



## Off-Campus Housing after the Peak



By Rebecca Collins

This year, millennials in America reached an important milestone: according to the U.S. Census Bureau, they now outnumber baby boomers. And as more millennials (defined as those born between 1981 and 1997) turn 18 and enter college, the need for housing at universities and colleges across the nation has soared. Add to this an influx of international students who come to study in the U.S. – up 40% over the past decade – and many developers saw an opportunity to build off-campus housing that catered to the needs and lifestyles of students.

In Minnesota, this trend particularly holds true at the University of Minnesota (UMN), where construction of new rental properties has boomed over the past several years. From 2010 to the beginning of 2016, 2,734 new units have

opened near campus. According to Gina Dingman, president and director of NAI Everest, opportunities for new development adjacent to the university's campus is now past peak and the market is experiencing a lull as new inventory is absorbed. Currently, there are just 440 additional units under construction, although another 1,066 are in the planning stages. "To a large degree, the market got overbuilt about 18 months ago," Dingman said. "Some of the local owners sold their properties and portfolios but there is still demand from buyers. Properties built in the previous academic year have been absorbed, but not all of those newly available for the 2015-2106 academic year have been able to fill 12-month leases and are moving to 9-month leases." She noted that the market seems particularly soft right now for the more luxury properties that are \$2/square foot or more.

Opus Development Company completed three projects near the UMN cam-

Housing  
to page 16

## Minnesota Micropolitans Investment and Real Estate Summits kick-off in Minnesota's number one ranked micropolitan Alexandria Minnesota.

By Tim Fisher, Taconia/KW

Minnesota Real Estate Journal along with Taconia Inc./KW Commercial will be holding an inaugural real estate investment summit in Alexandria May 20th at 8:00 AM at the Arrowwood Resort Hotel and Conference Center. Fortunately for me, I lived in Alexandria for nearly 30 years, raised a family, built

three homes on local lakes, started several businesses and for a brief time was a commercial realtor. I feel I know Alexandria and understand why it was voted the number one Micropolitan in Minnesota.

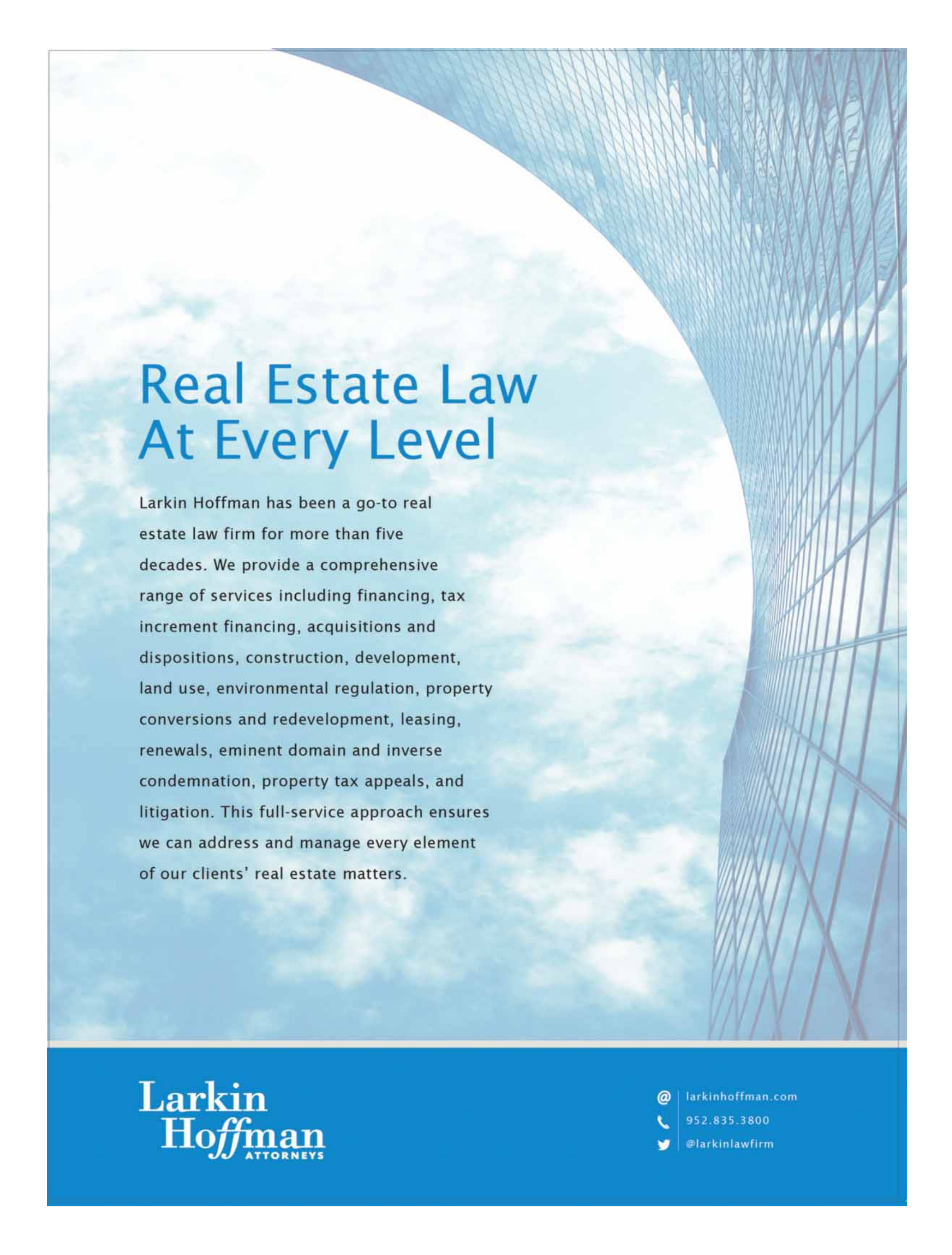
There is a specific segment of the real estate market we all need to take note of and that is the Micropolitan Cities. According to the US Census Bureau, "a micropolitan area contains an urban core of at least 10,000 residents but less than 50,000 in total popula-

tion." Typically, micro areas are small towns located in largely rural counties well outside the boundaries of metropolitan areas. In the state of Minnesota there are eighteen specifically identified metropolitan who in essence have their own unique economy and may have unique investment opportunities.

In Minnesota eighteen Micropolitans have been chosen for the Who's Who list and Alexandria Minnesota

Micropolitan  
to page 18





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Contents

APRIL 2016 • VOLUME 32, NUMBER 4



Departments

PEOPLE	4
NEWS	6

Minnesota Real Estate Journal (ISSN 08932255)  
Copyright © 2016 by the Minnesota Real Estate Journal  
is published for \$85 a year at 12 times per year by Jeff  
Johnson, 13700 83rd Way North, Suite 206, Maple  
Grove, MN 55369. Monthly Business and Editorial  
Offices: 13700 83rd Way North, Maple Grove, MN  
55369 Accounting and Circulation Offices: Jeff Johnson,  
13700 83rd Way North, Maple Grove, MN 55369 Call  
952-885-0815 to subscribe. Application to mail at Peri-  
odicals postage at Maple Grove, MN, and additional mail-  
ing offices (if applicable). For more information call: 952-  
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- 1
- INDOOR WATERPARK? MOVIE-THEMED AMUSEMENT PARK? BENSON-ORTH GENERAL CONTRACTORS HELPING TO BRING THE FUN TO TWIN CITIES SUBURBS
- MINNESOTA'S DORAN COMPANIES: WHAT IT TAKES TO BE NAMED CONTRACTOR OF THE YEAR



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Publisher | Managing Editor  
Jeff Johnson  
jjohnson@recg.com

Associate Publisher  
Jay Kodytek  
jkodytek@recg.com

Consulting Editor  
Dr. Tom Musil  
tamusil@stthomas.edu

Conference Manager | Art Director |  
Graphic Designer | CE Specialist  
Alan Davis  
adavis@recg.com

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**People**
**Knutson Construction  
Announces Stephanie Riach  
is Promoted to Office  
Manager**

Knutson Construction, a leading builder in the Twin Cities market, announces Stephanie Riach has been promoted to office manager. Riach started with Knutson in October of 2006 as project assistant. Prior to this promotion, Riach has also worked as a senior project assistant and project engineer, assisting on high profile projects including: Fairview Southdale Hospital Emergency Center expansion, Riverside Plaza renovation, Hazelden Betty Ford Foundation's St. Paul campus expansion, and Park Nicollet Frauenshuh Cancer Center and parking ramp.

"Stephanie has a strong track record of performance in each of her roles. Her knowledge of our people and processes, her positive attitude, and her experience as a project engineer and project assistant will all contribute to her success as our new office manager," stated Lance Hornaday, Knutson's Minneapolis general manager

**30 Year AEC Veteran  
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a National Scale**

Will Jensen, AIA new Director of Integrated Project Delivery brings more than 30 years of real estate and AEC experience to Wenck and our clients.

"Will's experience as a builder of large scale vertical and horizontal developments, his award winning planning and design work as an architect, and his real estate repositioning and development experience will be an asset to the Wenck organization allowing us to provide real integrated value to our clients," said Joe Grabowski CEO, Wenck. Vice President, Bill Brown adds, "Will's expertise with integrated project delivery coupled with our full-service, in-house design, engineering, environmental, water resources, construction, and emergency response experts enhances our ability to meet all of our clients' national and international needs across all of our market sectors." "I experienced the amazing work of the scientists and engineers at Wenck in several of my past

projects; innovative thinking coupled

with practical applications executed at light speed and I thought ... This is not your typical firm!" said Jensen.

Wenck's robust range of services combined with our integrated project delivery process allows us to build real business critical value for our clients. Each client is unique and the real estate solutions we provide significantly improve their organization. We take the time to understand their brand, culture, and internal processes. Then we examine all opportunities and challenges; and serve as their key collaborator through the real estate process as we design, plan, build, and service their facility needs to meet the business critical metrics they require. Prior to joining Wenck, Will held leadership roles in several nationally recognized AEC firms. He has led holistic integrated project delivery for major multi-national industries, commercial developers, and retailers.

**TWIN CITIES POWERHOUSE  
CBRE TENANT REP TEAM  
ADDS TALENT FROM  
MADISON, WISCONSIN**

CBRE Minneapolis announced today the firm has hired Kevin Anderson, one of Madison, Wisconsin's top young brokers, to join its global corporate services group led by Tad Jellison and John Lorence.

Specializing in corporate tenant representation for CBRE, Jellison and his top producing team completed nearly 2.5 million square feet of transactions in 2015. As Senior Associate, Anderson will join the four-person team of Executive Vice President Jellison, Senior Vice President John Lorence and First Vice President John Nigon.

Prior to joining CBRE, Anderson served as Vice President at Cresa Madison where he focused on tenant representation, corporate solutions and strategic real estate planning. While at Cresa, Anderson was well known for his work with start-up technology firms and emerging companies in the Madison area such as Performance Gateway, Fetch Rewards and GrocerKey. Other notable clients include Kraus-Anderson Construction, Summit Credit Union, MSA Professional Services and Thorne Research.

"We're fortunate we were able to recruit a talent like Kevin from a com-

petitive firm in a nearby market," said Jellison. "Much of our team's growth focus has been working with emerging tech firms so Kevin's experience in the industry will be invaluable to both our team and our clients."

Anderson is a graduate of the University of Wisconsin-Madison with a bachelor's degree in Real Estate & Urban Land Economics and Entrepreneurship.

Though Anderson has been active in the Madison commercial real estate market for more than three years, he is a Twin Cities native.

"I jumped at the opportunity to move back to my home state and transition from the top tenant representation team in Madison to the top tenant representation team in the Twin Cities," Anderson said. "Tad, John and John have already done an incredible job of representing some of the largest companies in the Twin Cities. I hope to build on their reputation and success by growing our market share in the industry and providing the same level of service and expertise that our clients have come to expect."

**Cushman &  
Wakefield/NorthMarq  
Announces Promotions**

Cushman & Wakefield/NorthMarq, the largest commercial real estate services provider in Minneapolis-St. Paul, has promoted five employees to director-level or higher positions. The promotions spanned across the company in different service lines/business units.

The following employees were promoted:

- Julie Samuelson, Vice President – Facilities Management
- Patrick Hamilton, Senior Director – GIS & Analytics
- Charlotte Lundquist, Marketing & Communications Director
- Wendy Schuman, General Manager

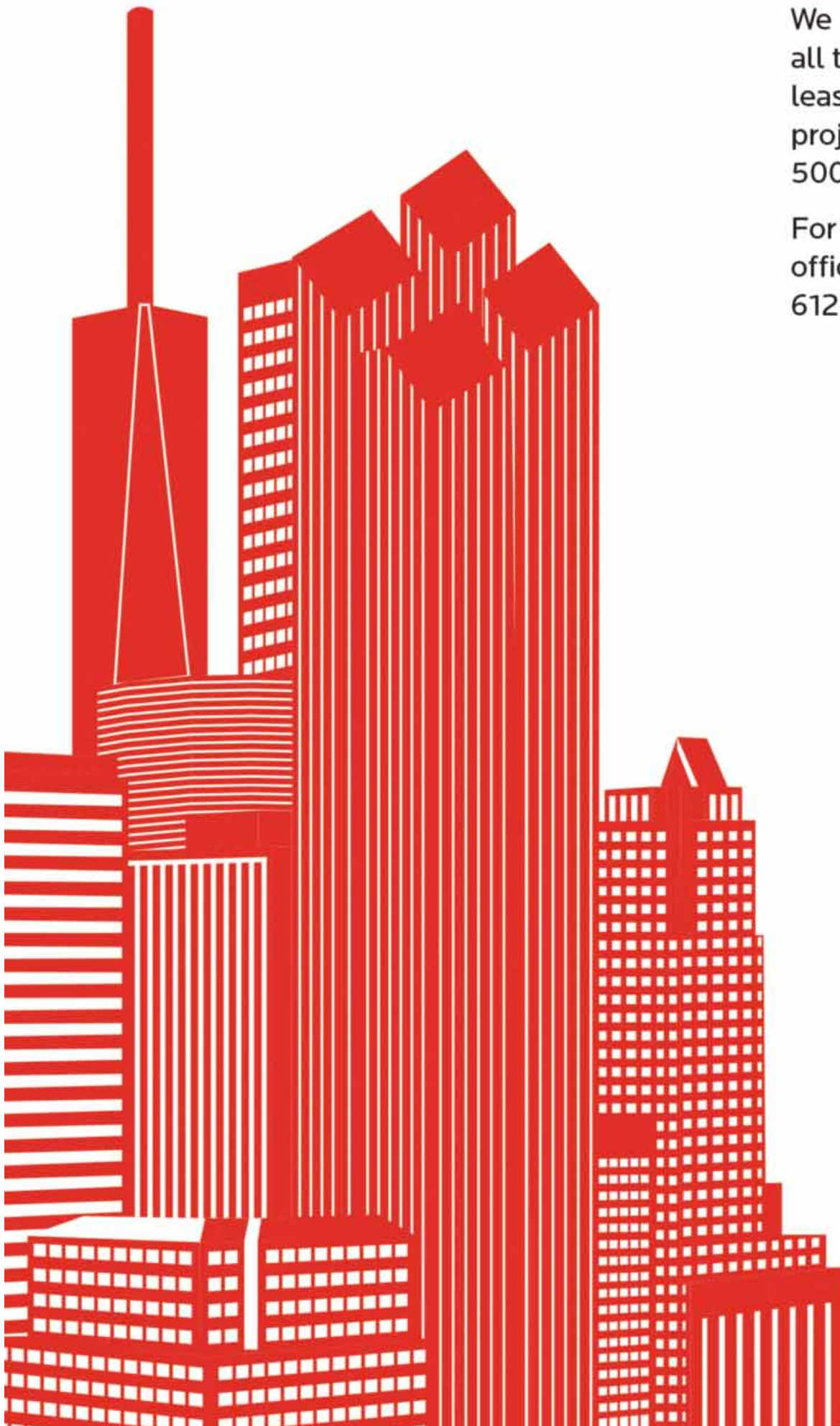
"I congratulate each and every one of these employees on their great work and look forward to their future contributions to our company," said Jeff Eaton, President-Cushman & Wakefield/NorthMarq. "Thanks in large part to the contributions of these individuals; we continue to provide market-leading service to our clients, community and industry."

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## News

### Cushman & Wakefield/NorthMarq Completes Sale of Fully Leased Lakeville Shopping Center

Cushman & Wakefield/NorthMarq (www.cushwakenm.com) Director Leah Maurer represented the previous owner in the sale of the Lakeville Retail Center, a fully leased neighborhood shopping center near Interstate 35 in Lakeville, Minnesota.

The 9,500 sq. ft. center is fully leased, with tenants including Caribou Coffee, Subway and Park Dental. The building sits on the northeast corner of Kenwood Trail and 175th Street West, about a block southeast of I-35. The sale closed April 22.

"Lakeville Retail Center's size and leasability are superior to competing centers, and combined with the existing tenant line-up, this center effectively out-positions all nearby unanchored strip centers," said Maurer. "This asset represents stable cash flow, steps in ten-

ants' rent and a location in a well-established, yet growing retail area."

### HISTORIC COLONIAL WAREHOUSE BUILDING IN MINNEAPOLIS' NORTH LOOP SOLD TO THE EXCELSIOR GROUP

CBRE Capital Markets announced today it has sold the Colonial Warehouse in Minneapolis' North Loop neighborhood to a JV partnership including The Excelsior Group.

The Minneapolis-based Capital Markets team of Steve Buss, Ryan Watts, Sonja Dusil and Tom Holtz sold the property at 212 Third Ave. N. on behalf of a private owner. The five-story, 203,000-square-foot brick-and-timber building was built in 1885 and has been renovated into creative office and retail space.

"Investors show continued desire in the neighborhood, recognizing the North Loop's ability to attract millennial workers and demonstrating the growing investor demand for creative office space," said Sonja Dusil, First Vice President.

Demand for office space in the North Loop has driven the vacancy rate to 6.3 percent, the lowest in the metro.

Colonial Warehouse was 87 percent leased at the time of the sale. Current tenants include Moose & Sadies coffeehouse, destination retailer Martin-Patrick3, digital ad agency Space 150 and the nonprofit Center for Energy and Environment.

Though the building has been renovated to reflect trends in the marketplace, the design is authentic to the historic neighborhood and building with solid brick walls, exposed timbers, wood floors and high ceilings.

### Marcus & Millichap ARRANGES THE SALE OF a 3,290-SQUARE FOOT NET-LEASED PROPERTY

Marcus & Millichap (NYSE: MMI), a leading commercial real estate investment services firm with offices throughout the United States and Canada, today announced the sale of Arby's Restaurant, a 3,290-square foot net-leased property located in Superior, Wisconsin, according to Craig Patterson, Regional Man-

ager of the firm's Minneapolis office. The asset sold for \$2,050,000.

Sean Doyle, Matthew Hazelton, Cory Villaume and Adam "AJ" Prins, investment specialists in Marcus & Millichap's Minneapolis office, had the exclusive listing to market the property on behalf of the seller, a limited liability company. Todd Lindblom, Broker and Regional Manager of Marcus & Millichap's Milwaukee office, assisted in closing this transaction.

Speaking with Mr. Hazelton, "This property generated multiple offers in and outside the region. It ultimately sold to a Wisconsin based investor who was involved in a tax-deferred exchange. This transaction is another great example of continued investor demand for well-located properties occupied by tenants on long-term leases."

Arby's Restaurant is located at 3821 Tower Avenue in Superior, Wisconsin.

### Ryan Companies US, Inc. and Star Exhibits Break Ground On New Star Exhibits Headquarters

Ryan Companies US, Inc. and Star

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612 876 4602 | [ross.munson@bakertilly.com](mailto:ross.munson@bakertilly.com)

**Jeffrey DeYoung, CPA, MST, Partner**  
612 876 4760 | [jeffrey.deyoung@bakertilly.com](mailto:jeffrey.deyoung@bakertilly.com)



Accountants and Advisors



Exhibits broke ground on the new Star Exhibits office headquarters located within the 610 Zane Business Park at the intersection of Hampshire Avenue and 93rd Avenue North in Brooklyn Park. Situated on 13.3 acres, the 200,800-square-foot, one-story building will include a combination of office, design, production, and warehouse space along with an outdoor patio with seating and a fireplace. The project is scheduled to be completed by December 2016.

"Star's new headquarters is truly an opportunity for us to create an environment that has been designed with our clients' needs in mind," said Mark Johnson, CEO and President, Star Exhibits. "It provides the unique space needed for us to best serve our clients at the high level they have come to expect, while still being able to bring that personal touch into all that we do, for both today and into the future!"

To mark the start of the construction project, executives and employees from Star Exhibits, Ryan Companies, CBRE, and Hagen, Christensen & McIlwain Architects (HCM) gathered at the proj-

ect site for a ceremonial groundbreaking event on April 4, 2016. In the attached photo from left to right: Eric Yager, Project Manager, Ryan Companies; Mark Johnson, CEO and President, Star Exhibits; Chuck Caturia, Senior Vice President, CBRE; Casey Hankinson, Vice President of Development, Ryan Companies; Liz Berres, Architect, HCM Architects; and Roger Christensen, Architect, HCM Architects.

"It's a privilege to partner with a company like Star Exhibits. We're so happy they saw the value that Ryan could bring to their new headquarters as well as the amenities, immediate access and visibility that 610 Zane offers," said Casey Hankinson, Vice President of Development, Ryan Companies. "We couldn't be happier to have Star as a part of what is quickly becoming the premier business park in the metro area."

Ryan is providing development, architecture & engineering, and construction services. Ryan A+E, Inc. is the architect of the exterior building while HCM Architects is designing the interior space. Cushman & Wakefield and

CBRE are providing brokerage services.

Ryan's 610 Zane Business Park is a mixed-use development encompassing 160 acres in Brooklyn Park. In addition to the Star Exhibits facility, Ryan is building a Hy-Vee grocery store complex on the northeast corner along Highway 610 and Zane Avenue North. The complex will include a main grocery store with a full-service Market Grill restaurant and bar inside. A separate liquor store would be attached. Ryan plans seven additional buildings on the site including commercial, retail, office, and warehouse space as well as high-tech commercial manufacturing.

### Dougherty Funding LLC closes \$11.7 million loan for Iowa City Pheasant Ridge Apartments

Dougherty Funding LLC has closed an \$11.7 million first mortgage acquisition loan for Iowa City Pheasant Ridge Apartments, a 248-unit affordable multifamily property located in Iowa City,

Iowa. Ninety-three percent of the units are affordable and are covered under a Project-Based Section 8 Housing Assistance Payment contract. The Project was originally constructed in 1971 and recently had nearly \$700,000 in improvements, including new furnaces, roofing, kitchen cabinets, counter top replacements and new appliances. Financing was arranged for Iowa City Leased Housing Associates II, LLLP. Dougherty Funding LLC serves as lead lender and servicer for the loan.

### United Properties and new development partners JMI Realty and Greystar unveil new design for Gateway development in downtown Minneapolis

Iconic five-star hotel involved in project design as discussions continue

United Properties and its new project partners, JMI Realty and Greystar, unveiled a new design for the mixed-use Gateway development at Third Street and Nicollet Mall in downtown Min-

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neapolis at a Downtown Minneapolis Neighborhood Association meeting.

The project is still in the concept planning stages but will soon move forward to the City of Minneapolis review and approval process, which is expected to take place during the remainder of 2016.

Changes that were unveiled on Tuesday include:

The tower has expanded to 35 floors, which will result in a total building height of approximately 530 feet, including a new architectural spire.

The approximately 164 luxury apartments will have an average size of 1,700 sq. ft.

The top two floors will be comprised of penthouse units.

JMI, the hotel partner, is targeting a 300-room, five-star hotel that will include meeting space, a 10,000-sq.-ft. state-of-the-art ballroom, luxury amenities and 7,500 sq. ft. for a world-class restaurant.

“Our hotel partner, JMI, is in active discussions with Four Seasons and we believe they would be a great fit for this

project,” said Bill Katter, president and chief investment officer for United Properties. “While the discussions are ongoing, we are doing all that we can as a development team to make this the most attractive site for a five-star hotel like Four Seasons to enter the Twin Cities market. This would be a stunning addition to Minneapolis – and one that we believe would be warmly embraced by the community.”

Katter added that the overall project would be “a tremendous addition to the City of Minneapolis and a major leap forward for the north side of Nicollet Mall.”

The Gateway development additionally incorporates street-level retail and three levels of below-grade parking for up to 575 vehicles. It will be connected to the greater Minneapolis skyway system through the Minneapolis Central Library, and is a key link between the Minneapolis Central Business District (CBD) core and the transition to the Warehouse District/North Loop across Hennepin Avenue.

JMI Realty, a national hotel devel-

oper, and Greystar, a leader in the investment, development and management of rental housing properties, are well-known firms with successful projects on both U.S. coasts.

“We are very pleased that, along with our new project partners, we have been able to bring this project forward with a stunning new design that can fulfill the iconic vision we shared with the City of Minneapolis when we were selected in 2015,” said Katter. “Our new partners JMI Realty and Greystar have brought forward an outstanding mixed-use project that increases the stature of Minneapolis as a world-class city.”

“We are excited to be a part of this fantastic, skyline-changing, mixed-use development,” said Greg Clay, president of JMI. “A five-star hotel with 'super luxury' residential units will expand an already impressive cultural and culinary scene, and will provide an option that does not exist today. This project has the potential to be a true landmark and THE gateway to downtown.”

“Greystar is excited about the oppor-

tunity to collaborate with United Properties and JMI on this best in class iconic mixed-use development in the heart of downtown Minneapolis. Bounded by Hennepin, Washington and Nicollet Mall, this site is a true Gateway location as a connection of the CBD to the warehouse district and riverfront, and enjoys unparalleled access to many of the City's most notable cultural, business, entertainment and recreational assets,” said Gary Wallace, managing director of development for Greystar. “For those seeking the excitement of living in the bustling Minneapolis' CBD, we look forward to pursuing a high-quality residential development complemented by the services and experience of a five-star hotel.”

The Gateway project team includes:

United Properties, the Twin Cities leading developer; Greystar, the nation's largest operator of apartments; JMI Realty, a national luxury hotel developer; and ESG Architects, principal design firm.

News  
to page 22



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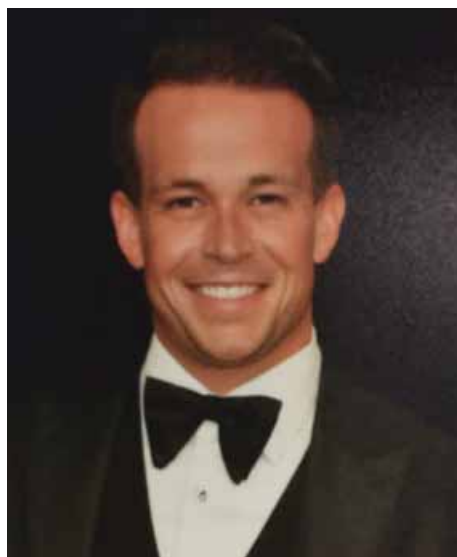
# Insurance owes you an apology...

By Jason Wilsey, Willis Towers Watson

Watching the role of insurance advisor evolve to somewhat of a dancing peddler, the noisy, distracting methods used by the industry is forcing insurance into commoditization, and frustrating its policyholders. Following some the basics listed in this article will restore your confidence in managing risk, buying adequate insurance and seeing the value of your investment when you experience a loss. Protect your time and invest in advisors that understand the necessity of price, but lead with improving your insight.

"I'm supposed to notify you when my fire protection system is down for testing"? Annoying, frustrating, and expensive... all immediate descriptions of how many property owners describe insurance. Fire, theft, vandalism and new concerns like riots, active shooter and property under construction all pose threat to your property or business, resulting in little or no indemnification, further growing the distaste for insurance and those that provide it.

"Process over product": Depending on your property schedule (multi-fam-



Jason Wilsey

ily, industrial, hospitality, commercial), a multitude of insurers compete with varying appetites for any and all property types, however, absence of a process typically leads to the frequent traps of the low premium "bait and switch".

**What is important when creating a simple and realistic insurance process for your property?**

**1. Know your numbers:** Construction costs have steadily climbed since

2009 and must be reflected in the schedule of values presented to your insurer. Confirming you have reached an "agreed amount" with your insurer validates you are adequately insuring to the replacement cost value of your property. Annual review of your property schedule along with business income/extra expense values with a trusted advisor aid in keeping your values current with your actual replacement costs.

**2. Blanket Coverage** – Should you have multiple properties, securing "blanket" coverage assures that you have full access to the total insurable value for the entire portfolio available at any property location suffering a loss. Serving as a financial cushion should a loss exceed the scheduled value at any one location, additional limit is immediately available.

**3. Flood is more than the rise of a body of water.** A few years ago, the dry high grounds in Duluth were damaged by intense flash flooding, unrelated to a river, stream or lake. As the climate change debate continues, increasing incidents of extended drought, rain or snow should have you taking a second look at your true flood exposure beyond typical flood plains.

**4. Bad Words** – Avoid the urge to tolerate off the shelf ISO (Insurance Services Office) terms & conditions like "co-insurance", "margin clauses" or "protective safeguard exclusions". Dangerous, these carve backs are responsible for several unpaid or partially paid losses and cost nothing to be removed from your policy. Often these terms are buried in the policy language, and often inserted when replacement costs are undervalued.

**5. Disaster Plan**– How do you respond after a catastrophic event? A few minutes to craft a disaster response plan assures your people, property and lost income is calculated efficiently and accurately to expedite remediation. Additional resources like forensic accounting and professional services may be available as part of your covered claims expense and factored into your plan.

Building something new? Fixed property and property under construction are not equal. The construction market continues to perform as projects scale from simple tenant improvements to large scale new developments. Regardless of project size or scope, establishing a philosophy and

Insurance to page 20

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100 Units	Hampton Inn	39 Units	Cornstone Residence
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96 Units	Sky Dancer	39 Units	Forest Oaks
96 Units	Yorkdale	37 Units	Haven at Peace Village
92 Units	Residence Inn	36 Units	Colfax Ave. Apartments
91 Units	Country Inn and Suites	36 Units	The Rail
87 Units	Charter Oaks	36 Units	Robbinsway
87 Units	Crossroads Sr. Living	33 Units	Beaver Ridge
87 Units	Hampton Inn	32 Units	Hudson Elder
87 Units	Homewood Suites	31 Units	France Ave. Apartments
86 Units	Sheraton Hotel	30 Units	Spectrum Health
85 Units	Boatworks Commons	30 Units	Lighthouse of Waconia
85 Units	Hampton Inn	30 Units	Suite Living
84 Units	Hampton Inn	30 Units	Suite Living
83 Units	Kingsway	29 Units	Heritage Place
80 Units	Cherrywood	29 Units	Heritage Place
79 Units	Sleep Inn and Suites	25 Units	Lincoln Place
78 Units	Lighthouse	25 Units	Beehive Senior Living
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# Ryan Companies ready to make Minneapolis' Downtown East its new home

by Dan Rafter

Ryan Companies continues to make an impact in Minneapolis' downtown, breaking ground this month on the Millwright Building at Third Street and Portland Avenue. The new building is part of Ryan's \$450 million mixed-use Downtown East development.

This development, located near the new US Bank Stadium, will bring a mix of housing, office space, hotels and retail to a formerly neglected slice of downtown Minneapolis. The 172,000-square-foot four-story Millwright Building is located adjacent to one of the new Wells Fargo towers in the project. The new Radisson RED Hotel will stand across the street from the building.

Ryan is making a commitment to the success of Downtown East with its plans to move its corporate headquarters to the Millwright Building once it is complete. Ryan will occupy about

65,000 square feet on the lower floors of the multi-tenant building. Construction on the new building is expected to wrap in the spring of 2017.

"We're excited to begin construction on the Millwright Building," said Collin Barr, president of Ryan's North Region, in a statement. "Downtown East is quickly becoming one of the city's iconic neighborhoods, and we are thrilled to deliver an architectural gem that embraces the history here and adds to the great character of this special place."

The Millwright Building will offer the same skyway access enjoyed by the office buildings in the core of downtown Minneapolis. But this building will also offer access to The Commons, a new 4.2-acre public green space that is part of the Downtown East project.

Tony Barranco, Ryan's vice president of development, said that companies when seeking to attract new talent more frequently have to point to modern office space with amenities. Office space in the Millwright Building will



A rendering of Ryan Companies' Millwright Building

give companies the chance to dangle this kind of attractive space to top potential employees, Barranco said.

"With its authentic feel, pedestrian scale and tiered lobby, Millwright pro-

vides this unique combination of features that has produced a high level of interest from a wide range of prospective tenants," Barranco said, in a statement.

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# Housing

From page 1

pus between 2012 and 2104: Stadium Village Flats, The Station and The Venue at Dinkytown. Together, these buildings represent 400 units, or 650 bedrooms. Matt Rauenhurst, vice president of Opus, said these projects were big successes for the company and, although they no longer retain ownership, they remain close enough with the buyer to know that these properties have not had difficulty achieving full occupancy. However, Opus is not currently considering any projects near the university at this time. “We continue to seek opportunities at a national level near colleges or universities with student populations of 25,000 or higher,” Rauenhurst said. “Our primary consideration when looking at an off-campus housing project is that it’s well-located. Can students walk to class and to activities? Our second consideration is always how we could differentiate our offering, whether that’s through design, amenities, branding or marketing.”

Casey Petersen, Senior Vice President of Business Development and Strategy for Peak Campus, a student housing management company, said the trends the company is seeing in Minneapolis are not dissimilar to what they see throughout their portfolio.

“The university has seen a remarkable modernization over the past ten years,” Petersen said. “But particularly over the past five as students have been provided with multiple new developments, all of which have been closer to the core of campus.” Peak Campus has five projects at the UMN, representing 2,500 beds. Each offering has its own positioning and price point commensurate with its age and location, with floor plan offerings ranging from \$549 up to \$1,549 per person. “We believe that student housing development will slow down in the coming years,” Petersen said. “The recent deliveries are still in the process of being fully absorbed into the market, and on a macro-basis construction pricing and the financing environment continues to make deals more difficult to get done. With that said, from a management perspective, we believe that there will continue to be opportunities to work with owners to enhance their resident experience and drive real estate value.”

But if the area around the UMN campus, which has experienced significant infill with new construction, has reached saturation, there is still room for housing in secondary markets where there has not been a lot of purpose-built student housing. This holds true in St. Paul, which has nine colleges and universities within city limits, although none have the concentra-

tion of students the UMN has. Amy Gage, neighborhood liaison at the University of St. Thomas, said that at urban institutions it’s often cheaper for students to live off campus than on. At St. Thomas, the majority of students – 90% – live on-campus their first year but want to move off-campus as sophomores, driving up demand for rental units. “Zoning in our immediate neighborhood is an issue because we’re in a one-family and two-family district,” Gage said. “We do see existing buildings being renovated but there is a need for more housing in general. It’s April now and I’ve been getting calls for the past two months from parents saying their child can’t find housing.” Although the university is committed to addressing the need for more on-campus housing, one unique issue it faces is that due to a 2004 Conditional Use Permit, it’s forbidden from buying property within one mile of campus, whether for housing or academic purposes. While this makes the school’s expansion nearly impossible, there are areas close to the school that show promise for development by private companies, including a roughly half-mile stretch of Selby Avenue, between Fairview and Snelling, near a recently-relocated Whole Foods.

Still, Dingman points out that this cycle with off-campus housing follows a pattern seen with other types of real

estate: a ramp-up, followed by overdevelopment and then saturation before an eventual easing. This cycle has also recently been seen in the Twin Cities in condo construction. “Experienced owners see this coming and sell off their properties before prices fall off too much,” she said. “But commercial real estate remains an important portfolio diversifier. In 2015, investment institutions looked at their portfolios and found that commercial real estate outperformed other investments. Whereas investment in it had previously been capped at 8%, it was upped to 10%. It will remain strong because of the need to diversify holdings in order to mitigate risk and because of its superior performance.”

And there will always be demand from students for good product as long as it also has a prime location. “If something is well-located, well-built and includes amenities,” Dingman said. “It will always be attractive to students. The problems arise when you have ‘A’ buildings getting built in ‘C’ locations.”

Rebecca Collins  
Freelance Writer  
reebs73@gmail.com



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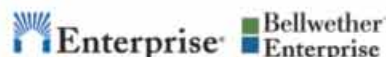
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# Micropolitans

From page 1

tops the Minnesota list. The remaining top micropolitans are Albert Lea, Austin, Bemidji, Brainerd, Faribault, Fairmont, Fergus Falls, Hutchinson, Mankato-North Mankato, Marshall, New Ulm, Northfield, Owatonna, Red Wing, Willmar, Winona and Worthington.

So why hold a real estate investment summit in “outstate” Minnesota when the “Big Investments” seem to be in the Micropolitans? I offer the following.

Investing in a micropolitan appears to be a wise decision for many reasons but here are just a few. Micropolitan Mayors are typically fulltime business people sacrificing time and treasure serving as mayor. These mayors are in touch with the immediate needs of their city. Mayor Sara Carlson along with her husband own Carlson Music Center in Alexandria and Carlson’s Piano World in Plymouth and Woodbury. Mayor Carlson understands business.

Their Economic Development Commission knows the city and the area around the its borders. Often times the Economic Development Commissions represent the city as well as wards, townships and at times the entire coun-

ty. They work on a more personal level and are able to make decisions that will benefit fairly all segments of the Micropolitan Community.

Micropolitan cities are a distance far enough away from big cities to serve as hubs for Retail, Healthcare, Manufacturing, Education, and Recreational Distribution Centers.

Micropolitans typically have a higher education and or vocational training in their community. What makes this unique is many of the vocational schools work directly with industry providing needed education and training on equipment and curriculums provided by the local industries. Alexandria Technical College has fulltime enrollment of 2,324 students which is actually more students that attend the University of Minnesota Morris. Alex Tech students boast a 97% job placement in their area of study.

Alexandria Technical & Community College has close ties with many business and industry partners through advisory committees and grant projects. In many cases industry partners provide equipment and supplies at a reduced or no cost ensuring the latest technology is being used in teaching students. In addition, ATCC’s Customized Training Department in concert with

Besides the technical college



Alexandria just built a high school at a cost of \$73 Million. This innovative school is synonymous with the innovation of Alexandria itself. The new school has been called “the Googleplex of Schools” by technology magazine Fast Company. Micropolitans have the ability to move fast which allows them to keep up with the fast pace of educa-

tion and innovation.

The Alexandria Area largest employers may come as a shock too many who are used to the “government” being its top employer, government in Alexandria actually comes in at number nine. In the Alexandria area, the top employers is actually Douglas County Hospi-

Micropolitans to page 20

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Insurance from page 12

execution around Builders Risk increases assurance your project delivers on time and on budget even after the unforeseen occurs. Establish early whether you or your contractor will procure the builders risk and includes some specifics:

1. Additional Insured status for all contractors and suppliers performing work on the job.
2. Waiver of subrogation – Incurred losses during course of construction should look to a builders risk policy to respond, avoiding finger pointing and costly defense to establish liability during construction.
3. Security provisions – Is coverage contingent upon mandatory security such as fences, cameras, or monitored services prohibiting coverage?
4. Accurate valuations for hard and soft costs.

Avoid making an after-thought of establishing your

business philosophy around property risk. As insurance professionals, we understand the reality of urgent matters and other priorities, but a few devoted moments up front could save you millions in the end. Consistent execution of a well vetted plan drives efficiency, certainty and mitigates risk of last minute mishaps. Specialty brokerages with dedicated property resources will help design a process that saves time, delivers a product that fully protects assets and is cost competitive. Most importantly, without compromising insight you need to make an informed decision.

Jason A. Wilsey  
Vice President  
Willis Towers Watson  
[jason.wilsey@willistowerswatson.com](mailto:jason.wilsey@willistowerswatson.com)

Micropolitans from page 18

tal which employee's 868 workers supported closely by healthcare provider Knute Nelson with 525 employees. The Alexandria area has over one hundred physicians and is a major regional healthcare center and growing.

The Alexandria Micropolitan manufacturing base is solid and expanding. Alexandria Micropolitan manufacturing is alive and well. In addition to Douglas Machine Inc.'s 868 employees we find Alexandria Industries aluminum and plastic extrusion 650 employees, 3M with 378, Brenton Engineering at 260 and Donnelly Custom Manufacturing Company with 225 employees. This provides a solid tax base, good paying jobs and is a regional draw. 18% of the nation's packaging equipment comes from Alexandria Area manufactures.

Real Estate Investment opportunities. After recently spending time in Alexandria there appears to be a great need for communities of stylish single family homes as well as sophisticated townhomes.

The amount of apartments that have sprung up in Alexandria over the past years is impressive and proves a need to affordable housing but does not touch the need for single family or townhomes.

The builders are the best of the best building mansions for folks like the former CEO of Best Buy and second homes in this vaca-

tion paradise. They are great builders but there are so few of them and Alexandria's home market tends to grow at the speed of the local builders. There is certainly room for residential developers to build multiple single family homes. KLP has over 200 developed lots ready to build on today and the buyers I feel are there.

The support for new construction is there. All your building needs can be supplied Hilltop Lumber in Alexandria and Glenwood, need additional financing- Glenwood State Bank is ready to lend, need reliable utilizes or high speed fiber optic internet ALP Utilities and Runestone Electric Association are ready to provide and manufacturing companies like Aagard will continue to grow and these workers need places to live.

Micropolitans are ready for investments and have the people, economy and sophistication to continue to grow. In movie "Field of Dreams" when Ray Kinsella hears a voice in his corn field tell him, build it and they will come. Well Field of Dreams lovers, I feel you can build it in Alexandria and not only will they come they are standing there waiting for you.

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# Despite bankruptcies and online disruption, U.S. shopping centers enjoy steady start to 2016

By Dan Rafter

**H**igher rents and fewer empty spaces, that's what the owners of shopping centers across the United States are enjoying today.

Cushman & Wakefield's first-quarter U.S. Shopping Center Snapshot shows that while shopping centers across the country aren't exactly enjoying boom times, they are at least holding steady in their ability to attract consumers who continue to grow more confident in the economy.

According to the report, the vacancy rate for U.S. shopping centers stood at 7.9 percent at the end of the first quarter. That's down from 8.3 percent at the end of the first quarter of 2015, and marks the 16th consecutive quarter in which overall shopping center vacancy rates remained either steady or fell.

Shopping centers saw total occupancy growth of just under 4.8 million square of space in the quarter. Cushman & Wakefield said that this was the smallest jump in occupancy in a quarter in four years. However, there is even good news in that: The stable vacancy rate of U.S. shopping centers came in a quarter in which retailers closed the most stores since 2010, according to Cushman & Wakefield.

Cushman said that the first quarter of the year is known as "store closure season" among the owners of shopping centers. It's a time when many retail chains close locations that aren't performing. In the first quarter of this year, Walmart tweaked its superstore concept and basically scrapped its small-format efforts. Cushman reported that Walmart closed about 125 of its Neighborhood and Express stores during the quarter.

Also in the fourth quarter, Macy's closed 40 of its full-line department stores. American Eagle, Aeropostale, Kohl's and Stage Stores all shuttered underperforming locations during the quarter, Cushman & Wakefield said.

The shopping center market has also been hit with a growing number of bankruptcies, according to Cushman & Wakefield. In January, Joyce Leslie, which operates 47 stores across the country, announced its bankruptcy, while Hancock Fabrics, with its 185 stores, announced its bankruptcy filing in February. Sports Authority, with 140 stores, also filed in February. In March, Ovation Brands, the parent company of Hometown Buffet, filed for bankruptcy. This chain closed 78 restaurants in February. It's not clear yet what will happen to Ovation's remaining 328 locations.

Cushman & Wakefield predicted

more changes for retailers throughout 2016. Much of this will occur as retailers focus more on online efforts and shutter brick-and-mortar locations that they no longer need. This is reflected in lower new-construction numbers. Cushman & Wakefield reported that there was 21.5 million square feet of new shopping center space under construction in the first quarter of 2016. That's down from 25.8 million square feet during the first quarter of 2015.

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News  
to page 10

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## Midwest Northern Region Announces 2016 TOBY (The Outstanding Building of the Year) Winners of Greater Minneapolis

The Building Owners and Managers Association (BOMA) of Greater Minneapolis today announced that the following Minneapolis area properties have been awarded the prestigious Regional TOBY Awards in their 2016 competition categories. The winners now advance to the international level where winners will be announced at a gala in Washington D.C. on June 28. The winners are:

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- In the 500,000 – 1 Million Square Feet category, the winner is ...

AT&T Tower, owned by 901 Marquette LLC and managed by Ryan Companies US, Inc.

- In the Historical Building category, the winner is ...

Ford Center, owned by Ford United LLC and managed by Cushman & Wakefield | NorthMarq

- In the Medical Office Building category, the winner is ...

TRIA Orthopaedic Center, owned by

United Properties and managed by Cushman & Wakefield | NorthMarq

- In the Renovated Building category, the winner is ...

RBC Plaza, owned by KBS and managed by Cushman & Wakefield | NorthMarq

- In the Suburban Office Park (Mid-Rise) category, the winner is ...

Southdale Office Centre, owned by Southdale Office Partners LLC and managed by Wildamere Capital Management

## Dougherty Mortgage LLC closes \$9.4 million Fannie Mae loan for Willowbrook Apartment Homes

Dougherty Mortgage LLC, a full service national mortgage banking firm, recently closed a \$9.4 million Fannie Mae loan for Willowbrook Apartment Homes, a 140-unit market rate multifamily apartment property located in Willowbrook, Illinois. Each apartment home offers walk-in closets, walk through kitchen, separate dining area and a private balcony or patio. The 10-year Fannie Mae, 5-year interest only, 30-year amortization loan was arranged for borrower Heartland Willowbrook LLC by Dougherty's Minneapolis, Minnesota office.

## MARCUS & MILLICHAP ARRANGES THE SALE OF A 18,500-SQUARE FOOT

## RETAIL PROPERTY

Marcus & Millichap (NYSE: MMI), a leading commercial real estate investment services firm with offices throughout the United States and Canada, today announced the sale of Rose Stone Plaza, a 18,500-square foot retail property located in Rice Lake, Wisconsin, according to Craig Patterson, Regional Manager of the firm's Minneapolis office. The asset sold for \$2,430,000.

Adam "AJ" Prins, Cory Villaume, Matthew Hazelton and Sean Doyle, investment specialists in Marcus & Millichap's Minneapolis office, had the exclusive listing to market the property on behalf of the seller, a limited liability company. Todd Lindblom, Regional Manager and Broker of Record of Marcus & Millichap's Milwaukee office, assisted in closing this transaction.

Speaking with Mr. Doyle, "The property is well located on Main Street and has had excellent historical occupancy since it was developed. It was 100 percent occupied with a diverse mix of local and national tenants at the time of sale. This transaction exemplifies the continued demand for well-located and high quality retail assets in the marketplace."

Rose Stone Plaza is located at 2300 South Main Street in Rice Lake, Wisconsin

## Dougherty Funding LLC closes \$22.8 million loan for Comfort Inn and Suites in San Francisco

Dougherty Funding LLC has closed a \$22.8 million first deed of trust acquisition loan for a 169-room limited-service Comfort Inn & Suites Hotel located in South San Francisco, California, approximately 3 miles north of San Francisco International Airport. The Hotel, originally built in 1986, was most recently renovated in 2010. At Loan closing, \$2.4 million of the loan proceeds was reserved to complete renovations of the hotel rooms and lobby. Dougherty Funding LLC serves as lead lender and servicer for the loan.

## HISTORIC BAKER CENTER TO UNDERGO MAJOR RENOVATION

Transwestern's Minneapolis office today announces a reinvention of his-

toric Baker Center — the four building, 1,061,752-square-foot office and retail property located in the heart of the Minneapolis Central Business District. After more than a year of planning, the property will undergo a major renovation including improvements to the exterior; street and skyway-level common areas; and private office spaces. Construction will begin next month with a projected completion date of Jan. 1, 2017.

Baker Center is managed and leased by Transwestern, which, in conjunction with RSP Architects and construction management firm Hightower Initiatives, awarded the renovation project to a collaboration between JE Dunn Construction and Gardner Builders.

"The task was to create a progressive office environment that employers could use to attract and retain top talent in today's competitive workforce," said Reed Christianson, a principal at Transwestern and member of the Baker Center leasing team. With anticipated availability of nearly 450,000 square feet of office space, these improvements will catapult Baker Center to the forefront of organizational change.

Owned by The Travelers Companies Inc., Baker Center encompasses the city block directly east of the IDS Center and was built in phases between 1926 and 1965. As a center point of downtown Minneapolis, the project has excellent connections to four sides of the city's vast skyway system.

"The goal of the design was to honor the historic aspects of the buildings while creating unique modern spaces to support today's mobile worker," said David Serrano, AIA, a principal with RSP. "The result is a 'new art deco' style that takes advantage of the art deco bones of the building while introducing forward-thinking amenities like the concierge desk and rooftop deck."

Renovation work will focus on the corner of Marquette Avenue and S. 8th St. and will feature a 12-story glass curtain wall component. The design includes a new street-level entrance with a two-story atrium, skyway lobby extension and state-of-the-art media wall. The project also includes replacing the retail storefronts on Marquette and interior upgrades on the first and second floors that add an open seating area and concierge desk.





People  
to page 4

## STEVEN SCOTT MANAGEMENT NAMES MARK JENSEN CEO AND PRESIDENT

Steven Scott Management, Inc., a locally owned, St. Louis-Park-based rental property management company, today named Mark Jensen CEO and President, effective June 1, 2016. Jensen succeeds Barbara Halverson who is retiring after 44 years; she will consult with company management for a two-year period.

Jensen, who joined Steven Scott 28 years ago, is currently chief operating officer (COO) and chief financial officer (CFO). In these roles, he oversees the operations of more than 9,000 rental units, and the financial functions of the company.

"We are grateful for the outstanding contributions Barbara has made and for the strong foundation she leaves us with as we move forward," said Scott Bader, Steven Scott principal. "Under her leadership, Steven Scott has become one of Minnesota's leading property management companies. Mark knows our company and industry well, and with a strong employee team in place, we are in a great position to build on our reputation for excellent service and forward-looking innovation in property management."

"I am honored to accept this new role and to build on the growth that we have achieved, which can be attributed to Barbara's leadership and our employees and their commitment to delivering optimal results for our clients," said Jensen.

## Cushman & Wakefield/NorthMarq's Julie Samuelson Obtains Masters of Corporate Real Estate from CoreNet Global

Only three executives received MCR.w designation this year

Julie Samuelson, vice president, Facilities Management-Cushman & Wakefield/NorthMarq, has been awarded the designation of Master of Corporate Real Estate in Workplace Strategy (MCR.w) by CoreNet Global, a leading professional association for corporate real estate and workplace executives. Samuelson is one of three global corporate real estate executives to earn the MCR.w this year.

The CoreNet Global MCR professional designation was established in 1982, and is part of a comprehensive career development program for the corporate real estate industry, which includes more than 100 hours of classroom training, two elective seminars and a Capstone, followed by a graded assessment, all within a five-year period. The new MCR.w designation addresses the vital role workplace plays in organizational leaders' ability to attract and retain talent, manage costs and compete successfully in a rapidly changing environment.

The MCR.w has been awarded to 44 individuals since its inception in 2012, and provides essential skills that focus on critical business issues, and reflects strategic competence and successful experience as a corporate real estate expert. Individuals who have already received their MCR designation can add the MCR.w through the completion of additional courses.

"Earning my MCR.w connected me to others in corporate real estate, hearing about how they organized their real estate groups and gaining insight into their challenges and breakthroughs in delivering real estate services to their organizations," said Samuelson, who provides services including Facilities Management, Property Management, Lease Administration, Transaction Management and Real Estate Advisory. "The courses focus on transforming the technical skills into corporate real estate strategy."

Samuelson first joined Cushman & Wakefield's Minnesota operations in 2000. She oversees nearly four million square feet of property for six Cushman & Wakefield/NorthMarq clients.

She joins two other Cushman & Wakefield/NorthMarq professionals with MCR certifications: Mark Houge, executive director, Real Estate Advisory, and Ryan Tibbits, director, Real Estate Advisory.

"The growth of the MCR program is a testament to the importance and respect of the designation within the corporate real estate industry," said Angela Cain, CEO of CoreNet Global. "Julie Samuelson joins our distinguished fourth class of MCR.w graduates, who are helping to address the growing demand for workplace strategists in the corporate real estate industry."

## StuartCo Hires Gary B. Wilson as Vice President of Property Management

StuartCo, one of Minnesota's largest apartment management firms, announced that it has hired Gary B. Wilson to oversee a portfolio of multi-family and commercial properties and to co-lead the property management department.

Mr. Wilson has over 30 years of professional multi-housing management experience. He served as Executive Vice President for Altman Management Company in Michigan in the early 1980's and subsequently held executive roles at two leading mortgage insurance companies. He relocated his family to the Twin Cities in 1991 to lead Trammell Crow Residential/Avalon Bay management operations in Minneapolis and three other national regions, overseeing a portfolio of a cumulative 9,000 residential units in a 14 year period. After forming GB Wilson and Associates, a multi-family consulting firm in 2003, he joined TOLD Development Company in 2006 as Asset Manager, following his service to the firm in a consulting capacity.

StuartCo welcomes his diverse background, with hands-on construction and development/rehab expertise as well as marketing and market trend perspectives gained from numerous U.S. markets over time.

Mr. Wilson is a graduate of the Haworth College of Business at Western Michigan University and pursued graduate studies at both WMU and at the Eli Broad Graduate School of Business at Michigan State University.

He and his wife, Cynthia, reside in Corcoran and have two grown sons who have completed college and are active in their own careers. He has par-

ticipated in professional driver's education training instruction for over 17 years, specializing in advanced accident avoidance training with over 150 teen drivers.

## Mid-America Real Estate – Minnesota Promotes Alan Young to Principal

Minneapolis-based Mid-America Real Estate – Minnesota, LLC recently announced that Vice President of Property Management, Alan Young, has been named a Principal of the company. Mr. Young joined Mid-America in 2011.

Young currently oversees the third party management of a multi-unit retail portfolio comprised of neighborhood, strip and grocery-anchored shopping centers. He also focuses on business development and enhancing operational efficiencies to best facilitate the continued growth of client services at Mid-America.

"Throughout his career, Mr. Young has been associated with numerous large scale project renovations, new property openings and noteworthy management transitions. His vast experience in the retail management world and his time serving as a regional vice president and manager at General Growth Properties make him a great addition to our partnership team" said Mid-America Principal/Managing Partner Doug Sailor.

Young is a 1985 graduate of the University of Nebraska – Lincoln and has over 20 years of property management experience with a successful track record of leading a multi-unit portfolio. He is an active member of the International Council of Shopping Centers (ICSC) and the Minnesota Shopping Center Association (MSCA).

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