



MINNESOTA SHOPPING CENTERS: A POSITIVE IMPACT ON OUR ECONOMY



MINNESOTA SHOPPING
CENTER ASSOCIATION

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The Minnesota Shopping Center Association (MSCA) has been an active industry advocate for 24 years. Founded in 1988, MSCA has proven to be an available forum for the exchange of information and contacts for the retail real estate community. MSCA members represent a broad spectrum of industry participants, including owners, retailers, developers, appraisers and vendors.

As shopping centers serve the entire public, the interests of the people of Minnesota are tied to the success of shopping centers. This is why MSCA works hard to advocate for positive change in issues that affect shopping centers.

Please join us in promoting a better, more competitive market in which retailers can choose to do business here and in which Minnesotans can find value and comfort.

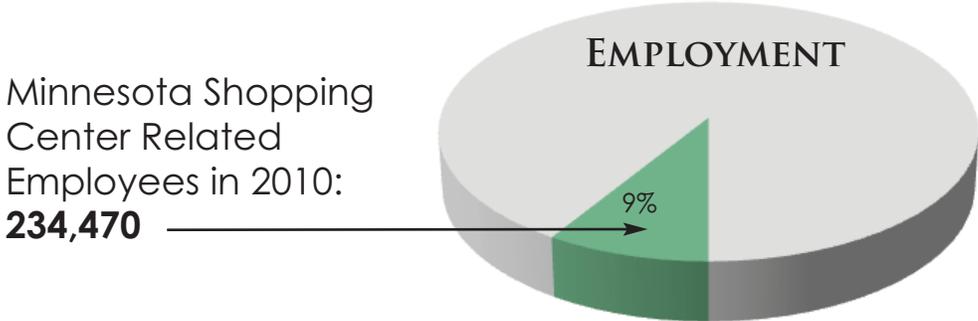
100,400,000 SQUARE FEET OF RETAIL IN MINNESOTA

- Shopping centers create value, convenience and enhance the quality of life in our communities.
- From Regional Malls to Neighborhood Centers, retail is a critical component to any community for commerce to thrive and the livelihood of families.
- Existing retail provides the platform to bring in new retail concepts and businesses to Minnesota.

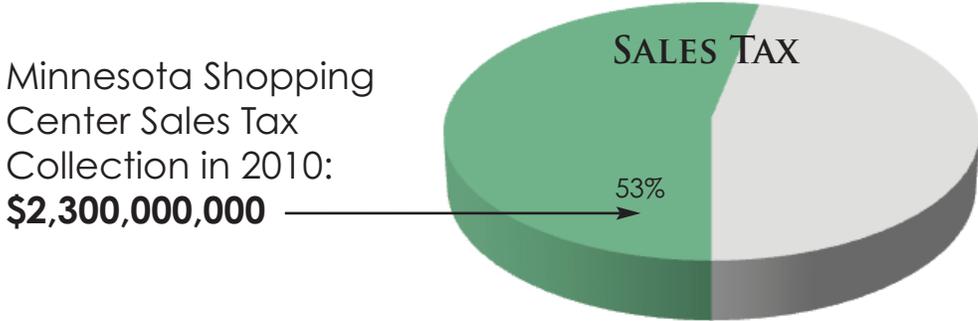
\$2.3 BILLION

in sales tax paid to the State of Minnesota

- Directly contributed from the shopping center industry
- MSCA members also paid real estate taxes and payroll taxes



Total Minnesota Employees in 2010: 2,637,261



Total Minnesota Sales Tax Collection in 2010: \$4,327,469,000

The information published in this report relies on the most recent available data for 2010.

TOP 5 NEGATIVE IMPACTS OF PROPERTY TAXES TO MN SHOPPING CENTERS

**\$33.3
BILLION**
in sales were
generated by
shopping center
retailers in
Minnesota.

HIGHER OPERATING COSTS

- When taxes increase, operating costs rise for retailers which causes pressure to raise prices or cut workers.
- 234,470 Minnesota residents depend on the shopping center industry for employment.

REDUCED PROPERTY VALUES

- Higher property taxes can put retailers out of business, which increases vacancy rates, which in turn reduces property values.
- Shopping centers account for 100,400,000 square feet of building space in Minnesota.

HIGHER PRICES TO CONSUMERS

- Higher property taxes force retailers to charge higher prices to Minnesota consumers.
- Consumers spend \$33.3 billion with Minnesota retailers.

MAKES SMALL BUSINESS MORE EXPENSIVE

- Shopping center owners and retailers pay a large and increasing amount in property taxes and sales tax every year.
- The high and growing cost of doing business is a deterrent for new businesses and new retail concepts in Minnesota.

HINDER INVESTMENT/DEVELOPMENT/RETAILERS

- Higher property taxes inhibit new development and investment and put retailers out of business.
- Shopping centers and shopping districts are critical components for commerce and families to thrive in any community.
- Many national providers of retail goods and services choose states with lower taxes and do not come to Minnesota.

SHOPPING CENTERS: CREATING JOBS & OPPORTUNITY

- Retail shopping center jobs in MN estimated at 234,470 in 2010.
- Provide employment and benefits to hundreds of thousands of MN families every year.
- Affords growth and development for our citizens at many levels: entry level, managerial, sales, distribution, executive level, etc.

MSCA: MAKING A DIFFERENCE

- Works with communities to grow smarter and wiser.
- Advocates and educates legislators and the governor on issues of importance and economic impact to the shopping center industry and community.
- Partners with communities to make developments sustainable and aesthetically pleasing.

HEAR WHAT RETAIL PROFESSIONALS ARE SAYING . . .

National retailers focus on overall occupancy costs, including real estate taxes, when deciding where to open their new U.S. stores. As one of the Midwest's largest owners and operators of shopping centers, we believe that lowering property taxes will provide a more attractive environment for retailers to do business in Minnesota."

D. Scott Carr
President of Property Management

Inland Real Estate Corporation

As an owner of a franchise business that leases retail space in Minnesota, the continual rise of property taxes directly affects my bottom line, prohibiting me from giving my employees raises. Increased real estate taxes and, ultimately, overall operating expenses, is cost-prohibitive for many businesses. To remain successful, we cannot raise our prices due to competition and couponing so, in the end, the owners and employees suffer."

Regina Finkelstein
Great Clips Franchisee

Currently, Minnesota ranks 45th in the national Tax Foundation's State Business Tax Climate Index. As the shopping center industry strives to recover from the recession, it is more important than ever for Minnesota to be an effective economic partner, encouraging retailer growth and expansion. The MSCA supports efforts to reduce tax rates on corporate income and commercial property to gain this critically-needed competitive advantage."

Paula Mueller
2012 MSCA President

Minnesota Shopping Center Association

ABOUT MSCA

The Minnesota Shopping Center Association (MSCA) is a nonprofit trade association that was initiated in 1988. MSCA is the largest statewide organization devoted solely to the retail real estate industry. With over 300 companies and 600 members, the association represents developers, shopping center owners, brokers, property managers, retailers, attorneys, architects, appraisers, contractors and all professionals serving the Minnesota real estate industry. Together, the members of MSCA own, operate and manage over **50 million square feet** of shopping centers in our trade area. MSCA offers its members excellent educational and networking opportunities, market research and trends, as well as participation in governmental affairs.

Sources: International Council of Shopping Centers (ICSC), CoStar Realty Information, Inc.; U.S. Department of Commerce; U.S. Department of Labor; Federal Reserve Bank of Philadelphia; The Sales Tax Clearinghouse, ICSC Research, Minnesota Management and Budget, and Minnesota Department of Employment and Economic Development.

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