

**1985 UPDATE
OF THE
CENTRAL BUSINESS DISTRICT
NEEDS ANALYSIS
BISMARCK, NORTH DAKOTA**

Prepared For:

**Bismarck Development Association
Bismarck, North Dakota**



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April 7, 1986

Mr. Russell Staiger, Exec. Dir.
Bismarck Development Association
P.O. Box 2615
Bismarck, ND 58502

Dear Mr. Staiger:

Enclosed please find the 1985 update of our original Bismarck Central Business District Needs Analysis. Included in the following pages is an overview of present economic conditions. The original study was prepared in late 1980 and the following study addresses changes occurring since that time.

An addition to this study has been an analysis of downtown employment. We found the downtown area to contain roughly 6,000 employees, with a very high percentage in the managerial and professional job categories. Consequently, the average wage in the downtown area was over \$18,000, which is considerably above the area average.

One market in particular, convention and tourism, has increased dramatically over the past five years, due in large part to the promotional efforts of the Convention and Visitors Bureau. However, we do not foresee continued growth of this market at comparable rates without an expansion of convention center facilities.

Both the retail and office markets of the downtown area have absorbed moderate amounts of additional space, primarily through renovations of older buildings. The statistics included in this study show that downtown retail stores can continue to be an effective component of the CBD marketplace. We especially encourage the continued addition of specialty stores and shops, selective apparel stores (men's wear), and the maintenance or expansion of the furniture and home furnishing stores now in the market.

Although there is now a temporary surplus of office space in the city, we believe that long term planning for new office construction in the Central Business District should remain a priority item. Within the past five years there has been no new office construction (excluding medical) in the Central Business District, while over 40,000 square feet has been developed in outlying city areas.

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The current hotel market in the metropolitan area is considerably overbuilt. Over 600 new competitive rooms were added to the hotel supply bringing the market up to 2,064 rooms available. At present demand levels, the average market occupancy is estimated at below 55%. Consequently, we believe that new additions to the supply be discouraged and efforts be directed into ways of funding the convention center expansion, which has the potential to increase the demand for hotel rooms in the area.

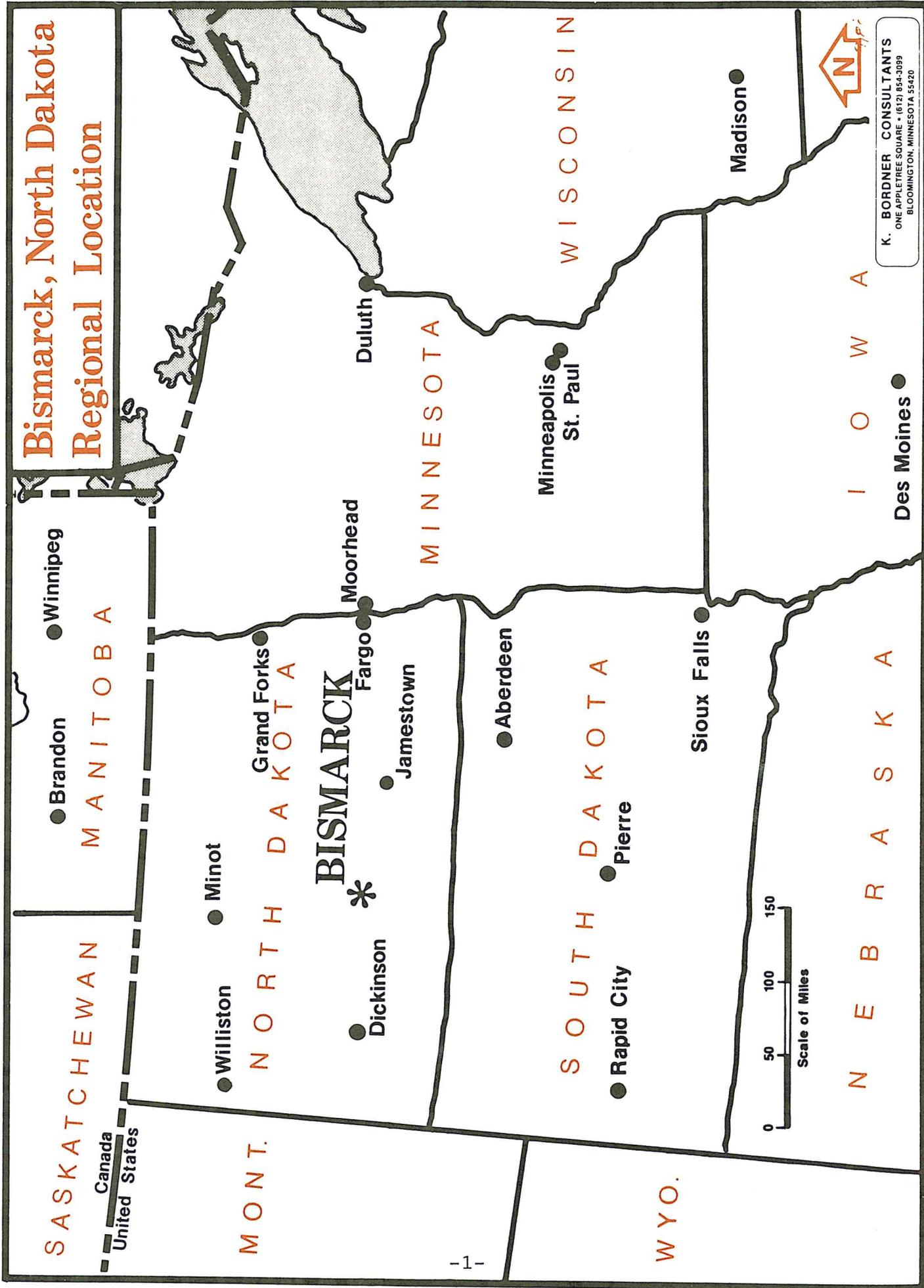
During the course of our study, we encountered considerable concern by downtown merchants over the availability and present use of existing on-street parking spaces. However, although it appears as if a problem does exist, we do not recommend that action be taken until the exact nature and extent of the problem is quantified through an objective survey. We believe that the city should investigate the possibility of having such a study conducted.

Beginning with our shopping center research for what is now the Kirkwood Plaza Center, we have had occasion to work in Bismarck many times over the past 25 years. We continue to appreciate the friendliness and spirit of cooperation that is shown to us by the many individuals that we come in contact with. Please feel free to call on us directly should you have questions concerning any aspect of this study.

Yours truly,

George E. Bordner

Bismarck, North Dakota Regional Location



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BISMARCK AREA ECONOMIC OVERVIEW

Since our previous Bismarck Central Business District analysis, dated September, 1980, some significant developments have taken place which affect the Bismarck area economy. Most important of these on the negative side are the decline in energy prices and problems in the agricultural sector of the economy. On the positive side, Bismarck has experienced significant private sector capital investment since 1980, and the city has strengthened its position as an important service center. This section of the report will update the demographic and economic information contained in the 1980 report.

POPULATION

The population of the Bismarck MSA (consisting of Burleigh and Morton Counties) grew at a compound annual rate of 1.0 percent between 1960 and 1970, while it grew at a compound annual rate of 2.7 percent between 1970 and 1980. The 1985 population estimate for the two county area is 86,664 which indicates an annual compound growth rate of 1.6 percent since 1980.

TABLE I
RECENT POPULATION HISTORY
BISMARCK-MANDAN MSA

	<u>1970</u>	<u>1980</u>	<u>1985</u>
Burleigh County	40,714	54,811	59,381
Morton County	20,310	25,177	27,283
Bismarck MSA	61,024	79,988	86,664

SOURCE: Bureau of the Census
North Dakota State Data Center

The population of the City of Bismarck grew by 28.2 percent from 1970 to 1980 at a compound annual rate of 2.5 percent.

A special census of Bismarck population was recently completed that puts the city's 1985 population at 47,576, or a compound annual growth rate of 1.4 percent since 1980.

TABLE II
RECENT POPULATION GROWTH
CITY OF BISMARCK

	<u>1970</u>	<u>1980</u>	<u>1985</u>
City of Bismarck	34,703	44,485	47,576

SOURCE: U.S. Census

EMPLOYMENT

Total employment in the Bismarck MSA grew by 1,450 jobs or 4.2 percent, between 1981 and 1984. The increase was entirely due to additional employment in Wholesale and Retail Trade, and the Service industries. All other industries employed less people in 1984 than in 1981. The Mining and Construction classification experienced the greatest decline; that category declined by 11 percent over the period, a loss of 250 jobs. Comparison with years prior to 1980 is difficult, since Burleigh and Morton Counties were not defined as an MSA and comparable Non-Agricultural Wage and Salary Employment data for previous years was not collected. The table below shows employment by industry for the Bismarck MSA in 1981 and 1984.

TABLE III
NON-AGRICULTURAL WAGE & SALARY EMPLOYMENT
BISMARCK MSA

	<u>1981</u>		<u>1985</u>		<u>Percent Change</u> <u>1981 to 1985</u>
TOTAL	34,180	100.0%	35,870	100.0%	4.9%
Mining & Construction	2,280	6.7	1,800	5.0	-21.1
Manufacturing	2,000	5.9	1,960	5.5	-0.2
T.C.U.*	2,900	8.5	2,880	8.0	-0.07
Trade (Wholesale & Retail)	9,230	27.0	9,610	26.8	0.4
F.I.R.E.**	1,690	4.9	1,690	4.7	0.0
Services	8,390	24.5	9,870	27.5	17.6
Government	7,690	22.5	8,060	22.5	4.8

*Transportation, Communications and Utilities

**Finance, Insurance and Real Estate

SOURCE: North Dakota Job Service



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BISMARCK, ND

LABOR FORCE

The labor force in the Bismarck MSA was 40,773 in 1979, while the total employment in the MSA was 39,100. Since that time, both figures have fluctuated somewhat. In 1984, both the labor force and employment figures were higher than in 1979, but the 1984 unemployment rate was 2.5 points higher than it was in 1979, since the labor force has grown at a faster rate than employment in Bismarck since 1979.

TABLE IV
LABOR FORCE AND EMPLOYMENT
BISMARCK MSA

	<u>1979</u>	<u>1982</u>	<u>1984</u>	<u>1985</u>
Civilian Labor Force	40,773	38,610	42,540	45,070
Employment	39,100	36,200	39,740	41,840
Unemployment	1,673	2,410	2,800	3,230
Unemployment Rate	4.1%	6.2%	6.6%	7.2%

SOURCE: North Dakota Job Service

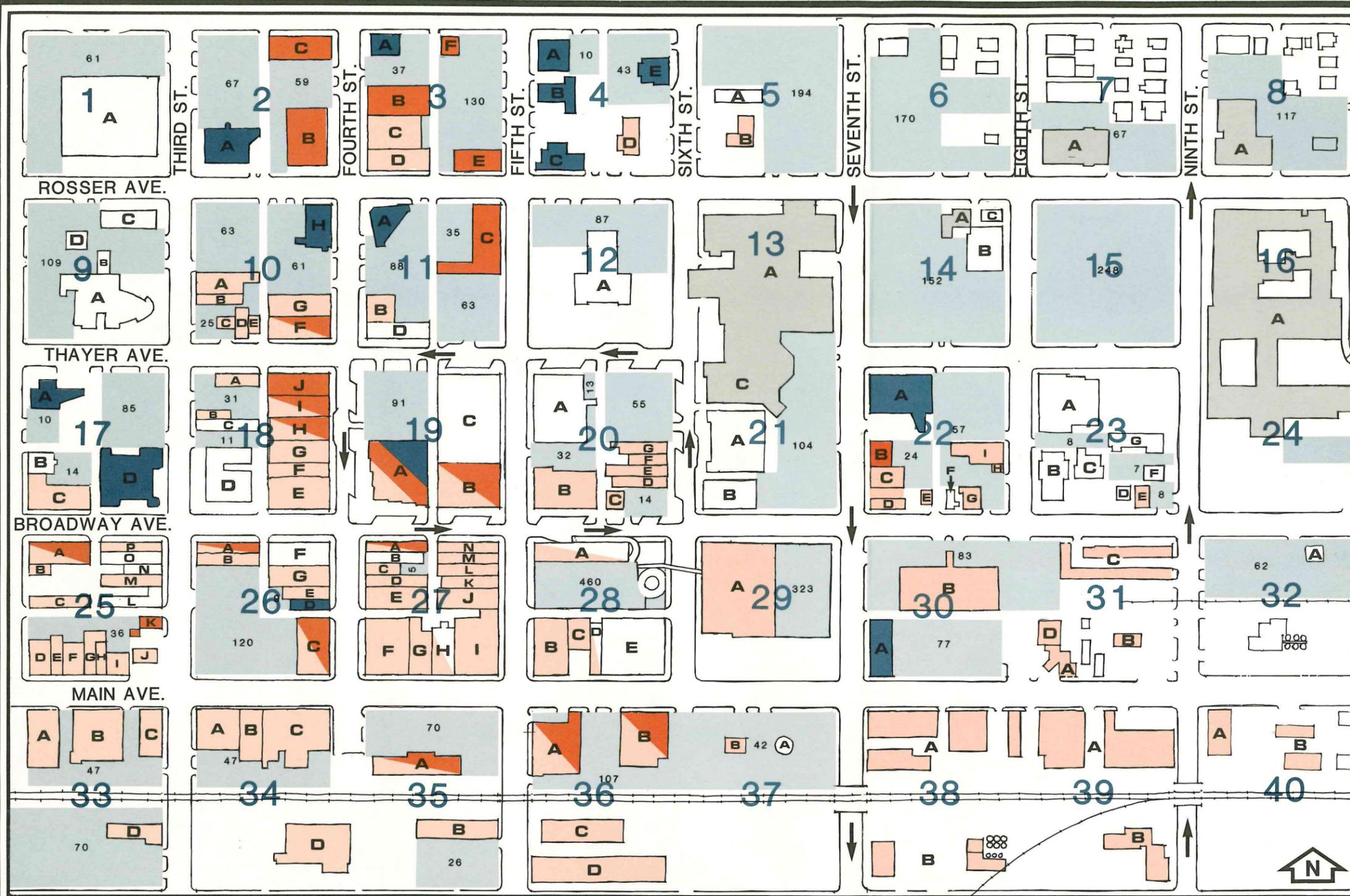
INCOME

Income levels have remained relatively higher in Bismarck than in North Dakota as a whole since the 1980 report was done. In fact, Sales and Marketing Management estimates that the median household effective buying income in Bismarck is now 9.4 percent higher than the North Dakota state median. In 1978, the city level was estimated to be 8.1 percent higher. Editor and Publisher's 1985 figures show median per-capita and household disposable income to be about 15.4 percent higher than the North Dakota state figures, up from 1980, when Editor and Publisher estimated Bismarck disposable income to be 13.7 percent above the state level.

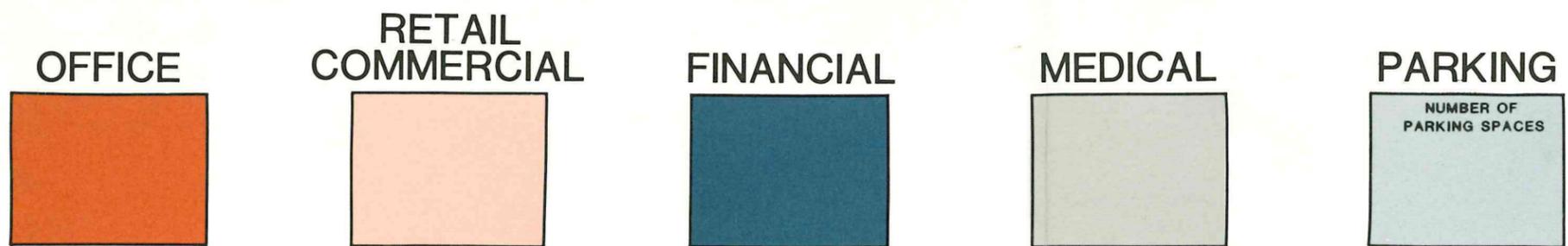
TABLE V
1985 INCOME ESTIMATES
BISMARCK, NORTH DAKOTA

	<u>Disposable Income Per Capita</u>	<u>Disposable Income Per Household</u>	<u>Median Household Effective Buying Income</u>
Bismarck MSA	\$13,031	\$36,110	\$29,998
Burleigh County	13,275	36,249	33,937
Morton County	12,497	35,790	23,439
State of North Dakota	11,284	31,295	27,398
United States	11,251	30,699	25,496

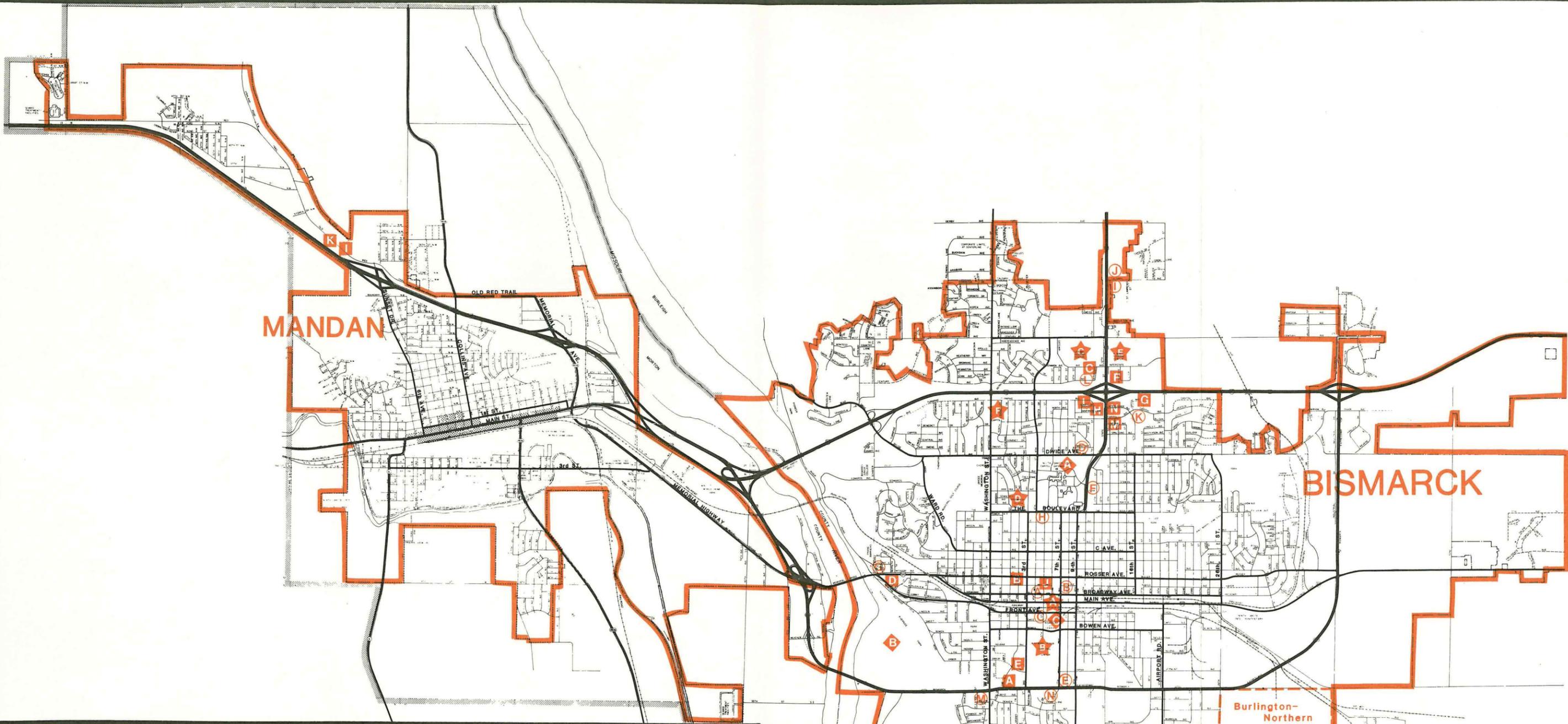
SOURCE: 1985 Survey of Buying Power; 1985 Editor & Publisher Market Guide



BISMARCK CENTRAL BUSINESS DISTRICT OCCUPANCY



- BLOCK 1**
A Federal Offices, Post Office
- BLOCK 2**
A Gate City Savings & Loan
B Montana Dakota Utilities (MDU) Office Building
C Montana Dakota Utilities (MDU) Office Building
- BLOCK 3**
A Midwest Federal Savings
B 411 Professional Building
C Ace Hardware
D Dakota Twin Theaters
E Professional Office Building
F Office Building
- BLOCK 4**
A Metropolitan Federal Savings & Loan
B Northwest Bank Drive-Up
C Northwest Bank Drive-Up
D Amoco Gas Station
E Federal Land Bank
- BLOCK 5**
A Apartments
B Hall's Exxon Gas Station
- BLOCK 6**
A Parking & Residential
- BLOCK 7**
A Medical Arts Building
- BLOCK 8**
A Mid-Dakota Clinic
- BLOCK 9**
A First Presbyterian Church
B Apartments
C American Legion
D 7-11 Store
- BLOCK 10**
A Newell's Western Shop
B The Dressnick Cafe
C Garner's Capitol Shoe Hospital
D Perfection Dry Cleaners
E Owl Book Store
F Downtown Office Building
G Finney Drug
H Mathison's Art Supply
I First Federal Savings & Loan
- BLOCK 11**
A Northwestern Federal Savings & Loan
B The Alex-Ruth Shop
C Provident Life Building
D North Dakota Education Association
- BLOCK 12**
A Barleigh County Courthouse
- BLOCK 13**
A Medcenter One
- BLOCK 14**
A University of North Dakota School of Medicine
B Chemie Beauty Place
C White Drug Store
- BLOCK 15**
Hospital Parking
- BLOCK 16**
A St. Alexis Medical Center (Part)
- BLOCK 17**
A First Bank Bismark Drive-Up
B Mason Apartments
C Trio Interiors
D Ecovest Music
E First Bank Bismark
- BLOCK 18**
A Rosenbaum's Appliances
B Bain Insurance Company
C Norma Apartments
D Federal Building
E Meyer Broadcasting
F Cable 1 - Bismark/Wandan Cable T.V.
G Hobbin-Meyer Florist
H Rich's
I Gineard Company
J Rich's (Women's Apparel)
K KFYR
L Greentree Square (Office Retail)
M Human Building
N Anderson's State Fur
O Office Building (Former Bismark Tribune Building)
- BLOCK 19**
A Northwest Bank Bismark
B Warrick's (Women's Apparel)
C Keen Travel Agency
D Parasetter Design
E City Center Plaza (Retail Office)
F Northwestern Bell Telephone
- BLOCK 20**
A City-County Office Building
B 1 Conalescent Care Center
C Lemhart Rexall Drug
D Senson's Optical
E Sioux Sporting Goods
F Kaskeler's Jewelry
G Covered Wagon
H Nelson Trading Post
I Linsen's Hair Fashions
J Burgies Restaurant
- BLOCK 21**
A World War Memorial Building (Recreational Center)
B Bismark Auditorium
C O.A.R. Clinic
- BLOCK 22**
A United Bank of Bismark (New Building Replaced 2)
B Ritterbach Office Building
C Backstage Inc. Professional Productions
D Paper Dollar Bar
E Minot Beauty & Barber Supply
F Residence
G Baker's Dozen
H A's Barber Shop
I Hindemith Tin Shop
- BLOCK 23**
A St. Mary's Elementary School
B St. Mary's Church
C St. Mary's Rectory
D Apartments
E One-Hour Martiniizing
F Apartments
G St. Mary's Convent
- BLOCK 24**
A St. Alexis Medical Center (Part)
- BLOCK 25**
A Technically Yours
B Vacant
C Cratty Chiropractic Center
D Part I
E Budget Video
F Budget Tapes & Records
G Selfert Shoppe
H Myler Music Company
I Feast T.V.
J Thomas T.V. & Appliance
K Guttorland
L Genelli's Sports Center West
M Tandy Leather Company
N Ken's Flower Shop
O Dimensions Unlimited
P General Store - Gas
Q Low Offices
R The Construction of Bismark
S Country Store
T Logan Building (Burned Out)
U (Burned Out)
V 1 Town Crier Book & Card Shop
W Mary's Camera & Model Shop
X Bill Kutz Custom Tailoring
- BLOCK 26**
A Capital Trophy
B Hearing Aid Store
C Boy Scouts Offices
D Gary's Gallery
E Doug's Place of Hair Styling
F Workshop Home Appliance Center
G Hair Agency
H Swanson's Health Products
I Bismark State Bank
J Woodmansee Stationery & Office Furniture
K R.D. Hairstyling College
L The Art Works
M Vacancy
- BLOCK 27**
A 1 Cowan Drug
2 Office
3 Bismark Optical
B Joseph's School of Hair Design
C Knowles Jewelry
D Bev's House of Furniture
E Coast to Coast Hardware
F 1 Gold's Furniture
2 Vacant
G Golden Dragon Restaurant
H 1 Capital Theater
2 The Artworks
I 1 Patterson Place
2 Peacock Alley Bar & Grill
3 Plumtree
J 1 Yes Virginia
K Robert Knutson Photography
L Blackstone Restaurant
M Walker's 'N Daughter's Jewelry
N Shoe Hut
O 1 Good News Christian Book Store
2 Betty's Beauty Den
3 Westley's Jewelry
4 Instant Printing
- BLOCK 28**
A Parkade Building
B University of North Dakota School of Medicine
C Chemie Beauty Place
D White Drug Store
E Red Wing Shoe Store
F J & R Vacuum Sales & Service
G Bible & Book Store
H Studio Hair Design
I Marianne's
J Renee's Craft & Hobby Shop
K Northland White Wear
L Gan City
M Pacific Sourd
N 1 Dakota Financial
2 Profitview Kitchens
O 1 ATA Fitness Center
2 Interstate Business College
- BLOCK 29**
A Sheraton Galleria Hotel & Ramp
- BLOCK 30**
A Bank of North Dakota
B Red Owl Store
- BLOCK 31**
A Main Bar
B Village Mart Groceries & Gas
C Klein Lumber Company
D Auto Repair
- BLOCK 32**
A Railroad Building
- BLOCK 33**
A Hansen's Furniture
B 1 Vacant
2 Second Time Around
C GMP (Office Machines & Furniture)
D Warehouse
- BLOCK 34**
A 1 Midwest Coin & Antiques
2 Feists Jewelry & Watch Repair
3 Fish Printing
B 1 Italian Village Pizzeria
2 Dunley's (Art Supplies)
C Conlin's Furniture
D MDV Power Plant
- BLOCK 35**
A Burlington Northern Depot
1 Fiesta Villa Restaurant
2 Bismark Orthotics & Prosthetics
B Warehouse
- BLOCK 36**
A Dakota Building
1 Kramer Agency Insurance
2 Waterbeds
3 Miscellaneous Office
4 The Red Mustache
B 1 Tanning Center
2 Bismark Business Center
3 Frank Page Tavern
4 Duke's Pizzeria
5 Village Square Trade Guild Shop
C Warehouse
D Warehouse
- BLOCK 37**
A Vacant
B Exxon Gas Station
- BLOCK 38**
A Bismark Lumber Company
B Bever's Convent
- BLOCK 39**
A Phillips & Sons
B Acme Welding Supply
- BLOCK 40**
A Signs of Bismark
B Speedy Tire Center



BISMARCK-MANDAN URBAN AREA

○ Multi-Tenant Office Buildings

- A. CBD Office Buildings
 - Professional Office Building
 - Downtown Office Building
 - Provident Life Office Building
 - Office Building
- B. Ritterbush Building
- C. City Center Plaza
- D. Gold Seal Office Building
- E. Kirkwood Office Tower
- F. Capitol Place
- G. Missouri Office Building
- H. Plaza Center
- I. Russell & Randall Office Buildings
- J. Professional North Office Building
- K. Halkirk Office Building
- L. Frontier Office Building
- M. South Washington Office Building
- N. Bismarck Avenue Offices

★ Retail Shopping Areas

- A. Bismarck CBD
- B. Kirkwood Shopping Mall
- C. Gateway Shopping Mall
- D. Arrowhead Plaza
- E. K-Mart
- F. Northbrook Shopping Center

◆ Points of Interest

- A. State Capitol
- B. Dakota Zoo
- C. Bismarck Civic Center

■ Hotels

- A. Expressway Inn
- B. Fleck House Inn
- C. Gateway Inn
- D. Holiday Inn
- E. Kirkwood Hotel
- F. Motel 6
- G. Ramada Inn
- H. Select Inn
- I. Seven Seas
- J. Sheraton Hotel
- K. Stonewood Hotel
- L. Super 8
- M. Thrifty Scot
- N. Townhouse Moter Inn

GENERA

COUNTY LINE
SECTION LINE
CORPORATE LINE
OPEN STREETS AND SECTION
LINE PROJECT
A LINE UNDIVIDED HIGHWAY
DIVIDED HIGHWAY
STATE NUMBERED HIGHWAY
U.S. NUMBERED HIGHWAY
INTERSTATE NUMBERED HIGHWAY
HIGHWAY GRADE STEEPENING
INTERCHANGE
RAILROAD LINE NUMBERED BY
A SINGLE OPEN
RAILROAD STATION
RAILROAD BRIDGE
RAILROAD BELOW
WATER STREAM
BRIDGE



RETAIL TRADE

According to the Census of Retail Trade, total retail sales in the Bismarck MSA grew from \$314,382,000 in 1977 to \$485,128,000 in 1982, an increase of 54 percent. Over the same time period, retail sales in the state of North Dakota increased by 50 percent. In 1982, the Bismarck MSA accounted for 14 percent of the state's retail sales.

TRADE AREA

The 1985 trade area population is estimated at 147,259, giving a compound annual growth rate of 2.6 percent since 1980. All but two counties grew over the past five years, Emmons and McIntosh Counties in the southwest portion of the trade area.

TABLE VI
TRADE AREA POPULATION
1970 - 1985

<u>Counties</u>	<u>1970</u>	<u>1980</u>	<u>1985</u>
Burleigh	40,714	54,811	59,381
Emmons	7,200	5,877	5,799
Grant	5,009	4,274	5,164
Kidder	4,362	3,833	4,169
Logan (Pt)	2,123	1,746	2,572
McIntosh (Pt)	2,773	2,400	2,351
McLean (Pt)	4,500	4,915	5,806
Mercer	6,175	9,378	17,261
Morton	20,310	25,177	27,283
Oliver	2,322	2,495	2,625
Sheridan (Pt)	2,262	1,973	1,987
Sioux	3,632	3,620	3,959
Wells (Pt)	1,569	1,396	1,402
Campbell, S.D.	2,866	2,243	2,300
Corson, S.D.	<u>4,994</u>	<u>5,196</u>	<u>5,200</u>
TOTAL TRADE AREA	110,811	129,334	147,259

SOURCE: U.S. Census of Population, 1970, 1980;
North Dakota State Data Center

RETAIL SALES ANALYSIS

The Bismarck-Mandan trade area, as described previously, has an estimated 1985 population of 147,259. The Number of Persons Served column in Table VII was determined by dividing per capita sales levels into estimated 1985 trade area sales occurring within the entire trade area. This is the same methodology as utilized in the 1980 study.

The last column (Population Differential) indicates the difference between the Number of persons Served in each category with the trade area population. This is a useful index comparing the relative strength of various retail store categories to each other.

TABLE VII
1985 NUMBER OF PERSONS SERVED
BISMARCK-MANDAN TRADE AREA

	State Per Capita <u>Sales</u>	Est. Trade Area Sales <u>(\$000,000)</u>	Number of Persons <u>Served</u>	Trade Area Population <u>Differential</u>
Total Retail Sales*	\$6,387	\$ 853 7	133,662	-13,597
<u>SELECTED CATEGORIES</u>				
General Merchandise	\$ 570	\$ 93.1	163,333	+16,074
Apparel & Accessories	340	38.6	113,529	-33,730
Home Furnishings & Appliances	271	34.0	125,461	-21,798
Lumber, Hardware & Bldg. Materials	685	96.4	140,730	- 6,529
Food	998	150.0	150,301	+ 3,042
Automotive	1,600	203.2	127,000	-20,259
Gasoline	601	75.5	125,624	-21,635
Eating & Drinking	585	75.2	125,624	-21,635
Drugs	174	28.8	165,517	+18,258

*Includes categories in addition to selected categories

SOURCE: Editor & Publisher Market Guide; K. Bordner Consultants, Inc.

The total number of persons served in the trade area showed an across the board increase over our previous analysis in 1980. However, that increase fell short in most categories, of the population increase for the trade area during the same period. This resulted in an increase in the negative population differential in many categories.

Since the method itself is based upon state average per capita sales, a large negative differential can indicate a "leakage" of sales from the trade area to surrounding retail trade centers, or can indicate that sectors of the population are spending less than the state average.

Some insight can be gained by reviewing the sales history of the Bismarck MSA itself, from the standpoint of the number of persons served. The following table converts Bismarck area sales, using the same procedure for selected prior years.

TABLE VIII
NUMBER OF PERSONS SERVED
BISMARCK MSA
1977 - 1985

	<u>Sales</u>	<u>Per Capita Sales</u>	<u>Number of Persons Served</u>	<u>Percent of Population</u>
1985	\$690,746	\$6,387	108,149	73.4%
1980	482,927	5,148	93,809	72.5
1977	314,382	3,481	90,314	73.0

SOURCE: Editor & Publisher Market Guide; K. Bordner Consultants, Inc.

Note that the index number of persons served by Bismarck area retail establishments has increased markedly. Stated in other terms, the increase in sales from 1980 to 1985 is the equivalent of all sales available from a population of 14,340 persons. The last column in the preceding table shows the number of persons served as a percentage of total trade area population. This indicates the effective capture rate of sales available in the trade area by Bismarck area retail facilities. This figure continues to hover around the 73 percent mark.

HEALTH SERVICE INDUSTRY

Since 1980 major expansions have taken place in the Bismarck medical community. Both Bismarck hospitals expanded, with St. Alexius Hospital adding 54 beds and other facilities at a total cost of \$19 million, while the new construction and renovation done by Medcenter One amounted to \$22 million. The new 120,000 square foot Quain and Ramstad Clinic Building was constructed at a cost of \$11.6 million.

The expansion of the two hospitals and Q & R Clinic have had different employment impacts. As an example Medcenter One currently employs 825 persons which represents approximately a 10% increase in staff due to the expansion. Quain & Ramstad Clinic is currently employing 312 persons which represents an increase in staff of approximately 8% due to the new clinic being built. The expansion of the St. Alexius Hospital resulted in approximately 30 direct new jobs which were primarily maintenance and dietary in nature. St. Alexius currently employs 1272 including full and part time.

As a result of the expansion of these three medical facilities 138 direct new jobs were created. In addition, however, it is necessary to also consider the indirect jobs which were created. Using the U.S. Chamber of Commerce's booklet entitled "what 100 New Jobs Mean to a Community" as a way of projecting the indirect jobs created, you will find the following interesting facts result from 138 direct jobs:

Aggregate annual personal income created	\$2,688,727
New Retail Establishments	9
New manufacturing jobs	88
Population increase	279
Family Units	140
School Enrollment	84
Retail Sales	\$2,038,885

As one can see, the impact of the major expansion by the medical community has provided a very positive influence throughout the City. These improvements have helped Bismarck maintain its importance as a regional medical center which in turn, is a component of Bismarck's status as a multi-purpose service center. The city's medical facilities service area, as determined by the origin of patients, is similar to the City's retail trade area.

TABLE IX
1983 PATIENT ORIGINS
BISMARCK AREA HOSPITALS

<u>County</u>	<u>St. Alexius Hospital</u>	<u>Medcenter One</u>	<u>Total</u>	<u>Percent of Total</u>	<u>Admissions As a Percent of County Population</u>
Burleigh	5,007	3,325	8,332	41.1 %	14.0 %
Dunn	133	-	133	0.7	2.9
Emmons	342	128	470	2.3	8.1
Grant	242	-	242	1.2	4.7
Hettinger	132	-	132	0.7	3.2
Kidder	191	283	474	2.3	11.4
Logan	145	-	145	0.7	2.8
McIntosh	203	119	322	1.6	6.8
McLean	676	597	1,273	6.3	8.8
Mercer	768	390	1,158	5.7	6.7
Morton	2,030	1,307	3,337	16.5	15.0
Oliver	173	-	173	0.9	6.6
Sheridan	111	117	228	1.1	8.0
Sioux	191	257	448	2.2	11.3
Stark	491	278	769	3.8	11.0
Other N.D. Counties	1,436	1,402	2,838	6.7	-
South Dakota	451	559	1,010	4.6	-
Other States	195	165	360	1.7	-
TOTAL	12,917	8,927	21,844	100.0 %	-

SOURCE: Area Hospitals

The last column in Table IX shows patients from each county as a percent of total county population. This is an indicator of the strength of area medical facilities in the various county areas.

GOVERNMENT

Over one-fifth of the total employment in the Bismarck-Mandan area is directly accounted for by government employment. Over half of the government employment is due to the presence of the State Capitol in Bismarck. In addition to direct government employment, numerous other jobs in the area are in government support positions. The number of direct government jobs is not expected to grow significantly in the foreseeable future, mainly due to budgetary constraints and the slow rate of growth of North Dakota's population.

ENERGY

The energy crisis of the 1970's resulted in a great deal of economic activity in the Bismarck area during the late 1970's and early 1980's. Energy related activity in North Dakota which affected Bismarck included petroleum exploration and well drilling, coal mining, the construction of coal-burning power plants, and the ANG Coal Gasification Facility.

Employment figures give an indication of some of the energy related changes which have taken place in the North Dakota economy recently. Employment in the mining industry peaked at 11,860 jobs in September of 1981. By April of 1983, the number of mining industry jobs in the state had dropped to 6,130. The latest available figure for mining jobs in the state is 7,020 as of May, 1985. Construction employment has also been heavily dependent on the energy industry. According to the ANG Coal Gasification Company, construction on the Great Plains Coal Gasification Plant near Beulah amounted to nearly 5,750 heavy construction jobs in 1983. That figure was roughly three-fourths of all heavy construction jobs in the state in that year which was the peak year of construction at the project.

Coal development in North Dakota has risen dramatically over the last two years. Annual coal production jumped from around 17 million tons in the early 1980's to 19.8 million tons in 1984 and 25.4 million tons in 1985; an increase of almost 51.2 percent since 1980. This growth is due almost exclusively to the high demand for coal created by the Great Plains Gasification Plant.

Three counties in Bismarck's trade area accounted for some 72 percent of all coal production in the state in 1980. That share has grown to almost 78% in 1985.

Since 1980, oil production increased steadily to 52.6 million barrels in 1984, but this production dropped by 730,000 barrels to yield an annual total of 51.8 million barrels in 1985. The recent drop in prices in foreign oil has put downward pressure on domestic oil prices, making large investments in exploration and drilling less feasible. Companies that can wait may prefer to leave their oil in the ground until prices rise again.

TABLE X
NORTH DAKOTA ENERGY ACTIVITIES
1980 - 1985

Fiscal Year <u>Ending</u>	Oil Production <u>(Millions of Barrels)</u>	Coal <u>(Millions of Tons)</u>
1980	40.15	16.8
1981	45.62	17.4
1982	47.45	17.2
1983	50.37	17.7
1984	52.56	19.8
1985	51.83	25.4
Percent Increase	29.1 %	51.2 %

The Great Plains Coal Gasification Plant, located 80 miles northwest of Bismarck near Beulah, began producing synthetic gas from coal in July, 1984. The plant is owned by Great Plains Gasification Associates (GPGA) and operated by ANG. According to a report prepared by the Governor's Task Force on the ANG Coal Gasification Project, total plant-specific employment is approximately 1,523 (973 direct plant employees, 400 contract employees, and 150 mine employees.)

In August, 1985, GPGA defaulted on their \$1.54 billion loan from the federal government after a request for price supports was refused by the Department of Energy (DOE). The loan was guaranteed by DOE and upon GPGA's default, DOE assumed control of the plant. With these developments, the future of the gasification plant is uncertain. DOE's options, listed in a report drafted by the U.S. General Accounting Office are: Continue to operate the plant, sell or lease it to a corporation, shut down operations until a buyer or lessor can be found, mothball it, or scrap the plant.

Both the reports by the Governor's Task Force and the General Accounting Office (GAO) were prepared to examine the potential impact of the plant's closing in economic and social terms. GAO projects losses to federal, state and local governments would amount to some \$255 million over a seven year period (1986-1992), while the Governor's Task Force estimated a loss of \$620 million over the same period. The difference between the two estimates is that the latter includes investments in schools and infrastructure, as well as power supply contracts that must be honored regardless of the plant's operation. DOE emphasizes that closing Great Plains is only an option of the last resort, and the heavy costs of following that option leaves state and local residents optimistic for Great Plains' continued operation.

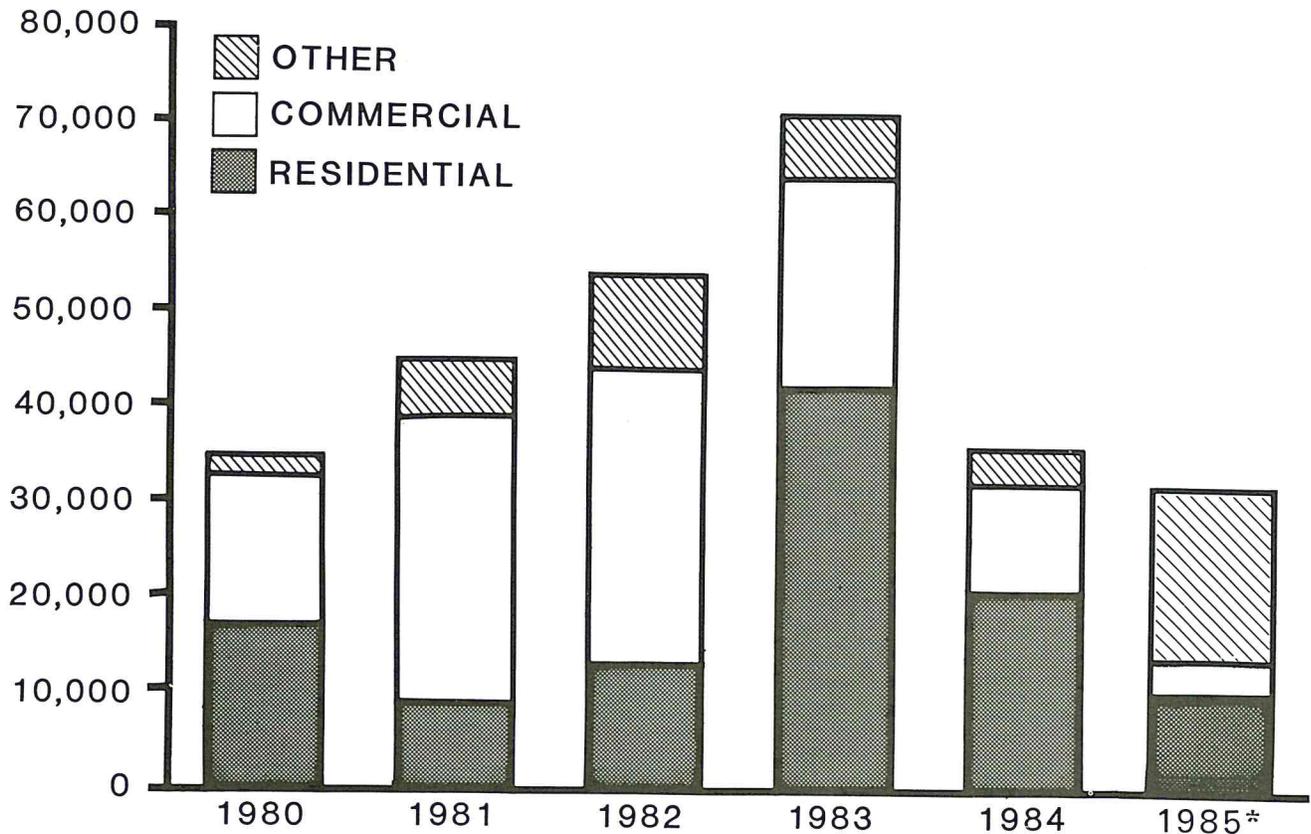
The effect that the possible closing of the Great Plains' plant might have on Bismarck is difficult to pin down without a detailed analysis. A report prepared by the Governor's Task Force on the ANG Coal Gasification Project (September 1985) for presentation to the U.S. Department of Energy states "A shutdown would likely cause a loss of 6% of the population in towns within a 100 mile radius of the plant. Compounded with the severely depressed agricultural economy, a loss of the Great Plains' plant would accelerate the current downward trend in the region's economy." The 6% loss of population in Bismarck equates to 2,855 persons. This is the equivalent of the past 4.75 years of growth at the current annual growth rate of 1.26%. Put another way it would mean a loss of almost all of the growth Bismarck has experienced since the 1980 census.

In addition to the population loss there would also be the loss of a substantial volume of business being conducted between a large number of Bismarck businesses and the Great Plains' project. Again, without a specific analysis it is extremely difficult to quantify either the dollars or the jobs which would be lost. Indicators are that the loss would be substantial.

BUILDING PERMITS

Building permit statistics reflect the growth experienced by Bismarck in the early 1980's. The total value of permits issued in Bismarck grew from \$35 million in 1980 to \$71 million in 1983, before dropping back to \$35 million again in 1984. However, these high dollar volumes lose some of their impressive stature when compared to the value of permits issued during the 1970's. Even before adjusting for inflation, the value of permits issued in the late 1970's was equal to that of permits issued in the early 1980's.

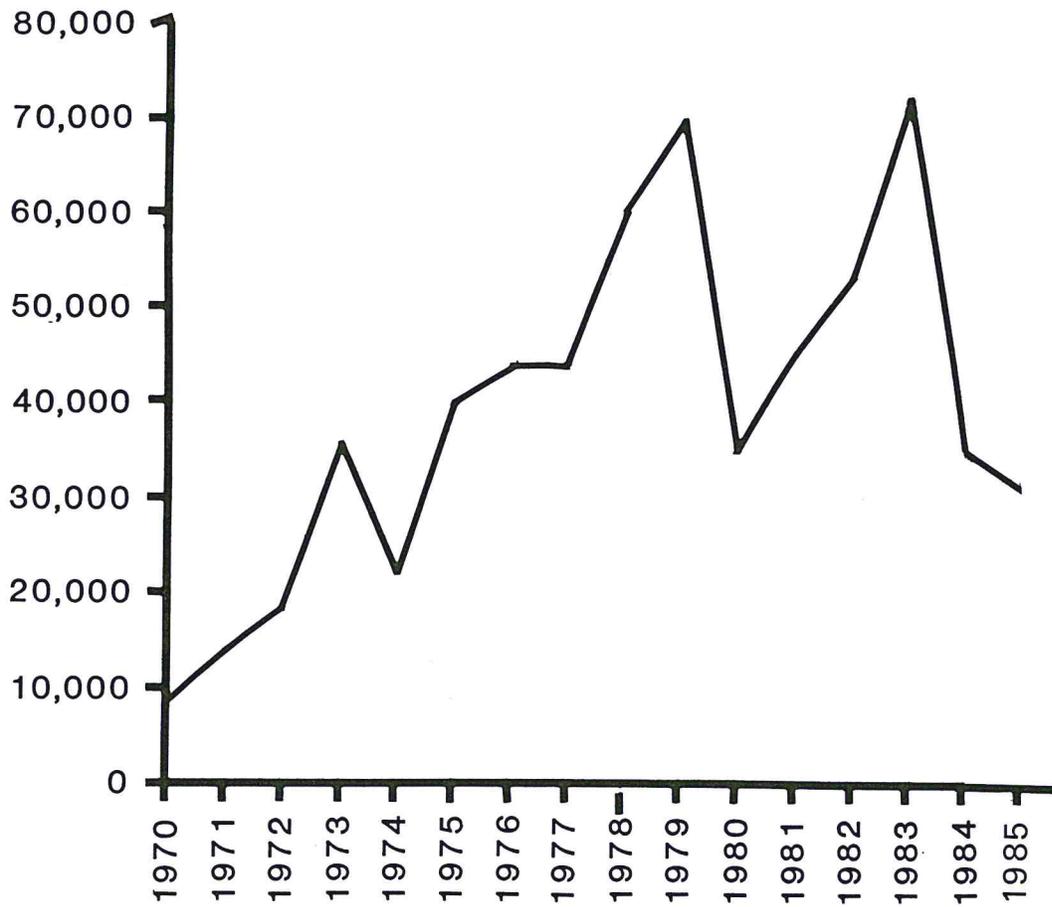
1980 - 1984 BUILDING PERMITS
BISMARCK, NORTH DAKOTA
(\$000'S)



* As is indicated the bar for 1985 shows a substantial reduction in both new residential and new commercial building activities. The big increase came in the category identified as "Other". This "Other" category includes building permits for 1) Residential Alterations, 2) Public Permits, 3) Commercial and Public Alterations and 4) Miscellaneous and residential garages. The source of this information is the Bismarck Fire & Inspection Department.

The graph below charts the total value of building permits issued in Bismarck annually since 1970.

DOLLAR VALUE OF BUILDING PERMITS ISSUED
BISMARCK, NORTH DAKOTA
(\$000'S)



MULTI-TENANT OFFICE MARKET

The following table summarizes the availability of rental space in major office building within the CBD core area. This list has been expanded to include some buildings that were not surveyed in our original study. Also, because of differences in methodology (i.e. present list includes basement space) square footage numbers may not be strictly comparable.

However, it is possible to compare the overall occupancy of major buildings surveyed. In 1980 our original investigation covered 349,500 square feet of office space of which 287,000 square feet was occupied giving an occupancy rate of 82.1%. In 1985 our survey covered a total of 428,900 square feet of space in major buildings of which 367,954 square feet was occupied giving an occupancy rate of 85.8 percent.

TABLE XI
SELECTED MULTI-TENANT OFFICE BUILDINGS
BISMARCK CENTRAL BUSINESS DISTRICT*

<u>Building</u>	<u>Year Built</u>	<u>Year Renovated</u>	<u>Stories</u>	<u>Rentable Sq. Ft.</u>	<u>Occupancy</u>	<u>Lease Rate</u>	<u>Utilities Included</u>
Dakota Northwestern	1978	-	6	103,000	100%	\$10.50	Yes
Professional Building	1952	-	3	22,500	92%	6.50	N/A
Cowan Building	1898	1958	5	14,000	84%	5.50- 6.50	Yes
Provident Life	1954	-	6	68,600	97%	8.50	Some
Dakota Block	pre-1960	-	2	20,000	65%	N/A	N/A
411 Professional Bldg.	-	1972	1	7,200	80%	N/A	N/A
NDEA	1954	1983	2	13,600	95%	6.75- 7.50	Yes
City Center	1956	1980	2	32,300	75%	8.50-11.00	Yes
Woolworth	1913	1970	2	13,100	-0-	6.50- 8.50	Neg.
OPR	1949	1974	2	8,900	94%	5.50	Yes
Old First Bank	1954	1979	2	28,200	60%	5.50- 7.50	Yes
Parkade	1970	-	2	9,900	100%	9.75	No
N.W. Federal	1978	-	2	4,300	90%	8.75	Some
Downtown Office Bldg.	1923	1973	4	36,200	91%	8.75	Yes
Old Tribune Bldg.	1920	1981	2	19,200	84%	9.50-10.50	Yes
Green Tree Square	1978	-	2	13,800	72%	6.50	Yes
Haar Bldg.	1947	-	2	14,100	85%	6.50- 7.00	Yes

*Excluded Medical & Clinic Buildings

It was observed that remodeling and renovations of older downtown buildings continues to occur, resulting in a gradual upgrading of the building stock to meet present day expectations. Also, a considerable amount of space has been provided in the close-in residential areas immediately surrounding the CBD through the remodeling of older homes into quality professional space.

Outside of the medical industry, there has been no new construction of major office space in the downtown area. The only major office structure erected in the past 5 years has been the Gold Seal Building (approximately 40,000 sq. ft.) near the State Capitol at the intersection of Divide and Highway 83. Gold Seal has the highest reported rental rates in town at \$13.50/sq. ft. and has an estimated occupancy of 88%.

One other noteworthy change was the movement of the city offices into the former Q & R Clinic Building.

DOWNTOWN EMPLOYMENT

Employees within the Central Business District represent a primary market for many downtown businesses (restaurants, retailers, etc.). In order to quantify that market, a survey was conducted with the cooperation of the Research and Statistics division of the North Dakota Job Service, the Bismarck Development Association and many of the major downtown employers.

The results of that survey revealed a total of 5,929 employees within the CBD study area addressed by this report as of March, 1985. Gross payroll for this employment group for the first quarter of 1985 was \$27,824,764. On an annualized basis this would equal an average annual wage of \$18,768. This was considerably higher than the comparable figures for both the state and Burleigh County.

TABLE XII
AVERAGE ANNUAL WAGE COMPARISONS
1984*

Bismarck CBD*	\$18,768
Burleigh County	16,411
Cass County	16,453
North Dakota State	15,284

*Annualized from 1st Qtr. 1985

SOURCE: North Dakota State Job Service

Wage levels were expected to be higher within the downtown area because of the large number of professional and managerial jobs located there.

Following are income comparisons within Burleigh County for various industry groups.

TABLE XIII
AVERAGE ANNUAL WAGES BY INDUSTRY SECTOR
1984*

Agriculture	\$8,905
Mining	29,403
Construction	18,815
Manufacturing	18,805
Wholesale Trade	20,203
Retail Trade	9,118
Trans., Comm. & Utilities	24,248
Fin., Ins. & Real Estate	17,511
Services	15,883
Government	18,595

*1985 Data Not Available

SOURCE: North Dakota State Job Service

In addition to the overall employment figures obtained through the state Job Service, an attempt was made to investigate the actual composition of the downtown work force through interviews and personal contact with many of the major downtown employers.

The major employers surveyed accounted for a total of 2,165 employees or 36.5% of the downtown work force. In this group 1,030 workers (47.6%) were classified as managerial or professional. This is the primary reason for the higher wage rates prevailing in the downtown area. The remainder were classed variously as clerical (936), Service (37), Craft (114) and Supervisory or Technical (48). However, outside of the managerial/professional category, various employers appeared to employ different criteria in their classification of workers and hence, the remaining breakdowns are somewhat arbitrary.

It should be noted that because of the means employed in selecting the sample employers surveyed, the resulting breakdowns can not be directly applied to the overall work force (47% of all employees do not necessarily fall in the managerial category), however, it may be safe to assume that the overall percentage would be a similarly significant number.

DOWNTOWN - AN OVERVIEW OF CHANGE AND RECOMMENDATIONS

In the course of the past five years, since our original study, a great deal of change has occurred within the Central Business District. Major downtown development projects since 1980 have resulted in the investment of over \$82.5 million in Downtown Bismarck. The most significant projects have been medical related. Improvements and additions to St. Alexius Hospital and Medcenter one (formerly Bismarck Hospital) and the construction of the new Quain and Ramstad Clinic, have accounted for \$52 million, or over 63 percent of the total value of development projects. One additional project, the Sheraton Galleria Hotel and adjacent parking ramp, accounted for an additional \$12 million of the total. The remainder of downtown projects were much smaller in cost and many involved the renovation of existing structures. The list below summarizes the major development projects undertaken in Downtown Bismarck since 1980.



BISMARCK, N.D.

K. BORDNER CONSULTANTS
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TABLE XIV
 MAJOR RECENT DOWNTOWN DEVELOPMENT PROJECTS
 BISMARCK, NORTH DAKOTA

<u>Name</u>	<u>Year of Completion</u>	<u>Type of Project</u>	<u>Cost (\$000's)</u>	<u>Comments</u>
Quain-Ramstead Clinic	1983	Med.	11,600	120,000 sq.ft., new bldg. adjacent to Medcenter One. Former Q & R Clinic Bldg. became the City-County Office.
Medcenter One	1984	Med.	22,000	140,000 sq.ft., new construction, 43,500 sq.ft. renovation. Mix of medical, surgery, rehabilitation, and heliport. (Formerly Bismarck Hospital.)
St. Alexius Hospital	1983	Med.	19,000	Added 54 new beds, ambulatory recovery room, dietary facilities, birthplace-NICU, medical/surgical floors, ICU and telemetry, heliport, public reception & services.
Patterson Place	1983	Res.	5,600	Renovation of former Patterson Hotel. 117 one bedroom units, Section 8 housing for elderly/low income persons.
Northern Pacific	1983	Comm.	450	Renovation of former railway depot. 7,500 sq.ft. total, of which 4,500 is now a restaurant, and 3,000 sq.ft. is other retail/commercial.
Capital Theater	1984	Comm.	150	Renovation of theater has provided 220 seats.
City/County Building	1985	Public	2,700	Renovation of former Q & R Clinic Bldg., 70,000 sq.ft. Cost included \$1.4 Million for bldg. & land acquisition.
Sheraton Hotel	1983	Hotel	9,700	New hotel with 223 first class rooms and other meeting facilities. Also includes two restaurants and a nightclub.
Sheraton Ramp	1983	Public	2,300	233 space parking ramp adjacent to the Sheraton Hotel. Costs incl. 200 ft. long overhead enclosed walkway between the Sheraton Hotel & City parkade ramp.
United Bank	1983	Comm.	1,600	Renovation of 36,000 sq.ft. bldg. Bank uses 12,000 sq.ft., with remainder used as commercial office space.
Bismarck State Bank	1983	Comm.	160	Renovation of older bldg. into a drive-up bank station. Acquisition cost \$60,000. Renovation cost \$100,000.

MAJOR RECENT DOWNTOWN DEVELOPMENT PROJECTS
BISMARCK, NORTH DAKOTA
-CONTINUED-

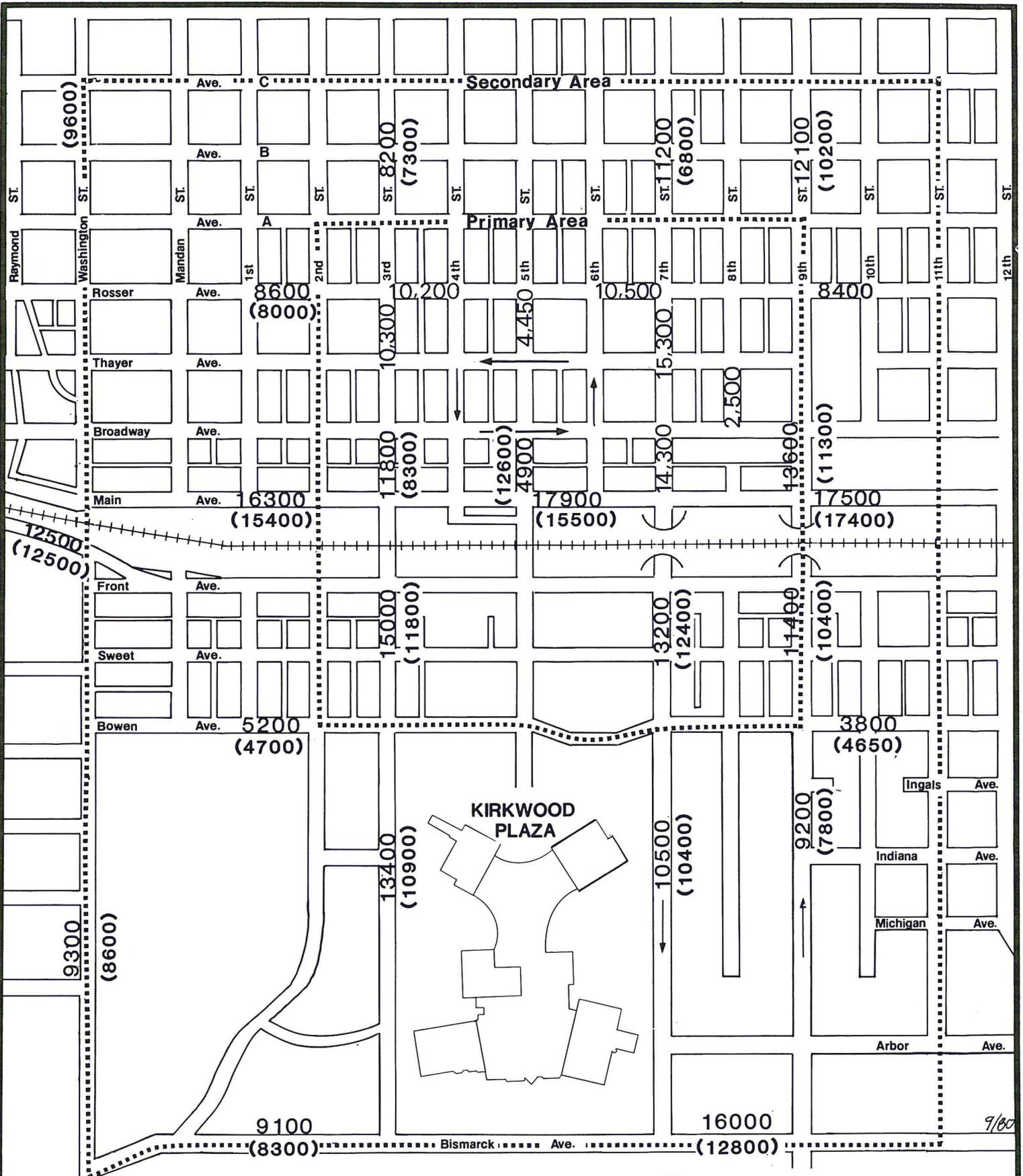
<u>Name</u>	<u>Year of Completion</u>	<u>Type of Project</u>	<u>Cost (\$000's)</u>	<u>Comments</u>
Rosenbaum Appliances	1984	Comm.	80	Renovation of former Bismarck Tribune Printing Bldg. Includes 4,100 sq.ft. office/retail, 1,000 sq.ft. of warehouse.
Hedahl's Office	1980/84	Comm.	1,000	Includes 1980 renovation of former Tierny Chevrolet property & new construction of warehouse space in 1984. Total available is 35,000 sq.ft. Acquisition cost was \$475,000 of total. Total space available approximately 35,000 sq.ft.
Murphy Insurance	1980	Comm.	367	Renovation of former Tierny Chevrolet truck showroom and used car department. Converted into 10,500 sq.ft. of first class office space.
Goldies Furniture	1984	Comm.	245	Renovation of former Woolworth Building. Total building size is approximately 39,000 sq.ft. Cost includes renovation of first floor (approximately 13,000 sq.ft.) and exterior of building.
Universal Plaza	1985	Comm.	262	Renovation of former J.C. Penney Building at 6th & Main. Size is 19,000 sq.ft. plus 12,000 sq.ft. on lower level. Building also now includes a physical fitness center.
City Center Properties	1985	Comm.	371	Additional renovation of 42,000 sq.ft. former J.C. Penney building at 5th & Broadway. AT&T occupies upper level, lower levels are commercial and retail space. Building underwent major renovation 1979-80.**
Bismarck Tribune	1982	Comm.	585	Renovation of former Bismarck Tribune Bldg headquarter into multi-tenant offices. Total size is 14,000 sq.ft.
Kensington Hotel	1984*	Res.	700	Downtown elderly housing renovation. (non-subsidized)

**Cost of most recent remodeling - actual total renovation was begun 5-20-80, however, cost was not available.

*Some details are still being completed.

MAJOR RECENT DOWNTOWN DEVELOPMENT PROJECTS
 BISMARCK, NORTH DAKOTA
 -CONTINUED-

<u>Name</u>	<u>Year of Completion</u>	<u>Type of Project</u>	<u>Cost (\$000's)</u>	<u>Comments</u>
Logan's On Third	Underway	Comm.	1,024	28,862 sq. ft. Mixed use renovation of previously fire damaged property will include retail, office & restaurant.
Mid Dakota Clinic Parking Lot	1984	Comm.	41.6	Paving of new off-street parking for clinic use.
3rd & Main Parking Lot	1983	Public	34	Paving of unpaved portion of balance of city owned property for public surface level parking.
County Court Hosue	Underway	Public	1,363	Renvoation of court house space for offices & court space.
KFYR Property	1984	Comm.	400	Renovation of KFYR property including both TV and Radio space.
Parkade Addition	1984	Public	830	Addition of 2 levels of public parking to City Parkade. This added 141 spaces bringing total to 458.
TOTAL COST: \$82,562,600				



ACCESS AND TRAFFIC VOLUME

The new bridge across the Missouri River was completed in the summer of 1985, the last link in the construction of the southern arterial by-pass route. This route follows Bismarck Avenue to the south of the Downtown Area and provides alternative access for both Downtown and the Kirkwood Plaza area.

Downtown area traffic volumes are shown on the accompanying map of the core area. Note that the traffic from 1980 to 1984 had increased substantially on nearly all core area streets. This is a direct consequence of increased business activity in the overall city center area.

PARKING

The scope of work set forth for this study did not include an analysis of downtown parking. However, parking is a continued concern and we feel that some comments are appropriate.

An independent parking study was conducted in 1978 by Barton Aschman Associates. During the course of that study, 3,739 off-street parking spaces were inventoried in a 67 block study area that extended on the south to Front Avenue. A Bismarck/Burleigh County Planning Department survey, conducted in the summer of 1985, showed off-street parking in that same area increasing to 5,368 spaces. This was an increase of 43.6% (1,629 spaces) since 1978.

The number of on-street parking spaces for the Downtown area were not available to us. However, it is supposed that on-street spaces are a small percentage of overall parking supply. Still, there appears to be a perception on the part of downtown visitors and store customers that the adequacy of downtown parking is directly related to the availability of on-street spaces in close proximity to their destination. This view was especially emphasized in our interviews with downtown merchants and was very similar to our experience in other western and mid-western "middle market" communities where these same views have been expressed. It is seldom that we don't encounter reports of customer's aversion to the use of parking ramps and parking charges.

However, in Bismarck, we were repeatedly told that the problem is exacerbated by the use of on-street spaces by downtown employees. This problem is possibly more difficult to deal with in North Dakota because of state prohibition of parking meters. Still, whether parking is regulated by meters or time limits, neither method will be effective without adequate enforcement procedures.

It is beyond the scope of this study to determine whether employee parking in on-street spaces is in fact a problem, or to analyze whether existing enforcement procedures are effective. We do, however, recommend that serious consideration be given to employing a parking consultant to quantify the extent to which such a problem does exist and to make recommendations for action that could be taken to alleviate the situation.

In addition to the previous study, a traffic/parking study of the medical area was completed in 1984. The area studied was Avenue C on the north to Broadway on the south, and 5th Street on the west to 12th Street on the east. The study was carried out by HDR and Loran Galpin. The purpose of the study was to determine land use development options and their effect on parking in the defined area. The study also looked at how the traffic network should work, identified existing parking and proposed parking which would be allowed or required with new projects in the medical community and also possible new street improvements.

LODGING FACILITIES

Of all Bismarck commercial markets, the lodging industry has undergone the most dramatic change, in terms of both demand for and supply of facilities.

The most significant addition to the overall market was the addition, in 1983, of the 223 room Sheraton Galleria hotel in the downtown area. Also, during the same time period, three more moderately priced, though still competitive, hotels were built.

The Stonewood Inn, an 86 unit facility, was built at the Sunset Drive Interchange with I-94 in Mandan. The Comfort Inn, a 144 unit facility, was built in the Gateway area north of I-94 and the Expressway Inn, a 165 unit facility, was built in the Kirkwood area.

In the same period the Lewis and Clark hotel in Mandan ceased operation. Since this hotel was not considered as a competitive property, the net addition to the competitive supply is a total of 618 rooms.

At the time of our original study, in 1980, the hotel market in Bismarck was prosperous. We estimated that overall occupancy in competitive properties was 70 percent, with a total annual market demand of 390,000 room nights.

The market supply as a whole (all facilities) increased from 1,516 inventoried rooms in 1980 to 2,064 rooms in 1985. For the present market as a whole to operate at a 65 percent occupancy level, would require a total annual room demand of 489,684 room nights. To achieve this level of demand by 1985 would have required the market to grow by 3.9 percent per year over the base demand of 390,000 room nights in 1979. This did not occur. Economic conditions lagged behind past growth rates and energy related activities slowed considerably.

The combination of these two factors, the increase in supply and the lack of increase in demand, have created a sluggish market. We estimate that overall occupancy today is under 55 percent, with many properties operating near or below the 50 percent level.

We strongly believe that new additions to the room supply should be discouraged until such time as market demand more closely matches supply.

The most positive aspect of the hotel market in the past five years has been the rapid growth of the convention and meeting market, as can be seen in the following table.

TABLE XV
BISMARCK CONVENTION MARKET
1970 - 1984

	<u>Number of Conventions</u>	<u>Number of Visitors</u>	<u>Percent of Change</u>
1970	144	35,885	-
1980	505	79,915	8.3%
1984	1,071	129,394	12.8%

SOURCE: Bismarck Convention & Visitors Bureau

Note that the rate of growth has increased to nearly 13% per year in the past four year period. This is due in large part to the Convention and Visitors Bureau. Continued growth of this market at these rates would certainly be part of the solution for the hotel market. However, we do not believe that this growth can be sustained without marked additions to convention center space, which would allow the city to capture larger groups that it cannot now attract. We believe that funding for the proposed convention center expansion, which has been under planning for some time, must remain a high priority for the city.

OFFICE FACILITIES

It was noted in our original study that suburban office development had outstripped downtown development by about 80% or 80,000 square feet during the 1970's. In the recent 5 year period, approximately 40,000 square feet has been developed in suburban areas with no new construction in the downtown.

On a long term basis, the downtown area must be able to provide modern first class space in new facilities if it is to remain competitive and maintain its stature as the dominant business hub of the city. Planning for the development of such space must remain a priority. If plans for development are in place, the city would be in a position to take advantage of the possible movement of a major tenant within the market, which could provide the basis for the feasibility of the development. Without such plans in place, the time period necessary to lay the groundwork for such a project could exceed the time limits of a potential tenant, causing the location or re-location of that space into a more easily developed suburban area.

As noted in the previous Office Section, overall occupancy in surveyed buildings within the CBD in 1985 was 85.8%, compared to 82.1% in surveyed buildings in 1980 (does not include medical facilities).

RETAIL FACILITIES

In order to gain a proper perspective on the downtown retail market it is necessary to view it in comparison to other major retail centers within the area. These figures became available from the 1982 Census of Retail Trade with the designation of the Bismarck area as a Metropolitan Statistical Area. This breakdown was not available in prior years. The three major centers of retail activity in Bismarck are the Central Business District, the Kirkwood Plaza area, and the Gateway/K-Mart area.

Collectively these various retail centers represent nearly 2,000,000 square feet of retail space. This includes nearly 1,000,000 square feet in the Kirkwood Mall and approximately 325,000 square feet in the Gateway Mall. Both of these malls are effectively 100% leased up at this time.

TABLE XVI
RETAIL SALES - 1982
BISMARCK MAJOR RETAIL CENTERS (IN 000'S)

	<u>Central Business District*</u>	<u>Kirkwood Area</u>	<u>Gateway/K-Mart Area</u>
TOTAL RETAIL SALES	\$74,003	\$103,583	\$59,081
General Merchandise	-0-	47,898	D
Apparel & Accesories	1,864	14,256	7,268
Home Furnishings & Appliances	6,928	2,712	2,818
Lumber, Hardware & Bldg. Materials	4,746	1,181	D
Food	8,367	D	D
Automotive	31,562	D	D
Gasoline	5,432	D	D
Eating & Drinking	3,193	7,230	6,846
Drugs	2,976	D	D
Miscellaneous Retail Stores	8,935	D	4,082
Miscellaneous Shoppers Goods**	4,192	4,075	D

D Indicates Data "Not Disclosed"

* Census Definition: Area Bounded by Boulevard, Ninth Street, the Burlington Northern Railroad, and Washington Street.

**Includes Jewelry, Hobby, Toy, Game, Camera, Gift, Novelty, Sewing, Needlework, Sporting Goods, Luggage and Leather Goods Stores.

SOURCE: Editor & Publisher Market Guide; K. Bordner Consultants, Inc.

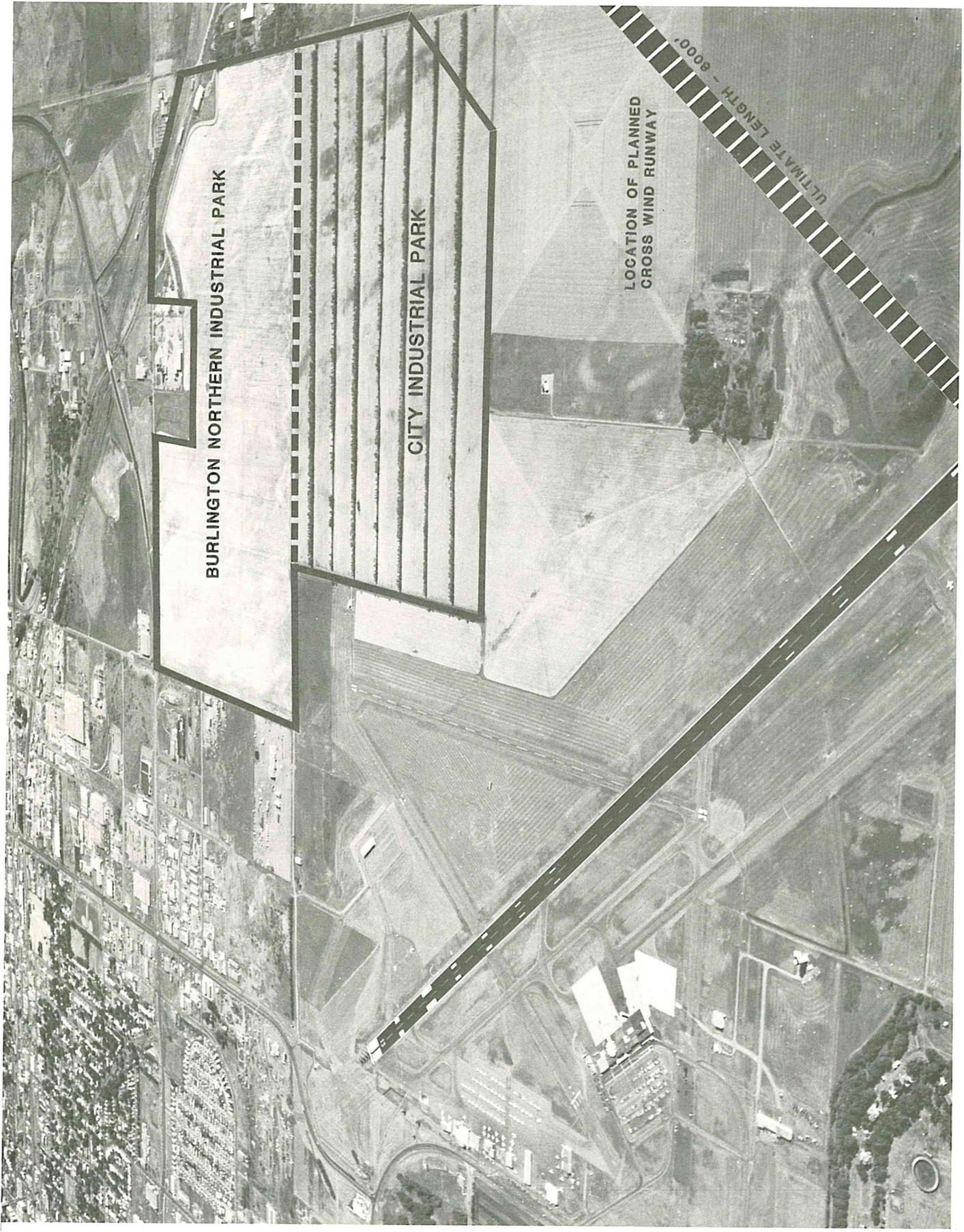
The CBD retail area has undergone a radical change in the past 15 years. It has gone from being the heart of the retail community for Bismarck prior to 1970 to being a very efficient area of retail activity including a growing number of specialty retail centers. The economic strength of the CBD retail community is due in part to the fact that there are some 5,929 persons employed in the immediate downtown area. With an average annual salary of over \$18,700 there exists a strong market for a variety of goods and services required by those persons. In addition to the market potential of persons employed in the CBD, there exists the consumer potential of the balance of the community. The location of Bismarck's very substantial medical community (employing over 2,500 persons) in the CBD provides a tremendous drawing power to the downtown area.

As might be expected, the Kirkwood area was the clear leader in terms of total retail sales. Although the CBD had total sales of \$74 million, over 40 percent of that total was in the Automotive category. Three categories are especially worthy of note.

Furniture, Home Furnishings and Appliances - The CBD was the clear leader within the area, surpassing the Kirkwood and Gateway area combined by \$1.4 million. This is the last remaining "shoppers goods" category to continue to have significance within the CBD. The other two shoppers goods categories, General Merchandise and Apparel and Accessories are dominated by the shopping centers. The furniture store category is classified as a "shoppers goods" segment, because it consists mainly of stores carrying merchandise which people will typically drive long distances to purchase and for which they will comparison shop. Consequently, this store category is a positive factor within the downtown from the standpoint of drawing customers from the outer reaches of the trading area. These store types should be encouraged within the CBD to the extent that their particular space and rental needs can be met.

Miscellaneous Shoppers Goods - As noted in the preceding table, this category consists mainly of various specialty goods stores. Included are a variety of gift, art and frame, craft, florists, sporting goods, and trophy stores. The downtown area, in 1982, performed surprisingly well in relation to the Kirkwood area in this category, with sales actually exceeding Kirkwood's by a slight margin. However, it should be pointed out that a great deal of merchandise of this type is sold in the various department stores in Kirkwood mall in addition to the specialty stores. Still, this store category is very important to the downtown and, as pointed out in our original study, contains just those kinds of stores that can most effectively capitalize on downtown traffic generated by hotels, conventions, tourism and downtown employment traffic. These store types can also take advantage of the higher income levels of the downtown employment market. However, to do so they must be situated in locations where they have high visibility and can easily intercept downtown traffic.

Eating and Drinking - The \$3 million plus in sales recorded in the eating and drinking category by downtown businesses should be considered in light of the fact that the downtown has the single largest concentration of employment within the Bismarck metropolitan area. Although a large part of the \$14 million in sales recorded in the Kirkwood and Gateway areas certainly lies in various "fast food" facilities which would not normally be expected within the CBD, still, it appears as if downtown sales have the potential to improve to levels significantly beyond what was recorded in 1982. This is especially so in consideration of the occupational and income levels of the downtown employment base. It should be noted that several restaurants have opened since 1982, including those in the Sheraton Hotel. Continued expansion and improvement of the restaurant and entertainment base within the CBD should be encouraged.



BURLINGTON NORTHERN INDUSTRIAL PARK

CITY INDUSTRIAL PARK

LOCATION OF PLANNED
CROSS WIND RUNWAY

ULTIMATE LENGTH - 8000'

BISMARCK, NORTH DAKOTA
 ECONOMIC INDICATOR COMPARISON REPORT - Select Years Through 1985
 Compiled by the Bismarck Area Chamber of Commerce

<u>YEAR</u>	<u>AIRPORT TRAFFIC ENPL. & DEPL.</u>	<u>BANK DEPOSITS</u>	<u>BUILDING PERMITS</u>	<u>POSTAL RECEIPTS</u>	<u>SCHOOL ENROLLMENT</u>	<u>POPULATION</u>
1960	35,280	\$172,518,604.23	\$ 8,857,987	\$ 723,922.30	5,049	27,670
1970	109,991	217,778,390.61	7,640,078	1,524,351.90	8,160	34,703
1980	349,414	751,351,000.00	35,895,275	4,986,000.00	8,426	44,485
1981	295,512	932,628,000.00	45,483,408	5,403,839.00	9,057	45,500*
1982	243,073	915,405,000.00	53,370,497	6,858,489.00	9,032	46,500*
1983	246,750	890,587,000.00	71,047,937	7,276,000.00	9,108	47,500*
1984	244,655	1,001,389,000.00	35,685,493	7,566,000.00	9,268	48,500*
1985	276,785	1,034,080,000.00	31,820,214	NOT AVAILABLE	9,486	47,576

*Population figures for years 1981 through 1984 are estimates.

<u>YEAR</u>	<u>DWELLING UNITS</u>	<u>TELEPHONE LINES</u>	<u>ELECTRIC METERS</u>	<u>WATER METERS</u>	<u>GAS METERS</u>	<u>EMPLOYMENT</u>	<u>RETAIL SALES</u>
1960	7,366	9,462	8,950	5,864	6,190	9,396	49,057,000.00
1970	11,484	14,449	11,828	8,293	8,425	13,890	70,039,000.00
1980	17,756	25,060	17,544	12,162	13,750	23,754	317,598,000.00
1981	17,855	25,888	17,794	11,704	14,058	23,000	322,076,000.00
1982	18,155	23,306	18,050	11,906	14,469	23,200	337,181,000.00
1983	18,928	27,710	18,952	12,351	15,055	23,580	369,044,000.00
1984	19,304	28,679	19,270	12,580	15,302	24,500	388,972,376.00
1985	19,444	29,280	19,497	13,000	15,430	26,700	NOT AVAILABLE

Note: 1980 Individual gas meters installed vs. master gas meter per regulations
 1981 School enrollment figure includes public kindergarten
 1981 Water meters adjusted to eliminate duplication
 Total Postal Receipts & Retail Sales for 1985 were not available at the time
 this report went to press.