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# news

Volume 18, Number 9

September 2004

## Feature

# Lifestyle Center Turns One Year Old! A Unique Experience

by Christopher M. Naumann, KKE Architects, Inc.

It is a summer afternoon in Minnesota and a man is sitting on a park bench overlooking a courtyard filled with flowers. The shade provided by an overhead trellis is just enough to keep the glare off his book, which he just purchased at the corner bookstore. Since his two teenagers are enjoying pizza and a movie down the street, he now has as chance to relax and read. A cup of coffee that he grabbed from a nearby coffee shop will keep him settled as he awaits his spouse, who is shopping the boutiques that line the block.

He looks forward to dining on an outdoor patio of a nice, nearby restaurant later in the evening.

This is the experience of a visitor to the Shoppes at Arbor Lakes, a unique 411,000 square foot lifestyle center located in the bustling northwest suburb of Maple Grove, Minnesota. Developed by partners Opus Development and RED Development, the center represents the first of a new type of retail format for Minnesota, and this month, it is celebrating the first anniversary of its grand opening.

*Lifestyle Center continued on page 2*

## Snapshot

# Egret Plaza

**Location:** SE corner of Radisson Road (2 miles north of 109th Avenue) and Cloud Drive in Blaine, Minnesota

**Opening:** Currently under construction – to be completed Fall 2004

**Developer:** Oakwood Land Development

**Leasing Agent:** Anita D. Johnson, AJ Commercial Real Estate, Inc. (763) 502-8500

**Architect:** Rosa Architectural Group, Inc.

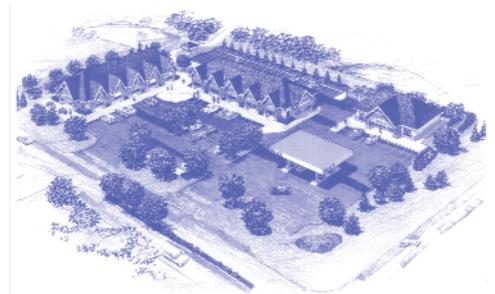
**Construction Contractor:** Daily Construction

**GLA:** 12,500 square feet

**# of Stores:** Approximately 8

**Anchor Tenants:** Mobil Gas Station/Convenience Store

**Market Area Served:** Blaine



**Construction Style:** Wood frame building with block, brick and stucco. Gable roof.

**Additional Facts:** Tenants dream come true. New construction with rates under \$20 p.s.f. in Blaine. It's a gold mine. Situated next to "The Lakes" residential development with 3,700 homes, and across from the TPC golf course with 750 existing new homes. Average household income is \$92,972 for 1-mile radius, \$75,213 for 3-mile radius. \$16-19 psf net rent and estimated CAM/tax is \$3.00 p.s.f. Minimum bay size is 1,250 s.f and up to 6,250 s.f.

## Lifestyle Center Basics

A lifestyle center is an open-air retail format that allows for high concentrations of small boutique stores and entertainment venues. The format tends to shy away from big box retailers and traditional department store anchors to focus instead on unique retailing environments. Although it is currently a hot concept in the retail industry, the idea is not new. Open-air centers have been common in the American south for decades. However, the label “lifestyle center” was tagged to high-end open-air centers in the late 1990’s by developers who began to evolve the concept. By today’s definition, a lifestyle center is a format that offers a diverse grouping of retail options, in a pedestrian friendly, open air-environment. Typically, these centers have great amounts of building design and detailing, and offer amenities that create truly unique shopping experiences.

From a developer’s point of view, lifestyle centers are becoming extremely desirable formats to pursue. They cost considerably less to develop and operate over time when compared to a traditional regional mall, yet they still generate top rents when compared to malls in similar markets. According to the International Council of Shopping Centers, an average person who shops at a lifestyle center spends approximately \$84 per hour while the typical traditional mall customer only spends \$58 per hour. Lifestyle-center sales average \$298 per square foot vs. traditional malls’ average of \$242 per square foot. These facts, combined with lower CAM costs that are typically found with lifestyle centers, make lifestyle centers more desirable locations from a tenant’s perspective. From a consumer’s point of view, lifestyle centers provide a wider variety of retailing options. These centers support both quick shopping trips and full-day excursions in one location. This added convenience and unique experience make the lifestyle center format the best overall destination for many consumers.

## Brief History of the Shoppes at Arbor Lakes

Over three and a half years ago, Opus Northwest LLC began plans for its next project in Maple Grove. They proposed a high-end retail center for 55 acres of

property along I-94. Opus then forged a partnership with lifestyle center specialists RED Development, and hired a design team led by KKE Architects, Inc. and Damon Farber and Associates. The team embarked on an intense design process that yielded a plan with eight retail buildings connected by a street system that flanked a grand courtyard. This courtyard contained a mix of gathering spaces and landscapes. Medium box tenants provided some retail anchors on the center’s perimeter along with traditional outlots. The center would be tied to an existing movie theater and a neighboring regional commuter park-and-ride station.

Just over a year and a half later, on September 12, 2003, The Shoppes at Arbor Lakes conducted its grand opening. The center, although not fully complete, was over 80% leased and featured many national retailers, some opening their very first stores in the market. The center also offered a mix of unique local operators who added a level of retail diversity not found with any other establishments in the region.

The lifestyle concept had finally arrived in Minnesota, but not without controversy. Some critics called the center a suburban “fake-town” with no real sense of place to draw retailing energy. Others doubted the potential of the open-air concept for the Midwest; exalting the inclement winter weather Minnesota faces and how it would have a negative impact on shoppers.



## One Year Later

During the course of the past year, the Shoppes have generated much debate, but how have they lived up to expectations? According to Scott Michaelis, general manager of the Shoppes at Arbor Lakes, the center is surpassing projections. Although this past year’s exceptionally cold and snowy winter months did affect performance, as it affected most all retail centers during the same period, the center

experienced strong sales over the holidays. The figures generated in the spring and summer months were surprising. According to Michaelis, sales from the month of March were nearly as strong as sales from the holidays, and the month of June exceeded March sales figures by as much as 20%. These figures prove that a lifestyle center format can thrive, even in a cold weather climate.

Besides the strong sales, the center has also experienced strong tenant occupancy, with 90% occupancy expected by the end of this year without any tenant turnover. The center just opened Gymboree and expects to open GAP, and the restaurant Biaggi’s later this fall. Its outlot development is also finishing with concepts Boston Pizza under construction and the upscale Granite City Brewery is now open for business.

According to Michaelis, the center is also having a tremendous impact on the community, drawing patrons from beyond the expected trade area, including communities as far south as Minnetonka, Plymouth, and Wayzata. Out-state travelers have also been visiting as they travel the I-94 corridor, not only shopping at the Shoppes, but also filling hotels and bringing business into the city of Maple Grove.

It seems that shoppers aren’t the only ones who have noticed the new center. Just before Christmas of last year, only four months after opening, Opus sold the Shoppes at Arbor Lakes to The Prudential Insurance Co. of America for a sum of \$87 million, or \$211 per square foot. Opus purchased the land for \$15 million in 2002 prior to development.

The lifestyle concept has certainly arrived into the Minnesota landscape with a roar. The concept has been so successful that another center is already being proposed for the east metro by the same developers. Given the success of the Shoppes at Arbor Lakes over the past year, there is no doubt we will be seeing more of these retail formats in the future. ■

Do you know what “**Micropolitan Statistical Area**” is? It is a new government designation describing and acknowledging that smaller growth towns located between larger metropolitan cities along the nations highways and byways. These micropolitan towns attract business, retail and housing and need to be identified and tracked.

# Market Update

## Fargo-Moorhead

by Jon and Ross Dahlin, Itasca Funding Group, Inc.

Led by a pro-business tax climate and strong employment growth in healthcare, education, agriculture, and insurance, the Fargo-Moorhead metropolitan area continues to be a robust market for the retail industry. With a population of nearly 180,000, the Fargo-Moorhead area is large enough to attract the interest of every major retailer from around the world.

One just has to travel in and around the West Acres Mall to see what exists, and the potential for additional development. "Being the only regional mall in town has many benefits," according to Bradley Schlossman, owner of West Acres. "We are basically 100% leased, and every retailer who can't find space in the mall wants to be right next to us." Recently bankrupt Kay-Bee toys is the only vacant space in the 950,000 s.f. mall. West Acres is one of the very best regional malls in the entire US in terms of sales per s.f., attracting customers from over a 100 miles radius, nearly 600,000-person trade area.

Many big box and strip centers have developed in the area around West Acres. Recent big box developments include: Home Depot, Lowe's, Sam's Club, Gordman's, Scheel's (announced). Gander Mountain, Sportsman's Warehouse, and Wal-Mart expansion to Wal-Mart SuperCenter are all under construction. Multi-tenant developments include: The Colonnade, Pioneer Center, Times Square, and 45th Street Marketplace adjacent to Home Depot. Three major sporting goods retailers are building new facilities around West Acres at the same time. Plans also call for a 150,000 s.f. power center next to the Home Depot within two years. Infrastructure upgrades along 13th Avenue South and 45th Street South with a new interchange at I-94 have alleviated congestion in the shopping area. With many commercial

land parcels still available, expect this area to continue to be the premier location for new retailers to enter the market.

13th Avenue South connects West Acres with downtown Fargo, and is the main commercial strip in the city. Downtown is undergoing a renaissance, according to a recent Los Angeles Times article. Many new independent shops, restaurants, and residential developments have sprung up near and along Broadway Street, which recently completed a nine million dollar upgrade. During the past four years, nearly 80 projects on 35 city blocks have undergone redevelopment.

It has been a challenge for over 20 years for the City of Moorhead to re-establish South Moorhead as a strong retail/commercial node. While the five-year-old Brookdale Shopping Center, anchored by a 66,000 s.f. Sunmart Foods grocery store, is well occupied, the redevelopment efforts for the old Holiday Mall site in the northeast quadrant of I-94 and South 8th Street may well have been overly ambitious. To date, the developers have completed a new Marriot Courtyard Hotel; several pad developments and a two-story ±125,000 s.f. retail/office building. The second story office space is mostly filled, but the first floor retail space is languishing and likely will be very slow until the development attracts some major retailers.

The east side of Moorhead along Highway #10 is the second largest concentration of retail space in the Fargo/Moorhead market. Wal-Mart, Target, Kmart and Cash Wise Foods all located here to intercept the traffic from Detroit Lakes, Park Rapids and other areas of northwestern Minnesota. The retail activity remains strong, but there has been little expansion since Slumberland and OfficeMax built stores approximately five years ago. ■

### Search Me

Access America at [www.accessamerica.org](http://www.accessamerica.org) is a U.S. Chamber of Commerce program initiated to help access to capital markets for women and minority business owners. Access America also facilitates strategic alliances and investments for these entrepreneurs.

### U.P.C. Bar Code Turns 30

The U.P.C. bar code celebrated its 30th birthday this summer. The first U.P.C. bar code was scanned on a pack of Wrigley's chewing gum at a Marsh Supermarket in Troy, Michigan. The U.P.C. bar code was developed to speed up the checkout process and eliminated the need for manual pricing, which resulted in lower-priced items.



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## It Takes a Village: The Department 56 Story

by Albi Albinson, Architectural Alliance

Inspiration for Department 56 was born one Christmas Eve when a group of friends marveled at the quaint, snow-covered country inn they were visiting for dinner, imagery spurring conversations about memories the tiny town had evoked. The idea for a smaller scale, lighted Christmas village was discussed that night. Soon after, in 1976, the first products were displayed in Bachman's, which used a numbering system to identify each department and the wholesale gift imports division was identified as Department 56. Enormous success followed.

Headquartered in Eden Prairie, Department 56 has become a leader in the giftware, collectibles and holiday decorating industry, and is best known for their handcrafted lighted villages, Snowbabies figurines and extensive lines of holiday and home decorative products. Historically the emphasis has been on winter scenes such as the Snow Village, Dickens Village, New England Village, Alpine Village and North Pole Series.

More recently there has been a broadening of themes to encompass the entire year, including Halloween, Easter, Independence Day and Valentine's Day to name a few. In addition, everyday cultural icons, such as Krispy Kreme and Caribou Coffee can be found in their stores.



Currently there are six retail flagship stores. The first three built are in Mall of America, Downtown Disney in Anaheim and Desert Passage in Las Vegas. In 2003, Architectural Alliance was retained to develop a new brand image for their stores, and has developed a new design that has been realized in three new stores, including

Florida Mall in Orlando, Water Tower Place in Chicago and Pier 39 in San Francisco. There are plans to open more stores in selected locations as the appropriate opportunities present themselves.

Design-wise, Department 56 presented the challenge of creating a totally flexible environment that would showcase their merchandise while providing a sense of journey through the space. A serpentine pathway leading to the back of the store, reflected in a similar ceiling treatment, multiple dioramas of product collections, a centralized cashwrap and a uniform fixturing concept provides the desired flexibility for their product groupings and display. An architecturally detailed arched loggia design along the perimeter walls creates a consistent rhythm of bays to display the various collections. The fixturing provides integrated power capabilities and allows for variety in the assemblage of displays to properly reinforce the desired brand image. ■

[www.department56.com](http://www.department56.com)

## September Member News

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



### New Stores at Burnsville Center

Burnsville Center announces the addition of three new stores, Presents, Corda-Roy's and All Rustic, to the center's tenant mix.

"We are very excited to bring three new concepts in to the center," said Lisa Foss, Burnsville Center Marketing Director. "We believe our customers will enjoy these fun specialty stores." Also scheduled to open this Fall is a 5,700 s.f. Ann Taylor Loft store, which will be one of the largest in Minnesota.

### Steiner Completes Chanhassen Retail Center

Steiner Construction Services has completed a 10,000 s.f. retail center at

7860-80 Century Boulevard in the Arboretum Business Park in Chanhassen. Tenants include CB Styles, Subway and Metro Karate.

### Griffin to Market Best Buy's Woodbury Store

Best Buy has recently selected Griffin Companies to market for lease their 35,250 s.f. store in the Shoppes of Woodbury Village on Valley Creek Drive in Woodbury. Best Buy is vacating the store to move to a new store in the Shoppes of Tamarack, a retail center being developed in Oakdale. Shoppes of Tamarack is expected to open in April of 2005. The Valley Creek Drive location will be available for occupancy in spring of 2005 as well.

### KKE Working on Nicollet Plaza

KKE Architects, Inc. is working with Opus Northwest, LLC on Nicollet Plaza, a mixed-use project located in the Heart of the City redevelopment at Nicollet and East Travelers Trail in Burnsville. The development includes a 20,000 s.f. office/retail building, an 83,000 s.f. retail center anchored by Cub Foods, and 233 units of housing. Construction will start early this fall with a projected summer 2005 completion date. ■

### Directory Update Correction:

The phone number for Robin Keyworth, Keyworth Company should have been listed as (612) 377-6774.

# Program Recap

## Home Furnishings Industry



by Peter Berrie, Faegre & Benson LLP

The home furnishings industry has become increasingly fragmented with competition among traditional furniture stores, department stores, general merchandisers (Target/Wal-Mart), specialty niche stores (Pier 1/Crate & Barrel), home shopping, limited-access stores (Costco), and even non-furniture specialty stores, such as Ann Taylor and Eddie Bauer. Alvin Wight, President of Strategic Decisions, a home furnishings market research and consulting firm based in Thomasville, Georgia, spoke at the MSCA August 3rd program about current trends in the home furnishings industry.

### Changing Consumer

Over the last ten years, the typical home furnishings consumer has changed dramatically. Presently, more couples are involved in the decision-making process, although 70% of decisions are still made by women. Because consumers are now more time-constrained, they look for more convenience and “one-stop shopping.” Consumers want to get in and out quickly when buying furniture.



Presenter Al Wight stands with program moderator, Tom Madsen

The most important age segment for furnishing sales is the 35-54 age group, but with our population aging and more people buying second homes, the 55-62 age group is becoming more important. This trend will only increase because of the anticipated huge transfer of wealth through inheritance, which is typically received by older adults. A major challenge of home furnishing retailers is convincing people to become more fashion-oriented about their furniture, and to replace it more often based on style and trends, rather than if it is worn-out or broken.

Even though spending has been helped because of high national housing sales, consumer spending on home furnishings is less over the last ten years (0.97% in 1994 to 0.91% in 2003). Also, the percentage of sales from furniture stores has been declining (from 78% in 1994 to 73% in 2003) with warehouse clubs and general merchandisers becoming more popular places to buy furniture and home furnishings. Part of this trend results from consumers' indifference to the origin or manufacturer of products.

Today, consumers are motivated by quality, selection (size of store and types of style, but also specialty stores with lots of choices), convenience and service, perceived “value”, and immediate gratification (i.e. same-day delivery).

### Retailer Perspective

Like the cliché, home furnishings retailers are concerned mostly about location, location, location. Visibility and exposure are important because consumers won't stop if they can't perceive from the street a store's large selection. Furniture retailers also want compatible retailers to increase floor traffic. Grocery stores typically do not generate traffic for furniture stores, but clothing stores, with similar target markets as the furniture store, do generate traffic.

In the top 100 national furniture retailers, the following are based in the Twin Cities: Gabberts, HOM, Room & Board, Slumberland and Select Comfort. Wight believes that the recent addition of IKEA will not have a big effect on the local market, but that it will attract many buyers at the lower end of the market, especially younger and trendy shoppers. Wight sees many growth opportunities in the Twin Cities metropolitan area for existing strong furniture retailers, special format/trendy stores like Room & Board, accessory stores, single brand specialty stores, and home furnishing centers, centers that including many specialty stores like a tile store or kitchen store.



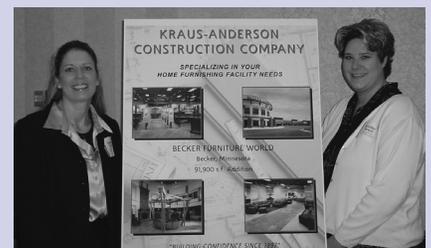
MSCA President, Mike Sims, congratulates Brooke for her winning t-shirt design for the 2004 Caring Tree Campaign. Brooke was recognized at the August program and received a back-to-school prize pack valued at over \$300.

### August Program Co-Sponsors

**Benson-Orth Associates, Inc.** provides general construction and design/build services for a wide array of clients in the retail, multi-family housing and manufacturing sectors, and is one of the leading general contractors in the home furnishings industry. Tom Madsen and Tom Osterberg are pictured.



**Kraus-Anderson Construction Company** specializes in providing general construction, design/build and construction management services, facilities planning and management, and small project expertise. Jennifer Parent and Natalie Price are pictured.



# Committee Profile

## The Caring Tree Board

**Officers:** *President – David Stradtman*, SuperValu, Inc.; *Vice President – Michael Sims*, United Properties; *Secretary – Deb Garvey*, Garvey Communications; *Treasurer – Whitney Peyton*, CB Richard Ellis

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**Staff:** *Karla Keller Torp*, Executive Director; *Stephanie Salo*, Associate Director

The Caring Tree 2004 Board of Directors has been making strategic improvements to the back-to-school program that was created by the Minnesota Shopping Center Association in 1993. As you may have noticed, The Caring Tree has changed its name (formerly Caring Tree Foundation) and updated its mission statement: *The Caring Tree promotes education success for Minnesota's K-12 students in need by ensuring that they have the appropriate school supplies.*

As more educational cuts rampage our schools, required school supply lists

lengthen and families struggle with layoffs and job loss, many Minnesota children find themselves ill-prepared to return to school. The 2004 back-to-school Campaign has ended at participating shopping centers, Herberger's/Youngers stores and Cub Foods, but The Caring Tree continues to accept bulk school supplies and financial contributions to assist students in need. Visit [www.caringtree.org](http://www.caringtree.org) for more information on how you can participate. Look for The Caring Tree's 2004 program results in the MSCA October News. ■

## Retail Sales Bounce Back in July as Parents Prepared for Back-to-School

Consumers took a breather in June but were back in the stores in July, shopping at general merchandise, sporting goods and furniture stores. "The strength of July sales demonstrates that June's weakness was simply a blip on the radar," said National Retail Foundation (NRF) Chief Economist Rosalind Wells. "July's sales indicate that retailers are clearly poised to benefit from healthy back-to-school sales."

July retail sales released by the U.S. Commerce Department showed that total retail sales rose 0.7 seasonally adjusted over June and increased 7.1 percent unadjusted year-over-year. "Not only is July a transitional month, it is a clearance month," said NRF President and CEO Tracy Mullin. "Apparel has been so strong this year that, by July, there was not much merchandise for clothing stores to mark down."

Back-to-school final sales will not be in until the end of September. The NRF is forecasting sales growth for 2004 to grow 6.0 percent over last year.

# Member Profile

## Wendy Aaserud



**Occupation:** Commercial Property Manager

**Primary Career Focus:** Retail Property Management

**Company:** Madison Marquette Realty Services

**Title:** Senior Property Manager

**Hometown(s):** Ramsey, MN and Brooklyn Center, MN

**Education:** A.A.S. in Law Enforcement, North Hennepin Community College

**Family:** Husband, Dave and Sons, Ryan (19) and Adam (15)

**Hobbies:** Travel, dancing and reading

**Job History:** Madison Marquette since 1995; Prior ten years in the Multi-Housing industry

**Very First Job:** Burger King and Dayton's Ticket Office

**Dream Job:** Current Position (I love real estate!)

**Favorite Food:** Italian and most desserts

**MSCA Involvement:** MSCA Board of Directors; Community Enhancement Committee Co-Chair

### Bookmark

*The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life* by Thomas W. Malone sketches out what your work life may be like in the near future, whether you are ready or not. He extrapolates from historical patterns and trends in the present world of business to discover what the future may hold.

## 2004 Schedule of Events

Our monthly program meeting date is the first Wednesday of the month (with the exception December). All meetings will be held at 8:00 a.m. at the Sheraton Bloomington Hotel unless otherwise noted or publicized before the program. Program topics and location are subject to change.

**October 6** – Mall Focus: Calhoun Square

**November 3** (Afternoon) – Annual Retail Real Estate Report

**December 7** (Tuesday Evening) – Year End Ceremonies/STARR Awards/Holiday Party



# Thank You!

## Featured Corporate Sponsors



### The Collyard Group L.L.C.

**Industry Focus:** Mixed-use land development including medical, retail, restaurant and entertainment brokerage.

**Company Vision:** To perpetuate the equation that Competency plus Performance equals the Success of Client and Company.

“MSCA provides us with critical educational updates salient to the industry, as well as a platform for networking and business camaraderie.” *Gary Collyard*

### Faegre & Benson LLP

**Industry Focus:** Faegre & Benson offers the largest team of lawyers serving the Minnesota real estate community.

**Company Vision:** Service and responsiveness. Named among the top U.S. law firms for client service two years in a row.

“We have a long and successful relationship with MSCA, including both the organization and its members. They’re a valued client and a major face for the economy in our region.” *Richard Forschler*

### J.L. Sullivan Construction, Inc.

**Industry Focus:** Design/build, general contracting and tenant improvements.

**Company Vision:** To provide outstanding commercial construction expertise and service which exceeds our customer’s needs and expectations.

“MSCA presents an excellent forum for understanding our clients needs and building long-term relationships.” *John L. Sullivan*

### M & I Bank

**Industry Focus:** The Bank’s commercial real estate group primarily focuses on construction and term loans.

**Company Vision:** Full-service commercial bank with significant emphasis in commercial real estate lending.

“We value the time spent with our customers and friends, as well as the opportunity to meet new people. MSCA also enables us to keep abreast of changes in the industry and market.” *Mark Johnson*

### Oppidan, Inc.

**Industry Focus:** Grocery/big box retail community center development.

**Company Vision:** 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.

“MSCA provides a link to our customers, industry peers and continues to provide us insight on the Minnesota retail industry.” *Jay Moore*

### Ridgedale Center

**Industry Focus:** We operate more than 150 properties encompassing retail, office, research and development, and industrial space in 22 states.

**Company Vision:** To improve the quality of life in communities where we operate, provide people in the Company with opportunities for fulfillment, and produce financial results that will reward those who invest with us.

“MSCA provides us with information that is relevant to our industry. The programming and networking opportunities are outstanding.” *Laurie Paquette*

## Around the Marketplace

### Retail Tidbits



compiled by **Tim Hilger**, Diversified Acquisitions, Inc.

- **Target Corporation** has a definitive agreement to sell the 257 **Mervyn’s** store chain to an investment group for \$1.2 billion. The investment group consists of **Sun Capital** (the Musicland buyers), **Cerberus Capital Management** and **Lubert-Adler and Klaff Partners**. Their plans are to operate the retail business and close only the poor performing stores. **May Department Store** closed on the purchase of the **Marshall Field’s** in July. May also owns **After Hours Formalwear**, **David’s Bridal**, **Gary’s Tux Shop**, **Gingiss Formalwear**, and **Priscilla of Boston**.

- The **Connecticut Supreme Court** ruled that commercial landlords can restrict noncommercial speech inside their shopping centers. Similar rulings have been decided in **New York, Pennsylvania, Minnesota** and other states according to the ICSC’s **Xtra** publication.
- Traditional children’s retailer **OshKosh** is expanding its customer and product base by adding a chain of “family lifestyle stores,” offering clothes for the entire family. **Maple Grove, MN, Colorado Springs, Co., Marietta, GA, Plano and Southlake, TX** are the first stores of this new concept.

OshKosh anticipates 14 stores by year end and 25 additional in 2005.

- A court-appointed special master decided in favor of the **Ghermezian** family in their dispute with **Simon Property Group** in the ownership interest and management of the **Mall of America**.
- **Lunds** and **Byerly’s** became the first Midwest supermarket to gain organic certification for its produce departments and produce distribution center. The program is called **Living Wise**.

## TIDBITS *continued*

- **Simon Property Group** announced that they are purchasing **Chelsea Property Group** for \$3.5 billion. Chelsea operates 60 outlet malls in the U.S. and Japan, including the **Albertville Premium Outlets** in Albertville, MN.

- **Standard and Poors**, the U.S. leading credit and bond rating agency, reported that through midyear 2004 its has had the fewest number of companies it has given “junk” status to their credit ratings. Only 13 companies, with a combined \$11.5 billion in outstanding debt, have been downgraded to “junk.”

- Reports from the **Bureau of Labor Statistics** and the **Manufacturers Alliance** indicate a strong economic recovery is occurring. Great news for retailers. The Bureau of Labor Statistics reports shows that a large number of jobs have been added in top paying jobs like construction, medical and professional. The largest losses have been in mid to lower end of the pay spectrums, such as assembly and other

jobs that can be moved to lower cost locations. The manufacturing survey was the most positive in the last 30 years.

- The “**Wife Acceptance Factor**” is forcing manufactures to address the design aesthetic factors for “big ticket” household items, including vehicles, adult toys, electronics and other items. Women have become a vital decision contributor for the purchase of these household items, and manufactures are acknowledging this in their product designs.

- **Dick’s Sporting Goods** is acquiring **Galyan’s Trading Company** for \$362 million. Dick’s has 216 stores and Galyan’s has 47 stores. The purchase should be completed by October 2004.

- **Applebee’s**, the fastest growing chain of casual dinning, announced they are now targeting small markets, which their primary competitors have ignored.

- **Pier 1** reported that first quarter same store sales fell 1.8% due primarily to heavy discounting, however, total sales increased 7.3%. Total sales were less than revised

company projections. The new Tom Filicia (Queer Eye for the Straight Guy) TV ads, have not delivered customers the way actress Kristie Alley’s TV promotions did. Pier 1 announced that they would reduce the SKUs in each store, cut prices and start a store manager-training program to drive sales.

- **Wal-Mart** announced that by the end of 2005 it will have approximately 19 distribution centers and 850 stores equipped with radio frequency identification tags (RFID).

- **JCPenney** reports that 40% of its fashion sales are in its private label brands. As a result, the retailer is putting more marketing emphasis into its private brands as a fashionable, edgy and affordable.

- **AMC Entertainment** is selling its 232 **AMC Theatres** chain to **JP Morgan Partners and Apollo Management** for \$2 billion. **Lowe’s Cineplex Entertainment** was recently sold to another three partner investment group for \$1.5 billion. Industry insiders are speculating both chains could expand and be sold again in a few years.

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