

Feature Article

Food for Thought: Dining Out

A shift is taking place in consumer lifestyles. “The Big Slowdown,” a term offered by futurist Art Simering, describes Americans’ new propensity to reshuffle, simplify and de-stress their lives. This means taking care of daily chores in the most efficient manner, leaving more time for personal and family activities. Many consumers place grocery shopping, cooking and even eating in the category of banal. It’s much easier to “grab and go.”

In the last decade alone, there was a 14 percent decrease in the number of meals eaten at home. Last year, for the first time, more money was spent on food out of the home than in the home. Are today’s food purveyors accommodating the time-crunched consumer?

Factors, trends and statistics influencing consumers and retailers:

1. The children of baby boomers (children born after 1976) are a generation as large as baby boomers, and in 10 years will total over 41% of the population.
2. The older households with their higher incomes are spending more, while spending of younger households is decreasing.
3. The number of elderly (those over 65) has jumped 1100% since 1900.
4. By 2025, the United States will have the world’s second largest Hispanic population.

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SHOPPING CENTER SNAPSHOT



Plaza at Northgate



Location: SE corner of Highway 242 and Highway 65/Central Avenue

Opening: Fall of 2003

Owner/Managing Agent: Tri-star Management

Center Manager: Carol Watt

Leasing Agent: Nancy Murdakes Brown and Mike Finkelstein, Suntide Commercial Realty (651) 603-0321

Architect: KKE Architects

GLA: 52,000 square feet

of Stores: Up to 20 stores planned

Tenants: Walgreen’s, Subway

Market Area Served: Blaine, MN

Construction Style: Brick construction

Additional Facts/Narrative: Plaza at Northgate is an exciting redevelopment that will be replacing Northgate Mall. Plaza at Northgate will have exceptional quality brick construction that will be beautifully landscaped with a plethora of gardens, shrubs and trees. Plaza at Northgate will provide the perfect atmosphere for a neighborhood gathering place, surrounded by benches, tables and chairs. Exposure along Highway 65 is exceptional, and will have very good access from both Highways 242 and 65. We are looking to add high quality retailers from sit-down restaurants to quick-service restaurants and soft and hardgood retailers. Retailers are now becoming focused on the Blaine market due to the significant population growth over the last few years. In addition, annual household incomes have risen dramatically. Now is the time to join Plaza at Northgate and become a part of this wonderful project.

5. We spend a lot and waste a lot. There are three billion people world wide who live on the equivalent of \$2 a day, while Americans daily spend \$90 and daily throw away between 1.5 and 4 pounds of trash a day.
6. The *Food Industry Review* using USDA figures, reports 2001 total food expenditures at \$855 million annually.
7. Continuing a downward trend, the percentage of disposable income spent on food reached 10.9% in 1996, the smallest amount ever.
8. 93% of Americans snack, and 50% do so two or three times a day.
9. The National Cancer Institute, in their analysis of how diets have changed over the past 25 years, had good news and bad. Americans per capita, now eat more vegetables, more fruit, fewer eggs, more grain, more fat/oil, more cheese, more sugar, more red meat, poultry and fish.
10. Introductions of reduced fat products has decreased dramatically as research and development executives in most major fast food companies have reined in monies for fat-free product development.
11. Over 50% of consumers think that eating certain foods have medical benefits and can reduce some medical therapies and drug use.
12. Recent surveys point to "fresh" as the most important quality in food.
13. Since 1990, organic foods have seen sales increases of 20%-25% annually.
14. Cultures worldwide are experiencing the rush, with 84% worldwide consumers buying food to go somewhere.
15. Trends in food for 2003 include ice cream, healthy foods, Asian fast food, kid-friendly options, and organic foods.

In 2002, industry experts considered the "quick casual" restaurant category "Hot." Though the definition is not clear-cut, quick casual is characterized by moderate prices, fresh, high-quality food, and some kind of quick, less-than-full service. Industry experts say consumers like the more upscale menu and décor that quick casual affords.

Will the quick casual concept replace fast food? According to *Restaurants and Institutions Magazine*, quick casual is a \$1 billion-a-year business, still far below the \$112 billion fast-food market and \$99 billion full-service section. While the quick casual trend has not yet reached the sales that fast food

What's Happening

Development in Lino Lakes

Construction is underway on the 14,000 s.f. multi-tenant convenience retail building in Lino Lakes. Located in front of the SuperTarget and Kohls at 35W and Lake Drive, the development boasts a front door entry plaza with colored concrete patterning and unique tower forms derived from local Lino Lakes architecture. The project is a first phase developed by Tim Baylor of JADT Development Group. KKE Architects provided design and document services and the general contractor is Muir-Doran Construction Inc.

Southbridge Crossing

Witcher Construction Co. recently broke ground on several new retail developments at Southbridge Crossing, located in the SWC of County Road 18 and Highway 169 in Shakopee. The Center is planned to be 500,000 GLA and will be anchored by Wal-Mart and Sam's Club (construction by others). Witcher started site work for 58,000 sf of multi-tenant buildings, and a 21,690 sf new Michael's craft store. Construction on those buildings is expected to be complete in Spring 2003. The architect is KKE Architects.

has, it is not out of the realm of possibility in the near future.

The trend of consolidation in the restaurant industry will continue in 2003 according to Nancy Weingartner, Managing Editor for *Franchise Times Magazine*. Surviving and prospering will depend on revisiting and addressing the fundamentals of the individual brand propositions to ensure that companies address the core customer needs in terms of forma (ambience, size, fit out quality), food offer (adjusting to consumer trends to attract new customers without losing old customers) and service (expectations have never been higher and will continue to rise).

Looking to the future, restaurants will have much shorter lives than previously and will need more frequent refreshment, probably less than 5 years. Design will be used continuously as a strategic tool. Menus will be simpler, more flexible but contemporary. And, service will become even more important – establishing the right service culture will be the key determinant of success or failure.

Technology upgrades will continue to be play an integral role. Companies are looking to get data faster, improve communication

MCDCA Accepting Proposals

The Minneapolis Community Development Agency, in cooperation with the Minneapolis Public Housing Authority and McCormack Baron & Associates, is accepting proposals for construction of the first two phases of mixed-income, for sale housing to be developed on land situated in the newly established Heritage Park development in Minneapolis, one mile northwest of downtown. Approximately 115 to 135 units of for sale housing will be constructed in the development's first two phases.

For more information, go to www.mcdca.org and click "What's New."

Save the Date

Join the fight against leukemia by collecting pledges and participating in The Walk for Leukemia & Lymphoma on Saturday, February 1st. Funds raised benefit The Leukemia & Lymphoma Society whose mission is to cure leukemia, lymphoma, Hodgkin's disease and myeloma, and improve the quality of life of patients and their families. Participants will have a chance to win many prizes. For more information, call (888) 220-4440.

Happening continued on back page

through electronic means, and download marketing materials to various locations. Restaurants are just beginning to really open their doors on the Internet. Sites exist to make restaurant reservations, view menus, and get restaurant recipes and tips from your favorite chefs.

Americans will continue to eat meals away from home, both sit-down and fast food. At the same time, eating out is becoming easier, more affordable and offers healthier choices. Consumers are looking for food they can trust to be good in a harried and time-crunched society.

So what will we see from restaurants trying to capture the consumer that is time crunched, participating in family activities, and looking for "fresh" and "healthy" foods? Expect restaurant companies to update menus, adjust portion sizes and modernize store design to provide the aging baby boomer with an enlivened dining experience in 2003. Look for companies in 2003 to take a closer at their brands and concepts, their market place, and competition, and possibly coming up with big changes. This may include a new look, new logo, technology, or a new strategic plan. ■

Legislative Update



Protecting property tax reform is a legislative priority for the Minnesota Shopping Center Association. MSCA and its partners in the Property Tax Reform Coalition worked for a decade to reform Minnesota's property tax system and reduce commercial-industrial property taxes. Significant reforms were adopted in 2001 and are sure to be revisited given the State of Minnesota's \$4+ billion budget deficit.

The 2001 reform resulted in reductions for commercial-industrial properties of approximately 7% in taxes payable in 2002. Residential property received a 10 to 20% reduction. The reform legislation compressed classification rates, eliminated the general education property tax levy and created a new statewide property tax for commercial-industrial property, cabins, resorts and most utility property.

While immediate property tax reductions were very helpful, a significant benefit of reform will be realized in the future. By

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reducing the large differences in tax rates between residential and business properties, the future

burden of property tax increases will be distributed more equitably. Because homeowners and farmers will pay a slightly greater percentage of those increases, the spending decisions of local officials will receive more scrutiny by voters.

Local governments are now conducting Truth in Taxation hearings with regard to proposed property taxes payable in 2003. In many jurisdictions, homeowners are appearing to protest increases in their property taxes. These pressures on local officials will undoubtedly result in lowering proposed increases. However, rising residential property taxes have also generated calls for undoing the 2001 property tax reform. In addition, some legislators will propose an increase in the statewide property tax (presently set at \$592 million) in order to help solve the state's budget deficit.

MSCA will work with its partners in the Property Tax Reform Coalition to defend the 2001 reforms and resist attempts to

increase the statewide property tax for businesses. Defending the 2001 reform is critical to creating a future property tax environment that fosters economic growth and development. MSCA members will be asked to help by communicating with their legislators on this issue by attending the Annual Business Day at the Capitol on March 25. This event is an excellent opportunity to speak with your legislators about maintaining the property tax reform achieved in 2001. The MSCA staff will also provide you with additional opportunities to contact your legislators. ■

Got Something to Say?

ADVERTISE!



2003 Member Ad Rates

Announcement	2" x 3"	\$ 75
Quarter Page Ad	3 3/4" x 5"	\$100
Half Page Ad	7 1/2" x 5"	\$150
Center Snapshot	6" x 4.5"	\$275
Insert	8.5" x 11"	\$250

To place an ad in the MSCA newsletter, please contact the office at (952) 888-3491

2003 Program Reminders

SEE INSERT

HAPPENING *continued from page 2*

RERC Industry Outlook

Kenneth Riggs, CEO of Real Estate Research Corporation (RERC) will present the second annual RERC Industry Outlook at the Blooming-

ton Marriott on January 14, 11:30 a.m. to 2 p.m. This forecast takes a close look at how the war

on terrorism, accounting scandals and business failures, and new market realities have affected

the economy and real estate as a whole. Two hours of RE and appraisal education credits

applied for \$60 registration includes lunch and a copy of the report. For more information, please contact IREM at (952) 928-4664.

Parks Joins Westwood

Westwood Professional Services, Inc. has hired Daniel Parks to lead their Commercial Development Group. A Professional Engineer with 19

years of experience in both the public and private sectors, Dan came to Westwood from MFRA

where he was a senior engineer emphasizing in commercial and residential development.

Sand Named VP of KA Realty

Jerome A. Sand, Jr. has been named Vice President of Properties for Kraus-Anderson (KA) Realty Company. Sand has been with KA since

May 2002, most recently serving as Director of Property Management. He will be responsible

for supervision and direction of KA's real estate portfolio consisting of shopping centers, office and industrial properties. ■

Minnesota Shopping Center Association 2003 Leadership

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