

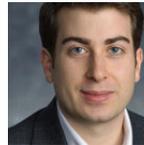


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Feature Article

UPTOWN IS GROWING UP

by [Jeremy Striffler](#), Cushman & Wakefield/NorthMarq



The usual noise coming from the bars, restaurants and shops in Uptown is being muffled by the sound of new construction. Cranes now decorate the sky and the must-have accessory for this hip neighborhood is a hardhat. While the buzzing and banging and bulldozing are momentarily unpleasant, they are the welcomed sounds of new development.

There are over 1,000 residential units currently under construction in the Uptown area. Some of these complexes will feature street-level retail and all are guaranteed to be quickly filled up by twenty-somethings who yearn for an urban experience. Some of the planned residential buildings include:

- The Walkway, by Clark Gassen (92 units)
- Elan of Uptown, by Greystar (591 units)
- Lyn-Lake Building, by Greco (171 units)
- Track 29 City Apartments, by RMF Group & Phoenix Development Company (198 units)

When you look at it on paper, Uptown makes sense. It has two major grocery stores (Lunds and Rainbow), numerous restaurants and bars, movie theaters (Uptown Theatre and Lagoon Cinema), gyms (YWCA and LA Fitness), bookstores, clothing stores, furniture stores, nail salons, barbershops and countless other services. It even has a bowling alley!

Max Musicant, an expert on place making and the Owner/Principal of local firm [The Musicant Group](#), explains Uptown's appeal: "It's a strong submarket because of its confluence of activities, amenities and connections. While we can buy almost everything we need online, discerning consumers are increasingly looking for high quality and unique experiences that allow for stories to be formed around their purchases. Uptown offers an authentic urban experience that facilitates these types of consumer narratives: bringing together local and national brands, diverse food options, unique entertainment, all woven together by one of the top park, trail and lake systems in the country. You don't just shop in Uptown, you experience it."

MEASURE TWICE

Does Uptown live up to the hype for its retailers? There is a good amount of turnover each year, but more recently the local mom and pop stores are being elbowed out of the way by hot major brands that are attractive to residents and visitors alike.

A retail survey of the Uptown market was conducted by re-lytics® encompassing 227 retail spaces totaling over 868,000

square feet. The survey went West to East from Lake Calhoun to Lyndale Avenue and North to South from West 29th Street to West 31st Street. Overall, the market vacancy rate is currently 7.43%. There are 25 vacant spaces available for lease, only 6 of which are in single-tenant buildings. The majority of the vacancy is found in the multi-tenant buildings. Further, approximately 50% of all the vacancies are less than 2,000 square feet. The other 50% of vacancies are all between 3,000 and 8,900 square feet.

Overall, the market has greatly improved since 2011.

Vacancy year-to-date decreased from 11.1% as of December 2011 to the current 7.43%. Further, many of the larger vacancies available last year are now occupied. A list of all the store openings and closings in 2012 is provided on the next page.

BRICK-BY-BRICK

The retail market in Uptown has seen numerous construction and renovation projects started this past year. Some directly related to the residential projects going up while others ushered in the new tenants to the area.

Calhoun Square had a very successful 2012. H&M opened a 23,000-sf store in time for the holidays. In addition, PrimeBar opened a 7,087-sf restaurant on the first floor and Republic opened a 6,600-sf bar directly



continued on next page

UPCOMING MSCA EVENTS

- Feb 13 Legislative Education Session
- Feb 19 Learning Session
- Feb 21 Third Thursdays
- Mar 6 Geographic Focus
- Mar 13 Business Day at the Capitol
- Mar 21 Third Thursdays
- Apr 3 Trends
- Apr 18 Third Thursdays

To view
MSCA
program
presentations
[click here.](#)

above on the second floor. Francesca's also joined the shopping center while local shop Atmosfere, the clothing boutique at 1426 West Lake Street, moved to the second floor of Calhoun Square.



The MoZaic mixed-use complex, developed by The Ackerberg Group, completed construction and opened to the public this past year. It is already home to a variety of office tenants and boasts a large public plaza with direct bike connection to the Midtown Greenway trail. Bar Louie opened a 7,300-sf bar and restaurant in the fall and Origami, a sushi restaurant, will take the remaining 3,600 sf of street-level retail space in the early part of this year. The office space has leased so successfully to date that The Ackerberg Group is discussing plans for a second phase.

The Uptown Theatre completed its \$2 million renovation, which included major upgrades such as installing stadium seats on the main floor and VIP-style seats in the mezzanine. A bar and wider variety of food options have also been added to this neighborhood landmark. As part of the renovation, two street level retail spaces were expanded and welcomed hot retailers John Fluevog (shoes) and Goorin Bros. (hats).

Cowboy Slim's closed and the building was demolished to make way for a mixed-use development called City Walk Uptown. As previously mentioned, the new seven-story building will feature 92 apartments but also include ground-floor retail and two restaurants.

Social House, the Asian-fusion bar and restaurant at the corner of Hennepin and Lagoon, has expanded in size. They took over the vacated space next door when Beach Tan closed this past year.

LAYING THE FOUNDATION

Uptown is well poised for continued success and growth. With a residential population guaranteed to grow by the end of the year with over 1,000 apartments coming onto the market, and a long list of exciting new restaurants and retailers to attract

attention from the entire metropolitan area, it should be a banner year for this urban market.

In the short term, the neighborhood is eagerly awaiting the opening of Origami this month at MoZaic. In addition, downtown wine bar Spill the Wine is opening a new location at Bryant & Lake in the 901-907 West Lake Street building that formerly housed Sunrise Cyclery. The Ackerberg Group is renovating the entire one-story building through a partnership with Urban Anthology.

While some of the music blaring in the bars may be obnoxious and the tattoos that adorn the residents may be confusing, Chad Macy, Vice President and Leasing Specialist for Jones Lang LaSalle, understands the draw of Uptown clearly. He is the listing broker for Calhoun Square and sees its true appeal every day. He explains, "Uptown offers retailers' access to a broad spectrum of shoppers ranging from Millennials and Gen Xers to Baby Boomers. This cross-section of demographics bodes well for all types of retailers - especially branded, national retailers. Part of the attraction to Uptown is that it has something for everyone and it is very hip and trendy at the same time. That is part of its charm and what makes it so appealing."



NEW MSCA MEMBERS

- Brady Busselman**, MFRA, Inc.
- Brandt Uthus**, Target Corporation
- Brandon O'Connell**, Mid-America Real Estate - Minnesota, LLC
- Mike Sturdivant**, Paster Enterprises
- Peter Harding**, Caribou Coffee Company, Inc.
- Chris Simmons**, Colliers International | Minneapolis-St. Paul
- Susanne Miller**, Louck Associates
- Ken Brumbaugh**, First Base Investments
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- Edward Studniski**, Gausman & Moore Mechanical and Electrical Engineers
- Kathleen Pitra**, Cushman & Wakefield/NorthMarq
- Nathan Semsch**, J.L. Sullivan Construction, Inc.
- Greg Prokop**, Twin City Outdoor Service

UPTOWN OPENINGS

Bar Louie
Blow Dry!
Bookkeepers
Francesca's
Goorin Bros.
Gray House
H&M
JJ's Coffee & Wine Bistro
John Fluevog
Jonathan Adler
Midwest Makeup Supply
Nationwide Insurance
Prime Bar
Republic
Thrifty Living
Wax Kitten

UPTOWN CLOSINGS

Army Career Center
Art & Fair Trade Gifts
Beach Tan
Cowboy Slim's
Risotto
Sunrise Cyclery
Supreme Ink
Uptown Girl
Viva Brazil

KRIS BRANDT

Christianson & Company Commercial Real Estate Services

What is your primary career focus?

Retail/office property management and leasing

What is your favorite Disney movie? Lady and the Tramp

What junk food is your weakness? Ice cream

What makes you feel old? Looking around the room at an MSCA meeting!

What is something you have always wanted to try?

Parasailing

If you could hire out one household chore, what would it be?

Weeding

What is your favorite board game? Monopoly, but don't

have the patience anymore

What is your favorite alcoholic drink? Wine

What was your favorite toy as a kid? My doll named Susie

How many rings before you answer the phone? Two

What is something you said you would never do, but did anyway? Stay in Minnesota after graduating from college, but here I am.....

How long have you been an MSCA member? Since

February 1990



Rising Star

ORANGETHEORY

by Vicki Van Dell, Loucks Associates



Well it's that time of year again, the end of January and middle of winter, when many of us wonder why we live in this ridiculously cold climate. When it comes to staying fit, we tend to camp out on the couch a bit more and hunker down until warmer weather arrives. This is actually the time of year when most New Year's Resolutions bite the dust. *Psychology Today* reports that typically 40% of New Year's resolutions fail by the end of January. Hopefully this article will inspire readers to get up off the couch and get moving.

Many of us have tried going to the gym to get healthy at some point in our lives. A typical gym may work for some, but not everyone is comfortable in a larger gym, and some of us end up not knowing what to do once we get there. Or we lose motivation because we are trying to get fit on our own. Orangetheory's fitness concept is breaking this cycle. Orangetheory employs a group fitness approach with a focus on interval training and personal attention. Group workout sessions are 60 minutes in length and are specifically designed to motivate and energize clients.



So, how does the Orangetheory fitness concept work? Orangetheory is all about the science of bringing a person's heart rate to a targeted level and maintaining that rate for a specific period of time. This helps Orangetheory clients achieve extended calorie burn long after the workout is complete. Interval training includes workouts on the treadmill, rowing machine, suspension training unit and free weights. Each client wears a heart monitor and special video screens display individual's heart rates. This is a good visual motivator for clients and also helps trainers track participants' progress.

When I visited with the managers and Head Trainer at Orangetheory of Maple Grove, I asked whether this type of intense interval training is for experienced exercisers only. My question was answered with an unequivocal "No!" Clients have the option of attending classes as often as they wish. Orangetheory asks clients to register in advance for classes since each session is limited to 24 participants. The smaller class size allows trainers to provide individualized coaching and monitor everyone's heart rate to ensure "maximum calorie burn."

What surprised me the most about Orangetheory is the camaraderie and genuinely fun atmosphere. I was also impressed by Orangetheory's local involvement. The firm plays a major role in the community by sponsoring events such as the Polar Plunge, 5k races, and many other local fitness events.

Orangetheory also creates specific challenges for members. The Maple Grove location is currently in the midst of a weight loss challenge. Last year, this same location hosted a "HELL week" during which members were challenged to work out seven days in one week. After achieving this goal, participants went out to celebrate and wore T-shirts that said, "I survived HELL week!"

All in all, Orangetheory provides a fun, motivational new fitness concept that challenges clients and builds relationships in a fun, vibrant, high-energy environment. Orangetheory currently has locations in Plymouth, Maple Grove and Minneapolis, and expects additional growth in the Twin Cities market.

JOHNNY REIMANN

Mid-America Real Estate – Minnesota LLC

What is your primary career focus?

Brokerage

What is your favorite Disney movie? The Mighty Ducks

What junk food is your weakness?

Definitely fried SPAM on a sesame seed bun (reserve judgment until after you've tried it!)

What makes you feel old? I painted the basement not long ago and my legs were sore for 3 days. That does!

What is something you have always wanted to try? Running with the bulls

If you could hire out one household chore, what would it be?

Poop patrol. Lots of animals at my house.

What is your favorite board game? Scrabble

What is your favorite alcoholic drink? Gin/tonic in the summer, something with brown alcohol for the long cold winters

What was your favorite toy as a kid? Probably Castle Greyskull from Masters of the Universe

How many rings before you answer the phone? Just one, on the left hand

What is something you said you would never do, but did anyway? Start a Twitter account

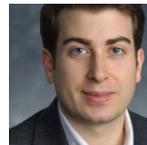
How long have you been an MSCA member? Since June

2008



MINNESOTA MARKETPLACE

compiled by **Jeremy Striffler**,
Cushman & Wakefield/NorthMarq



■ Locally owned fashion boutique, **Atmosfera**, has moved back to Calhoun Square. Their lease was up in the Rainbow Building at 1426 West Lake Street and so the men's apparel store has moved to their new location on the second floor.

■ **The Bullfrog Cajun Bar**, 1111 Hennepin Avenue in Minneapolis, will get a new name, beer list and menu when it becomes The Bulldog Downtown. The third outpost of a mini-chain that includes: The Bulldog Uptown in the Whittier neighborhood and The Bulldog Lowertown in St. Paul.



■ **Potter's Pasties**, the food truck that turns out delicious little hand pies in the warmer months, is the latest mobile food operation to announce it will open a bricks-and-mortar restaurant. Potter's is taking over the old Broadway Pizza counter in Joe's Market on Como Avenue near the University of Minnesota.

■ Oklahoma City-based **Orange Leaf** has a new location opening soon in Woodbury near Hudson Road and Woodbury Drive.

■ **Cabela's** announced plans to open an 85,000-sf store in Woodbury. The hunting, fishing and outdoor gear retailer expects to open the store in the fall of 2014.

■ **Nordstrom** plans to open a full-line store at Ridgedale Center in Minnetonka in the fall of 2015. The 138,000-sf store will be Nordstrom's second full-line store in the Twin Cities, joining the retailer's anchor location at Mall of America. Nordstrom will take over the existing Macy's Home and Men's store; Macy's will be consolidating these departments into the Macy's Women's and Children's Store.



■ **The Blue Door Pub**, the St. Paul burger-and-beers place, is moving ahead on a long-planned expansion into Minneapolis. The restaurant expects to open a second location at 3448 42nd Avenue South, in Minneapolis' Longfellow neighborhood, at the site of a former appliance-repair shop.

■ The owner of **Mill Valley Kitchen** will open his second restaurant in the Twin Cities at Le Méridien Chambers hotel in downtown Minneapolis, replacing an eatery owned by D'Amico & Partners.

■ **The Sparrow Café** will be taking over the former Adagio shop at 50th & Penn, with a focus on organic and fair trade coffee.

■ Chico's is being replaced by **Paper Source** at 50th & France in Edina.

■ **Honeyshine**, the Bryn Mawr design shop, is relocating to Linden Hills. The Bryn Mawr location will close in April and reopen May 8 next door to Wild Rumpus bookstore at 2720 W. 43rd Street in Minneapolis.

■ The old shuttered Jimmy John's on West Seventh in downtown St. Paul will soon be home to a new restaurant called **Tacos, Nachos, and Beer** that is set to open in late February or early March.

■ **Cheapo Records** is consolidating its two St. Paul stores. The Cheapo stores are located on Snelling Avenue, across the street from each other. The music seller's used CD/DVD store at 80 N. Snelling Avenue is moving into its used record store at 71 N. Snelling Avenue.

■ The Minneapolis Planning Commission approved plans for a new **Goodwill** store at the vacant Perkins site at 6015-6029 Nicollet Avenue. Goodwill will span two stories and 20,000 sf, with retail on both floors.

■ The Donut Cooperative at 2929 E. 25th Street in Minneapolis closed December 23rd. However, **Glam Doll Donuts** will open at 2605 Nicollet Avenue, offering Intelligentsia Coffee and more than 20 different donuts every day.



■ **9Rounds Kickboxing** will be helping people kickstart the new year right. They recently signed a lease for 1,513 sf in Eden Prairie.

■ Just in time for the Super Bowl, **Buffalo Wild Wings** signed a lease for 5,800 square feet at Victory Village in Blaine.

■ **Pardon My French**, a bakery, cafe and wine bar, has closed both of its locations, including one at the Mall of America and one on Cliff Road in Eagan.

■ The Wedgwood Shopping Center at the Northwest corner of I-494 and Bass Lake Road in Maple Grove will soon welcome **Kosama**. This is a Snap Fitness concept that specializes in body transformation with group personal training. Kosama plans to open March/April 2013. Other new tenants include Tieri Chiropractic (1,700 sf) in March/April and Honest-1 Auto Care in summer of 2013.

■ **The 400 Bar**, a Minneapolis music mainstay on Cedar Avenue, is closing after 17 years in business.

■ **Plato's Closet** is ready to open the doors of its new Rochester store at 3444 - 55th Street NW in the Northwest Plaza Shopping Center.



■ The St. Cloud **CVS/pharmacy** at Division & 25th is under construction, with a planned opening of March 2013.

Property Management

by [Ryan Burke](#), Kraus-Anderson Companies



KEEPING YOUR BIDS COMPETITIVE

Every property manager has their favorite contractors, the ones they have used and trusted for many years. But how do their prices compare to the other competitors? It is an unwritten rule that you should always get at least three bids. Multiple bids will not only help you gain more contacts, but it helps ensure that you are getting a good price.

Whether it's a parking lot overlay, a roof replacement, a new roof top unit, snowplowing or mowing bids, most contractors get enough information from Google Earth to get an accurate bid. This allows contractors to get many more bids out the door without visiting each site. As a property manager, you too can benefit from this in getting more bids, and getting them fast.

You can email each contractor individually with your specs and ask for their bid. But, to get multiple competitive bids, email several contractors at the same time with your specs. Each contractor will then know exactly what you want while seeing that they are not the only one being requested for bids. Pencils will get sharpened, guaranteed!

Make sure your specifications are thorough and clear. Don't leave room for contractors to make their own call on what is or is not included in your requested work. You tell them what you want and don't want. This will not only help with the bid price, but it will make it so much easier to compare apples to apples when receiving multiple bids.

In the end, remember to keep a good relationship with all the contractors. Let them know who is chosen and who is not, as well as giving them appropriate feedback. Remember, you may want to reach out to them for the next job!

THIRD THURSDAYS

Next Meeting: Thursday, February 21, 2013

Time: 3:30 pm – 4:30 pm

Where: [Cooper Pub & Restaurant - West End](#)
1607 Park Place Boulevard, St. Louis Park 55416

Member hosts: **Johnny Reimann**, Mid-America Real Estate – Minnesota, LLC and **Drew Johnson**, CSM Corporation

What: Casual networking hosted by MSCA members

When: Third Thursday of every month from EITHER 8:30–9:30 am or 4:00–5:00 pm.

Why: Create synergy in the commercial real estate industry—share ideas and stories and make new effective relationships.

There is no fee for this event. Food and beverage are not included. **RSVP to Stacey** is preferred, but not required.



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LEASING FROM THE TRENCHES



by Richard Jahnke, Sunbelt Business Brokers



Speakers (l to r):
Bruce Carlson (moderator), Mid-America Real Estate – Minnesota, LLC
Jesseka Doherty, Mid-America Real Estate – Minnesota, LLC
Jeff Hildahl, Kraus-Anderson Companies
Jen Helm, Cushman & Wakefield/NorthMarq
Mark Kampmeyer, Ryan Companies US, Inc.
Barry Brottlund (moderator), InSite Commercial Real Estate

The January program was a provocative perspective on today's retail real estate. The panel was comprised of four leasing professionals doing deals in what is still considered to be a challenging market. On the panel were: Jesseka Doherty, Mid-America Real Estate; Jen Helm, Cushman & Wakefield/NorthMarq; Jeff Hildahl, Kraus-Anderson and Mark Kampmeyer, Ryan Companies.

The moderators were Bruce Carlson, Mid-America Real Estate and Barry Brottlund, InSite Commercial Real Estate. The panelists were asked about the general market conditions they encountered in 2012. Not surprisingly, the panelists said that deals are taking longer. On the tenant side, there are more committee approvals from operations and financing. On the landlord side, there are longer lease forms that just take more time for each side to process the language. There are fewer exclusives that are granted by landlords than in the past. The exclusive issues compromise may be that "part" of the center is carved out for an exclusive use rather than the entire property.

The panelists did not think the polarization of the political landscape was inspiring to consumer confidence. They were hopeful that with the election out of the way, some retailers will pull the trigger on their expansion plans now.

Panelists identified a continual trend on more expensive build-outs that require more landlord participation in the form of allowances for Tenant Improvements. That being said, the credit worthiness of the tenant "is king" to getting deals approved by landlords.

On the grocery scene, there is expansion from Trader Joe's, Whole Foods, ALDI and Co-ops, such as Lakewinds. Grocery has and will always be a great traffic generator. No matter who the grocer is, "you can lease off it".

The return of suburban growth in the third rings is still a question mark. The urban metro has more options in terms of entertainment and restaurants for the younger age demographics. The urban core is already seeing a return to residential housing growth ahead of the suburbs.

Digital retailing is becoming ever more prevalent in our society and will continue to be a large part of any retailer's arsenal of weaponry. Retailers need to increase the level of the customer shopping experience in their bricks and mortar locations.

PROFESSIONAL SHOWCASE

NaturalGreen Landscape Management is a locally-owned company providing landscaping, irrigation, full lawn care with fertilization/weed control, weekly mowing with clean ups, snow and ice management. They service townhome/condominium association, school districts and colleges, industrial parks, medical facilities, shopping center and commercial retail.



Pictured (l to r)
Matt Drier, NaturalGreen Landscape Management
Laura Moore, Moore & Co. Real Estate, Inc. – winner of the television given away by NaturalGreen Landscape Management
Dainien Herman, NaturalGreen Landscape Management

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Please contact any member of the Newsletter Committee with suggestions or article ideas.

Notice throughout the newsletter, that names that are green and underlined are linked to that individual's email address.



TAX REFORM

The 2013 legislative session began on January 8 with a new majority with new priorities. After undergoing a complete turnover from GOP to DFL majorities during the 2012 election, the Minnesota Legislature will now have a 73-61 democrat majority in the House and a 39-28 majority in the Senate.

The State's November forecast projects a \$1.1 billion deficit for the 2014-15 biennium. Adopting a balanced budget will be the primary focus for legislators this session, although other policy issues are sure to be deliberated as well.

The Governor and DFL leadership have signaled they will look for ways to grow long-term, permanent revenue streams and make spending reductions to cure recurring budget deficits. Potential tax reform includes increased income tax rates on the wealthy, expanding the base of the sales tax, property tax reform, the elimination or limitation of credits, deductions and exemptions in the individual and corporate income tax systems, and adjusting tax rates.

MSCA ISSUES

The tax reform issue will be at the center of the 2013 budget discussions. MSCA has identified two key tax issues to work on this year:

- 1) **Statewide Property Tax.** Lawmakers may significantly change the Statewide Property Tax. This decade old reform of the property tax system brought some equity to the system and MSCA will oppose any changes that will increase commercial industrial property taxes.
- 2) **Sales Tax on Clothing.** Expansion of the sales tax to clothing will be part of the tax reform discussions this year. MSCA, along with many retailers, will stand in opposition to a new tax on clothing.

February 13, 2013

Mark your calendars for the Legislative Education session. Click [HERE](#) for registration information.



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