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IBC CODES

MARKET UPDATE

current conditions

The fall quarter has been exceptionally busy. Several large companies are looking for space in the market, which is a sign that the commercial real estate market is entering the recovery stage. When these large companies lease or buy property, there is a trickle down effect that will generate more activity from the smaller space users. For example, if XYZ Corporation leases 250,000 square feet in Eagan, the majority of the smaller companies (those who need to lease space from 2,000 – 50,000 square feet) who cater to XYZ will locate within the southeast Twin Cities. The hope is that these large users will buy or lease in the first or second quarter of 2004, thus causing an increased activity from the smaller users next summer when and/or if these large deals are completed.

From the tenant side of the equation, the market lows experienced this past summer are beginning to subside. Free rent, tenant improvements, and moving allowances are still available but in lesser quantities than last summer. There are two reasons for the change: landlords are tired of the abuse and leasing activity has increased.

The IBC code applies to new and remodeling projects in both commercial and residential real estate. While the goal of the change is to standardize codes, the change has had the opposite effect.

Interpretation of the code is still city-specific. Each city's building official determines what the code says; therefore, standardizing the code is nearly impossible. Thus, construction requirements depend on who is interpreting the code.

The following two examples are "hot" items that have impacted recent lease transactions that I was involved with. The architects working on these transactions had diverse interpretations of the different cities' codes for these issues.

1 Occupancy separation (demising wall) requirements between tenants' spaces have increased. Some cities translated the IBC to read that existing demising walls must be increased to 2-hour rated walls, where formerly a 1-hour rated wall sufficed. This creates a major issue, because a 2-hour demising wall must have two layers of sheetrock on each side of the wall. There are two concerns with a 2-hour wall:

- A tenant occupying space adjacent to the vacancy may be disturbed if the city requires the occupied side to have a double layer of sheetrock.
- The cost to build the wall is nearly doubled – sheetrock is expensive.

In most cases, city building officials are reasonable and have not required occupied suites to be upgraded to a 2-hour wall. However, in one instance in the West Metro, the building owner was forced to disturb an existing tenant and build a 2-hour wall.

2 The minimum number of plumbing fixtures (toilets, sinks, urinals, service sinks) increased. In many cases, cities require the installation of janitorial sinks. Many warehouse users like to have a janitorial sink for general cleaning; however, office users usually have no need for a janitorial sink. The IBC calls for janitorial sinks in nearly all commercial spaces, but again, most city officials are acting reasonably and interpreting the code so that users who do not need janitorial sinks are not forced to incur excessive costs.

The new code may standardize construction techniques, but right now the situation is cloudy. Enlisting the assistance of a certified architect is a good way to ensure that the new IBC codes are navigated correctly – enabling the building owner to save time and money. And of course, a qualified real estate broker is always an essential tool to help accomplish your real estate goals. As always, if you would like to discuss the new IBC codes, or anything relating to commercial real estate (or hunting!), please do not hesitate to call me.



CITY CODES HAVE SWITCHED FROM UBC TO IBC

A Major Change = A Major Pain!

In March 2003, city governments throughout the United States switched from the Uniform Building Code (UBC) to the International Building Code (IBC). The change was implemented in an attempt to establish consistent standards for building construction throughout the country.



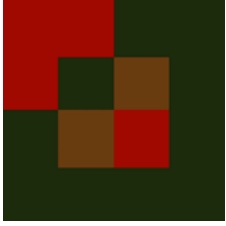
USEFUL WEB SITES



Wooing that special someone? Go to <http://twincities.com> when you and your date cannot decide where to eat, what to do, etc.

Need a past newspaper article? Both local newspapers are online, at www.startribune.com and www.pioneerpress.com. Each is helpful for finding that past article you're looking for.

"I'm too drunk. You got me." Jim McMahon, the flamboyant former NFL quarterback to the police officer who pulled him over for drunken driving.



Ted Carlson
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HIGHLIGHTED PROPERTIES



Apollo Distribution Center Eagan, MN

- 312,265 square foot building on 28.42 acres
- The building is expandable & divisible
- Outside trailer parking is permitted
- New roof & upgraded to ESFR sprinkling in 1999
- For sale or lease



The Gresser Building Eagan, MN

- 2,253 sf office / 21,217 sf warehouse available
- An additional 11,000 sf unheated shop space is also available
- OUTSIDE STORAGE and I-35E signage
- Excellent location
- Aggressive lease rates, local ownership



PENALTY BOX AWARD

I'm 21, and I'm Thirsty!!!

A man walked into the corner store with a shotgun and demanded all of the money from the cash register. After the cashier put the money in the bag as instructed, the man demanded the bottle of Scotch he saw behind the counter. The cashier refused to hand over the Scotch because he did not believe the man was 21. The robber swore he was, but still the clerk refused. Finally, the robber handed over his ID and proved that he was indeed twenty-one. As soon as he left, the cashier called and gave the police the name and address of the man who had just robbed the store. The suspect was arrested two hours later. Was this guy already drunk when he robbed the store? You have to wonder!



HUNTING SEASON 2003

All of you know that I am an avid outdoorsman and that I spend quite a bit of time chasing all types of game across the United States. This fall has been an excellent adventure – highlighted by bow hunting for elk in Colorado and deer in Wisconsin (if only I got one!), duck hunting in North Dakota, and pheasant hunting in Minnesota. I missed a nice bull elk in Colorado (there is no excuse, I just screwed up), and I also missed a very large, record-book, 11-point buck in Wisconsin. It still hurts to think about it. This is only my second season of bow hunting, and let me tell you, it is quite difficult. The North Dakota duck season ended way too early because of the cold weather. A few of you made it to the farmhouse – thanks for coming! All in all, Deuce and I enjoyed the season; we are shown here after a successful hunt (finally!).

