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THE Connection



MINNESOTA SHOPPING
CENTER ASSOCIATION

DECEMBER 2015



MSCA Making An Impact



by Ryan Hericks, MSCA – ASSOCIATE DIRECTOR



CRISTO REY STUDENT WORKERS

Throughout the past two years, MSCA has made a conscious effort to create events and programs to help our members and industry stay up-to-date on the latest developments, while creating a forum for all of you to network and share information. As you look around our industry today, you will see a very large disconnect between the diversity of our community and the professionals serving them. To further enhance our industry, MSCA chose to partner with the CREDC (Commercial Real Estate Diversity Collaborative), along with 8 other associations. As a result of this, MSCA along with its members has donated over \$5,000 towards the CREDC for scholarships to students with a diverse background looking to get into the real estate industry.

As a result of partnering with the CREDC, MSCA has also had the great opportunity to team up with Cristo Rey Jesuit High School in Minneapolis over the past year. Cristo Rey is a college preparatory school for low-income students. The school offers a corporate work-study program and many local companies have hired their students. In fact, a few member companies of MSCA are participating and giving rave reviews about these motivated, young kids. Wendy Aaserud of Cushman & Wakefield/NorthMarq said, "Working closely with the Cristo Rey student workers has been a very positive experience for our company. They are reliable, mature and eager to learn new skills. It has been a pleasure to witness the student workers as they grow professionally



"Thank you, MSCA, for an inspiring and fun-filled afternoon with the students of Cristo Rey.

These talented young leaders are already making a positive impact on the industry and in our community!"

- Susanne Miller



"This Diversity Collaborative provides an excellent opportunity for these young people to have

exposure to the commercial retail RE industry. It's important for MSCA and its members to welcome the opportunity to mentor these young students and embrace this initiative. Mid America-MN looks forward to working with Cristo Rey in exploring opportunities for these students." - Mike Sims

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...MSCA along with its members has donated over \$5,000 towards the CREDC for scholarships to students...



FEATURE ARTICLE CONTINUED: MSCA Making An Impact



CRISTO REY STUDENT WORKERS

confidence within themselves and in their future opportunities.”

On Nov. 4th at MSCA’s Retail Report Program, 15 Cristo Rey students joined us and were partnered with several MSCA members who could give them a better understanding of our industry. The kids had a great time, learned a lot about the different classifications in commercial real estate, and were able to show our membership how motivated and ambitious they are.

In 2016, MSCA plans on bringing the CREDC back as its Bowling and Golf raise more money for scholarships and keep promoting diversity in our industry’s workforce. If you or your company is interested in more information about the CREDC or Cristo Rey, please let MSCA know and we can get you in touch with the right contacts.



“My interactions with the students of Cristo Rey have been enlightening as well as entertaining. These young people are smart, ambitious, articulate and engaging. It would be wonderful if we could recruit a few of these students into our commercial real estate industry.” – *Bob Pounds*



“The shopping center industry serves 100% of MN residents and guests from all over the world. For our industry to serve the needs of an ever changing population, it is essential that we diversify the talent base that runs our industry. The activities of the Diversity Collaborative are one way that we are working to promote our great industry.”
– *Tony Barranco*



“I was touched by one of our Cristo Rey student workers as she described her experience applying for admission. Every day she waited with excitement and anticipation to see if an acceptance letter would be received. When she told her mother she didn’t understand why she hadn’t been notified, her mother went to a drawer and brought her the acceptance letter she hid for over 3 weeks, fearing they would not be able to afford the tuition. They received the financial help needed and she is now a very proud student worker at our company. Please consider becoming a corporate sponsor to help another student fulfill their dreams.”
– *Wendy Aaserud*

SNAPSHOT: ROBERT STREET MARKETPLACE

REMODEL: 2015

The municipal approvals provide excellent new construction pad site opportunities, including restaurants with outdoor patios, excellent visibility, drive-thru, and ample parking. The traffic counts at this fully signalized intersection are huge. The close proximity to highways makes this an easy destination for all, along with the daily capture of all commuter and high retail area traffic.



- LOCATION:** NWC South Robert Street & Mendota Road, West St. Paul
- OWNER:** Jerry’s Enterprises, Inc.
- REAL ESTATE REPRESENTATIVE:** Darcy Winter | D. E. Winter & Associates, Inc.
612.259.7521, darcywin@aol.com
- ARCHITECT:** Architectural Consortium
- CONSTRUCTION CONTRACTOR:** Kraus-Anderson
- GLA:** 190,000 sq. ft. **CURRENT OCCUPANCY:** 94%
- ANCHOR TENANTS:** Cub Foods, Cub Liquor, Burlington Coat Factory
- MARKET AREA SERVED:** West St. Paul, Inver Grove Heights, Mendota Heights, Sunfish Lake





Legislative Challenges for 2016



by Zander Fried, MID-AMERICA REAL ESTATE – MINNESOTA, LLC

A number of topics relevant to the commercial real estate industry are up for debate in 2016. These discussions will, however, be overshadowed by two circumstances. One is the upcoming election: all 201 seats in Minnesota's Republican controlled House and DFL directed Senate are up for grabs in 2016. Without keystone candidates leading each party's ticket (the governor's office and seats in the U.S Senate / House will not be on the ballot next year), public perception will be a driving force of the 2016 session. Members from both parties will feel more pressure than usual to deliver on promises made during the last election cycle.

The second force at play is Minnesota's budget surplus, which is creeping up to the \$2 Billion mark. There will almost certainly be disputes on how to allocate these funds. Unfortunately, the combination of these two items could prove toxic – there is a good possibility 2016 becomes another year of political gridlock. Should

this occur, agenda items important to MSCA's membership may be put on hold.

For example, a decrease in commercial property taxes may be delayed. The last significant reduction was made in 2001. Since that time, Minnesota's rates have once again become some of the most expensive in the country. While there are proposals floating through both the Senate and House to reduce these taxes, leadership in both parties differ on terms and overall percentage reductions. Should this year's showmanship factor outplay the ability to reach mutual terms, the debate will continue into 2017.

A transportation finance bill is another agenda item relevant to MSCA's membership. The existing budget is primarily funded through \$0.0025 (one quarter of a cent) in the general sales tax, a gas tax, vehicle registration fees, and a sales tax on vehicle repairs. A political game of tug-of-war will decide how to allocate these funds and

where/if legislators increase taxes. The debate will then advance to a second tier, where candidates must decide whether to funnel more money into road & bridge projects, or capital improvements for the bus and light rail systems. Lastly, legislators must discuss target areas for these improvements: is there a greater need for more projects in the metro area, or should legislators focus on advancing transportation improvements in greater Minnesota? A successful, bipartisan bill must address *all* of the above issues.

MSCA's legislative committee plays a role in ensuring Minnesota's elected representatives are aware of, and vote with our members' interests in mind. Help us make your voice heard by becoming involved in our events, donating monetarily to the MSCA Legislative Fund, and visiting MSCA's legislative page for further updates. Together we can help our legislators address the above issues and, perhaps, prevent 2016 from becoming a year of gridlock.

...is there a greater need for more projects in the metro area, or should legislators focus on advancing transportation improvements in greater Minnesota?

MSCA MEMBERSHIP RENEWAL FOR 2016

This year, renewing your MSCA membership is very quick and easy, and by following the process below, you will receive a receipt immediately for your convenience. In addition, log in to your MSCA profile to ensure all information is accurate.

TO RENEW YOUR MEMBERSHIP AND VIEW YOUR ONLINE PROFILE, FOLLOW THESE STEPS:

1. Log in to your **MSCA ACCOUNT** with your member ID and password.
2. Once you log in, your profile will be on the home page. If it's not, please click **WELCOME, [YOUR NAME]** in the top right corner. On the right hand side, where there is a list of **OTHER ACTIONS**, click on **RENEW MY MEMBERSHIP**. You can then choose to renew your membership or renew your colleague's membership using their express code.

NOTE: The contact information in your profile is what will be printed in the 2016 MSCA Membership Directory, so please make sure your online profile contact information is complete and accurate by January 31, 2016. Anything received after that will not be reflected in the 2016 Membership Directory.





Hy-Vee



by Greg Lamere, METRO EQUITY MANAGEMENT LLC



The 80 year old grocer is making big waves in the Twin Cities market, with stores already open in New Hope and Oakdale and soon to be open in Lakeville, Eagan and Brooklyn Park. The Des Moines based employee owned company

operates 240 retail stores across eight Midwestern states with sales of \$9 billion annually. The largest store sits at 95,000 square feet in Urbandale, Iowa.

Hy-Vee's stores include a full service Market Grille with a bar, a pharmacy with a drive-up window, gas pumps, an in-store health clinic, a dietitian and wellness department, floral shop, made to order salad and sushi bars, liquor store, charcuterie, a Health Market section with local and organic products, Starbucks, and

mother's rooms. Hy-Vee's goal is to find a way to stop consumers from segmenting their grocery shopping at multiple stores. Cub is Hy-Vee's closest rival in price. Still, nearly all consumers shop on price, Hy-Vee's model of added services and quality they hope will lure consumers.

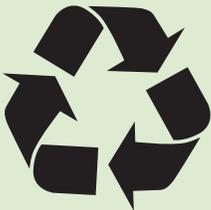
A new partnership with the Minnesota Wild and Hy-Vee will include a multi-year agreement with prominent signage throughout Xcel Energy Center, on the Wild App and support of the Little Wild Learn-to play Program.

Hy-Vee's goal is to find a way to stop consumers from segmenting their grocery shopping at multiple stores.



Commercial Recycling Outreach and Communication

by MINNESOTA POLLUTION CONTROL AGENCY



By January 1, 2016, owners of commercial property in the seven-county metro area will need to make sure their buildings have recycling services along with garbage collection. The new law (Minn. Stat. 115A.151) applies to most commercial buildings that have service for 4 cubic yards (or more) of trash per week, and requires

that a minimum of three material types be collected for recycling.

Even if the law does not apply to a particular commercial property, it is an opportunity for all businesses to increase their recycling. Unlike many other aspects of running a business where spending is examined regularly, businesses frequently set up their disposal services and then rarely think about it again. However, with a 17 percent state tax on garbage, and sometimes an even higher fee assessed by the local county, trashing recyclables can be expensive. Minnesotans spend a good deal of money throwing away recyclable

material every year, but they have great potential value to the economy – recycling directly and indirectly supports nearly 37,000 jobs, and the materials have a value of over \$250 million. In addition, many businesses are finding it is good for business to recycle, as customers are more interested in knowing that the companies they support are committed to sustainable practices in their operations.

Implementing a successful recycling program can take some work, but many cities and counties offer assistance to business owners, sometimes in the form of financial support to set up new or improved collection systems. There are also several local resources for signage and training, including the Recycling Association of Minnesota and Rethink Recycling. All of these resources, and more, can be found on the Minnesota Pollution Control Agency's Commercial Recycling page.

[HTTP://WWW.PCA.STATE.MN.US/INDEX.PHP/TOPICS/PREVENTING-WASTE-AND-POLLUTION/RECYCLING/INDEX.HTML](http://www.pca.state.mn.us/index.php/topics/preventing-waste-and-pollution/recycling/index.html)





Minnesota Marketplace



by Jeff Orosz, SAMBATEK, INC. and Katie Prater, PASTER PROPERTIES

▶ Local CrossFit yoga studio, **ALCHEMY** announced it will be opening a second studio in Minneapolis. The second studio will be located in St. Anthony Main's Machine Shop Building (300 Second St. S.E). CEO, Mike Jones, said Alchemy's goal is to open 200 locations in the next 10 years.

▶ **CARHARTT INC** opened its second Twin Cities store in the Riverdale Village Shopping Center in Coon Rapids in November. The store is 3,800 sf and sells clothing, footwear, and accessories for men, women, and children.

▶ **MOE'S SOUTHWEST GRILL** closed its 2,625 sf store in Bloomington's Penn & American development. This store was Moe's only Minnesota restaurant. According to Moe's spokespeople, the Mexican restaurant chain still has hopes to open 35 franchisee-owned stores in the Twin Cities.

▶ **RED ROBIN** opened a new location in November at Penn and American in Bloomington. The gourmet burger chain joins recently opened Fresh Thyme Farmers Market and Hilton Home 2 Suites in the second phase of the development.

▶ **GREEK GRILL & CAFE** will reopen in the Northstar Center of the Minneapolis Skyway nearly a year after the restaurant closed in City Center to make room for Saks Off Fifth. The 2,100 sf restaurant is expected to open in March and is located between Subway and Kikugawa Sushi.

▶ **HY-VEE** announced a signed lease for Central Park Commons in Eagan. The store is expected to be 92,800 sf and will anchor the development.

▶ Bike delivery taco restaurant, **TACO CAT** opened a permanent location in November at the Midtown Global Market. Taco Cat took over the space vacated by Burrito Mercado. Up until now, Taco Cat had been working out of a shared kitchen and delivering all their food by bike.

▶ **CHIANG MAI THAI** will close at Calhoun Square in Uptown in December. The 6,124 sf Thai restaurant had been a 17 year tenant of the mall.

▶ **AMERICAN MOTORSPORTS BAR AND GRILL** at the Gateway North shopping district in Cottage Grove closed at the end of November to make room for a 92,000 sf Hy-Vee store that will take the place of a vacant Rainbow Foods store that closed in 2014.

▶ Canada-based luxury lifestyle apparel brand, **KIT AND ACE**, has opened their second Twin Cities location at the Mall of America only 6 months after opening their North Loop store. Kit and Ace showcases their proprietary washable cashmere apparel for both men and women. You can find the store on the south side of the first floor near Burberry.

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ALCHEMY



HY-VEE



GREEK GRILL & CAFE



KIT AND ACE



CONTINUED: Minnesota Marketplace

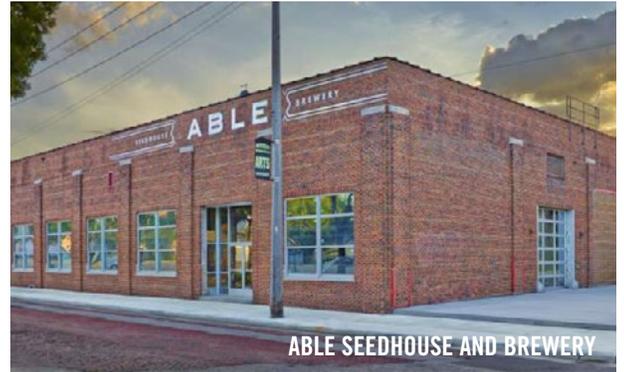
▶ After seven years of operation in St. Paul, the luxury intimate apparel shop **FLIRT BOUTIQUE** has opened their second store, now in Minneapolis. The two-room store is located in the Colonial Warehouse Building at 212 Third Avenue North, Suite 108.

▶ A one-time Minneapolis Public Schools headquarters building in Northeast Minneapolis' Logan Park, now known as the Highlight Center, is home to **ABLE SEEDHOUSE AND BREWERY**. Co-founder Case Holley built the brewery and 200-seat taproom within the 10,000 sf building at 1121 Quincy Street NE. Former head brewer at Mankato Brewery, Bobby Blasey, will handle the brewing.

▶ **GOPHERMODS** is now open on the skyway level of the IDS Center. Gophermods is a tech repair company, with technicians focused on fixing tablets, smartphones, and laptops. Casey Profita started the company in his University of Minnesota dorm room and has already expanded to Nebraska, Iowa, and Texas, in addition to several Twin Cities locations.

▶ **DINOKO'S PIZZERIA**, known for their Chicago-style deep dish pizza, has opened a new location at 4747 Nicollet Avenue. Owner Rich Moore once operated locations both downtown and in the Nokomis area. The new pizzeria will have both pickup and delivery options.

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ABLE SEEDHOUSE AND BREWERY



GOPHERMODS



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The 2016 ADVERTISING AND SPONSORSHIP menu is also available on our website.
WWW.MSCA-ONLINE.COM



CONTINUED: Minnesota Marketplace

▶ Bringing the only dance floor back to Uptown, the former Bar Abilene location is now home to **THE FREMONT**. Manager Dustin House says the venue operates as a sports bar featuring wings in 20 flavors, but will feature DJs on Thursday thru Saturday nights.

▶ A new restaurant and bar, **HARRIET'S INN**, has opened at 4000 South Lyndale Avenue. The restaurant showcases indoor and outdoor fires, patio, and house-made beer cheese, jumbo tots, and prime rib smoked in-house.

▶ After eight years of operation at Northtown Mall, Cherry Wang has opened her second **ORIENTAL ACUPRESSURE** location within Calhoun Square. A traditional Chinese healing art, acupressure is acupuncture without the needles. It focuses on trigger points that relieve muscular tension and enhance blood flow.

▶ **PIE FIVE PIZZA** has opened their second Twin Cities location within Woodbury's CityPlace development, and marks the fast-casual pizza chain's 73rd franchise/corporate location. Corporate stores operate in seven markets, with the Twin Cities being the most recent. Most pizzas are \$6.99 each and ready in 5 minutes or less. 245 Radio Drive, Suite K.

▶ Woodbury is now home to a 4th **CARIBOU COFFEE** location. The new Caribou, however, is only the second combined Caribou Coffee / Einstein Bros. Bagel shop in the Twin Cities. Einstein Bros. Bagels was purchased by Caribou Coffee in 2014 and they have opened 11 combined concept locations nationally, with 20 opening by the end of 2015. Check out the Woodbury location at 365 Radio Drive.



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2015 State of Retail — Retail Tournament of Champions



by Nicole Urista, CMA

On November 4th, MSCA presented the 2015 State of Retail, Retail Tournament of Champions. Paula Mueller, General Manager of Northtown Mall with Glimcher Reality Trust moderated three industry leaders while testing the crowds' knowledge of the 2015 retail industry with trivia. Jon Fahning, Vice President of Development at Shingobee, Leah Maurer, Director at Cushman and Wakefield/NorthMarq and Mike Sturdivant, Senior Leasing Representative and Development Associate at Paster Properties walked us through current retail trends, 2016 forecasting and even a MSCA selfie!

Wrapping up 2015 we reflect on what this year has brought to the retail industry; success, development, multi-family and an increase in labor and construction are just to name a few. Some are even comparing 2015 to early 2007. Retail transactions, developments and redevelopments in 2015 were prevalent and robust. Maurer highlighted some notable transactions for the year which include; Southdale 494, IRET

Portfolio, Shoppes at Knollwood, Argonne Village, Oak Park Ponds, Waterford Park Plaza, Granada Shopping Center and Eagle Creek Plaza to name a few. Some of the major development and redevelopments of 2015 highlighted by Fahning are; Downtown East, Bielenberg Gardens, Great Plain Center, City Place, Excelsior Marketplace, The Shops at 1700, Central Park Commons and the MOA expansion. Sturdivant touched on the major retail players in the market which include; food, coffee, Hy-Vee, Fresh Thyme Farmers Market, junior and big box and medical.

There is no doubt that the growth and movement of 2015 will have a lasting impact on the future of retail and development. As we look forward to 2016, Fahning predicts that the urban focus will remain strong, national players are going to continue momentum, health and wellness is going to expand, Stem schools will drive growth and there will be a continued increase in the housing market to name a few. Although, the line between

brick and mortar and e-commerce remains blurred and on-line purchasing has decreased foot traffic to some retailers this does not seem to be slowing down the market. The current vacancy rate of 4.4% continues to lower. Looking ahead to 2016 Sturdivant states that we are going to see little to no vacancy in "A" markets and continued absorption in "B" and "C" markets.

There is no doubt that the growth and movement of 2015 will have a lasting impact on the future of retail and development.



NOVEMBER PROGRAM SPEAKERS

NOV. PROGRAM — STATE OF RETAIL WINNERS:

- | | |
|-----------------|----------------|
| Whitney Peyton | Mike Amundson |
| Mike Melton | Kent Carlson |
| Dan Mossey | Joe Mahoney |
| Phil Cattanaach | Stefanie Meyer |

NOVEMBER PROFESSIONAL SHOWCASE: FOST CHOLES AGENCY INC

FOST CHOLES — AMERICAN FAMILY INSURANCE

Protecting businesses isn't a sideline for American Family, it's a big part of who we are. In fact, we're the Top Commercial Insurer in Minnesota. Our strength allows us to offer a broad range of high-quality products and services at competitive prices. We have specialized products for your business or property, with a full team of local and regional adjustors to respond when you need us. Reducing risks means reducing costs, and improving your bottom line. We are the non-brokered carrier. So you will not hear about us from an insurance broker. To take a look at what we have to offer, please contact Fost Choles directly at 952-224-2992.



REGISTER FOR THESE 2016 JANUARY CALENDAR EVENTS BY CLICKING HERE

EVENT	VENUE	DATE
MONTHLY PROGRAM	Doubletree Hotel Mpls Park Place	Jan. 6th, 8:00-9:30am
THIRD THURSDAYS NETWORKING - FREE Doran Companies will be sponsoring beverages at this Third Thursday!	Cooper-St. Louis Park	Jan. 21st, 3:30-5:30pm
DIRECTIONS		

[HTTP://WWW.MSCA-ONLINE.COM/EVENTS/CALENDAR/DATE/2016-01](http://www.msca-online.com/events/calendar/date/2016-01)

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