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MINNESOTA SHOPPING CENTER ASSOCIATION

NOVEMBER 2020

The Connection



5 Reasons Why The Upcoming Holiday Season Will Be Unlike Anything Retail Has Ever Seen Before

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TO BLACK FRIDAY OR NOT TO BLACK FRIDAY? THAT IS THE QUESTION OF LATE. BUT, LORD, OH LORD, IS THERE SO MUCH MORE THAT WILL MAKE OR BREAK THIS YEAR'S HOLIDAY SELLING SEASON THAN SOME SILLY DAY IN LATE NOVEMBER?

If recent events are any indication, Black Friday will never be the same, and this year will be unlike anything the U.S. market has ever seen and, god willing, unlike anything it will ever see again.

Five big changes are on the horizon over the next few months:

#1 — HALLOWEEN WILL BE A CANDY-COATED SHELL OF ITS FORMER SELF

The best costume this Halloween season? Halloween itself, for it won't look like it has in the past.

This year Halloween will resemble an orange circus peanut at the bottom of a pillowcase. Sure, it's there, it's candy, but it just ain't a Snickers bar. Halloween has a number of things going against it.

Unlike Back-to-School shopping, which has a long selling season and no real start or end date, Halloween is a finite day and time. While Back-to-School **started off slowly** and may just now be starting to rebound as families settle into new routines, these same phenomena are unlikely to happen with Halloween. Parents won't have time to get "acclimated" (my quotes) to public health direction or to push out their own Halloween decision-making.

Unlike school, Halloween can also not be simulated online. Ok, yes, maybe the occasional virtual trick or treating or Halloween party can still occur online, but all this activity is still a far cry from millions of youngsters going door-to-door dressed as everything from ninja turtles to Star Wars characters and millions of singles going out to the bars dressed up as sexy fill-in-the-blank twists on Tiger King.

Translation — less costumes parties and less trick or treating means less costume sales and less candy sales.

And, home decorating won't make up the difference, either. **According to statistics from the National Retail Federation shared with USA Today in 2018**, Halloween decorating makes up less than 30% of all Halloween spending.



by Chris Walton, RED ARCHER RETAIL

Translation — less costumes parties and less trick or treating means less costume sales and less candy sales.



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CONTINUED: 5 REASONS WHY THE UPCOMING HOLIDAY SEASON WILL BE UNLIKE ANYTHING RETAIL HAS EVER SEEN BEFORE

So, it is time to face the facts. Halloween is DOA already.

#2 — TURKEYS ARE MADE FOR STUFFING

The opposite can be said for Thanksgiving. Good ol' Turkey Day is going to be off the chain.

People are stuck inside with their closest friends and families, food sales are already off the charts as more people are dining in vs. eating out, a second virus wave is looming, and, oh yeah, lest one forget, the NFL football season has also kicked off with furious abandon. The one gosh darn entertainment event that America still has going for it, the NFL, goes with Thanksgiving like onions go with green beans.

This year's Thanksgiving feasts will be like a G-rated version of a Caligula movie. They will be veritable gorge fests, with people gathered around the TV, eating more and for longer periods of time than ever before, and grocers will reap the unbridled benefits of America's collective cooped up, innocuous gluttony.

After all, what else are people supposed to do — go shopping in stores for gifts and clothes?

#3 — ONLINE SHOPPING WILL MOVE UP AND AMAZON AMZN +5.5% WILL WIN

There's truth in every joke, especially that last one, because people aren't going to shop in stores this holiday season like they once did, or ever again for that matter.

Many retailers have already announced plans to close on Thanksgiving Day and to move up their selling seasons online. Places like **Walmart**, **Target**, **Best Buy** **BBY +0.6%** have all said to heck with being open and trying to control crowds amid the worst pandemic of the past 100 years (which is a strategy that makes sense when one writes that last sentence out to completion, too). Heck, some pundits and technology platforms are even encouraging retailers to take a page from Alibaba **BABA +3%** and Singles Day (i.e. 11/11) and to invest in a **first-ever 10/10 shopping day**.

Whether ideas like 10/10 take hold and whether discretionary spending also moves forward to coincide with such efforts are both still open questions, but, no matter the case, retailers have a massive amount of volume they will need to pull forward given the end of November party cancellations. In-store sales on Thanksgiving and on Black Friday are huge, so trying to sell through this same amount of volume online through October and November, in many ways, is like pulling a fully made ship through a glass bottle.

It is a damn near impossibility, and one made all the more impossible by the fact that Amazon just announced that it, too, will hold its own **first-ever holiday season Prime Day on 10/13 and 10/14**. Not to be outdone, Target **TGT +0.6%** just announced **deals**

for the very same days, so don't be surprised if every other creature of habit retailer from Walmart **WMT +1.5%** to Home Depot **HD +0.5%** also jumps into Prime Day melee.

All of which means goodbye 10/10 (because no one likely cares anymore) and good luck mid-tier retailers trying to plan store payrolls at metered traffic capacities for the rest of the season, along with online deal days to compensate for whatever impact this unforeseen variance on pulled forward demand will have on them.

In the end, Amazon will do what it always does — take massive share by giving people what they want at great prices — while the rest of retail will be forced to compensate for Amazon's preemptive Death Star-like, planet destroying blast with more sales and more promotions to clear through their inventory through the balance of the season.

An October Prime Day is a move retailers **should have seen coming**. But, sadly, it took a virus to wake them up to the idea of earlier holiday promotions. Too bad Amazon was just one step in front of the entire industry again and just waiting for the right moment to strike and to place the event forever in the industry's annual comp sales base.

#4 — IN-STORE SHOPPING WILL MOVE BACK BY WAY OF BOPIS AND CURBSIDE PICKUP

As much as Amazon will dominate October through December, the last four days leading up to Christmas will still be the purview of physical stores, at least for the chosen few.

At some point, ordering goods online in time for Christmas, usually around the 20th or 21st of December, becomes a logistical impossibility. But, this year, people can't go into stores as usual to complete their last minute shopping.

As a result, order pickup will explode at retailers or at least amongst the omnichannel capable ones. Places like Target, Walmart, Home Depot, and Best Buy will reap the rewards of the years of omnichannel investment they have made into things like buy online, pickup in-store and curbside pickup, while other retailers, especially mall-based retailers, will be left like Dax Shepard and Seth Green in some movie about going down a river without a paddle.

Many retailers have already announced plans to close on Thanksgiving Day and to move up their selling seasons online.

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CONTINUED: 5 REASONS WHY THE UPCOMING HOLIDAY SEASON WILL BE UNLIKE ANYTHING RETAIL HAS EVER SEEN BEFORE

Similar to the points above surrounding Thanksgiving, trips for Christmas gifts and groceries will congeal around the one-stop shops, like Target and Walmart, or easily-accessible strip malls, while traditional malls will be left hamstrung by safety capacity constraints and digital front-end interfaces that couldn't coordinate order pickups across a full-range of mall purveyors if Santa Claus himself was in charge of their supply chains.

No, instead, just like they have throughout the pandemic, and especially during the early days, people will go with the retailers that they trust to help them get more done with less.

#5 — DEPARTMENT STORES AND SPECIALTY APPAREL RETAILERS WILL HIT THEIR BREAKING POINTS

Play out the above, and it is easy to see — apparel retailers are in a tough spot. While standalone boxes have spent the past few years fortifying their omnichannel capabilities, specialty apparel retailers and department stores have been saddled with mall infrastructures that hang around their necks like albatrosses atop an Ancient Mariner.

There are no occasions for which to dress, there are no work meetings to attend, and there are still no stimulus checks in the mail, but, more importantly, there is also just no way for mall-based retailers to move through the required volume online

when their stores are either closed, at diminished capacity, or not architected to the omnichannel needs of today's consumers.

One can count on less than two hands the number of e-commerce apparel pure plays that have survived over the years, and that is because stores are still the most efficient and cost effective way to move through apparel during the holidays. With COVID-19 forcing everyone to compete online for apparel share, prices will get more competitive, shipping costs will increase, and apparel retailers won't have last-minute store rushes this year on which to fall back.

The retailers that bought inventory commensurate to last year will end up overbought and lose in the end, while the smart ones, the ones who bought their lines with an eye towards digital contribution and who invested far less than in years past, may be the ones able enough to ride out the storm.

But, no matter what, it is going to be a tough season for them all, and the first signs of 50% off category and site-wide sales early in the season will be the tell-tale signs of even more bankruptcy insanity to come.

[Click here for the article on Forbes.com](#)

MSCA PHILANTHROPIC CHARITY OF CHOICE



openarms

TO STAY UP-TO-DATE ON HOW MSCA IS PARTNERING WITH OPEN ARMS OF MINNESOTA, AND HOW YOU CAN GET INVOLVED, [CLICK HERE](#) OR VISIT OUR PHILANTHROPIC PAGE ON THE WEBSITE FOR MONTHLY UPDATES.



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MN Marketplace

- ▶ The **J CREW** on Grand Avenue in St. Paul closed in October.
- ▶ **MUDDY COW** is the newest tenant at Park Place Promenade in Brooklyn Park, opening in January 2021.
- ▶ **MASTER NOODLES** moved into Centennial Lakes.
- ▶ MOA opened, on Oct 1st, **COMMUNITY COMMONS**. A 5,000 square foot space on the mall's second level hosting 17 businesses displaced by the civil unrest throughout the Twin Cities.
- ▶ **TARGET CORPORATION**, the largest employer in downtown Minneapolis, publicly announced that headquarters staff won't be returning to the downtown offices until at least June 2021, having a major impact on the downtown ecosystem.
- ▶ Macy's permanently closed the in-store restaurant concept, **LAKESHORE GRILL**, in both Southdale and Ridgedale.
- ▶ **XFINITY** and **STARBUCKS** plan to open stores in a new construction building along South Robert Street at Mendota Road in front of Cub Foods in West St. Paul.
- ▶ **DOLLAR TREE** has signed a lease to open in the Fresh Thyme anchored Marketplace at 42 in Savage.

- ▶ **PACIFIER**, the urban baby and kids boutique has opened their fourth location in Wayzata at The Village.
- ▶ **ERIK'S BIKE SHOP** recently moved from Bloomington along Highway 494 to Cedar and 66th in Richfield, anchored by Target and Home Depot.
- ▶ **MY SALON SUITE**, recently opened their fourth location at Southtown Mall in Bloomington. They have suites in Plymouth, Woodbury, and Roseville.
- ▶ **SCOOTER'S COFFEE HOUSE** has signed a five-unit franchise agreement with a franchisee to open drive-thru coffeeshops in Minnesota.
- ▶ The owners of the Minnesota Vikings and several other investors have opened the 24-story **OMNI VIKING LAKES** hotel in Eagan.
- ▶ **L'MORE CHOCOLATE** has moved to Hennepin Avenue from Wayzata.
- ▶ The Witherspoon brothers are looking to open a soul food joint called **DOC WITHERSPOON'S SOUL FOOD KITCHEN** in Lincoln Park in 2021 in the burgeoning craft district of Duluth.
- ▶ The owners of Blackstack Brewing are opening **BRICKSWORTH BEER CO.**



by Lisa Diehl,
DIEHL AND
PARTNERS, LLC



by Holly Robinson,
MID-AMERICA REAL
ESTATE – MINNESOTA, LLC



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

- ▶ **LORD FLETCHERS** is taking the season off and will reopen next spring. Tiny Diner will close for the winter.
- ▶ **PRIETO** closed its Lake Street location and opened in South Minneapolis on Nicollet Avenue South.
- ▶ **BULL AND FINCH PUB** is taking over the former Jake O'Connor's in Excelsior.
- ▶ **BEAUJO'S**, located at 50th and France in Edina closed and recently unveiled their re-grand opening with a newly remodeled space.
- ▶ **BUTCHER AND THE BOAR** filed for Chapter 7 liquidation in October.

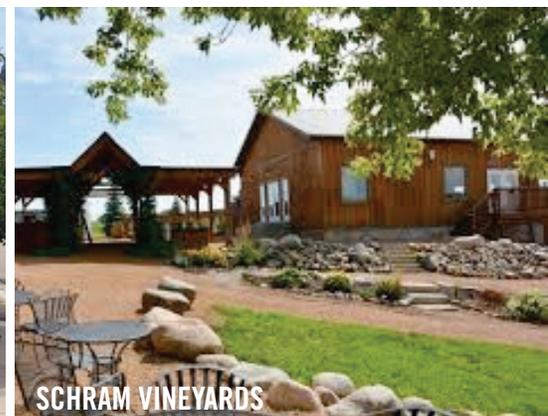
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MUDDY COW



BULL AND FINCH PUB



SCHRAM VINEYARDS

▶ The **LUNDS & BYERLYS** at Penn and Highway 62 is under redevelopment and will be a part of a residential apartment building on their existing store site at 6228 Penn Avenue South in Richfield.

▶ The former Applebee's in Rogers converted to **EL LORO MEXICAN RESTAURANT**.

▶ **SPYHOUSE COFFEE ROASTERS**, which owns five coffee shops, offers to sell the coffee house to its employees.

▶ It's been 22 years since the **CRYSTAL COURT** inside the **IDS CENTER** in Minneapolis was renovated. IDS unveiled a \$5 million plan to renovate Crystal Court, a 23,000 square foot urban park theme renovation, which will take seven months to complete.

▶ **US BANK** has announced it will close a number of branch locations throughout Minnesota.

▶ Wayzata-based **CRISP & GREEN** is making a national franchise push in 2021.

▶ The Waconia based winery, **SCHRAM VINEYARDS** is expanding into the North Loop in 2021 with AxeBridge Wine Co. with a tasting room.

▶ **ROCKLER COS. INC.**, a woodworking and hardware retailer, recently opened a new concept store in Maplewood that better caters to experts and a growing number of DIYers.

▶ **ARHAUS** has unveiled a new format that specializes in interior design and customization services. They currently have a location at The Galleria in Edina.

▶ **FAMOUS DAVE'S** barbecue franchise is partnering with Bluestone Hospitality Group to open both Famous Dave's ghost kitchens and dual restaurant concepts with the group's Italian brand, Johnny Carino's.

▶ **FIVE BELOW** has joined the fast-growing esports craze and is partnering with Nerd Street Gamers, the national network of esports facilities and competitive gamer events in two locations outside of Minnesota.

▶ **ASCENA RETAIL** has a deal to sell Justice for \$35 million. Maurice's was spun off two years ago from Ascena Retail.

▶ **REI CO-OP** is doubling down on its used gear buyback commitment by opening up pop-ups dedicated to used gear and apparel.

▶ **BED BATH & BEYOND** is in a deal to sell its Christmas Tree Shops.

HAVE YOU SEEN?



Dairy Queen under construction at 101 and 7 in Minnetonka where the Target is.

WELCOME NEW MEMBERS

BRYCE THOMPSON, Mid-America Real Estate – Minnesota, LLC

JACK GULDEN, Great Clips, Inc.

JOHN DREHER, Johnson Financial Group

MEMBER NEWS

CONGRATULATIONS to the MSCA members, and member companies who won awards at the 2020 Minnesota RE Journal Awards on October 1st.

JEREMY JACOBS, Colliers International -
Emerging Leader of the Year

SARA MARTIN, Colliers International –
Real Estate Woman of the Year

UNITED PROPERTIES – *Developer of the Year*

DORAN COMPANIES – *General Contractor of the Year*

WESTWOOD PROFESSIONAL SERVICES – *Engineer of the Year*

Principal **TRICIA PITCHFORD** of Mid-America Real Estate – Minnesota, LLC has been selected as a *2020 Notable Women in Commercial Real Estate honoree* by Twin Cities Business.

KIM MEYER of Cushman & Wakefield has been honored with a *2020 Women in Business* award.

MSCA WOULD LIKE TO THANK OUR 2020 CORPORATE SPONSORS!



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and Electrical Engineers
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Great Southern Bank
Grindstone Construction Services
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Kimley-Horn
Kraus-Anderson Companies
Larkin Hoffman
Launch Properties
The Mandinec Group Landscaping Inc.
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Target Corporation
TCF Bank
Trautz Properties, Inc.
U.S. Bank National Association
United Properties
Weis Builders, Inc.
Westwood Professional Services
Wings Financial Credit Union

REGISTER FOR THESE 2020 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
2020 STATE OF RETAIL	WEBINAR	11/04/20
NOVEMBER THIRD THURSDAY VIRTUAL BINGO	WEBINAR	11/19/20

MSCA WILL CONTINUE TO MONITOR CONDITIONS AND MAKE EVENT UPDATES AS NECESSARY. PLEASE CONTINUE TO CHECK THE CALENDAR OF EVENTS FOR UPDATED DETAILS.

WWW.MSCA-ONLINE.COM/EVENTS/CALENDAR/DATE/2020-11