



"In this world nothing is certain but death and

TAXES

– Benjamin Franklin

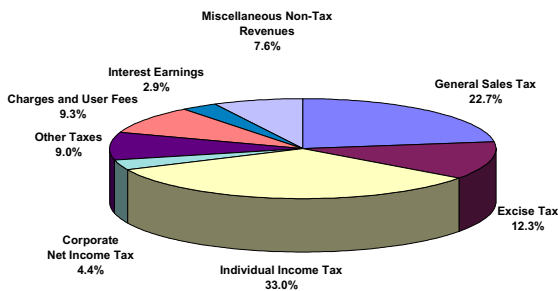


Minnesota Taxes Report by the Minnesota Taxpayers Association

"The Ted Report" is designed to provide input about commercial real estate – so as you read this you are probably wondering why on earth am I discussing taxes. Well, taxes influence commercial real estate in many ways such as:

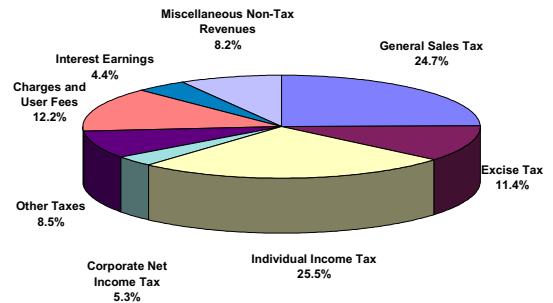
- Taxes are passed through to tenants.
- Taxes may influence the decision-making of an out-of-state company to locate to Minnesota.
- Cities have used Tax Increment Financing to encourage commercial development.

MINNESOTA



Minnesota is known as a high tax state; however, most people who have lived in Minnesota and in other states agree that Minnesota offers a very high quality of life in

ALL STATES



comparison to other states. Quantifying the quality of life in Minnesota is difficult; instead, review the information compiled by the Minnesota Center for Public Finance Research (CPFR), a charitable educational foundation created to support the Minnesota Taxpayers Association, to draw your own conclusions.

Below is a link to the Fiscal Year 2002 Comparisons compiled by the CPFR. The report provides a snapshot of the fiscal picture of Minnesota, and compares Minnesota's collections and spending to that of other states.

http://www.mntax.org/cpfr/documents/hdmc02_001.pdf

I've had the good fortune to travel throughout the United States and, after a brief stay, I'm usually ready to return home. Maybe those tax dollars are working because I certainly like to call Minnesota my home!

MARKET UPDATE

current conditions

The industrial leasing market continues to slowly improve. Vacancy rates in the SE Twin Cities have declined thus far in 2004, rental rates are slightly increasing, and free rent has started to decrease. However, the market is still soft when compared to historical lease and vacancy rates – the trend toward normalcy should continue throughout 2005.

As part of my efforts to enhance the value of this report, I directed the people who create "The Ted Report" (me) to develop a standard for my "market statistics." After much deliberation, in conjunction with MNCAR (Minnesota Commercial Association of Realtors) and NAI Welsh, I've determined the following:

The Southeast Twin Cities' VACANCY RATE IS 11.1%

There are 19 million square feet across 227 industrial buildings within the southeast metro area.

An additional **1.4% of sublease space** is available, for an **OVERALL VACANCY RATE OF 12.5%.**

The average net asking rate in the southeast Twin Cities is:

- \$3.98 psf warehouse
- \$8.37 psf office
- Tax and operating expenses average \$2.18 psf total

The editors of "The Ted Report" (me again) will work long and hard to ensure

that the quality of this data remains pure and is accurately updated on a quarterly basis. Off the record, vacancy rates have dropped by 1-2% thus far in 2004; asking rates have remained depressed throughout the year.

www.tedcarlson.com



BUMMER!!

The NHL is on strike, and my hockey Badgers were swept by the Gophers. (At least the Badger football team won.) So in lieu of a Wild game, take your date ice skating at The Depot in downtown Minneapolis. It may be as close to the ice as you'll get this season. It's fun - plus they serve beer and wine for a nice touch!

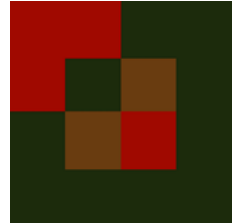


"You cannot simultaneously prevent and prepare for war."

— Albert Einstein (1879 – 1955)



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HIGHLIGHTED PROPERTIES



Apollo Distribution Center – For Sale or Lease 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



The Gresser Building – For Lease Eagan, MN

- 4,604 SF office / 19,992 SF warehouse / 24,596 SF total
- An additional 8,900 SF of unheated shop space is also available
- OUTSIDE STORAGE and I-35E signage
- Excellent location
- Aggressive lease rates, local ownership



PENALTY BOX AWARD

New Category for the Hunting Season - "Least Competent Animals"

August 19, 2004 Seattle, Washington (Reuters)

A black bear was found passed out at a campground in Washington State recently after guzzling down 36 cans of local beer, according to a campground worker. "We noticed a bear sleeping on the common lawn and wondered what was going on until we discovered that there were a lot of beer cans lying around," said Lisa Broxson, a worker at the Baker Lake Resort. A hard drinking bear, estimated to be about two years old (or about 22 in bear years) broke into campers' coolers and, using his claws and teeth to open the cans, swilled down the suds. The bear was a sophisticated drinker – he started with Busch Light, but then switched to Rainier Beer, a local ale, and stuck with it for his drinking binge. The bear awoke, and agents chased him away. When the bear returned the next day, wildlife agents lured the bear into a trap with – yep, you guessed it – doughnuts, honey, and two cans of Rainier Beer.



Bugle, Bugle, Bugle

Colorado Elk Hunt 2004

As most of you know, I love spending time outdoors hunting all sorts of critters. You have read about multiple bear attacks and missed opportunities – great stories without the satisfaction of having meat at the end of the hunt. However, in September I connected with my first bull elk while bow hunting in Colorado. Taking such a majestic animal is the greatest accomplishment of my hunting life. I've hunted elk for three years without success, and this bull was the result of lots of hard work, practice, and time. It is quite an experience to be on ground level with a 500+ pound animal that is searching for that horny cow – all while we (the guide and I) are doing our absolute best to act like horny cows! If you would like a sample of elk meat, just let me know – I enjoy sharing the results of a successful hunting trip with friends – and I have 217 pounds of meat to share!

