

**In this Issue**

- Showrooming ----- FEATURE **1**
- Carol's ----- RISING STAR **3**
- Vannelli/Diessner - MEMBER PROFILES **5**
- Intersections 2025 -- PROGRAM RECAP **6**
- Nominations ----- MY MSCA **7**



**FEATURE** by [Andy McDermott](#), *Shea, Inc.*



# SHOWROOMING: BRICK & MORTAR RETAIL'S NEWEST THREAT

These days, we can't imagine life without the internet, and it is hard to believe that it was only about 20 years ago that World Wide Web was introduced. In 1994, technological advances were made allowing for secure online shopping, and that made way for retailers like Amazon and eBay, which came a year later. In the 17 or so years since that time, brick and mortar retailers have perceived online retail as a giant threat because of consumers' ability to directly buy goods or services from a seller that has virtually no overhead and the ability to almost always offer better pricing with no sales tax. Although the pricing threat is real, most brick and mortar stores have somehow managed to hold their own throughout the years. The theory behind the continuing success of brick and mortar retail is that humans crave and seek experiences. Physical stores have the ability to provide unique experiences that give us a chance to learn what's new, find inspiration, and see other purchase choices we may not have found online.

## IN THE PALM OF YOUR HAND

One of the initial barriers to online shopping was consumers' reluctance to make a purchase without first seeing the goods in person and holding items in their hands. Shoppers would spend time researching products online and then would go to the physical store to examine the merchandise and make the purchase.

In the last few years, however, with the prolific use of smart phones, people have become much more comfortable with e-commerce, and now all customer research and shopping can be done on the go. According to a study by the Pew Research Center, just over half of smart phone users used their phone to call a friend to ask advice about a product, look up product reviews or look up product price while they were in a store. It also revealed that an estimated 5% of mobile phone users that bought products online over the 2011 holiday season did so from their phones while shopping and price checking in a physical store. Another survey done by Codex Group found that 25% of people who bought a book online first looked at it in a physical store.

This recent behavior of shoppers going into physical stores to view products, using their phones to price-compare and then purchasing the lowest price online option is known as **showrooming**. Showrooming is reportedly causing wars among retail giants like Target and Amazon.com, and analysts are speculating whether the practice may eventually send companies like Best Buy to the brick-and-mortar graveyard.

## THE "AMAZON EFFECT"

ClickIQ, a Minneapolis-based research group, found in a study that nearly half of all participants who shopped online over a six-month period first saw the products in a store. Half of that group reported that they made their purchases from Amazon.com. Amazon clearly has no issues with showrooming and actually encourages it. The company has developed a mobile phone app that lets shoppers scan in-store product codes to reveal Amazon's prices. Because of new customer resources like this, the number of consumers that are actually purchasing products from brick and mortar locations has dropped dramatically, and an even smaller number of customers are purchasing from stores at full price. With the customers' ability to access price matching from virtually anywhere, it has given them more power to negotiate at the store, causing brick and mortar retailers to rethink their entire approach to retail.

According to the Wall Street Journal, online retail sales represent only about 8% of total US retail sales, but that is up from just 2% in 2000. At the same time, Amazon.com is growing at breakneck speed: it ranked as 13th largest retailer in 2011, up from 19th in 2010. If this growth continues, analysts expect it to bump Best Buy from the 10th spot by this year's end.

## FIGHTING BACK

Brick and mortar retailers are currently experimenting with ways to fight back, but finding the right combination of solutions is proving to be tricky in this ever-evolving landscape. Some necessary ingredients include value-added services such as rewards and loyalty programs, gifts →

## Showrooming - continued

and on-the-spot deals, all of which help establish relationships with customers.

Companies focusing on incentives to drive people to the physical stores include Nordstrom, which offers free shipping for items purchased in the store. Walmart has developed "Endless Aisle," a program in which customers who buy products online can pick up their purchases at a nearby store. According to a company spokesman, 50% of the customers who buy products online pick up their purchases in stores and the hope is that customers will spend a few more dollars while on the property. Critics, however, question the ability of the stores to keep up with the proper staff and systems for such a program.

Target is working with suppliers to create more unique Target-specific versions of products that cannot be easily compared online. Target and Walmart are also testing new apps that allow customers to create shopping lists, receive daily-deal alerts and exclusive coupons on their phones, with hopes of driving shoppers to the stores. Some experts think the personalized approach through the use of smart phones may make higher shelf prices less problematic.

Some retailers are experimenting with location-based apps and geofencing, a technology where customers are targeted with messages on their smart phones when they are nearby. People who download the app receive texts that offer discounts and coupons when they are near the store, or within the store's virtual "fence." The marketing and promotions have the ability to be hyper-local and personalized, creating that ever-important personal connection between retailers and customers. North Face has been using geofences since 2010 through an app called Shopalert. Messages are pushed to customers that have installed the app as they approach stores, but North Face has also set up geofences around parks and ski resorts. In the two years since the program was launched, North Face has only enrolled 8000 people, but a spokesman for the company recognizes that these programs are in their infancy and acknowledged that it keeps those people loyal to the brand. A criticism of geofencing is that too many retail-related texts can have a negative effect, much like spamming. The apps have their fans, however, and more retailers are beginning to experiment with the idea of connecting with customers in this way.

## E-FAIRNESS

Earlier this year, several Minnesota businesses banded together to combat showrooming by drafting an "e-fairness" bill that would force online retailers to collect state sales tax, just like a physical store has to. Also dubbed the "Amazon" bill, it would bring in a relatively insubstantial amount of money for the state—only about \$10 million each biennium—but the issue was more about tax fairness. The bill was defeated in the recent session, but it has spawned larger efforts in other states.

## BACK TO THE BASICS

Brick and mortar retailers need to remember that they still have an edge over online retail because there is an opportunity to build a personal connection and give customers a great experience that they won't get online. After all, consumers still consider a visit to the physical store as a part of the shopping equation, and retailers need to figure out how to capture those visits as sales.

Some argue that shoppers have migrated to online not only because of price, but because over the last 20 years, retailers have worked on trimming labor costs to the point that there is no longer any quality to service. Customers argue that today's in-store service professionals are uncaring, uninformed and indifferent and that they provide little value to the shopping experience.

If stores begin to invest in people that have a passion for what they do and knowledge of what they are selling, customers will take advantage of that difference. Apple, one of the few brick and mortar retailers experiencing growth right now, can contribute much of its success to the fact that employees are experts, enthusiasts and evangelists about the company's products. If traditional retailers can figure out how to bring back quality service, knowledge and expertise, they will be able to offer something online merchants can't.

## MEMORABLE EXPERIENCES

Showrooming does not have to be the kiss of death for traditional retail. Retailers who wish to stay relevant need to use a combination of online and offline tactics that ultimately make consumers feel appreciated and engaged. Humans will always want experiences to engage all their senses. Online has low pricing, but brick and mortar offers immediate gratification, face to face service, and in the best cases, memorable experiences.

## 2012 SPONSORS

ACI Asphalt Contractors, Inc.  
Aspen Waste Systems, Inc.  
Barna, Guzy & Steffen, Ltd.  
Bremer Bank, N.A.  
CBRE  
CSM Properties  
Chuck & Don's Pet Food Outlet  
Colliers International |  
Minneapolis-St. Paul  
Cushman & Wakefield/NorthMarq  
Cutting Edge Property  
Maintenance  
Doran Construction  
Faegre Baker Daniels LLP  
Fendler Patterson Construction, Inc.  
Fredrikson & Byron, P.A.  
Gray Plant Mooty  
Great Clips, Inc.  
H.J. Development, Inc.  
Inland Real Estate Corporation  
Jones Lang LaSalle  
Kraus-Anderson Companies  
Larkin Hoffman Daly & Lindgren Ltd.  
The Lawn Ranger Outdoor Services  
Leonard, Street and Deinard  
M & I, a part of BMO Financial  
Group  
MFRA, Inc.  
McGladrey  
Messeri & Kramer P.A.  
Mid-America Real Estate –  
Minnesota, LLC  
Midwest Maintenance &  
Mechanical, Inc.  
Minneapolis/St. Paul Business  
Journal  
Minnesota Real Estate Journal  
Oppidan, Inc.  
The Opus Group  
Paster Enterprises  
Prescription Landscape  
RLK Incorporated  
Regis Corporation  
Robert Muir Company  
Ryan Companies US, Inc.  
TCF Bank  
TCI Architects/Engineers/  
Contractor, Inc.  
Target Corporation  
U.S. Bank  
United Properties  
Venture Mortgage Corporation  
Weis Builders, Inc.  
Wells Fargo Bank, N.A.  
Westwood Professional Services, Inc.  
Wipfli LLP-CPAs & Consultants

## FEATURED SPONSORS

### Aspen Waste Systems, Inc.

To provide service with a personal approach while building long-term relationships.

### Fendler Patterson Construction, Inc.

A "true" design-build general contractor providing exceptional retail experience based on quality, service and accountability.

### The Lawn Ranger Outdoor Services

We are committed to improving the appearance and health of our clients' grounds and landscaping while providing high quality, cost effective and environmentally sound services.

### Minneapolis/St. Paul Business Journal

Providing the latest breaking, local business news to the Minneapolis-St. Paul market weekly in print, daily by email, continually online at [www.mspbj.com](http://www.mspbj.com).

### RLK Incorporated

Creating extraordinary communities.

### Target Corporation

To be the best company ever for our guests, team members, shareholders and communities.

## LEGISLATIVE UPDATE

by [Sonnie Elliott](#) and [Rich Forscher](#),  
Faegre Baker Daniels LLP



## RISING STAR

By [Curt Larson](#), City of Blaine



## CAROL'S

Carol's is a small town restaurant located in Blaine serving good old fashioned home cooking. Practically everything is homemade from the fresh baked

bread, jams, mashed potatoes, soups... and if they don't make it fresh, they use only fresh ingredients such as fresh honey from local bee farmers. Their turkey, chicken and beef are all free-range. They grind their own beef which makes their burgers fresh and flavorful.

They are best known for their free range roast turkey dinner with all the fixings like your grandmother made. Besides serving fresh carved turkey, the meal includes sweet potatoes (baked in the jacket) made from an old (secret) Southern recipe. Also included in this entree are homemade stuffing, real gravy, mashed potatoes and cranberry sauce. If you'd rather have a salad, you can choose from the ten dressings all made in their kitchen.

They are also best known for their breakfasts served from 6-11 am Monday thru Saturday (Carol's is closed on Sundays). You guessed it...they are all



made in house. From the biscuits, sausage gravy, pancakes, to the corn beef hash which is made from corn beef they cook. They only use fresh ingredients for every dish. Authors Michael and

Jane Stern who are nationally known for writing books about travel, food and popular culture recently featured Carol's in some of their writing.

If you have room after any meal, try one of over 15 desserts. All of the desserts, from the crust to the sauce, are all made in their kitchen.

After dining on a homemade meal visit the Vintage Rose gift shop inside Carol's. The gift shop sells unique jewelry, gifts, greeting cards and accessories you can't find anywhere in the metro.

While dining, you will see Carol and her family doing everything from greeting customers, busing tables or cooking in the kitchen. It truly is a family operation and they are hands on owners. Carol's has successfully preserved the small town charm and flavor in her metro restaurant.

Carol's: (763) 757-9700  
11888 Aberdeen St. NE | Blaine, MN 55449

The 2012 Legislature adjourned on May 10 with the Vikings stadium, bonding bill, and omnibus tax bill dominating the debate during the final few weeks. Governor Dayton and the Legislature reached agreement on the Vikings stadium legislation and a \$496 million bonding bill. However, agreement could not be reached on the tax bill, and Governor Dayton vetoed two versions of the omnibus tax bill passed by the Legislature.

The first vetoed tax bill contained a phase-out of the statewide tax on business property, the elimination of the monthly sales tax provision, an up-front capital equipment exemption for small businesses, and increases in the angel tax credit and the research and development tax credit.

The second bill the House and Senate passed was a slimmed-down version of the first. The new bill included a one-year freeze of the statewide property tax, an increase in the second tier of the research and development credit, and a one-time increase of the angel investment credit of \$4.5 million. The Governor vetoed this bill because of its \$73 million cost in the next biennium.

The e-fairness proposal to make it easier for the state to force internet sellers to collect sales tax failed despite strong support from Governor Dayton and the business community.

After ten years of debate, the Vikings stadium legislation finally passed and was signed into law. The price tag on the stadium is \$975 million: \$477 million from the Vikings; \$348 million from the state (paid for by electronic pull tab revenue), and \$150 million from existing taxes in Minneapolis.

The House and Senate now turn their attention to the fall election, when all 201 legislative seats will be on the ballot under the new reapportionment plan adopted by the courts.

## MEMBER PROFILES

### Deb Vannelli

Upland Real Estate Group, Inc.



**What is your primary career focus?** Representing buyers, sellers and tenants in the sale or purchase of single and multi-tenant, net lease investment properties nationally.

**What is your secret talent?** I've been known to sprint in heels.

**What is the one word that describes you?** Positive. Challenges happen in business and life. I choose to find the silver lining or work twice as hard to secure the next deal and turn things back around.

**What was the first car you owned?** Baby blue Chevy Malibu

**What would you rather do than go to work on Monday morning?** Be out on the lake with my husband and two daughters.

**When you were a kid, what did you want to be when you grew up?** Teacher

**What was your very first job?** Babysitting

**Who are/were your mentors?** Keith Sturm has been an incredible mentor and allowed me to share in Upland's success.

**What is your favorite cereal and why?** Granola. It's crunchy, sweet and can be eaten on its own, with milk or yogurt.

**What are your favorite place(s) that you have travelled to?** Lake Como & Lake Garda, Italy—two of the most beautiful places I've been with amazing food and gelato. Can't wait to go back.

**How long have you been an MSCA member?** Four years

### Jonathon Diessner

Kraus-Anderson Insurance



**What is your primary career focus?** Risk Management for contractors, manufacturers and property owners and managers

**What is your secret talent?** Cooking

**What is the one word that describes you?** Affable

**What was the first car you owned?** White 1993 Chrysler Labaron Convertible

**What would you rather do than go to work on Monday morning?** Go SCUBA diving

**When you were a kid, what did you want to be when you grew up?** A movie director

**What was your very first job?** Working maintenance at Kraus-Anderson Realty

**Who are/were your mentors?** Lloyd Engelsma

**What is your favorite cereal and why?** Classic Honey Nut Cheerios

**If you were an animal, what would you be and why?** A duck, cause I'm calm, cool and collected on top, and kicking like hell underneath.

**What are your favorite place(s) that you have travelled to?** East Coast, Australia

**How long have you been an MSCA member?** Three years

## NEW MEMBERS

### Jordan Dunn

First American Title

### Ken Erickson

InSite Real Estate  
Development

### Dan Huber

Huber Universal Services

## MEMBER NEWS

**Johnson Joins CSM.** Drew Johnson has joined CSM Corporation as Manager of Commercial Development. He assists in all aspects of sourcing opportunities and executing strategies for the acquisition and development of office, industrial and retail product types.

**C & W / NorthMarq Launch Website.** Cushman & Wakefield / NorthMarq is pleased to announce the launch of [www.cushwakenmretail.com](http://www.cushwakenmretail.com), a new website for their Retail Services team. The site embodies the team's commitment to helping their client partners create value, solve problems and seize market opportunities. In addition to information about its people, services and property listings, there is a daily blog, which showcases retail news for the greater Minneapolis / St. Paul area.

## THIRD THURSDAYS

**Next Meeting:** Thursday, June 21, 2012

**Time:** 8:30-9:30 am

**Where:** Starbucks in Golden Valley

**Member hosts:** Brad Kaplan, Cushman & Wakefield/  
NorthMarq

**What:** Casual networking hosted by MSCA members

**When:** Third Thursday of every month from EITHER 8:30–9:30 am OR (new this year) 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.



# Monday, June 18, 2012

11:00 am Registration & Boxed Lunch  
 12:15 pm Shotgun Start & Four-Person Scramble  
 5:30 pm Social Hour & Dinner Buffet  
 7:00 pm Hole Event Winners & Awards Presentation

### PAR-TEE CARTS

Purchase \$5 tickets at the course for a chance to win one of two decked out Par-Tee Carts for your foursome. All gifts on the cart are yours to keep!

Par-Tee Cart Sponsor:



Beverage Sponsor:



Lunch Sponsor:



### MAJESTIC OAKS GOLF CLUB

701 Bunker Lake Blvd., Ham Lake 55304  
 (763) 755-2140

### TOURNAMENT FEATURES:

- Longest drive, longest putt and closest-to-the-pin contest
- **New Golf Rule** - If you have missed your par attempt, pick up your ball and proceed to the next hole. Therefore, no greater score than bogey shall be recorded.

#### Foursome Registration *No refunds or cancellations allowed*

#1 Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

#2 Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

#3 Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

#4 Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

**Ultimate Foursome \$690** (over \$900 value!)  
 (includes team skins, mulligans, golf, lunch, dinner buffet)  
 The first 50 foursomes to purchase the prize package will receive 4 free rounds of golf at Majestic Oaks (not to be used on the day of the tournament). They will be sent out to the purchaser of the foursome via mail in April (\$180 value!).

**Foursome \$640**  
 (includes team golf, lunch, dinner buffet)

#### Individual Registration *No refunds or cancellations allowed*

**Single Golfer \$170**  
 (will be paired as they are received)  
 (includes individual golf, lunch, dinner buffet)

Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

**Dinner Only \$30**

Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_

#### 2nd Annual!

**Lawn Ranger Wine Pull**  
 \$10/cork - guaranteed winner!  
 Red and white bottles ranging from \$10 - \$100



Purchase corks at the tournament near the lunch tent

**Preferred Course** (not guaranteed; first come, first served)  Signature  Crossroads  Either

#### Return with payment to MSCA

Check Number \_\_\_\_\_  Visa  MC Amount \$ \_\_\_\_\_  
 Name on Card \_\_\_\_\_ Card Number \_\_\_\_\_ Exp. Date \_\_\_\_\_  
 Credit Card Billing Address \_\_\_\_\_  
 Security Code \_\_\_\_\_ Signature \_\_\_\_\_

8120 Penn Avenue South, Suite 464 ☘ Bloomington, MN 55431 ☘ phone (952) 345-0452 ☘ fax (952) 888-0000

## EVENTS

- Jun 6 **Retailer Runway**  
(extended program)
- Jun 18 **Annual Golf Tournament**
- Jun 21 **Third Thursdays event**
- Jul 11 **Geographic Focus**
- Jul 19 **Third Thursdays**
- Aug 1 **Shopping Center/Mall Focus**

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

## 2012 LEADERSHIP

### OFFICERS

**President**  
Paula Mueller, Northtown Mall/Glimcher Properties  
**1st Vice President**  
Ronn Thomas, Cushman & Wakefield/NorthMarq  
**2nd Vice President**  
Deborah Carlson, Cushman & Wakefield/NorthMarq  
**Treasurer**  
Bob Pounds, Colliers International  
**Secretary**  
Dana Andresen, Minnesota Spay Neuter Assistance Program

### DIRECTORS

Tony Barranco, Ryan Companies US, Inc.  
Janet Goossens, Kraus-Anderson Companies  
Tom Heuer, Aspen Waste Systems, Inc.  
Jen Helm, Cushman & Wakefield/NorthMarq  
Curt Larson, City of Blaine  
Hans Rasmussen, Robert Muir Company  
Jennie Zafft, Cousins Properties, Inc.  
**Immediate Past President** (as Director)  
Peter Berrie, Faegre Baker Daniels

### COMMITTEE CHAIRS

**Golf**  
Cindy Weber, Engelsma Construction, Inc.  
Michael Gross  
**Learning Session**  
Cindy MacDonald, Kraus-Anderson Companies  
Kris Brandt, Christianson & Company Real Estate Services  
**Legislative**  
Leah Maurer, Cushman & Wakefield/NorthMarq  
Paul Berg  
**MSCA Cares**  
Zach Stensland, Colliers International  
Herb Tousley, Exeter Realty Company  
**Newsletter**  
Andy McDermott, Shea, Inc.  
Gregory Brenny, Fafinski Mark & Johnson, P.A.  
**Program**  
Brent Anderson  
Jeff Orosz, CMA  
**Retail Report**  
Michael Broich, Target Corporation  
**Sponsorship**  
Shelly Muelken, Marketplace Commercial  
Wendy Madsen, Ryan Companies US, Inc.  
**STARR Awards**  
Derek Naill, Associated Bank  
Luann Johnson, Rochon Corporation  
**Technology**  
Mark Robinson, Paster Enterprises  
Kate McCall Beazley, Beazley Consulting, LLC

### STAFF

**Executive Director**  
Karla Keller Torp  
(P) 952-888-3490 (C) 952-292-2414 (F) 952-888-0000  
ktorp@msca-online.com  
**Associate Director**  
Stacey Bonine  
(P) 952-888-3491 (C) 952-292-2416 (F) 952-888-0000  
sbonine@msca-online.com

## MN MARKETPLACE

Press releases are printed based upon availability of space and relevance to the local market.

- Five new stores have been announced as part of Southdale Center's renovation, including the first Minnesota store for popular jean-maker **Madewell**, as well as **Lucky Brand**, **Sephora**, **Soma Intimates**, and **White House/Black Market**. All of the stores will open in November.
- **Chick-fil-A** at the Minneapolis-St. Paul International Airport will open on June 4, replacing Godfather's Pizza and A&W in the Lindbergh Terminal's Concourse C.
- UK home furnishings dealer **Andrew Martin** will open a store late this summer in Edina. Andrew Martin is known for its playful and eclectic mix of furniture, accessories, lighting, wallpaper, and fabric—from sleek lacquered tables to Beatles embroidered chairs. Watch for Andrew Martin to open next to the new **Kohler** store at Rue De France.
- The grand opening of the 20,000-sf **Lunds** store and the adjacent, 4,100-sf **Lunds Wines & Spirits** in downtown Minneapolis is set to open June 14.
- Sameh and Saed Wadi, owners of Saffron Restaurant and the World Street Kitchen food truck are opening **World Street Kitchen**, the restaurant, at the corner of 28th & Lyndale in south Minneapolis some time this year.
- After 10 years, **Sprongs**, which sells Z-Coil shoes designed to alleviate foot, leg and back pain, will be leaving its France Avenue home on June 28 when its lease comes up late next month.
- **Alix in Candyland**, the fanciful candy store that opened not long ago near 50th & France, also announced plans to close.
- The Mall of America is renovating the vacant Bloomingdale's space to fit several stores, including **Forever 21**, which just signed a lease for an 80,000-sf space on two floors. The store, which will open this fall, will occupy 18,000 sf on the first floor and another 63,000 sf on the basement level that has a dirt floor and was never occupied.
- **Cynthia Rae** is closing in Uptown. The longtime boutique moved from Excelsior to Uptown just about a year ago, but apparently that was not enough to recharge the business. The company will continue to grow their online boutique.
- **Hurricane Grill & Wings** will open its first Twin Cities restaurant in Burnsville in October.
- The St. Paul-based **HealthEast** system plans to open a new spine clinic in Maplewood in retail space previously occupied by a **Gander Mountain** store. It's another example of a recent trend in which health systems are opening medical offices in retail spaces. The HealthEast Spine Center is scheduled to open this fall near Maplewood Mall at 1747 Beam Avenue E. It will focus on non-surgery treatments for back and neck pain.
- St. Paul has finalized financing for the **Penfield** project, a housing and retail complex that has been in the works since 2004. The city said in a news release that the financing will close within 30 days with construction of the project expected to start soon afterwards.

continued on page 8 →

# STARR<sub>SM</sub> Awards

## CALL FOR NOMINATIONS



**Projects Completed by:** September 1, 2011 - August 31, 2012

**Deadline:** Nominations must be received via mail or fax by **July 13, 2012.**

### Categories

Please check ONE (1) box.

The annual MSCA **S**hopping Center **T**ribute **A**wards for **R**etail **R**eal Estate (STARR<sub>SM</sub>) 2012 competition recognizes outstanding projects and industry leaders of Minnesota retail real estate and development.

#### 1 Interior Design

- Restaurant/Food Service
- Retail/Non-Food Service

#### 2 New Construction

- Retail under 10,000 sf
- Retail 10,000 sf – 25,000 sf
- Retail over 25,000 sf

#### 3 Design & Aesthetics Renovation/Remodel

A retail project that was an enhancement of an existing retail structure.

- Interior Retail under 10,000 sf
- Interior Retail 10,000 sf – 25,000 sf
- Interior Retail over 25,000 sf
- Exterior Retail under 20,000 sf
- Exterior Retail over 20,000 sf

#### 4 Development Process

- Any size project with a retail component that had unique development issues, site approvals, technical and financial challenges and/or incorporating sustainable design, materials or construction techniques.

#### 5 Redevelopment

- Any size project with a retail component that had an identifiable change of use to the project.

#### 6 Mixed Use

- Any size project encompassing retail and other non-retail uses where retail has made a significant contribution.

#### Eligibility

Projects completed and occupied between September 1, 2011 - August 31, 2012 are eligible.

Entries must be within the state of Minnesota.

Any one retail project may be submitted in multiple categories (use a separate form).

**There is no fee associated with making a nomination.**

Upon qualification, projects are subject to a fee. Upon receipt of all nominations and after qualification, MSCA will mail final entry forms, guidelines, judging criteria and fee information to the submittal contact.

Awards will be presented at the STARR<sub>SM</sub> Awards holiday party on **Tuesday, December 4, at Golden Valley Country Club** in Golden Valley.

Name of Nominated Project \_\_\_\_\_

Award Category \_\_\_\_\_

Project Address \_\_\_\_\_ City \_\_\_\_\_

Nominated By \_\_\_\_\_ Phone \_\_\_\_\_

Submittal Contact \_\_\_\_\_ Phone \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_

Copies of this form are acceptable. If you have questions, please contact Karla Keller Torp at (952) 888-3490.

MINNESOTA SHOPPING CENTER ASSOCIATION  
8120 Penn Avenue South, Suite 464  
Bloomington, MN 55431

phone: 952-345-0452  
fax: 952-888-0000  
web: msca-online.com



# INTERSECTIONS 2025

## CREATING URBAN OPPORTUNITIES

Our panelists for the program were:

- Sarah Harris of Minneapolis' Downtown Improvement District
- David Shea of Shea, Inc.
- Liz McLay of Brookfield Office Properties

Sarah began the presentation by explaining that the Minneapolis Downtown Council along with the Downtown Improvement District (DID) office recently completed the Intersections 2025 plan with the help of about 80 people on different committees. The plan outlined 29 big ideas which have been summarized down to 10 (more info at [www.downtownmpls.com](http://www.downtownmpls.com)):

1. Double downtown's residential population
2. Transform Nicollet into a "must see" destination
3. Build a Gateway Park
4. Create a consistently compelling downtown experience
5. Establish a downtown sports district that includes a new Vikings stadium
6. Lead the nation in transportation options
7. Create and sustain a green infrastructure and showcase the riverfront
8. Forge connections to the U of M
9. End street homelessness
10. Launch a festival of ideas and civic engagement

Downtown has been defined by the Central Business District (CBD), which is a 50-block area as well as the Downtown Improvement District (DID), which is a 120-block area. The 2025 plan greatly expands the boundaries of what is considered "downtown" and introduces the idea of downtown as a 24/7-365 city.

Doubling the downtown population (currently 36,100) will require development of approximately 15,000 additional units by 2025. The plan also outlines the need for an additional 3 million square feet of office space, 1,100 hotel rooms, 200,000 square feet of retail, a sports district and efforts to forge connections with the U of M.

Community building efforts include ending homelessness, creating a "Festival of Ideas," making sure we have an educated workforce, connecting downtown with the U of M and a focus on youth in our community.



**May program speakers - l to r**  
*John Wheaton, Faegre Baker Daniels (moderator)*  
*Sarah Harris, Minneapolis Downtown Improvement District*  
*Liz McLay, Brookfield Office Properties*  
*David Shea, Shea, Inc.*

Public realm projects include the need to transform Nicollet Mall. The Mall is obsolete – when it was developed there weren't any thoughts of farmers' markets, sidewalk cafés, etc. The plan also calls for connecting Nicollet Mall to the riverfront (a well known amenity of the City) by building a Gateway Park in that area. The Park will be part of a more "green" infrastructure throughout the area which obviously includes incorporating many transportation options.

Sarah emphasized the need to create a consistently compelling downtown experience. Programming and arts, storefront activation and highlighting our Hennepin Avenue Cultural Corridor will be a part of the plan as well as making sure all of downtown is "Clean, Green & Safe." From a retail perspective, activating storefronts could include pop-up retail and outdoor markets. The transformation of Nicollet Mall would create a "pedestrian spine" in the city and would be a "must see" destination featuring iconic elements, social uses, clean transit along with greening & beautification, including removing curbs. This helps blur work and socializing.

A major goal of the plan is to create magical, memorable experiences.

Next in the program, David Shea talked to us about the Minneapolis Experience as a Thriving Urban Neighborhood. The city is experiencing greater growth and greater density and already has a great foundation in place.

David talked about the residential density/apartment boom. Along with residents are grocery stores including the Lunds Northeast, the new Lunds Hennepin under construction and the planned Whole

continued on page 7 ➔

### MAY 2012 PROFESSIONAL SHOWCASE



As Menards continues to grow and develop new stores, it often acquires more real estate than is necessary for its store. If high traffic counts, great visibility and ease of access are what your business craves than Menards Real Estate is the right place for you. Offering both commercial and residential properties.

#### SMALL TALK

### TECH TIP: UPDATE YOUR PHOTO

When was the last time you updated your MSCA photo? Changing your photo is a quick and easy two step process that can be done while visiting the MSCA website.

#### Step 1:

Go to the [MSCA website](#). Under "My Profile," click "Edit Profile" on the right hand side and follow the instructions to upload your photo to the website.

#### Step 2:

Be certain to email the photo to [Stacey Bonine](#) to have your new photo included in all future newsletters and member directories.

## STATS:

### Fast-Casual Leaders

SMALL TALK



Segment	Chain	2011 Sales
Bakery Café	Panera Bread	\$3.3 billion
Mexican	Chipotle Mexican Grill	\$2.3 billion
Chicken	Zaxby's	\$840 million
Asian/Noodle	Panda Express	\$1.5 billion*
Better Burger	Five Guys Burger & Fries	\$950 million
Sandwich	Jason's Deli	\$525 million*
Pizza	Donatos Pizza	\$166 million*

\*Technomic's Estimate

Source: Technomic Fast Casual Top 150 Chain Restaurant Report

[Read more.](#)

## Intersections 2025 - continued from page 6

Foods. In addition, the residential growth will result in excellent retail opportunities.

The Minneapolis neighborhood is also benefitting from current and planned transit infrastructure. Options include everything from Nice Ride (bicycles) and pedi cabs to the North Loop Transportation Hub which will be a major connecting point.

Sports, entertainment and cultural infrastructure will insure that people come from all over to visit Minneapolis as a "destination city."

Minneapolis currently has a unique retail mix. A great blend of local, specialty and national retailers along with retail anchors: Macy's, Neiman Marcus, Saks Off 5th, Lunds and Whole Foods.

Development activity is currently planned for three main areas: Hennepin Avenue, Nicollet Mall and the North Loop area. Hennepin Avenue's resurgence is occurring by filling vacant storefronts. There is a focus to create an "Arts Corridor" from the Walker Art Center to the river. Street-level galleries, shops and attractions to connect a growing collection of theaters.

Next in the program, Liz McLay commented that the 2025 plan will make downtown an even more thriving, vibrant community. We will have a diverse community. Brokers and investors need to understand the numbers and she gave us some good stats. Downtown Minneapolis has:

- 35 million SF of office space
- 160,000 workers

continued on page 9 →

# We know retail.

Minnesota's finest commercial, retail and mixed use centers are already **in the bag.**

- 610 Crossings - Brooklyn Park
- Fridley Marketplace - Fridley
- Gateway Commerce Center - Coon Rapids
- Robert Street Marketplace - West St. Paul
- The Shops at West End - St. Louis Park
- Arbor Lakes - Maple Grove
- The Ellipse on Excelsior - St. Louis Park
- Walmart Midwest
- And Many More...

mark anderson pe (763) 259. 6666



engineering surveying planning energy

mfra.com

## MN Marketplace - continued from page 4

- The former Intoto building at 31st & Hennepin is about to become a fashion destination once again. The space is scheduled to reopen in early June as **Motto**—a lifestyle boutique offering apparel for women and men, home furnishings, gifts and apothecary.
- Casual Male Retail Group, Inc., the leading retailer of men's XL apparel, opened a new **DestinationXL®** store in Minnetonka in May.
- New restaurant **Tangiers Eatery and Lounge** is headed to the North Loop this fall. Managing partner Behnad Taheri said the 70 to 75-seat restaurant should open next to the Jeune Lune on 1st Street N. in early September. "My wife and I are very big gangster movie fans," said Taheri. "Tangiers is the name of the hotel in the movie 'Casino.'"
- Top Twin Cities chef Isaac Becker, owner and chef at 112 Eatery and Bar La Grassa is opening a new restaurant with his wife, Nancy St. Pierre, and restaurant owner Ryan Burnet in the late fall. It will be located at the former Burch Pharmacy building at the corner of Franklin Avenue & Hennepin Avenue. Becker did not give a name for the new business.
- Burnsville is now home to self-serve yogurt franchise **CherryBerry**, which officially opened its doors on Travelers Trail in May.
- **Risotto Restaurant**, near the corner of Lake Street & Lyndale Avenue in Minneapolis, closed on April 21.

## MY MSCA

### STARR<sup>SM</sup> Awards Call for Nominations

It's that time of year again for the Call for Nominations for the 2012 STARR<sup>SM</sup> Awards, which will be held Tuesday, December 4, at Golden Valley Country Club. If you or someone you know would like to nominate a project that has or will be completed between the dates of September 1, 2011 and August 31, 2012 - now is your chance! The deadline to turn in nominations is **July 13, 2012**. Please complete and email, mail or fax the Call for Nomination form to MSCA.

Multiple projects may be nominated. There is no fee associated with making a nomination. Upon receipt of all nominations and after qualifications, MSCA will mail final entry forms, guidelines, judging criteria and submittal fee information to the submittal contact.



## Blaine NEW Housing 2001-2011

# 5,939

**Units Built**  
(only Minneapolis & St. Paul built more)

# 3,904

**Permits Issued**  
(most in metro)

[www.BlaineBiz.com](http://www.BlaineBiz.com)

## Intersections 2025 - continued from page 7

- CBD Class A vacancy rate is 11.2%
- Nicollet Mall Class A vacancy is 5%
- Overall CBD vacancy is 15.4%

In the residential sector:

- 36,100 residents
- Average condo price is \$1.50 - \$2.50/SF
- Apartment vacancy is 4%
- Residents are 54% male
- Average age is 34.6 years
- Average household income is \$75,000 (average is pulled down somewhat from the student population, but that helps downtown remain healthy and vibrant)

We have

- 11 million visitors per year
- 8,000 hotel rooms
- More theater seats (9,000) per capita than any other city except New York City

Our downtown retail is food driven, destination driven and convenience driven. Liz described the population as "buyers not shoppers." Both street level and skyway retail do well. There is an overall retail vacancy of 18%. Liz emphasized that the 2025 plan focuses on connectivity, and an increase in the consistency of the downtown experience. This will stimulate development.

After the panelists finished their presentations, we opened for questions from the room.

### 1. How is the 2025 plan going to be implemented and is there any rural (outstate) resistance?

The Downtown Council will lead the implementation of the 2025 plan in partnership with policymakers, the City, the County and the State to keep the momentum going. Minneapolis is the economic engine for the State so it gets everyone's attention. The 2025 plan is intended to guide and encourage development, not to fund it. Private investment is and will do that. The Downtown Improvement District group is funded by the downtown business community through voluntary signing of a petition by business leaders in the 120 block area to be charged an extra tax.

### 2. How to fix Block E?

David wonders if it didn't succeed because it was a suburban model – no storefronts and interaction. Graves Hotel is working on improving the area and the relocation of Kieran's to Block E was a great move. Casino in the future? Still up in the air. Block E will likely be home to a combination of retail, restaurants and office.

### 3. When is the Nicollet Mall reconstruction taking place?

The planning process has begun and the downtown business community is on board. It will need to be included in the next bonding bill. The goal is a 2014 start.

### 4. How will we double the downtown population (another 35,000 people)?

There are a number of residential projects being planned. A pace of about 1,200 units per year could make a

difference. The connection to the U of M may also increase the downtown population. With the development of additional residential units, a school would also need to be planned.

### 5. Where will the light rail from St. Paul connect?

It ties into the existing 5th Street line and will terminate at the large transit hub being planned near Target Field (North Loop). Developers (apartments, etc.) are already attuned to that area.

### 6. How will "pop-up" retailing start?

For example, pop-ups already happen during the holiday season. The retail community is encouraged to give it a try through the use of short term leases. An example of a short term lease that has led to long term commitments is Druskin. Another example is food trucks. Several, including Smack Shack and Turkey to Go, are now opening actual restaurants. In LA there are pop-up fashion trucks with purses, shoes, accessories and art.

### 7. Where would brokers go for help navigating the downtown opportunities?

Call any of the three panelists! Also, Sarah mentioned that there are many facts available at the Downtown Improvement District including who to talk to at City Hall, etc.

### 8. Is it realistic to think we can end homelessness downtown? Also, what about safety issues?

Sarah says it should be relatively easy to end homelessness. We average about 300 people per night that are homeless. The shelters are working to help the chronically homeless with other alternatives. Regarding safety, the media loves to cover incidents but they never cover the subsequent arrests so the media view is not a true picture. The youth mob phenomenon is occurring all over the region and nation, not just here. The DID is committed to intervention, prevention and enforcement. Statistically this is one of the safest places to be. Downtown is extremely networked – County, City, police, building owners, etc., in addition to the many cameras. It's a really dumb place to commit a crime as you will almost certainly be caught! The network is also used for positive things like a recent situation with a lost toddler that was found in seven minutes.

### 9. What about the recent Star Tribune article regarding Minneapolis competing with other cities?

David says we have a real challenge here regarding density. A lot of local people think they don't want buildings too high (especially residential) – nothing higher than a tree! However, the density is what allows us to do other things. Building higher rather than wider allows for land to be available for public uses, green spaces, parks, and allows for setbacks from the street to allow cafes, trees, etc. Density brings population who will work here, shop here, and pay taxes.

We are at a crossroads. Many younger families want an urban experience. No yard work and someone else to take care of the green space (large parks).

Density also allows for "world class architecture."