

A Commercial Demand Analysis for the
City of Lonsdale, Minnesota
(Draft Copy-For Discussion)

Prepared for:

City of Lonsdale
Lonsdale, Minnesota

March 2026



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Research & Consulting

March 2, 2026

Mr. Joel A. Erickson
City Administrator
City of Lonsdale
103 15th Ave SE
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Mr. Erickson:

Attached is our study entitled "*A Commercial Demand Analysis for the City of Lonsdale, Minnesota*" which evaluates the market demand for commercial (retail, office) development in the City to 2036. The study provides a field visit evaluation, review of economic and demographic characteristics of the area determined to be the draw area for commercial space in Lonsdale, along with an analysis of recent commercial real estate market trends, and an inventory of active listings and pending developments in Lonsdale and the surrounding area.

Overall, we estimate that there is demand for 75,692 square feet of new commercial space in Lonsdale between 2026 and 2036, including 54,043 square feet of retail space and 21,649 square feet of office space.

We enjoyed completing this study and are available should you have any further questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

David Sajevic
Senior Associate

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Purpose and Scope

Maxfield Research and Consulting was engaged by the City of Lonsdale to assess the market demand for commercial (retail and office) development in the City to 2036. The study provides a review of economic and demographic characteristics of the area determined to be the draw area for commercial space in Lonsdale. Maxfield Research and Consulting analyzed recent commercial real estate market trends and prepared an inventory of active listings and pending developments in Lonsdale and the surrounding area. Based on our analysis, we calculate demand for retail and office space in the Market Area to 2036 and estimate the proportion of that demand that could be captured in the City of Lonsdale. The scope of this study also includes a field visit evaluation to survey existing commercial real estate nodes.

Field Visit Evaluation

Over the past two decades, Lonsdale has experienced substantial residential growth. New single-family subdivisions include Harmony Meadows, Harvest Pond, Heritage Estates, Legacy Meadows, Rayann Acres, Val-Rose Gardens, Willow Creek, Willow Creek Heights, and Willow Creek Ponds. Many residential neighborhoods are located near the city's commercial corridors and downtown area, providing short travel times and, in some cases, walkable access to daily goods and services.

Lonsdale's commercial core, highway-oriented businesses, and emerging business park provide residents with access to groceries, hardware, personal services, and convenience retail within a short drive. The city is also within reasonable distance of larger centers in Rice County and the southern Twin Cities suburbs, offering access to big-box retail, specialty medical services, and regional amenities. This combination of local convenience and regional connectivity enhances Lonsdale's position as a well-located residential community with strong links to employment and services.

Key Findings and Recommendations

We find that the Lonsdale area is experiencing low unemployment, solid job growth, and steady population and household growth. We anticipate that these drivers will generate demand for commercial real estate moving forward.

The existing retail base in Lonsdale remains limited and is concentrated within a compact commercial core. This cluster includes a small number of grocery, hardware, convenience, and personal service tenants that focus on meeting day-to-day needs for local residents. Because the range and scale of retail options are constrained, households frequently travel to larger nearby centers such as New Prague, Northfield, Faribault, and Lakeville for goods, shopping, big-box retail, and more specialized services.

EXECUTIVE SUMMARY

There is limited multi-tenant office inventory, which constrains the ability of the community to accommodate larger traditional office users. Instead, most professional and medical tenants operate from small single-tenant buildings, converted homes, or office suites that combine office, service, and light industrial functions. Given the community's size and role within the region, office demand remains modest. Even so, there is emerging opportunity for smaller space users such as clinics, dental practices, insurance agents, financial advisors, real estate and construction services, and other professional firms that prioritize convenient access for local clients and lower rental rates than those found in Lakeville, New Prague, or Northfield.

As more households move in and existing residents form stable, long-term ties to the community, the gap between local spending potential and available retail space becomes more pronounced, creating room for additional small-format commercial users. Because Lonsdale residents already commute to places like Lakeville, New Prague, and Northfield, much of the opportunity lies in capturing spending before and after those trips and reducing the need for routine out-of-town errands. This favors convenient locations along main corridors and near established neighborhoods, with easy parking, simple access, and formats that support quick visits.

Overall, the trajectory of Lonsdale's office and retail demand favors incremental expansion of neighborhood-serving businesses. As the community continues to add households and gradually expand its employment base, demand is expected to grow that supports additional service providers, professional offices, and convenience-oriented retailers.

Methodology

The report contains primary and secondary research. Primary research includes interviews with commercial real estate agents and economic development professionals. All the information on existing and pending commercial properties was collected by Maxfield Research and Consulting and is accurate to the best of our knowledge.

This study also utilizes secondary data. Secondary research is always used as a basis for analysis and is carefully reviewed considering other factors that may impact projections. Data resources include:

- ESRI Inc.
- Minnesota Commercial Association of Realtors (MNCAR)
- Moody's Analytics
- Minnesota Department of Transportation
- Minnesota State Demographic Center
- Minnesota Department of Employment and Economic Development (DEED)
- United States Census Bureau Decennial Census, American Community Survey, County Business Patterns, and Local Employment Household Dynamics (LEHD)

Field work for this market study was conducted on February 23, 2026.

Introduction

This section of the report presents an overview of the location and characteristics of existing commercial real estate nodes in Lonsdale, Minnesota, evaluating the regional location and traffic volumes on major transportation corridors in the area. Accessibility, visibility and the proximity to employment, housing and services are also evaluated.

Location and Characteristics

The City of Lonsdale is in northwest Rice County along State Highway 19, 40 miles south of Downtown Minneapolis. Highway 19 provides direct east–west access through the community and connects Lonsdale to Interstate 35, allowing efficient travel to the Twin Cities and southern Minnesota markets.

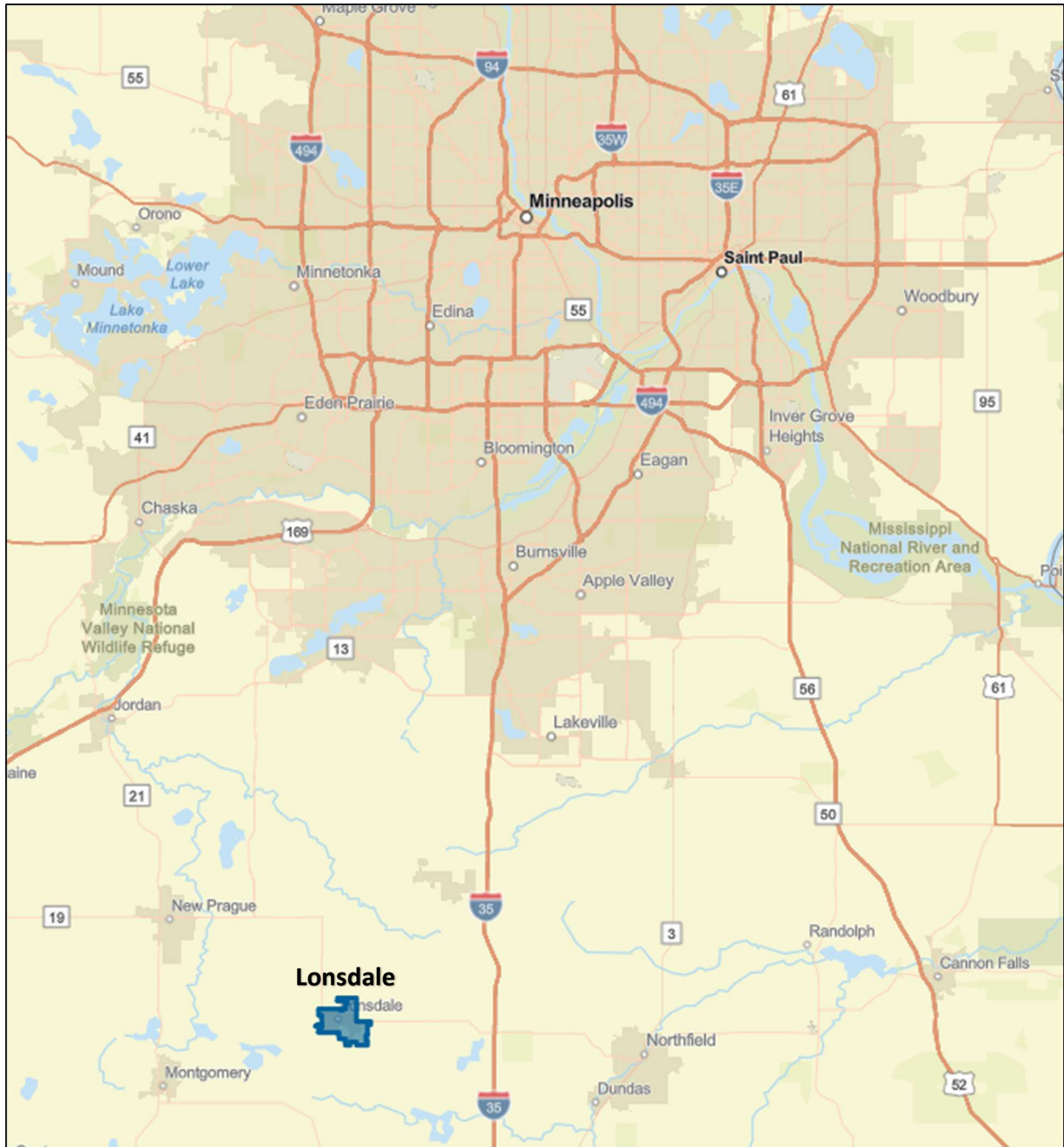
Positioned at the edge of the Twin Cities Metropolitan Area, Lonsdale offers proximity to major labor and consumer markets while maintaining lower costs and a less congested, small-town setting. Its location along a key east–west corridor with convenient interstate access enhances its regional retail and service draw, as residents and commuters often combine errands with daily travel or stop in Lonsdale between larger destinations such as Northfield and New Prague.

Within the south metro, Lonsdale serves as a growing neighborhood retail point, offering shopping, dining and essential services that minimize the need for residents to travel to larger centers. More extensive retail and service options are concentrated in regional hubs along Interstate 35 and closer to the Twin Cities core, positioning Lonsdale’s retail market around convenience, local specialties and commuter-oriented businesses.

The City has made significant investments in infrastructure to support commercial development, including water and sewer systems, roadways and telecommunications. With the Lonsdale Business Park and available commercial sites equipped with utilities, developers benefit from reduced timeframes and risks, enabling faster progression from concept to occupancy.

Steady population growth has expanded Lonsdale’s base of households and consumers, driving increased demand for everyday goods and services. As more residents are drawn by its affordability and small-town character, the community continues to see needs for grocery, dining, healthcare, financial and personal care options. Lonsdale’s strategic location, high-quality infrastructure and consistent growth foster a strong environment for new commercial office and retail development.

Regional Location



Access and Visibility

Visibility and accessibility are essential to the success of commercial business establishments, while goods-producing and distribution-oriented businesses rely on access to transportation and shipping corridors. Most of the commercial business establishments are along County Road 19/Central Street East, Main Street North and South, and Independence Ave/SW Railway Street.

Table 1 displays current traffic volumes (measured in annual average daily trips) on the major roadways through Lonsdale. Data is provided by the Minnesota Department of Transportation (MnDOT).

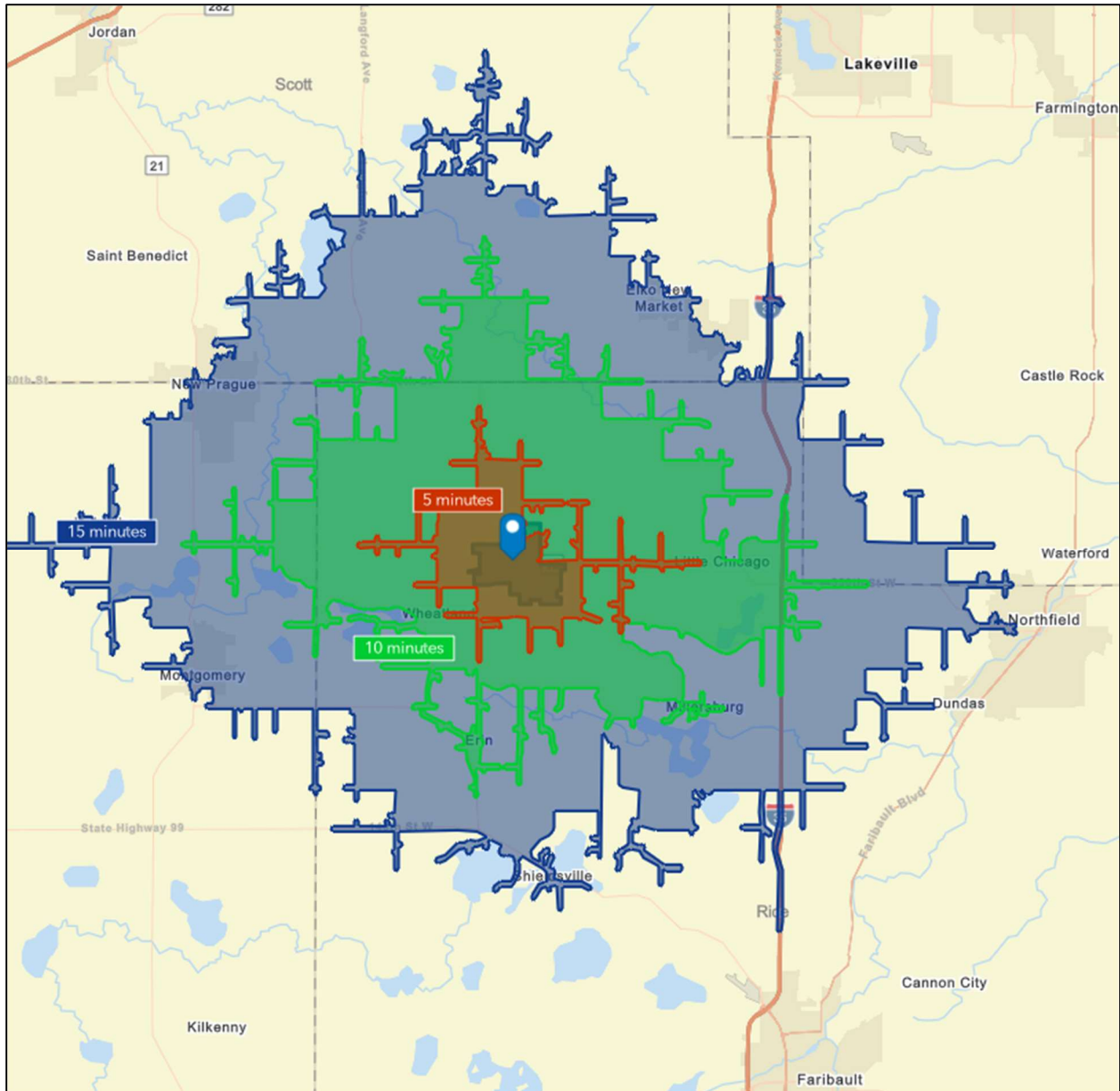
Street	2016	2025	Change	16-'25
Central St E (near Main St)	6,400	6,103	-297	-5%
Central St E (near 2nd Ave NW)	5,700	5,554	-146	-3%
Central St E (near Railway St N)	3,700	4,044	344	9%
SW Railway St (near Arizona St NW)	3,000	2,646	-354	-12%
Main St (just south of Central St E)	1,400	1,642	242	17%
Main St (just north of Central St E)	1,200	1,402	202	17%
Main St (just south of Florida St SE)	780	1,292	512	66%
Main St (just north of NW Railway St)	950	1,003	53	6%

Source: Minnesota Department of Transportation

Generally, traffic in the area has increased over the past ten years as development in Lonsdale and the neighboring communities intensified pressure on the surrounding road network. Overall, traffic counts have increased 2.4% since 2016 in the City. Traffic along Main Street (just south of Florida St SE) increased 66% to 1,292 vehicle trips per day, while daily traffic along Main Street (just north and south of Central Street E) increased 17%. Average daily traffic along Central Street E (near Railway St N) expanded 9%, while Main Street (just north of NW Railway St) grew by 6%.

The map on the following page illustrates the drive time based on 5-, 10-, and 15-minute drive times from Lonsdale. This information is helpful in determining a draw area for commercial real estate. It is also useful to determine access to the workforce as potential businesses would consider worker commuting patterns when making location decisions.

Drive Time from Lonsdale



Proximity to Housing, Employment, and Services

Development opportunities in Lonsdale are influenced by proximity to existing housing, employment concentrations, retail, lodging, and other community services. The city and its surrounding area consist of a mix of single-family residential neighborhoods, agricultural uses, and industrial operations, with a relatively limited amount of commercial space.

Over the past two decades, Lonsdale has experienced substantial residential growth. New single-family subdivisions include Harmony Meadows, Harvest Pond, Heritage Estates, Legacy Meadows, Rayann Acres, Val-Rose Gardens, Willow Creek, Willow Creek Heights, and Willow Creek Ponds. Many residential neighborhoods are located near the city's commercial corridors and downtown area, providing short travel times and, in some cases, walkable access to daily goods and services.

Labor access is an important factor for business location decisions. According to 2023 data from the U.S. Census Bureau's Longitudinal Employer–Household Dynamics (LEHD) program, approximately 10,250 jobs exist within a ten-mile radius of Lonsdale. About 16% of these positions are in the Transportation and Warehousing sector, 16% in Health Care and Social Assistance, and 12% in Retail Trade. Major local employers include Lonsdale Packaging, Telamco, Minnesota Millworks and Fixtures, Lonsdale Tool, Midwest Cryogenics, The Villages of Lonsdale, Mackenthun's Fine Foods, Independent School District 2095, and the City of Lonsdale.

Lonsdale's commercial core, highway-oriented businesses, and emerging business park provide residents with access to groceries, hardware, personal services, and convenience retail within a short drive. The city is also within reasonable distance of larger centers in Rice County and the southern Twin Cities suburbs, offering access to big-box retail, specialty medical services, and regional amenities. This combination of local convenience and regional connectivity enhances Lonsdale's position as a well-located residential community with strong links to employment and services.

Photos of Select Commercial Properties in Lonsdale – February 2026



Lonsdale Liquor, Subway, & SNAP Fitness
(Ash Street NE)



Wetzee's Car Wash
(Ash Street NE)



Mackenthun's Fine Foods (NE 8th Avenue)



Dollar General (Commerce Drive SE)

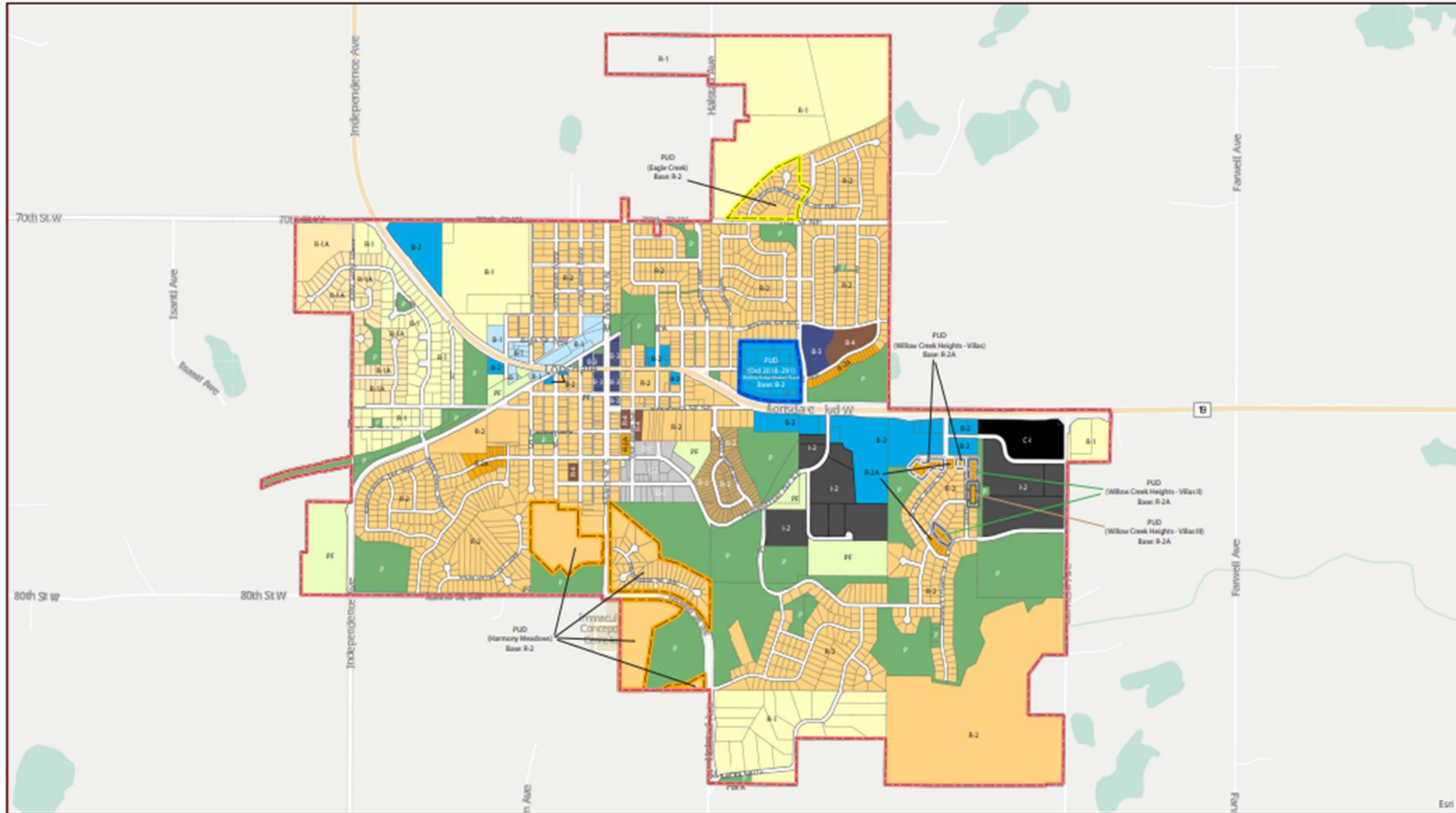


Hardware Hank (Main Street)



Casey's (Central Street SE)

Official Zoning Map- Lonsdale



Lonsdale City Boundary	B-2	OI	R-1A	R-4	PUD-WCHV
City Zoning	B-3	P	R-2	PUD-EC	PUD-WCHV II
B-1	C-1	PF	R-2A	PUD-HM	PUD-WCHV III
	I-2	R-1	R-3	PUD-RRMP	



Introduction

Demographic characteristics and trends are important components in assessing the real estate needs of any given market area. This section of the report begins by delineating the draw area for commercial real estate in Lonsdale and examines the demographic characteristics of the draw area as they relate to demand for commercial real estate.

Market Area Definition

Maxfield Research determines trade areas for commercial space based on geographic and man-made barriers, commuting patterns, community orientation, places of employment, and our general knowledge of the area. Considering these factors, we determined the PMA for commercial space as a group of the following county subdivisions:

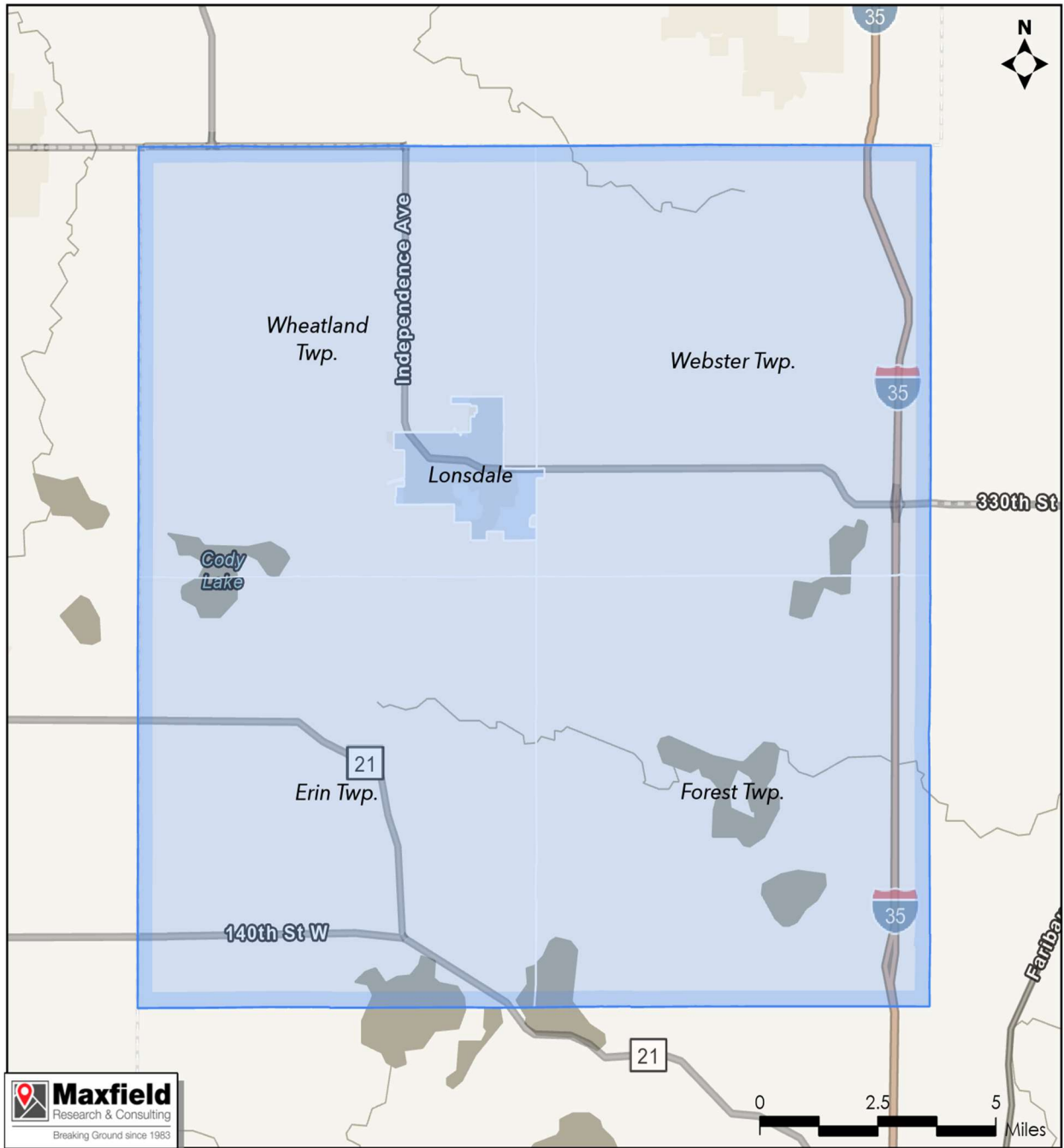
Figure 1

Primary Market Area	
Lonsdale city, Rice County, Minnesota	Webster township, Rice County, Minnesota
Erin township, Rice County, Minnesota	Wheatland township, Rice County, Minnesota
Forest township, Rice County, Minnesota	
Source: Maxfield Research and Consulting	

We anticipate that the primary source of demand for commercial space in Lonsdale will be generated by household and consumer expenditure growth in the PMA. However, retailers could also capture potential sales from employees working at businesses establishments in the area, the daily commuting traffic on the surrounding road network and visitors to the area. We anticipate that new commercial development in Lonsdale could also target some office users, notably from businesses establishments offering services to households (i.e. medical users, real estate agencies) in the PMA.

The following map illustrates the location of Lonsdale in the PMA.

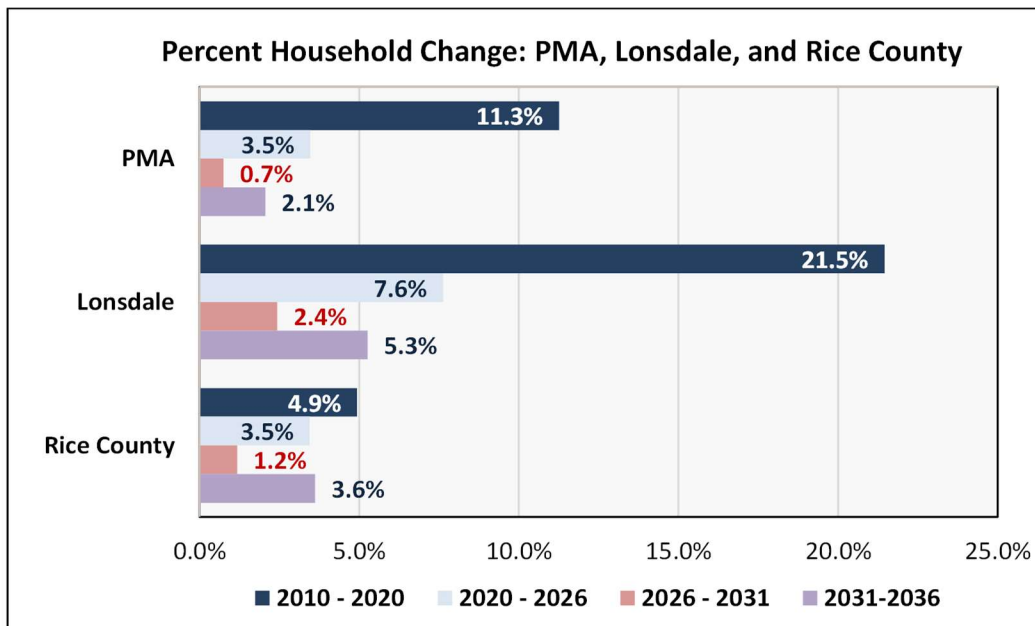
Primary Market Area



Population and Household Growth Trends

Table 2 on the following page presents population and household growth trends in the Market Area from 2010 to 2036. The 2010 and 2020 figures are from the U.S. Census while 2026, 2031, and 2036 data are based on estimates and projections provided by ESRI, Inc. (a nationally recognized demographics firm) and the Minnesota State Demographic Center with adjustments made by Maxfield Research to reflect current year data.

- As of 2020, the PMA contained 9,890 people and 3,487 households, while there were 4,686 people and 1,551 households residing in Lonsdale.
- Between 2010 and 2020, the PMA’s population increased 12.8% (1,119 people) while the household base expanded 11.3% (353 households). Lonsdale experienced 27.5% population growth (1,012) and 21.5% household growth (274) during the decade.
- We estimate that the PMA’s population increased another 1.5% to 10,038 people between 2020 and 2026 while the number of households increased 3.5% to 3,608. Lonsdale’s population expanded an estimated 5.7% to 4,951 as the household base increased 7.6% to 1,669 between 2020 and 2026.
- Based on ESRI projections, the PMA’s population is expected to increase 0.6%, adding 62 people between 2026 and 2031, including 2.2% growth in Lonsdale with the addition of 109 people while the population in the Remainder of the PMA contracts.
- The household base in the PMA is projected to increase 0.7% in the PMA over the next five years (27) while Lonsdale adds 41 households (2.4% growth).



DEMOGRAPHIC REVIEW

- Between 2031 and 2036, the PMA is projected to add 90 people (0.9% growth) and 75 households (2.1%), as the City of Lonsdale adds 150 people (3.0%) and 90 households (5.3%).
- Additional commercial goods and services will be needed to support the expanding household base in the PMA over the next several years.

Table 2

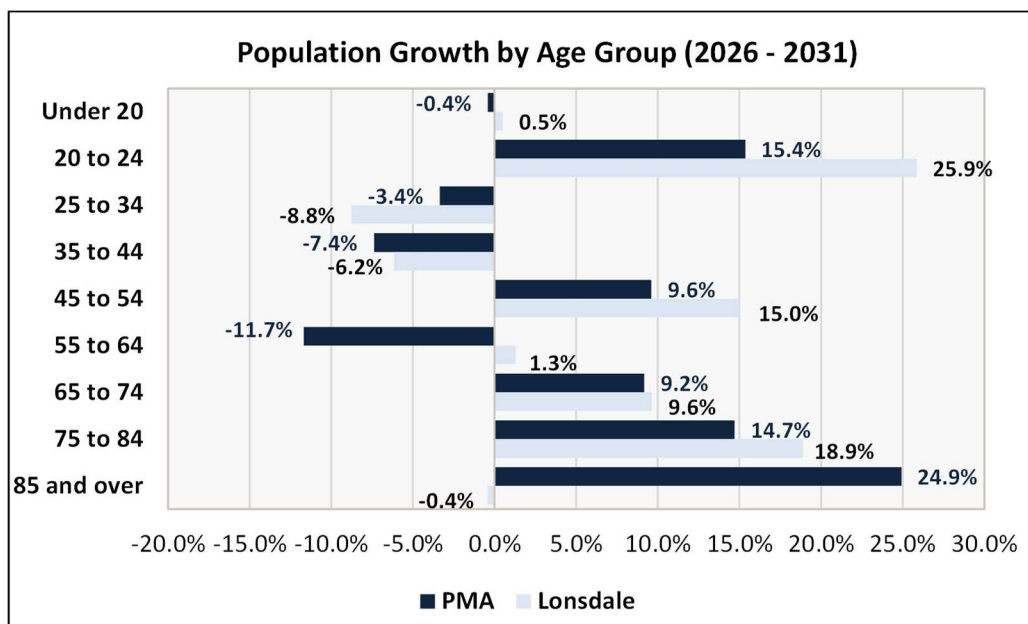
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS PRIMARY MARKET AREA 2010 - 2036								
Population								
	PMA		Lonsdale		Remainder of PMA		Rice County	
2010	8,771		3,674		5,097		64,142	
2020	9,890		4,686		5,204		67,097	
2026	10,038		4,951		5,086		69,084	
2031	10,100		5,060		5,040		69,489	
2036	10,190		5,210		4,980		71,500	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	1,119	12.8%	1,012	27.5%	107	2.1%	2,955	4.6%
2020 - 2026	148	1.5%	265	5.7%	-118	-2.3%	1,987	3.0%
2026 - 2031	62	0.6%	109	2.2%	-46	-0.9%	405	0.6%
2031 - 2036	90	0.9%	150	3.0%	-60	-1.2%	2,011	2.9%
Households								
	PMA		Lonsdale		Remainder of PMA		Rice County	
2010	3,134		1,277		1,857		22,315	
2020	3,487		1,551		1,936		23,416	
2026	3,608		1,669		1,939		24,225	
2031	3,635		1,710		1,925		24,512	
2036	3,710		1,800		1,910		25,400	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	353	11.3%	274	21.5%	79	4.3%	1,101	4.9%
2020 - 2026	121	3.5%	118	7.6%	3	0.1%	809	3.5%
2026 - 2031	27	0.7%	41	2.4%	-14	-0.7%	287	1.2%
2031 - 2036	75	2.1%	90	5.3%	-15	-0.8%	888	3.6%
Sources: US Census; ESRI; Minnesota State Demographic Center; Maxfield Research & Consulting								

Population Age Distribution

A community’s population age distribution helps determine the type(s) of commercial goods and services needed. For example, the need for medical services increases for older people, while middle-aged people often demand services such as real estate and financial advice. Younger people typically seek retail services such as entertainment, electronics, and specialty apparel. Additionally, the age distribution of a community’s population impacts future workforce trends which will influence demand for commercial real estate. As the size of the workforce population changes over time, the availability of labor also changes.

Table 3 on the following page presents the age distribution of Lonsdale, the PMA, and Rice County’s population from 2010 to 2031. Information for 2010 and 2020 is sourced from the U.S. Census. The 2026 estimates and projections for 2031 were provided by ESRI with adjustments made by Maxfield Research to reflect current year data.

- In 2026, the largest adult cohort by age in the PMA is 35 to 44, totaling 1,563 people (15.6% of the total population), followed by the 55 to 64 age group with 1,282 people (12.8%). Comparatively, Lonsdale’s largest adult cohort is 35 to 44, totaling 871 people (17.6% of the total population), followed by the 25 to 34 age group with 613 people (12.4%).
- Between 2026 and 2031, the strongest growth is expected to occur among seniors in the Market Area, as the 65 and older age group is projected to expand 12% in the PMA (187 people), followed by the 45 to 54 age group which is projected to grow 9.6%. In comparison, Lonsdale’s strongest growth is occurring in the 45 to 54 age group which is projected to grow 15.0%, followed by the 65 and older age group (11%).



DEMOGRAPHIC REVIEW

- Based on age distribution projections for the Market Area, demand growth is projected to be strongest for commercial goods and services catering to the senior population (65+) and 45 to 54 age group over the next several years.
- The PMA and Lonsdale are expected to experience solid growth in the age 20 to 24 age cohort, expanding by 15.4% and 25.9% respectively.

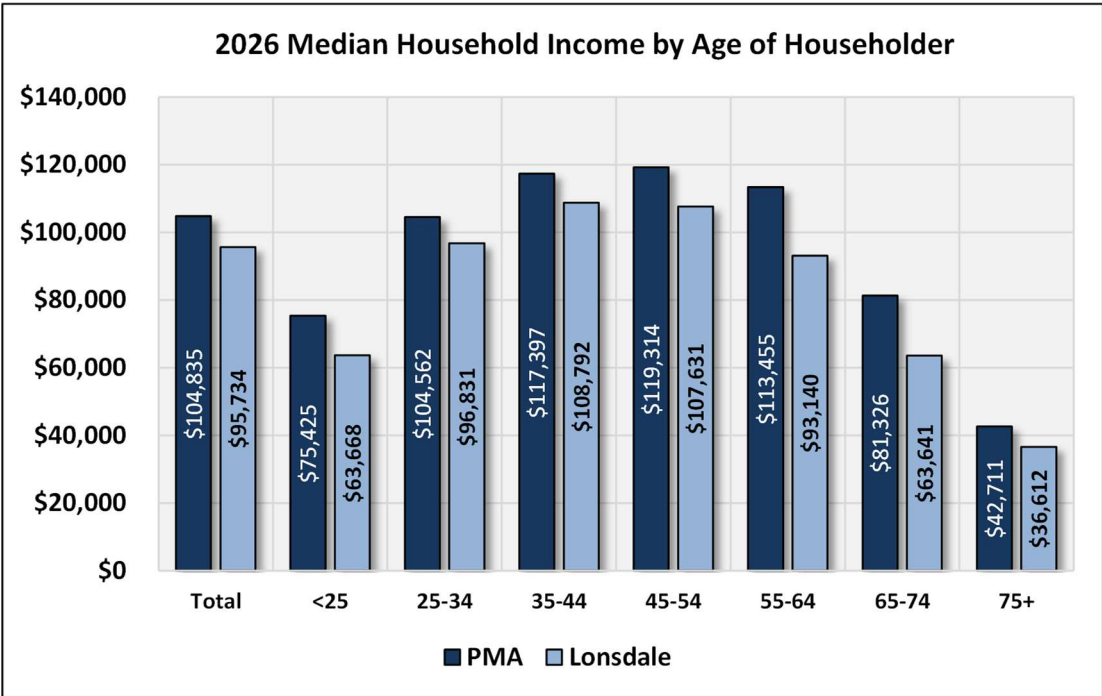
Table 3

POPULATION AGE DISTRIBUTION PRIMARY MARKET AREA 2010 - 2031										
Age	Census		Estimate	Projection	Change					
	2010	2020	2026	2031	2010 - 2020		2020 - 2026		2026 - 2031	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
PMA										
Under 20	2,653	2,836	2,948	2,935	183	6.9	112	3.9	-12	-0.4
20 to 24	371	422	428	493	51	13.7	6	1.3	66	15.4
25 to 34	1,145	1,244	1,043	1,008	99	8.6	-201	-16.1	-35	-3.4
35 to 44	1,372	1,379	1,563	1,448	7	0.5	184	13.4	-115	-7.4
45 to 54	1,463	1,275	1,275	1,397	-188	-12.9	0	0.0	122	9.6
55 to 64	904	1,399	1,282	1,132	495	54.8	-117	-8.4	-150	-11.7
65 to 74	550	790	894	975	240	43.6	104	13.1	82	9.2
75 to 84	262	394	447	512	132	50.4	53	13.4	66	14.7
85 and over	51	151	159	198	100	196.1	8	5.1	40	24.9
Total	8,771	9,890	10,038	10,100	1,119	12.8	148	1.5	62	0.6
Lonsdale										
Under 20	1,296	1,638	1,708	1,717	342	26.4	70	4.3	8	0.5
20 to 24	172	196	222	280	24	14.0	26	13.3	57	25.9
25 to 34	814	784	613	559	-30	-3.7	-171	-21.9	-54	-8.8
35 to 44	626	776	871	818	150	24.0	95	12.3	-54	-6.2
45 to 54	361	516	591	680	155	42.9	75	14.6	89	15.0
55 to 64	225	373	426	431	148	65.8	53	14.2	5	1.3
65 to 74	109	210	290	318	101	92.7	80	38.1	28	9.6
75 to 84	57	121	151	180	64	112.3	30	24.9	29	18.9
85 and over	14	72	78	78	58	414.3	6	8.5	0	-0.4
Total	3,674	4,686	4,951	5,060	1,012	27.5	265	5.7	109	2.2
Rice County										
Under 20	18,243	17,631	17,448	16,564	-612	-3.4	-183	-1.0	-883	-5.1
20 to 24	6,174	6,511	7,143	7,227	337	5.5	632	9.7	84	1.2
25 to 34	7,653	7,387	7,603	8,334	-266	-3.5	216	2.9	731	9.6
35 to 44	8,019	8,040	8,573	8,212	21	0.3	533	6.6	-361	-4.2
45 to 54	9,265	7,718	7,789	8,154	-1,547	-16.7	71	0.9	365	4.7
55 to 64	6,907	8,804	7,990	7,159	1,897	27.5	-814	-9.2	-831	-10.4
65 to 74	4,146	6,320	7,043	7,223	2,174	52.4	723	11.4	180	2.6
75 to 84	2,566	3,294	3,976	4,820	728	28.4	682	20.7	844	21.2
85 and over	1,169	1,392	1,519	1,795	223	19.1	127	9.1	276	18.2
Total	64,142	67,097	69,084	69,489	2,955	4.6	1,987	3.0	405	0.6
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting										

Household Income

Household income data helps ascertain demand for different types of retail services. People with lower incomes are likely to seek out discount retailers and spend a higher proportion of their income on necessities like grocery items. Retail services and goods such as dining and home furnishings will experience higher spending from more moderate-income households while upper income households will also shop for specialty apparel, recreation and sporting goods, and luxury items. Table 4 presents information on household income by age of householder for the PMA in 2026 and 2031. The data is estimated by ESRI and adjusted by Maxfield Research to reflect current year data.

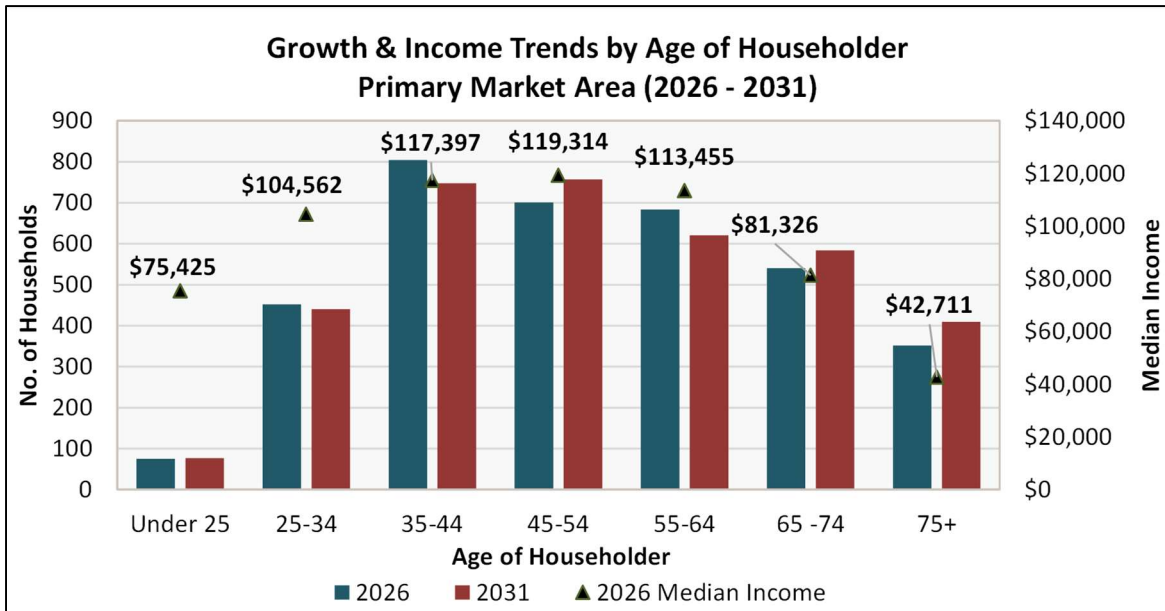
- In 2026, the median household income is estimated to be \$104,835 in the PMA, roughly 10% higher than Lonsdale (\$95,734).
- As households age through the lifecycle, incomes tend to peak in their 40s and early 50s. In the Market Area, the 45 to 54 cohort has the highest estimated income at \$119,314 in the PMA, while Lonsdale’s incomes peak in the 35 to 44 cohort with an estimated income at \$108,792.



- By 2031, the median household income is expected to increase 8.8% to \$114,044 in the PMA. The average annual increase (1.6%) will trail the historical annual inflation rate of 2.8% over the past ten years.
- By comparison, the median household income in Lonsdale is projected to experience 11.5%, climbing to \$106,752 in 2031, which is an annual increase of 2.3%.

DEMOGRAPHIC REVIEW

- Strongest household growth is expected to occur in the upper-income brackets in the PMA, as the number of households with incomes between \$150,000 or more increases 23% (233 households). Similarly, Lonsdale is projected to experience 38% growth in households with incomes of \$150,000 or higher (116 households).
- Household growth in these higher-income brackets suggests that there will be increased demand for discretionary retail and entertainment goods and services (i.e. dining, home furnishings, specialty apparel, recreation, sporting goods, luxury items).



DEMOGRAPHIC REVIEW

Table 4

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2026 - 2031								
	Age of Householder							
	Total	Under 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75+
2026								
Less than \$15,000	135	4	7	5	13	30	27	49
\$15,000 to \$24,999	192	9	18	8	12	33	42	71
\$25,000 to \$34,999	85	4	6	6	7	14	17	33
\$35,000 to \$49,999	246	8	24	35	34	46	59	40
\$50,000 to \$74,999	490	11	57	87	69	85	109	71
\$75,000 to \$99,999	524	25	93	132	111	79	60	24
\$100,000 to \$149,999	945	10	144	273	208	152	126	32
\$150,000 to \$199,999	562	2	64	152	153	131	47	14
\$200,000+	428	1	40	108	95	113	54	18
Total	3,608	75	452	804	701	684	540	352
<i>Median Income</i>	<i>\$104,835</i>	<i>\$75,425</i>	<i>\$104,562</i>	<i>\$117,397</i>	<i>\$119,314</i>	<i>\$113,455</i>	<i>\$81,326</i>	<i>\$42,711</i>
2031								
Less than \$15,000	123	4	6	4	11	21	23	54
\$15,000 to \$24,999	152	6	11	3	8	22	32	70
\$25,000 to \$34,999	66	3	4	4	5	8	13	30
\$35,000 to \$49,999	198	8	19	24	25	31	46	44
\$50,000 to \$74,999	436	12	45	65	58	61	111	85
\$75,000 to \$99,999	491	28	83	110	108	69	65	28
\$100,000 to \$149,999	945	11	143	246	218	136	148	42
\$150,000 to \$199,999	673	3	74	169	198	139	68	22
\$200,000+	550	1	55	123	127	133	77	34
Total	3,635	77	440	747	757	621	584	409
<i>Median Income</i>	<i>\$114,044</i>	<i>\$77,552</i>	<i>\$112,166</i>	<i>\$126,979</i>	<i>\$132,599</i>	<i>\$130,680</i>	<i>\$99,549</i>	<i>\$52,063</i>
Change - 2026 to 2031								
Less than \$15,000	-12	-0	-1	-1	-2	-9	-3	5
\$15,000 to \$24,999	-39	-3	-7	-5	-3	-11	-10	-1
\$25,000 to \$34,999	-19	-1	-2	-2	-2	-6	-3	-3
\$35,000 to \$49,999	-48	-0	-5	-11	-8	-15	-13	4
\$50,000 to \$74,999	-54	1	-12	-22	-12	-25	1	14
\$75,000 to \$99,999	-33	3	-9	-21	-4	-10	5	4
\$100,000 to \$149,999	-1	1	-1	-27	9	-16	22	10
\$150,000 to \$199,999	111	1	11	17	46	8	20	8
\$200,000+	122	-0	15	15	33	20	24	16
Total	27	2	-12	-57	56	-63	43	57
<i>Median Income</i>	<i>\$9,209</i>	<i>\$2,127</i>	<i>\$7,604</i>	<i>\$9,582</i>	<i>\$13,285</i>	<i>\$17,225</i>	<i>\$18,223</i>	<i>\$9,352</i>

Sources: ESRI; Maxfield Research & Consulting

Consumer Expenditure Patterns

Table 5 on the following pages shows estimated consumer expenditures and average expenditures per household for retail goods and services in the PMA compared to Lonsdale for 2026. Data is obtained from ESRI and is based on Consumer Expenditure Surveys from the Bureau of Labor Statistics.

The table shows the average expenditures per household in the Market Area and the amount spent by product or service. In addition, a Spending Potential Index (SPI) is illustrated for comparison purposes. The SPI is based on households and represents the amount spent for a product or service relative to the national average of 100. An SPI of 115 shows that the average annual expenditure by local consumers is 15% above the national average. The average expenditure reflects the average amount spent per household, while the total expenditure reflects the aggregate amount spent by all households in the area.

Consumer spending is influenced by market conditions and trends. During economic downturns, market conditions drive spending patterns toward convenience and necessities. In times of a robust economy consumer trends feature opportunity and luxury items. Two-thirds of the national economy is driven by consumer spending.

- Overall, PMA residents will spend an estimated \$107,340 on retail goods and services in 2026, excluding housing, finance/insurance, travel expenditures, and vehicle purchases.
- Average annual expenditures on retail goods and services (excluding the categories mentioned) are estimated to be \$29,750 per household in the PMA, slightly higher than \$26,545 per household in Lonsdale.

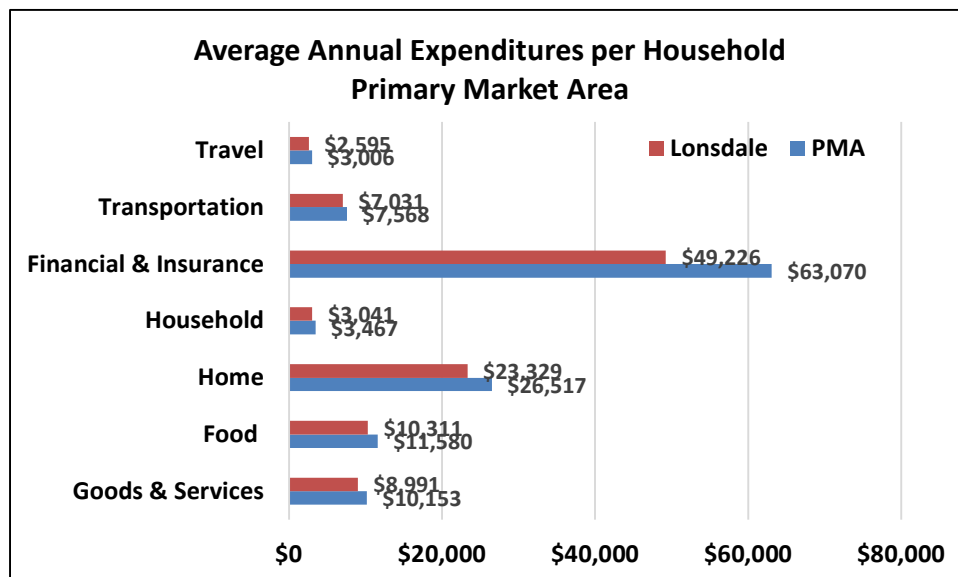


Table 5

ESTIMATED HOUSEHOLD EXPENDITURES BY SELECTED PRODUCT TYPE PRIMARY MARKET AREA 2026						
Category	Lonsdale Annual Expenditures		PMA Annual Expenditures		Lonsdale Spending Potential Index to USA	PMA Spending Potential Index to USA
	Total (\$000's)	Average Per HH	Total (\$000's)	Average Per HH		
Goods & Services					Index	Index
Apparel & Services	\$3,601	\$2,158	\$8,559	\$2,372	88	97
Entertainment and Recreation	\$6,013	\$3,603	\$14,787	\$4,098	88	100
Nonprescription Drugs	\$288	\$173	\$702	\$195	86	97
Prescription Drugs	\$558	\$334	\$1,510	\$419	79	99
Eye Glasses & Contact Lenses	\$185	\$111	\$477	\$132	84	100
Personal Care Products	\$859	\$515	\$2,026	\$562	87	94
Child Care	\$988	\$592	\$2,342	\$649	101	111
School Books & Supplies	\$139	\$83	\$332	\$92	90	99
Smoking Products	\$554	\$332	\$1,357	\$376	72	81
Computer Hardware	\$331	\$198	\$794	\$220	88	97
Computer Software	\$23	\$14	\$54	\$15	82	89
Pets	\$1,466	\$878	\$3,694	\$1,024	83	96
Food					Index	Index
Food at Home	\$10,224	\$6,126	\$25,041	\$6,940	82	93
Food Away from Home	\$6,023	\$3,609	\$14,303	\$3,964	87	96
Alcoholic Beverages	\$961	\$576	\$2,436	\$675	85	100
Home					Index	Index
Home Mortgage Payment/Rent	\$21,978	\$13,168	\$53,739	\$14,894	99	112
Maintenance/Remodeling Services	\$7,282	\$4,363	\$18,430	\$5,108	94	110
Maintenance/Remodeling Materials	\$1,357	\$813	\$3,242	\$899	101	112
Utilities	\$8,319	\$4,984	\$20,262	\$5,616	84	95
Household Furnishings, Equipment, & Operations					Index	Index
Household Textiles	\$167	\$100	\$403	\$112	85	95
Furniture	\$1,356	\$813	\$3,237	\$897	92	101
Rugs	\$58	\$35	\$146	\$41	88	103
Major Appliances	\$779	\$467	\$1,872	\$519	92	102
Small Appliances	\$134	\$80	\$327	\$91	82	92
Housewares	\$105	\$63	\$245	\$68	81	87
Luggage	\$36	\$22	\$90	\$25	89	101
Telephone & Accessories	\$108	\$65	\$297	\$82	78	99
Lawn & Garden	\$974	\$584	\$2,554	\$708	86	104
Moving/Storage/Freight Express	\$159	\$95	\$390	\$108	74	85
Housekeeping Supplies	\$1,199	\$718	\$2,948	\$817	83	94

CONTINUED

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ESTIMATED HOUSEHOLD EXPENDITURES BY SELECTED PRODUCT TYPE						
PRIMARY MARKET AREA						
2026						
Category	Lonsdale Annual Expenditures		PMA Annual Expenditures		Lonsdale Spending Potential Index to USA	PMA Spending Potential Index to USA
	Total (\$000's)	Average Per HH	Total (\$000's)	Average Per HH		
Financial & Insurance					Index	Index
Stocks/Bonds/Mutual Funds	\$63,791	\$38,221	\$183,865	\$50,961	80	106
Vehicle Loans	\$5,684	\$3,406	\$12,799	\$3,547	97	101
Owners & Renters Insurance	\$1,355	\$812	\$3,265	\$905	96	107
Vehicle Insurance	\$3,189	\$1,911	\$7,401	\$2,051	88	94
Life/Other Insurance	\$1,051	\$629	\$2,607	\$723	91	105
Health Insurance	\$7,089	\$4,247	\$17,619	\$4,883	86	98
Transportation					Index	Index
Payments on Vehicles	\$4,721	\$2,829	\$10,885	\$3,017	94	100
Gasoline and Motor Oil	\$5,057	\$3,030	\$11,726	\$3,250	87	93
Vehicle Maintenance/Repair	\$1,956	\$1,172	\$4,692	\$1,301	87	96
Travel					Index	Index
Airline Fares	\$1,251	\$749	\$3,108	\$861	89	102
Lodging	\$1,632	\$978	\$4,181	\$1,159	89	105
Vehicle Rental	\$188	\$112	\$452	\$125	92	103
Food & Drink on Trips	\$1,261	\$756	\$3,106	\$861	90	102
Average Annual Household Expenditures Summary						
Goods & Services	\$15,006	\$8,991	\$36,634	\$10,153		
Food	\$17,209	\$10,311	\$41,779	\$11,580		
Home	\$38,936	\$23,329	\$95,673	\$26,517		
Household	\$5,075	\$3,041	\$12,508	\$3,467		
Financial and Insurance	\$82,158	\$49,226	\$227,557	\$63,070		
Transportation	\$11,735	\$7,031	\$27,304	\$7,568		
Travel	\$4,332	\$2,595	\$10,847	\$3,006		
Total	\$173,614	\$104,524	\$452,302	\$125,361		
Note: The Spending Potential Index is based on households and represents the amount spent for a product or service relative to the national average of 100.						
Sources: ESRI; Maxfield Research & Consulting						

- Among the retail categories, spending was greatest for Food at Home (i.e. groceries) at an average of \$6,940 per household in the PMA and \$6,126 per household in Lonsdale.
- PMA spending was also relatively high for discretionary items, such as Entertainment and Recreation (\$4,098 per household), Food Away from Home (\$3,964 per household), and Apparel and Services (\$2,372 per household).
- Based on average spending per household, we estimate that the 3,608 households in the PMA will spend an estimated \$125,631 on consumer expenditures in 2026, while Lonsdale householders spend an estimated \$104,524.

Employment Trends and Commuting Patterns

Job growth is a primary driver of demand for commercial real estate, particularly office space, although increased hiring can also lead to higher levels of consumer spending, stimulating demand for retail goods which can drive demand for retail space. While employment growth often parallels population growth, it is tied more closely to transportation access. Cities with interstate access and intra- and inter-metro transportation connections attract more businesses and post higher employment gains.

Resident Employment

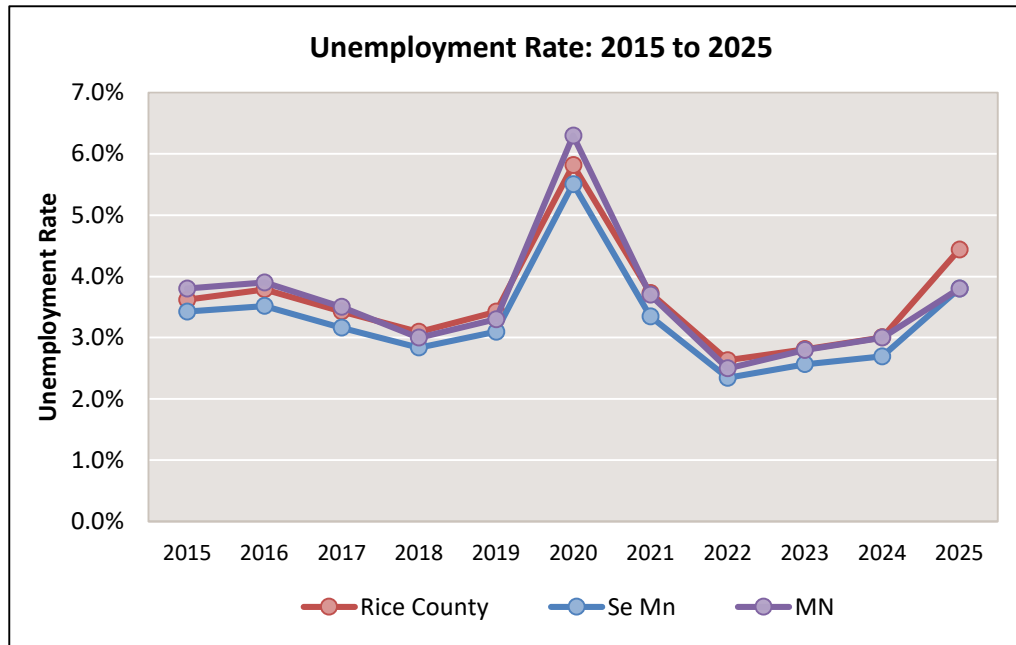
Table 6 shows information on the resident labor force and employment in Rice County compared to the Southeast Minnesota and Minnesota. The data is sourced from the Minnesota Department of Employment and Economic Development (MN DEED). Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area. City-level resident employment data is only available for large cities in Minnesota, so information specific to Lonsdale or the PMA is not provided.

Table 6

RESIDENT EMPLOYMENT (ANNUAL AVERAGE)						
RICE COUNTY						
2015 THROUGH 2025						
Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	SE MN Unemployment Rate	MN Unemployment Rate
2015	35,507	34,222	1,285	3.6%	3.4%	3.8%
2016	33,677	32,401	1,276	3.8%	3.5%	3.9%
2017	34,019	32,853	1,166	3.4%	3.2%	3.5%
2018	34,268	33,208	1,060	3.1%	2.8%	3.0%
2019	34,672	33,485	1,187	3.4%	3.1%	3.3%
2020	34,904	32,872	2,032	5.8%	5.5%	6.3%
2021	34,210	32,935	1,275	3.7%	3.3%	3.7%
2022	34,420	33,514	906	2.6%	2.3%	2.5%
2023	35,015	34,030	985	2.8%	2.6%	2.8%
2024	35,738	34,664	1,074	3.0%	2.7%	3.0%
2025	36,193	34,587	1,606	4.4%	3.8%	3.8%
Change: '15- '25	686	365	321	0.8%	0.4%	0.0%

Sources: DEED; Maxfield Research & Consulting

- In 2025, Rice County had an annual labor force of 36,193 with 34,587 employed residents, which equates to a 4.4% unemployment rate. By comparison, 2025 unemployment rates were at 3.8% in Southeast Minnesota and Minnesota.
- Rice County’s labor force expanded 1.9% between 2015 and 2025 (686), while resident employment increased 1.1% (365).



- Because labor force growth has outpaced resident employment growth, Rice County unemployment rates slightly increased from 3.6% in 2015 to 4.4% in 2025. Similarly, Southeast Minnesota’s unemployment rates increased from 3.4% in 2015 to 3.8% in 2025.
- Due to the number of job losses related to the COVID-19 pandemic, unemployment rates spiked during the first half of 2020.
 - The unemployment rate peaked at 5.8% in Rice County and 5.5% in Southeast Minnesota in 2020, compared to a peak of 6.3% in Minnesota.

Inflow/Outflow

Proximity to employment is often a primary consideration when choosing where to live and work, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting pattern data for the City of Lonsdale from the U.S. Census Bureau Local Employment Dynamics data for 2023, the most recent data available.

Table 7 provides a summary of the inflow and outflow characteristics of the workers in Lonsdale. Outflow reflects the number of workers living in the City but employed outside, while inflow measures the number of workers that are employed in the City but live outside (daytime population). Interior flow reflects the number of workers that live and work in Lonsdale.

- Approximately 569 workers come into Lonsdale for employment daily (inflow), while 2,776 resident workers commute out of the City (outflow). An estimated 223 people both live and work in Lonsdale (interior flow).

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- The highest proportion of workers coming into the City are aged 30 to 54 and earn more than \$3,333 per month (roughly \$40,000 per year). The “All Other Services” sector brings in most of the employees (51%), while 27% of the workers commuting to Lonsdale have a job in a “Goods Producing” industry.

Table 7

COMMUTING INFLOW/OUTFLOW CHARACTERISTICS LONSDALE 2023						
	Outflow		Inflow		Interior Flow	
Primary Jobs	2,776	100%	569	100%	223	100%
By Age						
Workers Aged 29 or younger	617	22.2%	154	27.1%	82	36.8%
Workers Aged 30 to 54	1,653	59.5%	271	47.6%	105	47.1%
Workers Aged 55 or older	506	18.2%	144	25.3%	36	16.1%
By Monthly Wage						
Workers Earning \$1,250/month or less	411	14.8%	143	25.1%	86	38.6%
Workers Earning \$1,251 to \$3,333/month	433	15.6%	166	29.2%	65	29.1%
Workers Earning More than \$3,333/month	1,932	69.6%	260	45.7%	72	32.3%
By Industry						
"Goods Producing"	637	22.9%	155	27.2%	34	15.2%
"Trade, Transportation, and Utilities"	538	19.4%	122	21.4%	38	17.0%
"All Other Services"*	1,601	57.7%	292	51.3%	151	67.7%
*includes the following sectors: Information, Financial Activities, Professional & Business Services,						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting						

- Overall, Lonsdale is an “exporter” of workers as a significantly higher number of residents commute out of the community for employment than nonresidents commute into the City.
- Among the workers commuting out of Lonsdale for employment, 58% have a job in the “All Other Services” sector, while 23% are employed in a “Goods Producing industry and 19% are employed in the “Trade, Transportation, and Utilities” sector.
- The daytime population commuting into Lonsdale (569 workers per day in 2023) contribute to retail sales, along with area households, as employees at establishments in Lonsdale will purchase commercial goods and services from area retailers. Restaurants, in particular, usually benefit from an expanding daytime population in the City.

Commuting Patterns

Table 8 on the following page highlights the commuting patterns, including distance and destination, of workers in Lonsdale based on data from the U.S. Census Bureau Local Employment Dynamics data for 2023. Home Destination summarizes where workers live who are employed

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in the area, while Work Destination represents where workers are employed who live in the community.

- The largest proportion of workers commuting into Lonsdale come from Lonsdale (28.2%), Montgomery (4.3%), Faribault (3.3%), New Prague (2.9%), and Northfield (2.7%).
- Approximately 50% of the workers in Lonsdale reside within ten miles of their place of employment while 29% travel from 10 to 24 miles. Roughly 14% of the workers commute from a distance of 25 to 50 miles and another 7% come from more than 50 miles away.

Table 8

COMMUTING PATTERNS LONSDALE 2023					
Home Destination			Work Destination		
Place of Employment	Count	Share	Place of Residence	Count	Share
Lonsdale	223	28.2%	Lonsdale	223	7.4%
Montgomery	34	4.3%	Northfield	204	6.8%
Faribault	26	3.3%	Lakeville	180	6.0%
New Prague	23	2.9%	Burnsville	169	5.6%
Northfield	21	2.7%	Minneapolis	142	4.7%
Elko New Market	17	2.1%	Bloomington	127	4.2%
Mankato	14	1.8%	Faribault	95	3.2%
Prior Lake	14	1.8%	Shakopee	94	3.1%
St. Peter	12	1.5%	Eagan	92	3.1%
Jordan	11	1.4%	Eden Prairie	91	3.0%
All Other Locations	397	50.1%	All Other Locations	1,582	52.8%
Distance Traveled			Distance Traveled		
Total Primary Jobs	792	100.0%	Total Primary Jobs	2,999	100.0%
Less than 10 miles	395	49.9%	Less than 10 miles	455	15.2%
10 to 24 miles	229	28.9%	10 to 24 miles	1,204	40.1%
25 to 50 miles	110	13.9%	25 to 50 miles	1,162	38.7%
Greater than 50 miles	58	7.3%	Greater than 50 miles	178	5.9%
Home Destination: Where workers live who are employed in the selection area.					
Work Destination: Where workers are employed who live in the selection area.					
Sources: U.S. Census Bureau Local Employment Dynamics, Maxfield Research & Consulting					

- An estimated 7% of the workers living in Lonsdale also have jobs in the community. The remaining 93% commute outside of the area to Northfield (7%), Lakeville (6%), Burnsville (5.6%), Minneapolis (4.7%) and Bloomington (4.2%).
- An estimated 15% of the resident workers travel less than ten miles for their jobs, while 40% have a commute distance from 10 to 24 miles. An estimated 39% commute between 25 and 50 miles while 6% commute more than 50 miles for employment.

Employment Growth

Table 9 on the following page shows employment growth trends and projections from 2010 to 2036 for the City of Lonsdale, PMA, and Southeast Minnesota. Employment data is provided by the Minnesota Department of Employment and Economic Development (MN DEED). Data for 2010, 2015, 2020 represents the annual average employment for that year, while 2025 information is from the third quarter, the most recent data available.

Employment data is sourced from the Quarterly Census of Employment and Wages (QCEW). All establishments covered under the Unemployment Insurance Program are required to report wage and employment statistics quarterly. Federal government establishments are also covered by the QCEW program. Workers and jobs excluded from these statistics include the self-employed, family farm workers, and those who work only on a commission basis. Data may be suppressed to protect the confidentiality of cooperating employers when there are too few businesses, or one establishment comprises too much of the employment in that geography.

Projections for 2031 and 2036 were adjusted by Maxfield Research to reflect the employment growth rates by MN DEED.

The following are key points:

- As of the third quarter of 2025, there were 749 jobs in Lonsdale, representing an estimated 54% of all jobs in the PMA.
- Data from MN DEED indicates that employment in Lonsdale increased 41.1% (218 jobs) from 2020 through 2025, while employment in the PMA increased 21.8%.
 - Comparatively, Southeast Minnesota expanded 7.1% by adding 16,560 jobs between 2020 and 2025.
- Lonsdale is projected to add 143 jobs (19.1%) between 2025 and 2031. This is a higher percentage than the PMA (11.9%) and Southeast Minnesota (2.7%). From 2031 to 2036, Lonsdale is predicted to add another 166 jobs (18.6%), which is higher than the PMA (9%) and Southeast Minnesota (2.3%).
- Additional commercial development will be needed to support projected job growth in Lonsdale and the PMA between 2026 and 2031 as well as 2031 and 2036.

Table 9

EMPLOYMENT GROWTH TRENDS AND PROJECTIONS PRIMARY MARKET AREA 2010 to 2035								
Annual Employment	City of Lonsdale		Primary Market Area		Remainder of PMA		Southeast Minnesota	
2010	315		843		528		225,090	
2015	423		1,028		605		237,642	
2020	531		1,149		618		233,121	
2025 Q3	749		1,399		650		249,681	
2031 Forecast	892		1,565		673		256,547	
2036 Forecast	1,058		1,706		648		262,413	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2015	108	34.3%	185	21.9%	77	14.6%	12,552	5.6%
2015 - 2020	108	25.5%	121	11.8%	13	2.1%	-4,521	-1.9%
2020 - 2025	218	41.1%	250	21.8%	32	5.2%	16,560	7.1%
2025 - 2031	143	19.1%	166	11.9%	55	8.9%	6,866	2.7%
2031 - 2036	166	18.6%	141	9.0%	-2	-0.3%	5,866	2.3%

Sources: MN DEED; Maxfield Research & Consulting

Industry Employment and Wage Data

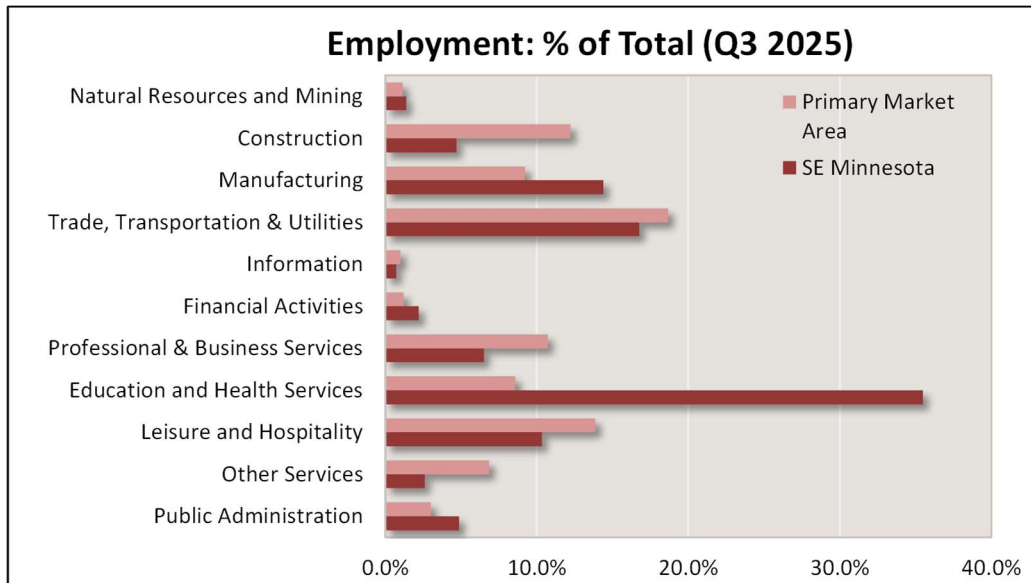
Table 10 on the following page displays information on the employment and wage situation in the PMA compared to Southeast Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from MN DEED for the third quarter of 2025, the most recent data available.

- Based on reported data, Trade, Transportation, and Utilities is the largest employment sector in the PMA with 261 jobs (19% of total employment), followed by Leisure and Hospitality with 194 jobs (14%).
- Education and Health Services is the largest employment sector in Southeast Minnesota with 88,580 jobs (36%). Trade, Transportation, and Utilities is the second largest sector in the PMA with 41,865 jobs (17%).
- Average weekly wages in the PMA (\$903) are 50% lower than Southeast Minnesota (\$1,351). In the PMA, highest wages were found in Information (\$2,853), Financial Services (\$2,536), and Manufacturing (\$1,419) sectors.
- Education and Health Services (\$1,688) and Manufacturing (\$1,550) have the highest wages in Southeast Minnesota.

Table 10

QUARTERLY CENSUS OF EMPLOYMENT AND WAGES										
PRIMARY MARKET AREA										
Q3 2024 & Q3 2025										
Industry	Q3 2024			Q3 2025			Change Q3 2024 - Q3 2025			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
Primary Market Area										
Total, All Industries	242	1,402	\$858	240	1,399	\$903	-3	-0.2%	\$46	5.3%
Natural Resources & Mining	3	21	\$485	3	16	\$541	-5	-23.8%	\$56	11.5%
Construction	47	172	\$1,253	48	171	\$1,383	-1	-0.6%	\$130	10.4%
Manufacturing	6	140	\$1,274	6	129	\$1,419	-11	-7.9%	\$145	11.4%
Trade/Transport/Utilities	36	280	\$682	30	261	\$778	-19	-6.8%	\$96	14.1%
Information	4	15	\$3,089	4	14	\$2,853	-1	-6.7%	(\$236)	-7.6%
Financial Activities	9	18	\$3,695	9	17	\$2,536	-1	-5.6%	(\$1,159)	-31.4%
Professional/Biz Services	14	117	\$661	7	150	\$594	33	28.2%	(\$67)	-10.1%
Education/Health Services	32	122	\$751	31	120	\$781	-2	-1.6%	\$30	4.0%
Leisure and Hospitality	16	185	\$413	17	194	\$407	9	4.9%	(\$6)	-1.4%
Other Services	22	92	\$786	21	96	\$847	4	4.3%	\$61	7.8%
Public Administration	4	45	\$726	4	42	\$885	-3	-6.7%	\$160	22.0%
SE Minnesota										
Total, All Industries	13,735	248,352	\$1,237	13,586	249,681	\$1,351	1,329	0.5%	\$114	9.2%
Natural Resources & Mining	465	3,475	\$905	465	3,449	\$928	-26	-0.7%	\$23	2.5%
Construction	1,514	11,091	\$1,451	1,489	11,719	\$1,547	628	5.7%	\$96	6.6%
Manufacturing	657	36,268	\$1,501	650	35,921	\$1,550	-347	-1.0%	\$49	3.3%
Trade/Transport/Utilities	2,752	42,486	\$971	2,711	41,865	\$1,009	-621	-1.5%	\$38	3.9%
Information	208	2,217	\$1,213	200	1,835	\$1,269	-382	-17.2%	\$56	4.6%
Financial Activities	1,081	5,487	\$1,339	1,057	5,520	\$1,367	33	0.6%	\$28	2.1%
Professional/Biz Services	1,440	15,785	\$1,411	1,438	16,279	\$1,510	494	3.1%	\$99	7.0%
Education/Health Services	2,361	86,591	\$1,466	2,414	88,580	\$1,688	1,989	2.3%	\$222	15.1%
Leisure and Hospitality	1,487	26,018	\$482	1,482	25,832	\$497	-186	-0.7%	\$15	3.1%
Other Services	1,415	6,674	\$723	1,346	6,529	\$756	-145	-2.2%	\$33	4.6%
Public Administration	355	12,256	\$1,271	334	12,148	\$1,339	-108	-0.9%	\$68	5.4%

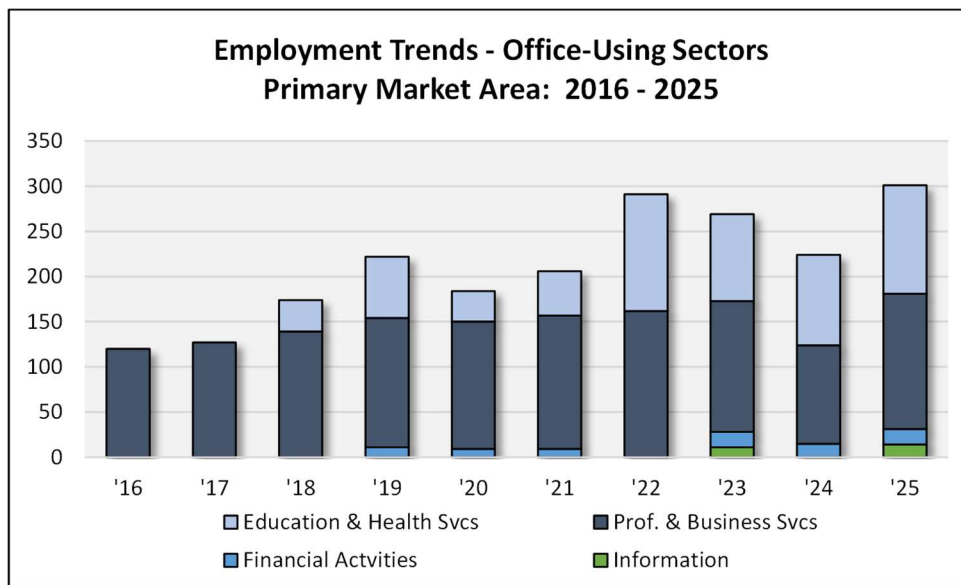
Sources: DEED; Maxfield Research & Consulting



Employment Trends by Sector

Table 11 on the following pages displays information on employment trends in the PMA among the industry sectors that typically occupy office real estate. Information is sourced from the Quarterly Census of Employment and Wages (QCEW) via MN DEED. Job growth in these sectors is an indicator of total demand for office space in the Market Area. Note that, due to data suppression, industry-level employment totals are not available for some smaller jurisdictions which results in some fluctuation in reported employment totals from year to year. The primary business sectors driving demand for office real estate include Information, Financial Activities, Professional and Business Services, and Education and Health Services.

- Based on the Quarterly Census of Employment and Wages data from DEED, the total number of jobs in the PMA increased 26%, adding 288 jobs between 2016 and 2025.
- In the PMA, the office-occupying sectors also experienced significant growth, expanding at a faster pace than total job growth, expanding 151% between 2016 and 2025 (181 jobs).
- By comparison, Lonsdale’s total number of jobs increased 58%, adding 274 jobs between 2016 and 2025. Office-occupying sectors also grew at a faster rate than total job growth, increasing 137% (136 jobs).



- Among the office-using sectors, Education and Health Services expanded the most in Lonsdale and the PMA. The second highest growth occurred in the Professional and Business Services sector.
- Potential demand for office space in Lonsdale will primarily be driven by business and job growth in the PMA among the industry sectors that typically utilize office space.

Table 11

EMPLOYMENT TRENDS - OFFICE-USING SECTORS PRIMARY MARKET AREA 2016 - 2025												
Primary Market Area												
												Change '16 - '25
Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	No.	Pct.
Total, All Industries	1,111	1,122	1,164	1,146	1,149	1,263	1,276	1,341	1,374	1,399	288	26%
Office Subtotal	120	127	174	222	184	206	291	269	224	301	181	151%
<i>% of Total Employment</i>	10.8%	11.3%	14.9%	19.4%	16.0%	16.3%	22.8%	20.1%	16.3%	21.5%	62.8%	
Office-Using Sectors												
Information	0	0	0	0	0	0	0	11	0	14	14	--
Financial Activities	0	0	0	11	9	9	0	17	15	17	17	--
Prof. & Business Svcs.	120	127	139	143	141	148	162	145	109	150	30	25%
Education & Health Svcs.	0	0	35	68	34	49	129	96	100	120	120	--
Lonsdale												
												Change '16 - '25
Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	No.	Pct.
Total, All Industries	475	510	513	526	531	597	667	691	710	749	274	58%
Office Subtotal	99	152	172	191	205	225	238	227	198	235	136	137%
<i>% of Total Employment</i>	20.8%	29.8%	33.5%	36.3%	38.6%	37.7%	35.7%	32.9%	27.9%	31.4%	49.6%	
Office-Using Sectors												
Information	0	0	0	0	0	0	0	11	15	14	14	--
Financial Activities	0	0	0	0	0	0	0	3	3	3	3	--
Prof. & Business Svcs.	99	101	113	130	133	148	162	137	102	150	51	52%
Education & Health Svcs.	0	51	59	61	72	77	76	76	78	68	68	--
Sources: MN DEED; Maxfield Research & Consulting												

Introduction

The following section of the report analyzes commercial real estate market trends in the Market Area. Topics covered include an overview of commercial real estate (retail, office) market conditions, review of business growth trends among the industry sectors that typically occupy office space, survey of actively-marketing commercial real estate properties in Lonsdale and the surrounding area, and information on new actively-marketing commercial real estate developments approved or under construction in the Market Area.

Office-Using Business Growth by Type of Business in the PMA

Table 12 presents the distribution of businesses that are typical users of office space by number of employees in Rice County in 2019 and 2023, the most recent data available. Industry sectors that typically occupy office space include Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services; Management of Companies; Educational Services; and Health Care and Social Assistance. Growth in these sectors is an important indicator of total demand for office space, and business size data indicates the type and size of space required. In addition to businesses in these sectors, a small amount of office demand will be generated from other sectors, including government agencies.

Due to data suppression, the reported number of establishments by employee size range may vary from the total number of establishments for each industry sector. There is limited business establishment data available for Lonsdale and the PMA, therefore Rice County is used for analysis.

- As of 2023, the Health Care and Social Assistance sector covered 186 businesses (37% of all the businesses in the office-using sectors) while the Professional, Scientific, and Technical Services sector contained 125 businesses (25%).
 - The Real Estate and Rental and Leasing, as well as the Finance and Insurance sectors covered 13% and 18% of businesses.
- An estimated 63% of the office-using businesses had fewer than five employees in 2023, while 20% had between five and nine employees, 9% had ten to 19 workers, and 6% had 20 to 49 employees.
- The number of businesses in the office-using industry categories in the PMA expanded from 259 in 2019 to 318 in 2023, adding 59 businesses.

Table 12

OFFICE-USING BUSINESS ESTABLISHMENTS BY INDUSTRY AND SIZE										
RICE COUNTY										
2019 - 2023										
Year	----- Employee Size Range -----									Total
	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000 or +	
Industry Sector										
2023										
Information	13	0	0	3	0	0	0	0	0	16
Finance & Insurance	64	20	0	6	0	0	0	0	0	90
Real Estate & Rental & Leasing	56	7	0	0	0	0	0	0	0	63
Professional, Scientific, Technical Svcs.	100	16	9	0	0	0	0	0	0	125
Management of Companies	0	0	0	0	0	0	0	0	0	0
Educational Services	12	5	4	4	0	0	0	0	0	25
Health Care & Social Assistance	73	50	30	18	10	5	0	0	0	186
Total:	318	98	43	31	10	5	--	--	--	505
2019										
Information	9	4	0	3	0	0	0	0	0	16
Finance & Insurance	49	12	4	6	0	0	0	0	0	71
Real Estate & Rental & Leasing	52	6	0	0	0	0	0	0	0	58
Professional, Scientific, Technical Svcs.	79	22	10	5	0	0	0	0	0	116
Management of Companies	0	0	0	0	0	0	0	0	0	0
Educational Services	10	5	0	5	0	0	0	0	0	20
Health Care & Social Assistance	60	53	31	19	9	6	0	0	0	178
Total:	259	102	45	38	9	6	--	--	--	459

Sources: Census Bureau, County Business Patterns; Maxfield Research & Consulting

- Finance & Insurance experienced the largest growth between 2019 and 2023, adding 19 businesses, followed by the Professional, Scientific, and Technical Service sectors which added 9 businesses.
- Population and household growth in the Market Area are stimulating demand for services from businesses in these sectors. Based on these business growth trends, it appears that office demand is strongest among firms requiring smaller spaces, particularly among the industry sectors providing services to local households (i.e. real estate, health care, legal).

Retail and Office Market Overview

Maxfield Research analyzed secondary data regarding retail real estate market trends for Rice County. The following table and subsequent points summarize key data from Moody’s Analytics, a provider of information, analytics, and marketing services to the commercial real estate industry. Moody’s Analytics inventory contains all retail properties in Rice County, including single-tenant, multi-tenant and owner-occupied buildings.

The following describes the various types of retail goods and the manner in which customers generally shop for these goods. Because of the significant diversification of retail outlets, some of these categories overlap in certain cases.

Shopping goods are those on which shoppers spend the most effort and for which they have the greatest desire to comparison shop. The trade area for shopping goods tends to be governed by the urge among shoppers to compare goods based on selection, service and price. Therefore, the size of the trade area for shopping goods is affected most by the overall availability of goods in alternate locations. Some examples of shopping goods include furniture, appliances, clothing and automobiles.

Convenience goods are those that consumers need immediately and frequently and are therefore purchased where it is most convenient for shoppers. Shoppers as a rule find it most convenient to buy such goods near home, near work or near a temporary residence when traveling. Examples of these types of goods include gasoline, fast food, liquor, groceries, pharmaceuticals, health and beauty aids, among others.

Specialty goods are those on which shoppers spend more effort to purchase. Such merchandise has no clear trade area because customers will go out of their way to find specialty items. Examples of these include gift shops, florists, pet stores, art gallery, antiques, home furnishings, textiles (needlework and fabrics), art supplies, books. The home furnishings segment has some overlap between shopping goods and specialty goods.

Impulse goods are those that shoppers do not actively or consciously seek. In stores, impulse goods are positioned near entrances or exits or in carefully considered relationships to shopping goods. Examples of these types of goods are candy and drinks at a dry cleaning establishment, candy or small novelty items near the cash register at a gift shop, accessories or jewelry at the counter in a clothing store. These may be located within existing stores but would not be a separate establishment.

Existing Commercial Real Estate in Lonsdale

- Based on the information from Moody's Analytics, there are 36 existing retail and eight office properties in Lonsdale. Existing office spaces range from 1,526 to 8,826 square feet, while existing retail space range from 1,064 to 33,176 square feet.
- There is 202,914 square feet of retail space and 32,925 square feet of office space. Lonsdale's commercial real estate inventory totals 235,839 square feet.

Table 13

COMMERCIAL REAL ESTATE BUILDING INVENTORY				
LONSDALE				
February 2026				
Property Address	Property Type	Property Subtype	Bldg. Size (Sq. Ft.)	Year Built
415 Central St W	Office	General	1,526	1994
103 15th Ave SE	Office	Medical/Dental	8,826	2005
102 5th Ave NW	Office	General	2,864	2005
102 Main St N	Office	General	3,292	1930
100 Main St S	Office	General	1,920	2000
115 Alabama St SW	Office	General	3,000	1940
414 Railway St NW	Office	Medical/Dental	5,197	1982
120 Main St S	Office	General	6,300	1955
121 Main St N	Retail	Freestanding	6,000	1930
114 Main St S	Retail	Tavern/Bar/Nightclub	1,480	1912
126 Main St N	Retail	Freestanding	3,500	1940
212 Central St E	Retail	Gas Station	3,760	1986
115 Railway St SW	Retail	Restaurant	3,960	2000
Lonsdale Auto Sales	Retail	Auto Dealer	1,064	1970
140 Main St N	Retail	Restaurant	2,188	1954
110 NW Railway St	Retail	Tavern/Bar/Nightclub	4,318	1985
120 Main St N	Retail	Mixed Use	2,500	1912
109 Main St N	Retail	Freestanding	6,640	1950
108 Main St S	Retail	Mixed Use	3,850	NA
South Forty Pub	Retail	Mixed Use	10,882	1915
152 Main N St	Retail	Mixed Use	2,050	1912
Dollar General	Retail	Freestanding	9,100	2015
601 Central St E	Retail	Big Box	33,176	1975
107 Main St S	Retail	Mixed Use	2,250	1912
610 Industrial Dr Se	Retail	Auto Repair	6,368	2003
114 N Main St	Retail	Freestanding	3,500	1950
115 5th Ave NW	Retail	Auto Repair	3,856	1986
350 W Central St	Retail	Freestanding	10,412	NA
101 Main St N	Retail	Freestanding	6,720	1940
101 Main St S	Retail	Strip Center	4,400	1912
123 Main St S	Retail	Freestanding	6,544	1935
116 Central St E	Retail	Auto Repair	5,328	1970
215 Central St E	Retail	Gas Station	2,829	2007
751 Ash St NE	Retail	Freestanding	7,545	2007
614 Industrial Dr SE	Retail	Auto Repair	6,314	1998
108 Main St N	Retail	Mixed Use	3,850	1912
146 Main St N	Retail	Mixed Use	1,408	1912
116 Central St W	Retail	Free Standing Bank	5,811	1977
208 Main St S	Retail	Freestanding	2,420	1905
156 North Main St	Retail	Freestanding	2,100	1979
135 S Main St	Retail	Mixed Use	3,478	1910
750 Ash St NE	Retail	Gas Station	21,122	2005
747 Ash Street NE	Retail	Restaurant	2,191	NA
		Retail Subtotal (Sq. Ft.):	202,914	
		Office Subtotal (Sq. Ft.):	32,925	
		Lonsdale Commerical Real Estate Inventory (Sq. Ft.):	235,839	

Sources: Moody's Analytics; Maxfield Research & Consulting

Retail Market Overview

- Based on the information from Moody’s Analytics, there are 363 retail properties totaling 3,468,367 square feet in Rice County. Average square footage per property is 9,555 square feet.
 - Comparatively, Lonsdale has 36 retail properties, which is roughly 10% of the total retail properties in Rice County. Average square footage per property is 5,798 in Lonsdale.
- In total, there are 11 for-lease listings, totaling 34,556 square feet in Rice County. Average square footage per property is 3,141 square feet. There is only one for-sale property in Rice County, which totals 2,646 square feet.

Table 14

RETAIL REAL ESTATE MARKET TRENDS RICE COUNTY February 2026	
Rice County: Retail	
Total Properties	363
Inventory (square feet)	3,468,367
Under Construction (square feet)	53,741
Average SF/property	9,555
Average Year Built	1956
Average Asking Rent	\$13.28
Total For-Lease Listings	11
Inventory (square feet)	34,556
Average For-Lease (square feet)	3,141
Average Asking Rate	\$21.00
Total For-Sale Properties	1
Inventory (square feet)	2,646
Average Asking Price	\$699,000
Average Asking PSF	\$264.17
Sources: Moody's Analytics; Maxfield Research & Consulting	

Office Market Overview

The following table and subsequent points summarize key data from Moody’s Analytics.

- Based on the information from Moody’s Analytics, there are 146 retail properties totaling 1,544,545 square feet in Rice County. Average square footage per property is 10,579 square feet.

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- Comparatively, Lonsdale has eight properties, which is roughly 5% of the total office properties in Rice County. Average square footage per property is 4,116 in Lonsdale.
- There are no for-lease properties in Rice County and one for-sale property in Rice County, which totals 5,625 square feet.

Table 15

OFFICE REAL ESTATE MARKET TRENDS RICE COUNTY February 2026	
Rice County: Office	
Total Properties	146
Inventory (square feet)	1,544,545
Under Construction (square feet)	500,000
Average SF/property	10,579
Average Year Built	1955
Average Asking Rent	\$21.61
Total For- Lease Listings	---
Inventory (square feet)	---
Average For-Lease (square feet)	---
Average Asking Rate	---
Total For-Sale Properties	1
Inventory (square feet)	5,625
Average Asking Price	\$497,136
Average Asking PSF	\$137.30
Sources: Moody's Analytics; Maxfield Research & Consulting	

Actively-Marketing Commercial Properties

There are no actively-marketing office or retail properties in the PMA or in the surrounding areas such as Northfield, New Prague, Montgomery, Dundas, Le Sueur, and Le Center based on Moody's Analytics and the Minnesota Commercial Association of Realtors (MNCAR) commercial property exchange.

- Due to the lack of actively-marketing commercial product in the PMA, this suggests pent-up demand for office and retail space.

Actively-Marketing Commercial Land

Table 16 on the following page summarizes commercial land listed for sale in the PMA and vicinity as of February 2026. This data is provided to show the amount of land and pricing of land

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listed for sale for future commercial development. Information was sourced from the MNCAR commercial property exchange.

- We identified seven land listings in the PMA marketed for potential commercial development, totaling 36.3 acres. Commercial sites range from 1.5-acre to 11.7 acres, averaging 5.2 acres.
 - There is one site listed for sale in Lonsdale, located on Commerce Drive across from the Dollar General. This 2.4-acre site is listed for \$269,900.
- Most commercial land listings are in Northfield and New Prague with five sites combined, totaling 32 acres (89% of the commercial land available for-sale in the PMA and vicinity).
- Price points range from \$79,000 for a 1.5-acre site in Le Center to \$1,950,000 for a 12-acre site in New Prague. Price per square foot (PSF) ranges from \$1.19 PSF in Le Center to \$7.54 in Northfield.

Table 16

COMMERCIAL LAND AVAILABLE FOR SALE PRIMARY MARKET AREA AND VICINITY FEBRUARY 2026					
Property Location	City	Land Area		Asking Price	
		Acres	Sq. Ft.	Price	\$/SF
Commerce Dr SE	Lonsdale	2.4	102,366.0	\$269,900	\$2.64
Schilling Dr & Gleason Rd	Northfield	1.8	78,408.0	\$590,880	\$7.54
Division St & Gates Ave	Northfield	11.7	509,652.0	\$1,950,000	\$3.83
1400 Lonsdale Blvd	Northfield	8.3	359,805.6	\$1,600,000	\$4.45
1430 280th St W	New Prague	8.5	370,260.0	\$1,300,000	\$3.51
294 15th St SW	New Prague	2.1	93,218.4	\$520,000	\$5.58
XXX Commerce Dr SE	Le Center	1.5	67,082.4	\$79,900	\$1.19
Commercial Averages:		5.2	225,827.5	\$901,526	\$4.10

Sources: MNCAR Exchange; Maxfield Research & Consulting

Pending Commercial Developments

Maxfield Research contacted the City of Lonsdale to identify pending commercial (office, retail) developments. There is one pending commercial development in Lonsdale, a new 24-hour Kwik Trip, at the intersection of Commerce Drive and SE 15th Avenue. The 9,500 square foot development has been approved by the City and is anticipated to open in 2026.

This location will feature a dining area, outside picnic area, attached car wash, ATM with no fees and eight pump fueling canopy. The development will provide 25 to 35 permanent jobs.

Introduction

Previous sections of this study analyzed demographic and economic trends along with commercial real estate market trends that drive demand for commercial real estate in the Market Area. Additionally, the overall supply of commercial real estate (land and buildings) in Lonsdale and the surrounding area was evaluated. Based on these findings, we estimate demand for future retail and office development in Lonsdale between 2026 and 2036.

Retail Development Potential

Demand for additional retail space, measured in gross leasable space in square feet, is calculated in the table on the following page which combines demand information with supply to calculate the amount of retail space supportable in Lonsdale. The retail demand calculation begins with household growth projections combined with an estimate of the total expenditures for retail goods and services by residents in the PMA, excluding expenditures for automobiles, homes, finance and insurance, education, and travel.

- Due to growth in the household base and accounting for inflation, as well as projected increases in household income, overall retail expenditures by PMA residents are expected to increase between 2026 and 2036.
- Accounting for inflation and for anticipated growth in online spending, we anticipate that the average retail sales per square foot will increase from an estimated \$325 in 2026 to \$350 in 2031 and \$377 in 2036. The retail sales per square foot reflects an average across all shopping types, adjusted by Maxfield Research to reflect current year data.
 - Then, we subtract any pending retail space from the demand potential (9,500 square feet for the pending Kwik Trip development)
- Based on the location of households and concentrations of existing retail business establishments in the PMA, along with accessibility and visibility of Lonsdale, we estimate that Lonsdale will capture 100% of the PMA's retail demand growth between 2026 and 2036.
- Overall, we estimate that there will be demand for 18,804 square feet of new retail space in the PMA between 2026 and 2031 and 35,239 square feet of new space between 2031 and 2036.

Table 17

DEMAND FOR RETAIL SPACE PRIMARY MARKET AREA 2026 to 2036				
		2026	2031	2036
Trade Area Households		3,608	3,635	3,710
(times) Annual Household Expenditures*	x	\$29,750	\$34,480	\$39,970
(equals) Total Trade Area Expenditures	=	\$107,338,000	\$125,334,800	\$148,288,700
(divided by) Average sales per Sq. Ft.	/	\$325	\$350	\$377
(equals) Total Retail Space Demand (Sq. Ft.)	=	330,271	358,099	393,339
			2026 - 2031	2031 - 2036
Growth in Retail Demand by Time Period (Sq. Ft.)			27,829	35,239
(minus) Pending retail square footage^			9,500	0
(equals) Excess Retail Demand Growth (Sq. Ft.)			18,804	35,239
(times) Percent capturable in Lonsdale	x		100%	100%
(equals) Retail Demand (Sq. Ft.) capturable in Lonsdale	=		18,804	35,239
Retail Demand Capturable in Lonsdale 2026 - 2036 (Sq. Ft.)			54,043	
*Excluding expenditures for home buying, finance & insurance, travel, vehicle sales.				
^Retail space under construction or approved				
Sources: ESRI; Maxfield Research & Consulting				

Office Development Potential

This section focuses on factors that influence the demand for office space, primarily business and employment growth. The amount (in square feet) of additional office space supportable in the PMA is based on projected employment growth, particularly among the sectors that typically utilize office space. Our demand calculations are shown in the following table and are summarized in the following points.

- The demand calculations begin by evaluating the total number of jobs in the PMA in 2026 and estimating the proportion of those jobs which were in typical office-using industries.
 - These percentages are projected to increase modestly as the greatest job growth over the next several years according to MN DEED will be among industries that often require office space, such as Education and Health Services, Professional and Business Services, and Financial Activities.
 - Not all of the office-using jobs created will seek or want space in office buildings, so we adjust the number of employees likely working in office space to account for the proportion of office-using businesses with fewer than five employees. Most of these businesses are likely one-person or two-person businesses, many operating out of homes.

CONCLUSIONS & RECOMMENDATIONS

- We then multiply the estimated number of employees in office space by an industry standard of 175 square feet of office space per job, resulting in the estimated demand for office space in 2026.
- Multiplying these office space per employee metrics by the number of employees estimated to require office space for each time period (2026 to 2031 and 2031 to 2036) reveals the projected growth in demand for office space between 2026 and 2036.
- The office demand calculations are based primarily on business and employment growth factors, but demand for office space can also result from existing companies seeking opportunities to relocate or consolidate their employees and operations.
 - We would then subtract any pending office space from the demand potential, but we did not identify any office buildings under construction in the PMA.
- Based on employment concentrations in the PMA, along with accessibility and visibility of Lonsdale, we estimate that the City of Lonsdale will capture 100% of the PMA’s office demand growth, resulting in demand for 21,649 square feet of commercial space needed in Lonsdale to support the projected office demand growth by 2036.

Table 18

PROJECTED DEMAND FOR OFFICE SPACE CITY OF LONSDALE 2026 to 2036				
		2026	2031	2036
Projected total number of jobs in PMA Communities		1,399	1,565	1,706
(times) % of jobs in industries requiring office space	x	31.5%	33.5%	35.5%
(equals) Projected number of office-type jobs	=	441	524	606
(times) % of jobs seeking/needing office space [^]	x	75%	75%	75%
(equals) Projected # of employees in office space	=	331	393	454
(times) Square feet of office space per employee	x	175	175	175
(equals) Projected demand for office space (sq. ft.)	=	57,840	68,811	79,489
			2026-2031	2031-2036
Growth in Office Space Demand by Time Period (sq. ft.)*			10,971	10,678
(minus) Pending office space under construction (sq. ft.)	-		0	0
(equals) Excess demand for office space (sq. ft.)	=		10,971	10,678
(times) Percent capturable in Lonsdale	x		100%	100%
(equals) Office Demand Capturable in Lonsdale	=		10,971	10,678
Office Demand Capturable in Lonsdale 2026 - 2036 (Sq. Ft.)			21,649	
[^] Percent of office-type jobs seeking office space versus home offices or retail spaces.				
[*] Demand calculation assumes PMA office market remains at equilibrium				
Sources: MN DEED; Maxfield Research & Consulting				

Commercial Real Estate Interviews

Maxfield Research and Consulting conducted interviews with local commercial real estate agents and economic development professionals to identify real estate needs in Lonsdale.

Below are key findings from the commercial real estate interviews:

- The existing retail base in Lonsdale remains limited and is concentrated within a compact commercial core. This cluster includes a small number of grocery, hardware, convenience, and personal service tenants that focus on meeting day-to-day needs for local residents. Because the range and scale of retail options are constrained, households frequently travel to larger nearby centers such as New Prague, Northfield, Faribault, and Lakeville for goods, shopping, big-box retail, and more specialized services. This travel pattern defines Lonsdale's current niche as a neighborhood-convenience market, where the emphasis is on quick trips for essentials rather than destination shopping or regional-scale retail activity.
- There is limited multi-tenant office inventory, which constrains the ability of the community to accommodate larger traditional office users. Instead, most professional and medical tenants operate from small single-tenant buildings, converted homes, or office suites that combine office, service, and light industrial functions. Given the community's size and role within the region, office demand remains modest. Even so, there is emerging opportunity for smaller space users such as clinics, dental practices, insurance agents, financial advisors, real estate and construction services, and other professional firms that prioritize convenient access for local clients and lower rental rates than those found in Lakeville, New Prague, or Northfield.
- Overall, these dynamics support the view that Lonsdale offers a small but maturing commercial market that is closely linked to its function as a growing bedroom community and neighborhood service hub within the south metro. Population growth has been strong over the past decade, with a significant number of new households choosing Lonsdale for its housing options and community character. This continued residential expansion serves as the primary demand driver for retail, personal services, and small office users. High rates of homeownership and rising median home values point to a stable customer base with increasing purchasing power for everyday goods and services. Steady household growth and a solid homeowner profile suggests a market with opportunities for additional retail, local services, and small professional offices.

Summary and Conclusions

Notable trends that will impact the market over the next several years include population and household growth, income growth, and job growth which will be needed to support potential business and employment expansion.

Demographics and Employment

- Overall, Lonsdale and the Remainder of the Market Area have experienced strong population and household growth recently. Between 2010 and 2020, the PMA's population increased 12.8% (1,119 people) while the household base expanded 11.3% (353 households). Lonsdale experienced 27.5% population growth (1,012) and 21.5% household growth (274) during the decade.
- Growth is projected to continue in the area. The PMA's population is expected to increase 0.6%, adding 62 people between 2026 and 2031, including 2.2% growth in Lonsdale with the addition of 109 people. The PMA's household base is projected to expand by 75 households (2.1%), by 2036, including the addition of 90 households in Lonsdale (5.3% growth).
 - Additional commercial goods and services will be needed to support the expanding household base in the Market Area over the next several years.
- Lonsdale is projected to add 143 jobs (19.1%) between 2025 and 2031. This is a higher percentage than the PMA (11.9%) and Southeast Minnesota (2.7%). From 2031 to 2036, Lonsdale is predicted to add another 166 jobs (18.6%), which is higher than the PMA (9%) and Southeast Minnesota (2.3%).
- In the PMA, the office-occupying sectors also experienced significant growth, expanding at a faster pace than total job growth, expanding 151% between 2016 and 2025 (181 jobs).
- Based on age distribution projections for the Market Area, demand growth is projected to be strongest for commercial goods and services catering to the senior population (65+) and 45 to 54 age group over the next several years.
- Strongest household growth is expected to occur in the upper-income brackets in the PMA, as the number of households with incomes between \$150,000 or more increases 23% (233 households). Similarly, Lonsdale is projected to experience 38% growth in households with incomes of \$150,000 or higher (116 households).
 - Household growth in these higher-income brackets suggests there will be increased demand for retail and entertainment goods and services (i.e. dining, home furnishings, specialty apparel, recreation, sporting goods, luxury items) as well as health care services (i.e. medical clinic, pharmacy, chiropractic, dental).

CONCLUSIONS & RECOMMENDATIONS

- Underlying market conditions will also have significant influence over the development potential for commercial space in Lonsdale. The following points summarize key findings from our review of market conditions impacting the commercial real estate markets in the area.

Commercial Real Estate (Office & Retail) in Lonsdale

- As of 2023, the Health Care and Social Assistance sector covered 186 businesses (37% of all the businesses in the office-using sectors) while the Professional, Scientific, and Technical Services sector contained 125 businesses (25%). The Real Estate and Rental and Leasing, as well as the Finance and Insurance sectors covered 13% and 18% of businesses. Population and household growth in the Market Area are stimulating demand for services from businesses in these sectors. Based on these business growth trends, it appears that office demand is strongest among firms requiring smaller spaces, particularly among the industry sectors providing services to local households (i.e. real estate, health care, legal).
- Based on the information from Moody's Analytics, there are 36 existing retail and eight office properties in Lonsdale. There is 202,914 square feet of retail space and 32,925 square feet of office space. Lonsdale's commercial real estate inventory totals 235,839 square feet.
- There are no actively-marketing office or retail properties in the PMA or in the surrounding areas such as Northfield, New Prague, Montgomery, Dundas, Le Sueur, and Le Center based on Moody's Analytics and the Minnesota Commercial Association of Realtors (MNCAR) commercial property exchange.
 - Due to the lack of actively-marketing commercial space in the PMA indicates pent-up demand for office and retail space.

Consumer Spending and Retail Sales in the PMA

- Overall, PMA residents will spend an estimated \$107,340 on retail goods and services in 2026, excluding housing, finance/insurance, travel expenditures, and vehicle purchases.
- Average annual expenditures on retail goods and services (excluding the categories mentioned) are estimated to be \$29,750 per household in the PMA, modestly higher than \$26,545 per household in Lonsdale.
- Among the retail categories, spending was greatest for Food at Home (i.e. groceries) at an average of \$6,940 per household in the PMA and \$6,126 per household in Lonsdale.
- PMA spending was also relatively high for discretionary items, such as Entertainment and Recreation (\$4,098 per household), Food Away from Home (\$3,964 per household) and Apparel and Services (\$2,372 per household).

CONCLUSIONS & RECOMMENDATIONS

- Based on average spending per household, we estimate that the 3,608 households in the PMA will spend an estimated \$125,361 on consumer expenditures in 2026, while Lonsdale householders spend an estimated \$104,524.

Pending Projects

- There is one pending commercial development in Lonsdale, a new 24-hour Kwik Trip, at the intersection of Commerce Drive and SE 15th Avenue. The 9,500 square foot development has been approved by the City and is anticipated to open in 2026.

Commercial Real Estate Interviews

- The existing retail base in Lonsdale remains limited and is primarily concentrated within a compact commercial core and a short, highway-oriented corridor. This cluster includes a small number of grocery, hardware, convenience and personal service businesses that focus on meeting the day-to-day needs of local residents.
- There is a limited amount of multi-tenant office space, which constrains the ability of the community to accommodate larger traditional office users. Instead, most professional and medical tenants operate from small single-tenant buildings, converted homes or office suites incorporated into mixed-use that combine office, service and light industrial functions.
- Lonsdale offers a commercial market that is closely linked to its function as a growing bedroom community and neighborhood service hub in the south metro. Steady household growth and a solid homeowner profile suggest a market with opportunities for additional retail, local services and small professional offices.

Recommendations

- Based on employment concentrations in the PMA, along with accessibility and visibility of Lonsdale, we estimate that the City of Lonsdale will capture 100% of the PMA's office demand growth, resulting in demand for 21,649 square feet of commercial space needed in Lonsdale to support the projected office demand growth by 2036.
- Based on the location of households and concentrations of existing retail business establishments in the PMA, along with accessibility and visibility of Lonsdale, we estimate that the City of Lonsdale will capture 100% of the PMA's retail demand growth between 2026 and 2036. We estimate that there will demand for approximately 18,804 square feet of new retail space in Lonsdale by 2031 with demand for another 35,239 square feet between 2031 and 2036.

CONCLUSIONS & RECOMMENDATIONS

- Much of the commercial real estate demand in Lonsdale is expected to be driven by local commercial tenants and buyers seeking smaller spaces. While we do not anticipate that Lonsdale will attract a large multi-tenant professional office building in the near-term, commercial ventures providing personal and professional services to area households could be drawn to new commercial space in Lonsdale.
- As more households move in and existing residents form stable, long-term ties to the community, the gap between local spending potential and available retail space becomes more pronounced, creating room for additional small-format commercial users. Because Lonsdale residents already commute to places like Lakeville, New Prague, and Northfield, much of the opportunity lies in capturing spending before and after those trips and reducing the need for routine out-of-town errands. This favors convenient locations along main corridors and near established neighborhoods, with easy parking, simple access, and formats that support quick visits.
- Overall, the trajectory of Lonsdale's office and retail demand favors incremental expansion of neighborhood-serving businesses. As the community continues to add households and gradually expand its employment base, demand is expected to grow that supports additional service providers, professional offices, and convenience-oriented retailers.
- The strongest candidates for new or expanded businesses in Lonsdale are those that directly respond to daily and specialty household needs in addition to the additional daytime population.

Table 19

RECOMMENDATIONS CITY OF LONSDALE FEBRUARY 2026	
Service Type	Square Footage
Food and Beverage	
<i>Quick-service restaurants (preferred)</i>	3,000 - 4,000
<i>Casual family dining (preferred)</i>	5,000 - 6,000
<i>Coffee shops</i>	1,500 - 2,500
<i>Bakeries</i>	2,000 - 3,000
Health and Wellness	
<i>Pharmacy (preferred)</i>	1,500 - 3,500
<i>Medical Clinic</i>	2,000 - 4,000
<i>Dental Clinic</i>	2,000 - 4,000
<i>Physical Therapy</i>	2,000 - 4,000
<i>Chiropractic Services</i>	2,000 - 3,000
<i>Eye Care</i>	2,000 - 3,000
Financial and Professional Services	
<i>Bank or Credit Union</i>	4,000 - 6,000
<i>Insurance</i>	1,000 - 3,000
<i>Tax Preparation</i>	750 - 1,500
<i>Financial Advisory Services</i>	1,500 - 2,500
Personal Care and Lifestyle	
<i>Nail Salon (preferred)</i>	1,500 - 2,500
<i>Barbershop or Hair Salon</i>	1,500 - 2,500
<i>Massage Therapy or Spa</i>	1,500 - 2,500
Household Goods and Repair	
<i>Hardware</i>	4,000 - 6,000
<i>Appliance/Equipment Repair</i>	2,000 - 3,000
Specialty Retail	
<i>Boutique Gift Shops</i>	1,500 - 2,500
<i>Home Décor</i>	1,500 - 2,500
<i>Hobby Store</i>	1,500 - 2,500
Sources: Maxfield Research & Consulting	