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# news

Volume 19, Number 2

February 2005

## Feature 2005 Legislative Session

by Sonnie Elliott, Faegre & Benson LLP

The Minnesota Legislature convened on Tuesday, January 4, 2005. Following a bitter 2004 Session in which partisan gridlock derailed progress on most key issues (including a bonding bill and transportation funding), the Legislature is facing a grim winter scenario: a looming budget shortfall and a political landscape even more closely divided between Republicans and Democrats.

### Election Impact

The failure of the House, Senate and Governor to compromise on fiscal issues in 2004 tagged

the Legislature with a “do nothing” label that appeared to resonate with the public. But only members of the Minnesota House, with a strong Republican majority, were on the ballot in November. The result was Minnesota Republicans saw their majority in the state House shrink, from an 81-53 advantage to a near-tie of 68-66. This will make passing legislation more difficult and compromise a necessity. The message from the voters appeared to be: get things done! So far, neither side has shown much appetite yet for

*Legislative Session continued on page 2*

## Snapshot Crystal Shopping Center

**Location:** Bass Lake Road & West Broadway, Crystal, Minnesota

**Month/Year Opened:** Redeveloped in 2004

**Owner:** Paster Enterprises

**Managing Agent:** Paster Enterprises

**Center Manager:** Mary Jane Wiatros

**Leasing Agent:** Richard Jahnke, Paster Enterprises, 651-646-7901

**Architect:** KKE Architects, Inc.

**Construction Contractor:** Weis Builders

**GLA:** 370,000 sf with adjacent Target

**Current Occupancy:** 80%

**Number of Stores:** 48

**Anchor Tenants:** Marshalls, Michaels Crafts, Target

**Market Area Served:** Northwest Suburbs

**Construction Style:** All new masonry and EFIS storefronts



**Additional Facts/Narrative:** As part of the redevelopment, there is a new 33,000 sf building for Marshalls' new prototypical store and Michaels Crafts also has a new 24,000 sf store with their new layout. Target also expanded by 8,000 sf. Target's new layout added a new pharmacy, Starbucks in the new Food Avenue, new landscaping, lighting to the parking area and a new storefront facade.

The storefronts of the entire shopping center were redesigned with updated architectural elements. Signage on a new pylon is available. New tenants include Caribou Coffee, Cold Store Creamery, EB Games, Roly Poly Sandwiches, Mattress Giant, and Famous Footwear.

## SESSION *continued*

compromise. As the session progresses, that will have to change.

### Fiscal Outlook

Even with growth in tax revenues, the most recent budget forecast predicted a \$700 million shortfall for the coming biennium that begins on July 1, 2005. If inflation is included in the forecast, the figure jumps to \$1.4 billion.

### Taxes

Despite the fiscal crunch, don't expect any statewide taxes to increase. Governor Pawlenty remains firm in his opposition to any increased taxes and would likely veto any plan that relies on a tax increase to raise more revenue. This, however, will not stop the Senate Democrats from proposing an increase in the statewide business property tax. MSCA will continue to work with our Property Tax Coalition partners to urge defeat of any such proposal.

### Transportation

For the 2005 Legislative Session, it is expected the Governor, the Legislature, business groups, transit advocates and local units of government will all offer proposals to improve the transportation system. MSCA has been participating in the Minnesota Transportation Coalition (Coalition), led by the Minnesota Chamber of Commerce (Chamber).

In December 2004, Governor Pawlenty unveiled his transportation initiative for the 2005 Legislative Session. His plan constitutionally dedicates 100% of the Motor Vehicle Sales Tax (MVST) for transportation. Currently, approximately half of the annual \$600 million in MVST is dedicated to transportation and the remainder to the general fund. In addition, the Governor proposes \$4.5 billion in capital bonding, over ten years, for road projects.

The Chamber is proposing a constitutionally dedicated 5 cent increase in the gas tax, transfer of 80% of MVST, and bonding. The Coalition has yet to formally adopt a plan, but MSCA will continue to support the Chamber proposal while the Coalition considers the Chamber plan. Both the Governor and Chamber's constitutional amendments would be voted on in the 2006 election.

### Bonding Bill

Among other items left unfinished by the 2004 Legislature was a Capital bonding

bill. The Minnesota Constitution allows for a bonding bill, "to acquire and to better public lands and buildings and other public improvements of a capital nature." Expect an agreement on a bonding bill this year, with both sides out to prove they can deliver for their constituents.

Traditionally, about one-third of the bonding bill is reserved for higher education projects. The other major projects for this year's bill will include: \$37 million for the Northstar Corridor commuter rail line, \$20 million to end long-term homelessness, \$22 million for the U of M/Mayo Clinic biotechnology research facility in Rochester, over \$150 million for environmental projects and millions of dollars in Trunk Highway Bonds for road projects.

### Gaming

Expect a hot debate on the expansion of gaming in the state and revenue-sharing with Native American casinos. With the state hungry for money, the Governor is publicly seeking up to \$350 million annually from tribes as the price for exclusivity on gaming. The tribes, and most Democrats, are strongly opposed and argue that the Governor's estimates of tribal gaming revenues are too high.

### Stadiums

The Vikings have largely taken themselves out of the stadium debate for the time being, so expect no action on a professional football stadium. A Twins stadium faces an uphill battle as the Legislature tries to close the budget gap. The bill most likely to pass, and already introduced in the House and Senate, is the proposal for an on-campus stadium for the Gophers.

### Conceal and Carry

The controversial Citizens' Personal Protection Act of 2003 was declared unconstitutional, and therefore invalid, by Ramsey County District Court in June of 2004. Judge Finley ruled the law violated the Minnesota Constitution because it had been improperly incorporated into an unrelated piece of legislation. The ruling continues to be heard in the court system.

Those that advocated for the Citizens' Personal Protection Act may attempt to pass a new law that would hold up to constitutional challenge. Opponents to this bill were lined up outside of the House and Senate chambers on the first day of session, strongly voicing their opposition to a new law.

### Health Savings Accounts

Minnesota must decide whether it will conform with federal tax law and make contributions for HSAs deductible from state income tax. The state has a strong history of conformity since the 1980s, but it's also an expensive change in a year in which every penny counts.

### Other Issues

A statewide smoking ban will almost certainly be proposed and has a decent chance of passing. Expect to see a lengthy and contentious debate over a constitutional amendment banning gay marriage. The proposal to sell wine in grocery stores will have its perennial showing at the Capitol.

Following a season in which Minnesota Democrats did well at the polls, expect both Senate and House Democrats to look for ways to flex their political muscle. But the Governor shows no signs of re-considering his no-new taxes pledge. As a result, the battle to close the \$700 million shortfall may be even more contentious than the much larger battle over more than \$4 billion in red ink in 2002.

State Capitol Web Sites:

[www.leg.state.mn.us](http://www.leg.state.mn.us) ■  
[www.mnhs.org](http://www.mnhs.org) ■

## 2005 Business Day at the Capitol

Please join other business leaders at the 12th annual Business Day at the Capitol March 2, 2005. Every year there are more and more constituency groups at the Capitol advocating for their needs. It is important that the Minnesota's business voice is heard and understood by our elected officials. Look for your program flyer in the mail.

MSCA has also held *Member Coffees* with legislators around the metro area. These meetings are a great way for MSCA members to meet with their elected officials to discuss issues important to MSCA. If you would like to set up your own coffee, contact the MSCA office. MSCA will provide you with talking points and materials for your meetings. MSCA lobbyists, Rich Forschler and Sonnie Elliott, are also available to attend meetings with you and your legislator.

# Member Profile

## Barry Brottlund, CCIM



**Occupation:** Broker, Consultant, and Tenant Representation

**Primary Career Focus:** Retail development, land assembly, tenant representation

**Company:** Insite Commercial Real Estate

**Title:** Principal/President

**Hometown(s):** New Brighton, MN

**Education:** Associate of Arts, University of Minnesota (psychology), CCIM, Realtors National Marketing Institute

**Family:** Wife, Sherry Thompson; son, Josh (29) and daughter, Betsy (25)

**Hobbies:** Fishing, songwriting

**Very First Job:** Picking rhubarb on a truck farm

**Dream Job:** Backup guitarist for Vince Gill

**Secret Talent:** Three piece bandleader (The Barking Dogs) and accomplished guitar player frequently hired for Christian music concerts

**Favorite Food:** Cactus and pork stew in green (tomatillo) sauce with piles of hot tortillas



### 2005 LEADERSHIP OFFICERS

#### President

Paul Sevenich, CCIM, Kraus-Anderson Co.

#### 1st Vice President

Sara Stafford

#### 2nd Vice President

Jay Scott, Solomon Real Estate Group

#### Treasurer

Ken Vinje, SCSM, Kraus-Anderson Co.

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Lisa Diehl, CCIM, McDonald's Corporation

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Gary Jackson, Retired/Consultant

Kevin Krolczyk, Dalbec Roofing, Inc.

Cindy MacDonald, Kraus-Anderson Co.

Robert Pounds, SCSM, Welsh Companies, LLC

Mary Wawro, Ryan Companies US, Inc.

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Michael G. Sims, United Properties

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Kim Meyer, United Properties

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Wendy Aaserud, Madison Marquette

Tom Heuer, Aspen Waste Systems, Inc.

#### Golf

Chris Hussman, Aspen Waste Systems, Inc.

Luann Sawochka, Rochon Corporation

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Howard Paster, Paster Enterprises

Todd Johnson, Steiner Development

#### Marketing and Communications

Laura Moore, United Properties

Tom McGannon, Edwards & Kelcey

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Sam Smolley, Smolley Consulting Group

#### Newsletter

Lisa Diehl, CCIM, 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.

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## February Member News

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

### L.J. Melody Finances Neighborhood Retail Center

Doug Seylar and Murray Kornberg, of Melody & Company, arranged \$5,800,000 of permanent financing for the Preserve Village Shopping Center in Eden Prairie, which occupies a 76,000 square foot Jerry's Foods and other excellent locally owned and national tenants.

### Stafford Leaves KKE

After nearly 16 years with KKE Architects, most recently as Community Relations Director, Sara Stafford has resigned to pursue other opportunities. She will continue to remain involved with MSCA as 2005 1st Vice President. Her new contact information is 612-868-4821 or sara.stafford@comcast.net. ■

### Bookmark

Now Discover Your Strengths by Marcus Buckingham "Most Americans do not know what their strengths are. When you ask them, they look at you with a blank stare, or they respond in terms of subject knowledge, which is the wrong answer." - Peter Drucker

The Eighth Habit: From Effectiveness to Greatness by Stephen Covey is a roadmap to help you find daily fulfillment and excitement.

Blink: The Power of Thinking Without Thinking by Malcom Gladwell, whose 2000 best seller "The Tipping Point" analyzed the means by which fads and ideas propagate, has written a similarly anecdotal account of how split-second decisions are made. In "Blink," he finds scientists who break down the ostensibly simple processes of perception into quantifiable elements.

### Fannie May Confections

Even when things look bleak for a retailer, it can pay to keep a web presence. That strategy worked well for Archibald Candy Corporation's Fannie May brand, which is coming back to life after Archibald filed for bankruptcy in 2004. A Midwest favorite among lovers of chocolate and other candies, Chicago-based Fannie May couldn't keep its fans away even as the doors shut on its stores. Hungry for information as well as confections, fans signed up for an e-mail service on FannieMay.com that updated them on any changes in the company's status and availability of sweets. Fannie May gathered 20,000 e-mail addresses, adding to the 80,000 in its database. When their new Division, Alpine Confections, Inc. emerged with a plan to keep the brand alive, Fannie May sent e-mails to its subscribers to let them know that some candy was still available online and in some Chicago grocery and drug stores. The company plans to re-open 40 Fannie May stores by the end of 2005.

# Rising Star Gold's Gym

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

Established in 1965 in Venice, California, "The Mecca of Bodybuilding", Gold's Gym, is making its presence known in Minnesota. Gold's Gym has become the largest co-ed gym chain in the world with 2.5 million members at 600+ gyms operating in 44 states and 27 countries. The facilities offer varying amenities which include: swimming pools, kid's clubs, basketball courts, group cycling studios, large free-weight areas, women's only workout areas, and juice bars.

They now have four locations: Sartell, St. Cloud, Vadnais Heights, White Bear Lake and two additional sites which will open in 2005, Blaine and Shakopee. Gold's Gym Corporation sees Minnesota as an under-served territory for fitness gyms compared to the west coast and has

aspirations to open 1 facility every 6 months in the Twin Cities.

Jamie Nelson, one Minnesota franchisee states, "We are a very credit rich company and a lot of the "risk" is removed by utilizing a strong business plan that includes pre-sales of an average of 3,500 memberships before we even open our doors". The target for total members per gym is 5,000 with membership fees of \$39 per month, which is substantially lower than Northwest, Lifetime and Bally's.

Gold's Gym's are smaller than some of the competition around town, which allows for easier access and convenience to their members. The time it takes to park the car and go for a work out at a Gold's Gym it averages 3 to 4 minutes compared with 14 minutes to park and work out at a competitor's facility.



They seek population counts of 50,000 in a 5-mile radius, with a desire for grocery anchored buildings of 35,000-40,000 square feet, and prefer a lease with an option to purchase is the most appealing.

Mike Finkelstein with Suntime Commercial Realty represents one of the Minnesota franchisees, Tom Davidson. Although Jamie Nelson's group does not work with any broker exclusively, the group has relationships with local brokers that have assisted them in locating potential new sites.

[www.goldsgym.com](http://www.goldsgym.com) ■

# Committee Profile Newsletter Committee

by Cynthia Hable, Kraus-Anderson Companies

**Co Chairs:** Lisa Diehl, *McDonald's Corporation*, Ferne Sofio, *Paster Enterprises*

Albi Albinson, *Architectural Alliance*; Kathy Anderson, *Architectural Consortium*; Deb Carlson, *Northstar Partners (Not Pictured)*; Ross Dahlin, *Itasca Funding (Not Pictured)*; Stephen Eggert, *Target Corporation*; Betty A. Ewens, *Kraus-Anderson Companies*; Cynthia Hable, *Kraus-Anderson Companies*; Tim Hilger, *Diversified Acquisitions*; Natina James, *KKE Architects, Inc.*; Anita Johnson, *AJ Commercial Real Estate, Inc.*; Anne Knuth, *Solomon Real Estate Group*; Bob Lucius, *RSP Architects Ltd.*; Sara Martin, *Welsh Companies, LLC (Not Pictured)*; Christopher Naumann, *KKE Architects, Inc.*; Tony Pasko, *Bremer Bank*, Lonnie Pierce, *Meridian Real Estate*; Terry Smith, *TRS Commercial*; Carol Ulstad, *Suntime Commercial Realty*

The Newsletter Committee, chaired by Lisa Diehl and Ferne Sofio is devoted to providing accurate, up-to-date information and news on current events for MSCA's multifaceted membership. This committee strives to compile exciting feature articles, snapshots of new developments or renovated centers, brief recaps of monthly programs, interesting tidbits, retailer and member profiles, marketplace updates, and recent trends affecting our industry and its members. Many thanks to the talented members of this committee for their dedication and hard work!



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NAUMANN



PASKO



PIERCE



SMITH



SOFIO



ULSTAD

# Dollars & Sense: Perspectives on Retail Investments & Finance

by Lisa Diehl, McDonald's Corporation

**Date:** January 5, 2005, Sheraton Bloomington Hotel

**Speakers:** Dave Rasmussen, *V.P. Collateral Mortgage Capital, LLC*  
Eric Bjelland, *V.P. Investment Services, United Properties*  
Keith Sturm, *Principal, Upland Real Estate Group, Inc.*

**Highlights:** The Prime Interest Rate has been as high as 9.5% since January 2000 and as low as 4.0%. Currently, the prime is at 5.25%.

Since January 2000 the 10-year Treasury has been as high as 6.5% and as low as



*Dave Rasmussen, Eric Bjelland, Wayne Johnson and Keith Sturm (left to right)*

3.07%. There are many more factors that affect interest rates but as a participant in the commercial real estate market the 10-year Treasury is what impacts the value of the transactions.

22 shopping centers were sold in the Twin Cities in 2004 with all types of buyers making purchases.

Internal Rate of Return, which is the time value of money, is a more accurate way to underwrite a transaction versus the cap rate.

**Forecast for 2005:** The sale of retail properties will be selective, but fewer. Look for an increase in interest rates via the 10 year T-bond which will put pressure on increasing cap rates. The "War on Terror" could affect investments, which affects the economy. If stocks continue to rise, the economy should heat up. Pension funds, foreign investment advisors, REITS, Insurance companies were strong buyers of real estate in 2004. They will continue to make placements in 2005. As long as consumers continue to spend this year, there will be consistent yields in retail real

## January Professional Showcase

Master is a Development Engineering and Construction organization with a strong focus on urban infill sites and renovation. We provide a range of services to 3rd party clients as well as our investor pool. If you have challenging project or site, please give Master a call.



*Member Charlie Nestor (right), Bruce Bahneman (left)*

estate. Look for the pulse also to be on other types of real estate product such as industrial. Possibly a few new cranes in the southwest market for office construction. Supply is down and demand is up, which will keep cap rates close to current levels. Paradigm shift - lower acceptable real estate returns. ■

## Retail Traffic

How is Your Retail Traffic Different This Season? If this question were asked among friends at an MSCA meeting, many might say "The holidays are busy and after that it's pretty slow." However, there are more important questions to ask about retail traffic.

**Managers at large centers could be asking:** How are my new retailers, physical changes and design enhancements affecting traffic in the center? Traffic responds to changes. In a shopping center study, I once found that when 30% of the center's store space was vacated, traffic went down exactly 30%. Shoppers have favorite entrances and need visual encouragement at them to see other corners of the center.

**Managers at smaller centers might ask:** How much of my foot traffic comes during

different periods of the day? In downtown centers where lunch outside the office is the major non-work activity of the day, 45% comes during 11 a.m. to 2 p.m. Suburban centers attract most of their traffic after work/school. In a recent study of a New York downtown retail area I found that 15% of the daily foot traffic was coming to stores between 6 p.m. and 7 p.m.

By the way, how long does our shopper stay at the center? In downtown Minneapolis, I found the sidewalk Farmer's Market pulls 30% of the traffic off the skyway over Nicollet Mall. In downtown Saint Paul, their annual program of installing Peanuts characters on sidewalks increased sidewalk traffic 12%. More importantly, more than 20% of the customers attracted to the statues came downtown for their first time.

Opening of the LRT line, on 5th Street in downtown Minneapolis, has changed the even proportion of foot traffic on each side of Nicollet Mall near 5th Street. The Gaviidae Common side of the Mall enjoyed 63% of the sidewalk traffic during an October survey compared to 50% the year before the LRT opened.

Answering questions like these require time, money and a manager's curiosity. The ultimate questions is: Should you invest a little bit of time and money to make next winter's season better? ■

Guest Author: *Peter Bruce*, Pedestrian Studies

## January Program Websites

[www.nnnsales.com](http://www.nnnsales.com)  
[www.gcm.com](http://www.gcm.com)  
[www.federalreserve.gov](http://www.federalreserve.gov)

# Market Update

## South Robert Street Corridor



by Ross Dahlin, Itasca Funding Group, Inc.

South Robert Street has been a commercial thoroughfare for nearly 120 years. The street today serves as the primary retail district for downtown, the west side of St. Paul, and northern Dakota County. The amount of retail space along the corridor is similar to that of other area regional malls and is now seeing interest from developers to revitalize the aging commercial strip.

The South Robert Street corridor originates in Downtown St. Paul and extends to I-494. South across the Mississippi Bridge lies St. Paul's west side where several large parcels of vacant or underutilized land exist. U.S. Bank recently built a large office facility and the JLT Group has plans to add thousands of housing units to the area. The City of West St. Paul also has ambitious plans to redevelop its aging housing stock. Sherman Associates recently developed a large condominium project in the city. These developments will provide South Robert Street with a growing population and an increasingly affluent customer base in the coming years.

The corridor continues south for four miles starting with a mix of older commercial buildings and single-family residences and continuing with many big box retailers, strip centers, stand-alone shops,

restaurants. Many of the larger retailers who either have or will be redeveloping their stores include:

The JLT Group's proposal, for the west side of St. Paul, includes up to 430,000 square feet of retail space.

Signal Hills Shopping Center has been recently remodeled. The 220,000 square feet center includes a Big K, Caribou Coffee, Fashion Bug, and Walgreen's. One large in-line pad is available and plans call for adding additional space adjacent to Big K.

Menard's will be tearing down its store and rebuilding double the current size. Starbucks will erect a stand-alone store near Menard's in 2005.

Wal-Mart just completed constructing a new store at the former Kmart site at Robert Street and Wentworth Avenue.

Rainbow Foods and MGM Liquor Warehouse anchor the Robert Square Shopping Center south of Wal-Mart.

Target began demolishing its old store and will erect a SuperTarget by Christmas 2005. Applebee's will open across the street from SuperTarget.

Several additional strip centers line South Robert Street, including Southview Square,

Ten Acres Center (formerly Westview Value Center), Southridge Center, and Salem Square. Ten Acres Center is fully leased anchored by Cub Foods and Burlington Coat Factory. Southridge Center, near Robert Street's junction with I-494, and has a large vacancy formerly occupied by Sam's Club. Office Max, Best Buy, Walgreen's & Slumberland have stand-alone stores near Southridge Center.

Despite being fully developed, South Robert Street has the potential for many new retailers to enter the market by redeveloping underutilized or obsolete sites. Of particular interest is the recently vacated Frank's Nursery and Crafts store across from Ten Acres Center. "Several major retailers are actively seeking sites along South Robert Street", according to Jim Hartshorn, Community Development Director for the City of West St. Paul. The city has recently had contact with Home Depot, Lowe's, Borders, and Barnes & Noble, as well as restaurants such as Champps, Olive Garden, and TGI Friday's. Several preliminary plans are in the works and the City of West St. Paul has made no official announcements as to the arrival of new retailers in this market. Expect to see a surge in retail activity along South Robert Street in the coming years. ■

### 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, 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*

**Wednesday, July 6** – Professional Development

### 2005 Forecast

The National Retail Federation (NRF) released its 2005 forecast, predicting that consumers will prop up the economy again this year, though they could eventually become tapped out. The NRF estimated that GAFS sales (general merchandise stores, apparel stores, furniture and home-furnishings stores, electronics and appliances stores, and shopping goods, hobby, book and music stores) would increase 3.5% from last year.

The group cites tough comparisons, outside factors and a lack of economic stimulus as the reasoning behind its guarded forecast. Last year, GAFS sales soared 9.9% in the first quarter, which will make first-quarter growth this year more difficult to achieve. NRF is predicting growth of 3.7% for the first quarter.

# Around the Marketplace

## Retail Tidbits



compiled by Tim Hilger, Diversified Acquisitions, Inc.

- Real estate sources note Edina's **Southdale Center** will be sold again. It would be the second time since 2002. The **Blackstone Group** of New York that manages the center is reporting that Southdale is being packaged with another center in Wisconsin. Southdale's price is rumored to be worth approximately \$225 million of the combined price. The **Mills Corporation** of Virginia is thought to be one of the prospective buyers.
- Expected to close this month, affiliates of the **Blackstone Group** have agreed to sell the **AmeriSuites** brand to **Hyatt Corporation**, based in Chicago. Hyatt also owns a minority stake in **Homestead Studio Suites**, which Blackstone purchased a few years ago.
- **May Department stores**, the new owner of **Marshall Field's**, announced they have closed or sold 25 of the 32 Lord & Taylor stores. In another note, **Federated Department Stores** will officially convert its regional department stores to **Macy's** effective in March. Stores include Burdines, Goldsmith's, Lazarus, and the Bon.
- All **TGI Friday's** restaurants will be remodeled by 2007. The red/white strips will be there, but de-emphasized. The menu will retain its successful Atkins Diet items. The store near the **Mall of America** has just completed its remodeling.
- **Ultimate Electronics** filed for Chapter 11 Bankruptcy protection in January. **Wells Fargo Retail Finance** has agreed to provide \$113 million in operating financing and Ultimate's CEO, Mark Wattles will provide an additional \$5.6 million.
- **Movie Gallery** with 2,475 stores, has won the bid to buy **Hollywood Video**, with 1,920 stores for \$1.2 billion. **Blockbuster Video** has approximately 7,650 stores in the U.S. and 9,000 worldwide and is committed to their acquisition of **Hollywood Entertainment**.
- **Men's Warehouse** is expanding into the dry cleaning and bridal attire business with a dry cleaning business and a new retail concept called Bride and Joy.

- **Highland Bank** recently broke ground on its eighth branch in Burnsville on Highway 13 and Nicollet Avenue.
- **Dunn Brothers** opened its first Grill and Café' restaurant in White Bear Lake on County Road E.
- **Jones Apparel Group** will spend roughly \$400 million to purchase Barneys New York.
- **Dave and Buster's Inc.** completed its acquisition of the majority of the largest Jillian's restaurant/entertainment complexes.
- **Panera** bread anticipates opening its first downtown Minneapolis restaurant, which is located in the Midwest Plaza building on Nicollet Mall.
- Building on **Aveda**, the company founded by Horst Rechelbacher is introducing a combination organic retail shop, education center, restaurant, and bar called **The IN** in Aveda's former headquarters in Northeast Minneapolis.
- **Ann Taylor's** division **Ann Taylor Loft** is testing girl's apparel in sizes from newborn to 5T in select stores. The company will decide this year whether to launch a children's chain.
- **Office Depot** announced it will recycle free of charge old cell phones and used rechargeable batteries at its' 960 locations in the United States and Canada.
- **Best Buy's** 18,000 square foot new health and wellness store, Eq-life, will be opening on February 4th at Southdale Square in Richfield.
- **Petters Group** is buying **Polaroid Holding Company** for approximately \$426 million. Polaroid reorganized under Chapter 11 bankruptcy protection in 2001.
- **Krispy Kreme's** donut has a larger hole in it. With the impact of the Atkins and similar diets the king of donuts has been struggling. Their CEO retired in January 2005 (a/k/a fired), earnings and stock prices are down and their lenders are not a "happy group". Following the

"retirement" of their CEO their lenders have agreed to defer the date when their loans would be in default.

### 2005 Valentine's Day

Did you know that Hallmark offers 3,500 different Valentine greeting cards to help people express themselves.

Research reveals that about 74% of Americans celebrate Valentine's Day and it is the second largest holiday for exchanging greeting cards.

There are 1,040 locations in America producing chocolate and cocoa products employing 45,913 people. Did you know that See's Candies is owned by Berkshire Hathaway? The average American consumes 24 pounds of chocolate each year.

The florist industry employs more than 125,000 people.

There are more than 30,000 jewelry stores in America and 2,168 jewelry-making businesses.

Approximately 1 billion Valentine's Day cards are sent each year. In order of popularity, cards are given to teachers, children, mothers, wives, sweethearts.

February is National Heart month sponsored by The American Heart Association: [www.americanheart.org](http://www.americanheart.org)

Top gifts given: cologne/perfume, jewelry and flowers. Have you considered purchasing a star or a message in a bottle?

A solid Valentine's Day shopping season will take some of the sting out of a Christmas season that was lackluster for some retailers, according to new research from Unity Marketing. The research firm expects Valentine's Day gift givers to spend approximately \$135 on Valentine's Day presents, up 6% from last year. Further, Unity Marketing expects 70% of consumers to honor Valentine's Day with a gift.

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