

WRIGHT & SHERBURNE

Otsego's retail revolution

Two major projects emerge around Highway 101 expansion

by Don Jacobson

Otsego's transition from a quiet Wright County community into an emerging retailing and industrial space Mecca is proceeding apace, thanks largely to a major Minnesota Department of Transportation (MnDOT) project aimed at rebuilding Highways 101 and 169 into a freeway running from Rogers to Elk River.

One of the main beneficiaries of that project will be Otsego, where the key Highway 101/County Road 39 (90th Street Northeast) interchange will be completely rebuilt into a full freeway-style cloverleaf just south of the Mississippi River crossing as it carries drivers north on their way to Elk River and Zimmerman, as well as southbound to suburban Hennepin County.

According to MnDOT, that project is on schedule to be done during the 2007 and 2008 construction seasons. The exact timing of the construction is a matter of great concern to the developers of a pair of major mixed-use commercial projects - Landcor Inc.'s Otsego Waterfront and Terra Development's Great River Centre. Both have a lot riding on the highway project's timely completion.

The two projects are next door to each other along Highway 101, with Landcor's effort occupying the more northerly parcel situated directly at the intersection with County Road 39. The Great River Centre project is closer to Highway 101's planned crossover of County Road 42 (River Road Northeast).

Terra Development has landed a SuperTarget store to anchor its Great River Centre project, while Landcor is still seeking a big-box retailing anchor for its Otsego Waterfront East. Both say interest is high in their projects, as well as in Otsego itself as the newest, most northerly extension of the booming Northwest Metro region.

"When we looked at Otsego, we felt that we were looking at the

Maple Grove of 15 years ago," says Robert Fields, CEO of Landcor Companies. "We knew it was time to start there. We began with a convenience store and a bank, and now the Riverview Community Bank has done \$150 million in business in three years. It was a huge success."

Fields and Landcor finished that first phase of their project, a piece called Otsego Waterfront West, with the 2005 opening of a new Holiday Inn and an accompanying water park. Ground also now has been broken on the project's main attraction, Otsego Waterfront East, which is envisioned to have 250,000 square feet of retail and offices.



COURTESY CB RICHARD ELLIS

The Great River Centre, along with Otsego Waterfront East, promise to transform Otsego into a regional retailing hub along a rebuilt Highway 101, south of the Mississippi River.

"It will have a big box, medical clinic, an auto mall, another bank is coming and a liquor venue that does wine sales," Fields says. "Initially, I started with a restaurant component there also, but scotched that. Then came the downturn in the residential market, and so now we may go back to it."

"There's still a need in the Elk River-Otsego area for big boxes," he says. "But an even bigger need is to bring those big-box customers in to enjoy the whole market we have here. A clothing store would be a huge success here, for instance."

Meanwhile, officials at Rogers-based Terra Development say the groundbreaking for Great River Centre's SuperTarget, which is being developed by Ryan Companies, is still up in the air because of the construction plans for Highway 101.

"We're getting a tremendous amount of interest in the project, but what everybody wants to know is, when will the SuperTarget open?" says Dave Taus, operations administrator for Terra. "And what's driving that decision are MnDOT's construction plans."

The original plans for the reconstruction of the Highway 101/County Road 39 interchange called for a 2007 completion date with traffic movement

being allowed in all directions during the work. Then the agency changed its plans, pushing the completion date back to 2008 with vehicle access in some directions being cut off during the construction. That move has alarmed city officials, who, along with the developers, are urging MnDOT to go back to its original plans.

"This is critical for the city," Taus says. "Once MnDOT decides, Target will set its opening date. The other retailers at our project are all lined up. They range from bigger boxes down to small stores that would be in the strip retail buildings. It's a 90-acre site, and taking out Target and the other lots we've sold, we still have 50-plus acres

that area available for sale."

If all of the land is eventually developed, Great River Centre will have 500,000 square feet of office and retail. The leasing is being handled by Brian Pankratz of CB Richard Ellis.

Taus says Terra Development is fully committed to Wright, Sherburne and northwestern Hennepin counties as a natural extension of the metro area whose time has already come. In addition to Otsego, the firm is now working on a new Best Buy store in Rogers and a redevelopment effort in downtown Zimmerman. That mixed-use project is being anchored by Lane's Economart, which for many years was known as Lane's Food Pride.

"We're putting up a 30,000-square-foot building with a 20,000-square-foot Lane's in it," Taus says. "This is probably the biggest commercial retail project to take place in Zimmerman in a long time. We have also a 45,000-square-foot Anytime Fitness going in, with two additional pad sites available."

"It's got Highway 169 visibility and is just north of

the main entrance into town. Zimmerman needs services and was looking for redevelopment in its downtown core."

A large-scale industrial project is also under way in Otsego: Duke Realty is similarly taking advantage of the Highway 101 re-build to establish a new bulk warehouse and office-warehouse along the new freeway two miles north of I-94. Duke plans to eventually develop 1.4 million square feet at the site.

"It's going great," says Pat Mascia, Duke's senior vice president of Twin Cities operations. "We're looking at trying to line up some users now and figuring out the best time to build that first building. We think with all the population growth the Northwest Metro, the proximity to I-94 and the visibility from 101, it's a great location."

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