

## 2005 Corporate Sponsors

Adolfson & Peterson Construction  
The Avalon Group  
Bremer Bank, N.A.  
The Business Journal  
Cambridge Commercial Realty  
CB Richard Ellis  
The Collyard Group  
Dalbec Roofing  
Exeter Realty Company  
Faegre & Benson LLP  
Great Clips, Inc.  
H.J. Development, LLP  
Heitman Financial Services LLC  
J.L. Sullivan Construction, Inc.  
Jones Lang LaSalle  
KKE Architects, Inc.  
Kraus-Anderson Companies  
LandAmerica Commercial Services  
Landform  
Larkin, Hoffman, Daly & Lindgren, Ltd.  
M & I Bank  
Messerli & Kramer, P.A.  
Midwest Maintenance & Mechanical, Inc.  
Northtown Mall/Glimcher Properties  
Oppidan, Inc.  
Opus Northwest LLC  
Park Midwest Commercial Real Estate  
Paster Enterprises, LLC  
Reliance Development Company, LLP  
Ridgedale Center  
RLK-Kuusisto Ltd.  
Robert Muir Company  
RSM McGladrey, Inc.  
Ryan Companies US, Inc.  
Target Corporation  
TCF National Bank Minnesota  
Towle Financial Services  
United Properties  
Venture Mortgage Corporation  
Welsh Companies, LLC  
Westwood Professional Services



# news

Volume 19, Number 1

January 2005

## Feature 2005 Marketwatch

by Lisa Diehl, McDonald's Corporation

Many economists and predictors have voiced their outlooks for this year, and you will likely continue to see a variety of forecasts over the next several weeks. The following is a snapshot of what we could see in 2005 from a world viewpoint down to our local level.

Throughout the world, China will continue to be a top producer and is quickly becoming a prime consumer nation as well. Today, it is Fifth Avenue meets Rodeo Drive in Shanghai. In addition to serving the US, productive nations from India to Malaysia are also serving themselves, drawing companies from around the world to expand and meet their market demands.

Budget deficits in the core of the European Union, including France and Germany, are just as hefty as the US, and the deficit in Japan is twice as large. Europe is slowing back into yet another recession and unemployment will remain stubbornly near double the rate of the US. They have relied on the world for growth and expansion.

Nationally, with the war and other challenges, Uncle Sam is spending more than what's coming in. But this hardly spells the end of the US economy and markets. The message many in the financial media are spinning is just the opposite. The US economy is still at

*Marketwatch continued on page 2*

## Snapshot Nicollet Plaza

**Location:** Highway 13 & Nicollet Avenue in Burnsville, MN

**Opening:** Cub Foods projected to open July 2005

**Owner/Managing Agent:** H. J. Development, L.L.P.

**Center Managers:** Elizabeth Janisch and Kelly Lienke, Property Managers

**Leasing Agent:** Jeff Carriveau, H. J. Development, L.L.P. (952) 476-9400

**Architect:** KKE Architects, Inc.

**Construction Contractor:** Opus Northwest LLC

**GLA:** 115,839 sf

**Current Occupancy:** 75%

**Number of Stores:** 24-30



**Anchor Tenants:** Cub Foods

**Market Area Served:** NE Burnsville

**Construction Style:** Modern style, brick, glass and EIFS

**Additional Facts:** Located at the "Heart of the City" of Burnsville, Nicollet Plaza is anchored by Cub Foods and includes a 14,000 sf strip adjacent to Cub. In addition to the Cub Foods store and retail, there will be a freestanding 19,140 sf bank/retail building and also an additional 250 townhomes and condos being developed. This area has strong demographics and is continuing to get stronger with all the other new developments happening in the "Heart of the City."

## MARKETWATCH *continued*

the pinnacle of the world's economy. As the economy improves, foreign investments will continue to pour money into the US as well as exports form eager producers from abroad. The dollar is down against the Euro, but is still the commercial and financial currency of the world.

The stock market has enjoyed the decline of the dollar. Since the March stock market's lows since 2003, weakness in the US currency has meant notable gains for stocks. The market benefits from the cash coming in from investors looking to put bonus money to work in January and make deposits into retirements accounts. This month won't necessarily end the party. The average annual gains come in at 30.7%.

The first year of each four-year presidential cycle tends to be the weakest; stocks have fallen roughly half the time. The election results make clearer what government policies are likely to be pursued during the next four years, most of which should be retailer-friendly.

Despite an increase in people signing up for unemployment benefits, economists say that the overall level of applications points to a recovering job market in 2005.

Federal Reserve (Fed) rate hikes, actually support lower mortgage rates. A move by the Fed to raise rates is designed to slow inflation, which is great news for long-term bonds and mortgage bondholders as their future buying power is preserved by lower inflation. Lower rates of inflation make bonds more attractive, raising their price against their coupon, which lowers the yield. Low yield mortgage bonds mean low mortgage lending rates. The risk of inflation should remain low, although it fluctuates with energy prices.

The Bond Market Association predicts federal fund rates will be at 3.5 percent by the end of next year. Overall, if inflation should stay in check, expect to see 30 year mortgage interest rates gradually rise 6 to 6.5% by the end of 2005.

Locally, the Minnesota Federal Reserve District has a reputation for accurately predicting what's ahead for the regional economy. Business leaders are more optimistic about the economy for 2005. Fed researchers are fairly upbeat, calling for steady growth in

jobs, personal income and home building across the region in 2005. Look for a strong manufacturing sector this year.

The Fed also notes, home building permits are expected to be up 4.4% in Minnesota, compared with average gains in the past of 3.8%. The growth in the Minnesota economy will come from the migration of new residents into the Twin Cities.

Minneapolis and St. Paul continue to see strong housing development. A lot of the new retail is chasing housing in the outer-ring suburbs like Lakeville, Shakopee, Maple Grove, Blaine/Coon Rapids and Woodbury. More and more suburban cities will continue to accept higher density mixed housing with retail. The hot areas will remain hot.

Commercial real estate experts aren't expecting any big real estate surprises in 2005 with retail. To keep values at lofty levels next year, owners of retail will have to work hard on performance. With the economy showing modest signs of growth, smart management will make all the difference. There will be a slight increase in rents, perhaps, but no major increases. Moderate interest rates will continue the appetite for new construction.

The pending merger of Kmart and Sears is not set to be final until March. Any capital expenditures and building programs of the new Sears Holdings Corp. will be to convert Kmart units to Sears's stores. Locally, they have announced some that will be ripe for conversion.

Some retailers have been encouraged by their strong sales growth and are compelled to expand in 2005. Expansion space will be tough to get, but this will be the year for new retail concepts. For example, Abercrombie & Fitch added Ruehl to its format. Tommy Bahama launched Indigo Palms Denim Company, and Apple produced a "mini" Apple store. Look for new prototype stores from some retailers such as Office Depot and The Sports Authority. Mall tenants will continue to open up outside of malls. It is logical because there are few malls being built. Those that have made the conversion, like Bombay Company, have seen positive results.

Local mall owners are looking to fill vacated-anchored locations with non-traditional tenants. National retailers are

eager to locate in healthy urban markets. Big-box retailers will continue to think "outside the box" and deviate from their typical prototypes in order to find desirable locations. Lowe's and CVS Pharmacy will be opening more stores, and Trader Joe's will enter the market this year. Other new entries have included: HomeGoods, Atlanta Bread Company, PeiWei and Cartridge World.

The MSCA 2004 Retail Real Estate Report noted grocery-anchored centers with defensible sales/location are in huge demand from investors. Strip centers with generally good locations are receiving strong demand from high-net-worth individuals. 1031 tax-deferred exchange buyers will bid down leveraged returns.

While acquisitions are expected to slow down, the results of 2004 purchases will pump up results for some REIT's in the coming years. Look for tenant-in-common deals to be competition for REIT's.

Retail in 2005 will remain the bright spot for commercial real estate in the Twin Cities. The MSCA 2004 Retail Report noted that real estate taxes will be the number one challenge again this year. Forecasters at the Federal Reserve Bank in Minneapolis predict that Minnesota will do better than the nation as a whole on three out of four key measurements of economic health in 2005. This year's outlook is optimistic. ■

### What Retailers Deserve From Washington in 2005

- Labor laws that reflect the 21st century.
- A resolution to the ongoing immigration impasse.
- A free-trade policy that serves American consumers and workers.
- A tax system that promotes growth without burdening retailers.
- An even-handed solution to the Internet tax dilemma.
- A wage policy that reduces poverty, not jobs.
- A breather from new, heavy-handed government mandates.

*As noted in Discount Store News November issue by guest column writer Ken Rankin.*

# Member Profile

## Kevin Krolczyk



**Occupation:** Commercial Roofing Contractor

**Company:** Dalbec Roofing

**Title:** President

**Hometown:** Fond du Lac, WI

**Education:** University of Wisconsin, Eau Claire – Business Administration

**Family:** Wife, Michele, and sons Anthony (15), Casey (13) and David (9)

**Hobbies:** Snowmobiling, backpacking and playing with friends at the cabin.

**Job History:** After college, I worked on updating Dalbec's estimating and accounting systems. The next 5 years I sold software all over the Midwest. In 1995, Michele and I bought Dalbec from her parents.

**Dream Job:** Camp Director for the summer months and snowmobile guide during the winter.

**Secret Talent:** Wood turning on my lathe

**MSCA Involvement:** 2003-04 Membership Committee Co-Chair, MSCA Board of Directors



### 2005 LEADERSHIP OFFICERS

#### President

Paul Sevenich, CCIM, Kraus-Anderson Co.

#### 1st Vice President

Sara Stafford, KKE Architects, Inc.

#### 2nd Vice President

Jay Scott, Solomon Real Estate Group

#### Treasurer

Ken Vinje, SCSM, Kraus-Anderson Co.

#### Secretary

Lisa Diehl, McDonald's Corporation

### DIRECTORS

Wendy Aaserud, Madison Marquette

Gary Jackson, Retired/Consultant

Mary Wawro, Ryan Companies US, Inc.

Kevin Krolczyk, Dalbec Roofing, Inc.

Cindy MacDonald, Kraus-Anderson Co.

Robert Pounds, SCSM, Welsh Companies, LLC

Brett Christofferson, Weis Builders, Inc.

### Immediate Past President

Michael G. Sims, United Properties

### COMMITTEE CO-CHAIRS

#### Awards

Ronn Thomas, United Properties

Kim Meyer, United Properties

#### Community Enhancement

Wendy Aaserud, Madison Marquette

Tom Heuer, Aspen Waste Systems, Inc.

#### Golf

Chris Hussman, Aspen Waste Systems, Inc.

Luann Sawochka, Rochon Corporation

#### Legislative

Howard Paster, Paster Enterprises

Todd Johnson, Steiner Development

#### Marketing and Communications

Laura Moore, United Properties

Tom McGannon, Edwards & Kelcey

#### Membership

Cynthia Hable, Kraus-Anderson Co.

Sam Smolley, Smolley Consulting Group

#### Newsletter

Lisa Diehl, McDonald's Corporation

Ferne Sofio, Paster Enterprises

#### Program

Peter Berrie, Faegre & Benson LLP

Tom Madsen, Benson-Orth Associates, Inc.

#### Retail Report

Holly Rome, Jones Lang LaSalle

Robert Pounds, SCSM, Welsh Companies, LLC

#### Technology

Cindy MacDonald, Kraus-Anderson Co.

Skip Melin, Colliers Turley Martin Tucker

#### Sponsorship

Ned Rukavina, United Properties

Bill McCrum, RSP Architects Ltd.

### MSCA STAFF

Executive Director - Karla Keller Torp

(P) 952-888-3490 (C) 952-292-2414

ktorp@msca-online.com

Associate Director - Stephanie Salo

(P) 952-888-3491 (C) 952-292-2416

ssalo@msca-online.com

8120 Penn Avenue South, Suite 555

Bloomington, MN 55431

(F) 952-888-0000

## December Member News

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

### MSCA Associate Director Resigns

Stephanie Salo, Associate Director for MSCA, will resign from her position to pursue a doctorate degree in psychology. Her last day will be January 14, 2005. On behalf of the association, we wish her well in her endeavors.

### Palmer Named Fellow of CMAA

Bruce Palmer, Senior Vice President of Construction Services for United Properties was recently named a Fellow of the Construction Management Association of America, one of CMAA's highest honors.

### Itasca Funds Concord Crossroads

Itasca Funding Group, Inc. arranged non-recourse permanent financing in the amount of

\$3.3 million for a ten-year term and a 30-year amortization on Concord Crossroads Shopping Center in Inver Grove Heights, which includes 12,987 sf of retail space.

### Solomon Real Estate Group

Jay Scott has left North American Properties to create a new development company, Solomon Real Estate Group. Patrick Hart will partner with Jay Scott, and Steve Johnson, Charles Smoot and Anne Knuth will join the team.

### Northstar Partners Selected

Deborah Carlson with Northstar Partners was recently selected to lease approximately 31,000 sf within the 61,000 sf of Broadway Shopping Center in Minneapolis at the intersection of Lyndale and Broadway Avenues.

### Databases Rein In Returns

Anticipating the after-holiday return frenzy, a number of major retailers are rolling out electronic systems that track the number of returns or exchanges a person has made, the item dollar value, and transaction dates to determine if a consumer should be granted another. The systems are designed to catch shoplifters and those who "wardrobe" or wear clothes and return them for a full refund.

In 2003, retailers lost nearly \$30 billion, or 1.7% of sales, due to retailer fraud. In recent years, scammers have used the Internet to

launder the money; people steal merchandise, return it for credit slips, then turn those credit slips into cash by selling them at a discount on Ebay or other on-line auction sites.

As more personal data is collected, computer programs have been designed to make decisions about our everyday lives. The technological systems intend to solve costly and important business problems, but the proliferation of these so-called electronic blacklists has alarmed consumer and privacy advocacy groups who say many databases have incomplete, incorrect or misleading information.

# Retailer Profile

## Suddenly Slender Image

by Anita D. Johnson, AJ Commercial Real Estate, Inc.



**T**oo good to be true? Not according to the testimony from Suddenly Slender Image's customers. Suddenly Slender Image is not a new concept in itself, but is new to Minnesota. They are a licensed provider of the exclusive Victoria Morton process mineral body wrap, where you can "lose 6 – 20 inches in about an hour...guaranteed!"

While inches, and perhaps an extra chin, are removed from your body, the body wrap will tighten your skin and cleanse unwanted materials to remove years from your apparent age. The Body Wrap, porous elastic bandages soaked in a special

mineral solution, is applied firmly to areas needing inch loss or contouring and lightly where only skin tightening is desired. This relaxing technique is not a "water wrap" or "dehydration process." They claim the inches will not come back as long as you don't gain weight and if you return a few times a year for a maintenance wrap. There are various types of wraps available including the Slendertone Wrap, Power Wrap, Anti-aging Wrap, and the Lipase Wrap (fat-burning).

Currently, Suddenly Slender Image has stores open in Hudson, WI and Deephaven, MN. They plan to open an additional 10

sites in the Twin Cities, Rochester or St. Cloud. Target areas for the Twin Cities include Woodbury, Coon Rapids, Blaine, Eden Prairie/Chaska, Bloomington, Edina, Maple Grove, Burnsville/Savage/Shakopee. They require 1,000 to 1,200 sf and co-tenancy fits well with salons, nail salons and fitness centers. Their local broker is Carol Ulstad at Suntide Commercial Realty.

[www.suddenlyslenderimage.com](http://www.suddenlyslenderimage.com)

**MSCA And The  
Newsletter Committee  
Wishes You And Yours  
A Happy New Year!**

### 2005 Store Openings/Closings (public as of December 15, 2004)

**Wal-Mart's** 2005 U.S. store growth plan is to build approximately 100 new Supercenters, relocate and build additional 160 Supercenters, 25 – 30 Neighborhood Markets and 30 – 40 Sam's Clubs. In addition, Wal-Mart will build 6 new distribution centers.

**Target's** annual plan is to open 100 new stores per year by 2010 and this starts increasing in 2005 and 2006.

**Walgreens'** 436 new units and 250 new storefronts will lead drug stores over **CVS Pharmacy**. **Rite Aid** is also expanding its relationship with **GNC**. More than 1,000 Rite Aid stores have GNC departments and the chain is looking to add 300 more during the next two-and-a-half years.

**Costco** plans to increase net new stores from 20 to 27.

**Kohl's** big push next year will be in California with 95 stores expected to open in that state.

**T.J. Maxx** and **Marshall's** stores continue to perform well and expect to net a total of 50 stores. **HomeGoods** expects to add 34 stores both freestanding and superstore format.

**Lowe's** will build 150 new stores in 2005, between 150 and 160 in 2006. **Home Depot** will debut about 175 stores.

**KB Toys** will close between 141 and 238 under-performing stores by January 31, 2005 as a part of its effort to reorganize. The company hopes to emerge from Chapter 11 early next year as a chain of some 600 stores across the country.

In 2005, **Gap** will premiere a new concept store aimed for the growing 30+ women's age group who don't want to wear Gaps traditional target clothing for teens and "20 some-things." The projected 10 new stores will fit a "range of fashion occasions."

*Store Openings/Closings continued on page 9*

**Better service. Better solutions.  
Better ways to help your business grow.**

When it comes to growing your business, there's no better partner than Bremer's Commercial Real Estate. First, we take the time to understand your organization and its unique financial needs. Then we put our resources to work for you, by cultivating relationships that make a difference to you and your business. To find out more about how business banking is better at Bremer, call or stop by today.



Terry Kriesel • 612-782-1982  
Tony Pasko • 612-782-1975  
Brad Steiner • 612-782-1983  
225 South 6th Street • Minneapolis  
[www.bremer.com](http://www.bremer.com)  
Bremer Bank is Member FDIC.



# 2004 STARR<sup>SM</sup> awards

## President's Letter



As the Minnesota Shopping Center Association enters its 17th year, there has never been a more rewarding time to be a member. Why? Let me count the ways.

*We're informed.* Our monthly programs are timely, enlightening and popular, averaging 162 attendees per program in 2004.

*We're influential.* Our association provides a forum for learning about and addressing current events and legislative issues that affect our industry.

*We're high-energy.* Nearly 25 percent of our members are directly involved in the organization through committee activity.

Above all, we're plugged into something powerful. MSCA is a networking resource for anyone involved in the retail real estate industry. Our membership, at an all-time high of 631, encompasses the leading Twin Cities commercial real estate companies, including brokers, developers, owners, managers, architects, vendors, investment, construction, legal, marketing, retail and consulting professionals. It's a comprehensive pool of knowledge and experience at your fingertips.

If you are a new member, I invite you to take advantage of our outstanding activities and programs to facilitate your personal and professional growth. I challenge all members to deepen your involvement, to learn more about MSCA and spread the word to others who would benefit from membership. Remember, the more you put in, the more you get back!

And please check out our newly designed website at [www.msca-online.com](http://www.msca-online.com) for access to member information, to register for upcoming programs and view job opportunities.

I look forward to serving you as President in 2005. Let's keep the momentum going!

Best Regards,

Paul Sevenich, CCIM  
Kraus-Anderson Companies



## About the STARR<sup>SM</sup> Awards

The MSCA's Year End Ceremonies, Shopping Center Tribute Awards for Retail Real Estate Awards and Holiday Party were held December 7, 2004 at Midland Hills Country Club in St. Paul. Approximately 200 members and guests attended the evening event. The annual MSCA STARR<sup>SM</sup> Awards honor outstanding projects and extraordinary individuals in the retail and shopping center industry.



### 2004 Committee Members

*Front row (l to r):*

- Jeff Blackwell** ~ STS Consultants
- Tricia Pitchford** ~ United Properties
- Sara Stafford** ~ KKE Architects, Inc.
- Kim Meyer** ~ United Properties

*Back row (l to r):*

- Ronn Thomas** ~ United Properties ~ Committee Co-Chair
- Bill McCrum** ~ RSP Architects
- Peter Lund** ~ CBL & Associates
- Brett Christofferson** ~ Weis Builders, Inc. ~ Committee Co-Chair

### 2004 STARR<sup>SM</sup> Awards Judges

*Left to right:*

- Gary Jackson** ~ Retired/Consultant
- Margaret Jordan** ~ Great Clips, Inc.
- Richard Martens** ~ Brookstone, Inc.
- Beth Holmgren** ~ United Properties
- Tom Moran** ~ Olson General Contracting, Inc.

*Not pictured:*

- Christopher Colby** ~ Yaggy Colby Associates
- Tom Martin** ~ Cambridge Commercial Realty



**Dakota Jazz Club and Restaurant**



## Interior Design: Restaurant/Food Service Dakota Jazz Club and Restaurant ~ Minneapolis

Owner: Lowell Pickett and Richard Erickson  
Architect/Designer: Shea, Inc.  
Contractor: Ryan Companies US, Inc.  
Consultants: Target Corporation  
Anderson-Urlacher, P.A.  
Horwitz, Inc.  
Master Mechanical, Inc.  
Parsons Electric  
R.L. Mather  
Schuler Shook  
Kvernstoen, Kehl, & Associates, Inc.



## Honorary Award Tiger Sushi ~ Bloomington

Owner: Lisa Edevold and Chris Katayama  
Architect/Designer: RSP Architects  
Contractor: Marksman Construction  
Consultants: Engineering Concepts, Inc.

*Nominees: McCoy's Public House, St. Louis Park ~ KKE Architects, Inc.  
Origami West, Minnetonka ~ Architectural Design Partners, P.A.  
PB Loco, Bloomington ~ KKE Architects, Inc.*



**Tiger Sushi**

## Interior Design: Retail/Non-Food Service Monique Lhuillier Boutique ~ Edina

Owner: Monique Lhuillier, Inc.  
Architect/Designer: Design Bureau  
Studio Ethos  
Contractor: J.E. Dunn – North Central  
Consultants: John Brubaker Architectural Lighting Consultants  
Photography: Don Wong Photo, Inc.

*Nominee: Cooks of Crocus Hill, Edina ~ AArchitects, LLC*



**Monique Lhuillier Boutique**

## Design & Aesthetics: Retail under 50,000 sf Southwest Station ~ Eden Prairie

Owner: NAP Southwest Station, LLC  
Architect: KKE Architects, Inc.  
Developer/Contractor: North American Properties  
Leasing: North American Properties

*Nominees: Arbor Lakes Building #15, Maple Grove ~ KKE Architects, Inc.  
Heritage Commons II, Lakeville ~ Benson-Orth Associates, Inc.  
Rochester Crossing, Rochester ~ Paster Enterprises  
The Watertower, Eden Prairie ~ North American Properties*



**Southwest Station**

## Design & Aesthetics: Retail 50,000 – 250,000 sf Crossroads Center Food Court ~ St. Cloud

Owner/Developer: General Growth Properties, Inc.  
Architect: KKE Architects, Inc.  
Contractor: VCC  
Consultants: Meyer Borgman Johnson  
Michaud Cooley Erickson  
Schuler Shook  
Westwood Professional Services  
Leasing: General Growth Properties, Inc.

*Nominees: Club West Plaza, Blaine ~ Gaughan Properties  
Mound Marketplace, Mound ~ Mound Marketplace LLC*



**Crossroads Center Food Court**



**Riverdale Village**



**Design & Aesthetics:  
Shopping Centers over 250,000 sf  
Riverdale Village ~ Coon Rapids**

Owner: Macquarie DDR Trust (MDT)  
Developer: Developers Diversified Realty Corporation  
Architect: KKE Architects, Inc.  
Contractor: J.E. Dunn – North Central  
Consultants: Westwood Professional Services  
Anderson-Urlacher, P.A.  
Leasing: Developers Diversified Realty Corporation  
Photography: Philip Prowse Photography



**Crossroads Center Expansion**

**Development Process:  
Crossroads Center Expansion ~ St. Cloud**

Owner: General Growth Properties, Inc.  
Developer: General Growth Properties, Inc.  
Architect: KKE Architects, Inc.  
Contractor: VCC  
Consultants: Meyer Borgman Johnson  
Michaud Cooley Erickson  
Schuler Shook  
Westwood Professional Services  
Leasing: General Growth Properties, Inc.  
Nominees: Mound Marketplace, Mound ~ Mound Marketplace LLC  
Southwest Station, Eden Prairie ~ North American Properties



**Famous Dave's BBQ/  
Kokomo's Island Cafe**

**Renovation / Remodel:  
Famous Dave's BBQ/Kokomo's Island Cafe ~ Bloomington**

Owner: Tim and Pat Buffman  
Architect: RSP Architects  
Contractor: Zeman Construction  
Weber Electric  
Yale Mechanical  
Dakota Plumbing  
Consultants: Ericksen Roed & Associates  
Apropos  
Shuler Shook  
Themespaces



Nominees: Target, Crystal ~ J.E. Dunn – North Central  
Yorkdale Shoppes, Edina ~ KKE Architects, Inc.



**Liberty Frozen Custard**

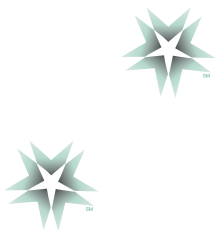
**Redevelopment:  
Liberty Frozen Custard ~ Minneapolis**

Owner: Vicky and Steve Uhr  
Architect: KKE Architects, Inc.  
Contractor: Watson-Forsberg Co.  
Consultants: Anderson-Urlacher, P.A.

Nominees: Foley Plaza, Coon Rapids ~ Gaughan Properties  
Marketplace Lofts, Hopkins ~ Kohnstamm Communications

**Congratulations!**

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





## Individual Awards:

**Broker of the Year**

**Steven Mosborg**

Suntide Commercial Realty



**Property Manager of the Year**

**Beth Holmgren**

United Properties



**Committee Member of the Year**

**Tony Pasko**

Bremer Bank



**Members of the Year**

**Peter Austin**

Welsh Companies, LLC

**Ken Vinje**

Kraus-Anderson Companies



## Thank you to our 2004 Corporate Sponsors

*Adolfson & Peterson Construction*  
*The Avalon Group*  
*Benson-Orth Associates, Inc.*  
*Bremer Bank, N.A.*  
*Brookfield Properties (US) LLC*  
*The Business Journal*  
*Cambridge Commercial Realty*  
*CB Richard Ellis*  
*The Collyard Group*  
*Commercial Partners Title, LLC*  
*Construction 70, Inc.*  
*CSM Corporation*  
*Cunningham Group Architecture, P.A.*  
*Dalbec Roofing*  
*Exeter Realty Company*  
*Faegre & Benson LLP*  
*General Growth Properties, Inc.*  
*Glimcher Properties/Northtown Mall*  
*Gray Plant Mooty*  
*Great Clips, Inc.*  
*H.J. Development, LLP*  
*Heitman Financial Services LLC*  
*J.E. Dunn-North Central*  
*J.L. Sullivan Construction, Inc.*  
*Jones Lang LaSalle*  
*KKE Architects, Inc.*  
*Kraus-Anderson Companies*  
*LandAmerica Commonwealth*  
*Landform*  
*Larkin, Hoffman, Daly & Lindgren, Ltd.*  
*LaSalle Bank*  
*M & I Bank*  
*Madison Marquette*  
*The Marshall Group*  
*Messerli & Kramer, P.A.*  
*Midwest Maintenance & Mechanical, Inc.*  
*Minnesota Roadways*  
*North American Properties, Inc.*  
*NorthMarq Capital, Inc.*  
*Oppidan, Inc.*  
*Opus Northwest LLC*  
*Park Midwest Commercial Real Estate*  
*Paster Enterprises, LLC*  
*Reliance Development Company, LLP*  
*RLK-Kuusisto Ltd.*  
*Robert Muir Company*  
*Robins, Kaplan, Miller & Ciresi LLP*  
*Ridgedale Center*  
*RSM McGladrey, Inc.*  
*RSP Architects*  
*Ryan Companies US, Inc.*  
*SuperValu Inc.*  
*Target Corporation*  
*TCF National Bank Minnesota*  
*Towle Financial Services*  
*U.S. Bank*  
*United Properties*  
*Venture Mortgage Corporation*  
*Weis Builders, Inc.*  
*Wells Fargo Bank, N.A.*  
*Welsh Companies, LLC*  
*Westwood Professional Services*



## 2005 STORE OPENINGS/CLOSINGS *continued*

**Coldwater Creek** plans to open approximately 60 new full-line stores in 2005. The company previously had said it would open approximately 50 stores next year.

**Moe's Southwest Grill**, an Atlanta based Tex-Mex, announced that they will open 30 restaurants in the New York City and state in 2005. Currently, Moe's has 150 restaurants and has plans to grow quickly to 750 units. Moe's is part of **Raving Brands** which also franchises **Mama Fu's**, **Planet Smoothie**, **PJ Coffee** and **Doc Green's Gourmet Salads**.

**Family Dollar Stores** will open 500 to 600 stores and close 60 to 70 locations during fiscal 2005.

**Gander Mountain** plans to open 20 stores in 2005.

**Golf Galaxy** will open 12 to 15 new stores in 2005, pushing the store count almost to 50 in its pursuit of a national presence.

**Office Depot** plans to open as many as 80 stores this year as it pushes into the northeast, where Staples has top market share.

**PETCO** expects to open 75 new-format stores called Pisces.

**Jos. Bank Clothiers** plans to open approximately 40 new stores.

**Wendy's International** will close up to 18 of the 305 Baja Fresh Mexican Grill units in 2005.

The 840 **Papa Murphy's Take 'n' Bake Pizza** concept plans to open 100 units in established and new markets.

**7-Eleven** will open 100 stores this coming year.

**Athlete's Foot Stores** announced it is closing all 124 corporate stores and filing Chapter 11. However, all 600 of the franchised owned and operated **Athlete's Food Brand** stores will remain open.

Some 3 million new square feet from **Bed Bath and Beyond** and **Linen's 'n Things**, as BBB opens nearly 60 stores and the latter opens nearly 50 units.

**AutoZone's** 202 new stores and **Advance Auto Parts' 125** are just two of the big builders in the automotive arena. ■

## 2005 Event Schedule

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

**Wednesday, January 5** – Finance & Investment

**Wednesday, February 2** – Technology

**Wednesday, March 2** – Legislative/Business Day at the Capitol *Four Points Sheraton St. Paul/Capital Hotel*

**Wednesday, April 6 (Afternoon)** – Geographic Focus *Holiday Inn Minneapolis Metrodome*

**Wednesday, May 4** – Development

**Wednesday, June 1** – Industry Trends

**Monday, June 20** – Annual Golf Tournament *Majestic Oaks Golf Course*



## IRON MAN KEN VINJE

Our man Ken directly manages a portfolio of nearly 600,000 sf and 50 tenants. He has four property managers who report to him, adding another 1.8 million sf of property and over 260 tenants. He does all this with award winning style and grace. That makes him an Iron Man in our eyes—and a valuable leader on the Kraus-Anderson® Realty team.

**Congratulations Ken  
MSCA Member of the Year!**



**KRAUS-ANDERSON® REALTY**  
DEVELOPMENT • LEASING • MANAGEMENT

[www.krausanderson.com](http://www.krausanderson.com)

## A STARR AMONG STARS



## PROPERTY MANAGER OF THE YEAR.

Congratulations to **Beth Holmgren**, Property Manager of the Year. MSCA's Shopping Center Tribute Awards for Retail Real Estate (STARR awards) recognize professionals like Beth who are the finest in their fields. Put Beth's expertise and United Properties' resources to work for you today.

**BETH HOLMGREN**  
*MSCA's 2004 Property Manager of the Year.*

**UNITED PROPERTIES**

Profit from us.



3500 American Blvd W., Suite 200 • Minneapolis, MN • 952.831.1000 • [www.uproperties.com](http://www.uproperties.com)



## Maple Grove and Elk River Corridors to St. Cloud

by Terry Smith, TRS Commercial Real Estate

As the area between the Twin Cities and St. Cloud becomes more developed, some would say St. Cloud is now a suburb. The communities along both Highway 94 and Highway 10 have continued to see vast growth in terms of residential housing, retail and commercial space.

### Maple Grove to St. Cloud on Highway 94

Opus Corporation is marketing yet another phase of Arbor Lakes in **Maple Grove**. Ryan Companies is marketing 157 acres at the future interchange of Highway 610 and Interstate 94. They have not officially submitted plans to the city of Maple Grove. Sources say the site could easily accommodate 500,000 sf of retail. North Memorial Health Care to purchase 30 acres that are part of the same development.

The Kohl's adjacent to the Super Target opened this past August in **Rogers**. Small strip centers continue to spring up in the area. Manard's restaurant is under construction east of Highway 101 and north of Rogers Drive. The land surrounding the site is being marketed for retail. The owners are seeking a grocer for the site. The owners of City Centre located on John Milless Drive in Rogers are looking to redevelop the center currently occupied by Roger's Drug and Grocery.

In the **St. Michael/Albertville** area, Albertville Premium Outlets, which sold this past summer to Simon Property Group, went through an expansion in 2003 and built several additional connecting buildings across the street from the outlet mall. The Shoppes at Towne Lakes, includes a new Country Inn & Suites Motel with 66 rooms, a large freestanding Lighting and Fireplace retail store, D Michael B's Restaurant, 33,000 sf of retail space and one pad site. Albertville Crossing Retail Center/Coborn's is less than two years old and Phase I consists of 80,000 sf of retail and is anchored by

Coborn's. Phase II includes four additional buildings. Several tenants include: Childcare Center, Wells Fargo Bank, Edina Realty, Carpet One and Spectators.

Wal-Mart has received approval for a 203,091 sf building located at the southeast corner of Cedar Street and School Boulevard in **Monticello**. A theater is also planned by Muller Theaters in the community. MnDOT is proposing a future interchange at Highway 94 and County Road 39. Other discount retailers are rumored to be looking at the community.

Coborn's is relocating its grocery store across on Highway 25 and installing a convenience store in **Clearwater**. Residential housing continues to grow in the community.

A small strip center was constructed in **Augusta** this summer behind what is now the Pilot, formerly Holiday Stationstores. The former BP Gas recently closed at the truck stop location. Holiday Inn Express Motel is expanding by adding 32 rooms and a pool.

### Elk River to St. Cloud on Highway 10

Vacant land is available for retail space on the west side of **Elk River** along Highway 10, adjacent to the Sherburne County offices.

It has been announced that Coborn's is relocating and expanding their grocery store to the east of the existing location in **Big Lake**. The McDonald's restaurant that burned last fall is currently under construction. The majority of the growth in the community has been the explosion of residential single-family homes.

**Becker**, well known for the recently expanded Becker Furniture World, continues its steady and quiet growth. A Sleep Inn motel opened this past spring adjacent the Super America, and across the street a strip center by local investors is currently under construction and will be occupied this spring.

Last August, plans were announced to fund continued work on the Northstar Commuter Rail Project, extending the rail from Minneapolis, through Fridley, Coon Rapids, Anoka, Elk River and Big Lake to St. Cloud. MnDOT is looking to extend Highway 610 from Brooklyn Park/Osseo over to Highway 94.

Not only do these communities continue to experience continued retail activity, but see a tremendous growth in residential activity that is not expected to subside any time soon.

St. Cloud was featured as a *Market Update* in May of 2004 in the MSCA newsletter. ■

### New Bill Affects Car Donations

Tucked into the American Jobs Creation Act of 2004, the big corporate tax-break bill that Congress recently passed, is a crackdown one of America's favorite tax deductions: donating an old car to charity. The bill says that as of January 1, 2005 you can take a tax deduction only for what the car sells for at the charity auction. Under the old law, you could deduct the documented "fair market value."

For taxpayers, this means that the deductible amount will plummet. For instance, a \$1,500 clunker likely will sell at auction for about \$500. You'll get a letter from the charity after it sells telling you the price. There goes your fat deduction.

The only exception is for cars valued at \$500 or less. That deduction can be taken without waiting for the charity price.

Charities are in an uproar, fearing that people will just sell their cars rather than donate them, which could cost them millions of dollars in donations.

Source: *USA Today*

# Around the Marketplace

## Retail Tidbits



compiled by Tim Hilger, Diversified Acquisitions, Inc.

● The opening of Lowe's in Coon Rapids, joining 19 **Home Depot** and 18 **Menard's** stores, is a new high for home improvement stores in the Twin Cities. Owatonna will be the home of their second store. Lowe's is the number two home improvement retailer in the U.S., reporting 3rd quarter earnings that were up 15.2% and comparable store sales up 6.6%.

● According to the **Mortgage Bankers Association** a total of \$34.1 billion in commercial/apartment loans were placed in the 3rd quarter. This is an increase of 15.2% over the same period last year.

● **Wal-Mart** predicted there is a long-term opportunity for 2,700 additional Wal-Mart SuperCenters in the U.S. and plans to refine its store format and discontinue the look of its "battle ship blue-gray box."

● **RED Development** and **Poag & McEwen** both announced their "lifestyle" open air format centers in northern climates, including Maple Grove, are keeping sales pace with enclosed malls. However, according to **ICSC** research, enclosed mall tenants report their mall stores lead in growth in same store sales, operating margins and after tax profits.

● With the acquisitions by **Kmart** of **Sears** the new company, **Sears Holding Corp.**, announced several hundred Kmart's will be converted to Sears "off mall" formatted stores. The combined company will have 3,500 stores and \$55 billion in sales. It will be the #3 retailer behind **Wal-Mart** and **Home Depot**.

● After **May Department Stores** acquisition of **Marshall Field's**, May announced they are temporally "shutting down" the Marshall Field's Web site for a complete rebuilding to fit the May format. They anticipate re-opening the site in spring 2005. According to **The National Retail Federation**, internet sales are expected to grow 27% to \$144 billion this year.

● **Lund Food Holdings Inc.** announced plans for two **Lunds** stores in downtown Minneapolis. The stores anticipate being open in 2006. One will replace the Rick's

Market store at 313 Central Avenue near Riverplace. The other will be on the ground floor of the former Billy Graham ministries building at 1201 Hennepin Avenue near Laurel Village. The stores will range in size from 12,000 sf to 17,000 sf.

● According to an article in the December 13, 2004 *Fortune* magazine, the retailers with the best sales psf are (+/-): **Best Buy** with \$913; **Costco** with \$858; **Wal-Mart** with \$472; **Home Depot** with \$380; **Sears** with \$243; and **Kmart** with \$163.

● A court battle worth watching. The very popular mall gift cards that look like credit cards are coming under attack by some consumers and states. They are challenging the fees, expiration dates and "small print" conditions that reduce the values of the cards. The cards are usually associated with Visa or MasterCard. The states are interpreting the monitoring controls fall under state banking laws, while the large real estate companies believe that federal banking laws apply. Consequently, **Simon Property Group** has filed a "preemptive suit" to get the issues resolved early in their favor.

● Look for **Galyan's Trading Company, Inc.** to change its name to **Dick's Sporting Goods** in 2005.

● Upbeat **KFC-Rib Crib** co-brand test unit has Yum's attention. Yum Brands opened last month its first Rib Crib. The building features a traditional **KFC**, which is 6,000 sf, 280 seats and drive-thru service and the **Rib Crib's** casual-dining prototype of about 5,000 sf and seats 196.

● New World Restaurant Group is expanding **Einstein Bros. Bagels** brand with the introduction of Einstein Bros. Café, a dine-in concept featuring lunch and dinner menus and a new look conducive to meetings.

● **GolfTown** IPO nets \$8.5 million for local based **Golf Galaxy**. Golf Galaxy will use the payout to help finance its nationwide expansion. The company has 33 stores in the United States and plans to open at least 15 more by the end of 2006.

● A new **Rainbow Foods** and **Gold's Gym** will take over an old Kmart site in Shakopee. The grocery store will likely open in January. The Gold's Gym is expected to open in the summer of 2005.

● Three Wayzata businessmen will buy the 15-acre downtown **Wayzata Bay Center** with intentions to add condos and more retail space.

● Last year, identity thieves made off with \$50 billion and consumers reported \$400 million in losses from fraud, according to the Federal Trade Commission.

● The National Retail Federation (NRF) estimates that 20% of holiday sales will occur the week before Christmas, expecting that customers will procrastinate on holiday shopping, since Christmas falls on a Saturday and many offices closed on Christmas Eve. The week after Christmas will likely add another 10% to total holiday sales, for a total projected increase this year of 4.5% for a total of \$219.9 billion.

### Top 10 New Year's Resolutions for Business Success:

1. Learn to delegate and do more of it
2. Promote your business consistently
3. Make business planning a weekly event
4. Learn something new
5. Join a new networking group
6. Give back to the community
7. Put time for you on your calendar
8. Set realistic goals
9. Don't make do; update equipment and other items that hinder your success
10. Drop what's not working and move on

### Top 3 Personal Resolutions:

1. Health and fitness: weight loss, exercise, diet and nutrition, health and wellness (smoking, drinking, caffeine), marathons/competitions
2. Career
3. Time management and organization

Try these New Year's Resolution sites to set and manage all of your personal and professional goals. Check out [www.MyGoals.com](http://www.MyGoals.com) and [www.hiaspire.com/newyear](http://www.hiaspire.com/newyear) to set goals and keep you on track until your goals are accomplished.

# Horizon Roofing & Sheet Metal

*Award Winning Workmanship*



We offer 24/7 leak repairs, even when it's raining. Our hourly rate is \$60.00 per man hour, and for your toughest leaks we offer infrared scanning. Call us today for more information.



**Over 10,000,000 Sq. Ft. Installed**

**In Business Since 1976**

**13 Awards Won for Our Workmanship**

**Warranties up to 30 Years**

**Top 6% in North America for Quality**



**Roofing** *24 hour Repairs* **Consulting** *Roof Inspections*  
**Roof Maintenance** *Sheet Metal Work* **Copper Work** *Infrared*

**St. Cloud**      **Twin Cities**      **State Wide**  
 (320) 252-1608    (612) 333-1481    (800) 318-1608  
[www.horizonroofinginc.com](http://www.horizonroofinginc.com)

## Damon Farber Associates

**Landscape** Architecture  
**Urban** Design  
**Site** Planning  
**Visual** Communication  
**Public** Presentation

**Brainerd** Downtown Plan  
**Canal** Park Drive  
**Central** Avenue Streetscape  
**Excelsior** & Grand  
**Galleria** Landscape Retrofit  
**Gander** Mountain  
**Golden** Valley Commons  
**Lunds** And Byerlys  
**Mall** of America  
**Mendota** Village Market Square  
**Milwaukee** Road Depot  
**Shoppes** at Arbor Lakes  
**Super** Targets  
**Target** Site Development Prototypes  
**Wayzata** Main Street  
**Woodbury** Lakes Lifestyle Center

**923 Nicollet Mall**

**Minneapolis** Minnesota 55402  
**612** 332-7522  
**www.** damonfarber.com

**MSCA 2005 Program  
 Schedule & Stickers**

**SEE INSERT!**

**Minnesota Shopping Center Association**  
 8120 Penn Avenue South, Suite 555  
 Bloomington, MN 55431

