

## Chapter 4: Development Forecasts and Assumptions

### Population Trends – Recent Growth in Dundas

Average household size has generally decreased across the country. Only fast growing areas with new family populations have increased their average household size. Dundas has followed the Rice County trend and has a lower average household size than it had in 1980. The table below shows the trend in household size between 1980 and 2000 and projections through 2020.

#### Household Size

Town	1980	1990	2000	2010	2020
Bridgewater	3.33	3.04	N/A	N/A	N/A
Dundas	2.99	2.73	2.57	2.45	2.39
Northfield	2.60	2.48	3.49	3.35	3.13

Source: Census, Former State Demographer Hazel Reinhardt's memo dated 11/02/05 on population and household projections for Northfield and Dundas

Despite a declining household size, Dundas has added enough new housing units to experience steady growth since 1980. Prior to that period, there was little new construction and the population had been declining. There were 456 people in Dundas in 1940. The table below shows how Dundas, Bridgewater and Northfield have grown over the last three decades.

#### Population

Town	1980	1990	2000	2010	2020
Bridgewater	1,691	1,612	1,893	2,157	2,428
Dundas	422	473	547	1,262	2,259
Northfield	12,549	14,514	17,147	20,284	23,616

Source: Census, Former State Demographer, Hazel Reinhardt's memo dated 11/02/05 on population and Household projections for Northfield and Dundas

The year 2000 population of Dundas was 547. The population increased by 125 people from 1980 to 2000 (29%) and by 74 from 1990 to 2000 (16%). The Millstone Addition was started in 1998 and the Bridgewater Heights and Stoneridge Additions in 2006 constituting the majority of recent residential growth. These projects are estimated to result in over 100 new housing permits in 2006.

### Population Projections – 6,000 people living in Dundas by 2030

Population growth depends on several factors, however, the rate of new housing growth provides an alternate and measurable method for projecting population growth. New housing development at the rate of over 100 units per year is currently being experienced in the Bridgewater and Stoneridge developments. These rates provide a useful benchmark for estimating future growth in Dundas. Dundas is projecting population growth will sustain these 100 units per year. Therefore, it is assumed that the population of Dundas will increase by nearly 6,000 people between 2006 and 2030. (24 years at 100 dwelling units per year and 2.5 persons per household). This growth will require approximately 1,000 acres of land including road right-of-way or about 40 acres per year. The Annexation Agreement allows for an average of 43 acres per year to be annexed for growth. There are 1,200 acres within the current city boundary of which 500 acres are undeveloped and guided for residential use. About half of this (240 acres) is

**Alternate Population Forecast for Dundas/Northfield**

	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>
Dundas	547	2,229	4,729	7,229
Northfield	17,154	20,084	22,584	25,084
Dundas/Northfield	17,701	22,313	27,313	32,313

Source: Alternate forecast is based on State demographic population projections (Department of Administration) for 2004 (729 for Dundas and 18,584 for Northfield) and 100 new residential units per year each in Dundas and Northfield and 2.5 persons per household for every year after 2004.

designated as rural service district indicating its unavailability for urban development. There is another 1200 acres outside of the current city and within the orderly annexation area that is guided for residential use. There is a sufficient inventory of land within the current city and annexation area to accommodate the projected new residential growth through 2030.

Housing forecast for Northfield also support continued strong growth in Dundas. Northfield is projecting 65 to 140 new housing units per year. But, it could be even more than this amount. Dahlgren Shardlow and Uban conducted a housing study for the Northfield area in 2003. The conclusions of that report are that the Northfield area will “develop approximately 2,000 new housing units between 2000 and 2010.” This would amount to 200 housing units per year.

Dundas and Northfield are in the same housing market and developers have a choice as to where to build their new units. Both municipalities have sewer and water. It seems reasonable to assume that Dundas could attract up to half of these 200 housing units per year as the land supply available for development in Northfield is diminished.

**Commercial Growth Projections**

Dundas has two commercial areas – downtown and along Highway 3. The old downtown area has not grown, while the highway area has experienced substantial commercial growth. K-Mart and Menards are the large anchor retailers on the highway.

There is additional undeveloped, commercially zoned land on both the east and west sides of the highway.

The market for the development of the undeveloped properties for commercial uses at the outset of this plan was soft. A market study done by Maxfield Research Inc. in 2000 found that there was an oversupply of 8,103 sq. ft. of space in the greater Northfield area. The study projected a demand for new retail space of 63,603 sq. ft. by 2005. This study included the new Target store in Northfield but not the new Menards store in Dundas. A new Cub store has been developed adjacent to the Target store. The Cub store resulted in the vacation of retail space in downtown Northfield and make it extremely unlikely that Dundas will be able to develop another full service grocery store, in the near future.

Despite the market studies that indicate a weak retail market, Dundas does have one primary advantage – developable land. Therefore, as the population of the area increases, there will be a market for smaller retail and service developments.<sup>1</sup> However, the big box retailers seem to draw from a larger than normal market area and could enter the Dundas/Northfield market area.

<sup>1</sup> The per capita expenditure for each new resident was estimated by Maxfield to be about \$8300 per year in 2000. Using Maxfield’s rule of thumb of sales per square foot of \$150, this equates to a retail demand of 55 sq. ft. per new resident.

Based on this study and the experience with K-Mart and Menards, Dundas assumes that commercial growth along the highway will proceed slowly between 2000 and 2020 but that enough land should be retained for another big box retailer if it should seek a location in Dundas.

The downtown market seems to be limited solely to entertainment and some agri-businesses that are remnants of the days when Dundas was a stronger milling and agricultural service center. There are a collection of eating and drinking establishments that exist in the downtown area. They have a chance to thrive if the downtown riverfront is developed in such a way so as to attract visitors to the downtown area or if population projections are realized.

## **Industrial Growth Projections**

The industrial market was also relatively weak when this plan was adopted. The closing of Fairway Foods and RytWay caused 600,000 sq. ft. to be vacant and for lease in the Dundas/Northfield area in 2001. The Fairway Foods property has been leased, but the Rytway property remains vacant.

The Maxfield market study done in 2000 indicated an oversupply of about 528,000 sq. ft. of industrial space when the vacant Fairway and Rytway properties were included in the study.

This plan provides for a large area for potential industrial expansion. It is anticipated that industrial growth will eventually come to the Dundas/Northfield region and that the only place with access to the railroad and sewer and water will be in southwest Dundas.

Dundas has had relatively liberal development and maintenance standards. This has been perceived as a "pro-business" attitude. However, Dundas residents are now in favor of stricter development standards where the buildings have a more quality exterior appearance and storage is kept indoors or screened from adjacent streets. This will increase the costs to prospective businesses. However, it is unclear whether this will mean more or less demand for lots in the City's industrial park.

**Conclusion:** Dundas assumes that there will eventually be a demand for industrial sites and service businesses and that land will be reserved for industrial uses.