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news



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Feature Article

Rochester Market Update

by Terry Smith, TRS Commercial Real Estate

The Rochester market continues to grow as evidenced by residential growth both in and surrounding Rochester and new proposed retail developments. Home to the Mayo Clinic, which was recently ranked as the second best hospital in the U.S. and first in six specialties, Rochester is the financial, medical and retail focal point of southern Minnesota.

This growing trade area of approximately 195,440 (30-mile radius) is in Olmstead County, approximately 80 miles south of the Twin Cities. Low unemployment, high quality of life and an excellent highway system, currently under construction with a major expansion, indicate a continued strong economy for the foreseeable future.

A look at the retail world of Rochester confirms two facts: Downtown contains mainly service, support retail and entertainment, and Highway 52 is the retail lifeline that serves the trade area. Retail is mainly clustered along Highway 52 in three areas (north, central and south) and a closer look at each reveals the existing and proposed retail activities.

Highway 52 North (Between 37th and 55th Streets)

Northwest Plaza Shopping Center, located at the Southwest corner of Highway 52 and 55th Street NW, is anchored by the recently expanded Wal-Mart Supercenter, Sam's Club and EconoFoods (rumored to be under-performing.) Several vacant spaces are available in strip centers.

Rochester continued on page 2

enhancing our industry

SHOPPING CENTER SNAPSHOT



Owatonna Commons

Location: 35 W and Highway 14 in Owatonna, Minnesota

Opening: Late fall 2004

Owner: Owatonna Commons LLC

Managing/Leasing Agent: John C. Marceau, ACACIA Real Estate Group, LLC

Architect: Reprise Design

Construction Contractor: Pending

GLA: 58,700 sf (2 buildings)

of Stores: 7 - 10

Anchor Tenants: Wine & Spirits, Supercuts, Radio Shack, Restaurant

Market Area Served: Southern Minnesota and Owatonna metro



Construction Style: Block, Brick eface

Additional Facts/Narrative: Owatonna Commons is an exciting new development in the fast-growing community of Owatonna, located approximately one hour from the Twin Cities. Phase I (18,000 sf) has approximately 5,000 sf remaining and is currently looking for Pizza, Dry Cleaner, etc. Build-to-suit is available on Phase II (40,000 sf) and is suitable for one to three tenants. Brokers are encouraged to pursue leasing opportunities for Phase II. Call for broker bonus package by February 1, 2004.

ROCHESTER *continued from page 1*

Maplewood Square Shopping Center, located at the Southeast corner of Highway 52 and 41st Street, has had continued activity in recent years with the relocation of Target. Spaces have been re-tenanted and space still remains available. A parcel allowing up to an additional 40,000 sf of new construction retail is available in the area to the west and south of Hobby Lobby. *Rochester Marketplace*, which opened in 2002, is located at the Southwest corner of Highway 52 and 41st Street NW. Super Target, Home Depot, Staples, and Ultimate Electronics anchor this 469,000 sf regional power center. Limited space is available.

Highway 52 Central (Along Highway 52 along Highway 14 to South Broadway)

Barlow Plaza Shopping Center is located on Highway 14 east of Highway 52. This community center is anchored by HyVee and has limited space available.

Northbrook Shopping Center, a neighborhood center located at the Northwest corner of Broadway and 14th Street NE, is currently unanchored and has numerous spaces available. *Miracle Mile Shopping Center* at the Northeast corner of Highway 52 and 2nd Street is a community center anchored by Hardware Hank, Snyder's, and TGI Friday's. Carson Pirie Scott

relocated as Herberger's to Apache Mall and the space of 67,000 sf is available. *T.J. Maxx Plaza* located at the Southwest corner of Highway 52 and Salem Road SW is a neighborhood center anchored by T.J. Maxx, JoAnn Fabrics, Barclay G. Theater, and Old Country Buffet. Some retail is available. *Apache Mall* is a regional enclosed mall and is anchored by Marshall Field's, JCPenney, Sears and Herberger's. *Crossroads Shopping Center*, located at the Southwest corner of Highway 52 and Broadway, is a community center and is anchored by Outback Steakhouse and OfficeMax. Rainbow Foods is closed and their space is available. Kmart is located at the Northeast corner of Broadway on 10th Street approximately 20,000 sf of space is vacant next to Kmart. *Center Place Galleria* located at the Northeast corner of Broadway and First Street is a neighborhood center downtown and is a specialty center with tenants that include Talbot's, GAP, and Ritz Camera. Several spaces are available.

Highway 52 South

Broadway Commons, located at the Southeast corner of South Broadway and 20th Street Southeast is a regional power center opened in 2001 and is anchored by Wal-Mart, Kohl's, Old Navy, Bed Bath & Beyond and Sportmart. Limited space is available. Shopko and Menard's are nearby.

R.L. Hexum and Associates is actively marketing property for a large retail prospect to anchor a large parcel of land located south of Highways 52 and 63. North American Realty is marketing property for a large mixed-use project located south of Highway 52 on Highway 63 in the area of 48th Street. It is believed a large retail development located on Highway 63 South of Highway 52 would be best positioned to serve the Rochester trade area which draws from mainly south, east and west; however, the opening of Broadway Commons in addition to the Shopko and Menard's has created a retail focal point on Highway 63 North of Highway 52.

The battle for market share of supermarkets continues to change with Rainbow Foods closing two stores and SuperTarget, two Wal-Mart Supercenters, HyVee and Econo-Foods opening new stores. Stay tuned! ■

Resolutions Indicate a Brighter Outlook

myGoals.com announced its annual predictions describing what types of resolutions people are expected to make during this New Year's season.

"Things might actually be returning to normal," said Greg Helmstetter, CEO of myGoals.com, the Web's premiere site for setting and managing personal and professional goals. Last year, a dramatic 27% of people's resolutions were career-related, an 18% increase from 2002. For New Year's 2004, however, a predicted 9% drop in career goals may signal a return to business-as-usual. This shows that people are starting to think about other things, such as family, getting organized, and fixing up the house.

This New Year's, "Health and Fitness" resolutions are expected to regain their title as the most popular category of resolution. Other noteworthy trends include a significant increase in resolutions related to investing in real estate, particularly rental properties.

Resolutions!

With the New Year here, many people are focusing more seriously on their personal and business goals. Here is a list of 10 ways to grow yourself, your business and your career in the New Year.

1. **Discover your motivations.** Determine your deepest drives so you can design your work or business to reflect what is most important to you.
2. **Test assumptions.** Too many people make business decisions or career moves based on assumptions that may not be true.
3. **Develop yourself.** Rather than a personal overhaul, pick one area you would like to improve.
4. **Make new connections.** Meet new people who have high aspirations, think differently than you, or those who offer a new or interesting perspective.
5. **Re-evaluate parameters.** Expand your vision of what is possible.
6. **Get uncomfortable.** Take a risk and do something out of the norm.
7. **Expand your emotional IQ.** Emotional intelligence is essential to leadership and, therefore business success.
8. **Speak to groups.** Public speaking continues to be the No. 1 fear for many, yet it is one of the smartest skills you can develop at any level in your career.
9. **Get real.** Be honest with yourself about what you want to achieve and why.
10. **Become intentional.** Turn off the auto-pilot and become passionate about your work. Develop a strategy and review it often.

Marty Rud

by Kathy Anderson, AIA, Architectural Consortium L.L.C.

Marty grew up in Sioux Falls, South Dakota where he later received a business degree from Augustana College. He married and had four wonderful children. Retail and shopping centers have always been in his blood. Marty started his career as a manager for Montgomery Wards and quickly realized the corporate climate was not for him. He moved to Minnesota to become an executive director for Chevrolet. After three years, it appeared to be a dead end job so Marty began pursuing a promotional job for the marketing of the country's greatest new retail concept, Southdale Center.

Marty entered into his dream job. As there were no handbooks, rules, guidelines on how to promote this new center, Marty came up with fashion shows, 3-ring circuses, and the infamous Bob Barker appearance, all on a \$60,000 budget. After eight years at Southdale he moved on to establishing Har Mar Mall, Northtown

Mall with Robert Muir, as well as jobs in Las Vegas with Balcor, Chicago with Jerry Reinsdorf, and back to Las Vegas to manage The Meadows. Marty was involved in all aspects of retailing, including property management, development, marketing, brokerage and associations.

Despite the early 1990's being a low time in real estate, Marty and his wife decided to move back to Minnesota. Marty dabbled with his own small marketing firm, but it made him too anxious. Having read about a retiree who took a job at a grocery store just to keep active, Marty applied and was hired at the 50th and France Lunds as a carry-out. Quickly his personality and enthusiasm made him the "most preferred bagger" of Edina. After nine months, Marty read an article that highlighted the up-and-coming executive talents of Tres Lund. Marty wrote Tres, describing his carry-out position as well as his legacy of retail experience. Two days later they had

lunch and entered into an employment agreement that assumed a five-year stint. Twelve years later, Marty had accomplished the remodeling of the 50th and France store, multiple new store openings, and the self-satisfaction of knowing what an asset he was to the company.

Despite the sudden death of his wife of 52 years in 1998, Marty considers himself the luckiest man in the world. He subsequently became reacquainted with his high school sweetheart, and has been happily married for the past four years.

Now 80 years old and in retirement, Marty has the vitality of someone half his age. He is one of MSCA's valued treasures, and exemplifies how his large-scale shopping center experience can apply to almost any retail circumstance. His respect for the industry and the MSCA is a reflection of his past. Marty, thank you for enlightening this organization. We wish you well on your next adventure! ■



2004 Schedule of Events

Our monthly program meeting date is the first Wednesday of every month (with the exception of March, July, September and December). All meetings will be held at 8:00 a.m. (registration at 7:30 a.m.) at the Radisson South Hotel unless otherwise noted or publicized before the program. Program topics and location are subject to change.

Wednesday, January 7 - Technology

Wednesday, February 4 - Stock Analyst Panel

Thursday, March 18 - Legislative/Business Day at the
Capitol Four Points Sheraton St. Paul/Capital Hotel

Wednesday, April 7 (Afternoon) - Geographic Focus

Wednesday, May 5 - Development

Wednesday, June 2 - Industry Trends & Demographics

Monday, June 21 - Annual Golf Event
Majestic Oaks

Wednesday, July 7 - Professional Development

Wednesday, August 4 - Retail Focus

Wednesday, September 8 - Mall Focus

Wednesday, October 6 - Economic Outlook

Wednesday, November 3 (Afternoon) - Retail Report

Tuesday, December 7 (Evening) - Year End Ceremonies/STARR Awards/
Holiday Party



CORRECTION

Please note the following information that was not included in the 2003 MSCA Retail Real Estate Report.

Victoria Crossing (Avon Corner, 791-799 Grand Avenue; Milton Mall, 917 Grand Avenue; Victoria Crossing South Mall, 850 Grand Avenue; Victoria Crossing West Mall, 867 Grand Avenue) Saint Paul 55105 SE Sector. **Total GLA:** 77,127 sf
Tenants: Restoration Hardware, Smith & Hawken, Amore Coffee, Birkenstock Footprints, Crocus Hill Flower Market, Park Dental, Proex, Sidney's, Timbuktu Station, Urban Traveler, Cafe Latte, Just Grand, Bead Monkey, Bread & Chocolate, Garden of Eden, Grand Avenue Business Association, Grand Oriental Rugs, InVision Optical, Lagos Hill, Network Karate, Ten Thousand Villages. **Broker:** Exeter Realty Company James Stolpestad (651) 690-2001

These four buildings plus Grand Place and Victoria Crossing East Mall (owned by another party) make up the Victoria Crossing shopping area at Grand and Victoria in Saint Paul. All six buildings contain 134,127 square feet of GLA.

Retail Tidbits

If you have additional tidbits, please forward them to
MSCA News ssalo@msca-online.com



by **Tim Hilger**, Diversified Acquisitions, Inc.

Wal-Mart does it again by recording a single day record in sales. The world's largest retailer recorded \$1.52 billion in sales the day following Thanksgiving in 2003. In 2002 Wal-Mart did \$1.43 billion in sales on the same day.

● **RFID**, a/k/a **radio frequency identification**, is appearing at retail stores near you. This technology is similar to prepaid toll-

ways that permit cars to speed through toll booths and automatically debit the owner's account. The military is using RFID in its supply logistic tracking. Major retailers, such as Wal-Mart, are requiring an increasing number of their suppliers to incorporate the electronic tags into their packaging from single items, cases, pallets and containers. As these tags enter our lives there are concerns about costs and individual privacy. "Big brother could be watching you."

● Did you notice this holiday season that the traditional brick and mortar retailers were pushing their online sites for shopping? **EBAY** was the number 1 online retailer. But, **Best Buy** moved up two ranking positions to #12, **Target** is #17, **Wal-Mart** is #9, **Yahoo Shopping** lost shopper visits during October 2003 vs. 2002. **Microsoft's MSN Shopping** and **Time Warner's AOL** dropped out of the top 15. Even **JCPenney's** online site has over 100,000 SKUs.

● **Toys R Us** announced that they are closing all 146 **Kids R Us** and 36 **Imaginarium** stores in January 2004. Toys R Us is negotiating lease buyouts.

● **Westfield America** completed the sale of its master retail lease for the **World Trade Center** in New York to the **Port Authority of New York and New Jersey** for \$140 million.

● **Wal-Mart** announced that they are no longer accepting the **Master Card** debit card due to high transaction fees.

● **TBC** announced in December that they have completed the purchase of the 225-store **National Tire & Battery** from **Sears** for \$225 million.

● Does it feel like your office space is getting smaller? According to an article in December 2003's *NREI* magazine the average U.S. worker's office space allocation has shrunk down to 202 sf. Projections for 2007 anticipates a reduction to 195 sf. The average work cube has shrunk from 12 sf to 8 sf. If that sounds small think of all those phone bank work cubes. Poor Dilbert!

● **West Virginia** was the last state in the United States to have their first Starbucks's Coffee. Starbucks is officially in all 50 states.

● **GNC** was acquired by a private investment group, Apollo Management. The new owners bought the chain of more than 5,700 stores from Holland-based Royal Numico, which is the largest maker of baby formula in Europe.

● Look for the **Geek Squad**, owned by Best Buy, to officially have retail outlets in the Twin Cities. Rumored locations are in Edina and Maple Grove. ■

Retailer Profile



G.R. Herberger began with a single department store in 1927 in St. Cloud, Minnesota. He learned much about retail from his father who operated a general store. Herberger operated his business with a focus on friendliness, superior customer service and a store that offered a broad range of fashion and quality merchandise, nationally known brands and value-packed promotions. Herberger's bolstered customer confidence by giving special attention to the homemakers of the area. Less than two years after its establishment, the store began receiving national recognition.

Herberger's reached a milestone in 1943, when G.R. Herberger's was incorporated for the purpose of acquiring additional stores and expanding into other communities. The first store outside of St. Cloud opened in Watertown, South Dakota in 1943. Between 1943 and 1972, Herberger's grew from one to eleven stores throughout four states.

In 1972, Herberger sold the company to its employees, giving them the distinction of becoming employee-owned by key management employees. The associates' pride and commitment to being the best in the business helped create the customer loyalty Herberger's still enjoys today.

In February 1997, Proffitt's, Inc. purchased Herberger's, and today, Herberger's is a

member of Carson Pirie Scott and Co. which operates 141 stores throughout the Midwest and the Great Plains regions of the United States. The parent company, Saks Incorporated, operates the Saks Department Store Group (SDSG) consisting of 243 department stores under the names of Parisian, Proffitt's, McRae's, Younkers, Herberger's, Carson Pirie Scott, Bergner's, Boston Store and 14 mall-based Club Libby Lu specialty stores. The Company also operates Saks Fifth Avenue Enterprises (SFAE), which consists of 62 Saks Fifth Avenue stores and 53 Saks Off 5th stores.

Herberger's also takes pride in being good corporate citizens in which they do business. Their "hometown" culture allows them to be a part of the communities in a way that improves the lives of their customers and their associates. Their motto: The right time to make a difference, the right place to change lives. Several of the company's major ongoing community promotions include: the Goodwill Sale, Charge Against Breast Cancer, The University of Minnesota Cancer Center's Breast Cancer Research Program, Community Day. Locally, Herberger's became a retail partner with The Caring Tree (which was founded by MSCA) in 2003 and plans to continue the partnership in 2004 to continue to assist low-income students with new school supplies. ■



2003 STARR awards



About the STARR Awards

The MSCA's Year End Ceremonies, Shopping Center Tribute Awards for Retail Real Estate awards and holiday party were held December 9, 2003, at Minnesota Valley Country Club in Bloomington. Over 200 members and guests attended the evening event. The annual MSCA STARR Awards honor outstanding projects and extraordinary individuals in the retail and shopping center industry.



2003 Committee Members

Front row (l to r):

Kim Meyer ~ United Properties

Tricia Pitchford ~ United Properties

Sara Stafford ~ KKE Architects, Inc.

Back row (l to r):

Ronn Thomas ~ United Properties

Brett Christofferson ~ Weis Builders, Inc.

Peter Lund ~ CBL & Associates/
Burnsville Center

2003 Judges

Front row (l to r):

Jill Noack ~ Gabbert & Beck, Inc.

Ned Rukavina ~ United Properties

Back row (l to r):

Bill McCrum ~ RSP Architects Ltd.

Mark Kampmeyer ~ Ryan Companies US, Inc.

Scott Thompson ~ Construction 70, Inc.

President's Letter



The Minnesota Shopping Center Association is in its 16th year and continues to serve the brightest and best from the retail real estate community. It is a privilege to be

associated with such an outstanding group of dedicated professionals, and I look forward to serving as your President for the upcoming year.

MSCA is unique, and not only by Minnesota standards! National and regional retailers who have participated in our monthly retail programs consistently tell me how impressed they are with the MSCA membership participation and willingness to share information to educate and better understand the ever-changing retail trends. My goals for the year are to continue growing MSCA's reputation as a valuable and resourceful association and continue to provide a forum for our members to network, share ideas and enhance their real estate careers. We can learn from each other and use the ideas of our members to improve our service to clients and our industry.

To all members, my thanks to you for helping make MSCA a great organization. As MSCA President, I stand dedicated to serve this organization and want to commend our self-management team: Executive Director, Karla Keller Torp and Associate Director, Stephanie Salo, the Officers, Board of Directors, Committees, Co-Chairs and volunteers who dedicate their time and talent to our organization. I also want to call on current and new members who are not presently active to participate in our various committees. I'm sure you will find it rewarding and will benefit from the experience and relationships for years to come.

Warmest regards,

Michael Sims
2004 MSCA President





WINNER



Design & Aesthetics:

Interior Retail Toto ~ MSP Airport

Owner: CBR Incorporated
Architect/Designer: Architectural Alliance
Consultants: Dunham Associates
Contractor: NBC General Contractors



*Nominees: Belli Capelli Salon, Andover ~ United Properties
Café and Bar Lurcat, Minneapolis ~ KKE Architects, Inc.
Cintia's of Mexico, Minneapolis ~ Architectural Alliance
La Grandé Salon and Day Spa, Forest Lake ~
AMCON Construction Co.
Radio Drive, MSP Airport ~ Architectural Alliance*



WINNER



Retail under 50,000 S.F. Lakeville Crossing

Owner: Paster Enterprises
Developer: Paster Enterprises
Architect: KKE Architects, Inc.
Consultants: Nelson Rudie and Associates
Landform
Contractor: Weis Builders, Inc.
Leasing Agent: Paster Enterprises



*Nominees: Marvin Home Center, Warroad ~ Opus
Southbridge Crossing, Shakopee ~ KKE Architects, Inc.*

Retail 50,000 - 250,000 S.F. Block E ~ Minneapolis

Owner: Block E Interests, LLC
Developer: McCaffery Interests, Inc.
Architect: Antunovich Associates
Consultants: Downey Engebretson, Inc.
Feagre & Benson LLP
Contractor: PCL/Plant Construction, A Joint Venture
Leasing Agent: McCaffery Interests, Inc.
Westfair Realty



*Nominees: Andover Station, Andover ~ KKE Architects, Inc.
Hastings Marketplace, Hastings ~ North American Properties
Waconia Marketplace, Waconia ~ KKE Architects, Inc.*



WINNER



Shopping Centers over 250,000 S.F. The Shoppes at Arbor Lakes ~ Maple Grove

Owner: Opus Northwest, L.L.C.
Developer: Opus Northwest, L.L.C.
RED Development
Architect: KKE Architects, Inc.
Consultants: US Bank
FMRA
Damon Farber & Associates
Contractor: Opus Northwest, L.L.C.
Leasing Agent: RED Development
Other: Tiller Corporation, C.S. McCrossan, City of Maple Grove



WINNER

Development Process:

Andover Station



WINNER



- Owner: United Properties
Developer: United Properties
Architect: KKE Architects, Inc.
Consultants: RLK Engineering
Anderson-Urlacher, P.A.
Contractor: TCI Architects Engineers Contractor
Leasing Agent: United Properties
Other: Andover Economic Development Authority, Andover City Staff
Nominees: Block E, Minneapolis ~ McCaffery Interests, Inc.

Renovation/Remodel:

Axel's Bonfire ~ Woodbury



WINNER



- Owner: Axel's Bonfire Grille LLP
Developer: Axel's Bonfire Grille LLP
Architect: AArchitects LLC
Consultant: Cynthia O'Connor – Interior Designer
Contractor: Axel's Bonfire Grille LLP
*Nominees: Becker Furniture World, Becker ~ KKE Architects, Inc.
Brookdale Center, Brooklyn Center ~ Architectural Alliance
Bubba Gump Shrimp Company Restaurant, Bloomington ~
PCL Construction Services
Caribou Coffee, Anoka ~ Architectural Alliance
Normandale Village, Bloomington ~
Madison Marquette Realty Services
Yorktown Mall, Edina ~ KKE Architects, Inc.*

Redevelopment:

Excelsior & Grand ~ St. Louis Park



WINNER

- Owner: Excelsior & Grand LLC
Developer: TOLD Development Company
Architect: ESG Architects
Contractor: BOR-SON Construction
Leasing Agent: Staubach Retail Services
Other: Great Lakes Management Co.



Congratulations!

**Thank you for your dedication
and for enhancing our industry.**





Individual Awards:

Broker of the Year

Chris Simmons

Welsh Companies, LLC



Property Manager of the Year

Wendy Aaserud

Madison Marquette Realty Services



Committee Member of the Year

Lisa Diehl

McDonald's Corporation



Member of the Year

Wendy Aaserud

Madison Marquette Realty Services



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Opus Northwest LLC
Park Midwest Commercial Real Estate
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RLK-Kuusisto Ltd.
Robert Muir Company
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Rouse Ridgedale Management Company
RSM McGladrey, Inc.
RSP Architects Ltd.
Ryan Companies US, Inc.
Suntide Commercial Realty
SUPERVALU INC.
Target Corporation
TCF National Bank
Towle Financial Services
U.S. Bank
United Properties
URS
Venture Mortgage Corporation
Weis Builders, Inc.
Wells Fargo Bank Minnesota
Welsh Companies, LLC
Witcher Construction Company

Member News

Press releases are printed based upon availability of space and relevance to the local market.

Benson-Orth News

Tom Madsen joined Benson-Orth Associates, Inc., Minnetonka as Director of Business Development. Tom has 15 years of business development experience in the commercial construction industry. Benson-Orth has been providing design/build and general construction services for clients throughout Minnesota and the upper Midwest since 1969.

KKE Architects Recognized

World Architecture magazine has listed KKE Architects at number 148 out of the top 300 architectural firms in the world in 2003. They were also ranked in the top 10 in the "retail market segment" based upon fee-earning architects.

Completion of Cooks of Crocus Hill

Aarchitects LLC announces the completion of the first inline prototype store for Cooks of Crocus Hill at Southdale Shopping center in Edina, MN. Aarchitects provided full design and architectural services for the 4,800 sf store, which features a central education core including a demonstration kitchen, library and informational kiosk. Aarchitects and Cooks also teamed together

on the recent remodel of the cooking school in the original Cooks of Crocus Hill store on Grand Avenue, St. Paul.

Itasca Arranges Financing

Itasca Funding Group, Inc. recently arranged long-term, non-recourse financing totaling \$13,750,000 on two shopping centers in the suburban Twin Cities. The larger transaction permanently financed is Albertville Crossing, a 105,000 sf grocery anchored shopping center which includes four buildings and a 51,000 sf Coborn's grocery store. The other loan is Elk River Crossing, a 14,300 sf strip center located on Highway 169 in Elk River. The primary tenants are Simonson's Salon & Day Spa and Von Hanson's Meats.

Stahl Awarded Projects

Stahl Construction was awarded with the construction of Wells Fargo Bank addition in Monticello, MN and the JCPenney store renovation in St. Cloud, MN.

Upland Updates

Upland Real Estate Group and the Geneva Organization, a Minneapolis-based real estate wealth management firm, have formed Safe Harbor Properties Exchange, LLC, a

Books for the New Year

Making Dough – The 12 Secret

Ingredients of Krispy Kreme's Sweet Success by Kirk Kazanjian and Amy Joyner. Learn how Krispy Kreme built such a successful brand and business,

with almost no money on advertising. The company inspires such loyal customer devotion that new store openings routinely cause traffic jams and attract widespread media attention.

Trading Up – The New American

Luxury by Michael J. Silverstein and Neil Fiske. If the decade of the nineties belonged to low-end brands like Wal-Mart,

Soutwest Airlines, and Costco, the decade of the zeros belongs to high-end brands like Starbucks, Callaway, and Kendall-Jackson. The book offers an insider's look at the winning brands and strategies in this rapidly developing 'new luxury' market and is packed with insights on how shoppers think and behave.

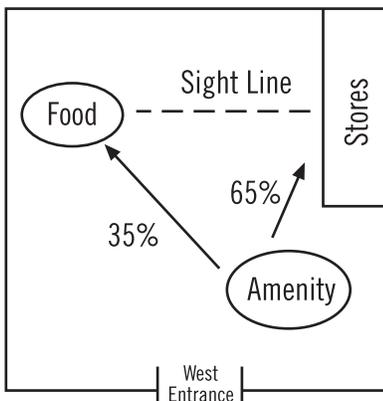
Midwest based conduit of 1031 Tenants-In-Common (TIC) Investment Solutions, to market and sell interests in 1031 Exchange Replacement Solutions of investment grade and non-investment grade assets and TICs. ■

PEDESTRIAN STUDIES

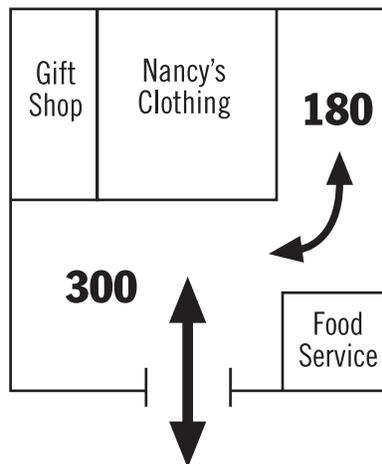
for Small and Large Centers



DETERMINE WALKING PATTERNS



MEASURE ENTRANCE & HALLWAY HOURLY/DAILY VOLUMES



INTERCEPT SURVEYS

QUESTIONS

1. How often do you . . .
2. Favorite store is ___?
3. What's missing from this center?

Minneapolis and Saint Paul Downtown
Pedestrian Traffic Reports for Sale
60 Locations Reported

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Minneapolis

2003 Post Holiday Sales

Retailers hoping to close out the holidays with a last-minute sales windfall lured shoppers with plenty of post-Christmas discounts over the weekend following Christmas. Deep discounts, gift certificates, and fashion-conscious shoppers helped drive up after-Christmas sales this year.

The week after Christmas has become increasingly important for many retailers. Total holiday sales rose 6.5% year-over-year, according to a report by MasterCard Advisors. Total sales last year rose a paltry 2.2%.

Industry watchers said retailers have been promoting gift cards aggressively in a bid to spur buying in the key post-holiday period. But retailers have to wait until the cards are redeemed before they can log the transaction as revenue. Stores also are counting on consumers buying regular-priced merchandise when they redeem the cards, boosting profit margins for the fourth quarter, which typically ends at the end of January.

Gift card sales for this holiday season are expected to account for up to 10 percent of holiday business, according to Ellen Tolley, a spokeswoman at the National Retail Federation.

Online shopping showed a big holiday surge over Christmas week as shoppers flocked to the Internet for their last-minute gift buying, ringing up over \$900 million in total online sales, according to Comscore Networks, an e-commerce research firm based in Reston, Virginia. Comscore expects total online retail spending for the key holiday period of November and December to be up about 25 percent to 30 percent to between \$12.1 and \$12.6 billion. The book category attracted significant attention from on-line consumers, garnering over \$1 billion. Holiday online sales in 2002 were at \$9.7 billion.

Apparel retailers showed strong double-digit increases over last year. Jewelry retailers also showed strong sales. Product categories for videos/DVD's, consumer electronics, toys/video games and books were popular this year.

Wal-Mart, the world's largest company and a barometer of U.S. consumer spending, said it still expects December sales (at its U.S. stores open at least a year) to reach the lower end of its forecast for a 3% to 5% gain.

The final tally on the critical November-December shopping period won't be out until early January, but at least one early report suggested that merchants will have something to cheer about when it's all over.

High-tech Fitness

It was not that long ago that selecting a quality treadmill for home use was a simple exercise. Once a consumer determined how they planned to use the machine, it became a process of selecting a model that had the right combination of variables relating to motor size, belt length and width and degrees of incline. Products that offered much beyond those basic features typically cost upwards of \$1,000 and were found only in health clubs or belonged to wealthy homeowners.

That is no longer the case, as fitness equipment manufacturers have performed the dual feat of dramatically improving the quality of home fitness equipment while adding sophisticated consumer electronics once reserved for club quality machines. Today treadmills, elliptical machines and other types of equipment intended to deliver a cardiovascular workout have made a club-quality workout experience available for what it cost to join a health club for a year.

The improvement in quality and the addition of sophisticated electronic features at well under \$1,000 has helped fuel booming demand for fitness equipment. It is a trend that shows no sign of abating, which helps explain retailers continued emphasis on the category.

The familiar culprit behind expectations of growth is the aging baby boomer generation and its greater awareness of exercise benefits and the quest for the type of low-impact experience offered by treadmills and elliptical machines. ■

Gift Card Popularity

- Gift cards grew 15 to 35 % this past year.
- Consumers purchased an average of 5.6 cards in 2003 compared to 4.6 cards in 2002.
- 8% of consumers purchased a card for their own use.
- Men continued to load a higher average dollar value on cards: \$48 per card vs. \$37 per card for women. Nearly 50% of all purchased cards had a value of \$20 to \$25.
- More than half of consumers will spend the initial value of their gift card within the next 30 days.

Retailers find it was easier for them to prevent fraud and to track consumer information using the plastic electronic gift cards rather than traditional paper gift certificates. Retailers don't benefit when cards are not redeemed. Regulations, called Escheat Laws, vary from state to state. Some call for retailers to give any remaining balance or abandoned amounts to the state as unclaimed property after a lapse of time.

But most major retailers avoid the rule by eliminating expiration dates on cards or giving the unused portion back to customers as a store credit or sometimes cash.

Quick tip: There is only 5% incidence when someone does not redeem a gift card within 30 days of receiving it. To avoid redemption fees for unused cards, spend them as soon as possible.

Main reasons for purchasing gift cards:

1. Want recipients to get what they want 44%
2. Can't decide what to get 29%
3. Convenience 12%
4. Easier to mail than packages 10%
5. Faster 7%

Source: Comdata

Home Improvement Engine Still Hot

The home improvement market has been a bright spot in retailing this past year. Even with last year's slow-to-rebound economy, the housing market stayed strong, boosted by record-low interest rates. This pattern of success should continue in 2004 as well, aided by favorable factors that include a strong housing market, rising interest in home-based activities and with mortgage rates expected to rise only slightly in 2004. A report by the Home Improvement Research Institute and Global Insight forecasts sales of home improvement products will grow 4% to \$220.4 billion this year. This figure includes professional and consumer sales in hardware and lawn & garden categories minus appliances, home furnishings, carpeting and indoor plants. Performance of the two largest specialists, The Home Depot and Lowe's, provides the best barometer of this market. Both chains have reported strong sales across the board in most merchandise categories. Decor paint, wall coverings, rugs, accent furniture, clean-ing products, and storage should be strong sellers in 2004 and beyond.

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