



The 158,586-square-foot North Branch Marketplace was completed in 2008 on the northwest quadrant of Interstate 35 and Highway 95. Submitted photo: CoStar

## Canadian REIT buys North Branch Marketplace

By: Hank Long Hank Long January 8, 2016 3:25 pm 0

A Toronto-based real estate investment trust paid \$20.9 million in cash for an 8-year-old shopping center near a popular outlet mall in North Branch, according to a certificate of real estate value that recently became public.

The 158,586-square-foot North Branch Marketplace, on the 5600 block of St. Croix Trail, is anchored by a County Market grocery store as well as a freestanding Shopko.

The buyer is SUSO 4 North Branch LP, an entity related to Toronto-based Slate Asset Management. The seller, North Branch Marketplace LLC, is an entity associated with Eden Prairie-based Solomon Real Estate Group. The deal closed in late December.

Slate's retail REIT focuses its U.S. portfolio — which includes about 7 million square feet of space across 20 states — solely on grocery-anchored shopping centers. Its Minnesota properties include Cub Foods-anchored centers in Brainerd and St. Paul, both of which were purchased in 2013.

The County Market, owned by Jerry's Foods, has a lease for the strip mall's 53,000-square-foot anchor space through 2024, an important factor when Slate was evaluating the property, said Conor McBroom, vice president of investor relations for Slate.

"Grocery stores in particular are the most defensive [low-risk] segment in retail. They bring people in for daily trips, and with (County Market) continuing to be a leading grocer there for that community, we really liked the acquisition from that angle," McBroom said.

The deal for North Branch Marketplace works out to \$131.79 per square foot.

The combined estimated property value for the parcels included in the sale is nearly \$17.2 million, according to Chisago County property records.

The sale closed on Dec. 17 and included eight developed parcels that make up the 21-acre site, including a Holiday gas station. The North Branch Marketplace is part of the bustling Interstate 35/Highway 95 interchange, where the popular North Branch Outlets mall is about a half mile to the south.

Solomon has been busy with several projects in the Twin Cities including its nearly completed Park Place on France redevelopment in Edina, said Jay Scott, principal for Solomon.

Scott said the timing was right to part with the shopping center it built in 2008 on the northwest quadrant of

Interstate 35 and Highway 95.

"We were the original developer at that site, and it was just part of the strategic plan, having held onto the property for that length of time, to consider selling it," Scott said Friday.

Solomon retained ownership of four vacant out lots that it plans to develop into future supporting retail for the center, Scott said.

Supporting tenants occupy about 20,000 square feet at the strip retail building and include Don Julio's Mexican Restaurant, Dickey's Barbecue Pit, Fantastic Sams and H&R Block. The center has a 94 percent occupancy rate, according to CoStar.

Shopko's lease in the freestanding 86,000-square-foot building runs through 2029, which was also an important factor in the acquisition, Slate's McBroom said.

The discount retailer has become a popular anchor in outer-ring suburban submarkets and in outstate Minnesota, said Keith Sturm, principal and CEO for Minneapolis-based Upland Real Estate Group Inc.

"Shopko is very well sought after now, and it's attracting institutional money," said Sturm, whose company specializes in commercial brokerage and net lease sales. "So a grocery store and a discount hard goods store in that community really complement each other well."

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