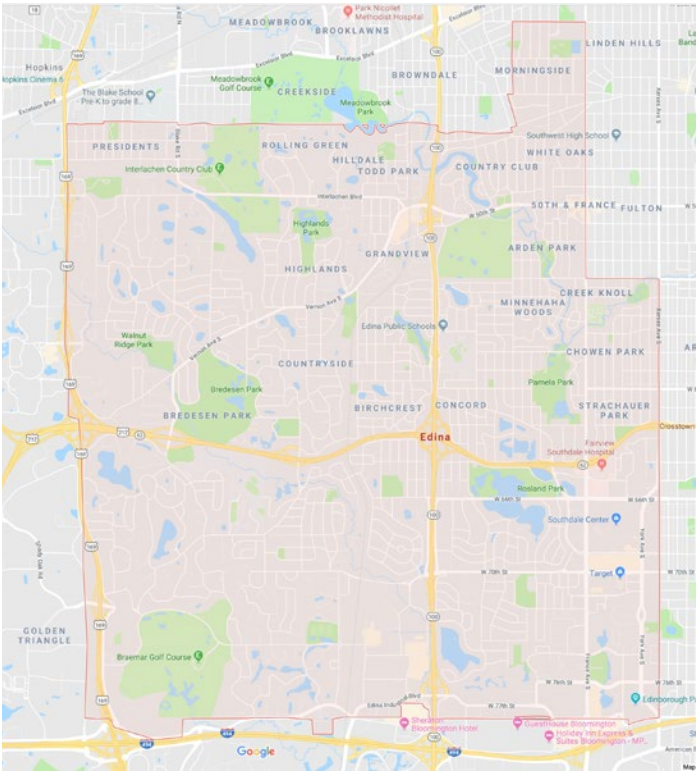


## EDINA AT A GLANCE



© Chip Jones Photography



Edina, an affluent first-ring suburb of Minneapolis, is experiencing substantial residential growth and commercial development activity. Much of the activity is along the core business stretch of France Ave S, conveniently located between Hwy 62 & I-494. Approximately 165,000 vehicles pass along the southern edge of Edina daily on the interstate. With well over twice as much revenue from building permit and license issuance funneling into the city in 2017 compared to 2009, Edina may see nearly 1,000 new residential units in the near term. The \$5.3 million generated from this source is the second largest source of revenue for the city after property taxes and is nearly 30% more than Edina projected for 2017.

Edina is home to over 52,000 residents and nearly 50,000 jobs. In recent years, Edina has shifted its housing focus from neighborhoods and single-family houses to a more diverse residential mix in the southeast quadrant of the city, including affordable and senior housing. The local economy within the city, based largely on medical and retail services, gives Edina the fourth largest tax base in Minnesota. Despite being only 16 square miles, nearly three times smaller on average than the top three city economies (Minneapolis, St Paul, and Bloomington), Edina is becoming increasingly denser in the core business-area on France Ave S. Redevelopment of older product, especially industrial and office properties, is paving the way for a new Edina guided by familiar staples within the city—the Fairview Southdale Hospital and the Southdale Center shopping mall.



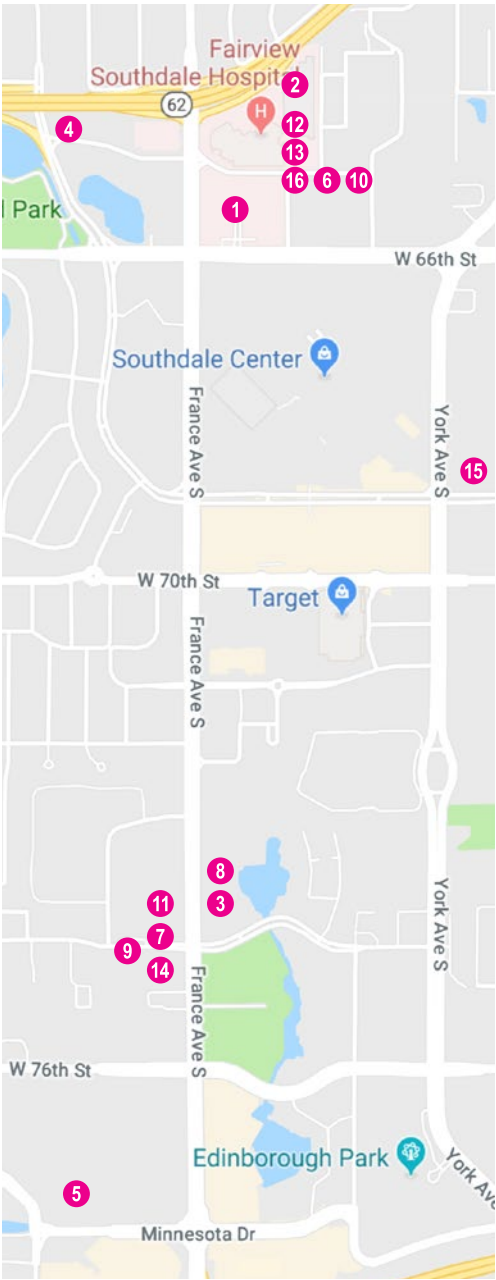
**INSIGHTS**  
Edina, Minnesota

Written by: Michael Stein and Pat Saari

## HEALTHCARE IN EDINA

Primary care providers, medical development, and medical office buildings (MOBs)

#	Property Name	Building SF	Total Avail SF	Large Tenants
1	Southdale Medical Center I, II*, III*	344,000	39,671	Fairview
2	Southdale Physicians East & West	140,934	—	PrairieCare
3	Centennial Lakes Medical Center*	101,797	2,003	Allina Clinics
4	Twin Cities Orthopedics*	70,665	—	Twin Cities Orthopedics
5	Twin Cities Orthopedics*	70,384	14,999	Twin Cities Orthopedics
6	Southdale Place	68,385	27,570	Fairview
7	7450 France Ave Medical	55,791	7,122	Edina Eye Physicians
Not pictured	Abbott Northwestern Outpatient Care*	42,376	—	Allina
8	Centennial Lakes Medical Center II-Proposed	30,000	30,000	—
9	Parklawn Medical Building	24,000	—	Southdale Pediatrics Associates
10	Edina East Professional	24,000	—	Dermatology Specialists
11	7400 France*	19,540	—	Nura Clinics (formerly MAPS Medical Pain Clinics)
12	Southdale Medical Arts Bldg	15,850	—	Southdale OBGYN Consultants
13	Children's Minnesota	12,140	—	Children's Minnesota
14	Minnesota Urology	11,047	—	Minnesota Urology
15	McCannel Eye Clinic*	9,000	—	McCannel Eye Clinic
16	Southdale Eye Clinic	6,336	—	Southdale Eye Clinic
*indicates an on-site ambulatory surgery center (ASC)		1,046,245	121,365	



## FAIRVIEW SOUTHDALE HOSPITAL



In 1958, Fairview Hospital of Minneapolis decided to expand hospital services into Edina following the opening of the Southdale Center two years earlier. Fairview Southdale Hospital, which officially opened in 1965, had a project cost of \$6.5 million. Today, the hospital is the largest employer in Edina providing twice as many jobs than the next largest employer. Located directly off Hwy 62 & France Ave S, the hospital has had multiple renovations since opening, including a newly constructed 90,000-sq.-ft. emergency center in 2013.

Today, there are nearly a dozen medical office buildings (MOBs) either connected to or within two blocks of the hospital. Less than 7% of the nearly 700,000 sq. ft. is currently available for lease. There is more medical office space on the Fairview Southdale Hospital campus than any other hospital campus in the Twin Cities. In addition, there are five more MOBs on France Ave S just over a mile south of the hospital (approximately 280,000 sq. ft.). Allina Health is the other system with a large presence in Edina. Though not serving patients within the walls of the hospital,

Allina and other providers in Edina utilize the city's eight ambulatory surgery centers (ASCs) to conduct surgeries and other outpatient procedures. Edina has more ASCs than any other city in Minnesota.

With support from the community and local businesses, Edina is committed to growing the presence of the hospital and ambulatory care services within the city. In 2017, the Edina City Council voiced its support for a proposal by the Edina Chamber of Commerce to implement a fast track approval system for future medical development. Aimed at facilitating future development for healthcare facilities, the "Medical/Wellness Destination Center" initiative will receive city support of nearly \$250 million over the next few years. Drawing comparisons to the Destination Medical Center in downtown Rochester, this investment is far from the \$6 billion in public-private funding expected to be spent over the next 20 years for the Mayo Clinic-based initiative. An Edina city official envisions tripling the nearly \$750 million in annual revenue from the hospital and other services provided over the next 5 years.



## THE SOUTHDALE CENTER



Designed in the 1950s, the Southdale Center mall is facing large-scale changes after two anchors recently shut their doors. Herberger's announced in early 2018 that the department store would close as parent company Bon-Ton Stores Inc. declared bankruptcy in January. This follows news in 2017 that JC Penney, another department store at Southdale Center, would close and lay off approximately 90 employees. Edina provided \$4 million in tax increment financing in 2012 to improve sidewalks and other conditions surrounding the mall.

Despite the Twin Cities retail market having relative success in backfilling vacancies left by national retailers, big box retail space in Edina is largely being replaced by smaller retail shops on ground level space in multi-family residential developments. This is particularly evident in Edina which has numerous strip centers and boutique shops, including the upscale Galleria mall just south of the Southdale Center.

Southdale Center, which is the second largest shopping mall in Minnesota by square footage (approximately 1.3 million sq. ft.) and is home to 120 specialty stores, is today

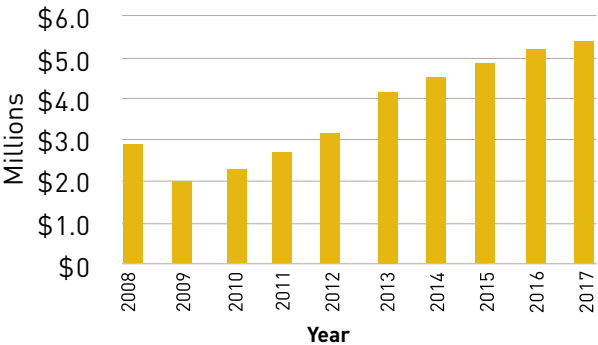
capitalizing on the development boom in Edina by selling off large portions of the parking lot to developers. The current owner of the mall, Simon Property Group, has sold land for a new Homewood Suites hotel, a Restoration Hardware store and café, and a Shake Shack restaurant. The largest project is the new Lifetime Fitness facility to replace the old JC Penney store. In addition to a new exercise facility, there will be a smaller coworking office next door. Both buildings will be connected to the mall via glass passageways. The addition of Dave & Buster's 40,000-sq.-ft. arcade and restaurant in 2015 had been the most positive news preceding these developments, all of which are currently under construction. Lifetime Fitness and the Homewood Suites hotel will continue development of the mall's east side along York Ave S near the border of Edina and Richfield. With nearly 500 apartment units finished since 2016, over 550 more units are either under construction or in the pipeline. These projects will bring more life and customers to the historically less active side of the mall.

## EMPLOYMENT

Employer	Employees 2017	% Total City Employment
Fairview Southdale Hospital	2,613	11
Edina Public Schools	1,343	5
BI Worldwide	1,000	4
Regis Corp	900	4
City of Edina	883	4
Spartan Nash	450	2
Edina Realty	400	2
International Dairy Queen, Inc.	400	2
Lund Food Holding, Inc.	400	2
FilmTec Corp	375	2

Source: ReferenceUSA

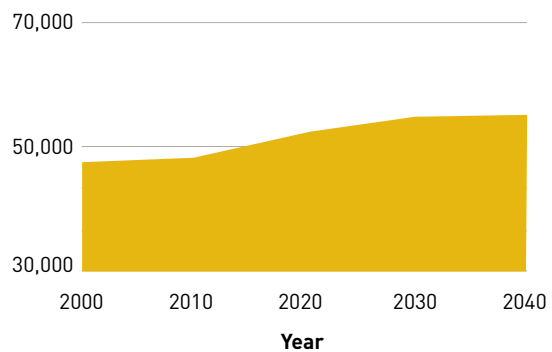
## EDINA BUILDING PERMITS



## FORECASTED DEMOGRAPHICS

Edina is expected to have relative population growth through 2030 after a decade of 1% growth from 2000-2010. In 2010, Edina had just under 48,000 people living in the city. That number will increase by 14% to 54,600 people by 2030. Following this period, growth will drop back down to nearly 1% through 2040.

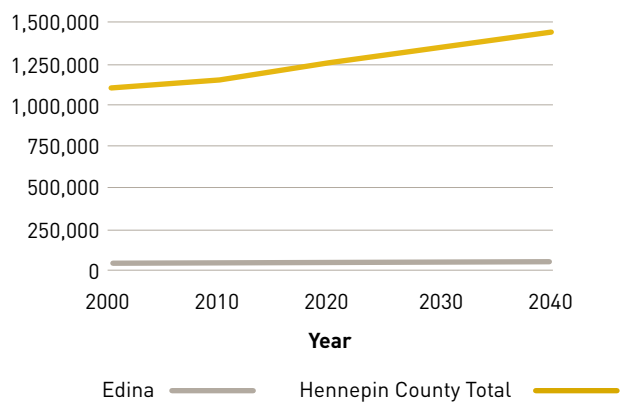
**Edina Population Growth**  
2000 – 2040



Source: Metropolitan Council

Within Hennepin County, Edina makes up just over 4% of the total population. While both areas will see continuous growth through 2040, growth in Hennepin County will nearly double that of Edina during this time.

**Edina and County Population Growth**  
2000 – 2040



Source: Metropolitan Council

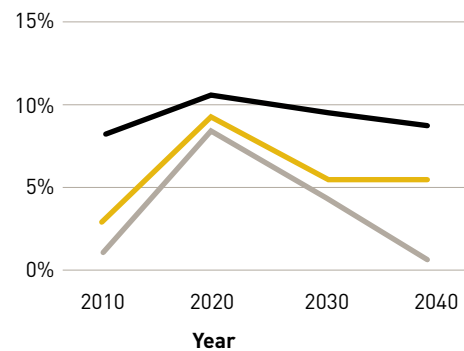
## FORECASTED DEMOGRAPHICS

Edina’s population growth will continue to lag both Hennepin County and the Twin Cities Metropolitan Region through 2040. While all three areas will experience the most growth from 2010-2020 (Edina reaching 8.3% growth), Edina will see the sharpest drop in new people moving to the area. As a first tier suburb, this is largely due to housing density constraints in Edina.

Note that by 2040, jobs will outpace the population in the suburb, ensuring that Edina will continue to be an economic powerhouse in the county/region.

Similarly, Hennepin County and the region are expected to outpace Edina in terms of employment. Following a decade in which all three areas saw negative job growth, Edina accounted for nearly 6% of all jobs in Hennepin County in 2010. Through 2040, that figure will slowly decrease given density constraints in the city.

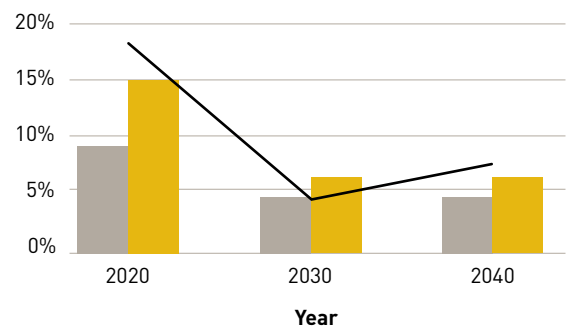
**Edina/County/Regional  
Expected Population Growth by %  
2000 – 2040**



Edina Growth — Hennepin County Growth —  
Regional Growth —

Source: Metropolitan Council

**Edina/County/Regional  
Expected Employment Growth by %  
2010 – 2040**



Edina Growth — Hennepin County Growth —  
Regional Growth —

Source: Metropolitan Council

The table below provides a summary of the expected change in population and employment for Edina, Hennepin County and the Twin Cities Metropolitan Region.

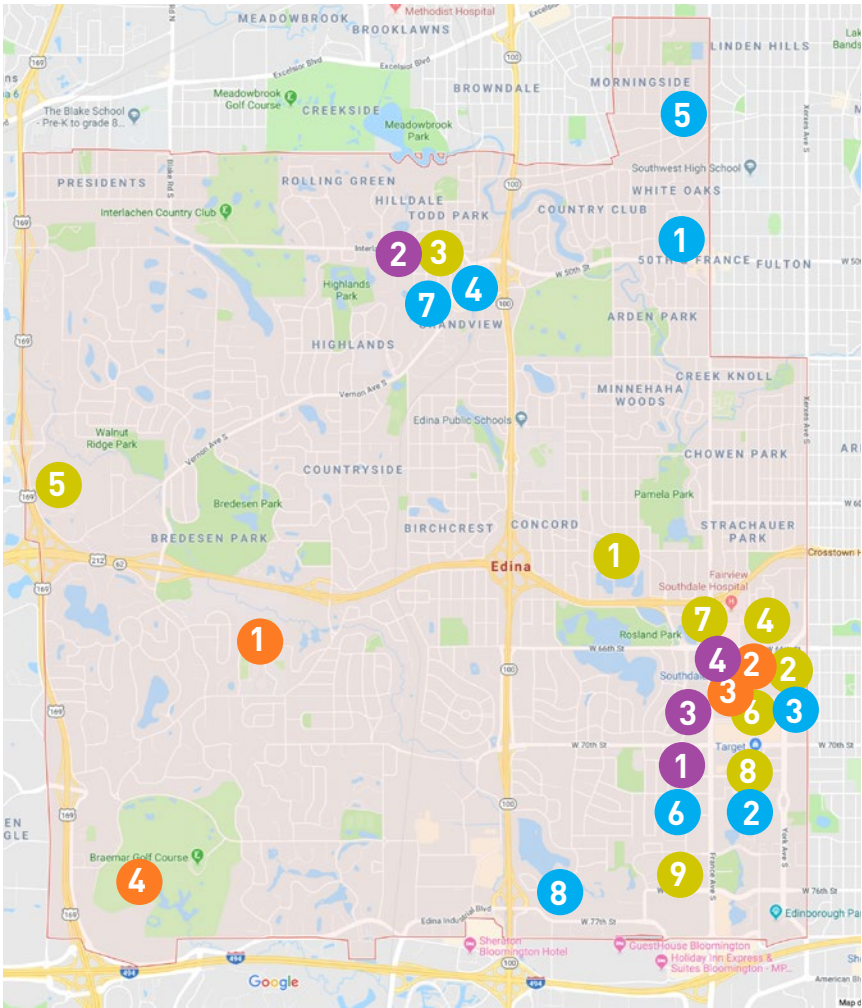
Area	Population					Employment			
	2000	2010	2020	2030	2040	2010	2020	2030	2040
Edina	47,425	47,941	51,900	54,600	55,100	47,457	51,800	54,000	56,100
Hennepin County Total	1,116,206	1,152,425	1,258,520	1,332,880	1,410,140	805,463	924,710	981,800	1,038,140
Twin Cities Regional Total	2,642,062	2,849,567	3,160,000	3,459,000	3,738,000	1,544,613	1,828,000	1,910,000	2,039,000
Edina % of Hennepin County	4.2%	4.2%	4.1%	4.1%	3.9%	5.9%	5.6%	5.5%	5.4%
Edina growth	2.9%	1.1%	8.3%	5.2%	0.9%	-10.4%	9.2%	4.2%	3.9%
Hennepin County growth	8.1%	3.2%	9.2%	5.9%	5.8%	-8.2%	14.8%	6.2%	5.7%
Hennepin County % of region	42.2%	40.4%	39.8%	38.5%	37.7%	52.1%	50.6%	51.4%	50.9%
Twin Cities Regional Total	15.4%	7.9%	10.9%	9.5%	8.1%	-3.9%	18.3%	4.5%	6.8%

Source: Metropolitan Council



## OTHER SIGNIFICANT DEVELOPMENT(S)

- Residential
- Mixed-Use
- Retail
- Other



### Residential

1. The Edina Flats is a proposal for 18-units of owner occupied housing at Valley View Rd & Kellogg Ave.
2. Doran Cos and KM2 Development are currently constructing the 191-unit luxury apartment named Aria at 3200 Southdale Cir, the former site of one of Best Buy’s first stores in the country.
3. The Great Oaks Development is a proposed redevelopment of two apartments and a single-family home into a new 17-unit housing development.

4. DLR Residential is proposing to redevelop two office buildings, including the 31,000-sq.-ft. office building at 3250 W 66th St, into a two-phase apartment project. The two apartment buildings will consist of 375 units total.
5. The Opus Group recently redeveloped the site of a 300,000-sq.-ft. office building formerly leased to UnitedHealth Group (UHG). The Loden is a 246-unit apartment at opened in mid-2018 that is looking to attract employees in nearby hubs, such as employees at UHG's corporate campus across Hwy 169.
6. One Southdale Place is a three-building apartment building at the southeast corner of the Southdale Center. The 232-unit project was completed in 2014.
7. The Aurora on France was completed in late 2016 and consists of 192 units of senior housing. Connected via skyway to the Southdale Hospital, the facility is operated by the senior housing division of Fairview Health.
8. Lund Real Estate Partners is proposing an 18-story, 186-unit apartment building at the former Guitar Center site.
9. After a first site fell through in early 2018, Aeon is now proposing to develop an 80-unit mixed-income apartment building at 4100 76th St W. The total cost of the project, which includes the property acquisition and construction costs, is estimated at approximately \$13 million.

### **Mixed-Use**

1. A two-phase development for 110 apartments, 35,000 sq. ft. of retail space, and over 800 parking stalls is being proposed at 3925-3944 Market St. Named Nolan Mains, the development will have 139 more parking stalls than what currently exists at the site.
2. 71 France is a three-building, 241-unit apartment building with ground level retail shops. The project was constructed in two phases and was completed in 2016.
3. The Onyx, a 240-unit apartment project with ground level retail shops, was completed in 2017 at the site of a former Wickes Furniture store.
4. Frauenshuh Commercial Real Estate is proposing a 17-story residential tower, artist lofts, and an art center near the Hwy 100 & Vernon Ave intersection. The 3-acre site containing the former Edina public works facility is owned by the Edina Housing and Redevelopment Authority (HRA).
5. Carlson Real Estate Co is proposing a mixed-use development on the Edina Cleaners site at 44th St & France Ave. The plan currently consists of 52 apartments and over 6,000 sq. ft. of retail space. The developer hopes to break ground on the project in late 2018.
6. The Edina Professional Building at 7250 France Ave, which has historically been occupied by medical tenants, will be condemned by the end of 2018. Bonjean Properties plans to tear down the building built in 1973 and replace it with a six-story apartment building. The mixed-use project will have 135 residential units and 19,000 sq. ft. of retail space.
7. Trammell Crow Co is proposing to rezone and redevelop Edina Public School's bus garage at 5150 & 5220 Eden Ave. The mixed-use development will likely include new multi-family units.

8. The 41-acre Pentagon Park redevelopment project is starting to come to life in Edina. In early 2018, the city approved Solomon Real Estate Group's plan to redevelop the 12.5 acres closest to Hwy 100 into two hotels, 12,000 sq. ft. of retail space, and a parking ramp.

In addition, the Edina City Council is in the process of approving a two-building 585-unit residential development at the Pentagon Park office complex. The currently proposed project is named Sienna on the Park and will be a mix of both market rate and senior housing units. The project cost is estimated at \$141 million and will receive approximately \$10 million in tax increment financing from the HRA if the project satisfies affordable housing policies in Edina. The buildings are tentatively set to open in 2020.

### Retail

1. A small retail building is being constructed on a former gas station site at 3901 W 70th St. The future home of Roti Modern Mediterranean and an E-Trade branch will be open before the end of 2018.
2. Orion Investments Edina III, LLC and Edward Farr Architects Inc are proposing a 2,700-sq.-ft. retail building with Caribou Coffee & Einstein Bagels as the tenant to replace the existing Jiffy Lube at 5000 Vernon Ave.
3. Slated to open in 2019, the southwest corner of the Southdale Center will be home to a new Restoration Hardware store. The three-story will resemble a mansion and will be approximately 58,000 sq. ft.
4. The northwest corner of the Southdale Center will be home to a new, stand-alone Shake Shack restaurant.

### Other

1. Edina Public Schools is proposing to build a 142,000-sq.-ft. addition to the existing high school.
2. The Homewood Suites by Hilton is a four-story, 146-room hotel being constructed at the northeast corner of the Southdale Center. The hotel recently opened in September 2018.
3. Lifetime Fitness will finish redevelopment of the former JC Penney store at the Southdale Center in mid-2019. With an expected cost of nearly \$26 million, the 120,000-sq.-ft. health club and co-working space will have a rooftop pool and will be available to Lifetime's highest-level members.
4. The historically flood-plagued Braemer Golf Course is currently closed as it's transformed into an 18-hole championship course. Instead of 27 holes, the \$7.5 million new look will include a new turf lawn and clubhouse for games, weddings, and other events.

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