

## INSIDE THIS ISSUE:

Retail Industry Predictions for 2017.....	1-2
Legislative Update .....	3
Networking Extravaganza .....	4
Rising Star.....	5
Minnesota Marketplace .....	6-7
Twitter Highlights .....	8
What's Trending? .....	8
MSCA Leadership .....	9
Calendar of Events & Prof. Showcase .....	10

Click on article title to link direct to that page!

# THE Connection



MINNESOTA SHOPPING CENTER ASSOCIATION

FEBRUARY 2017

FEATURE ARTICLE

## Retail Industry Predictions for 2017



by Susanne Miller, LOUCKS and Natina James, RSP ARCHITECTS, LTD.

**THIS YEAR'S FORECASTS HIGHLIGHT THE TRENDS THAT WE ANTICIPATE WILL HAVE MAJOR LOCAL, REGIONAL, AND NATIONAL IMPACTS ON THE RETAIL INDUSTRY IN THE COMING YEAR.**

### TRANSPARENCY

Consumers are supporting brands that promote quality and transparency, and they are interested in where their money is going, rather than simply what it's buying. It's not enough to simply sell high-quality products with no information on the brand's backstory. This funnels down to transparency in packaging, which needs to provide details about ingredients and a clear view of the product inside the package, articulate safety measures in manufacturing, and embrace sustainable design measures.



◀ *An example of successful brand transparency: <https://www.loveyourmelon.com/pages/howitsmade>*

### MOBILE COMMUNICATION: GEO-FENCING. GEO-TARGETING. GEO-CONQUESTING.

Expect to see a wide range of new applications and uses from this new technology, which allows retailers to utilize their mobile apps to target potential customers or draw customers away from competitors. Location and proximity-based messaging with store beacons is fast becoming the predominant tool brick and mortar retailers use to communicate with nearby and in-store customers.

We are still in the early days of this technology and it takes many forms. With geo-fencing, American Eagle Outfitters sends a targeted offer to customers pulling into their parking lot or near their store, who have installed their app. Oscar Mayer uses deli counter beacons to geo-target customers, highlighting menu specials that include Oscar Mayer products. Geo-conquesting is a new marketing concept which allows marketers to engage in physical hypertargeting to improve traffic and results.

### MOBILE PAY

At the end of 2016, projections stated that there are 447.9 million mobile payment users worldwide. TechCrunch estimates that 70 percent of all mobile users in the United States will make a mobile payment in 2017, mobile payments in general next year are expected to total \$60 billion. Peet's Coffee, a sister company to Caribou Coffee, will be accepting "contact-less" cards and Google payments at all company-owned locations, and is rolling out One Café, a joint partnership with Capitol One in Boston that combines coffee cafe and financial services.

### VIRTUAL REALITY AND HOLOGRAMS

Retailers will enhance and personalize the in-store shopping experience through the use of holograms and virtual reality displays. One such application lets customers "try on" an outfit without ever changing clothes, while others create entire virtual environments. Little to no physical space is required to create dynamic 3D experience for customers. Outdoor sports retailer, The North Face, has fashioned a display that places the customer in the middle of Yosemite

*TechCrunch estimates that 70 percent of all mobile users in the United States will make a mobile payment in 2017, mobile payments in general next year are expected to total \$60 billion.*

– continued on page 2

**FEATURE ARTICLE CONTINUED: Retail Industry Predictions for 2017**

National Park, “The North Face and our athletes are always looking to bring people into our expeditions and spark people’s interest in getting outdoors,” said Aaron Carpenter, Vice President of Marketing, The North Face. “The North Face VR transports people to Yosemite and Moab to see the beauty and be inspired to go see it for themselves.”

**RENTING VERSUS OWNING**

The sustainable economy is often in the news, and one result is a growing appreciation of the economics of sharing, especially among our youth. How often is a suitcase used? What about a leaf or snow blower . . . does every home on the block really need one? “Rent the Runway” has revolutionized the way women are “purchasing” an evening gown and accessories, while ECrent is a company that creates a platform for renting and sharing. This trend is already well underway in Europe, so get ready for it to migrate to the United States.

**CUSTOMERS RELY UPON AND TRUST REVIEWS NOW MORE THAN EVER**

In 1995, when Amazon began encouraging its customers to post reviews of the products they were purchasing, the initial reaction was that the Internet retailer had lost its marbles. Some critics considered it a recipe for retail suicide. Fast forward to 2017, and we find that consumers trust and rely upon product reviews now more than ever. Consumers have become review junkies, studying product comments and relying on the customer community to answer their toughest questions. In 2017,

companies will be evaluating their (and their competitors) customers’ comments more diligently, using ad hoc reviews strategically and responding in a more systematic fashion to consumer reviews.

**APPAREL THAT “THINKS”**

There have been major advancements in the past twelve months in the emergent blend of technology and fashion. Designers are hard at work creating gowns that use technology to glow in the dark and produce other special effects (think fiery gown in Hunger Games). With the advent of IBM’s Watson, apparel manufacturers are creating garments that “think,” with fabrics that become lighter or heavier as the temperature changes from day to night. Nike just released self-lacing sneakers. We are only seeing the tip of the iceberg and this is certainly a trend we will be watching in years to come.



**SHOPPING CENTERS AS COMMUNAL LIVING ROOMS**

Shopping centers are transforming the role they play within the community, as they evolve into active 24/7 places to shop, live, work, and play. New elements appearing in shopping centers include libraries, health care, residential components, public event venues, and municipal

offices. Some developers are seamlessly tying new developments into the existing city fabric and grid. For example, Boston’s 23-acre Seaport Square devotes the same amount of square footage to civic and cultural spaces (i.e., Seaport Square Park, with its memorial to fallen Massachusetts heroes) as to its 250,000 square feet of retail space.

As shopping centers move toward a more communal approach, they become tied to the city and an integrated community partner, and are viewed as a “communal living room.” One of the industry’s first examples of this concept is Forest City’s Stapleton outside of Denver. After 15 years of development, it now has 20,000 residents, nine schools, 917 acres of open space, as well as many shopping center districts and business areas.

Overall, the future of retail is promising, with technology only becoming more prevalent in our everyday lives. Our industry does not sit still, new products and trends are the norm, and it is a very exciting time in retail!

*“The North Face VR transports people to Yosemite and Moab to see the beauty and be inspired to go see it for themselves.”*



*Katniss “fiery” gown ▶ from Hunger Games*

**Sources:**

- <https://www.vendhq.com/university/retail-trends-and-predictions-2017>
- <http://www.business2community.com/consumer-marketing/2017-retail-trends-01705391#KH6BemMAWBmFBjIm.97>
- <http://www.icsc.org/sct/shopping-centers-today/december-2016>



# Business Day (is back) at the Capital



by Matt Hazelton, MARCUS & MILLICHAP

What is it?  
 What happens?  
 What is accomplished?  
**Business Day (is back) at the Capital**  
 Why is it important?

### WHAT IS IT?

Minnesota's Business Day at the Capitol is great event to not only get real-time commentary on what's going on at the legislative level (and get it from the horse's mouth!), it's a rare opportunity to meet with multiple legislators in a short amount of time, and voice your opinion on issues affecting our industry. We have the opportunity to discuss current industry issues with Minnesota legislative leadership and the Governor.

### WHAT HAPPENS?

During the 2016 Business Day at the Capitol, featured speakers included Senator Ann Rest and Senator Sarah Anderson; they facilitated a discussion focusing on finance and tax reform.

Following the lunch program, everyone headed to their respective meetings with legislators. The major points that MSCA was (and still is) trying to focus on included comprehensive transportation funding and property tax reform.

### WHAT IS ACCOMPLISHED?

Business Day at the Capitol is an opportunity to exercise your rights as a citizen and as an engaged member of the Minnesota business community. By attending and participating in this event, we create more informed and accountable

legislative representatives: representatives who shape and vote on Senate measures directly affecting Minnesota businesses. By attending and voicing your opinion, you're educating and encouraging Minnesota legislature to bolster the growth of businesses here in our state. In addition, this is a great opportunity to network with other MSCA members and members of the CRE industry from the Twin Cities and greater Minnesota.

### WHY IS IT IMPORTANT?

My take away on the day is this: an individual can't necessarily change the momentum on major issues in one day, but it's been said that if as few as 15 voters weigh in on an issue, it will be noticed, and could create momentum. Business Day at the Capital gives over 500 leaders in business the platform to speak directly with numerous legislators. With MSCA's membership base, and coming in with a unified front on the issues that matter most to us, we have the tools available to make real changes. It's just a function of showing up and letting your thoughts be heard.



to register for  
Business Day  
at the Capital

Protecting businesses isn't a sideline for American Family—it's a big part of who we are. American Family has been protecting the livelihoods of business customers like you for over 35 years. 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. As an American Family agent, and a business owner, I have knowledge of your insurance needs, as well as the responsibilities and challenges you face. Whether you own residential, office, industrial or retail property we'll focus on keeping your business protected so you can focus on keeping your properties competitive in the market.

\* Based on Commercial Multi-Peril direct premiums written, according to a 2013 report by SNL Financial.

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# MSCA's 1<sup>st</sup> Annual Tubing and Networking Extravaganza at Buck Hill!

Tuesday, February 7, 2017 3:00-7:00 pm

3:00 registration & social hour • 4:00-5:30 tubing races & fun • 5:30-7:00 social hour, drinks & music  
Buck Hill • 15400 Buck Hill Road • Burnsville, MN 55306 • 952-435-7174

Registration Forms Due February 3, 2017

Price includes tubing for up to two hours, two drinks, live music, food & networking!

**You can tube individually or put a team together and race for prizes!**

**Team of 4 tubers: \$160**

**Team name (optional):** \_\_\_\_\_

1) Name \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_

2) Name \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_

3) Name \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_

4) Name \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_

**One tuber: \$40**  
We'll match you up with a tubing team if interested!

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_

Sign me up with a team

**Non-tuber: \$25**  
Join us for the drinks, music, food, and networking!

Name \_\_\_\_\_  
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**MEDALS AWARDED TO THE WINNING TEAM!**

**Tubing Event Sponsors**



**BUCK HILL**



**We would like to thank Buck Hill and Bauer Design Build on helping to make this event possible.**

**Help us help others in need! All proceeds go to the Love One Another Organization led by Allan Law**

**Optional donation for hats, gloves, and bus tokens for the homeless**  
 \_\_\_\_\_ \$20    \_\_\_\_\_ \$50    \_\_\_\_\_ \$100    \_\_\_\_\_ \$500    \_\_\_\_\_ Other

**I will bring hats or gloves to the event**

**Return Payment Made Payable to MSCA** Amount \$ \_\_\_\_\_ Check # \_\_\_\_\_  Visa/Mastercard

**Name on Card:** \_\_\_\_\_

**Billing Address:** \_\_\_\_\_

**City, State Zip:** \_\_\_\_\_

**Card Number:** \_\_\_\_\_

**Exp. Date:** \_\_\_\_\_ **CVV Code:** \_\_\_\_\_ **Signature:** \_\_\_\_\_



by Suzanne Jones, MID-AMERICA REAL ESTATE – MINNESOTA, LLC



four legged friends decided to climb a Colorado 14er together. For those non-outdoor enthusiast, a “14er” is considered a mountain that’s peak exceeds over 14,000 feet in elevation. All geared up and ready to go, the group headed out to the Quandary Peat Trailhead just outside of Breckenridge, CO. Talk about taking team building to the next level!

A short video of their journey can be found here. <https://www.youtube.com/watch?v=7xc3g7-zB-8#action=share>

**EXPLORE MORE** – You can find STP on any one of your favorite social media outlets:

- Facebook at [facebook.com/sierratradingpost](https://facebook.com/sierratradingpost)
- Twitter at @sierratp
- Instagram at @sierratp

**SIERRA TRADING POST**, a TJX brand, located in eight other states, made their very first appearance into the Minnesota retail marketplace October 2016. Located in Eagan at the Central Park Commons shopping center, Sierra Trading Post participates in the same concept in which all of the other TJX Companies follow; “offering discount prices on name brand products and apparel”. STP caters to the outdoor enthusiast alike; providing name brand fitness apparel, camping/hiking gear, footwear, home essentials and even accessories for your four legged friends (cats need not apply).

According to the Star Tribune, Eagan, Minnesota is quickly becoming a retail powerhouse with Central Park Commons (located at the heavily trafficked roads of I-35E and Yankee Doodle Road) accounting for 33 percent of all new retail development in the Twin Cities in the second quarter 2016, making it a prime location for their first Minnesota store.

STP was founded in 1986, starting out as a catalog retailer complete with hand-drawn product illustrations, they quickly opened their very first brick and mortar retail store in 1990 and became one of the first catalog companies to create an online presence in 1998. In 2012 they were acquired under the TJX Companies, Inc. umbrella, have a total of 12 retail locations, and continue to be recognized as a Top Internet Retailer.

**AT THE STORES** – Shoppers can experience interactive shopping stations, allowing them to search inventory in-store and online, a mobile scan app which provides additional product descriptions and features.

**WORKING FOR STP** - A group of employees from their Fort Collins Technology office, along with some friends, family and a couple

For great tutorials, tips, tricks, hacks and recipes, check out their blog, <http://www.sierratradingpost.com/blog/> or YouTube channel, <https://www.youtube.com/sierratradingpost>. And what company would not be complete without their own hashtag, #trailtime.

**“GET OUT AND EXPLORE!”**



Images courtesy of Sierra Trading Post Facebook Page.



## Minnesota Marketplace



by Katie Prater, PASTER PROPERTIES

▶ **NEW BOHEMIA WURST & BIER HAUS** opened a location in the Oxbo Luxury Mixed-Use Development in St. Paul at the former Seven Corners Hardware site. The restaurant will be nearly 5,000 sf and have seating for 200 people as well as a patio able to seat 75.

▶ **BARNES & NOBLE** announced it will shutter its store on Nicollet Mall in Minneapolis in Spring 2017. Barnes & Noble occupies 11,100 sf on the ground floor and 14,000 sf on the second floor.

▶ **DAIRY QUEEN**, located at 3709 West 50th Street in Minneapolis, just outside the 50th and France business district, closed in January. This location had been home to Dairy Queen since 1949 and this Dairy Queen was one of the oldest in the state.

▶ **THE LIMITED** closed all five of its Twin Cities locations in January. The stores were located at Mall of America, Southdale Center, Twin Cities Premium Outlets, Ridgedale Center, and Rosedale Center. The Twin Cities store closures were part of a nationwide store closure plan.

▶ **KOWALSKI'S UPTOWN MARKET & WINE SHOP**, located at 2440 Hennepin Avenue in Minneapolis, announced it will take over the adjacent 10,500 sf Walgreens space. Kowalski's will add a pasta bar, hot Asian noodle concept, Cooks of Crocus Hill cooking classes, and Starbucks as a part of the expansion. The store will stay open during the expansion which is estimated to take five to six months. Walgreens is relocating to a new store located at 2650 Hennepin Avenue on the site former occupied by Roat Osha.

▶ **LA PETITE PERFUMERIE** closed at Southdale Center in January. The indie boutique carried hard to find fragrances, lingerie, gifts, and designer candles.

▶ After the closing of its movie theater in December, Mall of America announced it will be opening a luxury movie theater. **CMX**, a Cinemax subsidiary, will offer 14 theaters, 1,100 seats, gourmet dining options, and handcrafted cocktails. The first US CMX will open this year in Miami with the Mall of America location opening this fall.

▶ **ROE WOLFE** is relocating from the North Loop to the Galleria and opening in the former Lucy space near Crave. Roe Wolfe will be in the space for six months and at the end of six months have the option to relocate to the east end of the Galleria.

▶ **NEW HORIZON ACADEMY** will open in February at 2431 Hennepin Avenue South in Uptown Minneapolis. The center has the capacity to care for 156 children from infant to school age.

▶ **PEDEGO**, a retailer selling electric bikes, opened at 48th & Chicago in Minneapolis. The bikes can travel up to 24 miles per hour and have a rechargeable battery. Pedego has another location in Owatonna.

▶ **WHOLE SUM CAFÉ + JUICE BAR** opened at 824 West 50th Street in Minneapolis. The café serves juices, smoothies, coffee, tea, and healthy food options.



— continued on page 7

**CONTINUED: Minnesota Marketplace**

▶ The owner of Nightingale announced plans to open a pinball bar called **TILT** in the Chroma Apartments located at 26th and Stevens in Minneapolis. Along with pinball, Tilt will have arcade games, gourmet hot dogs, chips and dip and all Minnesota tap beers. Tilt is planning a Spring 2017 opening.

▶ **CARDIGAN DONUTS** will open Spring 2017 in City Center next to Naf Naf Grill downtown Minneapolis. Cardigan will feature 10 classic varieties of donuts daily. The 2,600 sf space will have seating for 20 people and will be open Monday – Friday from 6:00 AM to 5:30 PM.

▶ **ALCHEMY 365** announced it will open a third studio in the Onxy Edina development across the street from Southdale Center. The crossfit-yoga studio will be 5,400 sf.

A fourth Alchemy studio is already in the works for the Highland Park neighborhood in St. Paul. That location is expected to open in the summer.

▶ **THE LEXINGTON** will finally open on February 9th. The St. Paul institution has been closed since spring of 2013. The Lexington menu will feature supper club classics like chicken pot pie and popovers.

▶ **SUM DEM KOREAN BARBEQUE** opened at 48th and Chicago in Minneapolis. The restaurant's specialty is Korean Short Ribs, which co-founder Mike Brant calls “the Korean Version of bacon.” The restaurant is open Wednesday - Sunday and offers takeout and delivery, as well as a couple tables for dining in.



TILT



SUM DEM

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# WHAT'S TWEETIN' RE?



**MplsStPaulBizJournal** @MSPBJnews · 4h  
Donut shop with upscale offerings coming to City Center skyway bizj.us/1p0q89



**ICSC** @ICSC · 3h  
JCPenney adds Nike shops to attract more shoppers #CSC #CRE #retail  
ow.ly/eLzO3085EeE



1 retweet, 1 like



**Chipotle** @ChipotleTweets · 38m  
If you experience a bowl lasting more than 4 hours, ask a friend for help.



6 retweets, 67 likes, 268 likes

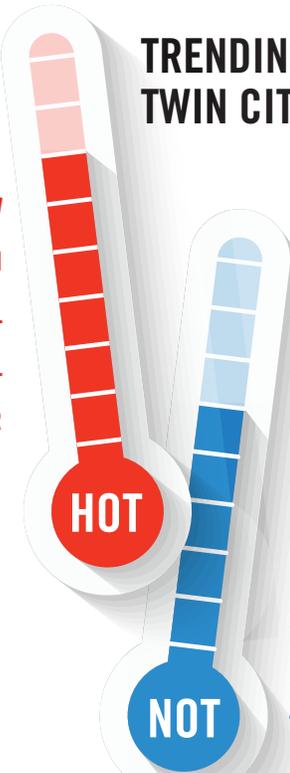


**Perkins® Restaurants** @EatAtPerkins · 38m  
For every mean tweet you send, I soak up my tears in my infinite supply of pancakes. Who's really winning here.

1 retweet, 5 likes

# WHAT'S

# TRENDING IN THE TWIN CITIES?



- FIVE BELOW
- BRUCE CARLSON
- DENTAL
- OFF PRICE RETAIL
- MEDITERRANEAN QSR

- QUICK BAKE PIZZA
- FRO YO
- THE LIMITED



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**REGISTER FOR THESE 2017 CALENDAR EVENTS**

**DID YOU KNOW: YOU CAN VIEW THE LIST OF ATTENDEES TO ANY OF OUR EVENTS IF YOU CLICK ON THE EVENT?**

EVENT	VENUE	DATE
<b>STARR POWER: IN-DEPTH WITH STARR NOMINEES</b>	Doubletree Hotel Minneapolis Park Place	<b>Feb 1</b> , 8:00am - 9:30am
<b>MSCA'S 1ST ANNUAL TUBING AND NETWORKING EXTRAVAGANZA</b>	Buck Hill Burnsville	<b>Feb 7</b> , 3:00am - 7:00pm
<b>THIRD THURSDAYS NETWORKING - FREE</b> <i>Drinks and Apps sponsored by Shingobee</i>	Yardhouse — St. Louis Park West End	<b>Feb 16</b> , 3:30-5:30pm

[HTTP://WWW.MSCA-ONLINE.COM/EVENTS/CALENDAR/DATE/2017-02](http://www.msca-online.com/events/calendar/date/2017-02)

**JANUARY PROFESSIONAL SHOWCASE —  
CLEAN RESPONSE**



Since 1998, Clean Response has been the preferred restoration experts of the area's preeminent management companies. Having worked in industrial complexes, commercial offices, and multi-housing properties,

and retail spaces, Clean Response provides a seamless service, from the first call to the final inspection. The Clean Response Team is known for their swift response time and professionalism, in handling everything from a sewer backups, pipe breaks, fire damage, mold, and bio hazards and trauma scenes. With a team of professionally trained and certified individuals, property managers can trust in Clean Response when disaster hits.



**JANUARY SPEAKERS** (left to right)  
**GARRICK BROWN**, Cushman & Wakefield  
**DEBORAH CARLSON**, Cushman & Wakefield/NorthMarq

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MSCA is releasing all 2017 advertising/sponsorship via first come, first served. Please consider taking advantage of these great opportunities.

[WWW.MSCA-ONLINE.COM](http://www.msca-online.com)



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