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FEATURE by [Natina James](#), RSP Architects



# INCONSPICUOUS CONSUMPTION

## CONSUMER & RETAIL TRENDS FOR 2012

Retail trends of 2012 will likely be *inconspicuous*. Retailers will fight for a share of a modest increase in spending of 3.4%, which is slower than last year's 4.6% increase. According to Economic and Revenue Forecast Council, the economic recovery and the retail environment is still challenged by unemployment, housing recovery and the European debt crisis. Consumers will still spend, but become more selective. Spending must equal experience. Purchases take on new meaning, reflecting personal values, and providing comfort. Luxury customers will increase and adapt. They will make smaller and more selective purchases. "Brands are status and products which make us feel important will continue to give us the illusion of safety in an increasingly complex world." Luxury purchases are about how they make you feel rather than what it does to impress or influence others. This might explain the success of retailers like the Buckle – "Best Brands, Favorite Jeans" who have thrived selling \$150+ jeans and other clothing items. Their mission is "to create the

Inconspicuous – **in con spic u ous** [in-kuhn-spik-yoo-uhs] adjective  
 not conspicuous, noticeable, or prominent.

most enjoyable shopping experience possible for our guests." Luxury seekers aren't just after exclusive products, they are seeking richer

experiences. Over a third of luxury consumers in the UK and over 40% in the US say luxury for them is less about extravagance and more about experience. Experiences are the ultimate in inconspicuous consumption.<sup>2</sup>

### How can retailers take advantage of experiential retail and luxury needs?

- Improve perception of speed of service.
- Create "retail therapy" – help the customer feel smarter and better about themselves and their purchase.
- Engage customers – do not rely on technology – people still make a difference.
- Provide intuitive customer service.
- Remove barriers between interest and purchase – i.e. easy to navigate website, adequate parking, clear signage, simple return process. ➔

SNAPSHOT

## SHOPS AT LYNDALE



**Location:** I-494 & Lyndale Avenue South on the Richfield/Bloomington border  
**Owner and Managing Agent:** CSM Corporation  
**Leasing Agent:** Justin Wing & Paul Sevenich, CSM Corporation  
**GLA:** 234,877 sf # of Stores: 16  
**Current Occupancy:** 90% leased and occupied  
**Anchor Tenants:** Newly-remodeled Best Buy, New Ulta Cosmetics, Babies'R'Us Superstore, David's Bridal, Lands' End, Sportmart, PetSmart, Don Pablo's, Boston Market and Einstein Bagels  
**Market Area Served:** I-494 corridor, including Bloomington, Edina and Richfield  
**Additional Facts/Narrative:** Available: Highly visible junior anchor space of 25,449 sf. Exposure to 154,000 vehicles that pass by daily on I-494 and 106,000 vehicles daily on I-35W. 105,000 residents live within a 3-mile radius with an average HH income of \$75,931.  
**Broker Promotion:** The co-broker who brings us a long term lease deal for this junior anchor space will earn an all expense paid, three-day golf trip to Scottsdale, AZ aboard the CSM jet.

## Inconspicuous Consumption - continued

- **Focus – avoid generalization.** According to Forbes, the 100-year geographic trend is broadening and merchandise specialization. General merchandise institutions are few and far between. (Note – do not confuse Target with a “General Merchandiser.” They have differentiated themselves by competitors such as Walmart by creating a destination for the design-minded community, providing more value and perceived “status.”)
- **Marketing efforts must compliment overall company efforts.** For example when the Hedge Fund Eddie Lampert took over Sears, advertising and marketing increased yet money spent on store improvements has not been up to their competitors’ level. They succeeded in bringing in the customer, but failed to provide a clean, fresh retail experience.<sup>3</sup>
- **Change the script.** “In the mundane routines of our lives, experiences that stand out are often those that change the existing scripts. Mini Cooper, for example, replaced the “cheap small car” script with one that leverages the fun aspects of driving a rally car.”<sup>4</sup>

## Top 2012 Experiential themes

- **Toys and games** – outdoor play and board games despite the strength of digital game stations.
- **Pet supplies** – will surpass 12 billion dollar sales mark. Hottest products to include convenience and accessory items for travel and natural products will spur growth. Pets equal comfort in stressful times.
- **Baby Boomer products** – all about the experience. How can you still look and feel young? Brain games, fitness, sound amplifiers, sleep assist devices.
- **Video gaming** – according to Fox News the sales of consoles and game software could surpass 20 billion dollars in 2012. Accessories to provide more personal experiences will help drive sales.
- **Organic Products** – much like luxury items define values so do organics. Offerings will expand into clothing, handbags, bath and body products and other items.
- **Luxury, organic or ethnic themed grocery.**

As I unwrap a slightly conspicuous red-wrapped piece of Cote d’Or (an inconspicuously-priced but luxurious Belgian dark chocolate bar), it’s the perfect time to transition to another affordable indulgent experience - food. During the high point of

the recession, Americans craved comfort food such as roast chicken, soothing meat loaf and mac-and-cheese, unchallenging sushi and the all-American cheeseburger. “Now we’re bored by gastro-nostalgia. Instead we’re demanding new taste thrills and culinary invention.”<sup>5</sup> If we spend money, we expect experience. While national concepts currently have the upper hand with financing and buying power, local eateries have discovered a low-risk experiment – food trucks. Launching a restaurant, after all, can cost hundreds of thousands, if not millions; in contrast, a food truck can get off the ground for as little as \$40,000, according to Richard Myrick, editor-in-chief of Mobile Cuisine Magazine and author of the forthcoming “Running a Food Truck for Dummies.”<sup>6</sup>

Most people are willing to part with \$5-10 to try a fried sushi cheeseburger or banh mi sandwich (traditional Vietnamese-style baguette sandwiches with meat, fresh veggies, and condiments). Minneapolis and St. Paul have enjoyed an explosion of food trucks in the last few years. Operators must be licensed and comply with sanitation regulations. Depending on the City, food trucks may stay at a meter for two hours, but must relocate and not return for another two hours. Until last year, Minneapolis restricted food trucks to Nicollet Mall. They must pledge to be open 150 days a year. While some local businesses find the competition unfair, their success is proven. Profit margins swell to almost 20% compared to typical bricks and mortar restaurants of 3%, according to The National Restaurant Association. Food trucks are an inexpensive way to test a food concept or menu and develop a brand following. Popular concepts in town include Sauce, Bloomy’s Roast Beef, Smack Shack, Barrio, Cupcake and YumMi.

Food trucks are not the only new experience expected for 2012. Other culinary experiences, which will gain momentum according to Baum Whiteman, International Food & Restaurant Consultants, include:

- **World on a plate:** multi-ethnic multi-sensory dining experience where flavors clash on purpose for example – guacamole spiked with wasabi paste.
- **Widening of the “flavor gap.”** National retailers tend to serve the fewest number of items to their customers to save money and increase profits. Independent operators can differentiate themselves by increasing their offerings.

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**Kraus-Anderson Companies**

To be a fully integrated commercial real estate service organization dedicated to serving our customers with a high degree of professionalism and integrity while protecting and maximizing the value of the properties entrusted to our care.

**Oppidan, Inc.**

To be the leading merchant real estate developer of community shopping centers in the Midwest, providing our customers retail space for the lowest possible cost with our open book development approach and processes.

**Robert Muir Company**

To create developments, which are designed and built to become centers of community pride, through innovative and visionary planning, creative use of the highest quality building materials, and exceptional property maintenance.

**United Properties**

To be the leading local and regional commercial real estate investor and developer across property types.

# MSCA CASE STUDY: PENN & AMERICAN REDEVELOPMENT CITY/DEVELOPER COOPERATION IN THE ASSEMBLAGE OF LAND FOR REDEVELOPMENT

## Introduction & Description of Issue

It's 2006, and a developer is interested in redeveloping a vital corner that has been underutilized and whose current use is not consistent with the city's long-range vision for the area. The opportunity presents itself to acquire half of the site, but an operating business on the remainder of the site prevents a simultaneous purchase of all the land needed for the redevelopment. As a result, land needs to be banked and assembled over time. The need for access and infrastructure over two neighboring parcels of land owned by third parties adds to the complexity and risk.

While the city is supportive of the proposed project and developer's vision for the area, its ability to encourage cooperation between landowners is greatly reduced due to a change in Minnesota law limiting the use of eminent domain for private redevelopment. In 2006 the eminent domain law in Minnesota was changed in response to outcry from a United States Supreme Court case concerning the Fifth Amendment to the Constitution. Eminent domain for private redevelopment changed from generally being available in Minnesota to being severely limited, and, in reality, not available.

Further adding to the risk to the redevelopment is that in 2007 a recession began that severely impacted real estate development and a developer's appetite for undertaking complex, multi-phase land assemblage projects. The effects from this recession should shape redevelopment and the amount of risk a developer is willing to assume for the foreseeable future.

The challenge becomes finding a creative solution that is acceptable to the city, keeps the vision for the site intact, and reduces the risk to the developer to a manageable level. With the use of eminent domain for private development no longer practically available, and the effects of a recession impacting a developer's risk appetite, cities will need to adopt flexible, creative approaches to encourage redevelopment in this changed environment.

## Project Description

All of these challenges were faced by United Properties (UP) and the Bloomington Housing and Redevelopment Authority (HRA) in the redevelopment of a higher density, mixed-use project at the southeast corner of Penn Avenue South and American Boulevard in Bloomington. Multiple parcels of land needed to be assembled over time, infrastructure and access needed to be extended over land owned by third parties, and economic uncertainty due to a deep recession made the project financially infeasible without a solution to lessen the risk. Penn & American is a multi-phase mixed-use project of 212 residential apartments, 22 townhomes, and 14,000 square feet of retail space that is being developed by UP and Stuart Co. in cooperation with the HRA. The location of the project is just south of Southtown retail center and across I-494 from the Best Buy headquarters. The site originally contained two established car dealerships and totaled nearly 8 acres.

## Description & Analysis of Solution

The HRA and UP embarked on a public/private partnership with the intent of creating a flexible and patient deal structure, which would minimize the financial risks to both parties, while giving each stakeholder a voice in the major project decisions. Timing of land assembly, lack of access and infrastructure, and a deteriorating economy all contributed to the need for a mutually acceptable public/private partnership. Working on minimizing risks required separate but parallel paths with multiple stakeholders involved each step of the way.

## Land Assembly

In 2007, as a result of consolidation in the automobile industry, the opportunity arose to purchase the first parcel of land needed for the Penn & American redevelopment. However, the timing from a development perspective was not so opportune. The housing industry was in a state of free fall, and retail was sinking. The realities of the economy and need for additional land

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## EVENTS

- Sep 12 **Legislative Focus**
- Sep 20 **Third Thursdays**
- Oct 3 **Finance/Investment**
- Oct 18 **Third Thursdays**
- Oct 23 **Learning Session**
- Nov 7 **Retail Report**

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

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**Curt Larson**, City of Blaine

**Hans Rasmussen**, Robert Muir Company

**Jennie Zafft**, Cousins Properties, Inc.

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**Peter Berrie**, Faegre Baker Daniels

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**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**

#### Newsletter

**Andy McDermott**, Shea, Inc.

**Gregory Brenny**, Fafinski Mark & Johnson, P.A.

#### Program

**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

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## MN MARKETPLACE

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

- **Five Guys Burgers and Fries** opened at 2300 Hennepin Avenue in early September.
- **Rojo Mexican Grill**, a popular full-service restaurant at The Shops at West End in St. Louis Park, will open a new location at Southdale Center in Edina next year. It will be joining these other recently announced new retailers and restaurants: **Subway Café**, **Qdoba Mexican Grill**, **Dairy Queen**, **Panda Express**, **Teriyaki Japan**, **Wasabi Modern Japanese Cuisine**, **Journey's**, **Maurice's** and **Wet Seal**.
- **Roosters** will be opening their third location in the Twin Cities at 1960 Donegal Drive in Woodbury in a part of the former Blockbuster Video (adjacent to Anchor Bank, Famous Dave's, and across the street from Kowalski's).
- **Lush**, the cosmetics company best known for fresh, handmade bath bombs and all-natural creams, is opening a store at 50th & France in Edina. Also opening soon in the neighborhood will be yoga brand **PrAna** and **Yogurt Lab**.
- Craft store **Michaels** will open its 18th Twin Cities store, a 16,480-sf location at The Quarry at the intersection of Stinson Boulevard & Interstate 35W in Minneapolis.
- **Dollar Tree** will open its 48th metro location later this year with a 9,000-sf location at Edinburgh Festival Center in Brooklyn Park.
- **Cost Plus World Market** is making a comeback in the Twin Cities. The California retailer known for its affordable casual home and gift items, as well as foods and wines from around the world, plans to reopen in Roseville and Bloomington.
- **CorePower Yoga** has signed a lease at Bass Lake Center in Maple Grove, which is located at the intersection of Bass Lake Road & Sycamore Lane. CorePower Yoga currently has 10 locations in the greater Minneapolis/St. Paul area.
- **Pro-Cuts** has opened their 11th location in the Twin Cities at Highway 7 & County Road 101 in a piece of the former Blockbuster Video in front of SuperTarget.
- **Pizza Ranch** officially opened its doors for business at 1266 Vierling Drive in Shakopee and marks the 45th Pizza Ranch to open in Minnesota.
- Richfield's **Pizza Lucé** officially opened its doors to the public and features an outdoor patio and bar and can seat 140 inside.
- The owner of **Crave** restaurants said it will convert the former Shinder's building in downtown Minneapolis into an eatery that features a four-season rooftop that can be enclosed by an all-glass retractable roof. The multilevel restaurant, which will be at the corner of Eighth Street & Hennepin Avenue, will be called **Union**. It is expected to open in November.
- **Neiman Marcus** in downtown Minneapolis will close in July 2013.
- After renovating the former Circuit City building, **Charming Charlie** can now call Maple Grove its new home. The fashion jewelry and accessories retailer opened its doors at 11501 Fountain Drive North next to **HomeGoods**.

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# Blaine Minnesota USA



*Your Opportunity is Here!*

## Population Growth

4th Fastest  
in the Metro

2000 Census	2010 Census	Increase
44,942	57,186	12,244

## NEW Housing Units

3rd  
in the Metro

2001-2011	5,939
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## NEW Housing Units

4th  
in the Metro

2012 (thru July)	210
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## Employment

6th  
in the Metro

2000 2nd Qtr	2010 2nd Qtr	Increase
17,434	20,509	3,075

## MEMBER PROFILES

### Drew Johnson

CSM



**What is your primary career focus?** Development & Acquisitions.

**What is your secret talent?** Woodworking.

**What is the one word that describes you?** Diverse.

**What was the first car you owned?** 1984 Ford Escort – Beirut edition (didn't really own, just long term borrow from my Grandma).

**What would you rather do than go to work on Monday morning?** Run Lake Calhoun with dog (Henry), then big breakfast at Egg & I.

**When you were a kid, what did you want to be when you grew up?** Bush Pilot & Hunting Guide.

**What was your very first job?** Caddie at Minikahda.

**Who are/were your mentors?** Keith Ulstad, Dr. Alan Hume.

**What are your favorite place(s) that you have travelled to?** Alaska and Loire Valley, France.

**How long have you been an MSCA member?** 7 years.

### Richard Jahnke

Sunbelt Business Brokers



**What is your primary career focus?** Assisting business owners navigate the process of buying or selling small to medium size businesses.

**What is your secret talent?** Playing the guitar.

**What is the one word that describes you?** Versatile.

**What was the first car you owned?** Ford F150 Pickup with 3 on the tree.

**What would you rather do than go to work on Monday morning?** Ski in back bowls at Vail.

**When you were a kid, what did you want to be when you grew up?** Rock n' roll drummer.

**What was your very first job?** Dishwasher at Perkin's restaurant.

**Who are/were your mentors?** Edward J. Paster.

**What is your favorite cereal and why?** Honey Nut Cheerios. Breakfast of champions.

**If you were an animal, what would you be and why?** Manta Ray. I love to snorkel in the ocean and see the awesome beauty of the sea life.

**What are your favorite place(s) that you have travelled to?** Backpacking in the Grand Canyon. Cinque Terra-the Italian Riviera.

**How long have you been an MSCA member?** Since 1995.

## MEMBER NEWS

Tony Barranco, a MSCA member/director, has been promoted to Vice President of Development at Ryan Companies US, Inc.

## NEW MEMBERS

### Ryan Peterson

Weis Builders, Inc.

### Matt Brumbaugh

First Base Investments

### Vernon Swing

RLK Incorporated

### Anders Ulness

U.S. Bank

### Jeffrey Haug

U.S. Bank

### Adam Schlosser

Marcus & Millichap

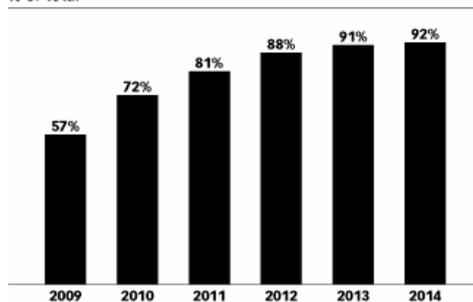
## STATS:

### Social Networking Use in Marketing

SMALL TALK

Nearly nine in 10 US companies with at least 100 employees will use social networks for marketing activities this year, eMarketer estimates.

**US Companies Using Social Networks for Marketing Purposes, 2009-2014**  
% of total

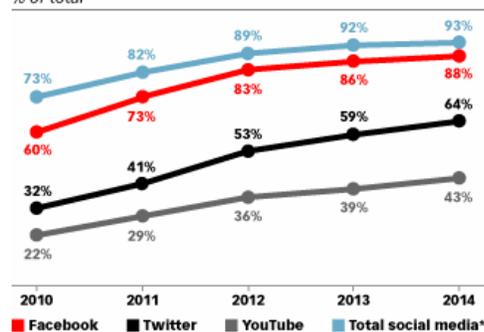


Note: companies with 100+ employees; includes use of any of the proprietary public-facing social network tools for marketing purposes  
Source: eMarketer, Aug 2012

Source:

<http://www.emarketer.com/Article.aspx?R=1009273&ecid=a6506033675d47f881651943c21c5ed4#4o1toom7FeO17pzw.99>

**US Companies Using Select Social Media Sites for Marketing Purposes, 2010-2014**  
% of total



Note: companies with 100+ employees; includes use of any of the proprietary public-facing social media tools for marketing purposes on Facebook, Twitter or YouTube; \*includes blogs, microblogging, photo- and video-sharing, podcasting, ratings and reviews, social games, social networks, virtual worlds, widgets and applications, wikis, etc.  
Source: eMarketer, Aug 2012



## MALL OF AMERICA - 20TH ANNIVERSARY OF FUN

**M**SCA was fortunate to have Dan Jasper and Kurt Hagen, both from Mall of America (MOA), present a current status of the MOA as well as a history and a forecast of what we can expect to see in the future at this site.

Groundbreaking took place on June 14, 1989, and the doors were opened on August 11, 1992. On opening day, 150,000 guests streamed through the doors to experience this one-of-a-kind prototype. Since then, things have never stopped evolving.

Today MOA is the most visited attraction in Minnesota. It has \$2 billion positive economic impact for Minnesota annually, it is 96% occupied and has annual sales of over \$1 billion. In 2011, sales increased by 10% and traffic by 3.5%. MOA has 42 million annual visitors averaging approximately 109,000 a day, and is most definitely a tourist mecca hosting visitors from Europe, Asia, Canada and South America. Since its opening, there have been special flights from these foreign countries to MOA for the simple purpose of shopping and experiencing this attraction.

MOA attributes its success to keeping the property fresh and unique, a strong marketing and public relations effort, and continual reinvestment from the owners. Some of the investments that the owners have made are Nickelodeon Universe, Moose Mountain Adventure Golf, East Broadway and South Avenue. The owners also supported improvements and additions that include SEA LIFE Minnesota Aquarium, Dick's Last Resort, the Rick Bronson's House of Comedy, Sky Deck Sports Grille and Lane and Cantina #1 to the 4th floor.

The Mall of America hosts 400 events with 100 celebrities each year. Some of these events include the Diana Exhibit, the Girl Scouts 100th anniversary and the August 11 Beer Fest and Birthday Celebration.

In addition to those already mentioned, attractions at the Mall of America include the American Girl Store, Lego, A.C.E.S. Flight Simulation and the Theatres at Mall of America. Speaking from experience, there is something for everyone.

And now it is time to grow. Radisson Blu, an upscale hotel concept currently found only



**Speakers left to right**  
*Kurt Hagen, Senior Vice President of Development, Mall of America*  
*Paula Mueller, Northtown Mall/Glimcher Properties (moderator)*  
*Dan Jasper, Vice President of Public Relations, Mall of America*

in Europe and Africa, is currently under construction just south of the mall. Set to open in March 2013, it is the only hotel attached to the Mall of America. In an effort to decrease congestion at Lindau Lane and IKEA, the mall will funnel the Lindau Lane traffic into a tunnel under the future mall expansion that will improve traffic at this junction. Once that is complete, the developers will do a phased development of the old Metropolitan Stadium site. The initial phase will include a medical office building, hotel and retail shops. Additional phases will focus on customers not currently being served.

### AUGUST 2012 PROFESSIONAL SHOWCASE



Cutting Edge is an all-inclusive outdoor services property maintenance company specializing in retail properties, ensuring they look their best year round. They ease the job of property managers and owners by combining your vision with their industry knowledge to realize your properties full potential.

When was the last time you went to the Mall of America to experience all of the new attractions?

### EVOLUTION OF THE RETAIL REPORT

by [Michael Broich](#), Target Corporation

This year, the Research Committee has been working on a new structure for the retail report, which has traditionally been produced and delivered at the November MSCA meeting. While the final retail report format is still being refined, the decision was made to replace the previous once-a-year published format with a new section on the MSCA website.

This website's new research section will contain the commentary/market narrative articles that were in the report. However, these articles will be able to be updated more frequently (twice a year to start), so they are more relevant. The research section will also contain the report's property listings, which we anticipate will be updated continuously. Finally, the research section will contain links to other websites and documents that we hope will organize information for our members in a useful way.

These changes are being made to meet the members' expectations about the usefulness and relevance of the retail report given the various alternatives available today, especially on the internet. The November program will remain largely unchanged—it will continue to have engaging speakers and the "shopping cart race" trivia contest. As we continue to explore the various options, if anyone has any questions or suggestions, please contact [Karla Keller Torp](#).

**MN Marketplace** - continued from page 4

- **Sedona Skin Spa** is scheduled to open in September at Mendota Plaza. The spa has one location in Edina. This will be their second location.
- **The Lynn on Bryant**, the new restaurant under construction in the Patina building at 5003 Bryant Avenue South, is slated to open early October. The menu is still under development, but it will offer takeout lunches for commuters on the way to work, as well as family dinners to-go. The dine-in area will split into formal and casual spaces with seating for 58.
- **Hardee's** recently announced a five-year expansion plan that will increase its Minneapolis/St. Paul-area presence from 21 locations to 80.
- **Starbucks Coffee** is opening in mid-September at Dunkirk Shopping Center in Maple Grove and will be located next to **Valvoline** and **Freeziac** near Dunkirk Lane & County Road 30.
- **Cherry Berry** has signed three new leases in Lakeville, at Cahill Avenue in Inver Grove Heights, and at Red Wing Plaza in Red Wing.
- **The Barbershop** signed a lease at Eagan Town Centre in Eagan.

**Inconspicuous Consumption** - continued from page 2

- Ethnic foods bring innards and oddities to the mainstream. Tongues, gizzards and tripe begin appearing as appetizers or main dishes (I've actually tried tripe at Izakaya Zen Box - an "authentic Japanese comfort" specialty.)
- Locally brewed craft and exotic beers, such as Japanese or Korean, will gain followings.
- Routines change - early drinking, late night dining.
- Korean foods take off - Kimchee, Bulgogi, kal bi, bibibap.
- Southeast Asian flavor - ranging from coconut milk to sweet chili sauce.
- Non-traditional pickles will enliven typical menu items with multicultural pickled vegetables and fruits such as Mexican peppers, ginger, yuzu, smoked paprika and anise.
- Unusually flavored miniature or single serve desserts - pomegranate berry or English butter toffee.

Inconspicuous indulgences or experiences outside of our typical daily routines can provide us with security, comfort and enjoyment. Retailers and restaurateurs can capitalize on these trends. My indulgences include trading a weekly lunch out for two or three lattes or cappuccinos at my favorite coffee shop or enjoying the "fifth" food group - chocolate. What are yours?

- 1 <http://www.retaildoc.com/blog/12-retail-trend-predictions-for-2012/>
- 2 <http://luxurysociety.com/articles/2010/05/the-future-of-luxury-in-a-recession>
- 3 <http://www.forbes.com/sites/timothysiegel/2011/04/06/trends-in-retail/>
- 4 <http://www.fastcodesign.com/1665344/7-steps-for-creating-disruptive-new-retail-experiences>
- 5 <http://www.baumwhiteman.com/2012trends.pdf>
- 6 <http://www.minnpost.com/cityscape/2012/07/amid-complaints-chefs-keep-food-truckin>

## PROTECT YOUR PROPERTY

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## MY MSCA COMMITTEE CHANGES by [Paula Mueller](#), MSCA President

They say “change is the only constant”—never more true than this year at MSCA! The MSCA leadership is committed to constantly improving the quality of and quantity of networking opportunities, as well as the way in which we communicate with you, our members, and our most important asset. To that end, we have made the following changes:

**TECHNOLOGY and MSCA CARES COMMITTEES** – We are grateful to the many talented and dedicated members of our Technology and MSCA Cares committees.

The Technology team helped our staff transition from our dated website to the new and greatly improved interactive website you see today. From content and design, to testing and troubleshooting, the Technology Committee has provided invaluable input in our effort to provide you with the best online MSCA experience possible.

The “Big Hearts” award goes to the members of our MSCA Cares Committee, who worked hand-in-hand with our staff and MSCA Board to launch The Caring Tree as an independent entity and integrate new charities into our organization.

Both committees, with their “missions accomplished,” will dissolve. We look forward to capitalizing on the skills of the former members of these committees as they transition to new committees. Thank you again to the members of the Technology and MSCA Cares Committees!

**NEW NETWORKING COMMITTEE** – Networking is the heart and soul and the key to the success of our organization. Therefore, our staff is forming a Networking Committee. It will be the mission of this new committee to brainstorm on new and innovative ways to increase the wealth of face-to-face opportunities for our members. We look forward to the official launch of this committee in January 2013.

It is my privilege to lead an organization full of such exceptional professionals. As a committee member myself, I feel that I have received much more than I have given—another great “perk” of MSCA membership. I invite you to join a committee, and deepen your MSCA experience. Contact 952-345-0452 for committee information, or log onto [msca-online.com](http://msca-online.com).

## Expert Services to Keep Your Business Moving During Snow Fall Season

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## Penn & American Case Study - continued

(encumbered by an operating business) did not allow for immediate redevelopment to occur. UP had no interest in land banking an expensive parcel, without assurances that it could obtain the remaining land and approvals needed to complete its proposed project. Despite this, both the HRA and UP realized this was probably the one opportunity to obtain ownership of the key parcel needed. UP didn't want the financial burden without more assurances. The HRA had the cash available, but wanted a seat at the table for all major decisions. The result was a coordinated plan that would alleviate the financial strain to the developer, while still providing the timing necessary to proceed with the rest of the land assembly.

The plan progressed when UP purchased the first car dealership (Parcel 1) in August 2007. UP subsequently sold Parcel 1 to the HRA for consideration that included a combination of cash, secured loan, density requirements, and master development rights over the proposed project. With the key piece of land off the market, and Parcel 1 off its balance sheet, UP could proceed with the purchase of the second car dealership (Parcel 2) in January 2008. Parcel 2 was encumbered by an operating business for an additional 18 months, but timing was no longer an issue, since UP and the HRA had a plan in place.

The strategy employed by the HRA and UP accomplished a win-win scenario for both parties. With the HRA holding the land, carrying costs were minimized to the developer and the risk of continuing to plan the project became more manageable. UP received master development rights over the project in exchange for a commitment to certain density requirements and overall project value upon completion. This gave the HRA control over its land investment, as well as a seat at the table in seeing the vision for the corner realized. Both parties committed to renewable deadlines that allowed planning to proceed under a realistic timeframe given the struggling economy. Flexibility was a key component.

### Access and Infrastructure

In addition to the land assembly, access and infrastructure were key components to successfully redeveloping the corner. The city and developer had multiple and varied objectives for access and infrastructure needed for both the project and larger area. To meet both the city and developer objectives, a new road (80 1/2th Street) had to be constructed through adjacent parcels with separate third party ownership. The HRA and UP were tasked with convincing these property owners of the benefit of transferring land for the access necessary for the project to proceed. Luckily the adjacent property owners were both established real estate companies, who could see the long-term benefit of increased density and investment next door. However, the land transfer for access came with a cost. The city used additional cash to obtain the land and easements necessary. They also recommended the adjacent parcels for a higher density rezoning, while still allowing a drive-thru (nonconforming use) to continue operating in the rezoned area. With agreements in principle on multiple land swaps, transfers, easement vacations and creations, the HRA and UP were able to obtain the land necessary to construct the new access road and utilities to the property and in 2009,

construction of 80 1/2th Street commenced, and access to the subject property was obtained.

Extending the infrastructure necessary for the project to advance required cooperation from multiple stakeholders, including the city public works department, the county, and adjacent land owners. Any of these parties had the power to stop the project in its tracks. The strategy employed by the HRA and UP was to work together in obtaining the required agreements from these stakeholders. Both parties used their pocketbooks, vision, and influence to satisfy each stakeholder's requirements, without compromising the overall vision for the new project.

### Results, Recommendations or Practice Points.

With the availability of eminent domain severely limited for private redevelopment, and the realities of the economy, cities and developers need to foster a spirit of cooperation in order to implement redevelopment projects requiring the assembly of multiple parcels. One way to cooperate is for cities and developers to share the risks and responsibilities of the redevelopment with both being stakeholders with a voice in the redevelopment. Cities can purchase and hold property. Developers can contribute services for rights to the redevelopment. In this changed environment, redevelopment to create vibrant urban communities requires patience, cooperation, flexibility and a visionary approach between cities and developers. Without this cooperation, redevelopment will be stagnant. Areas will remain underutilized and cities will be unable to carry out their redevelopment vision. These issues will only increase as the building stock ages and people turn back to the core for urban housing options.

*Disclaimer: UP was represented by Lindquist & Vennum and the Bloomington Housing and Redevelopment Authority was represented by Fredrikson & Byron.*

## THIRD THURSDAYS

**Next Meeting: Thursday, September 20, 2012**

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

**Where: Dunn Brothers Coffee** - Plymouth (3195A Vicksburg Lane) **AND Brix Coffee (formerly Sati Coffee)** (572 Commons Drive)

**Member hosts: David Eddy**, Prescription Landscape and **Ryan Burke**, Kraus-Anderson Companies

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

**When:** Third Thursday of every month from EITHER 8:30–9:30 am or 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.