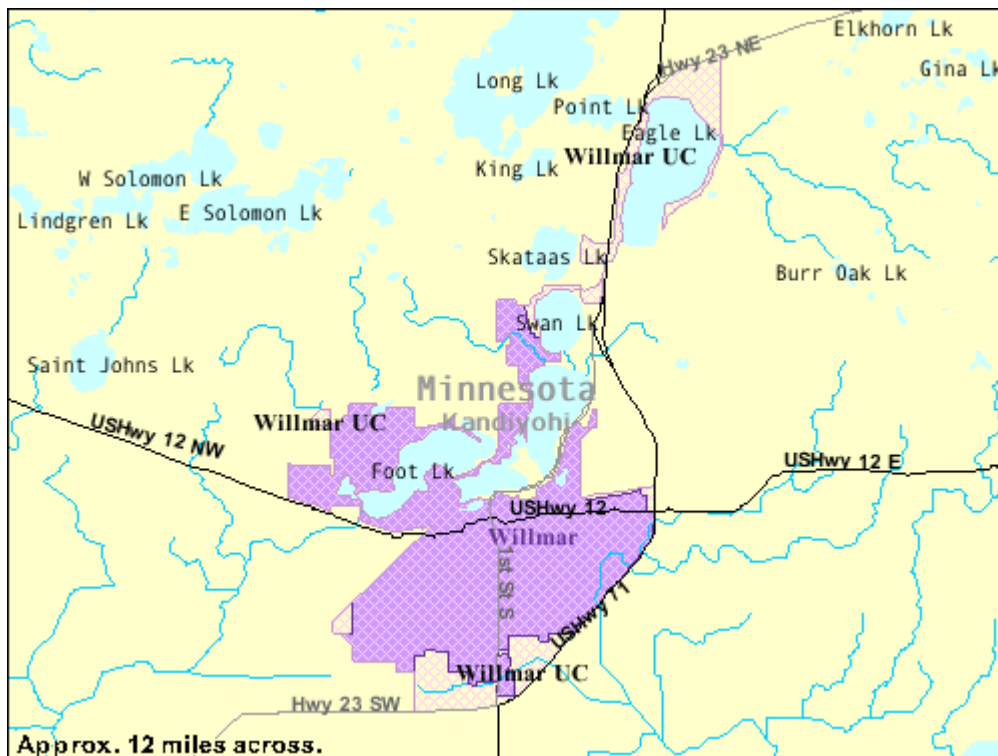


Willmar Lakes Area Demographic & Retail Sales Profile

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Executive Summary

The Willmar lakes area is a vital, growing regional center in the middle of Minnesota. The total population in Kandiyohi County has reached 41,000 and is growing rapidly both through a healthy, aging population and increased in-migration. Family incomes are increasing for these people, providing more disposable income for consumers to spend.



This population and income growth has provided area businesses with a steady consumer base and a highly-skilled, available work force. Plentiful lakes and other recreational amenities draw many workers, shoppers, and tourists from many surrounding communities and counties.

As a regional center, Willmar has greatly increased its share of retail sales activity.

Retail Trade is already the second-largest

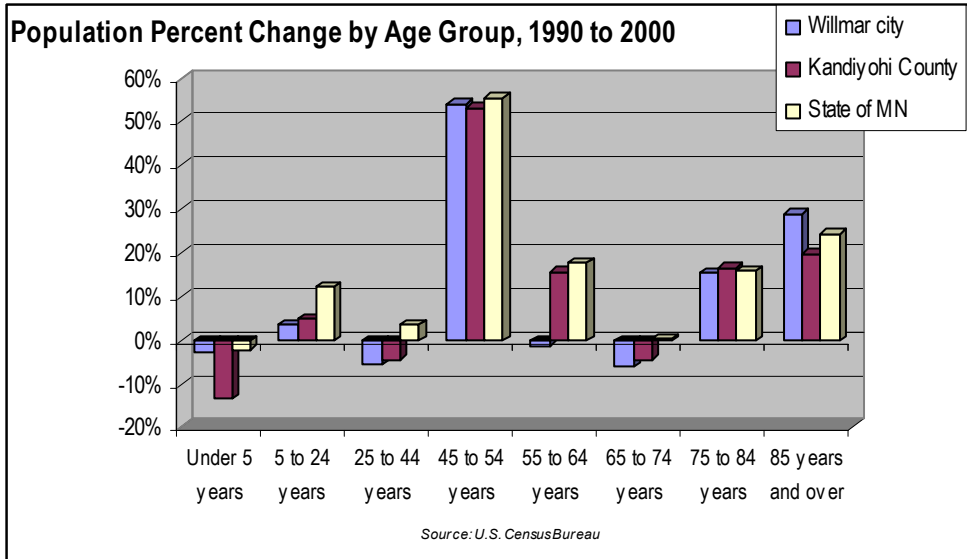
employing industry in Kandiyohi County and the city of Willmar; yet wages for workers remain reasonable (60% between \$5.15 & \$9.99). The Willmar area has a healthy economic base with employment spread across several diverse industry sectors, including Educational Services, Health Care Services, Manufacturing, Financial Services, and Construction.

With two post-secondary training institutions in the immediate area, the Willmar area offers one of the most well-educated, technical work forces in a state that is well-known for educational excellence. Enrollments are increasing at many of the Willmar area primary, secondary, and post-secondary education institutions.

For the purposes of this report, we have gathered data from a variety of sources, including the US Census Bureau, State of Minnesota Dept. of Commerce, DEED's Salary Survey and Covered Employment & Wages program, and a Regional Labor Force Assessment, among other sources. To that end, different data is available for different geographies. At different times, we will refer to the city of Willmar; Kandiyohi County; and others. We also will refer to the "Willmar Area" which includes all data sets as a whole...

Growing Population and Diversity

According to the U.S. Census Bureau, the total population in the city of Willmar increased 5 percent, or close to 1,000 people, from 1990 to 2000. During the same time period, Kandiyohi County grew 6.3 percent, or just over 2,400 people. Willmar is one of only 10 cities in greater Minnesota that has a population over 15,000 but is not located in a Metropolitan Statistical Area.



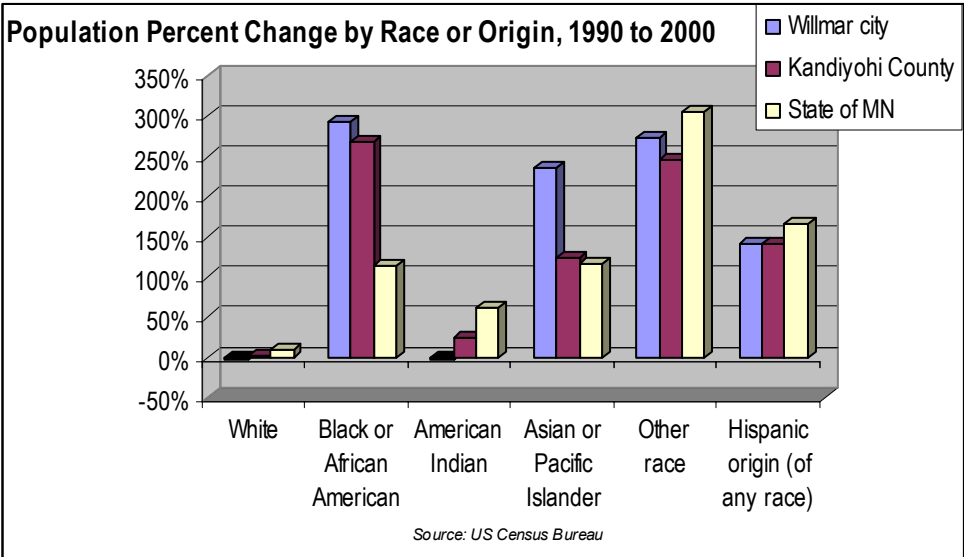
The fastest growing age group includes baby boomers from 45- to 54-years. Many of the people in this age group have teenaged children. Similarly, people between the ages of 5 and 24 years are also growing in the Willmar area.

Nearly 40 percent of the population in the city of Willmar is aged 24 years and younger (7.1% is under 5 years; 31.1% is 5 to 24 years). Just over 36 percent is aged 24 years

and younger in Kandiyohi County (6.2% is under 5 years; 29.9% is 5 to 24 years).

While smaller family sizes have decreased the growth percentages of people under 5 years of age, advances in medical science and health care have increased the percent of people aged 65 years and over.

Population growth can occur both from an increase in births or a decrease in deaths, but in-migration is also a significant growth factor. The Willmar area saw positive changes in all race and origin categories, including rapid growth in persons of Hispanic origin, Black or African American residents, and Asian or Pacific Islander descent.



This growth helps the Willmar area continue to provide a diverse group of available consumers to local businesses, as well as an available labor force to local employers. Growing diversity is valuable to employers in terms of meeting changing customer demands and creating innovative ideas.

Regional Center

The city of Willmar serves as a Regional Center for many of the counties in West Central and Southwest Minnesota, both as an employment and a shopping destination. In fact, Kandiyohi County is a net importer of labor (more available jobs than workers), drawing commuters from nine surrounding counties (Chippewa, Lac qui Parle, McLeod, Meeker, Pope, Renville, Stearns, Swift, and Yellow Medicine) every day. (See Laborshed Map below at right.)

However, the Willmar area also draws shoppers from a wider region, including more counties in West Central and Southwest Minnesota (Big Stone, Douglas, Lincoln, Lyon, Redwood, and Stevens, among others). Combining the populations of all of the preceding listed counties yields a market area of **401,855** people. These people are all within reasonable commuting distance of the Willmar area.

But those people who live in Stearns County have access to the St. Cloud MSA; those people in McLeod County have Hutchinson and close proximity to the Twin Cities MSA; Douglas County has Alexandria; and Lyon County has Marshall. Subtracting out those four counties still leaves a combined population of **175,545** people.

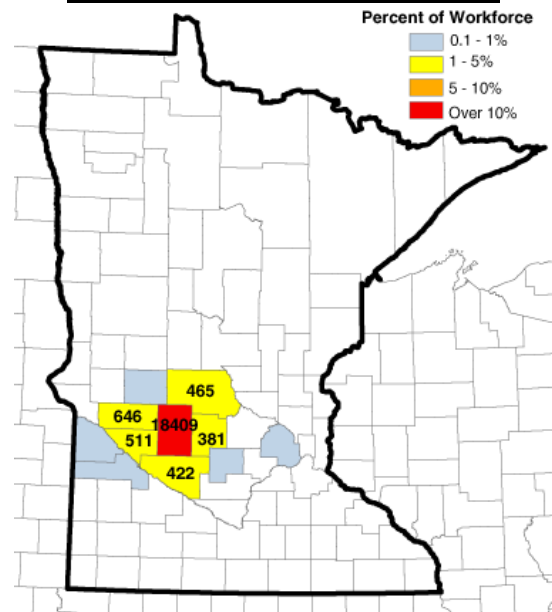
Because of the large number of area lakes and golf courses, the Willmar area is a popular tourist destination in both the summer and the winter months, drawing visitors in from around the state. Some locals estimate that the population doubles some weekends in the summer, as people come out to visit family and friends, spend time at the lake, or attend area fairs and festivals.

Although we can identify the number of people who drive into Kandiyohi County for work, it is nearly impossible (and not within the scope of the data available) to quantify how many people shop or visit the Willmar area on a daily, monthly, or seasonal basis.

Various studies by University of Minnesota geographers have shown that regional trade centers captured the largest share of growth over the last four decades, so that retail trade was much more concentrated in the centers rather than the small towns surrounding them. Winona, Mankato and Willmar doubled their share of retail trade, largely at the expense of smaller centers in their surrounding regions.¹

But the shift toward larger centers was not limited to retail trade. Service industries have always been attracted to population centers because services are most in demand where other services and businesses are located. Transportation, communication and wholesale trade also concentrate in larger centers because inventory can be controlled more easily, more specialties can be handled and “hub and spoke” delivery is more efficient.

Kandiyohi County Laborshed Map



¹ <http://www.mnplan.state.mn.us/pdf/2001/RuralLivelihood.pdf>
Willmar Lakes Area Demographic Report

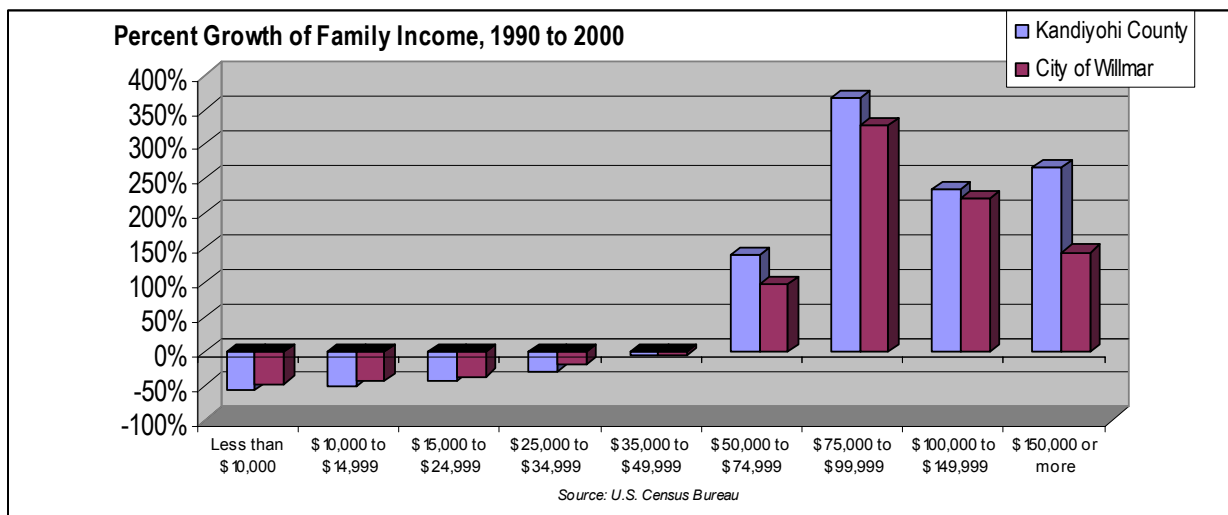
Median Family Income

Slightly lower than the state as a whole, Kandiyohi County had a median household income of \$39,772 in 1999, according to the U.S. Census Bureau. Minnesota, buoyed by higher incomes in the Twin Cities MSA, had a median household income of \$47,111. But differences in cost-of-living (including housing, transportation, etc.) explain much of the differences in incomes.

The median family income in the city of Willmar in 1999 was \$45,415; and more than 63 percent of families earned \$35,000 or more each year. Twenty-three percent of families earned between \$50,000 and \$74,999; 12.2 percent earned \$75,000 to \$99,999; and 7.3 percent earned \$100,000 or more.

Kandiyohi County showed similar family incomes; the median family income in Kandiyohi County in 1999 was \$48,016; and close to 70 percent of families earned \$35,000 or more each year. Twenty-seven percent of families earned between \$50,000 and \$74,999; 12 percent earned \$75,000 to \$99,999; and 8.9 percent earned \$100,000 or more.

From 1990 to 2000, the percent of families making \$50,000 and more increased while the percent of families earning \$34,999 and less decreased. The Willmar area has become more affluent as the economy has diversified and the city has grown into a regional center.



Retail Sales and Use Tax Statistics

The city of Willmar and Kandiyohi County have seen retail activity expand quickly in the last decade, as Kandiyohi County surpassed \$450 million in retail sales in the year 2000. This was a \$50 million increase over a four-year time span. At that rate of increase, Kandiyohi County could have retail sales of nearly \$500 million dollars by the year 2005. The city of Willmar contributes the lion's share of the retail sales activity in the county. (See Table below.)

Retail Sales Information (from MN Dept. of Revenue)

Year	City of Willmar Sales	Kandiyohi County Sales
2000	\$349,609,239	\$450,349,123
1998	\$344,018,491	
1996	\$330,011,429	\$402,622,519

But Kandiyohi is a strong agricultural county with a much more diversified economic base, including manufacturing, healthcare services, wholesale trade, finance and insurance services, business services, government and educational services, among others.² In fact, total sales in Kandiyohi County exceeded \$1.1 billion in 2000, according to the Minnesota Dept. of Revenue.

Industry Sales Information (from MN Dept. of Revenue)

Year	Industry	Kandiyohi County Sales
2000	Ag Production – Livestock	\$114,744,816
2000	Agricultural Services	\$10,322,371
2000	Fishing, Hunting, Etc.	\$1,546,293
2000	Building Construction & Trade Contractors	\$57,459,865
2000	Manufacturing	\$82,219,178
2000	Motor Freight	\$9,085,147
2000	Communication	\$14,927,889
2000	Utility Services	\$15,911,331
2000	Wholesale – Durable Goods	\$122,251,459
2000	Wholesale – Nondurable Goods	\$70,563,034
2000	Real Estate	\$1,336,725
2000	Hotels, Lodging Places	\$7,675,760
2000	Personal Services	\$6,373,690
2000	Business, Engineering, & Mgmt. Services	\$16,530,815
2000	Automobile Services & Misc. Repair Services	\$14,195,301
2000	Amusement & Recreation (Incl. Movies)	\$5,932,447
2000	Health & Social Services	\$54,116,921
2000	Membership Organizations	\$2,753,207
2000	Undesignated & Miscellaneous Services	\$56,238,023
2000	Public Administration (Government)	\$21,743,425
2000	Total, Kandiyohi County	\$1,136,352,569

² <http://www.mnplan.state.mn.us/pdf/2001/RuralLivelihood.pdf>

Largest and Similar Industries

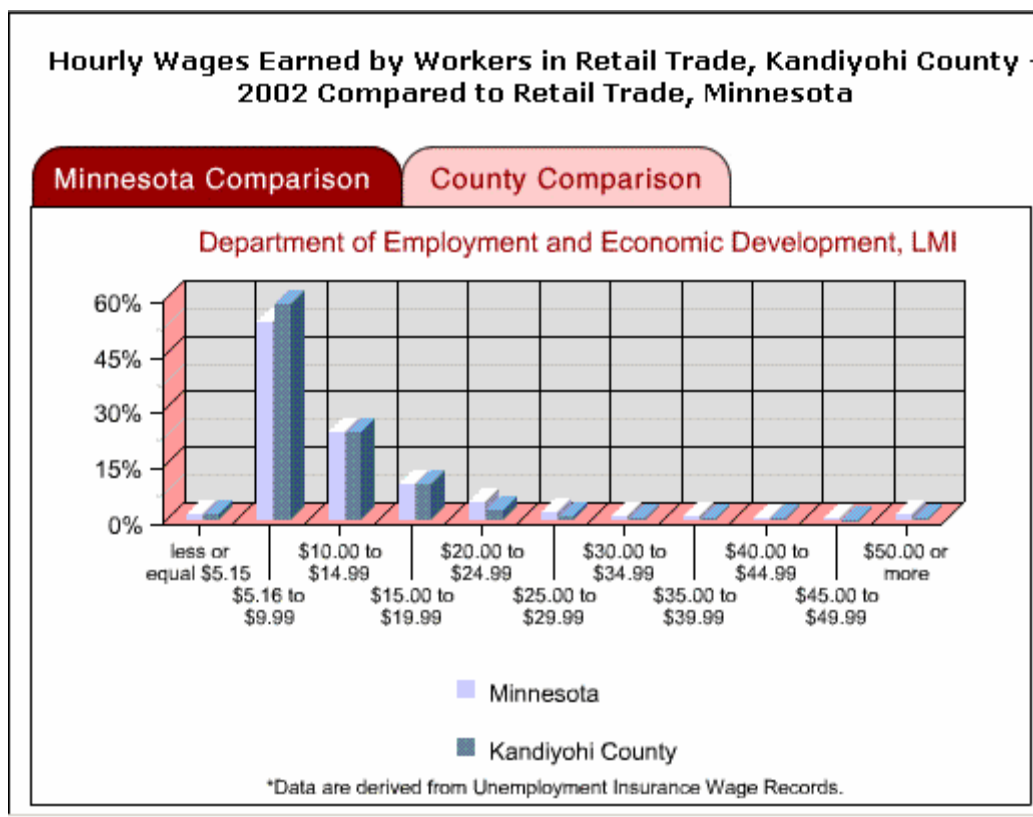
As shown by sales receipts, the Willmar area has a healthy economic base with employment spread across several diverse industries, including Manufacturing, Educational Services, Health Care Services, Retail and Merchandise Stores, Financial Services, and Construction. Many area residents also travel to Willmar for Health Care, Social Services, and other Government-related Services.

Largest Industries in Kandiyohi County, 2002	Employment
Total, All Industries	21,499
Manufacturing	3,033
Retail Trade	2,915
Accommodation & Food Services	1,492
Educational Services*	1,366
Health Care & Social Assistance*	1,341
Construction	1,299
Wholesale Trade	1,041
Public Administration	918
Administrative & Waste Services	708
Other Services, Except Public Admin.	693
Finance & Insurance	640
Information	512
Transportation & Warehousing	495
<i>Source: DEED Covered Employment & Wages data</i>	
* Government Employment only	

Largest Industries in city of Willmar, 2002	Employment
Total, All Industries	16,081
Manufacturing	2,630
Retail Trade	2,392
Health Care & Social Assistance*	1,341
Accommodation & Food Services	1,146
Educational Services*	1,027
Public Administration	743
Other Services, Except Public Admin.	505
<i>Source: DEED Covered Employment & Wages data</i>	

Retail Trade is the second largest employing industry in both Kandiyohi County and the city of Willmar, again demonstrating the city's position as a regional shopping center. According to Industry Wage Detail statistics from the Minnesota Dept. of Employment & Economic

Development, close to 60 percent of retail workers in Kandiyohi County earned between \$5.16 and \$9.99 an hour. (See Chart below.)



Student Populations and Post-Secondary Institutions

The city of Willmar has just under 5,000 primary, secondary, and post-secondary students aged 3 years and over. Kandiyohi County has more than 10,800 students in primary, secondary, and post-secondary institutions in the area.

The Willmar area is home to one post-secondary institution providing technical and advanced educational programs. Ridgewater College, with locations in Willmar and Hutchinson, served just under 4,000 students in 2002. The Granite Falls campus of Minnesota West Community & Technical College is located about a half hour away.

School Enrollment & Type of School	City of Willmar	Kandiyohi County
Population 3 years & over enrolled in school	4,769	10,814
Nursery school, preschool	229	556
Kindergarten	248	578
Elementary: grade 1 to 4	1,056	2,402
Elementary: grade 5 to 8	1,193	2,766
Elementary: grade 9 to 12	1,131	2,884
College, undergraduate	866	1,471
Graduate, professional school	46	157
<i>Source: U.S. Census Bureau</i>		

The St. Cloud area also has several post-secondary institutions serving more than 22,000 students from Central Minnesota and across the state and nation. There are many different majors offered at these colleges and universities, but some of the most common are Business Management & Admin Services; Health Professions and Related Sciences; Education; Engineering-Related Technologies; Social Sciences & History; Computer & Information Sciences; Psychology; and Precision Production Trades.

There are 9 institutions located within 50 Miles from zip code 56201

Institution	City	State	Size	Distance
RIDGEWATER COLLEGE	WILLMAR	MN	3,989	0
MINNESOTA WEST COMMUNITY AND TECHNICAL COLLEGE	GRANITE FALLS	MN	3,081	33
RIDGEWATER COLLEGE	HUTCHINSON	MN	3,989	36
SAINT JOHNS UNIVERSITY	COLLEGEVILLE	MN	2,043	45
ANOKA-HENNEPIN TECHNICAL COLLEGE	ANOKA	MN	2,273	46
COLLEGE OF SAINT BENEDICT	ST JOSEPH	MN	2,072	47
SAINT CLOUD STATE UNIVERSITY	ST CLOUD	MN	16,224	50
MODEL COLLEGE OF HAIR DESIGN	ST CLOUD	MN	116	50
ST CLOUD REGENCY BEAUTY ACADEMY	ST CLOUD	MN	161	50