

Feature Article

14,000 Minnesota children served through The Caring Tree

School has started and thanks to The Caring Tree, 14,000 students went back to school with new school supplies they would not have had otherwise. More than 50 social service organizations partnered with The Caring Tree to distribute the supplies to low-income children state-wide. The Foundation benefits by seeing both sides of the program...the delight of those who have collected the supplies and the excitement and appreciation from agency representatives. This program significantly impacts each student who receives the supplies.

The Minnesota Visiting Nurses Agency (MVNA) is one of The Caring Tree's partnered agencies. MVNA is a non-profit organization that provides home health care and public health services in the Twin Cities Metro area. Over 95% of their clients are living at or below the poverty level. Susan Anderson, Project Director, shared a story about one of the recipients. A 45-year-old woman, recently diagnosed with lung cancer that had metastasized to her brain, had been struggling to keep food on the table for her three young sons and

The Caring Tree continued on page 2

SHOPPING CENTER SNAPSHOT



Block E



Location: 600 Hennepin Avenue in Minneapolis

Opened: September 2002

Owner/Managing Agent: McCaffery Interests, Block E, LLC

Center Manager: Sue Bonin

Leasing Agent: Clayton McCaffery, 737 N. Michigan Ave., Suite 2050, Chicago, IL 60611

Architect: Antunovich Associates

Construction Contractor: PCL/Plant Joint Venture

GLA: 218,966 sf

Current Occupancy: 98% leased, 88% occupied

of Occupants: 11 open, 5 under construction

Anchor Tenants: LeMeridien Hotel, Crown Theatres, GameWorks, Borders Books & Music, Hard Rock Cafe

Market Area Served: Twin Cities Metro

Construction Style: Post tension concrete for the hotel portion, and the retail and theatre are steel structure with concrete composite decks.

Additional Facts/Narrative: Block E is an entertainment venue in which the design conveys the "everyone welcome" message. Variety and interest were incorporated into the façade and those elements function as a backdrop for tenant signage, animated advertising and billboards. Widened sidewalks, large lighted trees, planting beds and an outdoor sound system make the site pedestrian friendly and alive. The color, lighting and open design of the skyways heighten the site's visibility from the street. The major strength of the new Block E is that it appeals to a diverse customer base from nine-year-olds at GameWorks to high-income business travelers at LeMeridien.

THE CARING TREE *continued from page 1*

was not physically or financially able to provide school supplies for her boys. She was overwhelmed with appreciation when her sons received three complete backpacks before school started.

Women's Advocates is also partnered with The Caring Tree and they are committed to providing shelter and advocacy services to women and children trying to escape a violent home life. Not only are these children not prepared for school, but they will be attending a new school this year. In a letter thanking The Caring Tree, it stated they were able to help all of the current children in their shelter and the supplies will not only ease their transition to a new school during this difficult time, but help them boost their self-worth.

MSCA's Community Enhancement Committee plays an important role in the campaign, working closely with shopping center managers and staff to ensure the program's success. With the inclusion of a new retail partner, Herberger's, 39 shopping centers participated in the program. This is the largest number of shopping center participants to date. Retail partners Cub Foods and Office Depot offered prepackaged school supplies and received more donations than from the previous two years. Thanks to the following Community Enhancement Committee Members: **Wendy Aaserud, Lee Bastyr Ching, Lisa Chubb, Gina Gossman, Tom Heuer, Shelley Klaessy, Liz Lee, and Stephanie Meyer.**

Thanks to contributions from hundreds of individuals and companies, The Caring Tree was able to accommodate most of the additional supplemental school supply requests. RSP Architects and Best Buy Enterprises

held internal collection drives and raised enough supplies to assist approximately 300 students collectively. Paster Enterprises donated 80 backpacks. Additional collections were received from Calvary Child Care, MLT Vacations, Wells Fargo-Shoreview, American Express Financial Advisors Inc., Immanuel Lutheran Church, Knox Presbyterian and Southern Graphics.

Special acknowledgement goes to Adolfsen & Peterson Construction who assisted with the delivery of collection bins and signage to Office Depot stores. MSCA member Matt Rieger of Park Midwest Commercial Real Estate sent a letter to clients and vendors asking them to support students in their communities. This gesture raised \$3,185!

For the past few years Immanuel Lutheran Church has adopted The Caring Tree as their Vacation Bible School charity, giving the children a chance to understand how to help others. Each day the children learned about what it is like to go to school without supplies and discussed how it would affect them. For four consecutive days the children were asked to bring specific coins: pennies on Tuesday, nickels on Wednesday, dimes on Thursday, and on Friday, everyone brought their quarters. In that week, less than 200 children raised \$874.45 in change!

In the light of the current economic conditions, it is very encouraging to see how the program continues to grow and serve more children each year. Thank you to all who have made financial contributions and donated school supplies. On behalf of the Foundation, we are excited to see this program expand.

If you want to become more involved in the program, please contact The Caring Tree office at (952) 888-3490. ■

Do-Not-Call on hold: Minnesota law remains

The no-call rules published in early July by the Federal Communications Commission pull the plug on unsolicited in-state telemarketing calls to households who have registered their name with the federal government. The rules prohibit businesses from calling any prospect, within your state or out of state, that are listed on the Federal Trade Commission's (FTC) National Do Not Call Registry and mandate that real estate practitioners and other marketers must obtain written consent from the recipient before they can send faxes that advertise products, services, or events.

A federal judge in Oklahoma city ruled against the FTC, however the FTC asked

for a stay to block the ruling and filed an appeal. As reported in the September 25 *Star Tribune*, Minnesota's 10-month-old do-not-call list is not affected by the ruling because, "The Minnesota law was crafted by the Legislature through public hearings and the usual legislative process," according to Bruce Gordon, spokesman for the Minnesota Commerce Department. If your business practices include cold calls to prospects or telemarketing, you need to pay attention to the new rules that govern your calling and faxing activity. Of the 50 million phone numbers that have been submitted to the national do-not-call list, 1.1 million are Minnesota numbers. ■

MSCA CONTRIBUTORS TO THE CARING TREE

Individual Contributions

Martha Anderson, Paul Anderson, Lee Bastyr Ching, George Bestrom, Molly Bird, Sue Bonin, Nancy Murdakes Brown, Connie Connor, Lisa Diehl, Vincent Driessen, Stephen Eggert, Michael Finkelstein, Jill Hagen, Ted Holmes, Timothy Igo, Ted Kueppers, Bill McCrum, Bill McHale, Michael Monson, Steven Mosborg, Timothy Netzell, Bruce Peterson, Whitney Peyton, Tricia Pitchford, Matt Rieger, Thomas Schuette, Kelly Slawson, Brian Treber, Mary Wawro

Corporate Contributions

ACI Asphalt Contractors, Adolfsen & Peterson Construction, Architectural Alliance, Aspen Waste Systems, Benson-Orth Associates, Capital Real Estate, Inc., Capps Companies, Clearwater Development Group, Commercial Partners Title, LLC, Community Enhancement & Organizing, Construction 70, Inc., D. J. Kranz Co., Inc., Dalbec Roofing Inc., Dorsey & Whitney LLP, Ettl & Franz Roofing, The Flanary Group, Great Clips, Heritage Property Investment Trust, Holiday Companies, Lidstrom Commercial Realtors, Madison Marquette Realty Services, Marco Property Management, Metro Paving Inc., Michaud Cooley Erickson & Associates, Inc., Midwest Maintenance & Mechanical, Inc., Northtown Mall, Opus Northwest, LLC, Park Midwest Commercial Real Estate, Paster Enterprises, RLK Kuusisto Ltd, Robert Muir Company, Rouse Ridgedale Management Company, Stonewood Properties, Suntime Commercial Realty, Superior Striping, Inc., United Properties, URBAN Associates, Venture Mortgage, Weis Builders, Witcher Construction Co.

Foundations and Other

Best Buy Children's Foundation
KKE Architects Foundation
MSCA Corporate Sponsors
Slawik Family Foundation
TCF Foundation

What's Happening

Yorktown Announces New Tenants

Since the successful completion of the \$1 million renovation and repositioning project in fall 2002, Yorktown Shopping Center in Edina has added two new retail tenants. Panera Bread opened one of its trademark bakery-cafes in July in a 4,500 s.f. space in the shopping center. Jo-Ann Etc. opened a 34,000 sf home décor, fabrics and crafts retail store that was relocated from a smaller location at Southdale Square in Richfield. The redesigned shopping center features a brighter, more contemporary look both inside and out. Exterior improvements include the addition of a raised façade with brick accents highlighting major tenants, new canopies and lighting, enhanced parking, newly landscaped areas and a relocated front entrance offering greater visibility to the Target Greatland store. United Properties has leased and managed the center since 1994.

Caribou on the Move

Caribou Coffee Company, Inc. is planning to move its Minneapolis Warehouse District headquarters to Brooklyn Center in mid-2004. The new building will accommodate the company's roasting operation, warehouse, company store and administrative offices.

McDonald's Celebrates 50

The oldest operating **McDonald's** restaurant in the world, located in Downey, California, celebrated its 50-year anniversary. The store, which was the chain's third restaurant, opened its doors in August 1953. It eventually became the prototype for more than 1,000 units built through 1968 in the United States. The store is listed with the National Register of Historic Places.

First Robin of Late Summer

The first **Red Robin "American Gourmet Burgers and Spirits"** restaurant quietly opened in August in Plymouth on Highway

55. The company opened its first restaurant in 1969 in Seattle, Washington. The corporation is based out of Greenwood Village, Colorado and currently has over 200 restaurants. The company is publicly traded on NASDAQ under the symbol RRGB.

Hops Stay on New Menu

Hops Restaurant, Bar and Brewery changed its name to Hops Grillhouse & Brewery and rolled out a new menu as part of a multi-million dollar rebranding effort to increase customer frequency.

Krispy Kremes in Wal-Mart

Krispy Kreme Doughnuts, Inc. plans to open a shop inside a Wal-Mart SuperCenter in Mount Airy, North Carolina as a test with the retail giant. It will most likely be a factory store in which customers can watch the doughnut production process. Krispy Kreme in October also plans to open stores in four other Wal-Mart stores to test different shop formats.

Cell Numerology

Cell phone users, get ready for better cell phone service. The countdown to November is underway, the date when we will get to keep our cell phone numbers even if we change phone companies. The reform should bring some consolidation; with fewer companies, the best will rise to the top and those that drop calls will get dropped themselves.

Banks in Real Estate

A proposed Federal Reserve Board and U.S. Treasury Department rule would define real estate brokerage and management as financial activities and thus permissible lines of business for financial services holding companies and national banks. As of late June the latest action was the Community Choice in Real Estate Act (H.R.111 and S.98), which would permanently stop publication of the Treasury rule, had 236 sponsors in the

House and 22 in the Senate. The provision-prohibiting Treasury from using appropriated funds in fiscal year 2004 to finalize its proposed rule passed House Appropriations Committee in late July. Fiscal 2004 begins on October 1st.

Hotel Development Rebounds

With the Iraq offensive completed, the SARS scare ending and the upturn in the stock market, conditions seem ready to improve for the beleaguered hotel sector. Developers are ready to capitalize on an upswing. Case in point, the number of completed upscale hotel projects is expected to increase by a whopping 74% between 2003 and 2004.

Ben and Jerry's Smoothie

Ben & Jerry's has chosen the Pittsburgh AIRMALL, located inside Pittsburgh International Airport, as the debut location for its new Ben & Jerry's Smoothies concept, which combines fresh fruit, juice and low-fat frozen yogurt.

2003 Holiday Shopping Season

The 2003 holiday shopping season offers one more day for consumers to hit the stores, with 27 days between Thanksgiving and Christmas 2003 compared to 26 days in 2002. Analysts are expecting heavier spending with an estimated sales growth between 3 and 3.5 percent.

Women's Retailing

Ann Taylor, J. Jill, Christopher & Banks, and Chico's are among the most popular specialty apparel destinations for Boomer women. Of the four, Chico's boasts the highest sales per square foot, driven largely by a unique incentive program for sales people that encourage higher transactions.

- Ann Taylor: \$426 sales psf, 13.7% sales growth
- J. Jill: \$410 sales psf, 17.9% sales growth
- Christopher & Banks: \$253 sales psf, 23% sales growth
- Chico's: \$660 sales psf, 40.5% sales growth

Something Smaller in Texas

Best Buy unveils new small-market prototype. The typical format is 45,000 sf. The new 20,000 sf prototype store is designed to serve areas with populations of approximately 100,000 people, even smaller than the 250,000 population centers that the chain's 35,000 sf stores were designed to serve. The first prototype of this size is located in Texas.

What's Happening continued on page 5

CBRE, Insignia Combine Strengths

One of the biggest headlines in the commercial real estate industry at the end of July was the merger between CB Richard Ellis and Insignia Financial Group, which created the largest real estate company in the world. According to Whitney Peyton, Senior Managing Director of the Minneapolis office, "As a result of the consolidation, we've hired 15 new staff accountants. We have a larger accounting hub here in the Twin Cities, which will service Minnesota clients as well as a host of other clients from 40 other states." They have picked up 15 new clients with the merger. The company, which will operate under the CB Richard Ellis name, now has 250 offices spread throughout 48 countries and over 14,000 employees. Insignia employees will relocate to CBRE offices. The company emphasizes taking the very best of both of these companies and coming out with a better end product. ■

Industry Tidbits

If you have additional tidbits, please forward them to
Tim Hilger, newsletter co-chair, at thilger@ix.netcom.com



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

Has your local pizza store started charging for delivery? **Pizza Hut**, with 1,700 stores corporate stores, was the 1st national chain to start charging 50 cents per delivery. An additional 4,900 Pizza Hut franchised stores are beginning to experiment with a delivery fee. The driving factor is shrinking profit margins and slumping sales. Competition within the pizza delivery business, non-pizza restaurants offering a broader menu selection, "take and bake" shops and quality pizzas available at your local grocery store have contributed to the slump.

- The **City of Plymouth** denied an application by **CSM** to develop a retail center anchored by **Lowe's** at Highway 55 and Vicksburg. The 28-acre site was once an industrial site.
- **Audio King** has now changed their name to **Ultimate Electronics**. The name change coincides with the opening of their new store in Maple Grove's **Shoppes at Arbor Lakes**.
- **FAO Schwarz** products along with other products from its other companies, **Right Start** and **Zany Brainy** has started selling their products in selected **Saks** owned department stores which include: **Boston stores, Parisian, Proffitts** and other Saks owned stores. This move follows other department stores who are seeking new expanded merchandise mix and are considering leasing more departments. Marshall Field's is one of those experimenting with this method.
- **Robert Muir Company** announced the ground-breaking of their **Shoppes of Tamrack** in Oakdale at I-94 and Inwood Avenue. Opening of the 225,000 sf lifestyle center is scheduled for early 2005.
- A judge's decision may permanently change the way the **Mall of America** is merchandised. **Simon Property Group** lost their case to retain majority ownership of MOA. The challenge by the **Ghermezian family** of Canada for control of the retail complex has surprised many in real estate. Simon will appeal the decision, but if the Ghermezian prevail, look for major changes in the retail merchandising, entertainment and expansion of the MOA.
- **Dairy Queen, Inc.** announced that they would increase their promotional efforts for their **Orange Julius** subsidiary.
- The **Minnesota Vikings** have licensed their name to a new restaurant concept to open in the **Mall of America**. The restaurant,

the **Purple People Eatery**, will be owned by former Viking great **Carl Eller** and businessman Gary Carlson. The restaurant will be located on the 3rd floor of the MOA.

- **Snyders Drug** stores filed for bankruptcy in September. The drug store chain is a subsidiary of **Katz**, Canada's largest and only mail order pharmacy operator. Snyders was founded in 1928 as a cigar store with some general merchandise. It was once owned by **Gamble-Skogmo**, sold to **Wickes Furniture Company**, bankruptcy at Wickes allowed Snyders local management to buy the drug store retailer. Snyders was sold to Katz in 1999. Katz also purchased **Drug Emporium** through its Snyders division in 2001. The

FACTS

- There are 46,336 shopping centers in the United States, of which the vast majority (95%) is strip centers. California has the most shopping centers, 6,152. Wyoming has the least, 55. Source: ICSC
- Every year one out of five American families changes its place of residence.

debt and weak Drug Emporium operations were cited as major reasons for the September bankruptcy filing.

- A federal bill to force out-of state retailers to collect sales **tax in Internet sales** has been introduced in Congress. The bill would require sales tax on internet sales. It would also streamline and try to unify the myriad of sales tax formulas and collection nationwide. The bill has the support of the ICSC, local governments, store retailers and others who want to "even the playing field" between Internet retailing and in-store retailing and increase revenue to state and local governments.
- **Zyng Noodlery** is preparing to add a little zing to the Twin Cities market with 4

The **Minneapolis/St. Paul Airport** may see a change in the operations of the retail component. The **Metropolitan Airport Commission (MAC)** committee announced that they are considering opening up the way retail operations are run. **HMSHost** presently "master leases" most of the retail operations, then, in turn, subleases space to other retailers or operates their own franchises. The future may have developers bidding for the rights to run the retail operations much like traditional retail centers. The MAC hopes to generate a higher retail rental return for itself. Critics question whether the quality of the retail operations will suffer, if long-time, well-paid retail employees will be retained, or whether the new leasing format will shift to lower paid new store employees. The word from those close to the issue say that the MAC took criticism from the State's Attorney General for not doing enough to maximize airport retail revenue.

Pan-Asian restaurants. The company was founded in 1998 in Montreal and entered the United States in Alexandria, Virginia last year. The company has signed with the Minneapolis/St. Paul International Airport and North American Properties retail project, Southwest Station in Eden Prairie.

- **New Obesity Culprit** — "Cup Shapes": The configuration of a drink cup can influence how much soda a consumer takes from a self-service drink stations, suggests a new study by the University of Illinois.
- **Buffalo Wild Wings** announced that they will take their privately held 217 restaurant chain public. They operate their namesake restaurants in 27 states with 12 in Minnesota.
- **Champps**: The restaurant chain is cutting some entrée portions and raising the prices of several popular bar foods. Look for more restaurants to follow suit.
- **The Dakota** is coming to Nicollet Mall and will open in Zinc's old space by mid to late October.
- **Sears Great Indoors** concept, specializing in home furnishings has apparently "hit the wall." The returns that Sears expected for the 21-store chain are not there and consequently a number of Great Indoors stores will be closed. Some analysts predict that Sears will eventually abandon the concept. Interestingly, customer traffic on weekends has been very strong.
- **Sears Department Stores** reported that August sales were coming in ahead of expectations. Strong sales in its home appliance division and a more aggressive pricing of its appliances counter challenges by **Wal-Mart** and **Home Depot**.
- Movie star and possible future governor of California, **Arnold Schwarzenegger**, has been a savvy investor. It was recently reported in the ICSC Xtra that he is a part owner of

Tidbits continued next page

TIDBITS *continued from page 4*

the 1.5 million sf **Easton Town Center** in Columbus, Ohio.

- **Best Buy** reported strong 2nd quarter earnings which rose 75% over the prior years same quarter's earnings. Same store sales for the quarter increased 7.5% over the same quarter in 2002. Increases in market share, cost cutting and very strong customer demand for digital and related products. **Circuit City** continues to lose market share to Best Buy.

- **Bonus Stores** that operates under the name of **Bonus Stores** and **Bill's Dollar Stores** is closing 214 out of its 311 stores. The Columbus, Mississippi based retailer reported strong interest by a large number of its "dollar type store" competitors in its soon to be vacated stores.

- **Applebee's Restaurants** reported a 5.4% increase in same store sales during August.

- **Dollar Tree** reported strong 2nd quarter sales, which beat Wall Street expectations.

- **Brookstone** reported a loss of \$2.3 million for the 2nd quarter. The company said it should open 18 – 20 new stores this year. Sales in remodeled and new stores have performed best.

- **J.Jill** warned Wall Street that its 3rd quarter performance will not meet expectations. The retailer cited poor merchandise mix as the primary cause of slow sales. Additionally, its catalog sales are keeping customers out of their retail stores.

- **Westfield America**, who held the master net retail in the **World Trade Center** on 9/11, announced that it has a letter of intent to sell its retail lease interests with the **Port Authorities of New York and New Jersey** for \$140 million.

- **Sears**, in an effort to add some name recognition and punch to its "soft side," has acquired the **Structure** brand store chain from **Limited Brand**. The recent acquisition follows Sears' acquisition last year of catalog and internet retailer **Land's End, Inc.** Sears recently announced that they have completed the integration of the Land's End merchandise into its 870 stores.

- **Bon-Ton Stores** announced the acquisition of the **Elder-Beerman Stores Corp.** for \$8 per share in cash.

- **Standard & Poors Credit Agency** recently announced that they downgraded 1070 **Winn-Dixie** grocery store chain to "BB". Competition for both upscale and "super-centers" were cited as major factors shrinking Winn-Dixie's market share and profitability.

WHAT'S HAPPENING *continued from page 3*

AVANZA

The second market for a Hispanic food format operated by **Nash Finch** opened in September in Chicago. The Avanza concept, which debuted in May 2002, had previously consisted of four stores located in the Denver market. Ethnic formats have become popular in recent years due to the emergence of the U.S. Hispanic population as the largest and fastest growing ethnic group, according to the U.S. Census numbers.

United Properties Selected

United Properties Retail Brokerage has been selected by Cincinnati-based developer Bear Creek Capital to lead site selection and manage tenant representation for national drug store chain CVS/pharmacy's market entry in Hennepin County. Tim Baird of Bear Creek Capital stated that, "There will be as many or more CVS locations in Hennepin County than any other retail pharmacy when our market entry is complete." CVS store sizes range from 11,000 to 13,000 sf and prefer to be located on one- to two-acre, freestanding sites at prime, signalized intersections with strong traffic counts to allow for close parking and drive-thru pharmacy services. Mike Sims and Stefanie Meyer are leading the assignment for United Properties.

Krispy Kreme Donuts opened on September 3rd at Southwest Station, North American Properties' new development. Bear Creek opens October 1st and Chipotle, Caribou Coffee, Noodles and Company will open before year-end.

Fair Booth to Permanent Restaurant

In August 2003, the Minnesota State Fair welcomed its newest restaurant – Dino's Gyros. The Minneapolis based upscale fast food chain has been a fixture at the State Fair for more than 20 years, operating a booth

prior to developing their permanent restaurant. Designed by Cuningham Group Architecture, P.A., the approximately 2,800 sf storefront is an adaptation of the Dino's Gyros prototype that will be constructed this fall at Snelling and Larpenteur in Falcon Heights. The design of the building, with its animated storefront, will enhance the festive experience of the fair by adding vitality to the streetscape and accommodates high sales volume with a walk up counter facing the street and two order counters on either side.

Block e Nears 100% Occupancy

With the addition of The Shout House, Pancho's Mexican Grill and Jewel Spa and Salon, McCaffery Interests Block e is 98% leased. The three newly signed tenants are scheduled to open by December 2003.

The Shout House combines live rock n' roll dueling pianos, comedy and audience interaction. The 300-capacity club will be on the skyway level near the Target skyway. Club décor will feature a "rustic warehouse" ambience, showcasing two bars and a large area surrounding the performance stage.

Pancho's Mexican Grill, featuring a simple menu of fresh food and fast service, will be located next to The Shout House. The restaurant is simply designed with painted concrete and tile floors, wrought-iron railings and warm earth tone colors.

Jewel Spa & Salon will offer specialty and complete haircare services. Located on First Avenue adjacent to the LeMeridien Hotel, the spa will offer hotel guests special spa packages, as well as arrangements for larger group. Jewel Spa and Salon will exclusively use the Kerstin Florian spa line of products, featured in four and five-star resorts.

What's Happening continued on page 6

- **Kroger Grocery Stores** announced that total grocery store sales increased 3.3%, but comparable stores sales declined .4% for the quarter.

- **Buca Restaurants, d/b/a Buca de Beppo** and **Vinny T's**, reported a 3rd quarter net loss due to weak sales and same store sales were down 9% at both chains.

- **Talbots** announced that they are on track to open 53 stores in the second half of the year and they predict that they will have 977 stores by year's end. Same stores sales for the quarter were off 1.7%.

- **Big Lots** reported a 3.4% increase in same store sales for the quarter.

- **Starbucks'** August sales were up 9%. Starbucks opened 100 stores world wide in August; it presently operates 6,902 world-wide and 5,285 in the U.S.

- The following retailers reported same store sale comps: **Gap** up 10%; **Books-A-Million** up 6%; **JoS. A. Bank** up 12.5%; **Nordstroms** up 3.9%; **Men's Warehouse** U.S. operations up 8.1%; **Krispy Kreme** up 11.3%; **Dick's Sporting Goods** up 1.5%; **Borders Group** up 1.7%; **Limited Brands** up 3%; **Footlocker** down 4.4%; **J. Crew** up 2%; **Williams-Sonoma** up 6.5%; **Party City** corporate owned stores up 5.8% and franchise stores up 4.8%; **Restoration Hardware** up 9.9%; **Galyan's** down 7.7%; and **Wet Seal** down 19.8%. ■

WHAT'S HAPPENING *continued from page 5*

KKE Continues Work with Punch

Opening soon in Calhoun Village is the third Punch Neapolitan Pizza designed by KKE Architects. The restaurant has evolved to take on more qualities of the authentic Italian pizzeria. The customer can enjoy freshly baked pizza in a quick-serve format where the oven is the heart of the restaurant. Signature items such as custom starlight light fixtures and a dynamic sloping ceiling over the oven continue while new traditions are created, such as a community table with a capacity of 22 guests.

Resource Network Announced

United Properties is enhancing its local, regional and national retail real estate capabilities with the launch of the ChainLinks Professional Resource Network (PRN) in Minnesota. United Properties will serve as the lead partner and act as liaison to the national PRN managed by Washington, D.C.-based ChainLinks Retail Advisors, Inc., the largest retail-only real estate service provider in North America. United Properties is the ChainLinks Company in Minnesota.

ChainLinks represents retailers and landlords nationwide in the areas of real estate site selection, development, leasing and property management. The PRN now provides retail real estate service networks in more than 50 markets across North America.

Local partners selected by United Properties and ChainLinks Retail Advisors are KKE Architects, Inc., RSP Architects, Fredrikson & Byron, McGrann Shea Anderson Carnival

Staughn & Lamb, United Properties Construction, Marksman Construction, RLK-Kuusisto Ltd., and Loucks.

MNCREW Show and Seminar

Minnesota Commercial Real Estate Women (MNCREW) will hold their first Table Top Tradeshow on Wednesday, October 22 at Windows on Minnesota in the IDS Center from 11:30 - 1:30. In addition to the tradeshow, there is a program titled "Successfully using Customer Relationship Management (CRM) tools to Build Quality Relationship" by Dan Dal Degan, Vice President of salesforce.com. \$25 MNCREW Members and \$45 Non Members. Please contact Kathleen Sheridan at 952/472-4762 or mksheridan@aol.com.

Shoppes at Arbor Lakes Opens

The Shoppes at Arbor Lakes opened in Maple Grove in early September with a weekend full of events including prizes, live music, fashion shows, art activities and a fireworks finale. The 411,000 sf open-air lifestyle center, which sits on a 53-acre parcel, is 80 percent leased with about three-quarters of the stores already open and the rest to open by Christmas.

Designed by KKE Architects, Inc., the center features a four-block shopping experience framed by buildings designed to reflect a midwestern Main Street village. Tenants include: Ann Taylor, Cost Plus, J.Jill, California Pizza Kitchen, Ulta, Pottery Barn, Finish Line, Anthropologie, Coldwater Creek, Qdoba, Borders, Sharper Image,

Web Surfing

www.centerforcommercialrealestate.com
www.dma.demographicsnow.com
www.investorwords.com
www.inventors.about.com
www.quirksworld.com

Buckle, Claire's, P.F. Chang's, Pottery Barn Kids, Talbots, Banana Republic, Bath, Body Works, Abercrombie & Fitch, Ultimate Electronics, Victoria's Secret, ALDO, Jos. A. Bank, Hollister Co., Limited Too, American Eagle Outfitters, Pottery Barn, William-Sonoma, White House/Black Market.

With the lifestyle center complete, the Arbor Lakes commercial area has more than 1 million square feet of retail space.

According to the ICSC trade group, there were about 75 lifestyle centers in the United States at the end of 2002, ranging in size from 90,000 sf to 760,000 sf. Opus and partner RED Development are planning a lifestyle center called Woodbury Lakes to open in the spring of 2005.

More Advertising

Shoppers will soon be bombarded with advertising, as well as weather, traffic and security alerts as Westfield America Inc. plans to place some 1,300 large digital plasma screens at 64 of its malls in the U.S.

These digital billboard screens will be installed, owned and operated by AdSpace Networks Inc. The Burlingame, CA, firm is leasing space from Westfield to place 15 to

What's Happening continued on back page

Upcoming Events

MSCA programs are held at 8 a.m. (7:30 a.m. registration) unless otherwise indicated. Pre-registration ends at noon the day prior. Any registrations received after that will not be guaranteed pre-registration. Program topics are subject to change.

PLEASE NOTE
LOCATION



Wednesday, November 5
(Afternoon)

Retail Report

Holiday Inn Mpls Metrodome

Tuesday, December 9 (Evening)

STARR Awards/

Year End Ceremonies

Minnesota Valley Country Club

Landlords, Tenants Benefit from Tax Relief

Don't miss out on the opportunity to depreciate 50 percent of tenant improvement costs this year or next due to the U.S. Jobs and Growth Tax Relief Reconciliation Act of 2003. On transactions completed through the end of next year, landlords and tenants can depreciate leasehold improvements on a highly accelerated schedule, with 50 percent depreciated in the first year and the rest depreciated over the normal schedule. For the right entity, the limited-time offer can mean huge tax savings. The 2003 act is a follow-up to the 30 percent first-year depreciation benefit offered in 2002 to stimulate investment in a sluggish economy. The 30 percent benefit had little effect on the real estate market, so the U.S. Congress recently increased the first-year depreciation benefit to 50 percent as a further stimulation to growth. Whether or not the plan motivates tenants to spend more on leasehold improvements, the benefit is worth taking for any company planning a move, renewal or expansion in the near term.

Historically, leasehold improvements are depreciated on a 39-year schedule, which translates to annual depreciation deduction of about 2.56 percent of total costs. With the 50 percent bonus on existing buildings, first-year depreciation increased to as much as 51.28 percent. Another difference is that the 50 percent bonus depreciation amount is available in full even if property is placed in service on the last day of the year, as opposed to pro-ration of regular depreciation deductions to reflect the percentage of the tax year that has passed when a transaction is completed. ■



Corporate Sponsor Focus



The Collyard Group L.L.C.

Industry Focus: Mixed-use land development including medical, retail, restaurant and entertainment brokerage.

Company Vision: To perpetuate the equation that Competency plus Performance equals the success of Client and Company.

“MSCA provides us with critical educational updates salient to the industry as well as a platform for networking and business camaraderie.”
Gary Collyard

Faegre & Benson LLP

Industry Focus: Legal services with regard to land use, governmental regulation and approvals, and economic assistance programs and other governmental incentives for development.

Company Vision: Delivering superior service to meet the client’s business goals and knowing you, your business, and your industry – and designing a legal strategy to support your business strategy.

“Whether it’s in the State Legislature, city halls, or court, we can’t help our clients achieve their objectives without industry support. The MSCA and its members always work closely with us to make sure their story gets told.”
Richard Forschler

LandAmerica Commonwealth

Industry Focus: To explore and implement new and innovative technology, as well as provide the utmost in customer service through talented and experienced professionals trained to handle the client’s needs with speed and accuracy.

Company Vision: Dedicated to continuous improvement in the efficient transfer of real

THANK YOU!

estate interest and the protection of those interests.

“MSCA provides a friendly, professional atmosphere in which to network.”

Toni Reichow

M & I Bank

Industry Focus: Primarily on construction and term loans secured by single and multi-tenant retail properties, apartment buildings, office/warehouse facilities, office buildings and single-family and townhome development projects.

Company Vision: Full-service commercial bank with significant emphasis in commercial real estate lending.

“We value the time spent with our customers and friends, as well as the opportunity to meet new people. MSCA also enables us to keep abreast of changes in the industry and market.”
Mark Johnson

Oppidan, Inc.

Industry Focus: Grocery/big box retail community center development.

Company Vision: To be the leading merchant real estate developer of community shopping centers in the Midwest, providing customers with retail space for the lowest possible cost with our open book development approach and processes.

“MSCA provides a link to our customers, industry peers and continues to provide us insight on the Minnesota retail industry.”
Jay Moore

Paster Enterprises

Company Vision: Develop and manage first class neighborhood shopping centers that are dedicated to serving the needs of their communities. Paster Enterprises promotes entrepreneurialism with its foundation of a family business since 1948.

“MSCA provides the ongoing opportunity to collaborate with and learn from our peers in the shopping center industry. Collectively, we continue to shape and mold the future of retail and our communities.”
Howard Paster

RSP Architects Ltd.

Industry Focus: Provide a full range of planning, architectural and interior design.

Company Vision: To render visionary retail design solutions real every day.

“We enjoy exchanging ideas with and continuing to learn from a diverse range of retail industry professionals that are a part of MSCA.”
Bob Lucius

SUPERVALU INC.

Industry Focus: Grocery wholesaler and retailer.

Company Vision: Supervalu endeavors to supply its customers with merchandise and services better than any other wholesaler that can to enable them to grow under all competitive conditions.

“MSCA provides an opportunity to exchange ideas with leaders in the shopping center industry as well as a forum to grow our knowledge of the industry through focus group participation, in-depth industry research and regular monthly meetings.”
Lloyd Johnson

People in the News

■ **Opus Northwest Management, L.L.C.**, a member of the Opus Group of Companies, recently announced the addition of **Jennifer Renkly** as a new Assistant Property Manager, responsible for one-half million square feet of industrial space in the Twin Cities’ southern suburbs. Prior to joining Opus, Renkly was a brokerage assistant at CB Richard Ellis.

■ **Laurence C. Harmon, CPM**, Minneapolis, with **McGough Construction Company, Inc.**, was elected regional vice

president for 2004-2005 with the Institute of Real Estate Management.

■ **Arlene Clapp**, Arlene Clapp Ltd., has been named Chairman of the Board of CornerHouse succeeding Jay Cook, Dorsey & Whitney LLP. The mission of CornerHouse is to assess suspected child sexual abuse, to coordinate forensic interview services and to provide training for other professionals who interview children. Clapp has been a member of the Board for the past six years and active with the organization for

over ten years. A professional recruiter for the commercial real estate and construction industries, Clapp is an active member in several trade associations including MSCA.

■ **RLK-Kuusisto, Ltd.** announced the addition of **Andy LaPalme, E.I.T.**, Project Engineer and **Bobby Crane**, Engineering Technician to their Minnetonka office. RLK-Kuusisto is a multidisciplinary firm providing services in the areas of civil engineering, landscape architecture, planning and surveying.

WHAT'S HAPPENING

continued from page 7

25 screens in each Westfield mall depending on its size. The companies will share ad revenue, but declined to give details except for a spokesman's guess that annual ad revenues from the screens may range from \$50 to \$100 million. The first screens will be installed at the Garden State Plaza in Paramus, N.J., and Fashion Square in Sherman Oaks, Calif., by November, as reported on RealEstateJournal.com

Snow Predictions

Property Managers can expect average budgets for snow removal this winter. According to the traditionally authoritative *Farmer's Almanac*, this winter will be a bit below normal in Minnesota and eastern North Dakota, with near-normal snowfall. In the western part of the region, expect temperatures to be near normal though much of the winter, with a very mild March, but expect more snow than average. The coldest temperatures will occur just after Thanksgiving and between Christmas and New Year. Temperatures will be cold in the east, especially in December and January, with below-normal snowfall in Wisconsin and above-normal snowfall in the Upper Peninsula. ■

Minnesota Shopping Center Association 2003 Leadership

COMMITTEE CHAIRS

- Program President**
Steven Mosborg
 Park Midwest Commercial Real Estate
- 1st Vice President**
Michael G. Sims
 United Properties
- 2nd Vice President**
Peter C. Austin
 Welsh Companies, LLC
- Treasurer**
Kenneth M. Vinje, CSM
 Kraus-Anderson Companies
- Secretary**
Tom Madsen
- DIRECTORS**
- Bruce Carlson**
 United Properties
- Lisa Diehl**
 McDonald's Corporation
- Bob Lucius**
 RSP Architects Ltd.
- John Meyers**
 Opus Northwest LLC
- Paul Sevenich, CCIM, CJS**
 Kraus-Anderson Companies
- Sara Stafford**
 KKE Architects, Inc.
- Scott A. Thompson**
 Construction 70, Inc.
- Immediate Past President (as director)**
Kathy Anderson, AIA
 KKE Architects, Inc.
- Program President**
Doug Sailor
 Park Midwest Commercial Real Estate
- Membership**
Tony Pasko
 Bremer Bank
- Michael Thorsland**
 Venture Mortgage Corporation
- Kevin Krulczyk**
 Dalbec Roofing, Inc.
- Newsletter**
Tim Higer
 Diversified Acquisitions, Inc.
- Lonnie Pierce**
 Meridian Real Estate Group, LLC
- Awards**
Tricia Pitchford
 United Properties
- Brett Christofferson**
 Weis Builders, Inc.
- Legislative**
Howard Paster
 Paster Enterprises
- Dick Ward**
 Capps Companies, Inc.
- Retail Report**
Paul Sevenich, CCIM, CJS
 Kraus-Anderson Companies
- Jan Goossens**
 Kraus-Anderson Companies
- Technology**
Adam Davies
 Urban Retail Properties
- Golf**
Bob Lucius
 RSP Architects Ltd.
- Matt Alexander**
 CPDC
- Sponsorship**
Cindy Macdonald
 Urban Retail Properties
- Ned Rukavina**
 United Properties
- Marketing and Communications**
Kelly Slawson
 RSM McGladrey, Inc.
- Community Enhancement**
Wendy Aaserud
 Madison Marquette Realty Services
- Elizabeth Lee**
 The Wall Companies
- STAFF**
- Karla Keller Torp**
Executive Director
 (P) 952-888-3490
 (C) 952-292-2414
 ktorp@msca-online.com
- Stephanie Salo**
Associate Director
 (P) 952-888-3491
 (C) 952-292-2416
 ssalo@msca-online.com
- 8120 Penn Ave. South, Suite 554
 Bloomington, MN 55431
 Fax: 952-888-0000
 www.msca-online.com

Annual Retail Report

RELEASED NOVEMBER 5TH

SAVE THE DATE