establishments of both the retail industry sector and the accommodations and food service industry sector in their respective counties. In 2010, Johnson County, MO reported strong location quotient figures for the number of establishments in both accommodation and food service (1.36) as well as retail trade (1.16); the strong performance in relation to the number of establishments likely indicates that sales are being brought in from outside of Johnson County, allowing the market to expand in Johnson County.

Lyon County, KS and Phelps County, MO were the only two benchmarks that exhibited stronger location quotients in the accommodation and food service industry. While strong, the retail trade industry sector in Johnson County was outperformed by four benchmark counties, including Phelps County, MO with a location quotient of 1.28.

Figure 26: Benchmark Establishments LQ-Food Services/Retail-Comparison, 2010



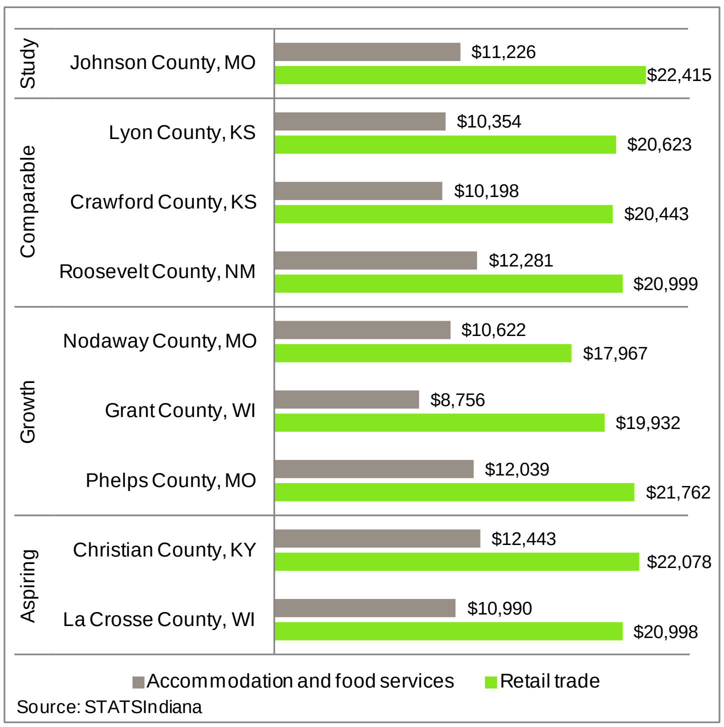
Source: STATSIndiana

Benchmark Wage Comparison

The following chart is a comparison of average annual wages in the accommodations and food service industry sector, as well as the retail trade sector. In 2010, Johnson County posted the highest average annual wage ($22,415) in the accommodation and food service industry sector when compared to the benchmark counties – Johnson County ranked 1,288 out of 3,079 US counties in this measure.

Average annual wages were the lowest in Grant County, WI at $8,756 in 2010. Johnson County fell in the middle of the pack when compared to benchmark counties, with an average annual wage of $11,226 in the retail trade industry sector, ranking 1,785 out of 3,079 nationally. Of the benchmarks listed, Christian County, KY reported the highest annual average wage in the retail trade sector in 2010.

Figure 27: Benchmark Wages-Food Services/Retail-Comparison, 2010



Johnson County Benchmark Office Sector Analysis

The table below is a location quotient analysis focused on jobs in office using sectors (i.e., information, finance and insurance, and real estate, et al) in Johnson County compared to benchmark counties in 2010. All location sectors with a location quotient greater than the 1.0 baseline have been highlighted. In 2010, Johnson County reported the strongest location quotient listed in the public administration industry, reporting a location quotient of 2.41. Notably, this industry sector is the only office using industry sector in Johnson County with a location quotient exceeding 1.0. In 2010, Johnson County reported a total of nearly 1,800 jobs in the public administration sector, which is defined as a sector consisting of federal, state and local government agencies managing public programs, policies and institutions in a given area.

The aspiring subset reported strong location quotient figures in several industry sectors. For example, La Crosse, Wisconsin, is strong in the finance and insurance industry sector (1.01), the real estate industry sector (1.07), the management of companies industry sector (1.31), and the health care industry sector (1.54), while Christian County, Kentucky, reported strong location quotient figures in the professional and technical services industry sector (1.80), the administrative waste services industry sector (1.09), the public administration industry sector (1.25), and the health care industry sector (1.13). Both the growth subset and comparable subset reported counties with strong industry sectors and other counties which did not have any industry sectors breaching the 1.0 baseline, such as Phelps County, Missouri (growth subset) and Roosevelt County, New Mexico (comparable subset).

Table 9: Benchmark Jobs LQ-Office Sector-Comparison, 2010

Industry Sector	Study	Comparable			Growth			Aspiring	
	Johnson	Lyon	Crawford	Roosevelt	Nodaway	Grant	Phelps	Christian	La Crosse
Information	0.54	0.69	0.82	0.67	0.61	0.65	0.46	0.54	0.78
Finance and Insurance	0.57	0.50	0.45	0.65	0.73	0.85	0.49	0.52	1.01
Real Estate, rental, leasing	0.31	0.88	0.86	0.71	0.36	0.98	0.69	0.93	1.07
Professional, technical services	0.29	0.30	0.62	0.20	0.32	0.82	0.41	1.80	0.77
Mgmt. of companies, enterprises	0.09	0.07	1.53	N/A	0.48	0.22	0.22	0.10	1.31
Administrative, waste services	0.33	1.00	0.56	0.41	0.18	0.77	0.23	1.09	0.80
Educational services	0.06	0.01	0.01	N/A	0.03	1.09	0.07	0.20	0.82
Health care, social assistance	0.55	0.68	1.04	0.04	0.79	0.02	0.84	1.13	1.54
Public administration	2.41	1.10	0.92	0.44	1.20	1.58	0.95	1.25	0.57

Source: STATSIndiana

The table below is an analysis looking at wages for office using sector industries in Johnson County compared to benchmark counties in 2010. On average, wages in office using sectors neared $33,800 in 2010. Compared to the benchmark subsets, the average wage for office using sectors in Johnson County was second to the aspiring subset, at $43,450. Highlighted in green are the industry sectors reporting the highest wage for that specific county; for example, the Johnson County finance and insurance industry sector reported a wage of approximately $56,800 in 2010. The industry sector with the highest frequency of top wages by county is the management of companies and enterprises industry sector; for example, two-thirds of the 9 counties indicated in this analysis report top wages for that county, with the highest being Grant County, Wisconsin, in the growth subset, with a wage of approximately $82,200 in 2010. Johnson County reported a wage of $41,500 for the management of companies and enterprises industry sector in 2010, the lowest of all the benchmark counties reporting.

Table 10: Benchmark Wages-Office Sector-Comparison, 2010

.Industry Sector	Study	Comparable			Growth			Aspiring	
	Johnson	Lyon	Crawford	Roosevelt	Nodaway	Grant	Phelps	Christian	La Crosse
Information	$33,791	$28,427	$44,713	$30,187	$26,194	$30,515	$33,713	$44,825	$49,736
Finance and Insurance	$56,776	$34,917	$35,900	$33,080	$46,978	$41,979	$39,034	$42,678	$45,393
Real Estate, rental, leasing	$24,531	$22,522	$18,110	$28,458	$14,187	$17,686	$22,774	$30,093	$27,313
Professional, technical svcs	$38,718	$33,459	$24,830	$35,836	$33,140	$48,699	$31,476	$50,675	$49,099
Mgmt. of companies	$41,499	$78,142	$43,404	N/A	$52,027	$82,218	$42,814	$71,353	$59,115
Administrative, waste services	$23,061	$19,887	$32,927	$42,076	$19,912	$21,534	$22,809	$28,050	$21,520
Educational services	$12,553	$15,871	$28,954	N/A	$14,278	$37,234	$16,256	$48,388	$38,422
Health care, social assistance	$24,498	$26,801	$31,703	$42,108	$35,347	$17,836	$35,034	$38,667	$45,206
Public administration	$48,735	$36,018	$27,753	$34,490	$27,348	$31,395	$37,975	$54,360	$37,235

Source: STATSIndiana

Real Estate

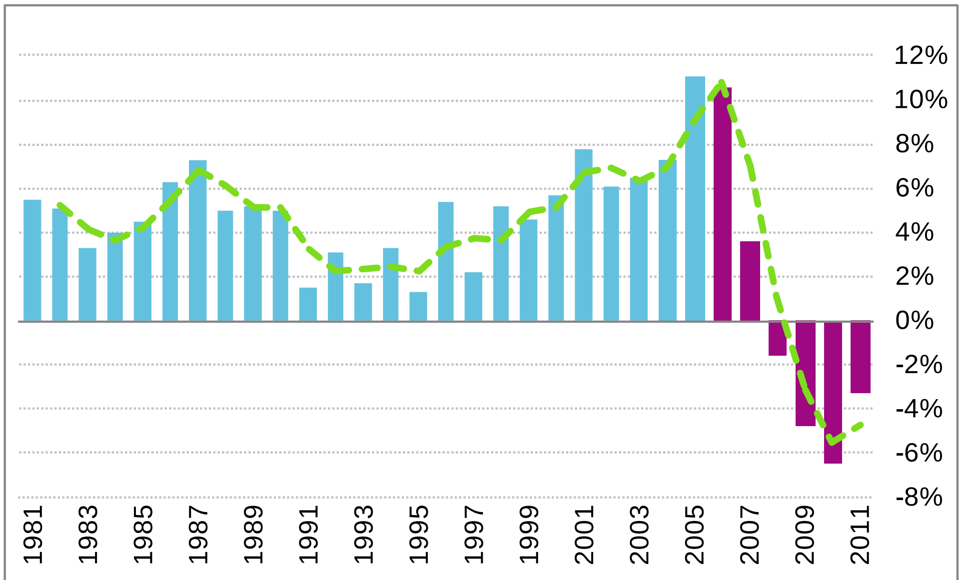
The following section is a review of real estate trends in the City of Warrensburg, Johnson County and the nation in recent years.

National Residential Trends

Multifamily residential market is expected to perform well nationally in the near future. The apartment sector has emerged from the recession as a safe bet for consumers as well as developers and investors. Many would-be homebuyers and foreclosed owners have been pushed into renting. Additionally, smaller more efficient apartment units, closer to jobs and amenities, appear to be more valuable than big homes in far-out subdivisions. From a developers and investors perspective, apartment cash-flows have provided higher income-oriented returns with less volatility. The current demand for apartments is derived from increasing numbers of post-college age echo boomers, as well as some downsizing boomer parents. The homebuyer (single-family / condo) residential market will continue on a course for over-supply, foreclosure, and a descension of home values until credit markets loosen, gas prices level, and unemployment stabilizes; this market is on pace for a longer term recovery, dependent on the confidence of the next generation of homebuyers.

Housing market conditions are a strong indication of economic health, more so, the pace of economic recovery. An all-inclusive measure of the housing market is home values and the cost paid at transaction. The Housing Price Index (HPI), tracked by the Federal Housing Finance Agency, measures the movement of single family house prices. The HPI is a weighted, repeat sales index on the same properties in 363 metro areas across the United States. Data is collected by reviewing repeat mortgage transactions on single family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975.

Figure 28: Percent Change in the US Housing Price Index, Q1 1981-2011



Source: U.S. Federal Housing Finance Agency

Changes in housing prices since 1981 are shown in the following chart. Historical data was included in this time frame to provide a scale portraying the former trends in the US housing market, prior to the year 2000. Some important events that emerged have been listed below:

- From 2000 to 2005, the national HPI accelerated upward by 45 percent, the quickest and most sensational appreciation in home values in US history.
- Home values have continued to depreciate, producing staggering decreases from 2007 to 2011, at which time the nation's HPI decelerated by 15 percent.
- Now hovering near prerecession levels in 2005, home values in the US are decreasing at a slower rate than prior years, indicating signs of improvement in the economy.

National Retail Real Estate Trends

From a national perspective, retail sales have declined in the current economic recession as home equity and investment portfolios lost value and unemployment rates started rising. This has had consequences on demand for retail space throughout the country. However, even as vacancy rates begin to decrease nationally, effective rents continued to decline.

There was variation in the market however with certain types of retail centers outperforming others. For example, retail sales in neighborhood centers with a strong grocery anchor serving a mature, higher income trade area held up better than unanchored strip centers on the urban fringe where housing construction was halted. During the depth of the recession, discount stores and their respective centers outperformed their more upscale competition as consumers sought to conserve cash. With the rebound in the equity markets, higher income consumers have again sought out luxury brand retailers. However, unemployment remains slow to recover which may negatively impact discount retailers. A sign of hope for all retailers was that consumer spending had started to rebound by the end of 2010, indicating that some people are beginning to satisfy their pent up demand.

The Grubb & Ellis Company project that retail sales will ramp up gradually in 2011 and 2012. Consumers will remain cautious, however, if the economy remains sluggish to recover confidence will remain weak. Favorable rental rates, due to high vacancy rates, will allow some retailers to reposition their stores and possibly move into better locations that were not available to them previously.

According to the CoStar Group, the U.S. retail market appears to be stabilizing with vacancy rates slowly decreasing after reaching a high of 7.6 percent in the first quarter of 2010, falling to 7.2 percent by mid-year 2011. However, quoted lease rates continue to fall since peaking in the third quarter of 2008, at $17.50 per square foot, to $15.33 by mid-year 2011, a drop of over $2.00 per square foot.

While analysts predict that retail sales have bottomed out, they also caution that they may be slow to recover and may not reach previous peaks experienced during the housing boom and era of easy access to consumer credit. As the labor market recovers, consumers will likely increase their spending. However, even as the labor market stabilizes with the return or jobs, credit markets are tighter, home values are lower and many consumers may have accumulated debt during the recession, all of which will continue to affect retail spending.

PricewaterhouseCoopers LLC (PwC indicates that there has been a shift in shopping behavior emerging. Shoppers are taking a more thoughtful approach to buying, leaning toward more pragmatic and practical purchases rather than rampant deal-seeking behaviors. The source of consumer spending will change as well. Younger shoppers from Gen X and Gen Y will lead the recovery since Gen X is in the middle of a high-spending life stage and Gen Y has a greater willingness to spend, especially on new technologies. Although there will most likely not be a wholesale return to a pre-recession shopping mode, companies will need to adapt to the changed behaviors and patterns to win in today's changed marketplace, which includes online purchasing.

Types of Retail Shopping Centers

According to New Urban News, there are six types of retail shopping centers which correspond to distinct market segments. As shown in the table below, each commercial center has specific sizes, tenants and trade area. Corner stores and convenience centers do not offer a lot of variety, but provide basic goods and services to meet daily needs. Approximately 1,000 households are needed in the trade area to support a corner store and 2,000 for a convenience center. These two types of retail centers are often located on major roads or at entry points into the community they serve.

Table 11: Types of Retail Shopping Centers

Retail Center	Size (in ft2.	Trade Area	Anchor Tenant	Goods and services
Corner Stores	1,500-3,000	Local	n/a	Food, drinks, sundries, beer, cigarettes,

				gas
Convenience Center	10-30,000	1.5 miles	Specialty food market or pharmacy	Food, personal services and local offices
Neighborhood Center	70-90,000	1-2 miles	Supermarket or drugstore	Food, personal services and local offices
Community Center	250-350,000	4-6 miles	Discount dept. store, drug store or supermarket	Apparel, toys, electronics, sporting goods
Regional Center	900,000+	10-12 miles	Department store(s	General merchandise, apparel, furniture
Lifestyle Center	300,000+	4-6 miles	n/a	Upscale fashion, home furnishings and restaurants

n/a = not applicable

Source: New Urban News

Neighborhood and community centers often have the same tenants and offer similar goods and services, but the community center offers a wider variety. In a neighborhood center there are 10 to 15 smaller retailers providing convenience goods (food, drugs, bakery, fast food, etc. and personal services (laundry, dry cleaning, etc. in addition to the anchor tenant, often a supermarket. It requires 6,000 to 8,000 households in the trade area to support it, most of which will visit the center once or twice a week. Community centers have been called the backbone of the shopping industry. They pull from a 4 to 6 mile trade area with a population of 50,000 residents or more. Tenants include discount department stores, home improvement stores, sporting goods, apparel, booksellers, restaurants and supermarkets.

Regional centers are malls built around the anchors tenants, department stores. Consumers can find apparel, furniture and home furnishings. The trade areas for these destination retail centers are larger, with 150,000 residents or more. The lifestyle center is the newest form of shopping center. It was created in an effort to offer upscale fashion and home furnishing without department store anchors. They are often open air centers following a main street concept with restaurants and entertainment. Most retailers in these centers seek access to at least 75,000 households earning a minimum of $75,000 annually. In many markets, the line between lifestyle centers and regional centers is blurring, as demonstrated by projects such as Easton Town Center in Columbus, Ohio and the Greene in Dayton, Ohio.

Warrensburg Real Estate Inventory

Warrensburg's real estate market is defined primarily single family residential property, accounting for 76 percent of all parcels and 35 percent of all acreage. Multifamily residential property makes up 8 percent of all parcels and 5 percent of total acreage. In addition, Warrensburg's retail sector is comprised of approximately 300 parcels, accounting for 8 percent of the City's total acreage, the University of Central Missouri accounts for a combined total of 10 percent of the City's total acreage, and parks and open space make up 11 percent of the total acreage in Warrensburg. Currently 18 percent of land in Warrensburg is regarded as being vacant.

Table 12: Warrensburg Real Estate Market Share

Property Type	Total Parcel	Total Acreage	Avg. Acre/Parcel	Avg. SF/Parcel
CBD	145	21	0.15	6,441
Cemetery	1	53	53.30	2,321,617
Industrial	52	197	3.79	165,230
MF RES.	566	258	0.46	19,856
Mobile Residential	1	23	22.71	989,378
Office	48	44	0.91	39,512
Park/Open Space	83	511	6.16	268,435
Public	10	30	3.05	132,740

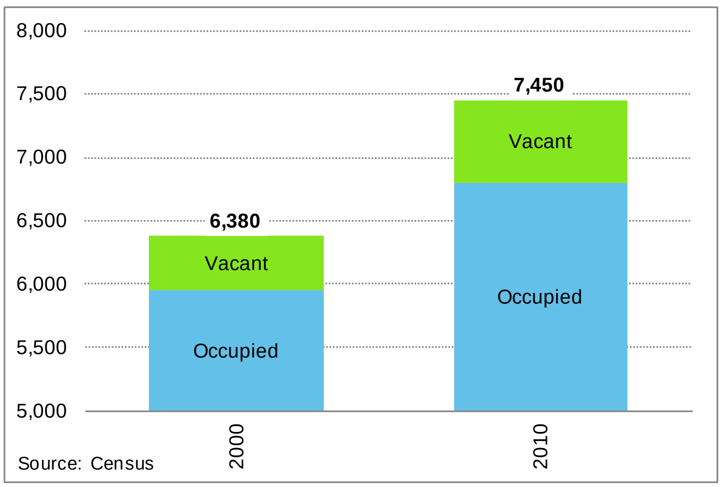
Public(School	31	106	3.40	148,318
Retail	298	408	1.37	59,646
SF RES.	5,172	1,679	0.32	14,143
UCM	271	204	0.75	32,785
UCM(Undeveloped	3	299	99.78	4,346,344
Vacant	136	874	6.43	279,959
Unknown	31	104	3.36	146,519
Total	6,848	4,813	0.70	30,613

Source: City of Warrensburg

Residential Inventory

According to the Census, over 1,000 homeowner and rental units were delivered to the City of Warrensburg between 2000 and 2010, 85 percent of these new units were occupied in the 2010. In total, Warrensburg reported a total of 7,450 housing units in 2010, with a total vacancy rate of 9 percent, which increased at an annual rate of 2.6 percent since 2000. Homeowner units represented a 42 percent share of the 6,800 occupied units in 2010, while rental units represented a 58 percent share of this total. In 2010, homeowner vacancy rates were approximately 4 percent, while renter vacancy rates were nearly double, at 8 percent. Renter-occupied units increased in average household size from 2.08 to 2.16, and owner-occupied units decreased in average household size from 2.57 to 2.54 from 2000 to 2010.

Figure 29: City of Warrensburg Housing Inventory, 2000-2010



The table below looks at growth in both owner-occupied and renter-occupied housing in the City of Warrensburg from 2000 to 2010. In total, occupied housing units have increased at an annual rate of 1.35 percent from 2000 to 2010; of which, renter-occupied units have experienced a slight increase in share from 2000 to 2010. Renter-occupied units increased at an average annual rate of 1.43 percent from 2000 to 2010, which out-paced owner-occupied units, growing at an average annual rate of 1.23 percent during this time.

Table 13: Warrensburg Growth in Housing Type, 2000-2010

Unit Type	2000	2010	CAGR
Owner-occupied	2,521	2,850	1.23%
Renter-occupied	3,430	3,953	1.43%
Total	5,951	6,803	1.35%

Source: Census

According to the 2010 US Census, 54 percent of all residential units in the City of Warrensburg were 1-unit detached structures. Multiunit structures, specifically structures with 10 to 19 units experienced the most growth from 2000 to 2010, during this time increasing at an annual average rate of 3 percent. Mobile homes, structures with 20 or more units, and 1-unit, attached structures all decreased in share from 2000 to 2010.

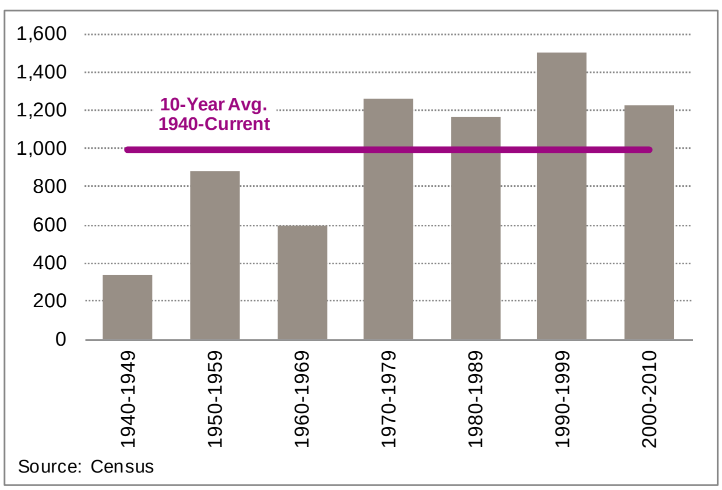
Table 14: City of Warrensburg Types Residential Structures, 2000-2010

Type of Housing Structure	2000	2010	CAGR
1-unit, detached	53%	54%	0%
1-unit, attached	2%	1%	-4%
2 units	7%	7%	1%
3 or 4 units	16%	18%	1%
5 to 9 units	9%	10%	1%
10 to 19 units	5%	7%	3%
20 or more units	5%	3%	-6%
Mobile home	3%	1%	-13%

Source: Census

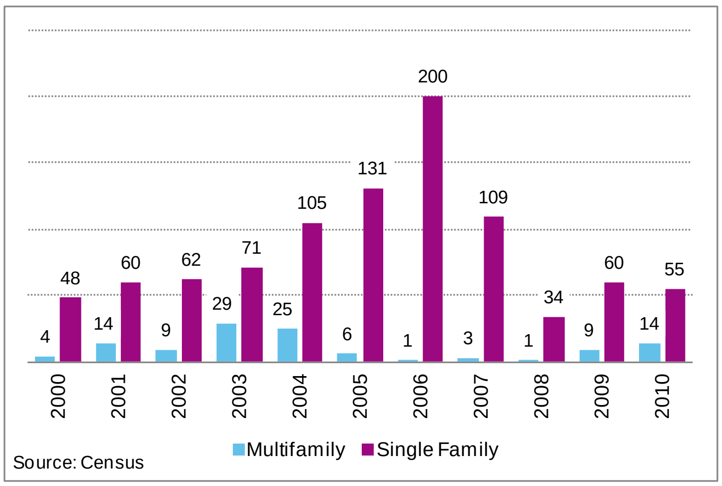
The figure below reports historical construction dates for residential structures in the City of Warrensburg. A total of 50 percent of all residential structures in Warrensburg were constructed after 1980, with 16 percent of those units having been constructed between 2000 and 2010. The time period from 1990 to 1999 represented the decade when the highest volume of residential construction took place, reporting a total of 1,500 residential units; during this time, residential construction took place at a pace nearly 50 percent higher than the City's ten-year average.

Figure 30: City of Warrensburg Residential Unit – Date of Construction, 1940-2010



Between 2000 and 2010, 1,050 building permits were issued for residential units in Warrensburg – the majority of these units, roughly 89 percent, were for single family residential units. Since 2006, the number of building permits issued in Warrensburg has declined. Between 2006 and 2010, permits issued for single and multi-family units declined from 201 to 69, decreasing at an annual decline of 23 percent. This decline, however, has been more dramatic for single family construction as opposed to multi-family, in fact, multi-family permits increased from 2006 to 2010 while single family permits decreased.

Figure 31: New Residential Building Permits, 2000-2010



Homeowner Perspective

From 2008 to 2011, homes in Warrensburg, on average, sold for nearly 4 percent below what they were listed at. The chart above looks at actual average home sales prices for residential housing in Warrensburg from 2008 to 2011. During this time, the number of homes sold varied between 360 (in 2008 and 2011) on the low end, and 422 (in 2009) on the high end, while the number of homes on the market varied between 740 (in 2009) on the low end, and 850 (in 2010) on the high end. The chart below provides context to these trends; for example, it can be noticed that in 2009 homes were listed at their lowest level during this four year time span, and sold at a four-year low price, reporting a difference of nearly $6,000.

Figure 32: Average Home Prices, 2008-2011

The year 2009 represented the highest ratio of homes sold to those listed, at 56.7 percent; homes sales performing the best during this year were three-bedroom and four-plus-bedroom homes, with sales ratios of 59.5 percent and 55.8 percent.

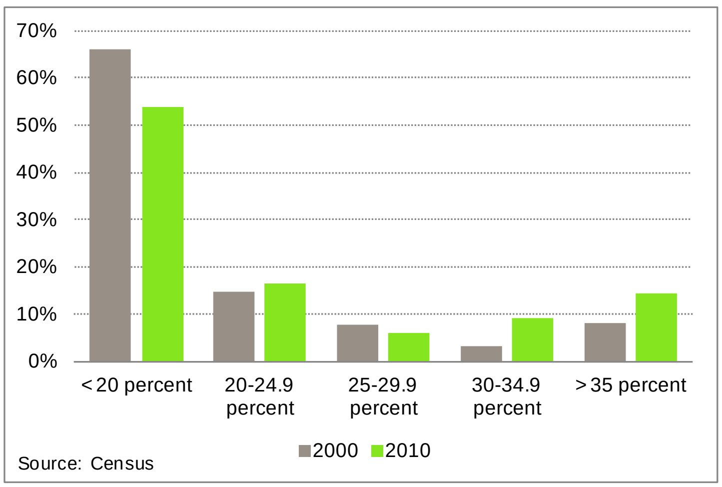
Table 15: Warrensburg Ratio of Residential Units Sold, 2008-2011

Year	1-2 BR	3 BR	4+ BR	Average
2008	43.6%	44.7%	42.5%	43.9%
2009	43.8%	59.5%	55.8%	56.7%
2010	38.1%	45.4%	51.7%	46.6%
2011	38.9%	46.8%	46.0%	45.7%

Source: MLS

The exhibit below shows the change in monthly mortgage costs as a percentage of household income in the City of Warrensburg from 2000 to 2010. In total, the number of qualified units with a mortgage decreased by an annual rate of 1 percent, from roughly 2,300 to 2,140 between 2000 and 2010. As depicted in the figure, a 54 percent share of Warrensburg homeowners paid 20 percent or less on their mortgages in 2010, which is a reduction of approximately 12 percent since 2000. Homeowners paying more than 30 percent of their household income on monthly mortgage costs grew from an 11 percent share in 2000 to more than double in 2010, at a 23 percent share.

Figure 33: City of Warrensburg Home Sales as a Percent of HH Income, 2000-2010



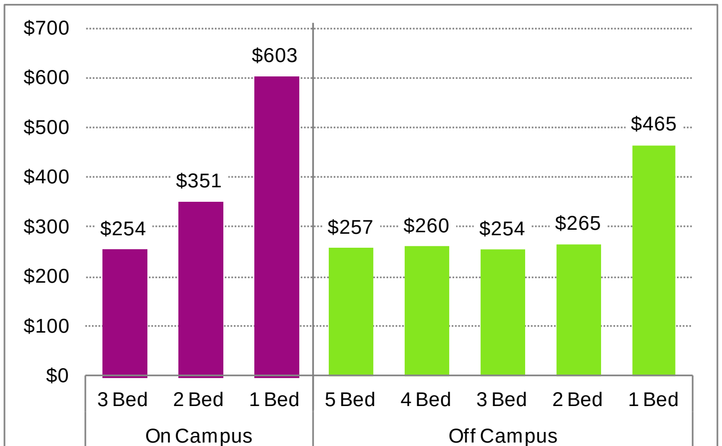
Rental Perspective

The City of Warrensburg offers residents and students a variety of housing options ranging from single family, duplexes, four-plexes, and smaller scale apartment complexes. The rental market in Warrensburg is significantly influenced by the student population and the presence of the University of Central Missouri; more, the majority of the rental market is within 1 mile from the University of Central Missouri student union.

Dissimilar to the common renter, students associate rental costs on a per bedroom basis, instead of a square foot basis. The figure below is a reflection of the current rental market in the City of Warrensburg; additionally, utility costs have been factored in to present a more accurate representation rental costs in Warrensburg.

The figure below is an analysis focused on rates for rental housing in the City of Warrensburg, particularly looking at the rental cost based on the number of beds per unit in on- and off-campus apartments. Units which support 1 bed (i.e., 1 bedroom and studio apartments) report the highest average monthly rate per bed in both on- and off- campus apartment units in the City of Warrensburg, at $600 per month on-campus, and $470 per month off-campus. In on-campus units, there is a clear distinction between units with fewer beds renting for higher rates, whereas in off-campus rental units between 5 beds and 2 beds all hover near the $260 per bed monthly rate, while 1 bed units rent for nearly double.

Figure 34: Warrensburg On/Off Campus Rent Rates by Number of Beds per Unit

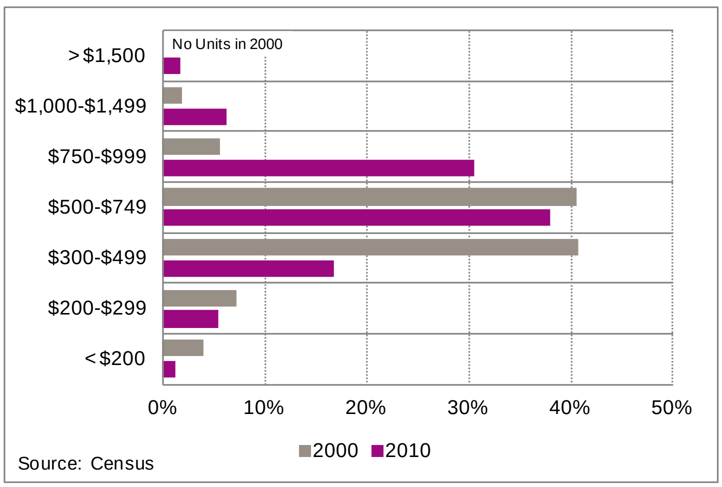


Source: AECOM

In 2000, the median rent for occupied units paying rent in the City of Warrensburg was $493 per month. This figure increased at an annual rate of 3 percent from 2000 to 2010, where as of 2010 the median rent for occupied units paying rent in the City of Warrensburg is reported to be $647 per month, according to the US Census.

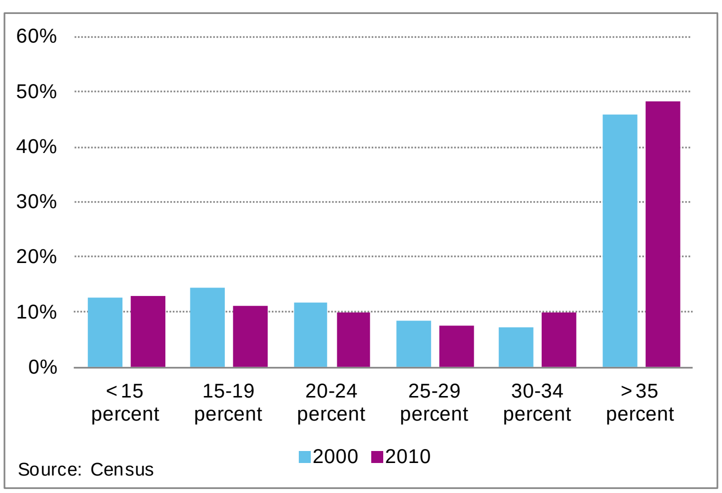
The figure below depicts the share of population by the level of rent paid for a rental unit. Overall, from 2000 to 2010, the number of occupied units with a rental lease increased from roughly 3,300 in 2000 to 3,900 in 2010. In 2010, 38 percent of units rented between a range of $500 to $749 per month. The rental rate range which experienced the most growth from 2000 to 2010 was the $750 to $999 range, which increased at an annual rate of 19 percent. Additionally, the gross rent ranges above $1000 per month all increased from 2000 to 2010, while the ranges below $750 per month all experienced decline.

Figure 35: City of Warrensburg Gross Rents paid by Renters, 2000-2010



In 2010, 48 percent of renters paid upwards of 25 percent of their household income towards gross household rent. This represents an annual increase of 1 percent from 2000 to 2010. Additionally, 10 percent of individuals who rent paid between 30 and 34 percent of their household income for household rent. The share of renters who spend less than 30 percent of their household income on rent declined as a share of total renters in Warrensburg from 2000 to 2010.

Figure 36: City of Warrensburg Gross Rent as a Percent of HH Income, 2000-2010



Warrensburg Retail Real Estate Trends

The table below is a review of the current retail inventory in the City of Warrensburg. The row highlighted in green represents the Maguire St. corridor. In total, there is nearly1.2 million square feet of office and retail space on the corridor, with a vacancy rate of 6.4 percent. Nearly 98 percent of the street level space is retail, which equates to approximately 682,000 square feet of space. Street level retail space reported a vacancy of 6.4 percent, with the majority of vacant space falling outside of the core, north of US Route 50 on Maguire Street. The noted areas have the following boundaries:

- Far South – Maguire Street, generally south of Hamilton Street.
- South Campus – Campus area, generally between Hamilton and the Union Pacific Rail Line
- North Core – Maguire Street, From the UP Rail line to North Street
- North Destination – Maguire Street, from North Street to US 50
- North – North of 50 Destination – all the real estate north of US 50, including the vacant stuff at Hawthorne Blvd.

Table 16: Warrensburg Office and Retail Inventory

Corridor	Total Space	Street Level	Street Level Retail	Street Level Office	Total Vacant	Street Level Retail Vacant	Street Level Office Vacant	Street Level Retail Vacant	Street Level Office Vacant
Far South	73,407	73,407	59,227	10,062	0	0	0	0%	0%
South Campus	53,715	50,027	34,659	6,414	1,288	0	1,288	0%	20%
North - Core	54,973	52,188	24,454	10,219	4,222	4,222	0	17%	0%
North - Destination	474,599	0	45,383	0	30,438	0	0	0%	0%
North - N of 50 - Destination	516,205	518,392	518,392	0	39,312	39,312	0	8%	0%
Sub-Total (Maguire St Corridor)	1,172,899	694,014	682,115	26,695	75,260	43,534	1,288	6%	0%
Downtown	507,573	333,514	248,618	72,068	65,076	47,216	1,164	19%	2%
Other Space	75,352	72,155	55,228	14,677	17,032	13,700	3,332	25%	23%
Grand Total	1,755,824	1,099,683	985,961	113,440	157,368	104,450	5,784	11%	5%

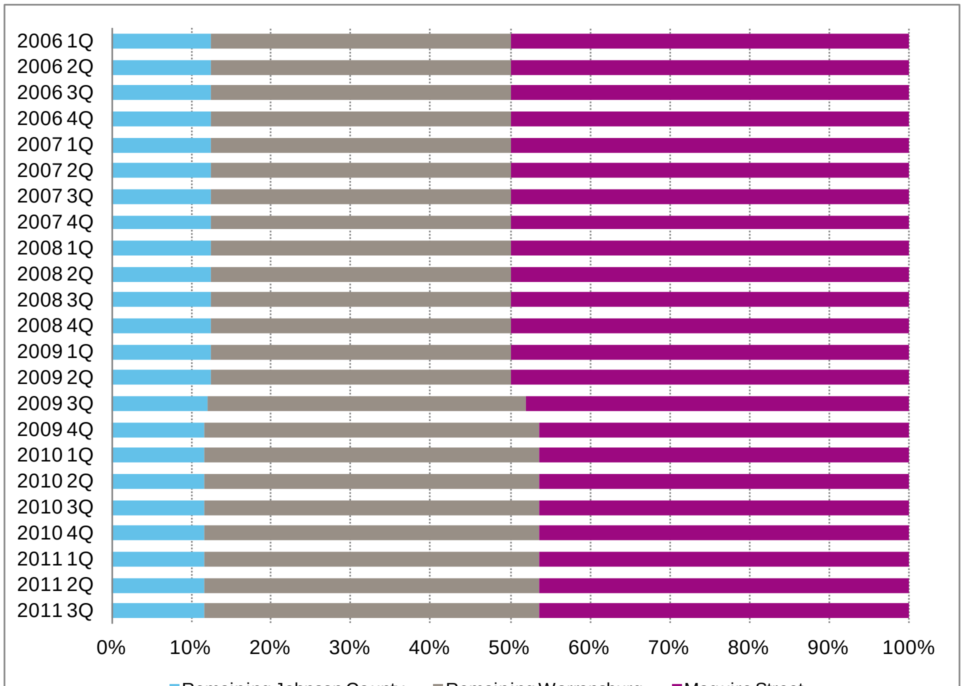
Source: AECOM

CoStar Retail Inventory Analysis

The below figure is a look at the distribution of total retail inventory in Johnson County from the first quarter of 2006 to the third quarter of 2011. Overall, the City of Warrensburg has maintained a predominate share of the total retail inventory throughout the past six years in Johnson County. On average, the city of Warrensburg has sustained an 88 percent share of the total retail inventory in Johnson County. Additionally, nearly 50 percent of the total retail inventory exists within the Maguire Street study area.

While Maguire Street maintains the largest share of retail space in Johnson County, in the past five years, the share of inventory has declined, reducing at a rate of 1.5 percent annually since the third quarter of 2006. During this same time period, the remaining share of retail inventory in the City of Warrensburg experienced an increase in share of retail space, increasing at an annual rate of 2.3 percent.

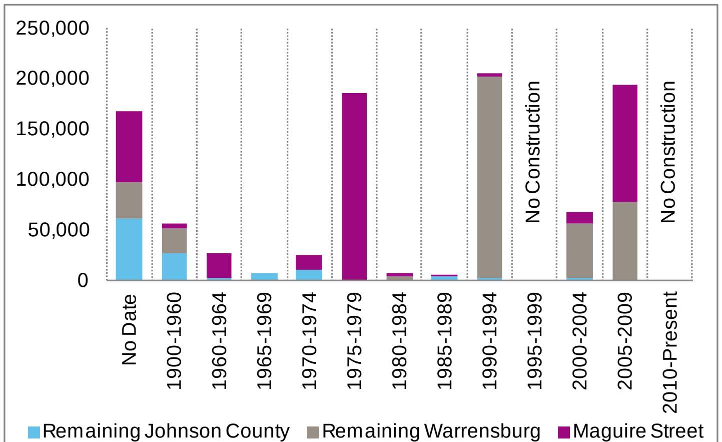
Figure 37: Share of Retail Inventory in Johnson County, 2006-2011



Source: CoStar

The following figure is a reflection of total retail inventory delivered to Johnson County from 1900 to 2011. Mentioned above, the majority of retail inventory in Johnson County is located within the Maguire Street study area; however, in the past twenty years, 85 percent of the total retail inventory has come online in the remaining areas of the City of Warrensburg, while 30 percent of Maguire Street's total inventory came online from 1990 to 2011. Suggesting that since 1990 growth in retail space has occurred more significantly in the remaining areas of Warrensburg, excluding Maguire Street.

Figure 38: Total Construction in Johnson County, 1900-2010



Source: CoStar

Maguire Street Retail Real Estate Trends

The Maguire Street retail market experienced little change in market conditions from the first quarter to the third quarter in 2011, maintaining a low vacancy rate between 3 and 4 percent in 2011. Overall, vacancy peaked in the third quarter of 2009, reaching nearly 12 percent, representing the highest vacancy rate for the Maguire Street retail market in the past five years.

Vacancy rates alone would suggest that Maguire Street's retail market performed at exceptional levels throughout the recession; however, the retail market did experience some of the same challenges as the national market with several national tenants closing, leaving behind large empty retail spaces.

Rents have decreased dramatically in the past five years, dropping by an annual rate of 12 percent from the third quarter of 2007 to the third quarter of 2011. However, reaching a low point in 2009 at $5.69, in the third quarter of 2009, when vacancy was at its peak, rents began to increase, reporting rates at $7.40 per square foot in the third quarter of 2011.

Table 17: Maguire Street Study Area Retail Market, Q1 2007- Q3 2011

Period	# of Bldgs	Total GLA	Total Vacant %	Total Average Rate
2007 1Q	35	762,879	3.7%	$7.97
2007 2Q	35	762,879	2.9%	$7.89
2007 3Q	35	762,879	2.8%	$8.76
2007 4Q	35	762,879	2.5%	$8.76
2008 1Q	35	762,879	3.5%	$10.17
2008 2Q	35	762,879	3.6%	$10.17
2008 3Q	35	762,879	2.6%	$13.21
2008 4Q	35	762,879	2.5%	$13.27
2009 1Q	35	762,879	8.0%	$9.63
2009 2Q	35	762,879	7.9%	$9.63
2009 3Q	36	799,252	7.8%	$8.47
2009 4Q	37	830,740	8.9%	$9.40
2010 1Q	37	830,740	9.2%	$9.40
2010 2Q	37	830,740	6.6%	$9.45
2010 3Q	37	830,740	6.6%	$9.25
2010 4Q	37	830,740	6.4%	$9.61
2011 1Q	37	830,740	6.8%	$9.70
2011 2Q	37	830,740	6.6%	$9.70
2011 3Q	37	830,740	6.9%	$9.73

Source: CoStar

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of AECOM and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of February 2012 and AECOM has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by AECOM that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "AECOM" or "Economics Research Associates" in any manner without first obtaining the prior written consent of AECOM. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of AECOM. Further, AECOM has served solely in the capacity of consultant and has not rendered any expert opinions. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of AECOM. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from AECOM. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by AECOM, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Appendix