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MINNESOTA SHOPPING  
CENTER ASSOCIATION

LEAD  
STORY

## 2022 Holiday Recap + 2023 Predictions



by Lisa Diehl,  
DIEHL AND PARTNERS, LLC

Inflation altered the way U.S. consumers approached their holiday shopping in 2022 — from hunting for the best deals to making trade-offs that stretched gift-giving budgets. Despite record levels of inflation, rising interest rates and low levels of confidence, and what was expected to be a “Ho-Ho-Hum” holiday. “Despite record levels of inflation, rising interest rates and low levels of confidence, consumers were steadfast in their spending and remained in the driver’s seat,” said National Retail Federation, Chief Economist Jack Kleinhenz.

The American shopper approached this past holiday season with a changed outlook. The consumer diversified their holiday spending and became shrewd shoppers. They took advantage of retailers who made the most of the festive season with discount deals, slashed prices, free deliveries, and bonus packages while the retailers tried to hang onto their profits as long as they could.

According to Mastercard *SpendingPulse*, retail sales rose 7.6% year-over-year this holiday season from November to December. The National Retail Federation anticipated the growth to be between 6% to 8%. Online Black Friday sales topped a record-breaking \$9.12 billion, according to a report by Adobe Analytics. The in store foot traffic increased by 17%. This should have come as no surprise as economic forecasters have been predicting a return to in store shopping post-Covid.

### PREDICTIONS FOR 2023

2023 will be the year of ‘evolution’, ‘adaptation’ and ‘innovation’! The [National Retail Federation](#) had their annual ‘Retail Expo’ in January. Many of the sessions focused on discoveries, trends and insights. Topics included customer relationship management, brand loyalty, customer experience, digital marketing, leadership, data and analytics, supply chain and operations, sustainability and corporate social responsibility, and the labor market. Here’s what’s in store for the coming year.

1. **HYPERPERSONALIZATION** will skyrocket. The consumer continues to spend cautiously and will want personalized purchases to fit their needs.
2. **ARTIFICIAL INTELLIGENCE (AI)** will redefine the shopping experience. AI will accurately recommend products using customer data. This will help customers make informed decisions.
3. **DATA PRIVACY LAWS** will become stricter. Retailers and advertisers will be more transparent in collecting user’s personal data and will offer consumers the option to delete or erase their data.
4. Look for **ORGANIC MARKETING**. Retailers are paying more to reach the same audience—with no estimated profitability, sales or even revenue guarantee. Search engine optimization, social media, omnichannel, content marketing and influencer partnerships will increase with the intent of building long term relationships with the consumer.

The ecommerce market share in the US in 2023 is expected at 16.4%, totaling over \$1.1 trillion in ecommerce sales.

Source: Oberlo

Malls will replace shuttered department stores with alternate businesses to keep foot traffic up. Think grocery stores, restaurants and even medical offices.

Source: Insider Intelligence

– continued on page 2

**CONTINUED: 2022 Holiday Recap + 2023 Predictions**

5. **METaverse:** expect to see a significant increase in the use of avatars as they become more realistic and customizable.

6. **Carbon Footprint:** Retailers are responsible for over 25% of global emission. Expect the industry to raise their commitment to reducing the footprint.

Gen “A’s” are following next in line behind the Gen Z’s. This new breed of ‘creative’ shoppers puts their lives into their smartphones. Retailers who digitally target to this new age group will yield better results.

Some challenges could still exist this year. Global supply chains are easing, fear of a recession continues, consumer debt is at an all time high and back to pre-pandemic levels. Retailers will face ups and downs in the market.

As foot traffic comes back, retailers must look to the future and create in-store experiences that meet customers’ changing expectations and satisfy preferences for personalization, education, engagement and immediacy. Look for an exciting year of innovation and technology.

Photo sourced from: <https://recommereport.com/>



## WELCOME NEW MEMBERS

- MIKE MELTON** .....Intent Built Inc.
- ANDY PETERS** .....NexGen Exteriors, Inc.
- MELISSA BJORNSON** .....Insight Restoration, LLC
- MICHELLE NICHOLS** .....Phillips Edison & Company
- ERIC BURGARD** .....Kimley-Horn
- MATT LINGAM** .....Kimley-Horn
- BRENDA NEUENFELDT** .....Bremer Bank
- JEFF OMAN** .....Kraus-Anderson Companies
- JOHN FREITAS** .....Welsh Construction
- MEGAN LIVELY** .....JLL
- DEAN PAULSRUD** .....Assured Security

## REGISTER FOR THESE 2023 EVENTS WITH JUST A CLICK ON THE EVENT!

EVENT	VENUE	DATE
<b>The Evolution of the Brokerage World — Tenant and Landlord Perspectives</b>	Oak Ridge Country Club	2/1/23
<b>MSCA February Third Thursday — Sponsored by Shingobee!</b>	Park Tavern St. Louis Park	2/16/23
<b>Annual Tubing and Networking Extravaganza</b>	Buck Hill Burnsville	2/28/23

February 2023

GOVERN-  
MENT

## Legislative Session Preview



by Donovan Hurd,  
FAEGRE DRINKER

The Legislature convened on January 3rd with the top priority of establishing a biennial budget with a historic forecasted budget surplus of \$17.6 billion. The Legislature has approximately 70 new members. Except for the re-election of House DFL Speaker Melissa Hortman (Brooklyn Park), all other elected leaders are new to their positions. These include House Majority Leader Jamie Long (Minneapolis), House Minority Leader Lisa Demuth (Cold Spring), Senate Majority Leader Kari Dziedzic (Minneapolis) and Senate Minority Leader Mark Johnson (East Grand Forks).

We are in the process of setting up Zoom meetings between MSCA members and key legislators on the House and Senate Tax Committee. The purpose of those meetings are to discuss the long term and continuing challenges of COVID-19 on brick and mortar retail businesses, including workforce challenges, supply chain issues, and inflation among others. During the 2023 legislative session, MSCA will work to encourage legislators to invest in Minnesota's brick and mortar businesses through the following:

- Reduce and ultimately eliminate the state general levy;
- Reduce tax burdens on businesses; and
- Lessen government hardships including reducing and prohibiting new municipal fees and streamlining permitting structure.

The Legislature is expected to take early action on paid family leave and earned safe and sick time proposals, both of which will impact small business. The Senate Tax Committee is also starting its work, focusing on last year's tax agreement that included some C/I relief.

### MSCA LEADERSHIP

### WWW.MSCA-ONLINE.COM

#### Officers:

**PRESIDENT**.....EMILEE DECOTEAU, RPT Realty  
**1ST VICE PRESIDENT** .....JEREMY WELTER, Rochon  
**2ND VICE PRESIDENT**.....MATT HAZELTON, JLL  
**TREASURER**.....ANN OLSON, Bell Bank  
**SECRETARY** .....EMILY BECKER, RMA Real Estate Services, LLC

#### Directors:

**CARL BRANDT**.....Great Southern Bank  
**ELLIOT CHRISTENSEN**.....Westwood Professional Services, Inc.  
**DAVID DALY** .....CBRE  
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**GREGORY HOUCK** .....Cunningham Group Architecture, Inc.  
**GENEVIEVE LIESENER** .....Cushman & Wakefield  
**MIKE STURDIVANT**.....Paster Properties

#### Immediate Past President (as Director):

**TRISHA SIEH**.....Kimley-Horn

#### Committee Chairs:

**Golf** .....MIKE LOWE, Huntington National Bank  
 .....JOSHUA CALHOUN, Flynn Midwest LP  
**Legislative** .....ZANDER FRIED, Cushman & Wakefield  
 .....JOAN SUKO, Ridgedale/Brookfield Properties  
**Networking** .....JOHN HAMBLET, Maple Crest Landscape  
 .....JOE HOLMAN, Insight Restoration, LLC  
**Newsletter** .....LISA DIEHL, Diehl and Partners, LLC  
 .....ALISON KRUEGER, Mid-America Real Estate–Minnesota, LLC  
**Program** .....LAUREN KESSLER, Colliers I Minneapolis-St. Paul  
 .....JACKIE MILLER, RSP Architects, Ltd.  
**Retail Report** .....JESSEKA DOHERTY, Mid-America Real Estate–Minnesota, LLC  
 .....MIKE BROICH, Target Corporation  
**Sponsorship**.....DAVID EDDY, Prescription Landscape  
 .....EMILY BECKER, RMA Real Estate Services, LLC  
**STARR Awards**.....JENNIE ZAFFT, CBRE  
 .....SHERI TESSIER, Cushman & Wakefield

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February 2023


  
 MINNESOTA SHOPPING  
 CENTER ASSOCIATION


 IN THE  
 NEWS

## Minnesota Marketplace

▶ Dallas-based **Legendary Restaurant Brands** is partnering with Kansas-based **Endeavor Properties** to bring 15 new **STEAK AND ALE** and **BENNIGAN'S** locations to several Midwestern states.

▶ **CRUMBL COOKIES, THE JOINT CHIROPRACTIC** and **BURLINGTON** recently opened in the Riverdale Village Shopping Center. Look for sporting goods and outdoors retailer, **SIERRA** to open in the spring. **ESMERALDA'S MEXICAN RESTAURANT** will be taking over the space formerly occupied by **Acapulco** and will also be opening in early 2023.

▶ **WELLS FARGO** will close its Nokomis branch in Minneapolis.

▶ The teams behind **Zen Box Izakaya** and **Bebe Zito** are joining forces to launch **EAT STREET CROSSING**, a new food hall that once housed **Old Arizona Studios** on Nicollet Avenue in Minneapolis this spring. **OURO PIZZARIA**, a Brazilian-style pizza concept, and **CHATIME** bubble tea, along with a central bar by bar maven, **Trish Gavin**.

▶ **COMMON ROOTS CAFE** in Minneapolis closed after fifteen years.

▶ **MARIGOLD**, the first nonalcoholic bottle shop in Minnesota, opens in Minneapolis.

▶ **RUMBLE BOXING** hits Minneapolis' North Loop neighborhood.

▶ **GAMBIT BREWING COMPANY** will occupy a garden-level space in downtown St. Paul's Pioneer Endicott building formerly occupied by **12twelve Eyes Brewing** on 4th Street.

▶ **MORPHE'S MOA** outpost closes ahead of plans to shutter all U.S. stores.

▶ **HOPE BREAKFAST BAR** will open another location at **Diffley Marketplace** in Eagan this spring.

▶ A new iteration of **TIES LOUNGE & ROOFTOP** moved into the former **Uptown Tavern & Rooftop** space. They will share a rooftop with **DAISY'S AT UPTOWN**, which will occupy the former **Cowboy Slims** space.

▶ **WANDERING LEAF BREWING COMPANY** opens at **Sibley Plaza** on West Seventh Street. Popular food truck, **SOUL LAO**, is scheduled to settle into a permanent space next to the brewery.

▶ Stillwater restaurant **LOLITO** is moving down the street this month, and **MELT PIZZA COMPANY** is taking its soon-to-be former spot.

▶ Even though some retailers are changing free shipping, **BEST BUY** recently announced it is getting more aggressive on free shipping offers.

▶ Chesapeake, Virginia-based **DOLLAR TREE INC.**, which also owns **FAMILY DOLLAR STORES INC.**, could see 5,000 or more store openings under both brands by the end of 2024.

▶ **WHP Global** who acquired the **BABIES"R"US** and **TOYS"R"US** brands in 2021, are planning on bringing back the concepts to America this year.

▶ **VETIQ PET CARE** veterinary services is partnering with **Walmart** in the Twin Cities.

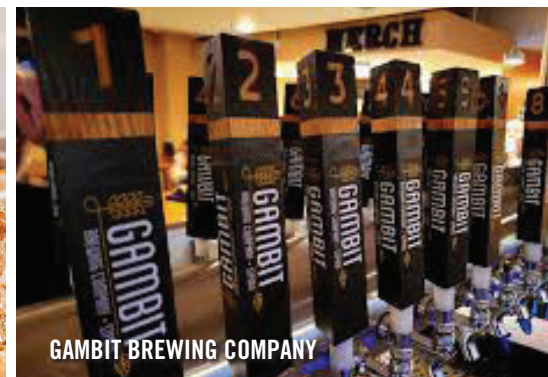
▶ **HEMPEL REAL ESTATE** purchased **Shops at West End** in **St. Louis Park** for almost \$65 million.



by Lisa Diehl,  
DIEHL AND PARTNERS, LLC



by Jesseka Doherty,  
MID-AMERICA REAL  
ESTATE – MINNESOTA, LLC





## Valentine's Day Trends

In 2021, American's spent \$21.8 million to express their love and in 2022 we exceeded that with a record breaking \$23.9 million. SO, WHAT'S IN STORE FOR 2023?

Traditionally, Valentine's Day was a day for couples to celebrate their admiration and like many consumer traditions, the tides have shifted with time. Trends show now more than ever people are celebrating all aspects of love on the hallmark-incentivized holiday, including romantic, self-love and familial love. We're not saying the classic flowers, carefully selected card and heart shaped chocolates are not popular (or appreciated) but consumer trends have seen gifts such as skin care, facial devices and any and all self-care products become gifts of choice for the holiday. Gift givers, add sustainability and the need for sleek, aesthetically pleasing packaging to the list of considerations on your shopping agenda as those are an increasingly vital trend for 2023.

The big day is coming- what have you searched for? Regardless of how or who you celebrate, show some love with a thoughtful gift; a fresh bouquet, a new facial ice roller, or the ever-beloved language of love, chocolate.

Source: <https://baba-blog.com/3-trends-changing-gifting-valentines-day-2023/>



# MSCA's 7th Annual Tubing and Networking Extravaganza at Buck Hill!

**Tuesday, February 28th, 2023 3:00-7:00 pm**

3:00 registration & social hour ▪ 4:00-5:30 tubing, races & fun ▪ 5:30-7:00 social hour, drinks & music


Buck Hill ▪ 15400 Buck Hill Road ▪ Burnsville, MN 55306 ▪ 952-435-7174

Registration Forms Due February 21st, 2023

**No refunds or cancelations**


Price includes tubing, one drink, live music, food & networking!

<p><input type="checkbox"/> <b>Tuber: \$60</b> Includes tubing, one drink, live music, food &amp; networking!</p> <p>Name _____</p> <p>Company _____ <input type="checkbox"/> Recreational <input type="checkbox"/> Racer</p> <p>Email _____</p>	<p><input type="checkbox"/> <b>Non-tuber: \$38</b> Join us for one drink, live music, food &amp; networking!</p> <p>Name _____</p> <p>Company _____</p> <p>Email _____</p>
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## MEDALS AWARDED TO THE WINNERS!

Winners names will also be added to the  
**MSCA Tubing Trophy**



### Tubing Event Sponsors



**BAUER**  
DESIGN BUILD  
Title Sponsor



Hat Sponsor



Drink Sponsor



Music Sponsor

**COVID - 19 Policy**  
 You acknowledge that COVID-19 creates a potential risk to you and your employees, agents and invitees (collectively, the "Affiliates"). You assume all such risks associated with your or your Affiliates' presence at Buck Hill, and waive, release, and discharge MSCA from any liability associated with your participation in the MSCA tubing event. You further agree to indemnify MSCA and its affiliates from and against any liability or claims that result from you or your Affiliates presence at or participation with the MSCA tubing event. You further acknowledge that MSCA will not be able to refund your payment if you later determine that you do not wish to participate in the MSCA tubing event as a result of issues related to COVID-19 and that all payments are final. MSCA reserves the right to cancel the MSCA tubing event if Buck Hill refuses to permit the event to continue or if applicable law prohibits MSCA from hosting the event, provided that MSCA will refund your payment if the event is cancelled for any such reasons. \* **Masks always welcome** \*

**Return Payment Made Payable to MSCA** Amount \$ \_\_\_\_\_ Check # \_\_\_\_\_  Visa/Mastercard

Name on Card: \_\_\_\_\_

Billing Address: \_\_\_\_\_

City, State Zip: \_\_\_\_\_

Card Number: \_\_\_\_\_

Exp. Date: \_\_\_\_\_ CVV Code: \_\_\_\_\_ Signature: \_\_\_\_\_