



MINNESOTA SHOPPING CENTERS: A POSITIVE IMPACT ON OUR ECONOMY



MINNESOTA SHOPPING
CENTER ASSOCIATION

PUBLISHED JANUARY 2011

The Minnesota Shopping Center Association (MSCA) has been an active industry advocate for 23 years. Founded in 1988, MSCA has proven to be an available forum for the exchange of information and contacts for the retail real estate community. MSCA members represent a broad spectrum of industry participants, including owners, retailers, developers, appraisers and vendors.

As shopping centers serve the entire public, the interest of the people of Minnesota are tied to the success of shopping centers. This is why MSCA works hard to advocate for positive change in issues that affect shopping centers.

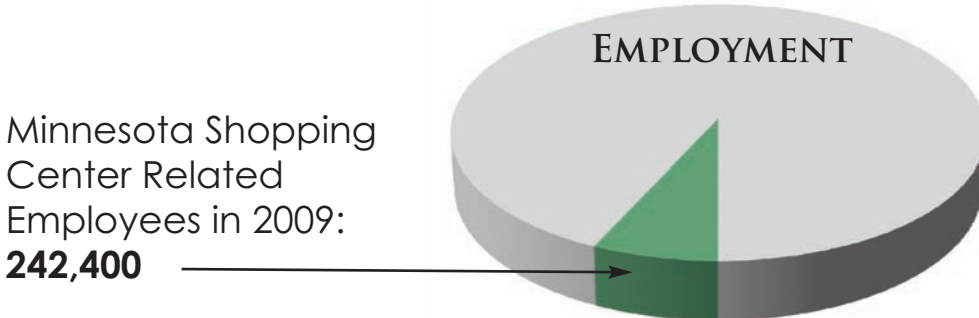
Please join us in promoting a better, more competitive market in which retailers can choose to do business here and in which Minnesotans can find value and comfort.

\$2.1 BILLION
in sales tax paid to the State of Minnesota

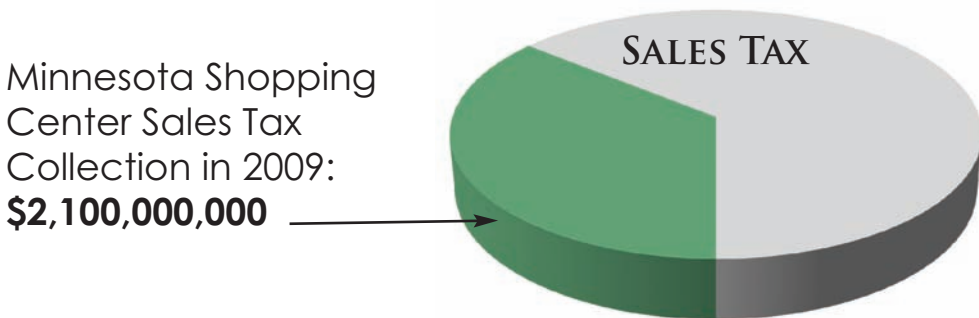
- Directly contributed from the shopping center industry
- MSCA members also paid real estate taxes and payroll taxes

100,500,000 SQUARE FEET OF RETAIL IN MINNESOTA

- Shopping centers create value, convenience and enhance the quality of life in our communities.
- From Regional Malls to Neighborhood Centers, retail is a critical component to any community for commerce to thrive and the livelihood of families.
- Existing retail provides the platform to bring in new retail concepts and businesses to Minnesota.



Total Minnesota Employees in 2009: 2,650,106



Total Minnesota Sales Tax Collection in 2009: \$4,344,000,000

The information published in this report relies on the most recent available data for 2009.

TOP 5 PROPERTY TAX IMPACTS TO MN SHOPPING CENTERS

**\$30.7
BILLION**

**in sales were
generated by
shopping center
retailers in
Minnesota.**

HIGHER OPERATING COSTS

- When taxes increase, operating costs rise for retailers which causes pressure to raise prices or cut workers.
- 242,400 Minnesota residents depend on the shopping center industry for employment.

REDUCED PROPERTY VALUES

- Higher property taxes can put retailers out of business, which increases vacancy rates, which in turn reduces property values.
- Shopping centers account for 100,500,000 square feet of building space in Minnesota.

HIGHER PRICES TO CONSUMERS

- Higher property taxes force retailers to charge higher prices for Minnesota consumers.
- Consumers spend \$30.7 billion with Minnesota retailers.

MAKES SMALL BUSINESS MORE EXPENSIVE

- Shopping center owners and retailers pay a large and increasing amount in property taxes and sales tax every year.
- The high and growing cost of doing business is a deterrent for new businesses and new retail concepts in Minnesota.

HINDER INVESTMENT/DEVELOPMENT

- Higher property taxes inhibit new development and investment and put local retailers out of business.
- Shopping centers and shopping districts are critical components for commerce and families to thrive in any community.

CREATING JOBS & OPPORTUNITY

- Retail shopping center jobs in MN estimated at 242,400 in 2009.
- Provide employment, benefits to hundreds of thousands of MN Families every year.
- Affords growth and development for our citizens at many levels: entry level, managerial, sales, distribution, executive level, etc.

IMPROVING MINNESOTA

- MSCA works with communities to grow smarter and wiser.
- We are a driving force: developed systematic solutions to environmental problems and in enhancing our state's environmental assets.
- Partner with communities to make developments sustainable and aesthetically pleasing.

HEAR WHAT RETAIL PROFESSIONALS ARE SAYING . . .

"Minnesota competes for retail expansion on a regional, national and international level. Commercial real estate taxes negatively impact expansion plans of retailers in Minnesota, reducing operating margins for retailers and passing on additional costs to consumers."

**John Meyers,
Vice President, Real Estate
Development**

**Opus Development
Corporation**

"Rising property taxes will always be a major concern for Minnesota's shopping centers. MSCA also opposes expanding the sales tax to clothing because it eliminates a distinct competitive advantage for Minnesota's retailers. Consumers travel from across the Midwest, and even the world, to visit Minnesota specifically because they can buy clothes here tax-free."

**Peter Berrie,
2011 President**

**Minnesota Shopping Center
Association**

"Our company operates shopping centers in 22 states and despite recent property tax reductions, Minnesota continues to be significantly higher than other states, which burden our tenants with higher operating costs."

**Rollin Hunsicker,
Vice President/General
Manager**

Jones Lang LaSalle

ABOUT MSCA

The Minnesota Shopping Center Association (MSCA) is a nonprofit trade association that was initiated in 1988. MSCA is the largest statewide organization devoted solely to the retail real estate industry. With over 300 companies and 600 members, the association represents developers, shopping center owners, brokers, property managers, retailers, attorneys, architects, appraisers, contractors and all professionals serving the Minnesota real estate industry. Together, the members of MSCA own, operate and manage over **50 million square feet** of shopping centers in our trade area. MSCA offers its members excellent educational and networking opportunities, market research and trends, as well as participation in governmental affairs.

Sources: International Council of Shopping Centers (ICSC), CoStar Realty Information, Inc.; U.S. Department of Commerce; U.S. Department of Labor; Federal Reserve Bank of Philadelphia; The Sales Tax Clearinghouse, ICSC Research, Minnesota Management and Budget, and Minnesota Department of Employment and Economic Development.

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