

BRICK AND MORTAR RETAIL – MINNESOTA’S GUIDE TO RECOVERY



Unprecedented Challenges

The ongoing pandemic has created unprecedented challenges for Minnesota’s retail and restaurant brick and mortar communities, which results in destabilizing Minnesota’s overall economy and tax receipts. Pandemic related closures, and shifting consumer shopping patterns, have resulted in sustained hardship for our members and tenants. Already, the growing count of national retail bankruptcies exceeds that of the financial crisis of 2008. We continue to feel these burdens through:

- Lack of industry recovery from non-payment of rent, rent forgiveness, rent deferrals, and bankruptcies.
- Continued workforce shortages resulting in short staffing, reduced hours, and outright closures.
- Costs for businesses to remain relevant and competitive, due to changing customer shopping habits, are prohibitive for small and regional businesses.
- Increased infrastructure and operational costs associated with public safety and homelessness.
- Serious supply-chain delays in obtaining materials and merchandise.
- Excessive costs and time regarding the permitting process.
- Inflation, which leads to increases in goods and services.

Our Goal

To promote a market in which businesses choose to start and expand in Minnesota. This creates jobs and grows the local economy, which are two pillars needed to maintain the strong fundamentals that give our state a solid foundation.

As shopping centers serve the entire public and create vibrant communities, the interests of the people of Minnesota are tied to the success of the shopping center industry. This is why MSCA strongly advocates for legislation that enhances business opportunities, allows companies to increase sales and grow Minnesota’s employment base.



The Minnesota Shopping Center Association (MSCA) is a nonprofit trade association that was established in 1988. MSCA is the largest statewide organization devoted solely to the retail real estate industry. With 300 companies and over 600 members, the association represents a broad spectrum of industry participants, including retail center owners, brokers, developers, property managers, appraisers, retailers, contractors, architects, and vendors.



How the Legislature Can Help:

- **REDUCE TAX BURDENS ON THE RETAIL COMMUNITY - TAXES ARE A PASS-THROUGH ON TO TENANTS, WHICH ULTIMATELY GETS PASSED ONTO CONSUMERS.**
 - Continue to reduce and ideally eliminate the state general levy.
 - Resolve the Unemployment Insurance deficit without additional taxes on employers and consumers.
 - Support other measures that reduce property tax burdens on business.
- **PROHIBIT ADDITIONAL MUNICIPAL FEE INCREASES**
 - Municipal fees include everything from building and permitting, to sewer availability charges (SAC), to special local taxing districts.
 - Municipalities push to expand fees, which are detrimental to the start-up, success, and expansion of businesses.
- **STREAMLINE GOVERNMENT REGULATIONS**
 - Excessive regulations and extraordinary delays in approval processes delay and inhibit businesses to recover and expand.

HEAR WHAT RETAIL PROFESSIONALS ARE SAYING...

“Brick and mortar stores and retail centers are having to adapt at an increasing pace. Today, to stay relevant and succeed, we need the Legislature to support retail and commercial real estate now more than ever—our local and state economies will depend on it.”

— Joan Suko, Sr. General Manager
Ridgedale Center

“We are still recovering from the pandemic and it is being exacerbated by endless staff shortages, supply chain issues and higher inflation on our cost of goods. Paying for higher unemployment insurance makes it that much harder.”

— Paul Dzubnar
Restaurateur/CEO of Hightop Hospitality

MSCA PRESIDENT STATEMENT

“The Minnesota Shopping Center Association plays a vital role in our communities in the form of retail, restaurants, entertainment, and commercial gathering locations. COVID-19 has impacted the landscape and accessibility for Minnesota businesses. The legislature can help in the recovery of commercial retail & lifestyle sector by reducing the tax and fee burdens on our brick-and-mortar industry and allow businesses to recover and expand. The success of the commercial real estate industry directly impacts our local and state economies and without assistance, it may not recover.

We look forward to working with the legislature to find additional measures to help stabilize and expand Minnesota’s economy during this difficult time.”

— Trish Sieh, 2022 MSCA President
Kimley-Horn