

Appendix D

Economic and Market Analysis

[BLANK PAGE]



Summary of Major Findings

Based on the findings of the Economic and Market Analysis, potential development opportunities for the Project Area are identified, including: 1) Planning Area assets and constraints impacting future revitalization potential; 2) long-term demand projections for retail, office, and residential housing; and 3) revitalization opportunities and prospective development sites. The study findings and recommendations are summarized in the test to follow.

Economic and Demographic Trends

Hutchinson is within Reno County, Kansas which is located just outside of the 4-county Wichita MSA with a population of 648,000 residents and employment of 311,700 jobs. From 2012 through 2022, Reno County's workforce declined by 2,829 workers with total employment reduced by 1,885 jobs. Due to business interruptions resulting from the COVID-19 pandemic, during 2020 the county's employment base declined by 1.1 percent with the loss of 315 jobs. Employment rebounded in 2021 with the creation of 265 jobs, only to see the loss of 861 jobs in 2022.

Leading employment sectors in Reno County include: 1) healthcare and education, 2) manufacturing, 3) retail trade, 4) professional and business services, and 5) arts, entertainment, lodging, and food service.

Through 2040, Reno County is projected to add an estimated 1,561 to 2,646 new jobs. Hutchinson is forecast to capture approximately three-quarters of Reno County's employment growth, equating to 1,170 to 1,984 new jobs.

Since 1980, Hutchinson's population has fluctuated much like that for Reno County. The city's population increased by 9.2 percent during the 1970's, declined 2.4 percent during the 1980's, and rebounded at growth rates of 3.8 percent in the 1990's and 3.2 percent during the 2000's. From 2010 to 2020 Hutchinson's population declined by 4.9 percent to 40,006. From 1980 through 2020, Hutchinson lost 278 residents. Hutchinson serves as the population center for Reno County, accounting for over two-thirds of the total population.

Prompted by forecast job growth, from 2023 to 2040, Hutchinson is forecast to support population growth of 2,2341 to 3,969 new residents. Hutchinson's projected future population growth will generate the need for additional retail goods and services, commercial and industrial space, and new residential housing units.

When compared to that of the State of Kansas, Hutchinson's household composition possesses well below average rates for both of families and married couples with children and above average householders living alone and senior households ages 65 years and over living alone. Hutchinson's household composition characteristics suggest a propensity for detached single-family housing and large population of seniors aging in place.

Compared to statewide averages, Hutchinson is an older city with a large senior population aging in place and below average children, adolescent, and family/working adult populations.

Hutchinson's population is slightly less educated than the overall Kansas population with 35.6 percent of the population attaining an Associate degree or higher compared to 43.4 percent statewide. Conversely, 38.3 percent Hutchinson residents attained a high school diploma or less compared to 34.4 percent of the statewide population.

Hutchinson's median household income of \$51,229 compares to \$61,084 for Kansas, with a much greater rate of households earning less than \$25,000 and a much lower rate of high-income households earning \$100,000 or more. Hutchinson's well below household income levels place a constraint on achievable retail sales, housing values, and residential rents.

Competitive Retail Market Trends

As the largest city in Reno County, Hutchinson serves as the principal shopping destination supporting a pull factor of 1.19, indicating it captures retail sales at a rate 19 percent above the statewide average. The inventory of retail space in Hutchinson totals 3.6 million square feet of building area. Downtown Hutchinson served as the city's original business district supporting a large retail presence. The Kansas 61 Highway and 30th Avenue corridors in north Hutchinson now serve as the city's principal retail destinations.

As of year-end 2022, the inventory of surveyed retail space in Hutchinson was operating at a vacancy rate of 1.1 percent. Since 2017, Hutchinson's retail space inventory has operated at a vacancy rate well below market equilibrium. The shortage of retail space available for occupancy is a barrier for attracting prospective businesses.

Downtown Hutchinson serves as the city's original business district centered along Main Street from 6th Street south to Avenue D. A total of 230 retail, eating and drinking, and personal and professional service businesses operate in downtown Hutchinson. Retailers account for only one-third of all downtown businesses, led by home décor and furniture, antiques, art and framing, clothing, and jewelry.

The CoStar data identified 49 retail properties in downtown Hutchinson totaling 550,619 square feet of commercial space, equating to 15.2 percent of the citywide inventory. As of year-end 2022, downtown's inventory of retail space was fully occupied and no new commercial space was under construction. Since 2016, downtown's retail space inventory has operated at a vacancy rate well below market equilibrium. Note, there are several vacant buildings on north Main Street under single ownership and not included in the CoStar building survey.

From 2011 to 2015, the downtown retail market operated at high vacancy levels, peaking at 11.8 percent to 13.5 percent in response to negative space absorption. In response to accelerated retail space demand and absence if new additions to supply, downtown's overall annualized vacancy rate ranged from 0.0 percent to 3.7 percent from 2016 through 2022.

By 2040, Hutchinson is forecast to support an approximately 370,000 square feet to 494,000 square feet of new occupied retail space.

Competitive Office Market Trends

The Hutchinson office market totals 972,903 square feet of space. Downtown and North Main Street and Missouri 61 Highway corridors serve as the prominent office districts.

After peaking at 7.1 percent in 2013, the overall office vacancy rate for the Hutchinson market followed a downward trend to a low of 1.6 percent by 2018. The overall vacancy rate remained healthy in 2019 and 2020, before spiking in 2021 to 5.7 percent. By year-end 2022 the vacancy rate improved to 4.7 percent with 13,916 square feet of net space absorbed. Despite the recent uptick in the overall vacancy rate the market remains well below market equilibrium.

Downtown Hutchinson totals 330,928 square feet of office space, equating to 34.0 percent of the citywide inventory. While several office buildings are located along Main Street, there is no significant concentration of buildings. Professional and personal service firms operating downtown include home care, insurance, accountants, lawyers, employment agencies, median and communications, nonprofit organizations, and government offices.

From 2010 through 2020, downtown’s inventory of office space operated at a vacancy rate well below market equilibrium at year-end rates ranging from 0.0 percent to 4.4 percent. In response to negative space absorption the past three years, by year-end 2022 downtown’s vacancy rate rose to 11.5 percent.

From 2023 through 2040, the City of Hutchinson is forecast to support the net absorption of 85,000 to 139,000 square feet of office space.

Competitive Hotel Market Trends

Hutchinson is located within the 16-county South-Central Kansas region which is anchored by Sedgwick County which includes the Wichita MSA. During 2019, visitor spending in the South-Central region totaled nearly \$2.225 billion, equating to 30.4 percent of the statewide total. Visitor spending by county was led by Sedgwick County at \$1.662 billion. Reno County, which includes Hutchinson, was the second largest tourism market with visitor spending of \$117.7 million. From 2015 through 2019, visitor spending in Reno County remained constant at about \$117 million annually.

Eleven hotel properties operate in Hutchinson totaling 678 guest rooms. Four hotels operate in downtown Hutchinson totaling 199 guest rooms with seven hotels totaling 479 guest rooms located along the Missouri 61 Highway corridor in north Hutchinson. The lodging inventory includes six economy hotels with 307 rooms and five limited-service hotels totaling 371 rooms. All the downtown hotels are economy properties built from 1963 and 1977 with no major chain affiliation.

Hotel operating data from 2015 through 2022 for Hutchinson’s eleven hotel properties and downtown’s four properties as published Smith Travel Research is summarized in the table below. From 2015 to 2019, the eleven hotels in Hutchinson operated at annual occupancy rates ranging from 49.9 percent to 55.2 percent, garnering an improving ADR from \$77.52 in 2015 to \$80.64 by 2019. The COVID-19 pandemic resulting in a sharp decline in room demand, occupancy, lodging revenue, and ADR. During the past two years the market performance has improved and now exceeds pre-pandemic levels.

The four economy hotels totaling 199 guest rooms operating in the Planning Area have experienced similar performance trends as the overall Hutchinson lodging market. The deviations include lower occupancy levels and ADR. During 2019, the negative impact of the pandemic pushed market indicators down, marked by an 18.3 percent decline in room demand, a 36.1 percent occupancy rate, and an ADR of just \$58.74. During 2020 and 2022, market conditions have improved and now exceed pre-pandemic levels in lodging revenue and ADR.

Hutchinson supports a small and narrow hotel market. Existing hotels are economy and limited-service properties with no all-suite, full-serve, extended-stay, or conference/convention hotel properties currently operating in Hutchinson. The downtown market consists of older economy hotel properties that are not suitable for fostering a strong visitor market. The existing hotels support occupancy levels and ADR rates well below the overall Hutchinson market. Completion of the historic Hoke building conversion to a 23-room boutique hotel will add a new lodging product to the downtown Hutchinson hotel market that is positioned to foster heritage tourism.

Where the Planning Area currently falls short in supporting near-term new hotel construction is the lack of support amenities such as restaurants, entertainment, and retail. Additional downtown amenities and lodging demand generators (i.e., athletic facility, museum, etc.) are required before construction of a new hotel is viable.

Competitive Housing Market Trends

By year-end 2022 Hutchinson had 27 large-scale apartment properties totaling 1,154 dwelling units. Since 2018, the apartment properties have operated at a health vacancy rate below market equilibrium. At year-end 2018, just 66 vacant apartments were available for lease yielding a vacancy rate of 5.9 percent. By year-end 2022, the overall vacancy rate stood at just 4.1 percent. The limited inventory of vacant apartments available for immediate occupancy places a constraint on households seeking to move to Hutchinson or existing residents seeking another apartment.

The Planning Area has ten apartment properties totaling 314 dwelling units. Five apartment properties totaling 135 dwelling units are market-rate with five income-based properties totaling 179 dwelling units.

Since 2010, two apartment properties have been built in the Planning Area, including the 3-unit Catalyst Lofts in 2016 and 29-unit The Link in 2019.

The surveyed market-rate apartment properties are operating at a cumulative vacancy rate of 1.5 percent. Monthly rents are \$408 for studios, \$298 to \$500 for 1-bedrooms, and \$404 to \$615 for 2-bedrooms.

The surveyed income-based apartment properties are currently fully leased. The strong tenant demand for affordable housing stems from the fact that 22.9 percent of Hutchinson households earn less than \$25,000 annually. Monthly rents range from \$340 to \$445 for 1-bedrooms and \$425 to \$525 for 2-bedrooms. For those properties receiving Low-Income Housing Tax Credit financing, the rent is equivalent to 30 percent of the tenant’s income.

The existing market-rate and income-based rental apartments in the Planning Area are operating at or near full occupancy, suggesting strong market need and the potential to support additional market-rate and income-based rental units.

Through population growth and achieving a balanced housing market, new housing need from 2023 through 2040 in Hutchinson is estimated at 1,030 to 1,750 dwelling units. The housing demand is estimated to be segmented 65 percent owner-occupied and 35 percent renter occupied.

Downtown Hutchinson Benefits and Constraints

Through stakeholder interviews and other primary research, assets and constraints in the future revitalization of the Planning Area were identified and summarized in the text below.

Assets

- The presence of two nationally designated historic districts and a large stock of historic buildings is a major asset from which to establish a unique identity for downtown;
- The availability of historic tax credits can provide funding for the renovation of eligible properties located within the two historic districts;
- The presence of the Downtown Core North and South Historic Districts provides the potential to foster heritage tourism;
- The Fox Theatre, Flag Theatre, Hutchinson Art Center, Antique District, and Smith’s Market are principal anchors and draw visitors downtown;
- Availability of many potential redevelopment sites capable of accommodating a variety of land uses;
- The potential to convert upper floor space in existing buildings to office or residential use;
- Potential to activate alleyways;
- The current conversion of the historic Hoke Building into a 23-room boutique hotel will improve the potential to support heritage tourism and compliment the Fox Theatre;
- High traffic counts on Main Street afford businesses excellent visibility and exposure;
- Vacant Landmark building has potential for adaptive re-use with potential uses including ground floor commercial space with apartments and/or hotel in upper floors;
- Memorial Hall has the potential to be transformed into a year-round event center;
- The special events draw people to downtown;
- George W. Pyle Park, Avenue A Park, and DCI Park;
- Downtown is walkable; and
- Plenty of parking is available downtown.

Constraints

- Downtown currently supports limited pedestrian activity;
- Lack of outdoor public space with active/passive amenities and ability to host concerts, festivals, and cultural events;
- Underutilization of second floor space in Main Street buildings;
- Modest inventory of downtown housing;
- Many of the vacant commercial buildings are under single ownership;
- Absence of a fine dining restaurant to compliment art and theatre events;
- Absence of a quality hotel;
- Lack of a large-scale meeting and conference space;
- No dedicated food truck parking/setup area;
- Lack of family-friendly attractions;
- Even with the historic tax credits the cost to renovate historic buildings is high, particularly for buildings that have not been well maintained and have ADA access restrictions.
- Many businesses operate limited hours and with few eating and drinking places downtown supports very little evening activity;

- Given the current level of business activity in downtown Hutchinson the existing inventory of parking spaces appears to be sufficient. However, as redevelopment takes place and business activity escalates the availability of parking could become an increasing issue.
- Many residents, particularly from north Hutchinson, don’t patronize downtown businesses; and
- Main Street was once a highway supporting extension right-of-way which adversely affects the character of downtown. Also, it is difficult to effectively close the street for events.

Forecast Commercial and Residential Demand

Commercial space and residential housing unit demand was forecast for Hutchinson, Kansas from 2023 through the year 2040. Market forces driving future demand for commercial space and housing include the growth in employment, population, and income along with trends in average space per employee, household size, and household composition.

By 2040, the City of Hutchinson’s population is forecast to increase by 2,341 to 3,696 residents. This increase in population is forecast to generate additional retail sales capable of supporting approximately 370,000 to 494,000 square feet of occupied retail space through 2040.

Office-related job growth through 2040 in Hutchinson is projected to support the absorption of approximately 85,000 to 139,000 square feet of both owner-occupied and speculative office space.

Through 2040, new housing demand in Hutchinson is forecast at 1,030 to 1,750 new occupied dwelling units. Owner-occupied housing demand is estimated at 670 to 1,140 dwelling units with renter-occupied demand estimated at 360 to 610 dwelling units.

FORECAST RETAIL, OFFICE, AND RESIDENTIAL DEMAND CITY OF HUTCHINSON; 2023 TO 2040

	Growth		2023-2040		Net Gain	
	Population		Jobs		Low	High
Retail	2,341 - 3,969				370,000 SF	494,000 SF
Office			280 - 530		85,000 SF	139,000 SF
Housing	2,341 - 3,969				1,030 Units	1,750 Units
Owner-Occupied					670 Units	1,140 Units
Renter-Occupied					360 Units	610 Units

Redevelopment Opportunities

The principal goal in revitalization of the Planning Area is to improve its economic activity by creating a vibrant mixed-use urban environment that leverages off its status as a national historic district, stock of historic buildings, and presence of such attractions as the Fox Theatre, Flag Theatre, Hutchinson Art Center, Antique District, and Smith’s Market. This section of the study provides building and land use opportunities for revitalization of the Planning Area.

The two districts designated on the National Register of Historic Places provide the Planning Area with two principal advantages in supporting future revitalization efforts. First, the designation brings with it a sense of stature and recognition and can be used as a selling point for economic development and heritage tourism. Second, the tax advantages for property owners who reinvest in their buildings provided by the national and state historic tax credits.

The two designated historic districts provide the opportunity to foster heritage tourism and lodging demand. A boutique hotel operating in a historic building is best suited to attract heritage tourists. The historic Hoke building at 25 East First Avenue is currently being converted into a 23-room hotel and will be a key asset in promoting heritage tourism. Investment in Memorial Hall’s infrastructure could create a unique year-round meeting space to assist in generating demand for a larger, branded hotel.

For historic preservation and general revitalization efforts to succeed three ingredients are required. First, commitment by local leadership is a must that includes elected officials, business and property owners, developers, social organizations, and residents. The larger and more diverse the stakeholder group, the better chance for success. Second, a feasible and sustainable strategy must be defined and implemented. Third, successful revitalization is a long process so the effort must be able to sustain support within the community.

Additional attractions in the Planning Area are necessary to generate increased visitation and economic activity. An initial objective of the revitalization of the Planning Area is to attract more visitors that improves the prospects of supporting increased sales for existing businesses and improve the climate for attracting new businesses and residents. Examples of additional attractions include a family entertainment center, sports facility, conference center, museum, movie theater, and restaurant and sports venue such as Chicken N Pickle.

The Planning Area is centered along Main Street extending from Avenue D north to roughly 6th Avenue, a length of ten city blocks. Given the length and size of the Planning Area, improving walkability will be important in promoting business retention and expansion. This can be accomplished in two ways, including establishing individual districts of economic activity and improving pedestrian movement in and adjacent to these districts.

The section of Main Street from 3rd Street to Avenue C is the heart of the Planning Area’s retail core and includes the Antique District, Wiley District, and Smith’s Market. New commercial development on the east side of Main Street between Avenues B and C would help expand and strengthen these districts.

Like the Antique District, a cluster and eating and drinking places would also serve as an attraction and increase visitation and economic activity in the Planning Area. The section of Main Street between 4th and 6th Avenues has the potential to evolve into an entertainment district given the presence of vacant buildings, Salt City Brewery and the owner’s plan for a speakeasy in a nearby vacant building, and Hutchinson Art Center. Adaptive re-use of the vacant Landmark building at Main Street and 5th Avenue with a ground floor restaurant and hotel and/or apartments on the upper floors would heighten the image of this section of Main Street.

Planned events are a major source for attracting large crowds, so creating event space is important to establishing a downtown as a community activity and event center. Several east-west streets in the Planning Area possess considerable right-of-way that could be utilized to widen sidewalks that support outdoor dining and increased

pedestrian activity. Examples include 1st Avenue, 2nd Avenue, and Avenue B. The width of these streets along with improved sidewalks, streetscape, and lighting would create a gathering place of sufficient size by closing the street to program a wide variety of events and activities.

Additional housing is supportable in the Planning Area, though an improved urban environment in needed to improve livability. Portions of Main Street consisting of historical buildings that maybe suitable for conversion of upper floors for residential use include: 1) between 3rd and 5th Avenues and 2) between 1st and 2nd Avenues. Buildings that may possess the potential to support adaptive re-use with residential include: 1) 5-story Landmark building at the northwest corner of 5th Avenue and Main Street; 2) 2-story warehouse at 100 East Avenue A, and 3) Sunflower Electric building at 100 West 2nd Avenue.

In addition to the future occupancy of vacant downtown buildings with retail, office, hotel, and residential uses, prospective development sites have been identified, focusing on surface parking lots, under-utilized properties, and noncontributing structures. These properties would be developed in phases over a long-term time horizon. The most suitable future development sites within the Planning Area are outlined below, providing a description of the current land use and potential redevelopment uses.

1. Vacant land south of the southwest corner of Main Street and 5th Avenue
 - Infill site on Main Street suitable for 2-story mixed-use building consistent with neighboring Main buildings housing ground floor commercial space and residential/office on upper floor
2. South side of 4th Avenue between Washington and Adams Streets
 - 2 story office building and surface parking lot, Pizza Hut, Rice’s Exhaust Service
 - Potential development site for a large-scale apartment building
3. Vacant land between Washington and Adams Street, north of 2nd Avenue
 - Potential development site for apartments or townhomes
4. Northeast corner of Walnut Street and 3rd Avenue
 - One-story brick building (former bakery??)
 - Expand the redevelopment site to include the entire city block
 - Potential entertainment/music venue or medium to high density residential
5. Southwest corner of Poplar Street and 2nd Avenue
 - Surface parking lot and 1-story commercial building
 - Potential apartment site or mixed-use with commercial space on the ground floor with apartments above
6. North side of 1st Avenue between Washington and Adams Streets
 - Three, 1-story commercial buildings, surface parking lot, and vacant lot
 - Potential to create a professional office corridor including co-workspace / incubator space
7. Southwest corner of Adams Street and 1st Avenue
 - Former Sears store now occupied by SDI/Mid America Point of Sale and Dollar General

8. Northeast corner of Avenue A and Adams Street
- Cooper Tire Service, convenience store, 1-story industrial building, and vacant land
 - Potential for mixed-use employment and residential or as a convention hotel
 - Potential convention center site with an adjacent hotel or employment site
9. Surface parking lot at the northwest corner of Walnut and Sherman Streets
- Increased density – mixed-use with commercial and residential or a hotel that would tie into the improved alleyway leading to 1st Avenue.
10. Surface parking lot at the southwest corner of Walnut and Sherman Streets
- Increased density – mixed-use with commercial and residential
11. Vacant land at the northwest corner of Poplar and Sherman Streets
- Potential site for medium density residential or 1-story commercial building
12. East of the northeast corner of Walnut Street and Avenue A
- Single-family home
 - Expand site to include the two-story industrial building at the immediate corner
 - Combined site for adaptive re-use of the industrial building and the house razed to accommodate on-site parking.
13. East of the southeast corner of Walnut Street and Avenue A
- Surface parking lot and expanded to include adjacent HGE Credit Union branch
 - Potential use as medium density residential or single-tenant office building
14. Surface parking lot north of northwest corner of Main Street and Avenue A
- Infill site on Main Street suitable for 2-story mixed-use building consistent with neighboring Main buildings housing ground floor commercial space and residential/office on upper floor.
15. North side of Avenue C between Washington and Adams Streets
- Metal building, industrial building, small building, and vacant land
 - Potential use as medium-density residential
16. Vacant land on the south side of Avenue C between Main and Washington Streets
- Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
17. Surface parking lot at the southwest corner of Avenue B and Walnut Street
- Given designation of Avenue B as a “Festival Street” potential restaurant site or mixed-use commercial/ residential building
18. Surface parking lot and vacant land on north side of Avenue C between Main and Walnut Streets
- Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.

19. Vacant land at the northeast corner of Avenue C and Walnut Street
- Potential site for medium to high-density residential development
20. Southeast corner of Avenue C and Walnut Street
- Vacant land and 1-story industrial building occupied by Central Electric Motor Specialties
 - Potential site for medium to high-density residential development
21. Vacant land at the southwest corner of Avenue C and Walnut Street
- Potential site for medium to high-density residential development
22. Vacant land on the north side of Avenue D between Main and Walnut Streets
- Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
23. Surface parking lot at the northeast corner of 1st Avenue and Washington Street
- Offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
24. North side of 4th Avenue from Washington Street west to almost Adams Street
- Existing uses include the Hutchinson Inn and two, 1-story commercial buildings.
 - Potential development site for medium or high-density residential

Notes:

- Redevelopment sites #2, #3 and # 24 collectively could create a residential neighborhood within the North Main District offering a variety of housing options.
- Redevelopment sites #17 to #22 collectively could create a unique residential neighborhood in the South Avenue District offering a variety of housing options.

Full Report: Economic and Market Analysis

Downtown Planning Area Defined

The City of Hutchinson is in south-central Kansas and serves as the Reno County seat. Downtown Hutchinson is located within the southwest quadrant of the city and centered along Main Street. The downtown boundaries roughly include 6th Avenue to the north, Avenue D to the south, Poplar Street to the east, and Adams Street on the west (see page 4). City of Hutchinson, Reno County, and State of Kansas demographic characteristics are summarized in the table on page 5.

Compared to the State of Kansas, Hutchinson is less of a tradition family community with family households accounting for 61.2 percent of all households and married couples representing just 44.3 percent. Given the lower percentage of married couples with children, Hutchinson’s adolescent and young adult populations are smaller than the statewide averages. Hutchinson maintains a larger rate of senior population and population living alone. Hutchinson’s population is less educated with 22.4 percent of all residents ages 25+ attaining a bachelor’s degree of better, compared to 34.3 percent for Kansas. Because of the below average educational attainment Hutchinson’s median household income lags the statewide level by 16.1 percent, with 22.9 percent of households earning less than \$25,000 annually and just 21.1 percent of households earning \$100,000 or more annually.

The Planning Area is centered along Main Street extending roughly from Avenue D north to roughly 6th Avenue, a length of ten city blocks. Given the length of downtown along Main Street two distinctive cores of economic activity exist. The section of Main Street between 3rd Street and Avenue C at the south end is the center of the retail business core and includes the Antique District, Fox Theatre, Smith’s Market, Wiley Building, First National Bank building, and Bert Building. The portion of Main Street from 3rd Street north to 6th Street consists of lower density commercial buildings, Flag Theatre, 5-story vacant Landmark building, and Salt City Brewery. The residential neighborhoods surrounding Main Street are comprised of several diverse districts including Southwest Bricktown, College Grove, Grace Arbor, Creekside, and Midtown.

Much of the urban fabric along Main Street remains intact at various building mass. Civic anchors downtown include City Hall, several parks, Museum and Memorial Hall Complex, Reno County Courthouse, RCAT Transfer Station, and Farmers Market. Over the past three decades considerable public investment has been made in the Planning Area. A list of public investment projects is summarized below.

- In 1996, the City of Hutchinson and KDOT invested \$3.75 million to build Avenue A Park and since 2000 has invested \$5.7 million in streetscape and parking lot improvements on Main Street from 3rd Avenue to Avenue C and First Avenue from Walnut to Washington.
- In 2007, Reno County and Department of Transportation invested \$2.55 million in constructing the RCAT Transfer Station at Avenue B and Washington Street.
- In 2008, the City and KDOT invested \$1.15 million restoring the former Sylvan Park, renamed George Pyle Park, on East Avenue B between Walnut and Polar.

- In 2014, the City invested in a parking garage to support the \$17 million restoration of the historic Wiley Building into the Wiley Plaza Apartments, TECH offices, Art Gallery, and overhead cover for Fox Theater performers tour buses and equipment trucks.
- In 2016, the City built a new 60 space parking lot at Avenue C and Main Street.
- In 2017, \$1.3 million in streetscape improvements were competed to Main Street from the railroad tracks at 3rd Avenue north to just south of the 5th Avenue and Main Street intersection.
- In 2020, the City completed the Chester E. Lewis Plaza at 17 East 1st Avenue connecting the parking lots on Sherman Street to the entrance of the Fox Theater across the street.
- Utilizing funds from the City Façade Improvement Rebate Program, the aluminum facades of many downtown buildings have been removed, exposing the structures original historic facades.

Lavare Properties (Mark & Phoebe Davenport) are currently converting the 4-story historic Hoke Building at 25 East First Avenue into a 23-room hotel with a wine bar and coffee shop. The property is located across the street from the historic Fox Theatre and will benefit from patrons to events at the theatre. The historic character of the hotel should also assist in generating heritage tourism for the Planning Area.

Currently, there are two historic districts in the Downtown Hutchinson Planning Area listed on the National Register, including the Downtown Core North Historic District and the Downtown Core South Historic District. The Downtown Core North Historic District was listed on the National Register in 2004, consists of 28 contributing structures, and is generally bounded by the BNSF Railroad tracks, 1st Avenue, on the west side of North Main Street and Polar Street. The Downtown Core South Historic District was also established in 2004, consists of 31 contributing structures, and is generally bounded by Avenue C, the alley south of Sherman Street, Washington Street, and Polar Street.

The designation of these two historic districts provides the opportunity for property owners to be eligible for state and national historic tax credits to assist in financing renovation and restoration efforts. In addition, the Planning Area’s two historic districts are key assets in establishing a distinctive image, identity, and market niche capable of catering to Hutchinson and Reno County residents, regional market, and to heritage tourists.

HUTCHINSON, RENO COUNTY, AND STATE OF KANSAS
DEMOGRAPHIC TRENDS

Demographic Characteristic	City of Hutchison	Reno County	State of Kansas
Population			
2000 Census	40,787	64,790	2,688,418
2010 Census	42,273	64,511	2,853,118
2020 Census	40,006	61,898	2,937,880
2022 Estimate	39,950	61,369	2,955,657
Households by Type (2022)			
Total Households	16,613	25,152	1,153,738
Family Households	61.2%	65.0%	66.0%
Married Couple Family	44.3%	50.3%	51.1%
With Own Children	17.1%	19.0%	22.5%
Nonfamily Households	5.9%	5.0%	6.2%
Householder Living Alone	32.9%	30.0%	27.8%
All Households with Children	29.4%	29.5%	33.2%
Distribution of Population by Age (2022)			
0-14 Years	18.4%	18.1%	19.7%
15-24 Years	13.1%	12.2%	13.4%
25-34 Years	13.7%	12.5%	13.5%
35-44 Years	11.7%	11.4%	12.5%
45-54 Years	10.6%	10.8%	11.4%
55-64 Years	12.4%	13.5%	12.6%
65+ Years	20.2%	21.3%	17.1%
Distribution in Household Income (2022)			
Less than \$15,000	11.4%	10.6%	9.3%
\$15,000 - \$24,999	11.5%	10.3%	8.2%
\$25,000 - \$34,999	9.2%	8.6%	8.8%
\$35,000 - \$49,999	16.6%	15.2%	13.2%
\$50,000 - \$74,999	18.6%	19.6%	19.3%
\$75,000 - \$99,999	11.7%	11.8%	13.7%
\$100,000 - \$149,999	14.9%	16.0%	15.6%
\$150,000 - \$199,999	2.9%	4.3%	5.9%
\$200,000+	3.3%	3.6%	6.0%
Median Household Income	\$51,229	\$54,932	\$61,084
Educational Attainment for Residents 25+ Years (2022)			
Total Population 25+	27,379	42,768	1,978,630
Less than 9th Grade	2.7%	2.8%	3.2%
9th - 12th Grade, No Diploma	6.5%	6.2%	4.7%
High School Graduate/GED	29.1%	29.1%	26.5%
Some College, No Degree	26.0%	25.3%	22.2%
Associate Degree	13.2%	13.8%	9.1%
Bachelor's Degree	15.0%	15.5%	21.9%
Graduate/Professional Degree	7.4%	7.3%	12.4%

Source: Esri Business Analyst and U.S. Census.

Economic and Demographic Analysis

This section of the report examines the economic and demographic factors impacting real estate development patterns in Hutchinson. Economic and demographic characteristics are presented for both Reno County and the City of Hutchinson and include historic employment trends and population growth trends, household composition, age distribution, educational attainment, and household income. Quantifying these economic and demographic characteristics will assist in forecasting the future demand for commercial space and multi-family residential housing units within Hutchinson and the Planning Area.

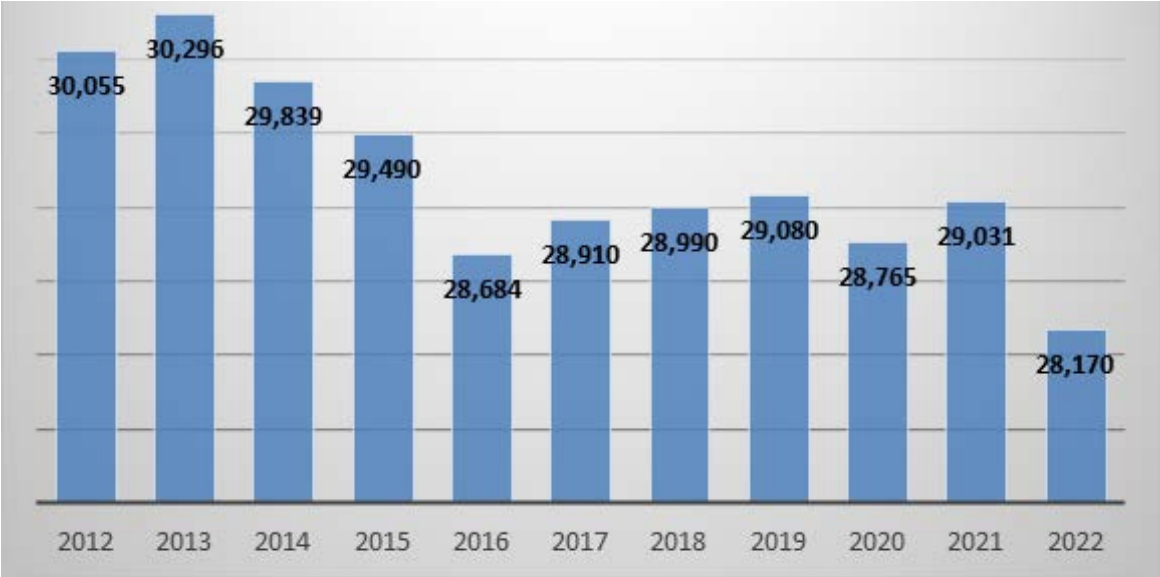
Employment Trends

Since gains in employment generally fuels growth in population, income, and retail expenditures, job growth is a reliable indicator of general economic conditions and need for housing and commercial and industrial space. Typically, households prefer to live near work for convenience. Factors that influence where people reside include housing options and costs, reduced commute times, and higher quality of life.

Hutchinson is located within Reno County, Kansas which is located just outside of the 4-county Wichita MSA with a population of 648,000 residents and employment of 311,700 jobs.

According to the U.S. Bureau of Labor Statistics, from 2012 through 2022, Reno County’s workforce declined by 2,829 workers with total employment reduced by 1,885 jobs. From a peak of 30,296 jobs in 2013, employment declined to a low of 28,684 jobs by 2016. Over the next three years job growth rebounded, adding 396 jobs. During 2020, resulting from the COVID-19 pandemic the county’s employment base declined by 1.1 percent with the loss of 315 jobs. Employment rebounded in 2021 with the creation of 265 jobs, only to see the loss of 861 jobs in 2022. The bar chart below illustrates the annual employment levels for Reno County from 2012 through 2022.

RENO COUNTY, KANSAS EMPLOYMENT TRENDS



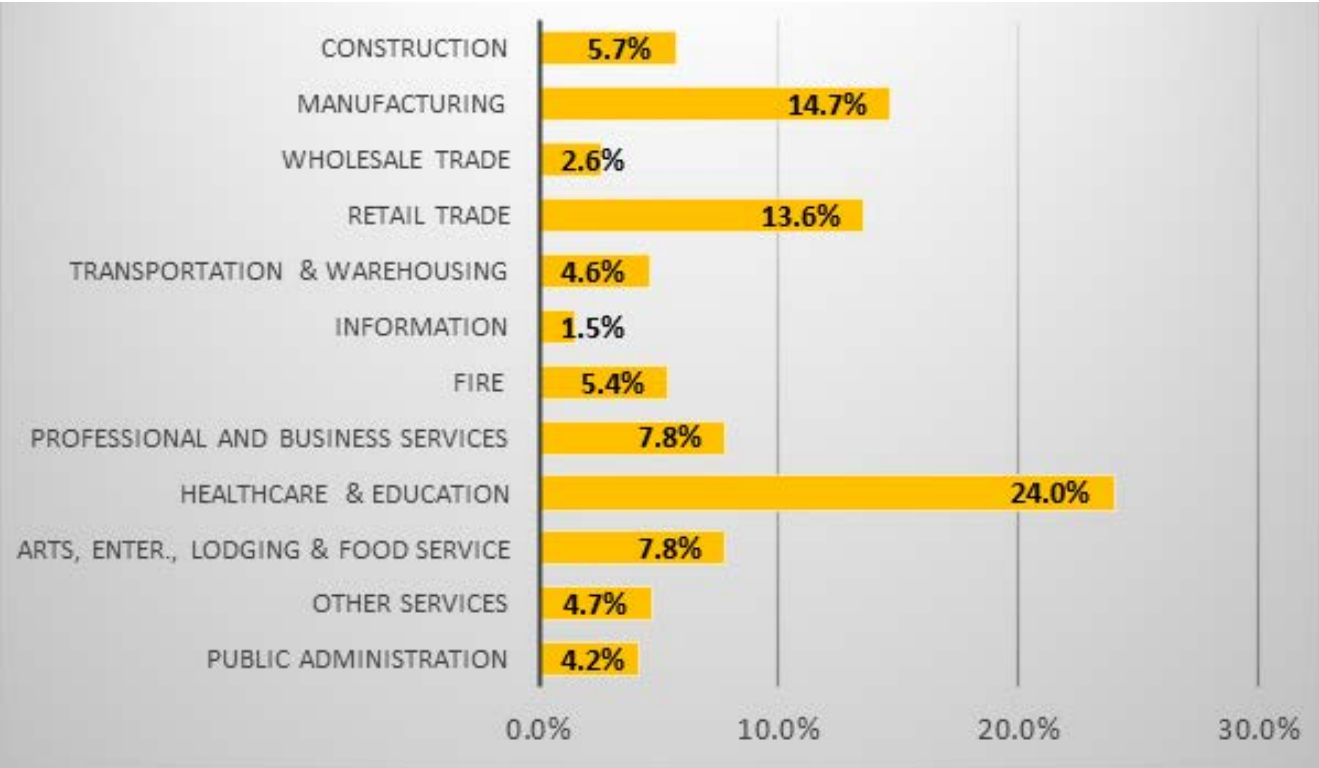
Hutchinson and Reno County are home to a diverse mix of large employers. A list of some of the largest employers is provided below.

- Hutchinson Regional Healthcare System
- Good Samaritan Society Hutchinson Village
- Mennonite Friendship Communities
- Hutchinson Clinic
- City of Hutchinson
- Hutchinson Correctional Facility
- Hutchinson Public Schools (USD 308)
- Nickerson/South Hutchinson Public Schools (USD 309)
- Reno County
- Data Center, Inc.
- Morton Salt
- Siemens Gamesa Renewable Energy
- Sonoco Hutchinson Paper Mill
- Tyson Prepared Foods
- Superior Boiler Works
- Takako America Company
- Kuhn Krause, Inc.
- Lowen Corporation
- Dillon Stores
- Kroger Accounting Services
- RCB Bank
- First National Bank of Hutchinson
- Heartland Credit Union

According to the U.S. Census Bureau, leading employment sectors in Reno County include:

- Healthcare and Education
- Manufacturing
- Retail Trade
- Professional and Business Services
- Arts, Entertainment, Lodging, and Food Service

RENO COUNTY, KANSAS EMPLOYMENT BY SECTOR



Compared to statewide norms, Reno County possesses above average employment in the manufacturing and retail trade sectors. Sectors where Reno County lags the state include finance, insurance, and real estate; professional and business services; and public administration. The high rate of education and healthcare employment stems from the presence of USD 308 and 309, Hutchinson Community College, and Hutchinson Regional Healthcare System.

Targeted industries in Hutchinson and Reno County include manufacturing, technology, healthcare, and retail.

Over four times more people in Reno County are employed in manufacturing than agriculture. Hutchinson has sufficient rail connectivity through the Burlington Northern Santa Fe, Union Pacific, and Watco shortline railroads to support continued employment growth in the manufacturing sector.

Reno County has an emerging concentration of data processing and hosting services. Creates an opportunity to service financial, medical, and advanced manufacturing subsector expansion.

Anchored by the 190-bed Hutchinson Regional Medical Center, healthcare is one of Reno County’s largest sectors and serves a large regional aging population base. As the regional hub for Reno County, Hutchinson is the ideal location for healthcare providers to base their operations. Growing healthcare needs will continue to reinforce Hutchinson as a healthcare hub.

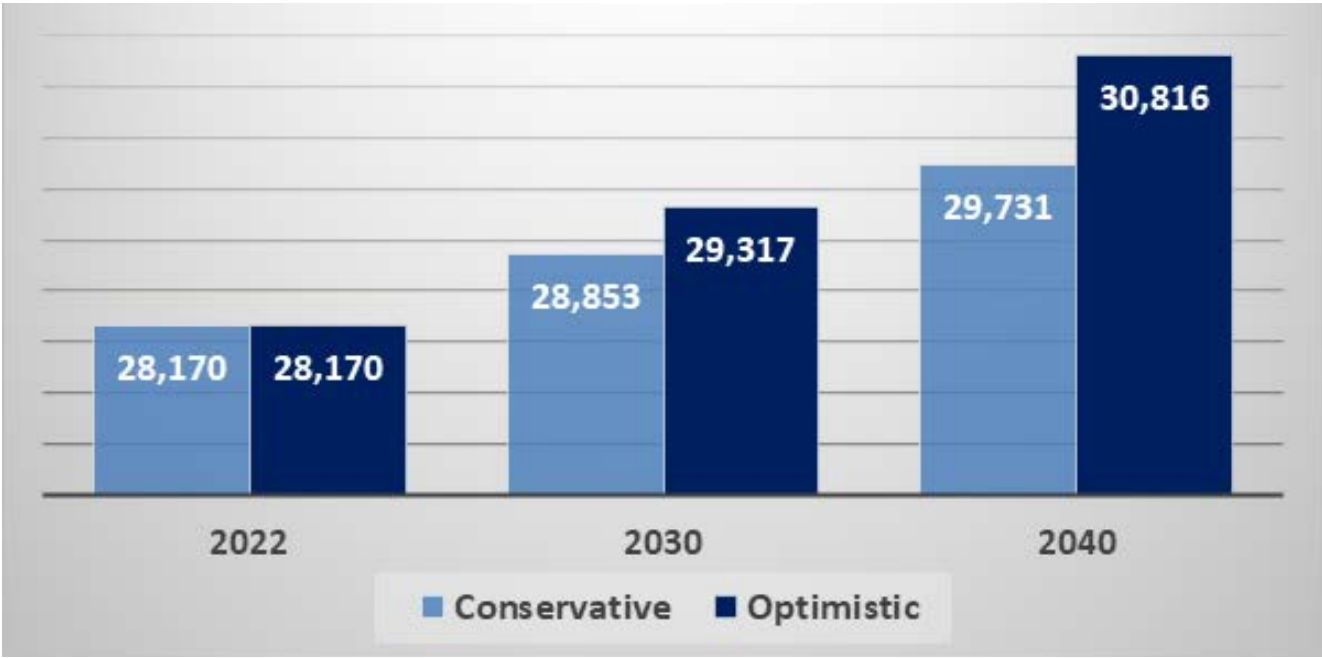
Hutchinson is a shopping and entertainment destination in South Central Kansas. During fiscal year 2022, the Kansas Department of Revenue reported Hutchinson’s retail pull factor at 1.26, indicating retail expenditures at a rate 26 percent above the statewide average.

Over the past decade employment in Reno County declined by 6.3 percent with the loss of 1,885 jobs. From 2023 to 2040, employment growth in Reno County is anticipated to rebound based on the growth of such targeted industries as healthcare, manufacturing, technology, and retail.

Given Reno County’s year-end 2022 employment base of 28,170 jobs, through 2040, job growth is projected to increase at an average annual rate of 0.3 percent to 0.5 percent, yielding an estimated 1,561 to 2,646 new jobs. By 2040, Reno County is forecast to support approximately 29,731 jobs to 30,816 jobs.

Through 2040, Hutchinson is forecast to capture approximately three-quarters of Reno County’s employment growth, equating to 1,170 to 1,984 new jobs.

RENO COUNTY PROJECTED EMPLOYMENT GROWTH



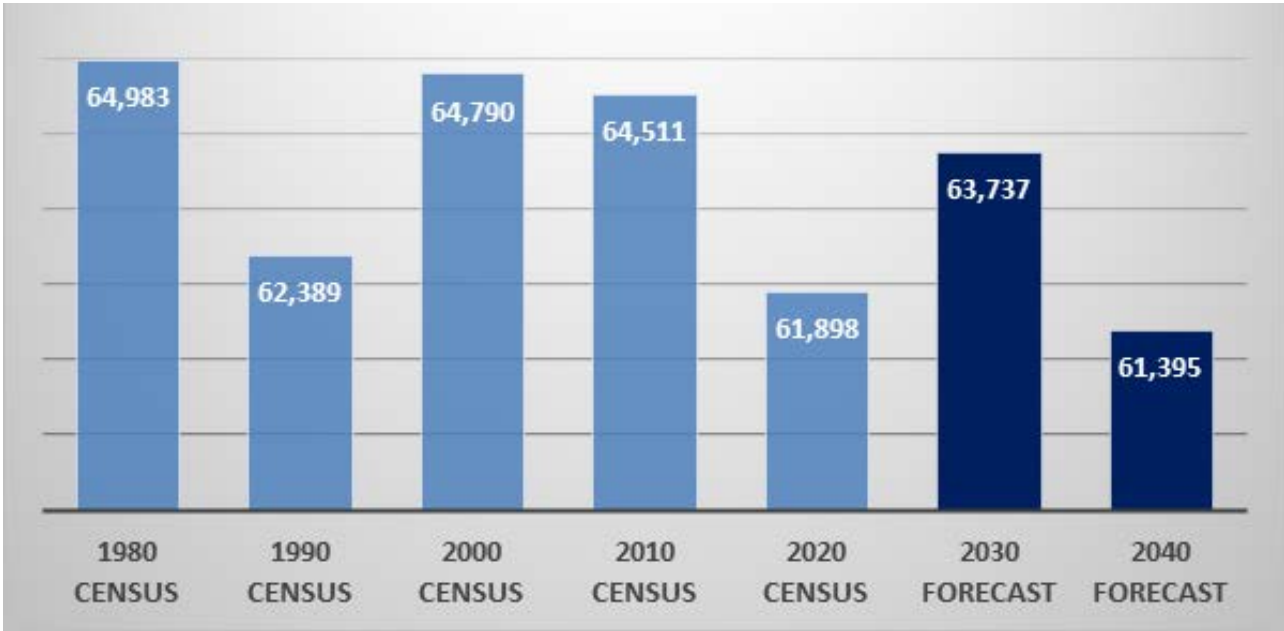
Population Growth Trends

Population growth has a direct impact on the demand for housing and retail space. Hutchinson is in Reno County. Over the past five decades population growth has been cyclical. During the 1970’s the county population increased 6.9 percent to 64,983 residents. During the 1980’s the population declined 4.0 percent with the loss of 2,594 residents. From 1990 to 2000, Reno County added 2,401 new residents. Since 2000, the county population again lost population and supported a population of 61,898 residents.

As depicted in the bar chart on the following page, the Wichita State University Center for Economic Development and Business Research forecast the Reno County population at 63,737 residents in 2030, declining to 61,395 residents by 2040.

Since 1980, Hutchinson’s population has fluctuated much like that for Reno County. The city’s population increased by 9.2 percent during the 1970’s to 40,284 residents. The city’s population declined 2.4 percent during the 1980’s before rebounding at growth rates of 3.8 percent in the 1990’s and 3.2 percent during the 2000’s. From 2010 to 2020 Hutchinson’s population declined by 4.9 percent to 40,006. From 1980 through 2020, Hutchinson lost 278 residents.

RENO COUNTY POPULATION GROWTH TRENDS



Hutchinson serves as the population center for Reno County. As depicted in the table below, the 1980 U.S. Census reported that Hutchinson accounted for nearly 62 percent of the Reno County population. By 2010, Hutchinson’s share of the county population reached 65.23 percent. The city’s share declined slightly in 2020 to 64.63 percent.

Future population growth within the City of Hutchinson was estimated based on such factors as recent new home construction and population trends, employment growth, and the availability of undeveloped land and infrastructure. Reno County supports 2.18 residents per employed job and Hutchinson supports 1.79 residents per employed job. By comparison, the State of Kansas supports 1.97 residents per job.

TRENDS IN HUTCHINSON’S SHARE OF RENO COUNTY POPULATION

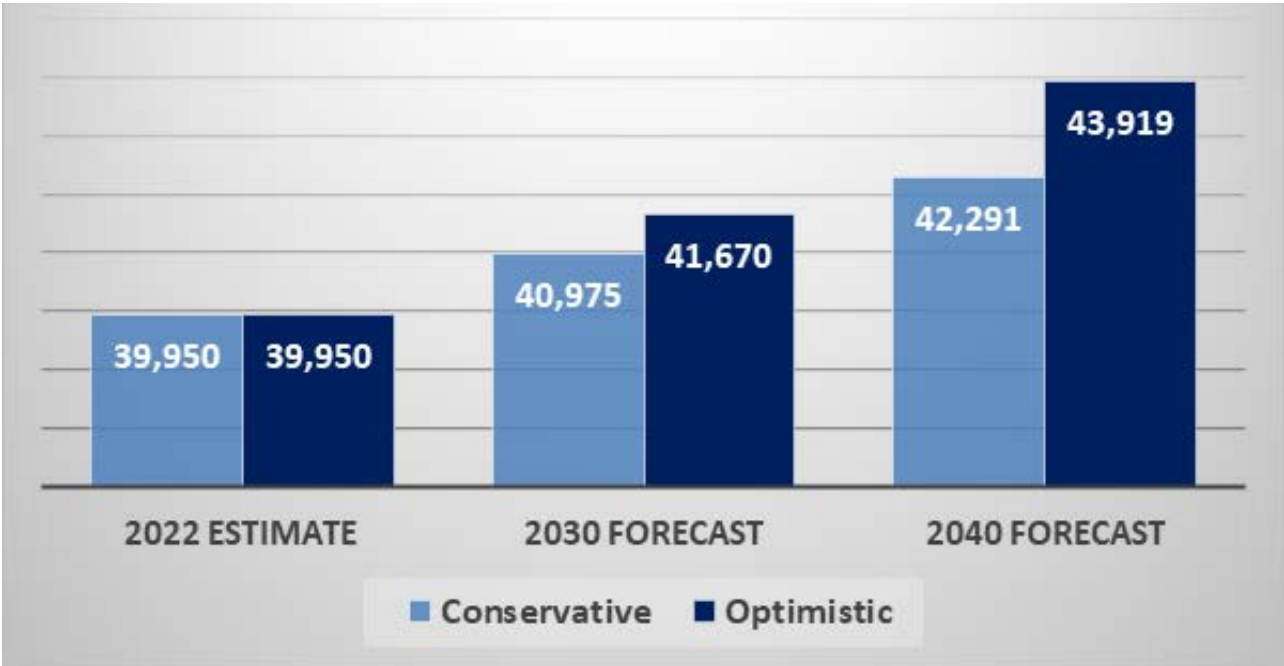
Year	Reno County	City of Hutchinson	% of Total
1980	64,983	40,284	61.99%
1990	62,389	39,308	63.00%
2000	64,790	40,787	62.95%
2010	64,511	42,080	65.23%
2020	61,898	40,006	64.63%

Source: U.S. Census Bureau.

From 2023 to 2040, Hutchinson is forecast to support employment growth of 1,170 to 1,984 jobs. At a job to population ratio of 2.0, the city’s population is conservatively forecast to increase by 5.9 percent, adding 2,341 new residents. Under a more optimistic scenario assumes Hutchison’s population growth will grow at a rate of 9.9 percent, yielding an increase in population through 2040 of 3,969 residents. By 2040, Hutchinson is forecast to support a population of 42,291 to 43,919 residents.

Hutchinson’s projected future population growth will generate the need for additional retail goods and services, commercial and industrial space, and new residential housing units. In the bar chart below, U.S. Census Bureau and Ersi Business Analyst population estimates are highlighted in “blue” with future population projections highlighted in “purple”.

HUTCHINSON, KANSAS POPULATION FORECASTS



Household Composition

Household formation and the mix of household types have a direct impact on the composition of retail sales and housing needs. According to Esri Business Analyst, as of 2022 an estimated 16,613 households resided in Hutchinson with an average household size of 2.27 persons. Family households accounted for 61.2 percent of all households with 29.4 percent of all households having children present. Married couple families accounted for 44.3 percent of all households, of which 17.1 percent had related children.

Over the past six decades the average household size in the United States has declined steadily, from 3.33 persons in 1960 to 2.60 persons by 2021. This declining household size has played a factor in changing housing needs. Hutchinson’s average household size of 2.27 persons is supported by the below average rate of families and married couples with children.

The table on the following page provides a comparison of households by type for the City of Hutchinson and State of Kansas.

CITY OF HUTCHINSON HOUSEHOLDS BY TYPE; 2022

Household Type	City of Hutchinson	State of Kansas
Total Households	16,613	1,153,738
Family Households	61.2%	66.0%
Married Couple Households	44.3%	51.1%
With Related Children	17.1%	22.5%
Other Family (No Spouse Present)	16.8%	14.9%
With Children Present	11.8%	11.8%
Householder Living Alone	32.9%	27.8%
Householder Living Alone 65+ Years Old	4.3%	3.7%
All Households with Children	29.4%	33.2%
Average Household Size	2.27	2.49
Average Family Size	2.93	3.07

Source: Esri Business Analyst.

When compared to that of the State of Kansas, Hutchinson’s household composition possesses well below average rates for both of families and married couples with children and above average householders living alone and senior households ages 65 years and over living alone.

Hutchinson’s household composition characteristics suggest a propensity for detached single-family housing and large population of seniors aging in place.

Population Age Distribution

Age is an important factor in consumer identity, since consumption patterns, housing needs, and financial situation change significantly throughout an individual’s lifetime. Change in the relative proportions of age groups throughout the United States is expected to have an important impact on the retailing and housing industries.

The bar chart below provides a comparison of the Hutchinson and Kansas population by six primary age groups, including children (0-14 years), adolescent (15-24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-64 years) and elderly (65+ years). Each age group possesses distinctively different consumption and housing needs.

Esri Business Analyst estimates that while empty nesters ages 45 to 64 years comprise Hutchinson’s largest age group with 23.0 percent of the total population, it lags the statewide norm of 23.9 percent. Another major deviation is Hutchinson’s elderly population 20.3 percent share far exceeded the statewide rate of 17.1 percent. Hutchinson also supports a lower percentage of children ages 0 to 14 years adolescents ages 15 to 24 years, and family/working adults ages 35 to 44 years. Compared to statewide averages, Hutchinson supports an older population with a large senior population aging in place and below average children, adolescent, and family/working adult populations.

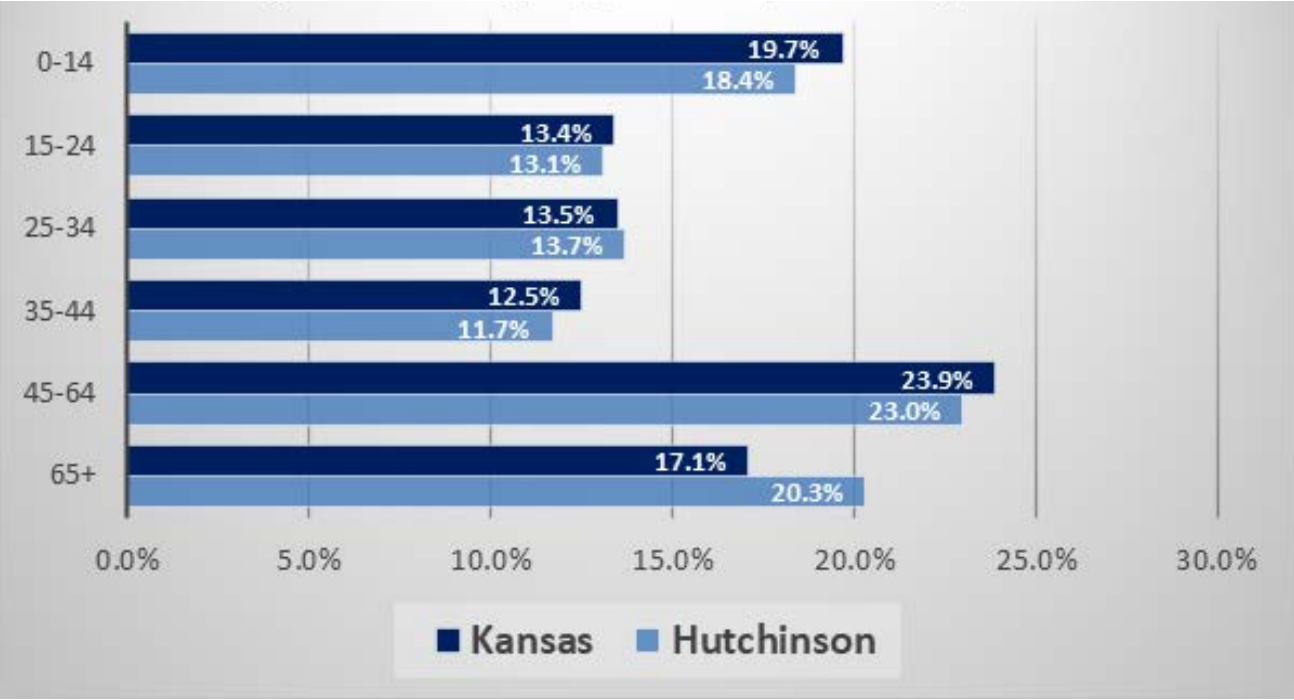
Children ages 0 to 14 years are not consumers per say, but their presence within a household generates retail expenditures on apparel, accessories, and groceries. This age group accounts for 18.4 percent of the Hutchinson population which is below the statewide average of 19.7 percent. This is consistent with Hutchinson’s below average share of married couples with children.

The adolescent population ages 15 to 24 is key for supporting the sales of apparel and accessories, groceries, sporting goods, music, consumer electronics, eating and drinking places, and general merchandise. Adolescents account for 13.1 percent of the Hutchinson population. By comparison, adolescents account for 13.4 percent of the Kansas population.

Young adults aged 25 to 34 years generally are new to the workforce. These tech savvy young adults are heavy consumers of electronics, apparel and accessories, entertainment, and rental housing. Young adults account for 13.7 percent of the Hutchinson population and will have a growing impact on the local workforce, retail goods and services, and housing market. Young adults account for 13.5 percent of the Kansas population.

The population ages 35 to 44 are in their child raising and principal consumer years, with expenditures favoring hardware, furniture and home furnishings, consumer electronics, department stores, and eating and drinking places. Family/working adults account for 11.7 percent of the Hutchinson population, compared to 12.5 percent of the statewide population.

POPULATION BY AGE COMPARISON; 2022



Hutchinson’s empty nester population ages 45 to 64 years account for 23.0 percent of the total population, compared to 23.9 percent statewide. This empty nester age group provides opportunities for home downsizing, restaurants, entertainment, and travel and will also produce a growing need for healthcare services and continuum care housing facilities.

According to the U.S. Department of Labor, per capita retail expenditures by seniors 65+ years old is 18 percent lower than those under the age of 35 years and 41 percent lower than people ages 35 to 64 years. Elderly residents 65+ years of age account for 20.3 percent of the Hutchinson population, compared to 17.1 percent of the statewide population. The senior population poses a growing market for healthcare, senior housing, and downsized housing.

Educational Attainment

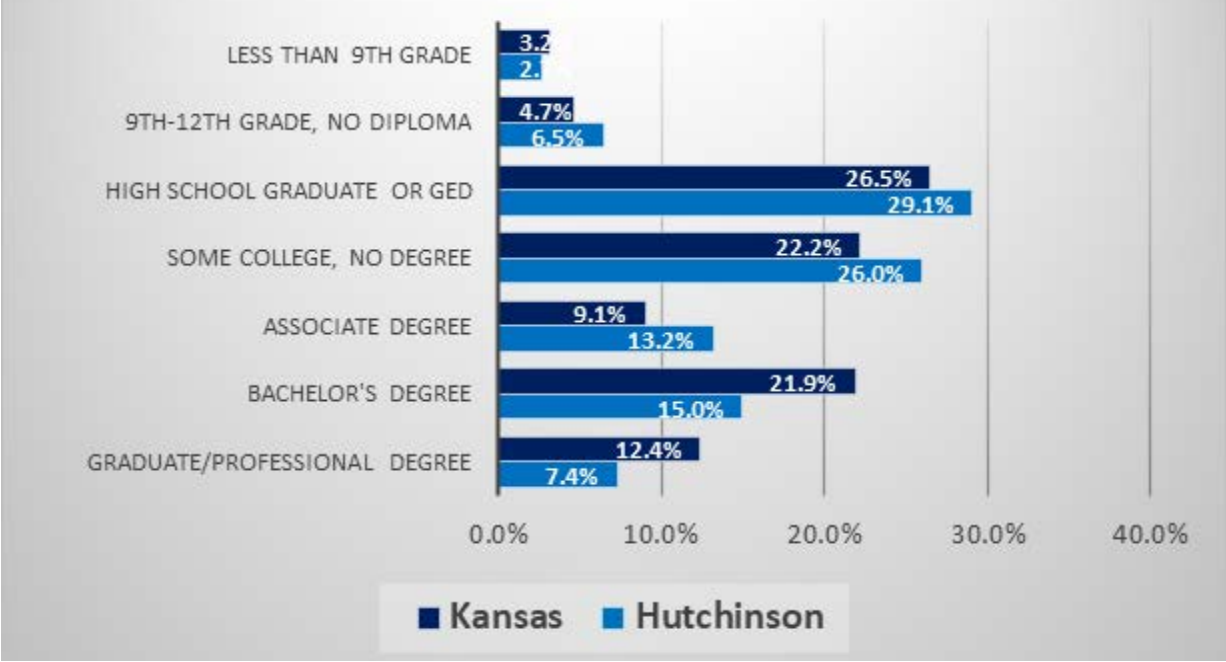
Educational attainment levels of a market area’s labor pool are becoming increasingly important in the ability to attract and retain knowledge-based industries as well as the ability to support above average wages. The bar chart below provides a comparison of educational attainment levels between Hutchinson and State of Kansas as provided by Esri Business Analyst.

Educational levels have a direct impact on achievable income levels, retail expenditure patterns, housing values, and the demand for commercial space. The demand for retail space increases as income and retail sales levels rise. The type of retail space is also impacted as high-income households support increased demand for higher valued goods and services. The demand for office space improves at higher educational attainment levels as a larger percentage of residents are more likely to be employed in professional service and medical professions.

Hutchinson’s adult population is slightly less educated than the overall Kansas population with 35.6 percent of the population attaining an Associate degree or higher compared to 43.4 percent statewide. Conversely, 38.3 percent Hutchinson residents attained a high school diploma or less compared to 34.4 percent of the statewide population.

The Hutchinson adult population’s educational attainment levels are suitable for targeting such industries as manufacturing, retail trade, and professional and business services.

EDUCATIONAL ATTAINMENT LEVELS



Household Income Distribution

Household income levels have a direct impact on retail sales volumes, housing needs, for-sale housing values, and residential rents. A comparison of household income distribution estimates for Hutchinson and State of Kansas are outlined in the bar chart below.

Hutchinson’s median household income of \$51,229 compares to \$61,084 for Kansas, with a much greater rate of households earning less than \$25,000 and a much lower rate of high-income households earning \$100,000 or more. Hutchinson’s well below household income levels place a constraint on achievable retail sales, housing values, and residential rents.

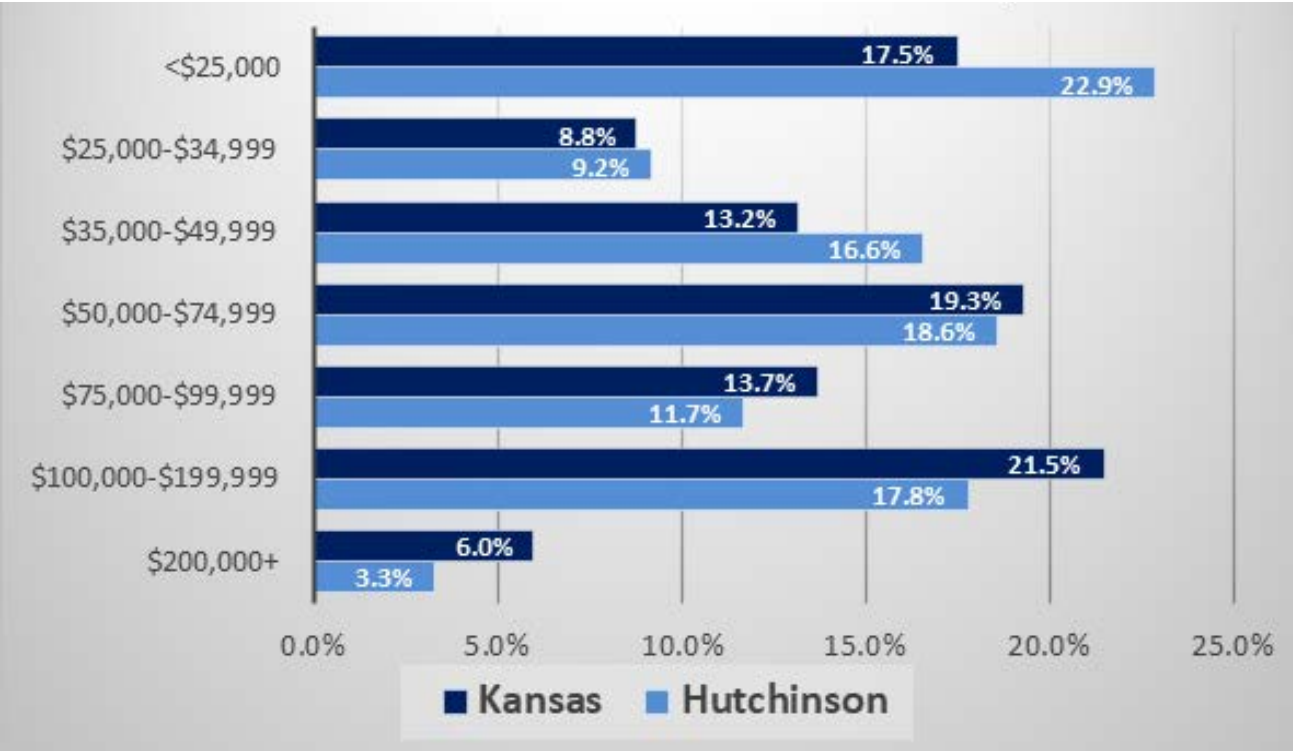
An estimated 22.9 percent of Hutchinson households earn less than \$25,000 annually, compared to 17.5 percent statewide, suggesting a need for affordable and income-based housing.

An estimated 9.2 percent of Hutchinson households earn \$25,000 to \$34,999 annually compared to 8.8 percent statewide. These households tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The median residential rent in Hutchinson of \$801 per month as reported by the U.S. Census requires annual household incomes within the lower end of the \$25,000 to \$34,999 income range.

Housing valued between \$50,000 and \$99,999 accounts for 33.1 percent of Hutchinson’s owner-occupied housing stock. Based on standard lending practices, households earning \$25,000 to \$34,999 can qualify for entry-level, for-sale housing. Household income levels suggest that Hutchinson supports an above average need for affordable rental and for-sale housing.

Housing valued between \$100,000 and \$199,999 accounts for 13.4 percent of the Hutchinson’s housing stock. Based on standard lending practices, households earning \$35,000 to \$49,999 can qualify for-sale housing priced from \$100,000 to \$199,999. An estimated 16.6 percent of Hutchinson households earn \$35,000 to \$49,999, compared to 13.2 percent statewide.

HOUSEHOLD INCOME DISTRIBUTION COMPARISON



High-income households with annual incomes of \$100,000 or more account for 21.1 percent of Hutchinson households compared to 27.5 percent for Kansas. These households represent potential demand for move-up and custom housing priced at more than \$400,000, luxury automobiles, retail goods and services, travel, and entertainment.

Market Analysis

The Market Analysis portion of the study commences with a comparison of downtown redevelopment efforts for comparable cities to provide a perspective on the potential future market positioning and revitalization opportunities of the Planning Area. The study then evaluated directly competitive retail, professional office, and housing market trends impacting the Planning Area. The market trends for each prospective land use were evaluated and the long-term need for additional commercial space and rental housing units was quantified to determine the ability of the Planning Area to support feasible real estate redevelopment and development activity. A site evaluation was conducted to determine the Planning Area’s ability to accommodate retail, office, hotel, and multi-family residential redevelopment and identify prospective development sites.

Downtown Market Analysis

This section of the study provides a comparison of Downtown Hutchinson’s demand generators and business mix with that of the downtowns Manhattan and Salina.

Downtown Hutchinson (“Planning Area”) is located within the southwest quadrant of the city and centered along Main Street. The downtown boundaries roughly include 6th Avenue to the north, Avenue D to the south, Poplar Street to the east, and Adams Street on the west.

The Planning Area is centered along Main Street extending from Avenue C north to 6th Avenue, a length of nine city blocks. Given the length of downtown along Main Street two distinctive cores of economic activity exist. The section of Main Street between 3rd Street and Avenue C at the south end is the center of the retail business core and includes the Antique District, Fox Theatre, Smith’s Market, Wiley Building, First National Bank building, and Bert Building. The portion of Main Street from 3rd Street north to 6th Street consists of lower density commercial buildings, Flag Theatre, 5-story vacant Landmark building, and Salt City Brewery.

Much of the urban fabric along Main Street remains intact at various building mass. Civic anchors downtown include City Hall, several parks, U.S. Post Office, Reno County Museum and Memorial Hall Complex, Reno County Courthouse, RCAT Transfer Station, and Farmers Market.

Anchor businesses generating foot traffic and economic activity in downtown Hutchinson include the Fox Theatre, Flag Theatre, Hutchinson Art Center, Salt City Brewery, Sandhills Brewing, Smith’s Market, and Anchor Inn. The owner of Salt City Brewery owns an adjacent 2-story building with plans to open a distillery/speak easy with a rooftop deck and cigar bar. Downtown event venues include the Crystal Ballroom and Memorial Hall.

Several events such as the Third Thursday 4th of July Parade, Rod Run & Classic Car Show, and Chili& Soup Festival also attract people to downtown Hutchinson.

A walking tour of the Planning Area identified 230 existing businesses, including 77 retail businesses, 12 eating and drinking places, 135 personal and professional service businesses, and six arts, entertainment, and clubs. Personal and professional service businesses operating in the Planning Area include healthcare, automobile repair, insurance, salons/barbers, accountants, bank branches, clubs, fitness, and government offices.

The Planning Area possesses several assets from which to leverage redevelopment efforts. The presence of two nationally designated historic districts and a large stock of historic buildings is a major asset from which to establish a unique identity, stimulate property investment through the use of historic tax credits, and foster heritage tourism. Additional assets enjoyed by the Planning Area are outlined in the bullet points below.

- The presence of two nationally designated historic districts and a large stock of historic buildings is a major asset from which to establish a unique identity for downtown;
- The availability of historic tax credits can provide funding for the renovation of eligible properties located within the two historic districts;
- The presence of the Downtown Core North and South Historic Districts provides the potential to foster heritage tourism;
- The Fox Theatre, Flag Theatre, Hutchinson Art Center, Antique District, and Smith’s Market are principal anchors and draw visitors downtown;
- Availability of many potential redevelopment sites capable of accommodating a variety of land uses;
- The potential to convert upper floor space in existing buildings to office or residential use;
- The current conversion of the historic Hoke Building into a 23-room boutique hotel will improve the potential to support heritage tourism and compliment the Fox Theatre;
- High traffic counts on Main Street afford businesses excellent visibility and exposure;
- Vacant Landmark building has potential for adaptive re-use with potential uses including ground floor commercial space with apartments and/or hotel in upper floors;
- Memorial Hall has the potential to be transformed into a year-round event center;
- The special events draw people to downtown;
- George W. Pyle Park, Avenue A Park, and DCI Park;
- Downtown is walkable; and
- Plenty of parking is available downtown.

Comparable Downtowns

The business mix for the downtowns of Manhattan and Salina were surveyed to assist in identifying downtown Hutchinson’s market niche, related mix of businesses, and redevelopment opportunities. The table on pages 26 and 27 provides a comparison of downtown Hutchinson’s business mix with those of Manhattan and Salina. The current list of businesses operating in each downtown were gathered through a walking tour.

Downtown Manhattan

Manhattan is a community of approximately 55,000 residents located in north-central Kansas. The Historic Downtown parallels Poyntz Avenue from Third Street to Juliette Avenue. Public uses in downtown Manhattan include the Riley County Courthouse, Manhattan Public Library, United States Post Office, and churches. A mural corridor offers a unique urban landscape.

In 1987, Manhattan Town Center was built at Third Street and Poyntz Avenue at the foot of Historic Downtown Manhattan. The 367,117 square foot regional mall houses 60 retailers and is anchored by Dillard’s, JC Penney, AMC Dine-In Theatres/IMAX, H&M, ULTA Beauty, Hibbett Sports, Books-a-Million, and Applebee’s.

To accommodate commerce, downtown Manhattan operates several surface parking lots and parking structure offering free public parking. Parking is enforced Monday through Friday 8am – 5pm. A list of public parking lots is provided below.

Unlimited parking available in the following lots:

- Manhattan Town Center (the mall)
- Parking lot on 5th Street between Poyntz and Houston
- Parking lot on 3rd Street Between Poyntz and Houston
- Parking lot between 3rd and 4th streets on Humboldt
- Parking lot west of Dillard’s

2 Hour Parking

- Monitored with GPS and cameras
- All of Poyntz Ave and side streets are limited to 2 hours
- Most public lots have some 2- hour limits

A unique business operating in downtown Manhattan is Iron Clad, an 11,000 square foot co-working space in the Higginbotham Building at 407 Poyntz Avenue. Several eating and drinking places along Poyntz Avenue operate seating areas on the on-street parking right-of-way, providing for additional customer capacity and vibrant street activity.

The Downtown Manhattan Redevelopment District is divided into two project areas consisting of a North Area and a South Area. The area’s boundaries include Fort Riley Boulevard on the south, Tuttle Creek Boulevard on the east, Fourth Street on the west, and Bluemont Avenue on the north, and incorporates connections to Historic Downtown and Poyntz Avenue.

On November 15, 2005, the City Commission adopted Ordinance No. 6512, creating a Sales Tax Revenue (“STAR”) redevelopment district adjacent to the historic downtown. On March 15, 2007, the City Commission adopted Ordinance No. 6612, which defined the Tax Increment Finance (TIF) and STAR District Redevelopment Plan. On November 27, 2006, the Kansas Secretary of Commerce determined that the District constituted a major commercial entertainment and tourism area and approved and designated the Downtown Redevelopment Project as a “special bond project”.

The Downtown Manhattan Redevelopment District is designed to serve as a premier tourism attraction, anchored by the Flint Hills Discovery Center and complemented by a mix of retail, dining, conference, and lodging venues. Given the unique market positioning, association with the Flint Hills Discovery Center, and the impact of the visitor and tourist markets, the Downtown Manhattan Redevelopment District serves as a regional destination.

Manhattan received \$41 million State and Tax and Revenue (STAR) bonds from the State of Kansas and the Department of Commerce in 2006. The total amount of the STAR bonds reached \$50 million by 2009 due to updated estimates and costs. Those bonds were used to pay for the construction of the Flint Hills Discovery Center and assist in land acquisition, public infrastructure, streetscape, landscape, and public park improvements in the South End.



The North Area Project Plan calls for 250,000 square feet of commercial and retail space, and approximately 200 residential units. The City of Manhattan and Dial Realty entered into a development agreement for development of the North Area. The shopping center opened in 2006 and is currently anchored by Best Buy, Petco, Dick’s Sporting Goods, and HyVee.

The South Area Project Plan consists of the Flint Hills Discovery Center, three hotels, a conference center, approximately 70,000 square feet of commercial space, 400-stall parking garage, 24 living units, and a publicly owned one-acre park. In November 2011, the Hilton Garden Inn and Manhattan Conference Center opened, followed by completion of the 35,000 square foot Flint Hills Discover Center and Blue Earth Plaza in 2012. The 84-room Candlewood Suites opened in 2013 and the 78-room Holiday Inn Express & Suites and 4-story residential buildings were completed in 2015.

The \$33 million Museum of Art & Light is under construction in downtown Manhattan and scheduled for completion by Fall 2024. The 50,000 square foot state-of-the-art museum will feature exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction unmatched in Kansas and the Midwest. Exhibitions will include original pieces by artists from the Renaissance Period through the 21st century, and an interactive digital display that will immerse the visitor in the sights and sounds of pieces from world renowned artists. The museum’s unique programming will cater to a regional and national market.

Residential housing in downtown Manhattan includes the 4th Street Lofts, Strasser House Apartments, Strasser Village, and Wareham Apartments.

Excluding Manhattan Town Center, total of 220 businesses were surveyed in downtown Manhattan, including 40 retail businesses, 25 eating and drinking places, 150 personal and professional services businesses, and five arts and entertainment. Retail businesses are led by clothing and accessories, art galleries / framing shops, and health and beauty. Personal and professional services firms include law firms, mental health counselors, hair salons, engineers and architects, and healthcare / dental.

Event space is available at the Manhattan Conference Center, Wareham Opera House, and Union Pacific Train Depot.

Downtown Manhattan, Inc. is a nonprofit organization whose mission includes increasing the economic vitality of downtown Manhattan by promoting and attracting businesses. Goals and objectives identified by Downtown Manhattan, Inc. are outlined in the text below.

Initiatives Within Five Years

- Assist in long term economic recovery by promoting and advocating for the downtown district through any and all viable opportunities
- Open Container by Special Event Permit
- Mall Plaza Renovation
- Advocate for Linear Trail access from Downtown (for event utilization and patron/visitor use)
- Facilitation of Downtown Vision Planning Committee
- Provide guidance and leadership to committee members on the areas of gathering spaces, art & music spaces, speed reduction and walkability

Events, Programming and Management

- Develop a sponsorship program for event support
- Develop alleyway murals project with private partnerships
- Identify locations
- Identify funding sources
- Grow our catalog of artists and entertainers for Third Thursday

Downtown Salina

Salina is a community of about 47,000 residents located in central Kansas approximately 90 miles north of Wichita. Interstate I-135 runs north-south through Salina and provides direct access to Wichita while Interstate 70 runs east-west providing direct access to both Kansas City and Denver. Given its location and transportation network Salina serves as the center for trade, transportation, and industry in central Kansas. Manufacturing and agricultural transportation are the principal industries in Salina.

Downtown Salina is bounded by Fourth Street to the east, Ninth Street to the west, Elm Street to the North and Crawford Street to the south as well as Oakdale Park and the adjacent residential neighborhoods to the immediate west between Iron Avenue and Center Street. Santa Fe Avenue serves as the Downtown Salina’s principal commercial corridor. The large number of historic structures with varying architectural styles on Santa Fe Avenue offers a unique physical environment suitable for fostering heritage tourism. City and county offices operate in downtown Salina.

Salina Downtown Inc. was established as a nonprofit merchant’s association in 1975, is currently the only Designated Kansas Main Street that is also a Business Improvement District. The mission of Salina Downtown, Inc. to champion a healthy and vibrant downtown community.

Downtown serves as Salina’s cultural and entertainment center anchored by the Stiefel Theatre, Salina Community Theatre and Salina Art Center. Additional cultural entities include the Salina Symphony, Theatre Salina, Sculpture Tour Salina, Smoky Hill Museum, Salina Arts and Humanities Commission, Salina Innovation Foundation, and several working arts studios. The City Lights Stages hosts live music performances.

The Stiefel Theatre for the Performing Arts has been the anchor of Salina’s tourism industry for decades. Located at the corner of Santa Fe Avenue and Walnut Street, the 1,287-seat theatre opened in February 1931 as the Fox-Watson Theatre. Designed by the prominent architectural firm of Carl and Robert Boller of Kansas City, the theatre features a lavish Art Deco style. The Mission of the Stiefel Theatre is to provide quality experiences that enrich, educate, and entertain. The programming goal of the theatre is to present broad base quality shows from a wide variety of genres including Classical, Blues, Rock, Comedy, Country, Dance, Jam, Alternative, etc. that appeal to a large demographic. The Stiefel Theatre supports a regional draw with patrons traveling from Lawrence, Manhattan, Topeka, Wichita, Hays, Garden City and from out of state.

The Salina Community Theatre operates out of a 45,000 square foot facility in downtown Salina featuring a 319-seat main stage and 150-seat venue. The Salina Community Theatre hosts 95 to 97 performances per year with total attendance of approximately 26,000. Including dance classes and rentals, the theatre hosts approximately 45,000 people annually. The theatre’s primary trade area is within a 100-mile radius, though according to ticket sales data patrons travel from as far as Omaha, Kansas City, Oklahoma City and Denver.

The Salina Art Center offers a comprehensive menu of exhibitions, art education, film, and artist-community interaction. Housed originally on the Kansas Wesleyan University campus, the Art Center increased its capacity for exhibitions and education programs in 1988-1989 through the purchase and renovation of a larger, more accessible new home in downtown Salina. In 1997, the Art Center Cinema was created one block away from the main facility, and in 2004, a downtown warehouse building was donated for renovation as a live/work space for extended artist residencies and education.

Located on Santa Fe Avenue between South Street and Prescott Avenue, the Salina Regional Health Center employs over 1,300 and includes the KU Medical School Salina. The hospital admits over 75,000 patients annually and services a primary market area within the surrounding 6-county region and a secondary market area that encompasses another eight counties. The proximity of the Salina Regional Medical Center affords the opportunity for Downtown Salina to attract out-of-town visitors to stay, dine, entertain, and shop.

A total of 160 businesses were surveyed in downtown Salina, including 30 retail businesses, 24 eating and drinking places, 100 personal and professional services businesses, and six arts and entertainment. Retail businesses are led by clothing, home décor and furniture, art galleries/framing shops, and health and beauty. Personal and professional service businesses are led by healthcare / dental, law firms, wealth management / financial services, hair salons, and media / communications.

Downtown Salina falls within the boundaries of the Downtown Salina STAR Bond District that encompasses a 28-block area designated for redevelopment and revitalization. Santa Fe Avenue serves as downtown Salina’s principal commercial corridor with the District encompassing a 5-block section between South Street and Elm Street.

The Downtown Salina STAR Bond District stemmed from the Salina 2020 Plan aimed at revitalizing the downtown area. The STAR Bond Project Plan was designed to create a tourist destination featuring new streetscape improvements and a mix of cultural, entertainment, athletic, and lodging uses. The total investment exceeds \$160 million and stands as one of the largest public-private partnerships in the city’s history. Principal components of the Project Plan are discussed in the text to follow.



Stiefel Theatre

The STAR Bond District allocated funding for design and improvement costs to the theatre. Construction began in early 2019 and took approximately two years to complete. A new sound system, stage improvements, remodeled Watson Room, remodeled Green Room and apartment, new women’s bathrooms, and updated backstage were added.

Salina Fieldhouse

Built in 2017, the Salina Field House is a 68,500 square foot indoor multi-sports facility at the intersection of 5th Street and Ash Street. Three hardwood and three synthetic basketball courts are cross-lined to include eight volleyball courts and six futsal courts. While turf fields accommodate soccer, football, kickball, baseball, softball and field hockey, hardwood and synthetic courts accommodate volleyball, futsal, dodgeball, cheer, dance, and other activities. The facility also contains specialized equipment such as drop-down batting cages and pitching tunnels. The athletic facilities are complimented by such amenities as a lobby and welcoming area, ticket office, office area, concessions, café seating, flex/team rooms, mezzanine and restrooms.

The Salina Fieldhouse hosts a variety of athletic events including league play, tournaments, team practices, camps, and clinics in multiple sports. The venue is capable of hosting local, regional and national athletic competitions.

The Salina Field House complements the large number of outdoor sporting events and tournaments already hosted in Salina and serve a primary trade area that extends north into Nebraska, east to Manhattan, Kansas and west to Ellis County. Weekend sports tournaments draw from within a 100-mile radius with regional tournaments drawing teams from a 6- to 8-state area.

The Alley Family Entertainment Center

Also located at the intersection of 5th Street and Ash Street, The Alley is a 47,000 square foot indoor family entertainment center. The Alley opened in 2019 and includes a 28-lane bowling center, laser tag, video arcade, billiard games, concessions, and AJ’s Sports Grill. Birthdays, meetings, leagues, and events are principal drivers of business with a trade area that extends north into Nebraska and to the east and west up to a two-hour drive.

The Garage Automobile Museum

Opened in 2022, The Garage is an automotive-themed visitor experience consisting of 31,000 square feet of exhibition space comprised of a new building and adaptive re-use of five existing warehouse buildings on Fourth Street between Iron Avenue and Walnut Street. The museum displays a rotating collection of restored antique and vintage cars as well as exhibits and programs illustrating automotive history, technology, pop culture and design. Features of the museum include north and south gallery crossroads car experience, driving simulators, seatbelt convincer ride, theatre, hot wheels and Lego exhibits, magnet wall, and live demonstrations. This state-of-the-art automotive history museum serves a regional market, drawing automobile enthusiasts from the Midwest and throughout the United States.

Hotel and Meeting Space

To accommodate the anticipated increase in out-of-town visitation a 113-room Homewood Suites by Hilton opened in June 2020 at the intersection of Santa Fe Avenue and Mulberry Street. The all-suite hotel includes meeting space, fitness room, indoor swimming pool, laundry room, and a Starbucks. YaYa’s Euro Bistro, a short walk from the hotel lobby, serves fine dining on the premises, including Sunday brunch. The restaurant also provides room service and a complimentary breakfast in the hotel’s dining room.

Downtown Salina Streetscape Plan

During 2018 and 2019, street and sidewalk improvements were constructed to Santa Fe Avenue between Mulberry Street and Elm Street. Ochsner Hare & Hare, a division of Olsson Associates, prepared the Downtown Salina Streetscape Plan that provided a conceptual design plan for infrastructure improvements to Santa Fe Avenue. Santa Fe Avenue is designed with one lane of traffic in each direction, median and angled parking on both side of the street. Additional design elements include stamped concrete sidewalks, landscape beds, street trees, bench seating, stamped concrete crosswalks, lighting, concrete sidewalks, outdoor café seating, bike racks, public plazas, gateway monuments, and overhead structures at mid-block crossings.

The Project Plan also features a residential component that included conversion of the Lee buildings at the north end of the District into 113, Low-Income Housing Tax Credit apartments and a new 32-unit apartment community located near the hotel.

Conclusions

Elements of the downtowns of Manhattan and Salina include government offices, libraries, post offices, public open spaces, event venues, farmers market, uniform streetscape improvements, event schedule, and public parking. Revitalization of both downtowns was funded in part through STAR Bond Districts that provided funding for cultural, entertainment, and athletic facilities that draw both residents and out-of-town visitors. Major attractions in downtown Manhattan include the Flint Hills Discovery Center and soon to open Museum of Art & Light, while downtown Salina hosts the Stiefel Theatre, Salina Community Theatre, Salina Art Center, Salina Fieldhouse, and The Alley. Chain hotels accommodate out-of-town visitors. The business mix for both downtowns is highlighted by restaurants, breweries, entertainment, clothing and accessories, furniture and home décor, healthcare and wellness, and personal and professional services.

While downtown Hutchinson supports more businesses than both the downtowns of Manhattan and Salina, economic activity is spread out over a 10-block area of Main Street. Areas that Downtown Hutchinson are deficient include a modest number of eating and drinking places, entertainment venues, and suitable event facilities, and absence of a large hotel. While historic buildings, two theatres, public parks, antique and home furnishings stores, and boutique hotel now under construction offer the promise to create a unique image and market niche, more major attractions and events are needed to draw visitors. Potential attractions include entertainment, cultural, event, and athletic facilities. Additional housing should also be a key element for revitalization of downtown Hutchinson.

COMPARISON OF DOWNTOWN TENANT MIXES

Business Classification	Downtown Hutchinson	Downtown Manhattan	Downtown Salina	Totals
Retail Establishments				
Antiques	11	3		3
Auto Parts	2		1	1
Art Gallery / Framing	7	4	5	9
Bicycles	1			0
Books	2	1		1
Bridal Shop	1	1		1
Convenience Store / Deli	1			0
Clothing & Accessories	8	4	7	11
Crafts/ Party Supplies		2		2
Dollar Store				0
Drug Store		1		1
Fabric / Sewing	3			0
Farmers Market	1	1		1
Florists	1	1	1	2
Gifts / Collectibles / Crafts	1		1	1
Health / Beauty / Nutrition	5	4	3	7
Hardware Store	1			0
Home Décor / Furniture	15	4	6	10
Home Electronics / Computers	3		1	1
Ice Cream / Candy	2	1	2	3
Jewelry	6	3	1	4
Liquor		2		2
Market / Grocery	2	1	1	2
Outdoor Gear		1		1
Pawn Shop	1			0
Pet Store		2		2
Shoes and Boots		2		2
Smoke / Cigar Shop	1			0
Sporting Goods		1		1
Thrift Store	1	1	1	2
Wireless Store	1			0
Totals	77	40	30	70
Eat & Drinking Places				
Bakery	1	4	2	6
Brewery	2	2	1	3
Coffee / Tea Shop	2	3	2	5
Drinking Places	2	5	2	7
Fast Food Restaurant	1	5	3	8
Restaurants	4	6	13	19
Wine Bar			1	1
Totals	12	25	24	49

COMPARISON OF DOWNTOWN TENANT MIXES (CONTINUED)

Business Classification	Downtown Hutchinson	Downtown Manhattan	Downtown Salina	Totals
Services				
Accounting / Tax	5		2	2
Auto Repair	18		1	1
Banking / Financial	4	4	4	8
Barber	5	2	1	3
Builders / Construction	11		2	2
Catering	1	1		1
Computer & Electronics Repair			1	1
Consultants	1	14		14
Co-Working Space		1		1
Dance	1		1	1
Employment Agency	3	3	1	4
Engineers / Architects		10	2	12
Fitness Club / Yoga	2	3	1	4
Home Care	3	1	1	2
Insurance	8	7	5	12
Law Firm	5	18	11	29
Healthcare / Dental	3	9	14	23
Interior Designer	1			0
Martial Arts	3			0
Massage Therapist	1	2	3	5
Media / Communications	12	7	8	15
Mental Health Counseling	2	18	1	19
Musical Instruments / Repair	2	1	1	2
Nail Salon / Waxing		4	1	5
Nonprofit Organization	17	8	7	15
Optical	1		1	1
Photographer	2	5	1	6
Realtor / Property Management	3	8	6	14
Salon / Beauty	12	13	8	21
Tattoo / Body Piercing	2	2	2	4
Title / Abstract	3	2	3	5
Travel Agency	1		1	1
Wealth Management / Financial Services		4	9	13
Hotel / Inn	3	3	1	4
Totals	135	150	100	250
Arts & Entertainment				
Sports / Amusement			2	2
Event Venue	2	3		3
Performing Arts / Theatre	2		3	3
Museum / Art	2	2	1	3
Totals	6	5	6	11
Grand Totals	230	220	160	380

Source: Canyon Research Southwest, Inc.

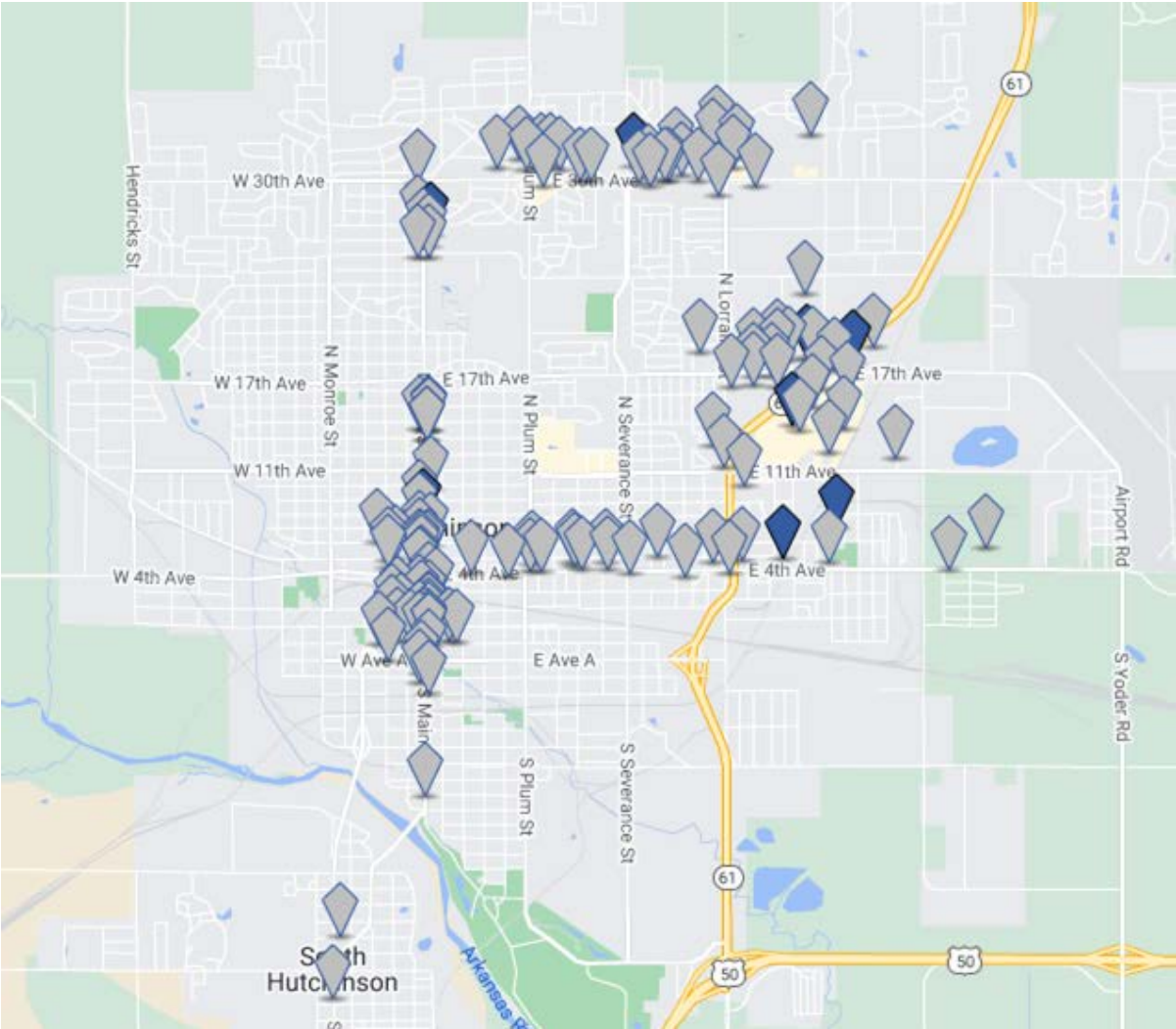
Retail Market Analysis

The Retail Market Analysis portion of the report evaluates directly competitive retail market trends impacting downtown Hutchinson, forecasts future demand for commercial space, and evaluates potential redevelopment sites.

Hutchinson Retail Market Overview

CoStar, a national real estate market research company, provided historical and current retail market trends in Hutchinson, Kansas. The Costar database was searched for existing shopping centers and retail buildings. Bank branches, convenience stores, automotive, and fast food and sit-down restaurants were excluded from the retail survey.

The competitive retail search identified 137 properties in Hutchinson totaling approximately 3.6 million square feet of commercial space. Downtown Hutchinson served as the city’s original business district supporting a large retail presence. The Kansas 61 Highway and 30th Avenue corridors in north Hutchinson now serve as the city’s principal retail destinations. As the largest city in Reno County, Hutchinson serves as the principal shopping destination. The table on the following page summarizes retail market trends in Hutchinson from 2010 through year-end 2022.



Downtown Hutchinson serves as the city’s original business district centered along Main Street from 6th Street south to Avenue D. A total of 230 retail, eating and drinking, and personal and professional service businesses operate in downtown Hutchinson.

The intersection of 17th Avenue and Kansas 61 Highway now serves as Hutchinson’s largest concentration of retail space, serving a regional market. The former Hutchinson Mall has been repositioned as Uptown Hutch, anchored by TJ Maxx, Ollie’s, Hobby Lobby, Orscheln Farm & Home, Hibbett Sports, Dunham’s Sports, Harbor Freight, Famous Footwear, Maurice’s, and Dollar Tree. Other major chains operating stores in this retail hub include Walmart Supercenter, Home Depot, Lowe’s, and Petco. Chain restaurants operating within this retail hub include Applebee’s, Chili’s, IHOP, Olive Garden, Qdoba, and Chick-fil-A.

30th Avenue from Waldron Street west to Main Street in north Hutchinson serves the retail needs of the surrounding neighborhoods. Anchor tenants include Kohl’s, Walgreens, Sherwin Williams, Genesis Health Club, Dollar Tree, and Fastenal. Several casual dining restaurants, fast food restaurants, bank branches, and convenience stores operate along 30th Avenue.

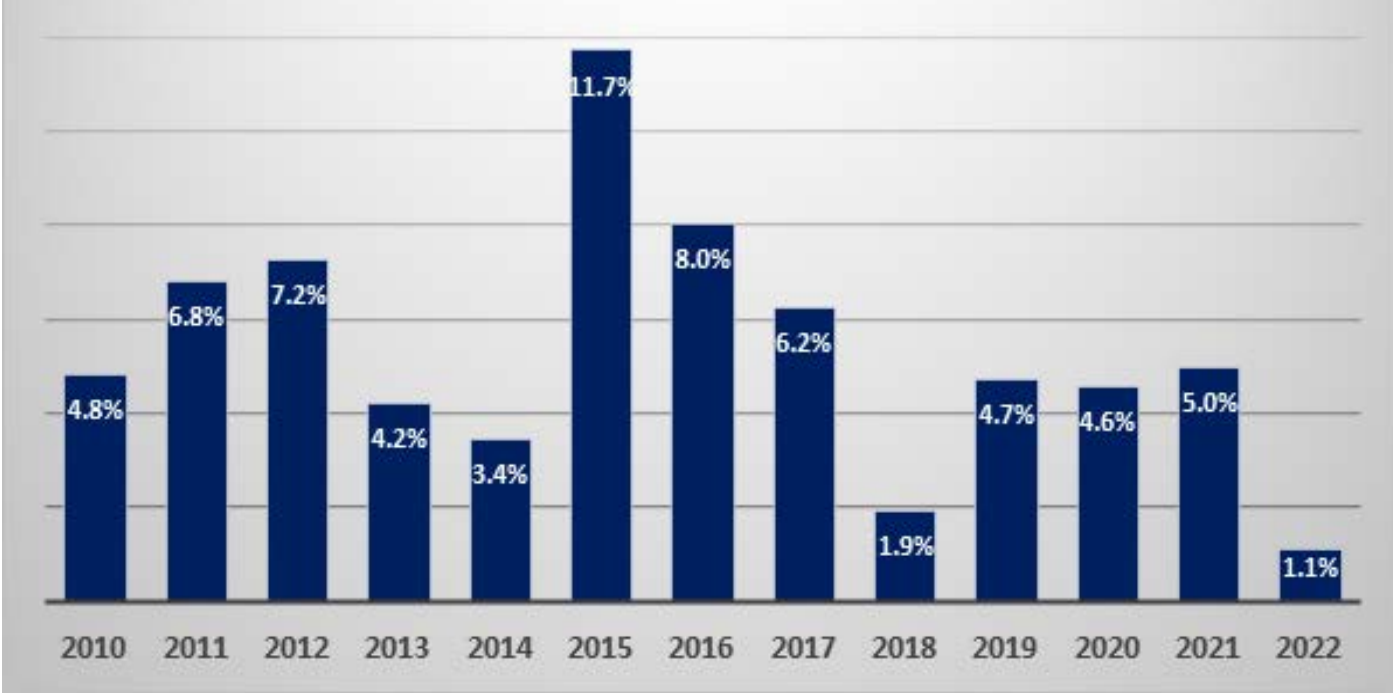
As of year-end 2022, the inventory of surveyed retail space in Hutchinson was operating at a vacancy rate of 1.1 percent. Since 2017, Hutchinson’s retail space inventory has operated at a vacancy rate well below market equilibrium. The shortage of retail space available for occupancy is a barrier for attracting prospective businesses.

HUTCHINSON, KANSAS RETAIL MARKET TRENDS

Year	# of Properties	Inventory Sq. Ft.	Vacant Space	Vacancy Rate	Net Absorption
2010	133	3,570,848	171,939	4.8%	8,000
2011	133	3,570,848	243,350	6.8%	-71,411
2012	134	3,616,930	261,918	7.2%	27,514
2013	134	3,616,930	152,021	4.2%	109,897
2014	135	3,621,130	124,350	3.4%	31,871
2015	137	3,633,594	425,432	11.7%	-288,618
2016	137	3,633,594	291,074	8.0%	134,358
2017	137	3,633,594	227,097	6.2%	63,977
2018	137	3,633,594	69,019	1.9%	158,078
2019	137	3,633,594	172,343	4.7%	-103,324
2020	137	3,633,594	166,343	4.6%	6,000
2021	137	3,633,594	180,362	5.0%	-14,019
2022	137	3,633,594	39,445	1.1%	140,917

Source: CoStar.

HUTCHINSON, KANSAS RETAIL VACANCY RATE TRENDS

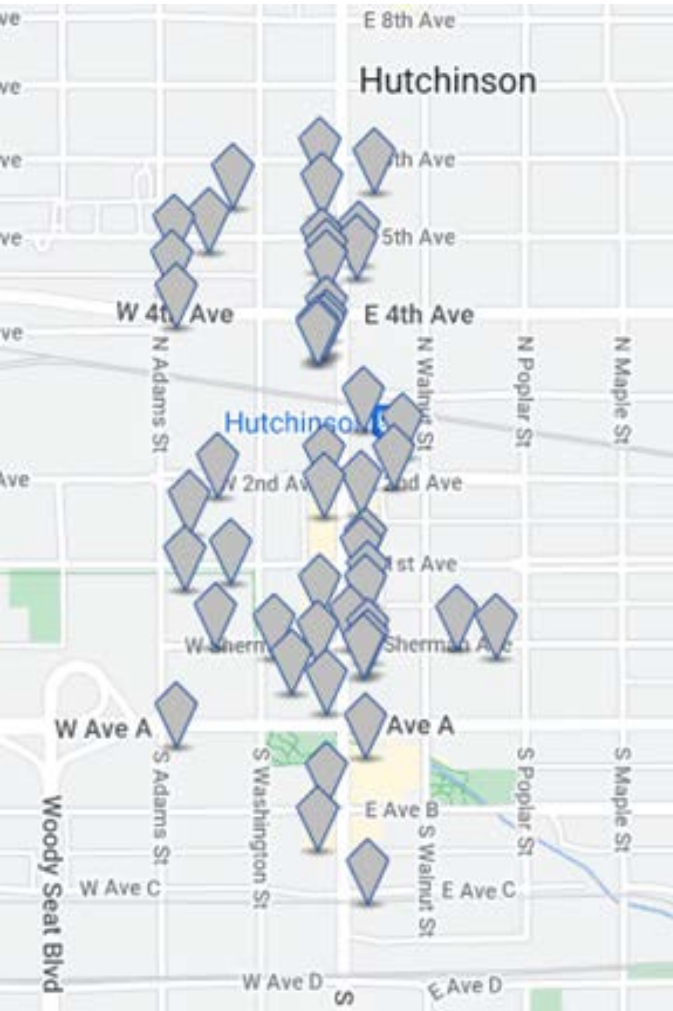


During 2015 and 2016, the Hutchinson retail market operated at high vacancy levels, ranging from 8.0 percent to 11.7 percent. In response to accelerated space absorption and modest additions to supply, Hutchinson’s overall annualized vacancy rate ranged from just 1.1 percent to 5.0 percent from 2018 through 2022.

Despite business interruptions caused by the COVID-19 pandemic, Hutchinson’s retail market remained resilient with net positive space absorption of 6,000 square feet in 2020 and negative absorption of just 14,019 square feet in 2021. During 2022, retailer demand for space accelerated, totaling 140,917 square feet of occupied space for the year.

Downtown Retail Market

The Downtown Hutchinson Planning Area is centered along Main Street extending from Avenue C north to 6th Avenue, a length of nine city blocks. The map below depicts the location of each retail property in the Planning Area surveyed by CoStar. The table on the following page summarizes retail market trends in the Planning Area from 2010 through year-end 2022.



The Planning Area is centered along Main Street extending from Avenue C north to 6th Avenue, a length of nine city blocks. Historic buildings with ground floor commercial space are located predominantly along Main Street, with secondary clusters along 2nd Avenue and Adams Street. A Dillons grocery store is located at the intersection of 5th Avenue and Adams Street.

Two concentrations of economic activity exist in the Planning Area. At the south end of Main Street between 3rd Street and Avenue C is the center of the retail business core and includes the Antique District, Fox Theatre, Smith’s Market, Wiley Building, First National Bank building, and Bert Building. Smith’s Market, several home décor and furniture stores, and the Antique District with eleven antique stores located on Main Street between Avenue C and 2nd Avenue serve as significant customer draws for downtown. The portion of Main Street from 3rd Street north to 6th Street consists of lower density commercial buildings, Flag Theatre, vacant Landmark building, and Hutchinson Art Center. This 3-block section of Main Street houses a diverse mix of businesses including insurance, tax preparer, property management, home care, salon/barber, smoke shops, and home decor. Salt City Brewery is a notable business in the north portion of downtown.

The CoStar data identified 49 retail properties in downtown Hutchinson totaling 550,619 square feet of commercial space, equating to 15.2 percent of the citywide inventory. As of year-end 2022, the Planning Area’s inventory of retail space was fully occupied and no new commercial space was under construction. Since 2016, the Planning Area’s retail space inventory has operated at a vacancy rate well below market equilibrium. The shortage of retail space available for immediate occupancy is a barrier for attracting prospective businesses into downtown Hutchinson. Note, there are several vacant buildings on north Main Street under single ownership and not included in the CoStar building survey.

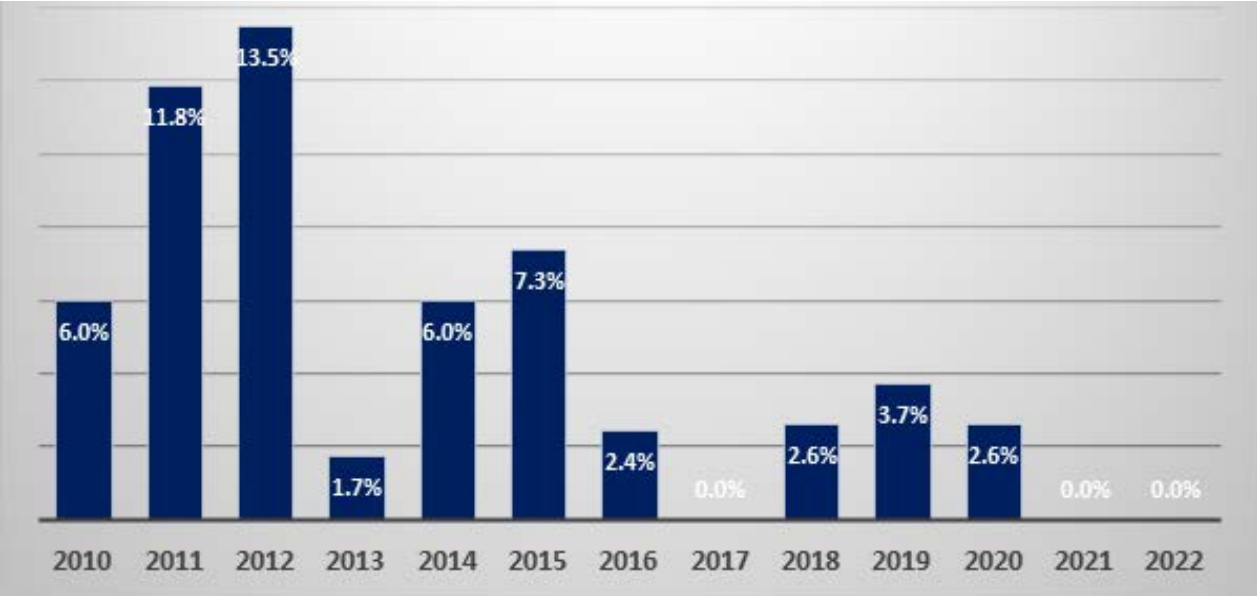
DOWNTOWN HUTCHINSON PLANNING AREA RETAIL MARKET TRENDS

Year	# of Properties	Inventory Sq. Ft.	Vacant Space	Vacancy Rate	Net Absorption
2010	49	550,619	32,945	6.0%	0
2011	49	550,619	65,179	11.8%	-32,234
2012	49	550,619	74,147	13.5%	-8,968
2013	49	550,619	9,400	1.7%	64,747
2014	49	550,619	32,925	6.0%	-23,525
2015	49	550,619	40,425	7.3%	-7,500
2016	49	550,619	13,434	2.4%	26,991
2017	49	550,619	0	0.0%	13,434
2018	49	550,619	14,500	2.6%	-14,500
2019	49	550,619	20,500	3.7%	-6,000
2020	49	550,619	14,500	2.6%	6,000
2021	49	550,619	0	0.0%	14,500
2022	49	550,619	0	0.0%	0

Source: CoStar.

From 2011 to 2015, the Planning Area retail market operated at high vacancy levels, peaking at 11.8 percent to 13.5 percent in response to negative space absorption. In response to accelerated retail space demand and absence if new additions to supply, the Planning Area’s overall annualized vacancy rate ranged from 0.0 percent to 3.7 percent from 2016 through 2022. The bar chart below illustrates trends in the annualized vacancy rate for the Planning Area’s inventory of retail space.

DOWNTOWN HUTCHINSON PLANNING AREA RETAIL VACANCY RATE TRENDS



The Planning Area houses 77 retail businesses with significant clusters include home décor and furniture (15 businesses), antiques (11 businesses), clothing and accessories (8 businesses), art galleries and picture framing (7 businesses), and jewelers (6 businesses). These complimentary businesses can be leveraged to support larger clusters of like businesses. The antiques and home décor and furniture businesses can establish an image for the Planning Area.

Just twelve eating and drinking places operate in the Planning Area, including just four restaurants and two breweries. The limited availability of eating and drinking places constraints on the Planning Area’s night life activity. It has been reported that several vacant buildings in the Planning Area possess restaurant improvements making reopening more cost effective. Based on the business mix for both downtown Manhattan and Salina, the potential may exist to attract and support additional eating and drinking places within the Planning Area.

A total of 135 personal and professional services firms operate in the Planning Area. Business types most represented include auto repair, nonprofit organizations, salons / beauty, media / communications, and builders / construction.

Six arts and entertainment venues are located in the Planning Area, including the iconic Fox Theatre, Flag Theatre, Hutchinson Arts Center, Reno County Museum, Memorial Hall Complex, and Crystal Ballroom at the Burt. These arts and entertainment venues, along with an active arts scene, are building blocks for establishing an image and market niche for the Downtown Hutchinson Planning Area.

Trade Area Capture

Information about a community’s retail trade area can help assess the ability of local merchants to attract and capture the retail business of local residents. The trade area capture (TAC) is an estimate of the number of people who shop in the local area during a certain period. TAC assumes that local residents will buy goods at the same rate as the state average, and that the only force that causes a variation in spending patterns is income. The formula for calculating TAC is:

$$TAC = \frac{\text{Community's Actual Retail Sales}}{\text{State Per Capita Sales} \times \text{Community's Per Capita Income} / \text{State Per Capita Income}}$$

If the TAC estimate is larger than the community’s population it suggests: 1) the community is attracting customers outside its boundaries or 2) residents of the community are spending more than the state average. If the estimate is smaller than the community’s population: 1) the community is losing its customers to other regions for retail purchases or 2) residents of the community are spending less than the state average.

For 2022, Esri Business Analyst estimated the City of Hutchinson population at 39,950 residents and per capita income at \$30,149. The City of Hutchinson imposes a 1.1% local sales tax that is collected by the State and remitted to the City. For FY 2021, the City of Hutchinson reported actual FY 2021 sales tax collections of \$7,927,978, equating to taxable sales of \$720,725,273.

Esri Business Analyst estimated the population for Kansas at 2,955,657 residents and per capita income of \$32,644. Based on CY 2021 taxable retail sales of \$48.53 billion reported by the Kansas Department of Revenue the state’s per capita retail sales are \$16,420.

$$\text{Trade Area Capture} = \frac{\$720,725,273}{\$16,420 \times (\$30,149 / \$32,644)} = 47,526 \text{ Residents}$$

Hutchinson’s 2022 population of 39,950 residents and TAC of 47,526 people illustrates the City’s status as the retail shopping destination for Reno County’s 2022 population of 61,369 residents.

Retail Pull Factor

Pull factors (“PF”) measure a community’s ability to attract shoppers, residents, and non-residents alike, to make retail purchases within the community. A pull factor is a measure of the strength of a community’s retail trade, based on a comparison of local spending in relation to that of a wider geographic area (e.g., the state), with a measure of 1.0 representing a perfect balance. A pull factor greater than 1.0 indicates that the community is pulling in retail sales from beyond its boundaries and the balance of trade is favorable. Alternatively, a pull factor less than 1.0 indicates that the community is not capturing local shoppers and is experiencing retail sales leakage. Pull factors are calculated by dividing the TAC by the community’s population.

The Kansas Department of Revenue estimated Hutchinson’s FY 2022 pull factor at 1.26, indicating the City captures retail sales at a rate 26 percent above the statewide average.

Dividing Hutchinson’s TAC of 47,526 residents by the City’s population of 39,950 residents yields a pull factor of 1.19, indicating the City captures retail sales at a rate 19 percent above the statewide average. Hutchinson’s above average pull factor suggests it captures retail sales from people residing outside of the City.

Forecast Retail Space Demand

As of year-end 2022, Hutchinson’s inventory of 3.63 million square feet of retail space was operating at a vacancy rate of just 1.1 percent. A market equilibrium vacancy rate is generally considered to be in the 7.0 percent range. This section of the study provides conservative and optimistic retail space demand estimates from 2023 to 2040 for the City of Hutchinson.

Supportable retail sales are a function of consumer population and income levels. A trade area’s total income is calculated by multiplying the total trade area population by the per capita personal income. Purchasing power, or total sales potential of the trade area, is then quantified by applying average retail expenditures as a percentage of total income.

The City of Hutchinson’s 2022 population is estimated at 39,950 residents with the per capita income estimated at \$30,149, yielding total personal income of approximately \$1.2 billion. Based on the U.S. Census Bureau Annual Retail Trade Survey and Hutchinson’s per capita income and retail sales levels, retail goods and services sales equate to a spending rate equivalent to approximately 40 percent of total personal income. The City’s retail pull factor is 1.19. Fiscal year 2022 taxable retail sales in Hutchinson of \$720.7 million and occupied retail space of 3,623,294 equates to average sales of \$199 per square foot (for the purpose of this analysis average sales were rounded to \$200 per square foot).

By 2040, the Hutchinson population is forecast to increase by 2,341 to 3,969 new residents. For this analysis per capita income, average retail sales per square foot, and pull factor remained constant.

Under the conservative scenario, by 2040 the Hutchinson population growth is forecast to capture new retail goods and services sales of \$33.6 million, supporting an estimated 167,978 square feet of new occupied retail space.

The optimistic scenario assumes stronger population growth will yield increased retail space need. By 2040, Hutchinson is forecast to capture new retail goods and services sales of \$57.0 million and 284,794 square feet of new occupied retail space.

FORECAST RETAIL SPACE NEED FROM POPULATION GROWTH
HUTCHINSON, KANSAS; 2023 - 2040

Retail Sales Formula	Conservative Scenario	Optimistic Scenario
Residential Population Growth (2023-2040)	2,341	3,969
Per Capita Income	\$30,149	\$30,149
Total Gross Personal Income	\$70,578,809	\$119,661,381
% Income Spent on Retail Goods and Services	0.40	0.40
Supportable Goods and Services by City Residents	\$28,231,524	\$47,864,552
City of Hutchinson Pull Factor	1.19	1.19
Total Supportable Retail Goods & Services Sales	\$33,595,513	\$56,958,817
Average Retail Sales Per Sq. Ft.	\$200	\$200
Retail Space Need 2022-2040 (Sq. Ft.)	167,978	284,794

Source: Canyon Research Southwest, Inc.; April 2022.

Accounting for the current inventory of vacant commercial space in Hutchinson and a market equilibrium vacancy rate of 6.0 percent, through 2040 the city is estimated to support the need for approximately 370,000 to 494,000 square feet of new retail space. Based on an average floor-area-ratio of 20 percent to 23 percent, the forecast retail space need through 2040 would absorb an estimated 37 to 42 acres of commercial land under the conservative scenario and 49 acres to 57 acres under the optimistic scenario.

**SUPPORTABLE NEW RETAIL SPACE ESTIMATES
HUTCHINSON, KANSAS; 2023 – 2040**

Hutchinson New Retail Space Estimates 2023-2040	Conservative Scenario	Optimistic Scenario
Supportable New Retail Space Need		
Hutchinson’s Inventory of Occupied Retail Space 2022 Q4	3,623,294	3,623,294
Forecast Retail Space Need 2023-2040	167,978	284,794
Total Occupied Retail Space Inventory 2040	3,791,272	3,908,088
Market Equilibrium Retail Space Need (6% Vacancy Rate)	4,033,268	4,157,541
Less: Existing Inventory of Retail Space 2022 Q4	3,663,594	3,663,594
Supportable New Retail Space 2023-2040	369,674	493,747
Supportable Development Acres		
20% FAR	42.4	56.7
23% FAR	36.9	49.3

Source: Canyon Research Southwest, Inc.; April 2022.

Retail Site Evaluation

Retail developers and retailers evaluate potential retail locations based on a series of site-specific criteria. Common selection criteria when evaluating prospective retail locations include parcel size, visibility and exposure, accessibility, traffic counts, parking, and direct competition. Using these site selection criteria, downtown Hutchinson was evaluated for the potential to support retail and restaurant uses in existing buildings or new development on vacant or underutilized properties.

The CoStar data identified 49 retail properties in downtown Hutchinson totaling 550,619 square feet of commercial space. The principal retail corridor in downtown Hutchinson is Main Street, with secondary corridors along 2nd Avenue and Adams Street.

Main Street with its high traffic volumes is best suited for retail goods and services businesses. Two sections of Main Street in downtown Hutchinson were evaluated for the potential to support future redevelopment and new construction for retail uses, including:

- 1. Main Street between 4th and 6th Avenues
- 2. Main Street between Avenue B and Avenue D

MAIN STREET BETWEEN 4TH AND 6TH AVENUES

Main Street between 4th and 6th Avenues represents the northern most portion of the Downtown Hutchinson Planning Area. The city block between 4th and 5th Avenues consists of 1- and 2-story historic buildings with one vacant lot. Existing businesses include Carpet Plus, Point Blank Tattoo, Smoke Shop, The Wool Market, 24/7 Core Fitness, Team Employment LLC, Lit Studios Paint & Pottery, Premier Driving School, Hagen Accounting, Mosaic, and Sunset Jewelry and Pawn.

Main Street from 5th to 6th Avenues consists of the vacant 5-story Landmark building and 1- and 2-story commercial buildings. This city block’s building stock is much less dense than the block to the south as most of the buildings on the west side of the street are 1-story. The Salt City Brewery is the anchor of this city block and the owner has plans to convert the vacant building at 506 Main Street into a speak easy. Other businesses on this city block include Progressive Insurance, Home Care & Hospice, Crane Law, Mid Kansas Guttering, Mettlins Accounting, Jackson Meat, Reno County Head Start, Golden Rule Property Management, Fesler Tax, Poetry in Motion Dance, Hayes Sight & Sound, and Old Mission Heritage,

Main Street is improved with four lanes of traffic, curb, sidewalks, and overhead lighting. Ample parking is available along Main Street in the form of diagonal parking spaces. There is also on-street parking along 4th, 5th, and 6th Avenues. A traffic signal controls the Main Street intersections at 4th Avenue and 5th Avenue. According to the Kansas Department of Transportation, the average daily traffic count on Main Street between 4th and 6th Avenues is 10,275 vehicles. This traffic volume is the highest in the Planning Area and provide significant access and exposure to businesses fronting onto Main Street.

Main Street between 4th and 6th Avenues has the potential to renovate and convert the several vacant buildings as well as support new construction on the vacant lot immediately south of the Union Labor Temple at the southwest corner of 5th Avenue and Main Street. These two city blocks have the potential to evolve into an eating and drinking destination. The vacant 5-story Landmark building is ideally suited for conversion into a hotel and/or apartments.

MAIN STREET BETWEEN AVENUE B AND AVENUE D

Main Street between Avenue B and Avenue D represents the southernmost portion of the Downtown Hutchinson Planning Area. The city block between Avenue B and Avenue C consists of historic 2-story commercial buildings along the westside and two, 1-story commercial buildings and a surface parking lot on the eastside of the street. Prominent businesses on the city block include Smith’s Market, Westlake Ace Hardware, and Crystal Ballroom. Other businesses include Mitch Rice Law, Evolution Salon Spa, Holly’s Sweet Treats, Salt Creek Interior Design, and Salvation Army.

The city block between Avenue C and Avenue D consists of just a couple historic buildings and vacant land on the eastside of the street and 1-story commercial/industrial buildings and vacant land on the westside of the street.

Main Street between Avenues B and C is improved with two lanes of traffic, left turn lane, curb, sidewalks, seating, public art, overhead lighting, and on-street parking. A traffic signal controls the Main Street intersection at Avenue B. Meanwhile, Main Street between Avenues C and D is improved with four lanes of traffic, curb, sidewalks, and overhead streetlights. Railroad tracks with gates parallel the south side of Avenue C and the north side of Avenue D. According to the Kansas Department of Transportation, the average daily traffic count on Main Street south of Avenue B total 6,300 vehicles. This volume of traffic provides retail businesses on Main Street with excellent access and exposure.

The eastside of Main Street between Avenues B and C consists of under-utilized properties that offer an excellent opportunity to support mixed-use development consisting of ground floor commercial space and upper floors of residential.

The section of Main Street between Avenues C and D possesses limited potential to support retail uses. Instead, the vacant land on the eastside of Main Street affords the opportunity to support development of rental apartments.

Conclusions

Based on the building stock, traffic volumes, and the availability of parking, retail and services businesses are best suited for tenancy along Main Street. Two sections of Main Street are suitable for redevelopment with retail uses.

The two city blocks of Main Street between 4th and 6th Avenues at the northern edge of the Planning Area with its mix of historic commercial buildings, inventory of vacant land, and availability of parking has the potential to evolve into an entertainment district supporting restaurants, drinking places, and related entertainment venues.

The eastside of Main Street between Avenues B and C consists of under-utilized properties that offer an excellent opportunity to support mixed-use development consisting of ground floor commercial space and upper floors of residential.

Office Market Analysis

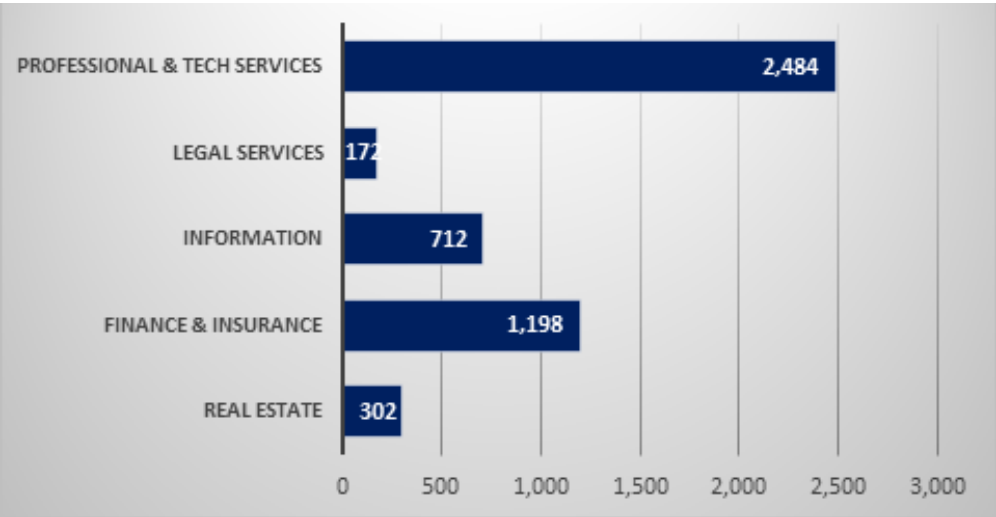
This section of the study evaluates directly competitive professional office market conditions impacting the Planning Area. The goal is to identify future opportunities for downtown Hutchinson to support the future need for additional office space.

Office-Related Employment

Office-related employment includes the professional and tech services, legal services, information, and finance, insurance, and real estate sectors. The bar chart below provides current employment levels in Hutchinson for each office-related sector.

According to Esri Business Analyst, office-related employment in Hutchinson totals 4,868 jobs in the professional and tech services, legal services, information, and finance, insurance, and real estate sectors, accounting for 19.4 percent of total employment. By comparison, office-related jobs account for 18.6 percent of employment in Kansas. At an average space requirement of 200 to 225 square feet per employee, current employment levels in Hutchinson can support approximately 973,600 to 1.1 million square feet of occupied professional office space.

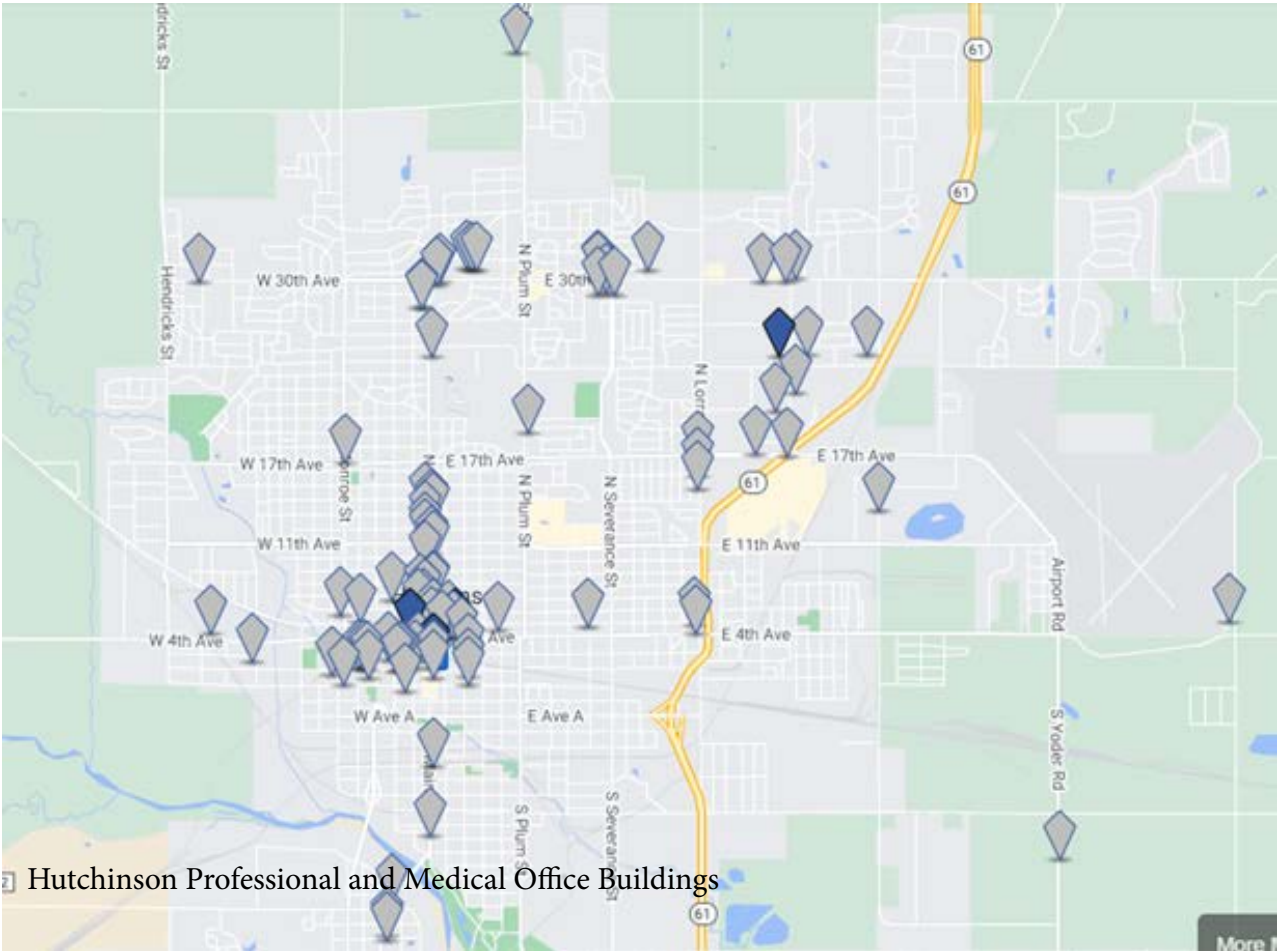
HUTCHINSON, KANSAS OFFICE-RELATED EMPLOYMENT



Hutchinson Office Market

CoStar provided historical and current office market trends in Hutchinson, Kansas. The Costar database was searched for existing professional and medical office buildings. The map below depicts the location of the surveyed office buildings in Hutchinson.

The search identified 90 professional and medical office properties in Hutchinson totaling 972,903 square feet of space. Downtown and North Main Street and Missouri 61 Highway corridor serve as the prominent office districts.



The table on page 40 summarizes office market trends in Hutchinson from 2010 through year-end 2022.

The historic downtown serves as Hutchinson’s central business district occupied by professional and personal service firms such as home care, insurance, accountants, lawyers, employment agencies, median and communications, nonprofit organizations, and government offices.

Since 2010, Costar reported two office buildings totaling just 7,100 square feet of space were built in Hutchinson. The last office building was constructed in 2022.

HUTCHINSON, KANSAS OFFICE MARKET TRENDS

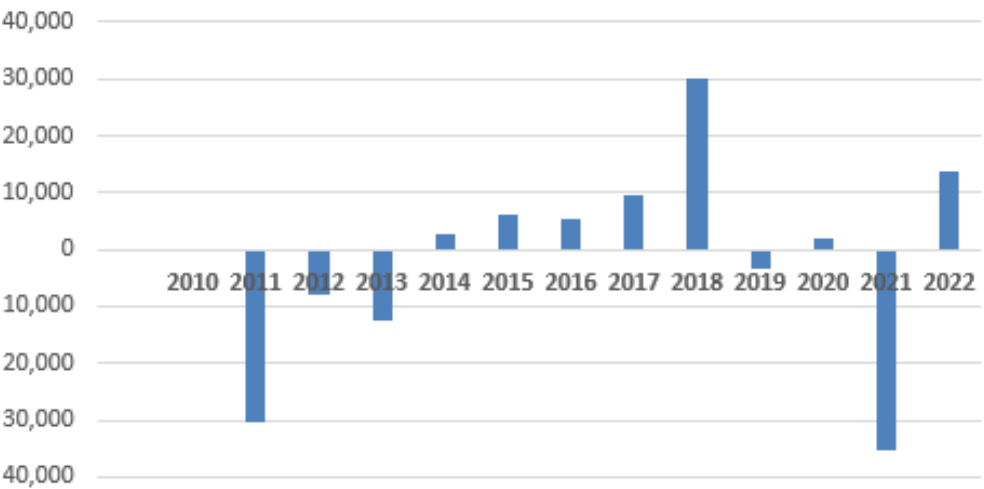
Year	# of Properties	Inventory Sq. Ft.	Vacant Space	Vacancy Rate	Net Absorption
2010	88	965,803	17,538	1.8%	0
2011	88	965,803	47,777	4.9%	-30,239
2012	88	965,803	55,857	5.8%	-8,080
2013	88	965,803	68,509	7.1%	-12,652
2014	88	965,803	65,895	6.8%	2,614
2015	88	965,803	59,696	6.2%	6,199
2016	88	965,803	54,462	5.6%	5,234
2017	88	965,803	45,093	4.7%	9,369
2018	88	965,803	15,202	1.6%	29,891
2019	88	965,803	18,570	1.9%	-3,368
2020	89	969,403	20,276	2.1%	1,894
2021	89	969,403	55,697	5.7%	-35,421
2022	90	972,903	45,281	4.7%	13,916

Source: CoStar.

Since 2010, Costar reported negative 20,643 square feet of office space was absorbed in Hutchinson. Office space absorption peaked from 2014 to 2018 with the net occupancy totaling 53,307 square feet of space. During 2020 and 2021, Hutchinson’s office market was adversely impacted by the COVID-19 pandemic, resulting in negative absorption of 33,527 square feet of space. The market rebounded in 2022 with 13,916 square feet of net absorption.

After peaking at 7.1 percent in 2013, the overall office vacancy rate for the Hutchinson market followed a downward trend to a low of 1.6 percent by 2018. The overall vacancy rate remained healthy in 2019 and 2020, before spiking in 2021 to 5.7 percent. By year-end 2022 the vacancy rate improved to 4.7 percent with net absorption of 13,916 square feet of space. Despite the recent uptick in the overall vacancy rate the market remains well below market equilibrium.

NET OFFICE SPACE ABSORPTION (SQ. FT.) HUTCHINSON, KANSAS

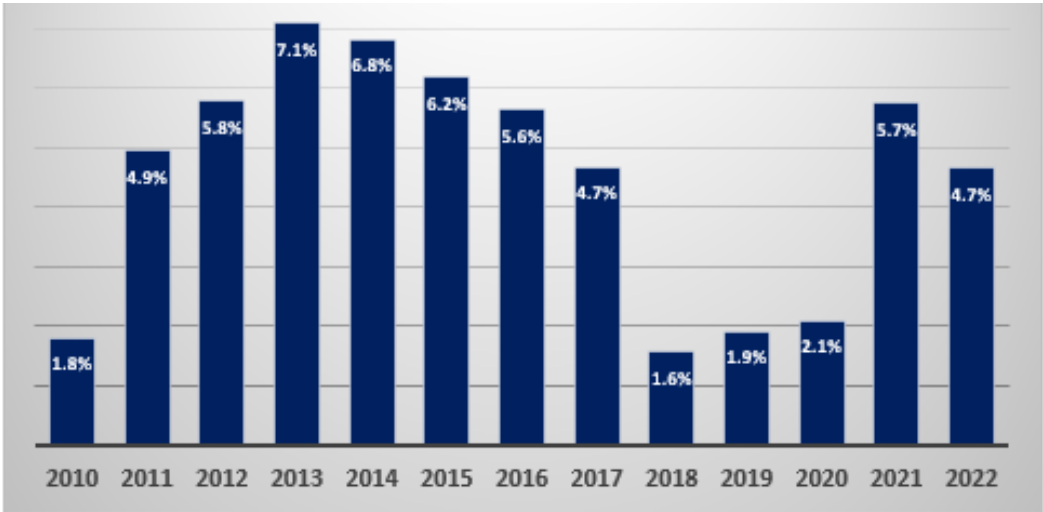


Downtown Office Market

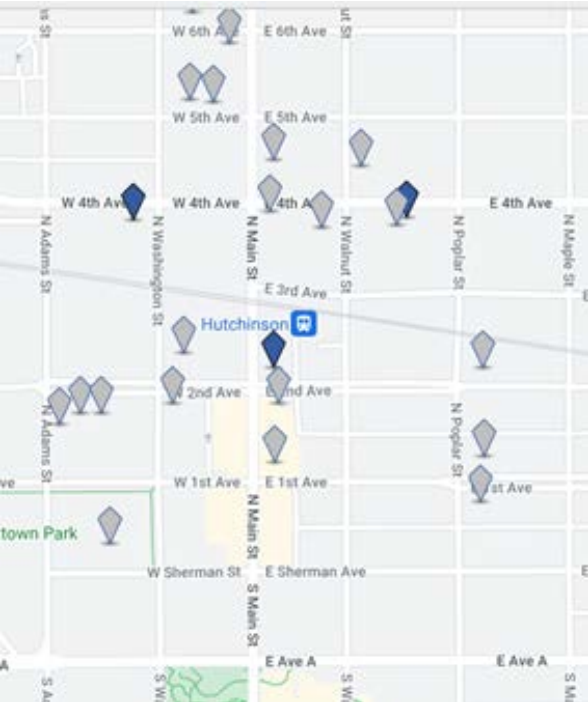
The map below depicts the location of each office property in the Planning Area surveyed by CoStar. The table on the following page summarizes retail market trends in the Planning Area from 2010 through year-end 2022.

The CoStar data identified 24 office properties in downtown Hutchinson totaling 330,928 square feet of space, equating to 34.0 percent of the citywide inventory. While several office buildings are located along Main Street, there is no significant concentration of buildings.

HUTCHINSON, KANSAS OFFICE VACANCY RATE TRENDS



A total of 135 personal and professional services firms operate in the Planning Area. Professional business types most represented include home care, insurance, accountants, lawyers, employment agencies, median and communications, nonprofit organizations, and government offices.



As of year-end 2022, the Planning Area’s inventory of office space was operating at a vacancy rate of 11.5 percent. By comparison, the entire Hutchinson office market was operating at a vacancy rate of 4.7 percent by year-end 2022. Since 2010, no new office space was built within the Planning Area with no new commercial space currently under construction.

From 2010 through 2020, the Planning Area’s inventory of office space operated at a vacancy rate well below market equilibrium at year-end rates ranging from 0.0 percent to 4.4 percent. The Planning Area office market has been hit hard the past three years with negative absorption of 27,751 square feet of space. The net result was an increase in the overall vacancy rate from 3.1 percent in 2019 to a high of 12.5 percent by year-end 2021. Modest net space absorption in 2022 yielded a slight decrease in the vacancy rate to 11.5 percent. The bar chart on the following page illustrates trends in the annualized vacancy rate for the Planning Area’s inventory of office space.

DOWNTOWN HUTCHINSON PLANNING AREA
OFFICE MARKET TRENDS

Year	# of Properties	Inventory Sq. Ft.	Vacant Space	Vacancy Rate	Net Absorption
2010	24	330,928	0	0.0%	0
2011	24	330,928	2,315	0.7%	-2,315
2012	24	330,928	2,315	0.7%	0
2013	24	330,928	10,423	3.1%	-8,108
2014	24	330,928	7,809	2.4%	2,614
2015	24	330,928	7,100	2.1%	709
2016	24	330,928	1,313	0.4%	5,787
2017	24	330,928	1,313	0.4%	0
2018	24	330,928	10,880	3.3%	-9,567
2019	24	330,928	10,330	3.1%	550
2020	24	330,928	14,486	4.4%	-4,156
2021	24	330,928	41,215	12.5%	-26,729
2022	24	330,928	38,081	11.5%	3,134

Source: CoStar.

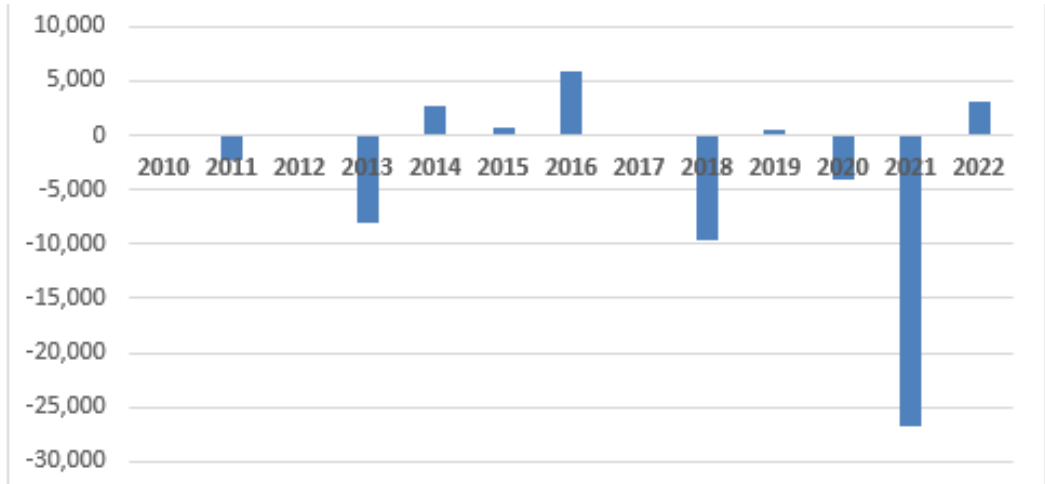
Since 2010, the Planning Area lost 38,081 square feet of occupied office space. Most of the negative office space absorption occurred during 2020 and 2021. The recent contraction of the Planning Area office market may have been due in part to the negative impact the COVID-19 pandemic had on the national economy, with the office market hit particularly hard from the growing trend in the remote workplace.

Forecast Office Space Demand



Professional office space demand projections for the City of Hutchinson through the year 2040 provide an understanding of future market conditions directly impacting the feasibility of supporting new employment-related development in the Planning Area.

NET OFFICE SPACE ABSORPTION (SQ.FT.)
DOWNTOWN HUTCHINSON PLANNING AREA



By year-end 2022, Hutchinson supported 972,903 square feet of office space, operating at an overall vacancy rate of 4.7 percent. The demand for professional office space is closely correlated with expansion in office space using employment sectors. Future demand for professional office space was forecast utilizing an occupational employment-driven model. This model was designed using the variables of increased employment in categories of economic activity typically associated with demand for office space and average space requirements per employee. A share of regional demand is assigned to the submarket (and specific project) based on location, competition, access, project scale, etc.

According to Esri Business Analyst, office-related employment in Hutchinson totals 4,868 jobs in the professional and tech services, legal services, information, and finance, insurance, and real estate sectors, accounting for 19.4 percent of total employment.

Since 2010, Costar reported two office buildings totaling 7,100 square feet of space were built in Hutchinson and a net -20,643 square feet of space was absorbed.

From 2023 through 2040, job growth in the City of Hutchinson is projected to support an estimated 1,561 to 2,646 new jobs. Over the next twenty years the share of new office-related employment in Hutchinson is anticipated to remain consistent with recent trends, accounting for 18 percent to 20 percent of total job growth, yielding 280 to 530 new jobs.

Office space demand created by the future growth in office-related employment was forecast by applying standard job creation ratios published by NAIOP of 1.0 job per 200 to 225 square feet of office space that accounts for both owner-occupied and speculative office space. From 2023 through 2040, office-related job growth in Hutchinson is projected to support the need for 56,000 to 106,000 square feet of owner-occupied and speculative office space.

Accounting for the year-end 2022 inventory of vacant office space in Hutchinson and a market equilibrium vacancy rate of 7.0 percent, through 2040 the City of Hutchinson is estimated to support the need for approximately 85,000 to 139,000 square feet of new office space. Based on an average floor-area-ratio of 25 percent to 30 percent, the forecast office space need through 2040 would absorb an estimated 6.5 to 7.8 acres of commercial land under the conservative scenario and 10.6 acres to 12.8 acres under the optimistic scenario.

Office Site Evaluation

Office developers and major tenants evaluate potential office locations based on a series of site-specific criteria. Common selection criteria when evaluating a prospective professional office location include location and access; availability to a large and diverse labor pool; proximity to customers; and availability of support goods and services. Downtown Hutchinson was evaluated for the potential to support professional office uses within existing multi-story buildings as well as accommodate future development on vacant or underutilized properties.

FORECAST PROFESSIONAL OFFICE SPACE DEMAND
HUTCHINSON, KANSAS; 2023 - 2040

	Conservative Scenario		Optimistic Scenario	
Hutchinson, Kansas				
Office-Related Employment Growth		280		530
Net Office Space Demand (Sq. Ft.)		56,000		106,000
Average Annual Office Space Demand (Sq. Ft.)		3,111		5,889

Source: Canyon Research Southwest, Inc.; April 2023.

A total of 135 personal and professional services firms operate in downtown Hutchinson, accounting for 58.7 percent of all businesses. Professional business types most represented include home care, insurance, accountants, lawyers, employment agencies, median and communications, nonprofit organizations, and government offices.

Locations within the Downtown Hutchinson Planning Area evaluated for the potential to support future professional office uses include:

- 1. Existing Buildings
- 2. Main Street

SUPPORTABLE NEW OFFICE SPACE ESTIMATES
HUTCHINSON, KANSAS; 2023 - 2040

	Conservative Scenario		Optimistic Scenario	
Supportable New Office Space Need				
Hutchinson Inventory of Occupied Office Space 2022 Q4	927,622		927,622	
Forecast Office Space Demand 2023-2040	56,000		106,000	
Total Occupied Office Space Inventory 2040	983,622		1,033,622	
Market Equilibrium Office Space Need	1,057,658		1,111,422	
Less: Existing Inventory of Office Space 2022 Q4	-972,903		-972,903	
Supportable New Office Space 2023-2040	84,755		138,519	
Supportable Development Acres				
25% FAR	7.8		12.8	
30% FAR	6.5		10.6	

Source: Canyon Research Southwest, Inc.; April 2023.

EXISTING MAIN STREET BUILDINGS

Existing buildings within the Planning Area identified as potentially suitable for conversion to professional office space include: 1) 5-story vacant Landmark building at 501 North Main Street; 2) multi-story buildings on Main Street; and 3) 100 East Avenue A.

Located at 501 North Main Street, the Landmark building opened in 1923 as the 125-room Hotel Stamey and was later converted to the Landmark Apartments. The property totals 35,820 square feet of building area and is currently vacant and is on the market for sale at an asking price of \$279,000. There is no on-site parking associated with the property.

As a potential adaptive re-use as professional office space the Landmark building benefits from a strong presence on Main Street, location at a signalized intersection, excellent access and visibility, historic architectural design, large floorplates, and access to parking. The challenge the financial feasibility of converting the building to office use.

Portions of Main Street consisting of historical buildings that maybe suitable for conversion of second floor space into professional office space include: 1) between 3rd and 5th Avenues and 2) between 1st and 2nd Avenues. These building possess a Main Street address, excellent access and visibility, historic architectural design, access to parking, and proximity to government offices.

The 2-story brick building at 100 East Avenue A at the corner of Walnut Street. Built in 1916, the 22,110 square foot warehouse features 15-foot ceiling heights. The building may possess the potential for conversion into a unique office space with high ceilings, brick exposed walls, and 11,055 square foot floor plates.

MAIN STREET BETWEEN AVENUE B AND AVENUE C

Main Street between Avenue B and Avenue C represents the southernmost portion of the Downtown Hutchinson Planning Area and consists of historic 2-story commercial buildings along the westside and two, 1-story commercial buildings and a surface parking lot on the eastside of the street. The surface parking lot and adjacent vacant land located on the northside of Avenue C between Main Street and Walnut Street was evaluated for the potential to support office use.

Main Street between Avenues B and C is improved with two lanes of traffic, left turn lane, curb, sidewalks, seating, public art, overhead lighting, and on-street parking. A traffic signal controls the Main Street intersection at Avenue B. Railroad tracks with gates parallel the south side of Avenue C. According to the Kansas Department of Transportation, the average daily traffic count on Main Street south of Avenue B total 6,300 vehicles.

The surface parking lot and vacant parcel are under-utilized properties that offer an excellent opportunity to support mixed-use development consisting of ground floor commercial space and upper floors of either office space or residential.



Conclusions

The Planning Area supports 330,928 square feet of office space. From 2023 through 2040, Hutchinson is forecast to support the need for 85,000 to 139,000 square feet of new office space.

As a potential adaptive re-use as professional office space the Landmark building benefits from a strong presence on Main Street, location at a signalized intersection, excellent access and visibility, historic architectural design, large floorplates, and access to parking. The challenge the financial feasibility of converting the building to office use.

Based on the historic building stock that provides character and identity, current concentrations of office tenants, and the availability of parking, multi-story buildings along the sections of Main Street between 3rd and 5th Avenues and between 1st and 2nd Avenues. are suitable for conversion to office space.

The 2-story warehouse building at 100 East Avenue A at the corner of Walnut Street may possess the potential for conversion into a unique office space with high ceilings, brick exposed walls, and 11,055 square foot floor plates.

The surface parking lot and adjacent vacant land located on the northside of Avenue C between Main Street and Walnut Street offer an excellent opportunity to support mixed-use development consisting of ground floor commercial space and upper floors of either office space or residential.



Lodging Market Analysis

This section of the report evaluates the market viability of the Downtown Hutchinson Planning Area to support additional lodging inventory.

Heritage Tourism

Downtown Hutchinson has two designated national historic districts and a large number of contributing properties, and as a result has the potential to cultivate heritage tourism. The National Trust for Historic Preservation in the United States defines heritage tourism as “traveling to experience the places, artifacts and activities that authentically represent the stories and people of the past”, and “heritage tourism can include cultural, historic and natural resources”.

A high percentage of domestic and international travelers participate in cultural and/or heritage activities while traveling, and those that do stay longer, spend more, and travel more often. As one of the fastest-growing segments of the tourism industry, heritage tourism can be an effective tool to generate jobs, income, tax revenues, diversify local economies, and improve the local quality of life.

A recent study by the U.S. Office of Travel and Tourism revealed that nearly 15.4 million of the overseas travelers to the U.S. were cultural heritage travelers. Growth of cultural heritage visitors outpaced average growth of all overseas arrivals to the United States (14% and 11%, respectively). Since 2004, the number of cultural heritage travelers increased from 10.6 million (68.7% of the market) to the current 15.4 million or 71.2 percent of all overseas visitors.

The rapid expansion of travelers seeking cultural experiences has helped heritage tourism become one of the leading motivations for people to travel. Cities and towns across America are discovering how well the preservation of historic, cultural, and natural resources combines with tourism to sustain local economies. Heritage tourism creates jobs, provides new business opportunities, helps protect natural resources, and improves the quality of life for residents.

Kansas Tourism Market Trends

According to the latest Economic Impact of Travel in Kansas prepared by Tourism Economics, during 2019 tourism employment ranks as the 9th largest industry in Kansas supporting a direct GNP of \$3.37 billion and 66,007 jobs, 2.9 percent of all Kansas employment.

During 2020, the COVID 19 pandemic had an adverse impact on tourism’s impact on the Kansas economy yielding sharp declines in visitation, spending, jobs, and tax revenues. Tourism’s direct GDP in 2020 declined 28.9 percent to \$2.4 billion and employment declined 19.0 percent to 53,442 jobs, ranking it as the state’s 12th largest industry with 2.6 percent of statewide employment.

Tourism’s direct economic impact on the State of Kansas was estimated at \$6.0 billion in 2020, down from \$8.1 billion for 2019. Including indirect and induced spending, the total statewide economic impact of tourism totaled \$9.4 billion in 2020, down from \$11.75 billion in 2019. The food and beverage industry garnered the largest share of direct economic activity created by visitors to Kansas, followed by retail, lodging, and recreation and entertainment.

From 2011 through 2019, annual visitation to Kansas increased by 4.4 million visitors. During 2019, visitation to Kansas grew by 2.5 percent to 36.5 million visitors, including 21.6 million day-travelers and 14.9 million overnight visitors. A 2.3 percent increase in room demand helped support the growth in overnight visitation, while lower gas prices and a healthy economy pushed day visitation higher. Resulting from the adverse impact of the pandemic on the tourism industry, during 2020 total visitation to Kansas declined by 14.1 percent to 31.4 million visitors.

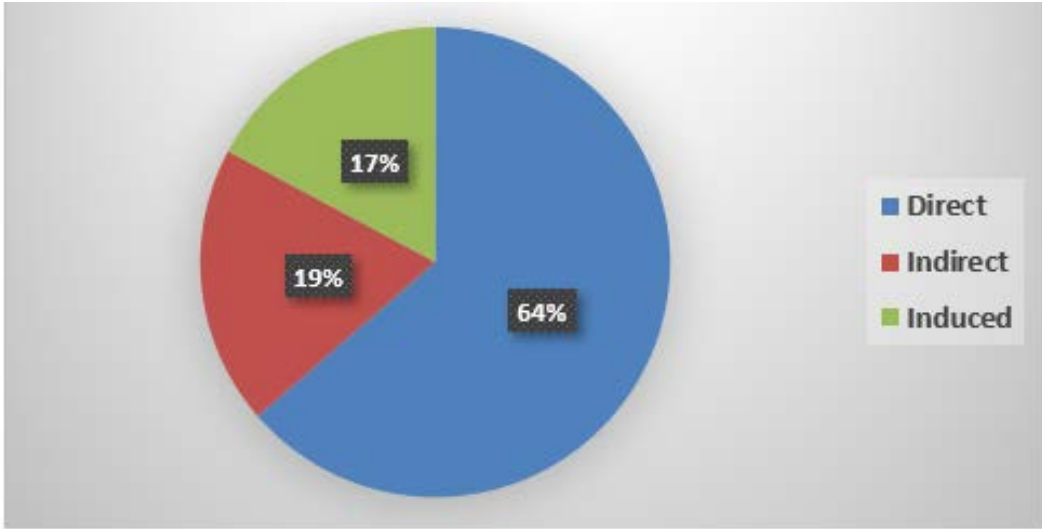
Visitor spending in Kansas has grown from \$5.35 billion in 2011 to \$7.33 billion in 2019, an increase of 36.4 percent. Visitor spending increased 4.6 percent in 2018 and 3.1 percent in 2019. Overnight visitors comprised about 40 percent of all visitors but account for 77 percent of all visitor expenditures. During 2020, visitor expenditures declined by 25.7 percent to \$5.4 billion as the pandemic placed constraints on travel and tourism.

During 2020, leisure travelers accounted for 67 percent of all visitor expenditures in Kansas, or \$3.65 billion. Business travelers accounted for 33 percent of all visitor expenditures, or \$1.8 billion.

During 2019, spending per visitor to Kansas averaged \$200 with day travelers spending \$78 and overnight visitors spending \$378. While overnight travelers represented only 40.8 percent of all visitors to Kansas in 2019, they accounted for 77 percent of all visitor spending, or \$5.63 billion. Day trippers accounted for 23 percent of total visitor expenditures in 2019, equating to \$1.7 billion.

During 2020, spending per visitor to Kansas averaged \$173 with day travelers spending \$70 and overnight visitors spending \$340. While overnight travelers represented only 38 percent of all visitors to Kansas in 2020, they accounted for over 75 percent of all tourism spending, or \$4.09 billion.

KANSAS VISITOR ECONOMIC IMPACT 2020



During 2017, the Northeast Region (includes Kansas City MSA) and South Central (includes Wichita MSA) captured the State’s highest levels of tourism expenditures, accounting for market shares of 46.7 percent and 29.8 percent, respectively.

Domestic travelers to Kansas accounted for 99 percent of all visitor expenditures, or \$5.4 billion. Foreign travelers accounted for just 1 percent of statewide visitor expenditures, or \$39 million.

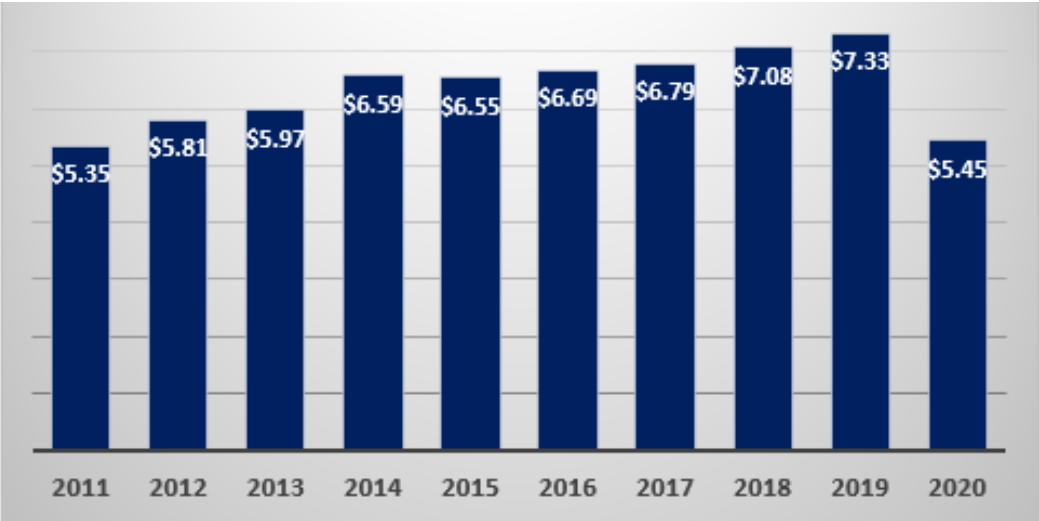
During 2020, tourism expenditures in Kansas amounted to \$5.45 billion with local transportation accounting for the largest share (28.4%). Collectively, food and beverage, retail, and lodging represented 54.2 percent of total visitor expenditures. During 2020, those sectors reporting the largest declines in total revenues included lodging at -43.3 percent, recreation at -29.4 percent, and food and beverage at -21.6 percent.

KANSAS TRENDS IN ANNUAL VISITORS (MILLIONS)



The bar chart on the following page illustrates annual tourism expenditure patterns in Kansas by sector from 2016 through 2020. Air transportation (2.7 percentage points) and food and beverage (1.4 percentage points) expenditures experienced gains in market share. Those tourism expenditure sectors experiencing the largest declines in market share were lodging and retail, declining by 3.8 and 1.9 percentage points, respectively.

KANSAS VISITOR EXPENDITURES (\$ BILLIONS)



From 2015 to 2019, tourism expenditures in Kansas rose by 11.9 percent. Recreation accounted for the largest increase in expenditures totaling 18.8 percent, followed by retail at 16.0 percent and transportation at 10.6 percent. In terms of absolute growth in sales, food and beverage rose by \$249 million, transportation by \$199 million and recreation by \$189 million.

During 2020, visitor expenditures declined by 25.7 percent to \$5.4 billion as the pandemic placed constraints on travel and tourism. Those tourism sectors experiencing the largest declines in expenditures during 2020 included lodging (-\$505 million), transportation (-\$431 million), and food and beverage (-\$389 million).

TRIPS AND VISITOR SPENDING; 2015-2020

	2015	2016	2017	2018	2019	2020
Total Visitors (Millions)	35.3	35.7	35.5	35.6	36.5	31.4
Day	21.3	21.5	21.1	21.0	21.6	19.4
Overnight	14.0	14.2	14.4	14.5	14.9	12.0
Total Visitor Spending (\$ Millions)	\$6,550	\$6,691	\$6,794	\$7,107	\$7,327	\$5,446
Day	\$1,651	\$1,667	\$1,684	\$1,747	\$1,695	\$1,352
Overnight	\$4,899	\$5,024	\$5,110	\$5,360	\$5,632	\$4,093
Per Traveler Trip Spending	\$185	\$188	\$192	\$200	\$200	\$173
Day	\$77	\$77	\$80	\$83	\$78	\$70
Overnight	\$350	\$355	\$355	\$368	\$378	\$340

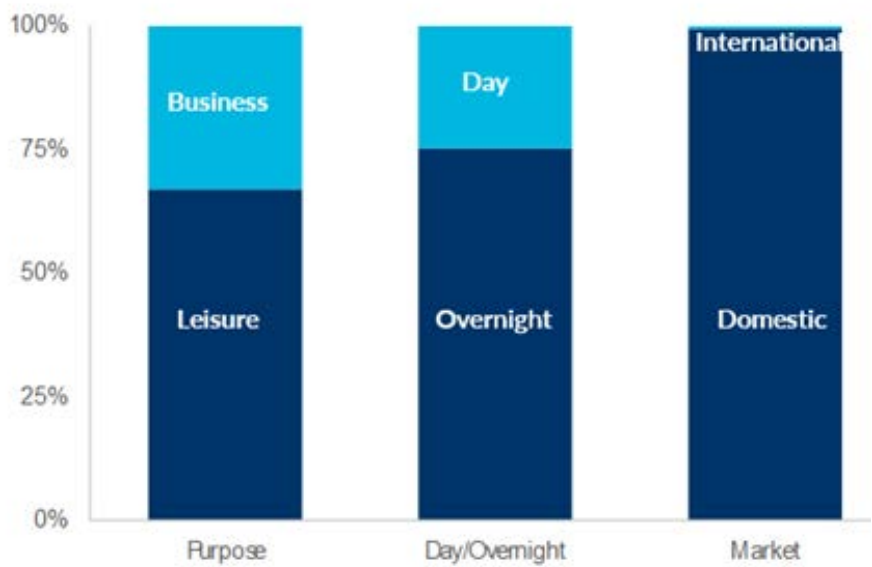
Source: Tourism Economics.

South-Central Kansas Tourism Market

To provide an understanding of the tourism industry directly impacting the Planning Area, tourism metrics of total visitor spending, spending by category, employment, and wages are discussed for the 16-county northern portion of the South-Central Kansas region. Sedgwick County, which includes the Wichita MSA, is the principal tourist destination for the South-Central Kansas region. Data for 2019 (latest year available) was compiled by Tourism Economics for the Kansas Department of Commerce.

The table on the following page illustrates visitor spending by category during 2019 for the 14-county South-Central Kansas region. During 2019, visitor spending totaled nearly \$2.225 billion, equating to 30.4 percent of the statewide total. In terms of tourism impact, the South-Central Kansas region was second only to the Kansas City MSA. Visitor spending by category was led by transportation at \$746.6 million, followed by food and beverage at \$525.8 million, lodging at \$327.6 million, recreation at \$316.6 million, and retail at \$309.0 million. During 2019, visitors to the South-Central region have a profound impact on state and local government tax revenues, totaling over \$124.5 million.

SPENDING SHARE BY MARKET, 2020
EXPRESSED AS A PERCENTAGE OF TOTAL EXPENDITURE
PER MARKET



Visitor spending by county was led by Sedgwick County at \$1.662 billion (Wichita). Reno County, which includes Hutchinson, was the second largest tourism market with visitor spending of \$117.7 million. Spending by category included \$33.8 million on food and beverage, \$29.5 million on transportation, 19.6 million on recreation, 17.6 million on lodging, and \$16.6 million on retail. Reno County’s tourism market is a potential source of sales revenue for Planning Area businesses. Proper market niche, promotion, and visitor amenities could assist in generating increased sales for food and beverage, retail, and lodging.

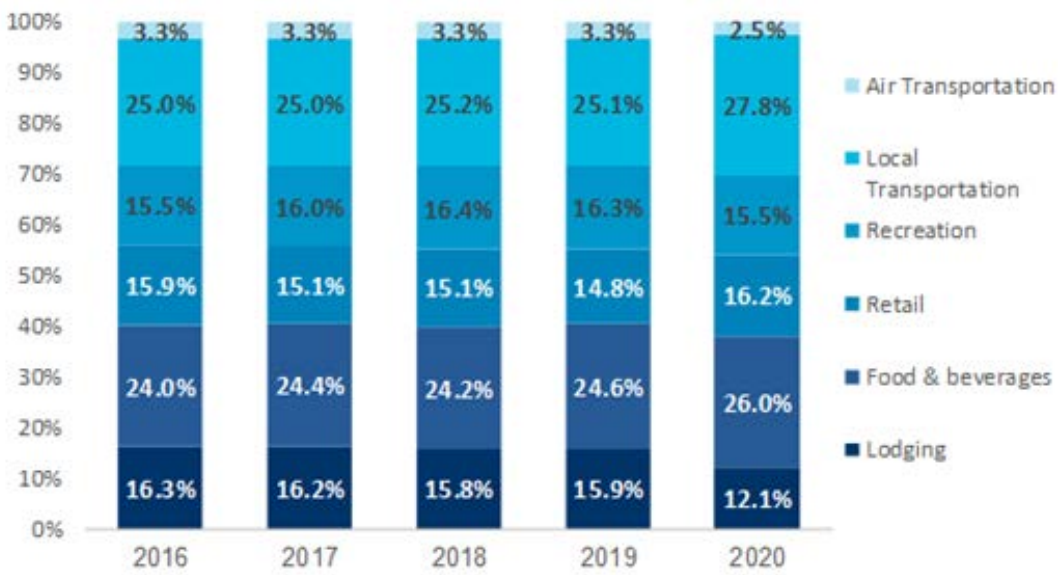
The table below outlines annual visitor spending from 2015 through 2019 for each of the 16 counties within the South-Central region. Total sales in the region rose from \$2.02 billion in 2015 to \$2.225 billion by 2019, an increase of 4.2 percent. Sedgwick County accounted for three-quarters of the region’s visitor spending. The total visitor spending and growth from 2015 to 2019 illustrates the status of the South-Central region as a major tourism destination with the potential for continued growth.

KANSAS TRENDS IN TOURISM EXPENDITURES BY CATEGORY

	Expenditures (\$ Billions)						% Change
	2015	2016	2017	2018	2019	2020	
Lodging	\$1,061	\$1,090	\$1,100	\$1,122	\$1,163	\$658	-38.0%
Food & Beverage	\$1,555	\$1,606	\$1,657	\$1,723	\$1,804	\$1,415	-9.0%
Retail	\$1,049	\$1,062	\$1,028	\$1,076	\$1,086	\$880	-16.1%
Recreation	\$1,003	\$1,035	\$1,079	\$1,135	\$1,192	\$842	-16.1%
Transportation	\$1,883	\$1,898	\$1,924	\$2,022	\$2,082	\$1,651	-12.3%
Totals	\$6,550	\$6,691	\$6,788	\$7,077	\$7,327	\$5,446	-16.9%
Percentage Change	4.1%	2.1%	1.4%	4.3%	3.5%	-25.7%	

Source: Tourism Economics.

KANSAS VISITOR SPENDING (SHARES)



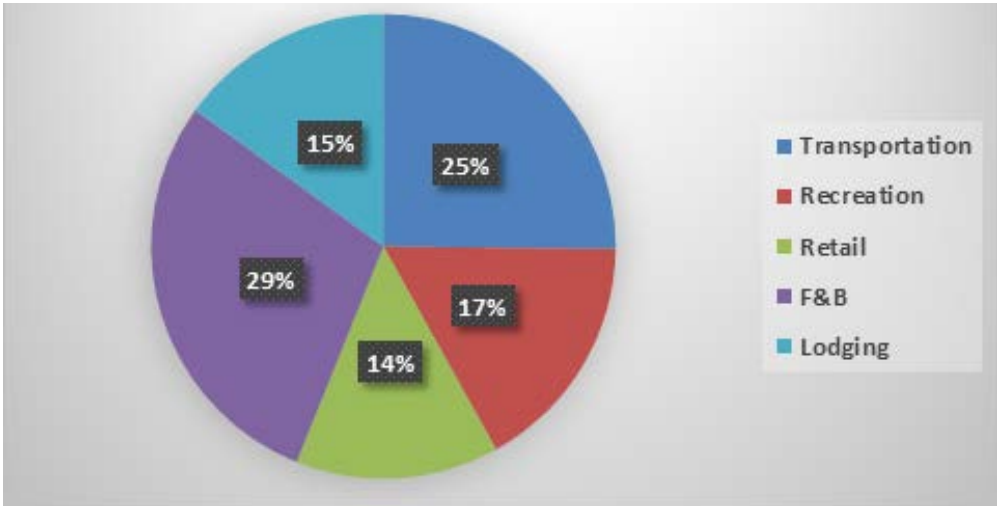
Counties experiencing the largest percentage increases over the 5-year timeframe included Chase (53.5%), McPherson (32.5%), and Marion (21.2%). Counties supporting the largest shares of visitor expenditures include Sedgwick (74.67%) and Reno (5.27%). From 2015 through 2019, visitor spending in Reno County remained constant at approximately \$117 million annually.

Together, the urban regions of Northeast Kansas (Kansas City) and South-Central Kansas (Wichita) accounted for 76.4 percent of all statewide visitor spending during 2019. With a statewide market share of 30.4 percent, the South-Central region represented the second largest visitor market. This is significant in the potential for the South-Central region to expand its tourism industry by maximizing the current destination attractions and hosting larger volumes of visitors.

Competitive Hotel Properties

This section of the report identifies trends in transient lodging tax revenues levied on hotels in the City of Hutchinson and surveys competitive hotel properties.

RENO COUNTY VISITOR SPENDING 2019 (\$ MILLIONS)



SOUTH-CENTRAL KANSAS REGION
VISITOR SPENDING BY CATEGORY, 2019

2019 Visitor Economic Impact							State &
North-Central Region			Sales (\$ Millions)			Total	Local Taxes
County	Lodging	F&B	Retail	Recreation	Trans.	Sales	(000s)
Barber	\$1.4	\$1.5	\$0.9	\$0.7	\$2.1	\$6.5	\$417.9
Barton	\$9.0	\$14.3	\$8.8	\$5.7	\$16.1	\$53.9	\$3,337.1
Butler	\$11.2	\$22.1	\$10.7	\$11.7	\$23.3	\$79.0	\$5,502.8
Chase	\$1.1	\$0.8	\$0.5	\$0.5	\$1.3	\$4.2	\$272.1
Cowley	\$5.9	\$11.7	\$5.6	\$4.1	\$12.4	\$39.7	\$2,983.1
Harper	\$1.9	\$2.5	\$1.4	\$1.1	\$3.6	\$10.4	\$642.1
Harvey	\$6.8	\$12.8	\$7.4	\$3.7	\$13.2	\$43.9	\$3,027.3
Kingman	\$1.1	\$1.8	\$0.8	\$0.5	\$2.0	\$6.2	\$494.1
McPherson	\$14.8	\$19.8	\$10.6	\$7.9	\$20.9	\$74.0	\$4,743.8
Marion	\$1.4	\$1.7	\$0.9	\$0.7	\$2.7	\$7.4	\$615.8
Pratt	\$7.6	\$9.6	\$5.9	\$4.6	\$7.2	\$34.9	\$2,169.0
Reno	\$17.6	\$33.8	\$16.6	\$19.6	\$29.5	\$117.2	\$7,780.1
Rice	\$1.7	\$2.6	\$1.3	\$0.9	\$2.2	\$8.7	\$720.4
Sedgwick	\$230.0	\$372.7	\$227.3	\$240.7	\$591.0	\$1,661.7	\$86,593.2
Stafford	\$0.3	\$0.5	\$0.2	\$0.1	\$1.1	\$2.2	\$213.8
Sumner	\$15.8	\$17.6	\$10.0	\$14.2	\$18.1	\$75.7	\$4,998.8
Totals	\$327.6	\$525.8	\$308.9	\$316.7	\$746.7	\$2,225.6	\$124,511.4
Percent of Total	14.7%	23.6%	13.9%	14.2%	33.6%	100.0%	

Source: Tourism Economic.

TRANSIENT LODGING TAX REVENUES

The City of Hutchinson levies a 7.0 percent on transient lodging revenues. The bar chart below depicts annual transient lodging tax revenues collected by the City of Hutchinson from FY 2013 through FY 2022.

According to the Kansas Department of Revenue, transient lodging tax revenues for the City of Hutchinson increased from \$716,577 in FY 2013 to a peak of \$812,805 in FY 2019. At a tax rate of 7.0 percent, the FY 2019 tax revenues equated to gross lodging receipts of \$11,611,500. During FY 2020, tax revenues declined by 27.7 percent as the national lodging industry was adversely impacted by the COVID-19 pandemic starting in Spring 2020. The decline in transient lodging tax revenues continued into FY 2021, declining another 11.0 percent to \$523,160.

By FY 2022, the local lodging market commenced recovery with tax revenues climbing 36.5 percent to \$714,248. Despite the large gains in transient lodging tax revenues, the market has yet to fully recover to pre-pandemic levels.

As depicted on the table on the following page, for most of calendar year 2022 monthly transient lodging tax revenues eclipsed that for 2021. Peak lodging demand in Hutchinson over the past two years occurred from April through July, with strong demand also during the fourth quarter. These recent lodging tax revenue trends suggest the Hutchinson hotel market is in recovery mode with pre-pandemic levels expected by 2023 or 2024.

SOUTH-CENTRAL REGION
VISITOR SPENDING BY COUNTY, 2015 TO 2019

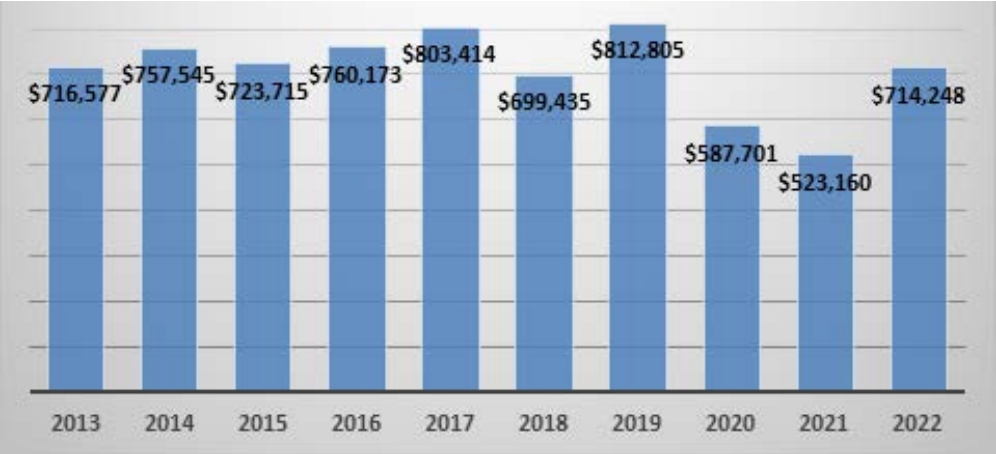
Visitor Spending						Growth	Regional	State
South-Central Region						Rate	Share	Share
County	2015	2016	Sales (\$ Millions)		2019	2015-19	2019	2019
			2017	2018				
Barber	\$8.87	\$7.80	\$7.14	\$7.03	\$6.48	-26.9%	0.29%	0.09%
Barton	\$47.22	\$46.50	\$52.07	\$54.69	\$53.86	14.1%	2.42%	0.74%
Butler	\$65.85	\$65.18	\$71.11	\$80.24	\$79.01	20.0%	3.55%	1.08%
Chase	\$2.73	\$2.74	\$3.00	\$3.83	\$4.19	53.5%	0.19%	0.06%
Cowley	\$41.23	\$39.72	\$39.80	\$38.70	\$39.70	-3.7%	1.78%	0.54%
Harper	\$14.21	\$13.12	\$11.66	\$11.12	\$10.43	-26.6%	0.47%	0.14%
Harvey	\$45.52	\$41.23	\$40.40	\$41.65	\$43.87	-3.6%	1.97%	0.60%
Kingman	\$5.58	\$5.39	\$5.61	\$6.14	\$6.17	10.6%	0.28%	0.08%
McPherson	\$55.81	\$53.49	\$55.72	\$65.53	\$73.96	32.5%	3.32%	1.01%
Marion	\$6.13	\$6.03	\$6.10	\$7.10	\$7.43	21.2%	0.33%	0.10%
Pratt	\$41.76	\$39.55	\$34.73	\$35.55	\$34.91	-16.4%	1.57%	0.48%
Reno	\$117.77	\$116.35	\$112.39	\$116.44	\$117.19	-0.5%	5.27%	1.60%
Rice	\$8.63	\$8.12	\$8.14	\$8.80	\$8.67	0.5%	0.39%	0.12%
Sedgwick	\$1,490.02	\$1,508.40	\$1,504.79	\$1,581.41	\$1,661.68	11.5%	74.67%	22.68%
Stafford	\$2.04	\$2.16	\$2.17	\$2.22	\$2.25	10.3%	0.10%	0.03%
Sumner	\$66.94	\$68.59	\$69.54	\$74.61	\$75.68	13.1%	3.40%	1.0%
Totals	\$2,020.31	\$2,024.37	\$2,024.37	\$2,135.06	\$2,225.48	10.2%	100.00%	30.38%

Source: Tourism Economics.

EXISTING HOTEL PROPERTIES

Eleven hotel properties operate in Hutchinson totaling 678 guest rooms. Four hotels operate in downtown Hutchinson totaling 199 guest rooms with seven hotels totaling 479 guest rooms located along the Missouri 61 Highway corridor in north Hutchinson. The lodging inventory includes six economy hotels with 307 rooms and five limited-service hotels totaling 371 rooms. All the downtown hotels are economy properties built from 1963 and 1977 with no major chain affiliation.

TRANSIENT LODGING TAX REVENUES
CITY OF HUTCHINSON FY 2012 TO FY 2022



Five economy hotels totaling 262 guest rooms operate in Hutchinson, including the Astro Motel, Sunflower Inn, Hutchinson Inn, OYO Hotel Hutchinson, Baymont by Wyndham, and Super 8. Current daily room rates for weekday stays range from \$44 to \$131. Economy hotels are small to medium-sized hotel establishments that offer basic accommodations with little to no services.

Six limited-service hotels totaling 416 guest rooms operate in Hutchinson, including Comfort Inn & Suites, Days Inn & Suites, Fairfield Inn & Suites, Hampton Inn, and Holiday Inn Express brands. Limited-service hotels are budget-friendly hotels that offer amenities such as business center, fitness room, pool, and complimentary breakfast. Current weekday room rates range from \$70 to \$174 per night.

In December 2019, the 215-room Atrium Hotel and Conference Center in north Hutchinson closed permanently. The hotel opened in 1976 with the convention center added later. Previously, the property has been a Holiday Inn Holidome and a Ramada Inn.

MONTHLY TRANSIENT LODGING
TAX REVENUES
CITY OF HUTCHINSON, 2021 VS. 2022

Month	2021	2022	% Change
January	\$29,868	\$45,241	51.5%
February	\$32,229	\$37,985	17.9%
March	\$25,848	\$42,508	64.5%
April	\$47,986	\$66,757	39.1%
May	\$53,348	\$62,904	17.9%
June	\$57,038	\$69,670	22.1%
July	\$62,444	\$67,350	7.9%
August	\$60,108	\$58,242	-3.1%
September	\$59,690	\$56,475	-5.4%
October	\$87,202	\$90,669	4.0%
November	\$66,299	\$76,633	15.6%
December	\$53,375	\$54,980	3.0%
Totals	\$635,435	\$729,414	14.8%

Source: Kansas Department of Revenue

Lavare Properties (Mark & Phoebe Davenport) are currently converting the 4-story historic Hoke Building at 25 East First Avenue into a 23-room hotel with a wine bar and coffee shop.

The surveyed Hutchinson hotels are identified in the table on the following page, providing the year built, inventory of guest rooms, hotel amenities, and current weekday room rates.

Hotel operating data from 2015 through 2022 for Hutchinson’s eleven hotel properties and downtown’s four properties as published Smith Travel Research is summarized in the table below. From 2015 to 2019, the eleven hotels in Hutchinson operated at annual occupancy rates ranging from 49.9 percent to 55.2 percent, garnering an improving ADR from \$77.52 in 2015 to \$80.64 by 2019. The COVID-19 pandemic resulting in a sharp decline in room demand, occupancy, lodging revenue, and ADR. During the past two years the market performance has improved and now exceeds pre-pandemic levels.

The four economy hotels totaling 199 guest rooms operating in the Planning Area have experienced similar performance trends as the overall Hutchinson lodging market. The deviations include lower occupancy levels and ADR. During 2019, the negative impact of the pandemic pushed market indicators down, marked by an 18.3 percent decline in room demand, a 36.1 percent occupancy rate, and an ADR of just \$58.74. During 2020 and 2022, market conditions have improved and now exceed pre-pandemic levels in lodging revenue and ADR.

Hutchinson supports a small and narrow hotel market. Existing hotels are economy and limited-service properties with no all-suite, full-serve, extended-stay, or conference/convention hotel properties currently operating in Hutchinson. The downtown market consists of older economy hotel properties that are not suitable for fostering a strong visitor market. The existing hotels support occupancy levels and ADR rates well below the overall Hutchinson market. Completion of the historic Hoke building conversion to a boutique hotel will add a new lodging product to the downtown Hutchinson hotel market that is positioned to foster heritage tourism.

The principal room demand segments within the lodging industry include leisure, business, and group travelers. Given the character of existing hotel properties in Hutchinson, the bulk of lodging demand appears to originate from leisure and business travelers. Given the potential of downtown Hutchinson to cultivate heritage tourism an additional boutique hotel within an existing historic property would appear to be the best suited hotel product to capture future lodging demand. As downtown revitalization evolves and more diverse lodging demand generators are introduced (i.e., athletic facility, museum, etc.) a larger brand hotel may be feasible.

SURVEY OF HUTCHINSON, KANSAS HOTELS

Hotel Property	Hotel Class	Year Built	# of Rooms	Pool	Fitness Center	Business Center	Meeting Space	Dining Lounge	Daily Rate
Downtown Hutchinson Hotels									
Astro Motel	Economy	1964	30						
Sunflower Inn	Economy	1977	47						
OYO Hotel Hutchinson	Economy	1970	92						\$44 - \$131
Hutchinson Inn	Economy	1963	30						\$45 - \$65
North Hutchinson Hotels									
Baymont by Wyndham	Economy	1985	45		X	X			\$69 - \$108
Hampton Inn by Hilton	Limited-Service	2002	70	Indoor	X	X			\$126 - \$147
Fairfield Inn & Suites	Limited-Service	2012	89	Indoor	X	X	1,200 SF		\$107 - \$129
Days Inn & Suites	Limited-Service	1999	67	X	X	X			\$70 - \$90
Holiday Inn Express	Limited-Service	2015	76	Indoor	X	X	300 SF		\$127 - \$174
Super 8	Economy	1980	63	X		X			\$106 - \$150
Comfort Inn & Suites	Limited-Service	1997	69	Indoor	X	X	X		\$111 - \$141
Total Rooms			678						

Source: Canyon Research Southwest.

HISTORICAL HOTEL OPERATING TRENDS

Year	Room Nights	Room Demand	Occupancy Rate	Lodging Revenue	ADR
Hutchinson Hotels					
2015	242,986	134,058	55.2%	\$10,392,578	\$77.52
2016	247,470	131,784	53.3%	\$10,489,431	\$79.56
2017	247,470	123,425	49.9%	\$9,992,717	\$80.96
2018	247,470	124,327	50.2%	\$9,994,519	\$80.39
2019	247,315	126,748	51.2%	\$10,157,201	\$80.64
2020	245,645	105,702	43.0%	\$7,936,057	\$75.08
2021	246,715	130,328	52.8%	\$10,616,871	\$81.46
2022	247,470	130,965	52.9%	\$11,639,141	\$88.87
Downtown Hotels					
2015	74,460	37,406	50.2%	\$2,218,674	\$59.31
2016	74,460	34,256	46.0%	\$2,054,021	\$59.96
2017	74,460	31,055	41.7%	\$1,878,274	\$60.40
2018	74,460	31,893	42.8%	\$1,884,899	\$59.10
2019	74,305	32,042	43.1%	\$1,882,037	\$58.74
2020	72,625	26,182	36.1%	\$1,495,814	\$57.13
2021	72,635	31,095	42.8%	\$1,887,213	\$60.69
2022	72,635	30,768	42.4%	\$1,972,476	\$64.11

Source: Smith Travel Research.

Hotel Site Evaluation

This section of the report evaluates the potential of downtown Hutchinson to accommodate development of hotel. The historic Hoke building is currently being converted into a 23-room boutique hotel which has the potential to cultivate heritage tourism. As downtown redevelopment evolves a larger boutique hotel or brand hotel may be feasible. This study applied the following hotel site selection characteristics:

Access – An optimal hotel site should be easily accessible from highways and arterial streets.

Ingress/Egress – An optimal hotel site should have easily accessible routes of ingress and egress.

Visibility – An optimal hotel site should be visibility from adjacent and nearby highways and arterial streets. The hotel building’s visibility must be supplemented by building and site signage.

Proximity to demand generators – An optimal hotel development site should be reasonably proximate to the local lodging demand generators such as major businesses or business parks as well as recreation and leisure attractions.

Proximity to support amenities – An optimal hotel development site should be in reasonable proximity to a concentration of support amenities such as restaurants, entertainment, and retail.

Competitive positioning – An optimal hotel development site should be designated for the development of a hotel brand and a market segment that affords the greatest potential for market success and long-term sustainability.

The vacant Landmark building was evaluated for conversion to a boutique hotel and under-utilized properties in the Planning Area evaluated as potential hotel development sites include: 1) NWC Sherman Avenue and Walnut Street; 2) SWC Sherman Avenue and Walnut Street; 3) SWC Avenue B and Walnut Street; and 4) NEC Main Street and Avenue C.

ACCESS

Freeway and/or major arterial street access is important for chain hotels, providing for convenient access and visibility by guests and the ability to capture drive-by traffic. Access is less critical for full-service, luxury, and boutique hotels as they tend to be destination locations. Downtown Hutchinson benefits from excellent regional access via U.S. 50 and State Highways 14, 61, and 96. Site ingress and egress will be provided via downtown’s arterial street network. To conclude, regional, neighborhood, and site access to downtown Hutchinson is excellent and suitable for supporting the construction and operation of a boutique or chain hotel.

VISIBILITY

In addition to access, a prospective chain hotel site typically requires suitable visibility from adjacent and nearby freeways and major arterial streets. The Landmark building and parking lot at Main Street and Avenue C benefit from visibility and exposure via Main Street. The other three prospective hotel development sites possess frontage onto Walnut Street, a secondary downtown arterial street. Visibility for a boutique hotel is less critical as it tends to be a destination lodging product.

PROXIMITY TO DEMAND GENERATORS

A feasible hotel development site must be near room demand generators. Potential room demand generators include freeways, employment centers, sporting venues, tourist destinations and recreational facilities. A hotel in downtown Hutchinson would target leisure, business, and group travelers. Sources of leisure demand include heritage tourists draw to downtown’s historic district; patrons of the Fox Theatre, Flag Theatre, Hutchinson Art Center, downtown major events and festivals; and visitors to such Hutchinson attractions as the Underground Salt Museum and Kansas Cosmosphere. Sources of business travel include the area’s business community and government offices. Upgrades to the Memorial Hall Complex could boost room demand from group travelers.

AVAILABILITY OF SUPPORT AMENITIES

A prospective hotel development site should be in reasonable proximity to a concentration of support amenities such as restaurants, entertainment, and retail. While downtown Hutchinson supports a wide selection of retailers and arts and entertainment venues, restaurants are in short supply. One of the principal goals of the redevelopment of downtown Hutchinson is to foster the growth of restaurants, bars, and other entertainment venues as a means of attracting visitation from both residents and tourists.

COMPETITIVE POSITIONING

A boutique hotel is a small and intimate hotel with a stylish design decor and a unique character that distinguishes itself from chain hotel brands. It provides guests with great and ultra-personalized service and is typically situated in a distinguishable urban location. This product positioning offers the following competitive advantages:

- Boutique hotels often feature accommodations where the decor is tailored to the property’s geographic location or neighborhood.
- A boutique hotel will usually offer fewer rooms but more personalized service. Boutique hotels are often more upscale and luxurious.
- A boutique hotel operating in a historic building is best suited to attract heritage tourists. Heritage tourists tend to be more affluent and spend more money while traveling.

The Landmark building’s historic character plays well in accommodating conversion to a boutique hotel.

Development of vacant land would best support an all-suites or limited-service hotel brand.

The Planning Area possesses the necessary location and site requirements to support future hotel development, offering adequate access and visibility, proximity to lodging demand generators, and modest direct hotel competition. Downtown’s status as a designated historic district and presence of the Fox Theatre and Flag Theatre provides the opportunity to foster heritage tourism and lodging demand.

The historic Landmark building is an ideal candidate for conversion to a boutique hotel. However, its large size may be best to accommodate mixed-use development with possible uses including a ground floor restaurant with both a boutique hotel and rental apartments on the upper four floors. A boutique hotel at the Landmark building would further support heritage tourism.

Where the Planning Area currently falls short in supporting near-term new hotel construction is the lack of support amenities such as restaurants, entertainment, and retail. Additional downtown amenities and lodging demand generators are required before construction of a new hotel is viable. The three existing surface parking lots along Walnut Street at Sherman Avenue and Avenue B are suitable long-term hotel development sites. The parking lot at the northwest corner of Sherman Avenue and Walnut Street would provide access to the new alleyway that leads to the Fox Theatre. The Walnut Street sites afford proximity to the Fox Theatre, Memorial Hall Complex, and Reno County Museum, Hutchinson Art Center, and Flag Theatre.

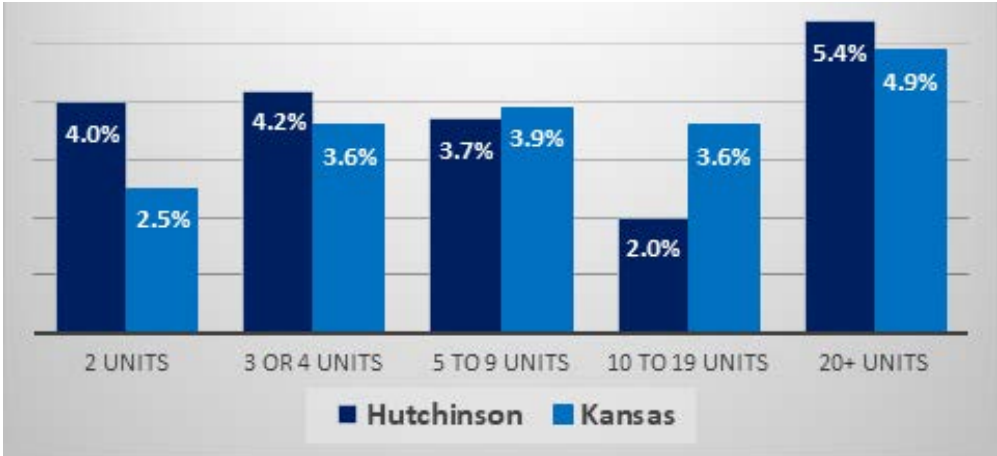
Rental Housing Market Analysis

This section of the report evaluates the Planning Area’s existing stock of multi-family rental housing stock by identifying historic trends in new supply, absorption, occupancies, and rents. The goal is to identify opportunities for the Planning Area to support new rental housing stock.

Hutchinson Apartment Market

According to the U.S. Census Bureau, as of 2021, Hutchinson’s inventory of multi-family housing totaled 3,497 dwelling units, or 19.3 percent of the city’s total housing stock. By comparison, multi-family housing accounts for 18.5 percent of the Kansas housing stock. Large-scale apartment properties with 20 or more units account for Hutchinson’s largest inventory of multi-family housing with 983 dwelling units, or 5.4 percent of the total housing stock, compared to 4.9 percent statewide. Duplexes and properties with 3 to 4 dwelling units collectively account for 8.2 percent of Hutchinson’s housing stock, totaling 1,483 dwelling units.

COMPARISON OF MULTI-FAMILY HOUSING STOCK
CITY OF HUTCHINSON VS. STATE OF KANSAS, 2021



Historical rental housing market conditions in Hutchinson were identified by conducting a search on Costar for apartment properties of ten or more dwelling units. According to CoStar, by year-end 2022 Hutchinson had 27 large-scale apartment properties totaling 1,154 dwelling units. Existing apartment properties are scattered throughout Hutchinson, with a principal concentration located north of 30th Avenue near Severance Street. Since 2010, just 19 new dwelling units have come online in Hutchinson with no rental units under construction. The table on the following page summarizes operating trends since 2010 for large-scale apartment properties in Hutchinson.

Since 2018, the apartment properties have operated at a health vacancy rate below market equilibrium. At year-end 2018, just 66 vacant apartments were available for lease yielding a vacancy rate of 5.9 percent. By year-end 2022, the overall vacancy rate stood at just 4.1 percent. The limited inventory of vacant apartments available for immediate occupancy places a constraint on households seek to move to Hutchinson or existing residents seeking another apartment.

HUTCHINSON, KANSAS APARTMENT MARKET TRENDS

Year	# of Properties	# of Units	Vacant Units	Vacancy Rate	Net Absorption	Average Rent/Mo.
2010	26	1,125	80	7.1%	1	\$468
2011	26	1,125	72	6.4%	8	\$472
2012	26	1,125	69	6.1%	3	\$482
2013	26	1,125	69	6.1%	0	\$509
2014	26	1,125	65	5.8%	4	\$515
2015	26	1,125	62	5.5%	3	\$510
2016	26	1,125	68	6.0%	-6	\$512
2017	26	1,125	82	7.3%	-14	\$525
2018	26	1,125	66	5.9%	16	\$529
2019	27	1,154	69	6.0%	26	\$542
2020	27	1,154	58	5.0%	11	\$550
2021	27	1,154	50	4.3%	8	\$575
2022	27	1,154	47	4.1%	3	\$588

Source: CoStar.

The Hutchinson apartment market has experienced accelerated rent gains in recent years stemming from strong demand and declining vacancies. As the overall vacancy rate reached equilibrium the average rent escalated at annualized rates of 0.8 percent in 2018 and 2.5 percent in 2019, reaching \$542 by 2019. Over the next three years as the overall vacancy rate continued to decline the average rent rose 1.5 percent in 2020, 4.5 percent in 2021, and 2.3 percent in 2022. By year-end 2022 the average apartment rent reached \$588 per month.

HUTCHINSON MONTHLY APARTMENT RENT TRENDS



To conclude, over the past five years the Hutchinson apartment market has strengthened, yielding vacancies well below market equilibrium and escalating rents.

Downtown Apartment Market

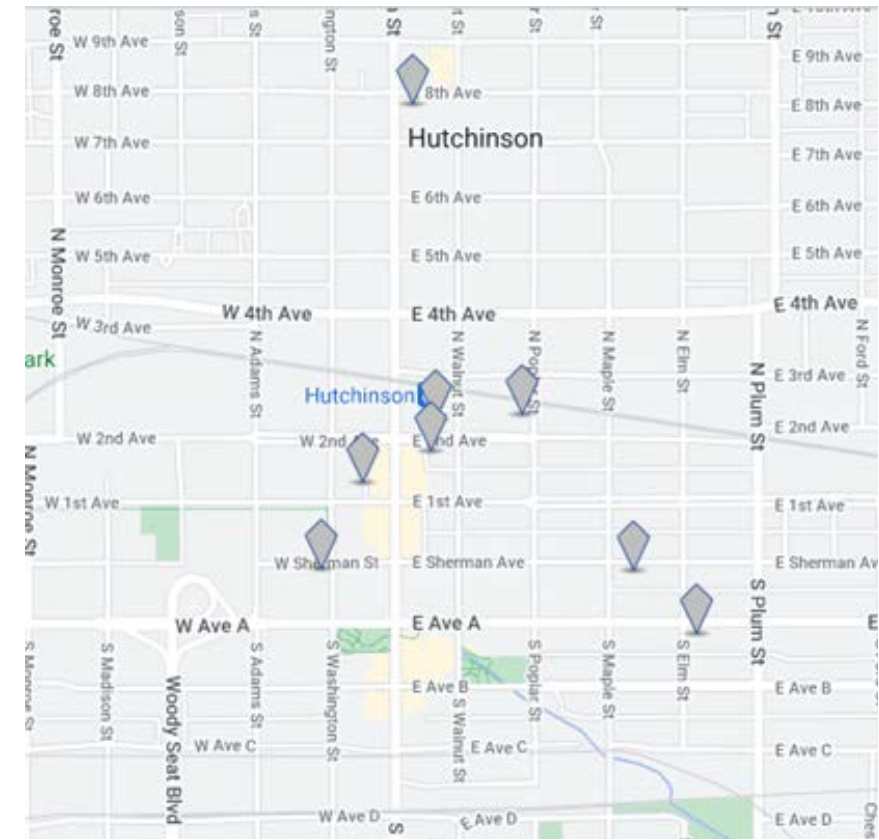
Current rental housing market conditions in the Planning Area were identified by conducting a search on Costar for large-scale apartment properties. According to CoStar, the Planning Area has eight apartment properties totaling 192 dwelling units. The properties are scattered throughout the Planning Area with the largest concentration near the intersection of 2nd Avenue and Main Street. Five apartment properties totaling 135 dwelling units are market-rate with three income-based properties totaling 57 dwelling units.

The table on the following page summarizes operating trends for Planning Area apartment properties. Since 2010, two apartment properties have been built in the Planning Area, including the 3-unit Catalyst Lofts in 2016 and 29-unit The Link in 2019. From 2010 through 2022, the Planning Area apartment market has absorbed a net of 30 rental units.

Since 2010, the Planning Area apartment inventory has operated at a vacancy rate exceeding market equilibrium. From 7.5 percent in both 2011 and 2012, the overall vacancy rate peaked at 13.5 percent in 2019. The spike in the vacancy rate in 2019 was attributed in part to the completion of the 29-unit The Link. Since 2019, the vacancy rate as edge downward to 7.8 percent by year-end 2022.

Both market-rate and income-based apartments were surveyed in the Planning Area with the results summarized in the table on page 69.

Five market-rate apartment properties were surveyed in the Planning Area totaling 135 rental units. As of the date of this study the surveyed market-rate apartment properties were operating at a cumulative vacancy rate of 1.5 percent. Monthly rents are \$408 for studios, \$298 to \$500 for 1-bedrooms, and \$404 to \$615 for 2-bedrooms.



PLANNING AREA APARTMENT MARKET TRENDS

Year	# of Properties	# of Units	Vacant Units	Vacancy Rate	Net Absorption
2010	6	160	14	8.8%	-1
2011	6	160	12	7.5%	2
2012	6	160	12	7.5%	0
2013	6	160	15	9.4%	-3
2014	6	160	12	7.5%	3
2015	6	160	12	7.5%	0
2016	7	163	14	8.6%	1
2017	7	163	17	10.4%	-3
2018	7	163	15	9.2%	2
2019	8	192	26	13.5%	18
2020	8	192	19	9.9%	7
2021	8	192	16	8.3%	3
2022	8	192	15	7.8%	1

Source: CoStar.

Renovated in 2015 the Valley Building and Loan Company, presently known as the Catalyst Lofts offers loft living in historic downtown Hutchinson with its 3 lofts in the 1927 art deco building.

The 6-story, 33-unit Leon Place Apartments at 14 West 2nd Avenue was built in 1930 and features 1-, and 2-bedroom models offering 766 square feet and 950 square feet of livable area. Utilities are included in the rent and the property is currently fully leased.

The 12-story Plaza Towers at 17 East 2nd Avenue was built in 1954 and offers 1-bedroom units of 765 square feet and 2-bedroom units with 950 square feet. Monthly rents are \$298 for 1-bedroom units and \$404 for 2-bedroom units.

An 8-unit apartment property at 309 East Sherman Street offers 1-bedroom rental apartments. Built in 1940, the property is currently fully leased.

The 28-unit Windsor Apartments at 401 East Avenue A offer studio, 1-, and 2-bedroom apartments. Monthly rents are \$408 for the 400 square foot studio units, \$495 for the 650 square foot 1-bedroom units, and \$536 for the 850 square foot 2-bedroom units. No apartments are currently available for rent.

Five income-based apartment properties were surveyed in the Planning Area totaling 179 rental units. The surveyed income-based apartment properties are currently fully leased. The strong tenant demand for affordable housing stems from the fact that 22.9 percent of Hutchinson households earn less than \$25,000 annually. Monthly rents range from \$340 to \$445 for 1-bedrooms and \$425 to \$525 for 2-bedrooms. For those properties receiving Low-Income Housing Tax Credit financing, the rent is equivalent to 30 percent of the tenant’s income.

The Sentney Lofts are located at 126 East 2nd Avenue. The property features 33, 1- and 2-bedroom income-based apartment units. The 600 square foot 1-bedroom units rents for \$340 to \$445 per month and the 750 square foot 2-bedroom units rent for \$445 to \$525 per month. The property features a community room and fitness center. This property received funding through the Low-Income Housing Tax Credit (LIHTC) program so rents are capped at a maximum of 30 percent of the area median income.

The 40-unit Walnut Creek Apartments at 102 East 2nd Avenue were built in 2005 by New Beginnings, Inc. Two-bedroom models rent for \$425 per month. This property received funding through the Low-Income Housing Tax Credit (LIHTC) program so rents are capped at a maximum of 30% of the area median income.

The 28-unit Tierra Verde Apartments at 118 East Avenue A were built by New Beginnings, Inc. in 2008. The property features a community room and exercise room. The 2-bedroom apartment units rent for \$450 per month.

The Link is a 29-unit apartment property at 1 South Washington Street built in 2019. The Link of Hutchinson is Hutchinson’s newest apartment community and is available for people with developmental disabilities as well as seniors 55+. Since this property received funding through the Low-Income Housing Tax Credit (LIHTC) program, a certain number of units are set aside for lower income households. Households must earn either less than 50% or 60% of the area median income to qualify for these units. Rents in these units are capped at a maximum of 30% of the area median income (adjusted for unit size). Some rental units in this property are not subject to LIHTC and therefore have higher rents and no maximum household income requirement.

Located at the corner of 1st and Main in Hutchinson, Kansas, Wiley Plaza is a 73-unit apartment property featuring 1-, 2-, and 3-bedroom units. Of the 73 units, 33 units are market rate and 40 are affordable units. This property received funding through the Low-Income Housing Tax Credit (LIHTC) program so rents are capped at a maximum of 30% of the area median income.

To conclude, the existing market-rate and income-based rental apartments in the Planning Area are operating at or near full occupancy, suggesting strong market need and the potential to support additional market-rate and income-based rental units.

Forecast Housing Need

Residential housing need estimates for the City of Hutchinson from 2023 through the year 2040 were forecast based on anticipated demographic and economic trends for the community. Key input to the model includes historical patterns in annual residential building permit activity and projected population and household growth, average household formation rates, households by income levels, and population by age.

Demographic characteristics and historic population growth trends for Hutchinson were provided by the U.S. Census Bureau and Esri Business Analyst. Housing characteristics for Hutchinson were provided by the American Community Survey. Population growth projections for Hutchinson were generated by Canyon Research Southwest based on historic growth patterns, existing employment base, availability of developable land, and economic development factors.

During 2021, Hutchinson’s residential housing stock totaled 18,048 dwelling units, operating at an overall occupancy rate of 88.1 percent. The occupied housing stock included 10,391 owner-occupied units (65.3%) and 5,518 renter-occupied units (34.7%). A total of 2,139 vacant housing units were reported. Hutchinson’s average household size is 2.27 persons.

Esri Business Analyst estimated Hutchinson’s 2022 population at 39,950 residents. From 2023 to 2040, Hutchinson’s population is forecast to increase by 2,341 to 3,969 residents, generating the need for additional housing units.

Supportable residential housing absorption from 2023 through 2040 will be a function of resident population growth and latent demand while income levels and age composition will dictate the type and mix of housing product. Another housing needs component considers the number of units a market requires to offer balanced market conditions offering a suitable the housing stock of vacant and available for sale or rent.

Housing Demand from Population Growth

Esri Business Analyst estimated Hutchinson’s 2022 at 39,950 residents. By 2040, Hutchinson’s population is forecast to increase by 2,341 to 3,969 new residents, equating to the need for an estimated 1,031 to 1,748 new occupied housing units.

Units Required for a Balanced Market

Another housing needs component considers the number of units a market requires to offer balanced market conditions. Vacant housing units are necessary to accommodate the turnover of the housing stock as people move for family, work-related, or financial reasons. Latent demand occurs when the inventory of available housing is severely constrained.

A housing market operating at equilibrium generally supports a 92 percent to 95 percent occupancy rate. Healthy markets require approximately 5 percent to 8 percent of the housing stock to be available to allow for inner-market mobility and encourage competitive housing prices and rental rates. Markets with vacancy rates below a healthy rate often suffer from escalating home values and rents, minimal tenant turnover, residents being forced into housing situations that do not meet their housing needs, and the inability of nonresidents to enter the market.

The American Community Survey 2021 reported that of Hutchinson’s entire inventory of 18,048 housing units a total of 15,909 residential housing units were occupied, equating to an overall occupancy rate of 88.1 percent. The high vacancy rate may be attributed to Hutchinson’s old housing stock with over half of all housing units constructed prior to 1960.

Through 2040, population growth is anticipated to result in the need for 1,031 to 1,748 additional housing units, bringing the total occupied inventory to 16,940 to 17,657 housing units.

EXISTING MARKET-RATE AND INCOME-BASED RENTAL APARTMENTS IN THE PLANNING AREA

Planning Area Apartment Properties		Year	# of	Vacant		Class	Studio	Monthly Rent		
Address	Built	Units	Units					1 Bed	2 Bed	3 Bed
Market-Rate Apartment Properties										
Catalyst Lofts	2016	3	0	B						
14 West 1st Avenue										
Leon Place Apartments	1930	33	2	C			\$500	\$615		
14 East 2nd Avenue										
Plaza Towers	1954	63	0	C			\$298	\$404		
17 East 2nd Avenue										
309 East Sherman Street	1940	8	0	C						
The Windsor Apartments		28	0	B	\$408	\$495		\$536		
401 East Avenue A										
Income-Based Apartment Properties										
Sentney Lofts		33	0	B		\$340		\$445		
126 East 2nd Avenue						\$445		\$525		
Walnut Court Apartments	2005	40	0	B				\$425		
102 East 2nd Street										
Tierra Verde Lofts	2008	28	0	B				\$450		
118 East Avenue A										
The Link	2019	29	0	B						
1 South Washington Street										
Wiley Plaza		49	0	B						
100 North Main Street										
Totals		314	2		\$408	\$298		\$404		
Vacancy Rate			0.6%			\$500		\$615		

Source: CoStar and Canyon Research.

At market equilibrium occupancy rate of 92 percent, by 2040 Hutchinson’s housing stock would total 19,079 to 19,796 dwelling units, of which 1,526 to 1,584 dwelling units would vacant and available for sale or rent. Given the 2021 inventory of 2,139 vacant housing units in Hutchinson, no latent housing need is anticipated.

Total Housing Need 2023–2040

To conclude, through population growth and achieving a balanced housing market, new housing demand from 2023 through 2040 in Hutchinson is estimated at 1,030 to 1,750 dwelling units.

Given the region’s population age composition, household income levels, existing housing stock, and the composition of occupied existing housing, from 2023 through 2040 the housing demand is estimated to be segmented 65 percent owner-occupied and 35 percent renter occupied. Therefore, by 2040 the mix of new housing need is estimated at 670 to 1,140 owner-occupied units and 360 to 610 rental units. The table below summarizes the forecast housing mix by owner- and renter-occupied and by product type.

FORECAST HOUSING DEMAND BY PRODUCT TYPE
CITY OF HUTCHINSON, 2023 TO 2040

	2022 Estimate		2040 Forecast	
	# of Units	# of Total	# of Units	# of Total
Total Housing Units	18,048			
Occupied Housing Units	15,909		1,030 – 1,750	
Owner-Occupied	10,391	65.3%	670 – 1,140	65.0%
Renter-Occupied	5,518	34.7%	360 – 610	35.0%
Vacant Housing Units	2,139			
Occupied Housing Units				
Single Family Detached	13,700	75.9%	722 – 1,225	70.0%
Single Family Attached	470	2.6%	10 – 18	1.0%
2 to 4 Units	1,483	8.2%	77 – 130	7.5%
5 to 9 Units	662	3.7%	26 – 44	2.5%
10 or More Units	1,352	7.4%	175 – 298	17.0%
Mobile Home or Other	381	2.1%	20 - 35	2.0%

Source: U.S. Census and Canyon Research Southwest, Inc.

Rental Housing Site Evaluation

A goal in redevelopment of the Planning Area is to increase the density by adding to the inventory of housing units. Doing so will produce a more vibrant urban center through increased pedestrian traffic, extend downtown’s hours of activity, and generate demand for retail, dining, and entertainment uses.

One option for increasing the inventory of housing units in the Planning Area would be the conversion of upper floor space in multi-story commercial buildings along Main Street as well as the adaptive re-use of existing vacant or underutilized buildings. Potential multi-story buildings targeted for upper floor residential use include Main Street.

Portions of Main Street consisting of historical buildings that maybe suitable for conversion of upper floors for residential use include: 1) between 3rd and 5th Avenues and 2) between 1st and 2nd Avenues. These building possess a Main Street address, excellent access and visibility, historic architectural design, access to parking, and proximity to employment, shopping, and dining.

The 5-story Landmark building at the northwest corner of 5th Avenue and Main Street is an ideal candidate for conversion to rental apartments. However, its large size may be best to accommodate mixed-use development with possible uses including a ground floor restaurant with both a boutique hotel and rental apartments on the upper four floors.

The 2-story warehouse at 100 East Avenue A and Sunflower Electric building at 100 West 2nd Avenue are examples of industrial buildings that may possess the potential for conversion into loft residential use with high ceilings, brick exposed walls, and large floor plates.

Another method of increasing the Planning Area’s housing stock is through the construction of new rental apartments. Surface lots and underutilized properties were evaluated for the ability to accommodate development of multi-family residential housing based on the following site criteria: physical attributes of the site; zoning; visibility and exposure; access; proximity to housing demand generators; and convenient access to community services such as shopping, dining, entertainment, recreation, schools, and places of worship.

The prospective development sites listed below are best suited for high-density multi-family housing development within the Planning Area. Inclusion of multi-family residential within mixed-use projects featuring ground floor commercial space maybe appropriate in higher profile locations.

- Surface parking lot at the northwest corner of Sherman Avenue and Walnut Street
- Surface parking lot at the southwest corner of Sherman Avenue and Walnut Street
- Surface parking lot at the southwest corner of Avenue B and Walnut Street
- Surface parking lot and vacant land at the northeast corner of Main Street and Avenue C
- Vacant land south of the southwest corner of Main Street and 5th Avenue
- North and south sides of 4th Avenue between Washington and Adams Streets
- Vacant land between Washington and Adams Street, north of 2nd Avenue
- Vacant land at the northwest corner of Sherman Avenue and Poplar Street
- Vacant land at the northeast corner of Avenue C and Walnut Street
- Vacant land at the southeast corner of Avenue C and Walnut Street
- Vacant land at the southwest corner of Avenue C and Walnut Street

STUDY CONCLUSIONS

The primary objective of the Economic and Market Analysis was to evaluate the impact of economic, demographic, and real estate market trends on future redevelopment opportunities in the Downtown Hutchinson Planning Area. Based on the study findings, downtown revitalization recommendations were identified and include the following:

- Planning Area assets and constraints impacting future redevelopment potential.
- Commercial and residential demand projections through 2040.
- Identify prospective revitalization opportunities, including adaptive re-use of existing buildings and the development of under-utilized properties and vacant land.

Downtown Hutchinson Benefits and Constraints

Through stakeholder interviews and comments made by the stakeholder group, assets and constraints in the future revitalization of the Planning Area were identified and summarized in the text below.

ASSETS

- The presence of two nationally designated historic districts and a large stock of historic buildings is a major asset from which to establish a unique identity for downtown;
- The availability of historic tax credits can provide funding for the renovation of eligible properties located within the two historic districts;
- The presence of the Downtown Core North and South Historic Districts provides the potential to foster heritage tourism;
- The Fox Theatre, Flag Theatre, Hutchinson Art Center, Antique District, and Smith’s Market are principal anchors and draw visitors downtown;
- Availability of many potential redevelopment sites capable of accommodating a variety of land uses;
- The potential to convert upper floor space in existing buildings to office or residential use;
- Potential to activate alleyways;
- The current conversion of the historic Hoke Building into a 23-room boutique hotel will improve the potential to support heritage tourism and compliment the Fox Theatre;
- High traffic counts on Main Street afford businesses excellent visibility and exposure;
- Vacant Landmark building has potential for adaptive re-use with potential uses including ground floor commercial space with apartments and/or hotel in upper floors;
- Memorial Hall has the potential to be transformed into a year-round event center;
- The special events draw people to downtown;
- George W. Pyle Park, Avenue A Park, and DCI Park;
- Downtown is walkable; and
- Plenty of parking is available downtown.

CONSTRAINTS

- Downtown currently supports limited pedestrian activity;
- Lack of outdoor public space with active/passive amenities and ability to host concerts, festivals, and cultural events;
- Under utilization of second floor space in Main Street buildings;
- Modest inventory of downtown housing;
- Many of the vacant commercial buildings are under single ownership;
- Absence of a fine dining restaurant to compliment art and theatre events;
- Absence of a quality hotel;
- Lack of a large-scale meeting and conference space;
- No dedicated food truck parking/setup area;
- Lack of family-friendly attractions;
- Even with the historic tax credits the cost to renovate historic buildings is high, particularly for buildings that have not been well maintained and have ADA access restrictions.
- Many businesses operate limited hours and with few eating and drinking places downtown supports very little evening activity;
- Given the current level of business activity in downtown Hutchinson the existing inventory of parking spaces appears to be sufficient. However, as redevelopment takes place and business activity escalates the availability of parking could become an increasing issue.
- Many residents, particularly from north Hutchinson, don’t patronize downtown businesses; and
- Main Street was once a highway supporting extension right-of-way which adversely effects the character of downtown. Also, difficult to effectively close the street for events.

Forecast Commercial, Office and Residential Demand

Commercial space and residential housing unit demand was forecast for Hutchinson, Kansas from 2023 through the year 2040. Market forces driving future demand for commercial space and housing include the growth in employment, population, and income along with trends in average space per employee, household size, and household composition.

By 2040, the City of Hutchinson’s population is forecast to increase by 2,341 to 3,696 residents. This increase in population is forecast to generate additional retail sales capable of supporting approximately 370,000 to 494,000 square feet of occupied retail space through 2040.

Office-related job growth through 2040 in Hutchinson is projected to support the absorption of approximately 85,000 to 139,000 square feet of both owner-occupied and speculative office space.

Through 2040, new housing demand in Hutchinson is forecast at 1,030 to 1,750 new occupied dwelling units. Owner-occupied housing demand is estimated at 670 to 1,140 dwelling units with renter-occupied demand estimated at 360 to 610 dwelling units.

FORECAST RETAIL, OFFICE, AND RESIDENTIAL DEMAND
CITY OF HUTCHINSON, 2023 TO 2040

		Growth	2023-2040	Net Gain	
		Population	Jobs	Low	High
Retail		2,341 - 3,969		370,000 SF	494,000 SF
Office			280 - 530	85,000 SF	139,000 SF
Housing		2,341 - 3,969		1,030 Units	1,750 Units
Owner-Occupied				670 Units	1,140 Units
Renter-Occupied				360 Units	610 Units

Revitalization Opportunities

The principal goal in revitalization of the Planning Area is to improve its economic activity by creating a vibrant mixed-use urban environment that leverages off its status as a national historic district, stock of historic buildings, and presence of such attractions as the Fox Theatre, Flag Theatre, Hutchinson Art Center, Antique District, and Smith’s Market. This section of the study provides building and land use opportunities for revitalization of the Planning Area.

The two districts designated on the National Register of Historic Places provide the Planning Area with two principal advantages in supporting future revitalization efforts. First, the designation brings with it a sense of stature and recognition and can be used as a selling point for economic development and heritage tourism. Second, the tax advantages for property owners who reinvest in their buildings provided by the national and state historic tax credits.

The designated historic districts provide the opportunity to foster heritage tourism and lodging demand. A boutique hotel operating in a historic building is best suited to attract heritage tourists. The historic Hoke building at 25 East First Avenue is currently being converted into a 23-room hotel and will be a key asset in promoting heritage tourism. Investment in Memorial Hall’s infrastructure could create a unique year-round meeting space to assist in generating demand for a larger, branded hotel.

For historic preservation and general revitalization efforts to succeed three ingredients are required. First, commitment by local leadership is a must that includes elected officials, business and property owners, developers, social organizations, and residents. The larger and more diverse the stakeholder group the better chance for success. Second, a feasible and sustainable strategy must be defined and implemented. Third, successful revitalization is a long process so the effort must be able to sustain support within the community.

Additional attractions in the Planning Area are necessary to generate increased visitation and economic activity. An initial objective of the revitalization of the Planning Area is to attract more visitors that improves the prospects of supporting increased sales for existing businesses and improve the climate for attracting new businesses and residents. Examples of additional attractions include a family entertainment center, sports facility, conference center, museum, movie theater, and restaurant sports venue such as Chicken N Pickle.

The Planning Area is centered along Main Street extending from Avenue D north to roughly 6th Avenue, a length of ten city blocks. Given the length and size of the Planning Area, improving walkability will be important in promoting business retention and expansion. This can be accomplished in two ways, including establishing individual districts of economic activity and improving pedestrian movement in and adjacent to these districts.

Retailers currently account for just one-third of the Planning Area’s tenant base. The section of Main Street from 3rd Street to Avenue C is the heart of the Planning Area’s retail core and includes the Antique District, Wiley District, and Smith’s Market. New commercial development on the east side of Main Street between Avenues B and C would help expand and strengthen these districts.

Like the Antique District, a cluster and eating and drinking places would also serve as an attraction and increase visitation and economic activity in the Planning Area. The section of Main Street between 4th and 6th Avenues has the potential to evolve into an entertainment district given the presence of vacant buildings, Salt City Brewery and the owner’s plan for a speakeasy in a nearby vacant building, and Hutchinson Art Center. Adaptive re-use of the vacant Landmark building at Main Street and 5th Avenue with a ground floor restaurant and hotel and/or apartments in the upper floors would heighten the image of this section of Main Street.

Planned events are a major source for attracting large crowds, so creating event space is important to establishing a downtown as a community activity and event center. Several east-west streets in the Planning Area possess considerable right-of-way that could be utilized to widen sidewalks that support outdoor dining and increased pedestrian activity. Examples include 1st Avenue, 2nd Avenue, and Avenue B. The width of these streets along with improved sidewalks, streetscape, and lighting would create a gathering place of sufficient size by closing the street to program a wide variety of events and activities.

A recommended step in creating a unique sense of place and improve walkability for the Planning Area is to design and implement a comprehensive streetscape plan that extends from Main Street into the adjacent residential neighborhoods. Streetscape improvements could include wide sidewalks, improved lighting, street furniture, trash cans, landscaping, public art, signage, and banners. As the Planning Area consists of several individual districts (i.e., Downtown Core, North Main, Civic / Office, etc.), to differentiate them streetscapes unique to each could be considered. Such visual improvements could prompt increased private investment if linked to an economic incentive such as a façade improvement program.

Additional housing is supportable in the Planning Area, though an enhanced urban environment is needed to improve livability. Portions of Main Street consisting of historical buildings that maybe suitable for conversion of upper floors for residential use include: 1) between 3rd and 5th Avenues and 2) between 1st and 2nd Avenues. Buildings that may possess the potential to support adaptive re-use with residential include: 1) 5-story Landmark building at the northwest corner of 5th Avenue and Main Street; 2) 2-story warehouse at 100 East Avenue A, and 3) Sunflower Electric building at 100 West 2nd Avenue.

In addition to the future occupancy of vacant downtown buildings with retail, office, hotel, and residential uses, prospective development sites have been identified, focusing on surface parking lots, under-utilized properties, and noncontributing structures. These properties would be developed in phases over a long-term time horizon. The most suitable future development sites within the Planning Area are outlined below, providing a description of the current land use and potential redevelopment uses. The location of each site is depicted by the map at the end of this section.

1. Vacant land south of the southwest corner of Main Street and 5th Avenue
- Infill site on Main Street suitable for 2-story mixed-use building consistent with neighboring Main buildings housing ground floor commercial space and residential/office on upper floor
2. South side of 4th Avenue between Washington and Adams Streets
- 2 story office building and surface parking lot, Pizza Hut, Rice’s Exhaust Service
 - Potential development site for a large-scale apartment building

3. Vacant land between Washington and Adams Street, north of 2nd Avenue
 - Potential development site for apartments or townhomes
4. Northeast corner of Walnut Street and 3rd Avenue
 - One-story brick building (former bakery??)
 - Expand the redevelopment site to include the entire city block
 - Potential entertainment/music venue or medium to high density residential
5. Southwest corner of Poplar Street and 2nd Avenue
 - Surface parking lot and 1-story commercial building
 - Potential apartment site or mixed-use with commercial space on the ground floor with apartments above
6. North side of 1st Avenue between Washington and Adams Streets
 - Three, 1-story commercial buildings, surface parking lot, and vacant lot
 - Potential to create a professional office corridor including co-workspace / incubator space
7. Southwest corner of Adams Street and 1st Avenue
 - Former Sears store now occupied by SDI/Mid America Point of Sale and Dollar General
 - Potential convention center site with an adjacent hotel or employment site
8. Northeast corner of Avenue A and Adams Street
 - Cooper Tire Service, convenience store, 1-story industrial building, and vacant land
 - Potential for mixed-use employment and residential or as a convention hotel
9. Surface parking lot at the northwest corner of Walnut and Sherman Streets
 - Increased density – mixed-use with commercial and residential or a hotel that would tie into the improved alleyway leading to 1st Avenue.
10. Surface parking lot at the southwest corner of Walnut and Sherman Streets
 - Increased density – mixed-use with commercial and residential
11. Vacant land at the northwest corner of Poplar and Sherman Streets
 - Potential site for medium density residential or 1-story commercial building
12. East of the northeast corner of Walnut Street and Avenue A
 - Single-family home
 - Expand site to include the two-story industrial building at the immediate corner
 - Combined site for adaptive re-use of the industrial building and the house razed to accommodate on-site parking.

13. East of the southeast corner of Walnut Street and Avenue A
 - Surface parking lot and expanded to include adjacent HGE Credit Union branch
 - Potential use as medium density residential or single-tenant office building
14. Surface parking lot north of northwest corner of Main Street and Avenue A
 - Infill site on Main Street suitable for 2-story mixed-use building consistent with neighboring Main buildings housing ground floor commercial space and residential/office on upper floor.
15. North side of Avenue C between Washington and Adams Streets
 - Metal building, industrial building, small building, and vacant land
 - Potential use as medium-density residential
16. Vacant land on the south side of Avenue C between Main and Washington Streets
 - Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
17. Surface parking lot at the southwest corner of Avenue B and Walnut Street
 - Given designation of Avenue B as a “Festival Street” potential restaurant site or mixed-use commercial/ residential building
18. Surface parking lot and vacant land on north side of Avenue C between Main and Walnut Streets
 - Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
19. Vacant land at the northeast corner of Avenue C and Walnut Street
 - Potential site for medium to high-density residential development
20. Southeast corner of Avenue C and Walnut Street
 - Vacant land and 1-story industrial building occupied by Central Electric Motor Specialties
 - Potential site for medium to high-density residential development
21. Vacant land at the southwest corner of Avenue C and Walnut Street
 - Potential site for medium to high-density residential development
22. Vacant land on the north side of Avenue D between Main and Walnut Streets
 - Main Street frontage offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.
23. Surface parking lot at the northeast corner of 1st Avenue and Washington Street
 - Offers the potential for mixed-use development with ground floor commercial and residential or office in the upper floors.

24. North side of 4th Avenue from Washington Street west to almost Adams Street

- Existing uses include the Hutchinson Inn and two, 1-story commercial buildings.
- Potential development site for medium or high-density residential

Notes:

- Redevelopment sites #2, #3 and # 24 collectively could create a residential neighborhood within the North Main District offering a variety of housing options.
- Redevelopment sites #17 to #22 collectively could create a unique residential neighborhood in the South Avenue District offering a variety of housing options.

[BLANK PAGE]

