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enhancing our industry

# **1999 Comparative Retail Property Tax Study**

**Minnesota Shopping Center Association**

In **Minnesota**, retailers pay on average **25% to 300% more** in property taxes than in other comparable markets.

**Community Shopping Center  
25,000 - 40,000 Sq. Ft. Tenant**

Retailers in this category include:  
Marshalls, TJ Maxx, Barnes & Noble, Borders Books,  
CompUSA, Circuit City, PetSmart

	<b>Tax cost per building square foot</b>		
	<b>High</b>	<b>Low</b>	<b>Average</b>
<b>Minneapolis/St. Paul</b> Sample of 8 stores	\$3.26	\$2.07	\$2.75
<b>Milwaukee</b> Sample of 4 stores	\$2.56	\$1.37	\$2.00
<b>Des Moines</b> Sample of 2 stores	\$2.15	\$1.20	\$1.68
<b>Houston</b> Sample of 9 stores	\$2.91	\$1.40	\$1.89
<b>Detroit</b> Sample of 10 stores	\$2.18	\$1.15	\$1.57
<b>Boston</b> Sample of 4 stores	\$2.30	\$1.87	\$2.13
<b>Dallas/Fort Worth</b> Sample of 9 stores	\$2.15	\$1.32	\$1.66

**NOTE:** Figures based on actual retailer's cost per sq. ft. for these markets.

Property taxes in Minneapolis/St. Paul are on average 175% more than in Detroit

**Enclosed Regional Mall  
2,000 - 5,000 Sq. Ft. Tenant**

Retailers in this category include:  
Musicland, Sam Goody, Bath & Body Works, The Limited,  
The Gap, Victoria's Secret

	<b>Tax cost per building square foot</b>		
	<b>High</b>	<b>Low</b>	<b>Average</b>
<b>Minneapolis/St. Paul</b> Sample of 12 stores	\$15.14	\$1.84	\$8.85
<b>Milwaukee</b> Sample of 5 stores	\$ 6.97	\$2.04	\$4.40
<b>Detroit</b> Sample of 9 stores	\$ 5.16	\$1.11	\$3.18
<b>Denver</b> Sample of 6 stores	\$ 4.80	\$1.02	\$3.04
<b>Boston</b> Sample of 6 stores	\$10.04	\$4.38	\$6.50
<b>Houston</b> Sample of 10 stores	\$ 5.84	\$1.22	\$2.81

**NOTE:** Figures based on actual retailer's cost per sq. ft. for these markets.

Property taxes in Minneapolis/St. Paul are on average 291% more than in Denver

## Freestanding Fast Food 4,000 - 6,000 Sq. Ft. Tenant

Retailers in this category include:  
Arby's, McDonald's, Burger King, Kentucky Fried Chicken

	Tax cost per building square foot		
	High	Low	Average
<b>Minneapolis/St. Paul</b>	\$10.58	\$7.06	\$8.82
Sample of 6 stores			
<b>Indianapolis</b>	\$2.57	\$1.84	\$2.20
Sample of 4 stores			
<b>Des Moines</b>	\$5.98	\$5.01	\$5.49
Sample of 4 stores			
<b>Atlanta</b>	\$4.07	\$1.87	\$2.97
Sample of 5 stores			
<b>Detroit</b>	\$5.25	\$2.44	\$3.85
Sample of 5 stores			

**NOTE:** Figures based on actual retailer's cost per sq. ft. for these markets.

Property taxes in Minneapolis/St. Paul are on average 160% more than in Des Moines

## Freestanding Retailer 5,000 - 15,000 Sq. Ft. Tenant

Retailers in this category include:  
Blockbuster Video, Video Update, Walgreen's,  
Hollywood Video, Pier 1 Imports

	Tax cost per building square foot		
	High	Low	Average
<b>Minneapolis/St. Paul</b>	\$5.57	\$2.28	\$3.62
Sample of 9 stores			
<b>Atlanta</b>	\$1.48	\$0.80	\$1.07
Sample of 3 stores			
<b>Indianapolis</b>	\$2.21	\$0.85	\$1.17
Sample of 7 stores			
<b>Des Moines</b>	\$3.65	\$2.27	\$2.72
Sample of 4 stores			
<b>Detroit</b>	\$1.51	\$1.19	\$1.31
Sample of 3 stores			
<b>Dallas/Fort Worth</b>	\$3.63	\$1.29	\$2.03
Sample of 6 stores			

**NOTE:** Figures based on actual retailer's cost per sq. ft. for these markets.

Property taxes in Minneapolis/St. Paul are on average 338% more than in Atlanta

### Our proposal for the 2000 Legislative Session is to...

**Reduce** CI Rate from 3.4 to 3.0 on value over \$150,000.

**Reduce** CI Rate from 2.4 to 2.0 on value under \$150,000.

**Access** future levy increases against market value.

**The Minnesota Shopping Center Association (MSCA)** is a Minnesota nonprofit corporation that has approximately 500 members consisting of shopping center owners, developers, contractors, brokers, property managers, attorneys, architects, appraisers, retailers and all professionals serving the Minnesota retail real estate industry.

***“Our industry has made significant progress in lowering property taxes throughout the nation, but Minnesota is still the highest.”***

Joseph Nunez, State Chair MN Government Relations Committee  
International Council of Shopping Centers

***“We find Minnesota real estate taxes the highest in the 25 states our company operates.”***

Jill Noack, Vice President/General Manager  
Rouse Ridgedale Management Corporation

***“The high level of commercial property taxes in Minnesota has been and continues to be a hidden tax paid by all consumers every time they make a purchase.”***

Kelly Doran, President  
Minnesota Shopping Center Association

***“As internet shopping grows in popularity conventional stores in Minnesota, because of higher taxes and other costs, will encourage customers to shop at their internet stores. This will reduce the number of stores, employees and tax revenue in Minnesota.”***

James McComb, President  
McComb Group, Ltd.

***“Property taxes in the Twin Cities metro area are some of the highest that our corporate retail stores pay in the Midwest.”***

John Domino, Vice President  
SuperValu Inc.



2850 Metro Drive, Suite 503  
Bloomington, MN 55425  
Phone: 612-928-4645 / 612-851-3049  
Fax: 612-854-9549