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Enhancing Our Industry & Advancing Our Members



FOOD HALLS OF NORTH AMERICA



by Garrick Brown —CUSHMAN & WAKEFIELD

The restaurant business has always been subject to fads. One year, fish tacos are all the rage; the next year better burgers are. Whether it's avocado toast or Korean street barbecue, the hope of every new concept is to find a permanent seat at the American table.

One of the hottest trends right now in the restaurant business, and retail in general, is the food hall. Cushman & Wakefield first reported on this trend in November 2016; since then food halls' popularity has only continued to rise. Food halls are popping up around the United States at a breakneck pace; at the current rate, by 2020 the marketplace will have tripled in size in the span of just five years.

The popularity of food halls with retail landlords and developers is easy to understand. They resonate with consumers, drive foot traffic, and are an ideal fit for a marketplace in the midst of new Commerce-driven disruption. There are three ways to lure shoppers to your store or shopping center; convenience, value or experience and eCommerce has made its strongest inroads with convenience. Food halls offer experience and food halls are eCommerce-proof.

But food halls aren't just a retail trend. The food hall has emerged as the ultimate amenity for mixed-use, office, and multifamily projects. Two years ago, the trend was already starting to play out in urban office and multifamily projects with what Cushman & Wakefield referred to as mini food halls. By 2016, these projects, typically less than 10,000 square feet (sf) in size, were already appearing in Manhattan, Chicago, and San Francisco. Now we are starting to see food halls at the heart of new suburban mixed-use developments, where

the food hall component isn't just at the center of the action, but it's usually among the first things built. Why? Because as a popular amenity, they make leasing or selling the rest of the space easier.

Of course, the increase in popularity of the American food hall has not come without some concern about overbuilding. These concerns have been mostly in New York, which now has over 25 active permanent food hall projects and as many as 10 more either under construction, in development or rumored to be underway. On the surface, it does appear as if there may be a glut in food halls. But note: not a single permanent food hall project has failed yet in New York City to date. More importantly, successful food halls are seriously impacting bottom lines. In March 2018, Google closed on their acquisition of 75 Ninth Avenue in New York. This nearly 1.2 million square foot office building is known primarily for what is on its ground floor; one of the largest (165,000 sf) and most popular food hall projects in the United States—Chelsea Market. With a current market cap in excess of \$800 billion, Google could have purchased any building they wished for their Manhattan campus. They chose this one, in part,

Food halls are popping up around the United States at a breakneck pace; at the current rate, by 2020 the marketplace will have tripled in size in the span of just five years.



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because of the amenity downstairs. The all-cash deal for \$2.4 billion is the second-priciest building sale in New York history.

Only four food hall projects throughout the United States have closed over the past two years since our last inventory; one of them was only a temporary project that didn't fail. All three of the projects that did fail were poorly funded, smaller projects in questionable locations in terms of population density. Two were mini food halls located in mostly residential San Francisco neighborhoods where foot traffic was minimal. The other was a small project in Portland, which reportedly ran out of funding to deal with a major construction issue.

Critics of the trend often cite the challenges of a beleaguered restaurant industry as reasons to be wary of the food hall trend. They quote the fact that the failure rate for stand-alone restaurants, particularly in some of the nation's most expensive cities, seems to be skyrocketing (any stats). Also, increased competition, higher labor costs, and higher rents are all cited as real challenges facing the industry.

Yet those reasons are precisely why we see the food hall trend flourishing. The food hall is about more than just real estate. The food hall is a structured concept that gives restaurateurs an overall cheaper operating model, requiring significantly less in start-up capital. It is true that the marketplace has experienced some overexpansion. And it is true that the failure rate of stand-alone restaurants is on the rise. It is also true that the failure rate of stand-alone restaurants is on the rise due, in part, to competition from food halls.

Food halls are not a fad. They represent a new operating model that provides users lower costs and (if done right) significantly higher levels of foot traffic. For developers and landlords, food halls mean a

relevant tenant that drives foot traffic and strengthens their commercial real estate projects. For a growing class of food hall operators, it represents immense opportunity; a model in which intensive knowledge of a local food scene and masterful skill in food and retail operations can combine for a lucrative and necessary service that is only growing in demand. For the end users—the restaurateurs and vendors that occupy the stalls—food halls represent a cheaper and more flexible alternative to investing in standalone restaurant space.

Food halls are not a fad— Food halls are the sharing economy for restaurants. They are here to stay and, for most of the United States, the trend has only just begun.

In this report, Food Halls of North America 2018, we will explore the evolution of the food hall trend as it has continued to grow in popularity with consumers, vendors, landlords, and developers.

AUTHENTICITY AND QUALITY ARE CRITICAL

To the uninitiated, a food hall may simply seem like just a new take on the classic mall food court. This may especially seem the case now that major mall owners are starting to get into the food hall business. However, there are vast differences between a food hall and the classic food court.

The traditional mall food court was a common seating area, surrounded by a periphery of food vendors. Those food vendors were usually fast food providers and the primary purpose of the mall food court was not the food itself, but to serve as an amenity for consumers who were at the mall primarily to shop.

The modern food hall is about the celebration of food itself. It is not an amenity for its consumers, but the primary reason for their visit. In the most successful projects, common seating areas have been replaced with more interactive layouts that allow consumers to experience the same space in different ways depending on the seating. The most successful current projects also place a greater emphasis on utilizing common areas for entertainment and social events.

Today's food hall is built on the ancient model of a central market as the focal point of community involvement. Whether it is space for hosting entertainment or cultural events, or to offer culinary classes, tasting events, or farmer's markets, the addition of more common area space helps to generate even greater consumer connection and

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loyalty to projects where such space is included. The reality is that projects that merely camouflage aging food courts with just a name-change without attention to design or layout upgrades are much less likely to inspire the same levels of consumer loyalty than are those that build truly interactive spaces with quality tenants.

The issue of quality in the modern food hall is of paramount importance. It begins, but does not certainly doesn't end, with the vendors themselves.

The most successful and profitable food hall projects can overwhelm the senses; they are visually appealing, the aromas are enticing and the spaces inviting. The vendors are global in nature, offering a wide range of variety and quality cuisines. They are often trendy, sometimes upscale, but always focused on authenticity and freshness.

Food prices to the consumer are usually in the affordable range. Even those food halls with celebrity-chef branding are usually about down-market versions of critically acclaimed white tablecloth gourmet specialties. However, even before the trend began to rise in popularity there were already vast variations. For example, the classic Ferry Building in San Francisco is one of the most upscale food hall projects with a couple of white tablecloth, chef-driven concepts in addition to street foods, artisanal food vendors (for everything from cheeses to mushrooms or olive oil to caviar) and twice-weekly farmer's markets. Yet, just a few hundred miles south in Los Angeles, another classic project—Grand Central Market—has long been about local immigrant-inspired street foods where vendors are more likely to have come from the food truck or food cart world than from the latest edition of Zagat's.

Now that the food hall concept has truly taken off, an even more diverse mixes in new projects are on the horizon. There is a number of what could best be described as food-truck-to-food-hall projects in the planning or early construction stages in a variety of locales ranging from the Bronx to suburban Atlanta to downtown Tucson.

We are also in the beginning stages of seeing the rise of the campus food hall, with a number of major universities planning student-focused projects (look for craft beer vendors to be in strong demand). Meanwhile celebrity chef-driven projects are in the works throughout the United States and Canada; Michael Mina is soon to open a food hall concept at Taubman Centers' Beverly Center in Beverly Hills. Malls also continue to add projects inspired by the food hall phenomenon, beyond the ever-popular Eataly. In late 2017 the Isabella Eatery at Tyson's



Galleria opened in the Washington, DC suburbs. This project, while occasionally referred to as a food hall, is really a curated upscale restaurant row from celebrity chef Mike Isabella that draws on all of the driving principles behind the food hall phenomena—authenticity, quality and celebration of food culture—and places it squarely in one of the busiest and most successful malls in the United States.

Ultimately, with all of these variations, the philosophy of food halls is still the same: at their best, they are celebrations of “foodie culture.” They focus on farm-to-fork, rather than mass production. Their emphasis is not the fast-food mantra of familiarity and predictability; rather, the focus of food halls is quality and authenticity.

Here is where the issue of tenant rosters becomes critical. With the emphasis on authenticity, most large fast food chains simply don't work in a food hall setting. There are a few exceptions (for example Blue Bottle Coffee), but the focus on authenticity is both the greatest attraction of these projects and the biggest challenge for those wishing to develop them. It's not enough to be able to manage and operate these projects; one must also be intimately connected with the local food scene. As more food halls proliferate and the concept evolves, this may change, but for now the common theme has been that the offerings are unique, globally influenced, adventurous, and trendy.

DEFINITIONS

There is still no standard industry definition of what a food hall actually is or isn't. The definition Cushman & Wakefield prefers is this: a modern food hall as a permanent market building that features a mix of food-inspired retail (everything from cooking supplies to cookbook stores), artisanal food vendors (upscale chocolatiers, premium cheeses, bakers, butchers, etc.) and a mix of

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restaurateurs serving authentically prepared foods (anything from street foods to chef-driven concepts, typically with an emphasis on “farm-to-fork” fresh ingredients).

Yet, there are plenty of excellent food halls that would not live up to such a definition. Thus, the projects in our inventory are those we feel competitive with food halls. Eataly, for example, is perhaps the best example of a strong single-purveyor food emporium. Located under one roof, the same operator offers both prepared and unprepared high-quality foods as well as a food retail element. Because Eataly locations are large—typically utilizing at least 40,000 sf— and because they have heavily influenced the food hall trend, such food halls are included in our inventory. Smaller, single-proprietor food emporiums are not.

PUBLIC MARKET

The public market is a permanent structure or series of structures that house a collection of mostly locally owned and operated businesses. A public market typically consists of food vendors offering both prepared and unprepared food. In North America, some of the more well-known public markets include Faneuil Hall in Boston, Pike Place Market in Seattle, Reading Terminal in Philadelphia and St. Lawrence Market in Toronto. Such public market projects are included in our market inventory.

FOOD HALL

While the historic model of the food hall in the U.S. has been that of the larger, tourist- focused or transit-oriented property featuring a mix of food-related proprietors, the modern definition has changed somewhat. The overwhelming focus of the modern food hall is on quality, authentic food offerings offered by a mix of vendors. Typically, this resulted in a number of restaurateurs offering a variety of food options—from sit-down, white-linen table cloth, upscale dining experiences to urban street foods. These tenants range from world-renowned Michelin-starred, chef-driven

concepts to relatively unknown startups. Additionally, modern food hall concepts typically feature a strong contingent of artisanal food vendors selling unprepared items such as gourmet meats and cheeses, mushrooms, caviar, chocolates, etc. Culinary-themed shops (ranging from bookstores to lifestyle brands, etc.) are also common. Some larger food halls also feature a strong contingent of traditional retailers as well, usually in the form of well-known lifestyle brands. Most food halls are in the 10,000-to-50,000-sf size, although there are variations when it comes to size.

The real estate model for these projects is usually based on a master lease to a food hall operator that initially leases and builds out the space and then licenses or subleases to vendors on a plug-and-play basis. Deals are usually shorter-term leases (one-to-five years with subtenants), but some of the public market projects represented in our survey even had month- to-month leases. Deals often include common area maintenance charges for communal dining and/or cooking, preparation, freezer/cooler or office space.

MINI FOOD HALLS

The mini food hall is a relatively new trend that only began to emerge in late 2015. The typical mini food hall is 10,000 sf or less and tends to be located in freestanding, urban locations or on the ground floor of major urban office, multifamily, or hospitality projects. Tenant mixes are generally weighted towards prepared food vendors, although many of these projects feature a healthy mix of unprepared food vendors as well.

The real estate model for these projects is similar to that for food halls as a whole. Deals are usually shorter term, although in the case of mini food halls most of the concepts in our report have leases of one to three years with subtenants) and, again, often include common area maintenance charges for communal dining and/or cooking, preparation, freezer/cooler or office space.

INVENTORY

Cushman & Wakefield first began tracking food halls in 2015. At the close of that year, there were 70 projects being tracked across the U.S. The number of active food hall projects in the U.S. grew to 86 by the close of 2016 and to 118 by the close of 2017. Over the last few years about 30 new projects have been added annually, and that number is climbing.

Currently we are aware of 44 projects that are now under construction with delivery dates through 2020. We also confirmed another 23 U.S. projects in the planning phase, projects that almost certainly will begin construction in the next few months.

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America is hungry for better food options. The demand for healthy, sustainable, fresh and simply uniquely good food, has paved the way for chefs, cooks, entrepreneurs and investors to meet their demand. We owe much of this emerging trend to a community of creatives and entrepreneurs; from urban streets to airports to shopping centers, developers and designers are creating food destinations as the new social anchors.

-Nick Giammarco
Creative Principal/Retail Strategies,
Studio H2G

Over the next two years there could be an additional 30 mall-based projects that may come online. Mall landlords are notoriously tight-lipped about their plans, particularly when it comes to food halls. Most of the anecdotal research has come from the restaurant community itself, but there are at least a dozen top chefs who have been in conversations with major mall owners like Simon, GGP, Macerich, Westfield and others. Some projects, like Michael Mina's food hall at Beverly Center in Beverly Hills, are already nearing completion and will be open shortly. Others are in the earliest stages. One

thing we know for certain is that most of these projects will be driven by big-name chefs and most of them will be in Class A malls.

Setting aside any "rumored" projects, it appears that there will likely be 180 food halls in existence in the U. S. by the end of 2018, although the real number may end up being closer to 190. At the current pace of development, we think there could be 300 projects up and running by the end of 2020.

2018 also marks the first year that Cushman & Wakefield is expanding our inventory to include Mexico and Canada. In Canada, we are tracking seven food halls, with another six in development. In Mexico we are monitoring 24 projects, however, our inventory there is still in the works. The traditional popularity of public markets in Mexico lends itself to the success of food halls in the future, but also largely fills the existing needs of the Mexican consumer.

RENTS

The survey results reflect an extremely wide range of rents for food hall vendors. There are lease rates as low as \$15 per square foot (psf)

and as high as \$200 psf. Three factors are primarily behind these variances; the type of food hall, the geography of the food hall and the lease structure of the food hall.

The cheapest rents were found in incubator food halls, most of which are public-private partnerships. The goal of these projects is to serve as new business incubators; in most cases, the actual building itself has been donated by a municipality or foundation for that purpose and rents are often subsidized.

Geographically speaking, the rents followed the same patterns as typical retail rents, with urban rents typically at a premium. The highest rents were in Manhattan, where they could range from \$50 to \$200 psf.

While rents for food hall space on a per square foot basis may seem quite expensive, the amount of space used is generally very small. One restaurateur active in a San Francisco food hall shared this comment with us:

"Here I am paying about \$120 per-square-foot annually for my 300 square feet of space. That's about \$36,000 per year. If I would have opened my own standalone restaurant I would have been looking at rents probably in the \$60 per-square-foot range for about 2,000 square feet. That would have been \$120,000 per year and it would have been for space that generates nowhere near the traffic of this place. I would not have been able to afford that, but here I am thriving."

One of the greatest differentiators in values is the lease structures themselves.

FOOD HALL LEASE STRUCTURES

In the months immediately following the release of our first report on the topic of food halls, we received dozens of calls from developers, vendors, appraisers, lenders and even food hall operators asked us a number of questions, the two biggest questions were, "How do I get these things financed?" and "What is the normal lease structure for a food hall?"

Only now are we starting to see a few lease (and licensing) structures starting to emerge as the dominant ones. But even today this is largely a project-by-project affair. The reality is that the popularity of food halls grew so quickly and organically that a slew of lease structures have been used for food halls, with everything from standard retail triple net leases to straight percentage rent transactions.

TRIPLE NET

Triple Net (NNN) rents are common for retail and for shopping centers. NNN leases pass all expenses on to the tenant and can vary significantly depending upon the building's efficiency, utilities usage and common areas.

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They are also the typical rent structures of mall food courts. Consequently it shouldn't come as a surprise that many projects use these types of structures. Anecdotally, research indicates that some of the mall food hall projects in the works are planning on using this type of lease structure.

We know of a one project where the rent itself ranges between \$40 and \$50 psf depending upon the actual stall at this food hall. However, vendors at this project would also be looking at additional expenses in the range of \$20-to-\$25-psf on the expense pass through charges. So while triple net leases are typically cheaper than gross rents, they also include significant additional costs for the end user. Expenses at as much as 50% of the rent are not uncommon though typically these are more likely to be in the 25%-to-33% range. However, the pass-through expenses in historic buildings often can be quite high depending on how energy efficient those projects are.

GROSS RENT

Many food halls offer gross rent structures. These are all inclusive rents that charge end-user vendors not just for the real estate, but for electric, janitorial, common area maintenance and any other expenses. Because these structures are all inclusive, they reflected the most expensive rents in our survey.

In Manhattan we saw top food hall rents with vendors paying as much as \$7,000-to-\$18,000 annually for 100-sf vendor stalls. Many of the food hall operators and landlords that work with gross rents told us they prefer them because they are more convenient and easier to explain to vendors.

RENT PLUS PERCENTAGE

Rent-plus-percentage is one of the two rent types that are quickly becoming popular with food hall operators and landlords. This structure typically features a flat rent and an additional percentage of gross sales (typically about 10%) over a natural breakpoint. The challenge here, of course, is in the reporting of sales. Many operators are now beginning to offer full POS systems in their projects—eliminating yet another start-up expense for vendors, while putting the machinery in place for real-time tracking of vendor performance.

PERCENTAGE RENTS

Percentage rents, where rent is based simply on a percentage of a vendor's gross sales, is the leasing structure most often seen in new projects. The amount of percentage rent varies from project to project, but typically it falls in the 15%-to- 30% range. While a typical standalone restaurant might only contribute 10%-to- 15% of total gross sales to rent at most, those numbers typically don't also include additional utility and tax related charges for which a tenant would also be responsible for. Thus, food halls can command more sizable percentage rates.

Accurate reporting is essential for this lease structure to work. Most of the newer food halls that we have seen that employ straight

percentage rents do so along with the use of centralized POS systems controlled by the food hall operator.

Percentage rents are not without risks. If poor weather hurts vendors one month, the operator feels it too. The good news, however, is that percentage rents allow for an operator to be more vested in the success of tenants.

LOOKING AHEAD

The popularity of food halls is exploding and the food hall trend throughout most of the United States has only just begun. Even in the most crowded marketplace— Manhattan—not a single food hall project has failed yet and there remains room for growth. In most major markets, there is plenty of runway for expansion, and suburban growth remains largely untapped.

With more growth ahead food halls will evolve from their public market roots, even as more communities seek to create successful public markets. Food halls will increasingly be a phenomena outside of urban locales, with suburban projects being developed at both shopping malls and mixed-use projects. We will also begin to see the rise of branded food halls that will appear in multiple cities. Rural food halls, especially in rich agricultural areas known for specialty crops or goods, will increasingly appear.

Will we eventually overbuild? Of course! There will be a tipping point eventually but that point is far off. To use the classic real estate baseball game analogy, Manhattan may be in the seventh inning, a few other markets like Denver or Miami may be in the fifth, but most of the nation's markets have barely finished singing the national anthem. In the meantime, the projects that will seize market dominance and retain it, even as more competitors come online, will be those that embrace quality, authenticity and community. ■



Boston Public Market (Boston)

HIGHLIGHTS OF MSCA OVER 30 YEARS

1988

Founded

1989

Retail Report

1992

Golf Event

1994

Member of
the Year

1993

STARRSM Awards
originally called the
Awards of Excellence
founded in 1990

1993

Founded
The Caring Tree
501(c)3

1995

Hired Lobbyist Firm
Faegre Baker Daniels LLP
(formerly Faegre & Benson LLP)

1998

Committee
Member of
the Year

2000

Self-Managed

2008

Rebranded
MSCA

2005

Hall of Fame

2002

Professional
Showcase

2010

Third
Thursdays

2011

Learning
Sessions





BECOME MORE INFORMED WITH MSCA'S LOBBYING EFFORTS



by Zander Fried, MID-AMERICA REAL ESTATE – MINNESOTA, LLC

IT'S THAT TIME OF YEAR AGAIN! Our legislators are in session, which means in April, MSCA's members joined the Minnesota Chamber for yet another successful Business Day at the Capitol. This was a vital opportunity for legislators to sit face to face with MSCA members and hear about issues directly impacting our industry, their districts, and the State's economy. MSCA's priorities during these conversations were threefold:

- Thank our legislators for eliminating the automatic property tax inflator, and ensure this remains out of the Omnibus bill;
- Stress the importance of passing an effective transportation funding bill;
- Advocate for a more transparent and improved SAC process;
- Lend our support of the new, bicameral and bipartisan Commercial Real Estate Caucus

If you were unable to attend Business day at the Capitol, the Legislative Committee invites and encourages you to attend the

third annual Minnesota Commercial Real Estate (MNCRE) Day at the Capitol on May 8th. This is a collaborative event held by MSCA, NAIOP Minnesota, BOMA Greater Minneapolis, BOMA Greater St. Paul and MNCAR, bringing our legislators and the Minnesota Commercial Real Estate industry together.

FOR MORE INFORMATION ABOUT PARTICIPATING IN, DONATING TO, OR BECOMING MORE INFORMED ABOUT MSCA'S LOBBYING EFFORTS, CHECK OUT THE 'LEGISLATIVE UPDATE' PAGE ON MSCA'S WEBSITE.



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MEMBER PROFILES

CHUCK POPPLER

JOB TITLE: Business Development

AREA OF FOCUS: Full Service Civil Engineering Services

YEAR JOINED MSCA: 2017 / previously with RLK Inc.



KLJ ENGINEERING

WHAT WAS YOUR FIRST JOB IN THIS INDUSTRY AND FOR HOW LONG?

Right out of school I worked for the City of Minneapolis, Planning and Design Section.

WHAT KEEPS YOU IN THE BUSINESS? Creating Extraordinary Communities

WHAT THINGS DO YOU NEED TO BE SUCCESSFUL IN THIS JOB, AND WHAT ARE THE DEAL KILLERS FOR YOU? ? Really great people. People dedicated to “Getting the job done”. Mediocrity is one thing I can’t be around.

WHAT IS THE MOST UNIQUE PROJECT/LEASE/PROPERTY THAT YOU EVER WORKED ON IN YOUR CAREER? Cliff Lake Center in Eagan presented very unique problems at the time and required a lot of tenacity to get the project completed.

WHAT ADVICE WOULD YOU GIVE TO THOSE NEW IN THE INDUSTRY?

Never say Never! Remember the two rules of business.

1. The Customer is always right! And
2. When the customer is wrong, refer to rule #1

HAVE YOU SEEN ANYTHING NEW IN THE RETAIL WORLD THAT SURPRISED YOU? Everything electronic surprises me. The computers, Cell Phones, iPads, etc are amazing. Its amazing how fast we have become totally dependent on them.

WHAT IS YOUR MOTTO/PERSONAL MANTRA? Get-er-done and Never say Never!

WHAT HOBBY OUTSIDE OF WORK ARE YOU REALLY PASSIONATE ABOUT AND WHY? ? I love working with everything hi-tech. I spend a lot of time updating my home to be more tech friendly and WiFi friendly.



WHEN YOU RETIRE, YOU WANT TO: I already retired once and once is enough for anyone. I retired in 2008 and rejoined the world in late 2017. I really missed the art of the deal and all the juice that’s flowing throughout the industry so keep an eye out for me, I’m back!

Thanks Chuck

LARINA VOSIKA DEWALT, PE

JOB TITLE: Senior Project Manager

AREA OF FOCUS: Civil Engineering/ Land Development

YEAR JOINED MSCA: 2018



KLJ (Full service Civil Engineering firm in St. Paul)

WHAT WAS YOUR FIRST JOB IN THIS INDUSTRY AND FOR HOW LONG?

Upon graduation from the University of Minnesota, I was hired as a project engineer at RLK-Kuusisto in Minnetonka. I designed infrastructure and helped gain entitlements on a wide variety of commercial, industrial and residential land development projects including infills, redevelopments and new construction. I worked at RLK for over 7 years, where I gained my PE licensure, before moving to Real Estate for Target Corporation.

WHAT KEEPS YOU IN THE BUSINESS? The people I have worked with and clients I have worked for in my career have been some of the most talented and passionate people I’ve known. We share a drive to serve and improve the communities where we live, work and play. This drive along with my proclivity for problem solving keeps me coming back for more.

WHAT THINGS DO YOU NEED TO BE SUCCESSFUL IN THIS JOB, AND WHAT ARE THE DEAL KILLERS FOR YOU? To be successful in this field and job, I believe that you need to have exceptional communication skills with a true appreciation for the clients and projects you serve. Deal killers for me are those occasional “inauthentic connections” where you feel individuals are “just going through the motions”. I live for making authentic connections and building lasting relationships.

IF YOU HAD UNLIMITED FUNDS TO INVEST IN A RETAIL FRANCHISE, WHICH ONE WOULD IT BE AND WHY? With unlimited funds, it would be hard to choose just one! It would have to be either a coffee shop or a boxing gym. I am equally interested and passionate about both. Maybe I could start the first boxing gym/coffee shop combo franchise!



IF YOU WERE STRANDED ON A DESERTED ISLAND, WHAT THREE THINGS WOULD YOU HAVE AND WHY? That’s easy! 1) **My e-reader**...I always have a half dozen books and magazines going at once. 2) **My coffee maker**...or at the very least coffee making supplies. I could live without coffee, but I very much prefer not to. 3) **My bed**...Good sleep keeps me happy and healthy.

WHAT IS YOUR MOTTO/PERSONAL MANTRA? “Everything you want is on the other side of fear.” I try to apply this to all areas of my life, big and small. I don’t let fear get in the way of living.

Thanks Larina

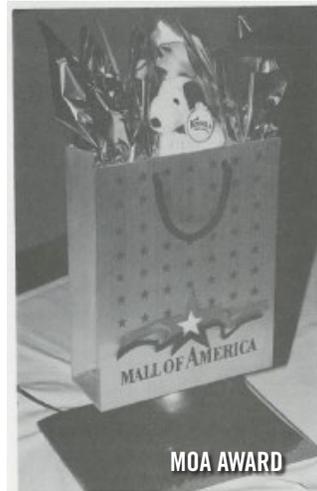


DEVELOPMENT AND SOME HISTORY

Below are a few snapshots of developments over the past 30 years. Each was featured in the MSCA Retail Report or an old edition of the MSCA Connection, with a few different sized centers being highlighted.



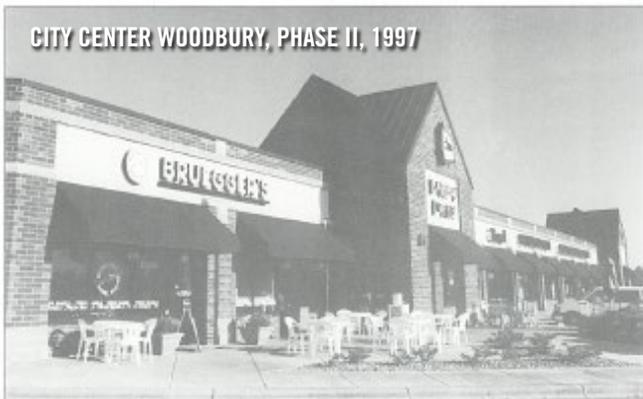
MALL OF AMERICA AERIAL- 1992



MOA AWARD

NOTE: All photos were taken from previous MSCA publications. Only a handful of projects were highlighted... See upcoming publications for more.

Melvin Simon & Associates Wins 1992 Developer of the Year; Mall of America Receives “Project of the Decade”
At the October 8th MSCA Annual Meeting, the Minnesota Shopping Center Association presented Mel Simon & Associates with the 1992 Developer of the Year Award. A special presentation was made to the Mall of America in recognition for the “Project of the Decade.” **Art Spellmeyer** (upper right) accepted the awards of behalf of the developer. A large contingent of representatives from the Mall of America were present at the Annual Gala held in the Azur Ballroom at Gaviidae Common.



CITY CENTER WOODBURY, PHASE II, 1997

City Center Plaza, Woodbury: This neighborhood center is planning a 38,000 sq. ft. Phase II.



ST. CLOUD RAINBOW VILLAGE RENDERINGS, UNDER DEVELOPMENT IN 1998

The St. Cloud Rainbow Village is a 155,000 sq. ft. center by the Roberts Mac Company. It is currently under development.



RENDERINGS OF EAGAN OUTLET PLANS 2013

Paragon Outlet Center – Twin Cities at Eagan



RENDERINGS OF PENN AND AMERICAN 2014

PENN AND AMERICAN



GALLERIA'S NEW CōV RESTAURANT BRINGS WAYZATA'S FAVORITE LAKEFRONT EATERY TO EDINA



by Rachel Oelke, HINES/GALLERIA

SINCE NOVEMBER 2017, Galleria Shopping Center in Edina has brought a taste of the beach to its discerning dining guests with the introduction of CōV, an 8,000-square-foot eatery serving a mix of sustainable seafood, steaks, and coastal favorites in an upscale-casual atmosphere. The new restaurant is a cornerstone of Galleria Edina's recently-completed northeast end expansion project, which has added 20,000-square-feet of retail and dining to the popular upscale shopping destination.

The Galleria CōV location is the popular Wayzata restaurant's second outpost, building on the enthusiasm their signature menu and Nantucket-inspired atmosphere have received in the restaurant's Wayzata lakefront location. Already, CōV's Galleria

outpost has inspired a loyal following among the Edina shopping center's many dining guests.

"CōV was a perfect addition to Galleria Edina's restaurant lineup and an ideal tenant for our recently-expanded space," explains Wendy Eisenberg, Galleria General Manager. "Their signature mix of fresh flavors, meticulous service and a relaxed, sophisticated atmosphere makes CōV a sought-after choice for the Galleria's shopping guests and destination diners alike."

The CōV concept starts with a unique take on an East Coast beach getaway atmosphere, bringing together familiar flavors and unexpected twists in an eclectic, creative menu featuring crab cake sliders, lobster, fresh fish tacos, and raw oysters on

the half shell, as well as steaks, flatbreads, burgers, and the popular warm kale salad. The Galleria CōV offers dining and bar areas, spaces for larger groups and private dining, and an outdoor porch and patio for use during the warmer months.

CōV's new space is located in the newly expanded northeast corner of the Galleria, just steps away from The Westin Edina Galleria Hotel. Galleria Shopping Center in Edina is a Twin Cities luxury shopping destination offering the finest in fashion, home, beauty and dining. The center is located at 69th and France Avenue in Edina, Minnesota. For more information, visit GALLERIAEDINA.COM.



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Minnesota Marketplace



by Johnny Reimann, MID-AMERICA REAL ESTATE – MINNESOTA, LLC and Anna Blake, COLLIERS INTERNATIONAL

▶ Surly Brewing Co.'s new pizza restaurant recently opened on its second floor — where the acclaimed Brewer's Table restaurant closed earlier this year. **SURLY PIZZA UPSTAIRS** will specialize in New Haven-style pies in the newly brightened space. The pizza Surly will make has thin crust cooked in high heat with a bit of char.

▶ The family behind the Los Ocampo restaurants is expanding into the suburbs with a new restaurant concept in Woodbury. Julian Ocampo, the co-owner of Los Ocampo, said his family is opening **MACHETE COCINA MEXICANA** at 803 Bielenberg Drive in Woodbury. The menu for the sit down restaurant is still under development, but will have expanded offerings compared to Los Ocampo — more meat and dinner plate selections beyond tacos and burritos. It will also have a bar with a focus on mezcal and tequila. The restaurant is tentatively scheduled to open in May.

▶ **BACH TO ROCK** has signed a lease for 3,010 SF space at Rockridge Center in Plymouth. The company brands itself as America's Music School.

▶ The Bon-Ton Stores, Inc., **HERBERGERS** "parent" company announced they will be closing four stores in the metro area, which will result in about 600 jobs lost. The end of the parent company could be near, as only liquidators bid on the company's court-supervised bankruptcy auction.

▶ **NINE WEST** is closing all 70 brick and mortar locations.

▶ Maple Grove has new tenants entering the market with **DUNKIN DONUTS**, which will open a new location off Zachary Lane and Highway 610. Crave is currently under construction at Elm Creek Boulevard and Main Street and **ROSATI'S CHICAGO PIZZERIA** will be opening at The Maple Grove Village.

▶ **TJ MAXX HOMEGOODS** will be opening in the former Home Depot space near the new HyVee in Cottage Grove.

▶ **PILGRIM CLEANERS** opened their 26th store in Uptown off Lake Street and Dupont Avenue.





SAVE THE DATE!

July 25th
MSCA at the Saints Game!



MSCA Bowling Bonanza Recap!



by Emma Radtke, MSCA

Another successful Bowling Bonanza is in the books, as 200+ bowlers and attendees enjoyed one of our favorite events of the year! We were also happy to host 12 Cristo Rey Students at our event. They wasted no time jumping in to meet members, network and by the second game most of them were bowling! THANKS AGAIN TO EVERYONE WHO ATTENDED AND PARTICIPATED!



CONGRATULATIONS TO OUR 2018 BOWLING WINNERS:

- 1st Place Team: Stanley & Wencil, LLC
- Top Female Bowler: Lori Ebert, KleinBank
- Top Male Bowler: Jamey Puttin, Associated Bank
- Strike Pot Winner: Mike Lowe, TCF Bank



*A special thanks
to our event sponsor:*



**CLICK HERE
TO SEE MORE 2018
EVENT PHOTOS.**



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2018 ONEVILLAGE PARTNERS REAL ESTATE BREAKFAST

The event is an opportunity to network and enjoy breakfast with members of the Minneapolis commercial real estate community who share the desire to improve and connect communities locally and globally. IT IS FREE TO ATTEND, AND LAST YEAR NEARLY 200 GUESTS GATHERED.

OneVillage Partners inspires and equips rural villagers to transform their lives and communities.

WHERE: The Minikahda Club

WHEN: Thursday, May 10, 2018

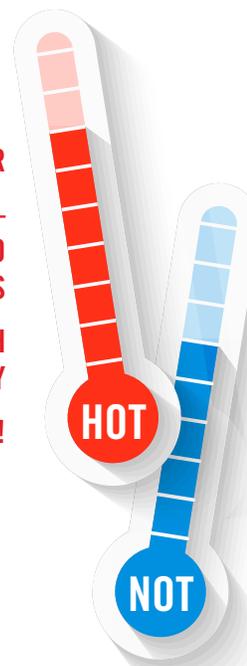
7:15 - 8:00 a.m. Registration, Coffee, and Networking

8:00 - 9:00 a.m. Light Breakfast & Presentation



WHAT'S TRENDING IN THE TWIN CITIES?

THE TIE BAR
BOXED RETAILER –
THE ONLINE COSTCO
FOR MILLENNIALS
YODELING WITH
MASON RAMSEY
A NEW ROYAL BABY!



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WHAT'S TWEETIN' RE?



Domino's Pizza @dominos · 2h
Feeling hot, hot, hot! 🍕🔥



Sport Clips Haircuts @SportClips · 11h
From mullets to unfortunate '80s styles... We want to know: Who has the worst hair in the MLB? #SpringTraining



Punch Bowl MPLS @PunchBowlMPLS · 12h
No straws come in our drinks, but we'll bring you a pretty paper one if you ask. Cheers to protecting our planet, one drink at a time... 🌍 #earthday



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darquetan.com



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ANNIVERSARY TRIVIA:

Those who attend and answer correctly at each program will be recognized in the following month's newsletter, and also entered into a drawing for the grand prize at our October anniversary celebration!

MSCA SCHEDULE OF EVENTS » 2018

Our monthly program is typically the first Wednesday of every month with the exception of January, September and December. All monthly program meetings* will be held at 8:00am. (registration at 7:30 am) at the Doubletree Hotel Minneapolis Park Place (Unless otherwise noted below). Learning Sessions will be held at 4400 Baker Road, Minnetonka from 8:00 – 9:30am. Third Thursdays are held at various locations from 3:30 – 5:30pm. Other event locations are noted next to event or will be announced closer to event. Program topics and location are subject to change. NOTE: There is no July program or July Third Thursday.

Log on to www.msca-online.com/events/calendar for full calendar and updated information.

- *WEDNESDAY, MAY 2 – Monthly program
- THURSDAY, MAY 10 – Learning Session
- THURSDAY, MAY 17 – Third Thursdays Networking
- *WEDNESDAY, JUNE 6 – Monthly Program
- MONDAY, JUNE 18 – Golf Event, Majestic Oaks
- THURSDAY, JUNE 21 – Third Thursdays Networking
- WEDNESDAY, JULY 25 – Third Thursdays Fourth Wednesday Networking & Saints Game
- *WEDNESDAY, AUGUST 1 – Monthly Program
- THURSDAY, AUGUST 16 – Third Thursdays Networking
- TUESDAY, AUGUST 21 – Learning Session



APRIL MONTHLY SPEAKERS

- Joel Akason, Greater MSP
- Jeff Budish, Colliers International (moderator)
- Michael Langley, Greater MSP

- *WEDNESDAY, SEPTEMBER 12 – Monthly Program
- THURSDAY, SEPTEMBER 20 – Third Thursdays Networking
- *WEDNESDAY, OCTOBER 3 (Afternoon) – Monthly Program/
30 Year Anniversary Celebration
- THURSDAY, OCTOBER 18 – Third Thursdays Networking
- TUESDAY, OCTOBER 23 – Learning Session
- *WEDNESDAY, NOVEMBER 7 (Afternoon) – State of Retail
- THURSDAY, NOVEMBER 15 – Third Thursdays Networking
- TUESDAY, DECEMBER 4 (Evening) – Year End Ceremonies/
STARRSM Awards/Holiday Party, TBD

REGISTER FOR THESE 2018 CALENDAR EVENTS

DID YOU KNOW: YOU CAN VIEW THE LIST OF ATTENDEES TO ANY OF OUR EVENTS IF YOU CLICK ON THE EVENT?

EVENT	VENUE	DATE
SOUTHDALE CENTER: REINVENTING AMERICA'S FIRST ENCLOSED REGIONAL MALL	Southdale Center Food Court Parking available at Dining Pavilion off 66th	May 2, 7:30-9:30am
MSCA LEARNING SESSION - UNCENSORED AND UNPLUGGED: BRUCE CARLSON	4400 Baker Road Minnetonka 55343	May 10, 8:00-9:30am
THIRD THURSDAYS NETWORKING - FREE Sponsored by ServPro of Minnetonka	Wooden Hill Brewing Company Edina	May 17, 3:30-5:30pm



APRIL PROGRAM TRIVIA

Q: Which of the following was NOT one of the trends covered in the newsletter?

A: Accessories

APRIL PROGRAM ATTENDEE TRIVIA WINNERS:

- Tom Klaers, Clean Response
- Paul Berg, Sunrise Banks
- Amy Remely, Kraus-Anderson Companies
- Jamie Colbjornsen, Kraus-Anderson
- Latrice Dasher, Kraus-Anderson
- Lisa Diehl, Diehl and Partners, LLC
- Sue Pederson, DryTech Restoration and Construction
- Brad Kaplan, Colliers International
- Kim Meyer, Cushman & Wakefield
- Tricia Pitchford, Mid-America Real Estate – Minnesota, LLC
- Jeff Budish, Colliers International
- Kris Brandt, Cypress Equities/Eden Prairie Center
- Nicole Urista, CMA
- Sheila Zachman, Commercial Realty Solutions
- Jackie Miller, RSP Architects, Ltd.

APRIL PROGRAM ATTENDEE TRIVIA WINNERS CONTINUED:

- Ryan Burke, Kraus-Anderson Companies
- Joan Suko, GGP/Ridgedale
- Cindy MacDonald, Kraus-Anderson Companies
- Dan Ruehl, CBRE
- Jerry Sand, Kraus-Anderson Companies
- Gavin Tugana, Mint Roofing
- Paula Mueller, Northtown Mall/WPG
- Paul Nephew, IRC Retail Centers

MAY TRIVIA HINT

Q: Question is related to developments over the past 30 years —
see you at the program!

2018 MSCA ADVERTISING AND SPONSORSHIP OPPORTUNITIES

MSCA has released all 2018 advertising/ sponsorship via first come, first served. Please consider taking advantage of these great opportunities.

APRIL PROFESSIONAL SHOWCASE — SERVPRO OF MINNETONKA



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Messerli Kramer
Mid-America Real Estate - Minnesota, LLC

Midwest Maintenance & Mechanical, Inc.
Oppidan, Inc.
Paster Properties
Prescription Landscape
Quality Trusted Commercial Construction
& Roofing, Inc.
RSM US LLP
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Target Corporation
Trautz Properties, Inc.
U.S. Bank National Association
United Properties
Weis Builders, Inc.
Wings Financial Credit Union

MSCA IS CURRENTLY LOOKING FOR COMMITTEE MEMBERS FOR 2018!

If you would be a dedicated and hardworking addition to one of our nine committees, then take a look at our committee page for your chance to contribute to this great association.

Committees meet at all sorts of different times throughout the year, so find the one that fits your interests and schedule the best.

CLICK HERE FOR THE COMMITTEE PAGE!



27th Annual MSCA Golf Tournament

Co-Title Sponsor:

MONDAY, JUNE 18, 2018

Co-Title Sponsor:



9:45am Golf Registration & Boxed Lunch
 10:45am Shotgun Start & Four-Person Scramble
 1:00pm Bag Toss Tournament For Non-Golfers
 4:00pm Social Hour, Dinner Buffet
 5:15pm Hole Event Winners, Awards Presentation



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 Company _____
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#4 Name _____
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Skins Game - \$40/team

Individual Registration *No refunds or cancellations*

Single Golfer \$175 (will be paired as they are received)
 (includes golf, lunch, dinner buffet)
 Dinner Only \$30
 Name _____
 Company _____
 Email _____

4TH ANNUAL - LAWN GAMES

Don't want to golf but want to partake in the networking?
 Then join us for the bag toss and other lawn games!

Registration: 1:00pm
 Bag Toss Tournament: 1:30-4pm
 Dinner: 4-5:30pm

Registration - \$50 - *No refunds or cancellations*
 - Tournament and dinner buffet included

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