



*Dakota County:
Recent & Planned Development and Large Transactions*

As you know, I focus my commercial real estate brokerage activity in the southeast Twin Cities, and this letter is a way for you to gain insight into what is happening within the commercial real estate industry, while hopefully having a chuckle reading about the latest stupid human act. Accordingly, it is time for an update on recent development activity in the area.

In Eagan, Opus has plans to develop up to 160,000 square feet of office/warehouse space on a 15-acre site near Highway 13 and Cedar Avenue. The project will most likely be a two-building development, feature 24' clear height, and be available in Fall 2005. This is the first speculative office/warehouse project in Eagan since Duke built Lunar Pointe in the Fall of 2002 – nearly a 2½ year hiatus.

CSM continues to do well within the Waters Business Park; Phase V, a 45,000 square foot, 18' clear office/showroom building was completed this past summer. Numerous deals are in the works, and this building should be fully leased within the next 60 days. Currently, CSM has sites that can accommodate up to an additional 98,000 square feet.

JBL Companies will break ground in the spring on an office condo development near Pilot Knob Road and I-494, and should be available for occupancy in late Summer 2005. These condos are divisible down to 3,000 square feet and will appeal to many small businesses looking to own instead of lease.

Land available for sale continues to be scarce; most parcels are controlled by developers who will only consider build-to-lease options. For companies looking to purchase land, the market remains extremely tight with land and construction pricing at record levels.

With signs of the leasing market improving, these developers should experience leasing success in 2005, while older buildings continue to struggle. A prospective tenant usually prefers new space for two primary reasons:

- 1) **They can design the space to their exact needs and are not stuck with trying to utilize a previous tenant's workspace.**
- 2) **Because taxes are assessed in arrears in Minnesota, there is a significantly reduced tax cost in the first two years of a lease. This reduced tax cost offsets the increased net rates that landlords can achieve for new property.**

Other area development news involves retail growth. Eagan will see a new retail center on the corner of Dodd Road and Highway 149. This center will feature a dry cleaners, sandwich shop, and other small retailers – welcomed amenities in an area that is lacking retail service. Inver Grove Heights has experienced a retail explosion. The intersection of Concord Boulevard and Highway 52 gained a Wal-Mart and many other retailers in 2004, with more retail development slated for 2005.

Mendota Heights has re-developed the northeast corner of Highway 110 and Dodd Road; Gateway Bank anchors the development. As the retail segment of the commercial real estate markets stays strong, retail development will continue throughout the area.

Select list of large deals in the southeast Twin Cities in 2004:

- ◆ **Ecolab purchase of the former Cray Research facility – 481,000 SF**
- ◆ **CHS renews lease in Inver Grove Heights – 149,000 SF**
- ◆ **BCBS lease in Silver Bell Commons – 42,000 SF**
- ◆ **Clark Products lease in Lunar Pointe – 49,000 SF**
- ◆ **Capitol Sales lease in Trapp Road – 57,000 SF**

For more detailed information on recent transactions or the status of the market, please give me a call.



www.tedcarlson.com

No Hockey – But we have LaCrosse!

Four seats, four hot dogs, four sodas for \$45! No, it's not the price you pay at an ice-fishing tournament for a seat with Ole in his icehouse. The Minnesota Swarm is a professional lacrosse team that plays twice a month at Xcel Center in St. Paul. Lacrosse is a fast, rough game that is enjoyable to watch. In lieu of an NHL hockey game (because they are **still** on strike), I recommend checking out a Swarm game. It's something new, relatively cheap, and the game is exciting. Visit www.mnswarm.com for more information.



PS. I do **not** recommend this as a Valentine's Day present.

QUOTES

The holiday season is past us, and we are back to the grind. Therefore, here are a couple of motivational quotes to keep you going:

*"In the business world, the rearview mirror is always clearer than the windshield."
- Warren Buffet (1930 -)*

*"Success in business requires training and discipline and hard work. But if you're not frightened by these things, the opportunities are just as great today as they ever were."
- David Rockefeller (1915 -)*

I've developed a new acronym that I use on a daily basis – P.I.T.A. It is NOT a reference to Mexican food. It stands for "Pain In The Ass."
Ted Carlson (1976 -)





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HIGHLIGHTED PROPERTIES



For Lease
Armstrong Business Center I & II
 Eagan, MN

- ◆ Two buildings that total 308,017 sf
- ◆ 16' and 20' clear height
- ◆ Dock and drive-in loading
- ◆ Up to 51,000 sf contiguous available, divisible to 7,000 sf
- ◆ Visibility to Lone Oak Road
- ◆ Low operating expenses



NAI WELSH



For Sale or Lease
I-35 Industrial Center
 Burnsville, MN

- ◆ Excellent location, easy access to I-35W & Highway 13
- ◆ 413,239 sf total, 144,000 sf available for lease
- ◆ OUTSIDE STORAGE
- ◆ 21' clear height
- ◆ Rail service is available
- ◆ Ultra-low operating expenses – only \$1.13 psf



NAI WELSH

PENALTY BOX AWARD

The Best Lawyer Story of All Time...Up in Smoke!
 Charlotte, North Carolina



A lawyer purchased a box of very rare and expensive cigars then insured them against fire. Within a month, he smoked the entire stockpile of the great cigars and without ever making a payment on the insurance premium, filed a claim stating that “the cigars were lost in a series of small fires.” The insurance company refused to pay, citing the obvious reason: the man had consumed the cigars! So the lawyer sued and won! In the ruling, the judge agreed with the insurance company that the claim was frivolous, but nevertheless, the lawyer held a policy from the insurance company that warranted the cigars against fire, and they were obligated to pay the claim. Rather than pursue the lengthy appeal process, the insurance company accepted the ruling and paid \$15,000 to the lawyer for the loss of his cigars. When the lawyer cashed the check, the insurance company had him arrested on 24 counts of arson! With the insurance claim and testimony from the previous case used against him, the lawyer was sentenced to 24 months in jail and a \$24,000 fine.



North to South
Passport Workout

The hunting season closed with a trip to the Battle River area of Alberta in search of a monster whitetail. Unfortunately, the bucks were wearing their invisible suits. I spent nearly 60 hours over six days in the field looking to tag that 30 pointer, but he did not make an appearance – thus, I indulged in Canadian beer at dinnertime – and boy, is it potent! Since I was in Alberta over Thanksgiving and missed the festivities, I was in hot water with the girl who is my friend and is named Steph. So Steph and I booked a last minute trip over New Year’s to Puerto Vallarta. Great city, excellent weather, and we were able to indulge in guacamole and beer everyday while enjoying the beach. The common theme between the two trips? Beer always tastes extra satisfying on a vacation!

