

since 1988



**Comparative
Retail
Property Tax
Study
for the
Year 2000**

Minnesota Shopping Center Association

enhancing our industry

In **Minnesota**, retailers continue to pay on average **25% to 393% more** in property taxes than in other comparable markets.

This is the second annual Minnesota Shopping Center Association's (MSCA) Property Tax Comparison Study. The purpose of the study is to analyze how Minnesota retail property tax, on a per square foot basis, compares to other similar markets across the country. Unfortunately, Minnesota continues to compare unfavorably to other markets.

We cannot emphasize enough that with today's technology, each retailer can adjust the price of its goods at the local and state level to reflect the cost of doing business at that location. High commercial property taxes only create higher prices for every good and services we purchase.

Therefore, the MSCA continues to endorse the need for further property tax reductions, so Minnesota consumers, retailers, and shopping center owners can maintain and improve this important industry, which adds to the overall quality of life in our state.

Our proposal for the 2001 Legislative Session is to...

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

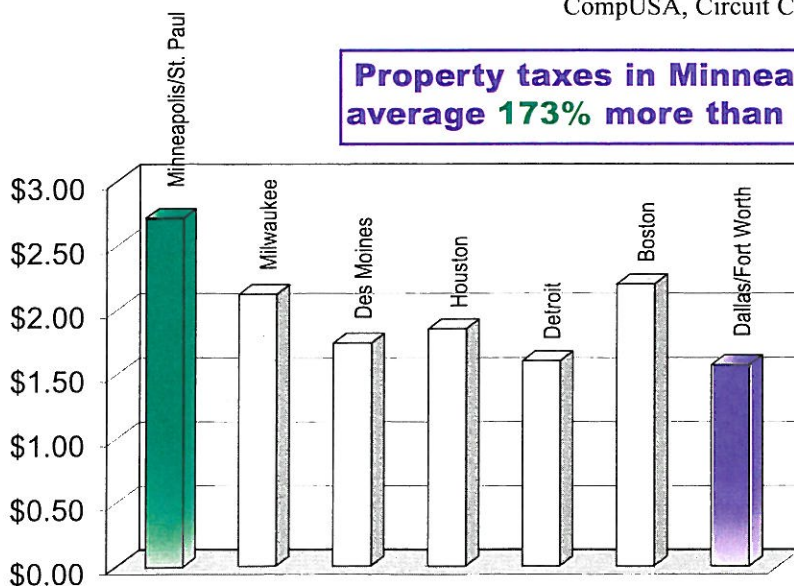
Reduce CI Rate from 2.4 to 2.0 or lower on value under \$150,000.

Assess future levy increases against market value.

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

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

Property taxes in Minneapolis/St. Paul are on average 173% more than in Dallas/Fort Worth.



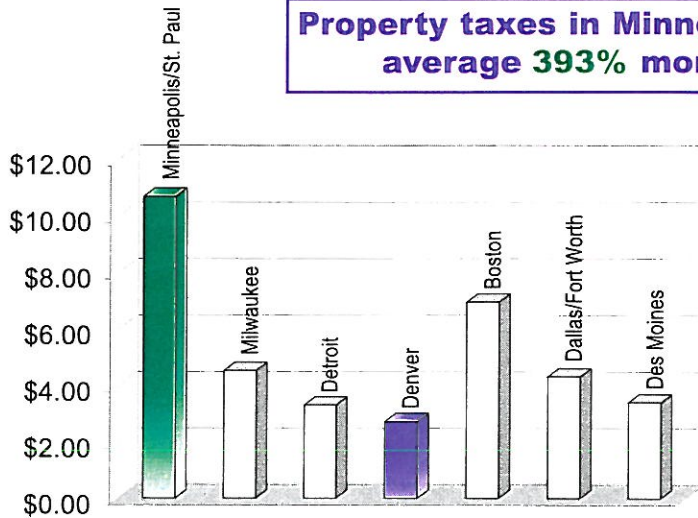
Tax cost per building square foot

	High	Low	Average
Minneapolis/St. Paul	\$3.35	\$2.16	\$2.72
Sample of 8 stores			
Milwaukee	\$2.56	\$1.37	\$2.12
Sample of 4 stores			
Des Moines	\$2.15	\$1.20	\$1.74
Sample of 2 stores			
Houston	\$2.91	\$1.40	\$1.85
Sample of 9 stores			
Detroit	\$2.18	\$1.15	\$1.60
Sample of 10 stores			
Boston	\$2.30	\$1.87	\$2.20
Sample of 4 stores			
Dallas/Fort Worth	\$2.15	\$1.32	\$1.57
Sample of 9 stores			

Enclosed Regional Mall Retailer 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

Property taxes in Minneapolis/St. Paul are on average 393% more than in Denver.



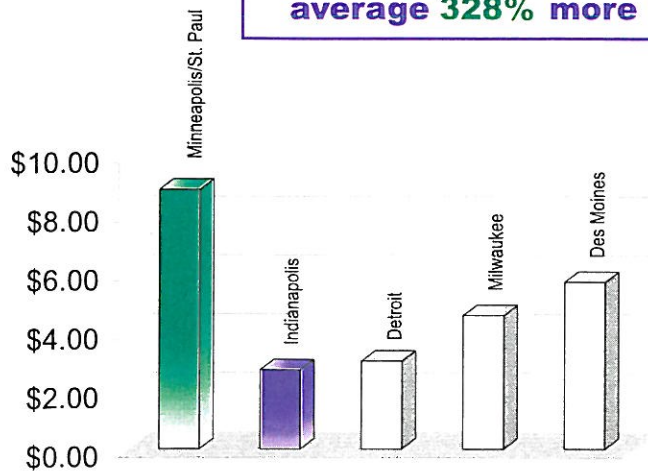
Tax cost per building square foot

	High	Low	Average
Minneapolis/St. Paul	\$16.46	\$3.94	\$10.69
Sample of 9 stores			
Milwaukee	\$ 9.19	\$2.20	\$4.53
Sample of 5 stores			
Detroit	\$ 5.16	\$2.24	\$3.31
Sample of 9 stores			
Denver	\$ 4.80	\$0.52	\$2.72
Sample of 8 stores			
Boston	\$10.04	\$4.56	\$6.95
Sample of 6 stores			
Dallas/Fort Worth	\$ 6.55	\$1.71	\$4.32
Sample of 7 stores			
Des Moines	\$ 3.48	\$3.37	\$3.41
Samples of 3 stores			

Freestanding Quick Service Restaurant Retailer 4,000 - 6,000 Sq. Ft. Tenant

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

Property taxes in Minneapolis/St. Paul are on average 328% more than in Indianapolis.



Tax cost per building square foot

	High	Low	Average
Minneapolis/St. Paul	\$10.58	\$7.06	\$8.82
Sample of 6 stores			
Indianapolis	\$3.03	\$2.43	\$2.69
Sample of 10 stores			
Detroit	\$3.84	\$2.36	\$2.99
Sample of 5 stores			
Milwaukee	\$4.72	\$4.32	\$4.55
Sample of 5 stores			
Des Moines	\$6.15	\$5.25	\$5.68
Sample of 5 stores			

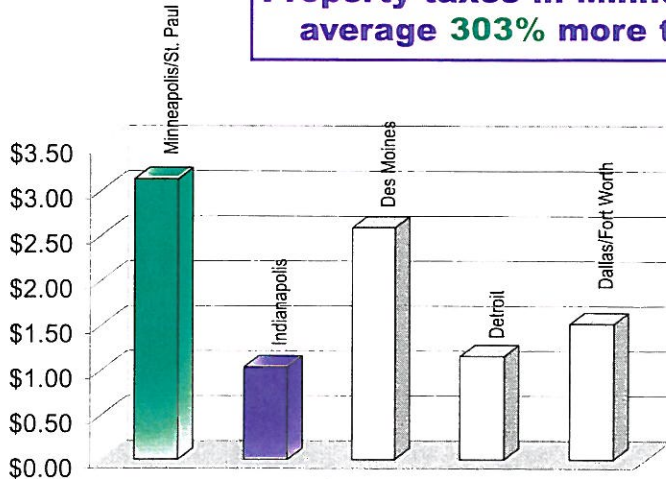
Data compiled by the Legislative Committee of the Minnesota Shopping Center Association.

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

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

Property taxes in Minneapolis/St. Paul are on average 303% more than in Indianapolis.



Tax cost per building square foot

	High	Low	Average
Minneapolis/St. Paul Sample of 9 stores	\$8.17	\$1.06	\$3.12
Indianapolis Sample of 7 stores	\$1.78	\$0.62	\$1.03
Des Moines Sample of 4 stores	\$2.87	\$2.22	\$2.58
Detroit Sample of 3 stores	\$1.37	\$0.80	\$1.15
Dallas/Fort Worth Sample of 6 stores	\$2.18	\$1.00	\$1.51

"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

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

John Riordan, President
International Council of
Shopping Centers

"Commercial property taxes continue to be a major obstacle for sustained growth for the Minnesota business community."

Brent Habeck, President
Minnesota Shopping Center
Association

The Minnesota Shopping Center Association (MSCA) is a Minnesota nonprofit organization that has over 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.



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