

# 2012 CEDAR - RIVERSIDE COMMERCIAL REAL ESTATE



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## SCAN REPORT

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**African  
Development  
Center**  
of Minnesota

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## Executive Summary

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### **Why was this Study Conducted?**

The idea for the Cedar-Riverside Commercial Real Estate SCAN Report came from the Cedar-Riverside NRP Program, and the work to generate the report was carried out by the African Development Center. The purpose of the report is to get a sense of the commercial real estate market along Cedar Avenue, which is the neighborhood's main commercial area. The SCAN consisted of the following activities: documenting the amount and types of retail and service space; calculating how much of that space is vacant versus occupied; determining whether each space was rental or owner-occupied; and asking property owners and tenants to comment on their perception of the neighborhood and the issues they see for the neighborhood and their businesses.

### **Process/Methodology**

The study area was Cedar Avenue, and two blocks on either side, from I-94 to the LRT trench. Within the study area, an inventory was done in April-May of 2012 of every retail/service use at street level. A total of 119 separate businesses were identified, many of them at multi-tenant mall locations. Businesses were grouped into 6 broad sectors and 17 categories within those sectors, based on a standard classification system. Study staff spoke with representatives of 80% of the total business/mall locations that were identified.

### **Commercial Space Utilization**

The complete results of the inventory are available in an attached spreadsheet. The total street level inventory of retail/service space is 202,754 square feet. Only 4% (7,156 square feet) was vacant at the time the inventory was done. 46% of the space inventory was owner-occupied and 54% was rented.

### **Industry Sector Diversity**

The biggest industry sectors are Retail Trade (38% of total square footage) and Food Services (24% of total square footage). The biggest single category, by square footage, within an industry sector is Eating Places, which is 33,886 square feet within the Food Services Sector. A total of 19 restaurants/coffee shops were identified. The next biggest category is Clothing & Clothing Accessories, which is 26,028 square feet within the Retail Trade Sector. A total of 36 stores were identified in this category- the biggest store count within any category. The largest single block of space within the study area was the 20,642 square foot Brian Coyle Center, which was classified within the Healthcare & Social Assistance sector.

## **Perspectives and Perceived Issues**

Issues and desired areas of focus identified by businesses and property owners can be summarized as follows:

- Need for a comprehensive parking strategy that results in reasonably-priced (or free) and clear parking options;
- Safety has improved but there are still concerns about personal safety, including pedestrian safety;
- Desire to promote the area based on its considerable assets;
- Need for better lighting and maintenance of landscaped areas;
- Need to improve storefronts and buildings, with high property taxes one impediment to this;
- Recognition of key properties along Riverside Avenue whose reuse could help make the connection between the Cedar Avenue and University/Augsburg/medical areas; and
- Desire for a stronger business or property owners association to effectively address issues that have been identified.

## **Recommendations**

The most basic recommendation is to harness the positive energy in the business community to address the issues that have been identified. One organization, whether it be the current business association or another entity, needs to take the lead. The development of a comprehensive parking strategy is at the top of the “to do” list.

There needs to be an emphasis on gathering the resources needed to make physical improvements to existing buildings and infrastructure, such as lighting and landscaping. A change in infrastructure is recommended for a portion of the West side of Cedar Avenue. There are sidewalk areas on the West side where pedestrians feel an uncomfortable closeness to vehicle traffic, and the sidewalk aesthetics are sorely lacking.

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## Introduction

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### Why was this Study Conducted?

The purpose of the study was to get a sense of the overall commercial real estate market in the Cedar-Riverside neighborhood by “scanning” the inventory of commercial properties. This SCAN consisted of the following activities: documenting the amount and types of retail and service space in the area; calculating how much of that space is vacant versus occupied; determining whether each space was rental or owner-occupied; and asking property owners and tenants to comment on their perception of the neighborhood and the issues they see for the neighborhood and their business. The Cedar-Riverside NRP Program originated the idea of the SCAN and asked the African Development Center to complete it.

### Process / Methodology

The study area was a subset of the entire neighborhood. The area studied includes Cedar Avenue, as well as two blocks on either side, from I-94 to the LRT “trench”. Cedar Avenue is the primary commercial spine of the neighborhood, and two blocks either side picks up some additional commercial that could be considered part of that market area. Excluded from this particular study were Riverside Avenue (other than two blocks East of Cedar Avenue), and the “7 Corners” commercial area North of the LRT trench/Washington Avenue. These areas were excluded because they are distinct areas with their own market influences. Riverside is dominated by the major educational and medical institutions. 7 Corners is physically separated from the study area by the LRT trench/Washington Avenue, and has very different demographic influences than the study area.

Within the study area, an inventory was done in April-May of 2012 of every retail/service use at street level, and every vacant space that could potentially house these uses. Second story and above, and basement spaces, were excluded, with some exceptions. Most of the space that is above street level along Cedar Avenue is either residential or office use, and basement space is typically storage. The exceptions were: three retail/food/service businesses (Beauty Secret Hair Salon, Starbucks and Super Plaza Halal Foods) that have second level locations; and a couple of properties (Mayday Books and Al Karama Cedar Square Mall) with retail/service at the basement level.

The inventory of commercial spaces was done by walking each block along Cedar Avenue and two blocks on either side. The square footages of commercial spaces were obtained either from the City of Minneapolis property information website, or from field measurement if information was not available on the City website. Determination of vacant spaces was done

by visual survey. Determination of owner-occupancy versus rental was done by asking business and property owners, and by looking at ownership information on the City property website.

For purposes of analysis, all of the businesses in occupied spaces were categorized into one of the North American Industry Classification System (NAICS) categories. NAICS groups establishments into industries according to similarity in the processes used to produce goods or services. For this study, the Retail Trade, Credit Intermediation, Healthcare & Social Assistance, Arts/Entertainment & Recreation, Food Services, and Other Services sectors within NAICS were used. There are further breakdowns within these sectors that were used to categorize businesses.

Study staff made contact with 51 (80%) of the 64 business/mall locations that were inventoried. "Made contact" means staff spoke directly with a business/property owner or employee during a site visit or via a phone conversation. Those contacted were asked a few basic questions including whether they rent or own, who the owner is, the status (occupied or vacant) and type of occupancy of 2nd floor and above space, and what issues they see for their business and the area. Everyone contacted was very willing to share information and opinions.

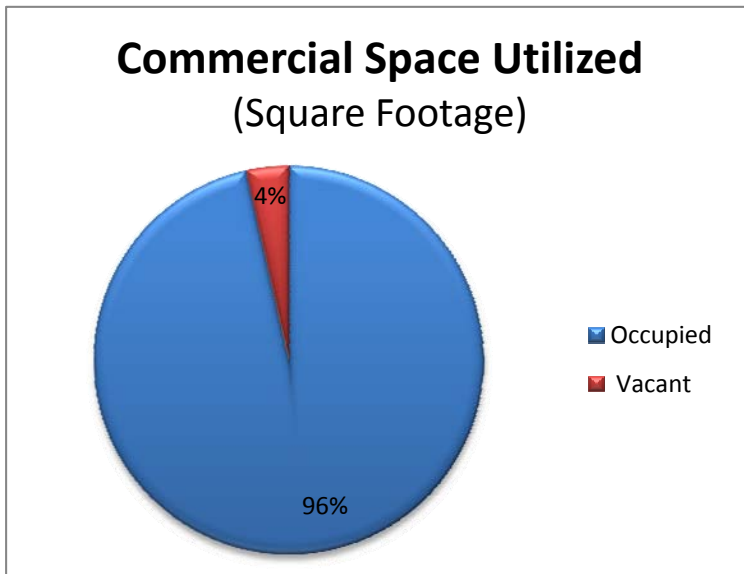
While there were 64 separate business/mall locations inventoried, within those locations there were 119 separate businesses at the time the study was conducted. At Riverside Mall (620 16th Avenue) there were 36 businesses. The two malls on Cedar Avenue (415 and 419 Cedar Avenue) had a total of 23 businesses. While representatives of these malls were contacted and businesses were inventoried, staff did not talk with individual business owners.



## Findings Report

### Commercial Space Utilization

The complete results of the inventory are available in the attached spreadsheet. The total street level inventory of retail/service space in the study area is 202,754 square feet. Only 4% (7,156 square feet) was vacant at the time the inventory was done. This is a very impressive vacancy rate compared to vacancy rates for the larger Twin Cities market, and attests to the vibrancy of the area. As a comparison, the Northmarq Capital Compass Report dated January of



2012 shows a Twin Cities Retail Market vacancy rate of 8.4%. The vacancy rate for the Minneapolis Central Business District was 23.2%.

Vacant space in the study area consisted of: the former Viking Bar at 1829 Riverside Avenue; a building at 1500 South 6th Street that is in an area slated to be developed with apartments; and space in the three multi-tenant malls located in the neighborhood.

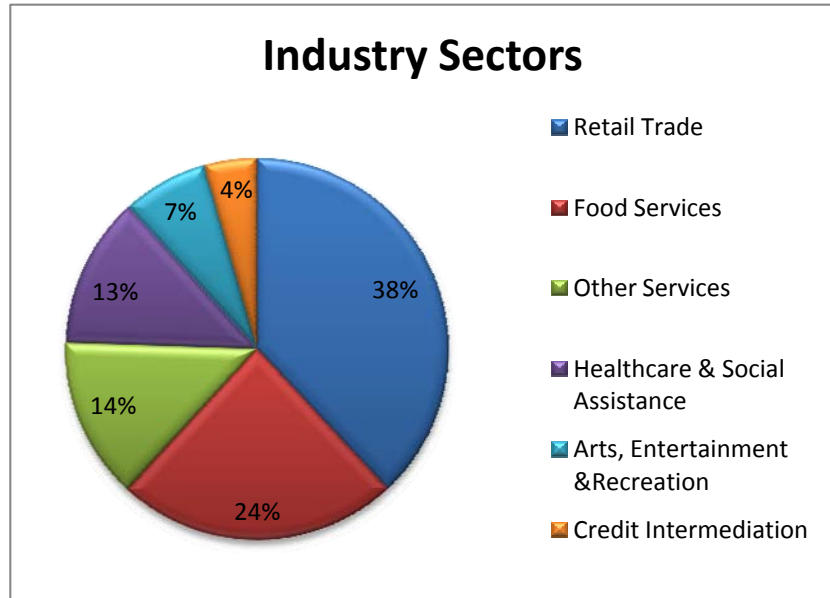
The Viking Bar property has 5 single-room occupancy units on the second level that are currently occupied. In the basement there is a new cooler and freezer, storage space and an office. The listing broker reports the property could lend itself to a lot of uses including retail, bar/restaurant and offices.

46% (91,073 square feet) of the total space (199,422 square feet) that is occupied or available for rent is owner-occupied and 54% (108,349 square feet) is rented. This seems like a very healthy level of owner-occupancy, and bodes well for property maintenance and efforts to work cooperatively on issues that affect the area.



## Industry Sector Diversity

Based on square footage, the biggest NAICS sectors in the study area are the Retail Trade sector (38% of business square footage) and the Food Services sector (24% of overall business square footage). The largest single block of retail / service space within the study area was the 20,642 square feet at the Brian Coyle Center, which was classified within the Healthcare & Social Assistance sector.



Looking at the attached spreadsheet that documents the business inventory, there is obviously a very diverse mix of businesses in the study area. There are 17 different categories of businesses within the 6 broader sectors, and a variety of businesses within these categories.

Of the categories, the biggest single type by square footage is Eating Places, within the Food Services sector - with 33,886 square feet. There are truly diverse dining opportunities within the 19 restaurants/coffee shops in the study area.



The next biggest business category type by square footage is Clothing & Clothing Accessories, within the Retail Trade sector - with 26,028 square feet. This reflects the concentrations of such businesses within the malls and the Midwest Mountaineering / Thrifty Outfitters complex.

In total, 36 such stores were counted by the study - by far the biggest individual store count within any business category type.



## *Perspectives and Perceived Issues*

When asked about issues that they see for their business and the area, parking was the most frequent concern identified by those surveyed. While there is some sense of a shortage of parking spaces in the area, there were also comments on underutilized parking spaces, especially in ramps. Comments were geared toward a shortage of free or reasonably-priced parking, focused on parking lots and the parking meters on Cedar Avenue. What also came through in comments about parking is that simplicity, clarity, and safety of parking is important. Several businesses said that validated parking was too complicated or time-consuming for their patrons, or too expensive for their business. There were also comments about agreed-upon parking arrangements not being followed. For example, spaces that businesses thought were allocated for their customers were being used by other businesses or by students. One business summed it up very well by saying a “comprehensive parking strategy is a huge issue.”



The second most frequently commented-on

issue was safety. It is clearly still a concern, but many businesses also said that it has improved in the last 1-2 years. Reasons cited for the improvement included the addition of Somali police officers, and youth and after school programs. Despite these improvements around safety issues, a number of businesses mentioned that the perception that the area is still not safe remains a problem. Pedestrian safety was cited as a concern by some businesses on Cedar Avenue, who said they have seen pedestrians hit by vehicles. One business mentioned that older immigrants are sometimes not safe when crossing Cedar Avenue.

A third category of comments could be described as broader issues, concerns, and hopes. While there was some pessimism that “things will never improve”, there were many more comments about how they could be improved. There is recognition that the area has many assets, and a desire to promote the area based on those assets. The diversity of the area and the vibrant business community are strengths cited by many businesses. Other obvious



strengths are proximity to downtown Minneapolis, interstate access, two LRT stations, the variety of dining and entertainment options in and adjacent to the area, and proximity to large educational and healthcare institutions with their student, employee, and visitor populations.

Those surveyed spoke about wanting to work together for improvements, whether through the business association or through the creation of a property owners association – mentioned by one business. Current business association efforts were acknowledged, but there was also



sentiment that this association could be stronger and had, in fact, been so in years past.

Beyond a desire to increase levels of promotional efforts for the area, businesses spoke of a need to increase lighting (including more pedestrian - scale lighting), better

maintenance of landscaped areas, and “drawing a line from the Hiawatha LRT Station to the University” - so people can find and use the station more easily. Some non-African businesses spoke about wanting more African-owned businesses to get involved in area improvement efforts.

There is a desire (and a need) to improve storefronts and buildings. One of the things mentioned as an impediment to that is the high level of property taxes. Current property taxes were described by one property owner as a “rent tax” that is increasingly hard to pass on to tenants. To the extent that those costs cannot be passed on, it means there are fewer resources for maintenance and the overall improvement of properties.

There has been much discussion, past and present, of the real estate development opportunities created by LRT, and what to do with the Dania Hall site. This study touched on another area (East of Cedar Avenue) where there may also be important business/development opportunities. Specifically, there is the Viking Bar building at 19th and Riverside that is for sale, with the Viking no longer operating there. The listing broker, who has years of successful marketing and development experience in high traffic commercial areas in Minneapolis, sees

this property having a use that will help make the connection between the University/Augsburg/medical area and Cedar Avenue to the West. Another property that could also help bridge the institutional and Cedar Avenue market areas is the Riverside Imports property across 19th Avenue from the Viking. This property has a good amount of frontage on Riverside Avenue. The business has been closed since February of 2012, but the property does not appear to be publicly listed for sale or lease.

Finally, there were comments about business being slow, rent being too high for businesses to be profitable and struggles over many years to stay in business. Beyond rents and taxes, businesses attributed these problems to such things as construction activity, changing demographics, and customers staying away because of the perception that the area is unsafe.



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## Recommendations

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While this study was focused on scanning the commercial real estate market and not on making recommendations, there are some recommendations that follow logically from the preceding findings. The most basic being that the positive energy in the business community should be

harnessed to address the parking and safety issues that have been identified, and to work on the desired physical improvements to buildings, lighting, and landscaping. A broadly representative, highly focused



and effective effort is needed. This could be led by the current business association - which some businesses say is moving in the right direction, although other businesses believe it is lacking in representation and effectiveness. The important thing is that someone takes the lead. The development of a comprehensive parking strategy should be at the top of any to do list.

There needs to be a focus on getting the resources that are needed to make physical improvements. Some of these resources are already in the neighborhood in the form of businesses that individually or collectively could provide the manpower to take on tasks such as better upkeep of public areas, including landscaped areas. At the very least, businesses that don't already do so can perform daily litter pick-up around their properties, regardless of the source of the litter. At a higher level, there needs to be a commitment of public and private resources to provide improvements to lighting and to building storefronts, systems (roofs, HVAC, etc.), and interiors.



Walking the sidewalk on the West side of Cedar Avenue, one feels an uncomfortable closeness to the street and the fast moving vehicles there. The sidewalk is narrow and there are no



parked cars at the curb to provide a feeling of separation from the street. This suggests that either the sidewalk should be widened or parking should be allowed on this side of Cedar, or both. In either case, a lane of traffic would be lost. Maybe there could be a trial run of a configuration that would allow parking on the West side, and an evaluation of whether the traffic capacity that is lost is outweighed by the improvement to safety, aesthetics, comfort, and the addition of parking. This idea was not mentioned by any businesses, but is included here because it was so obvious after walking the West side of Cedar Avenue.

North American Industry Classification of Businesses																											
Address	Business Name	Street Level Sq Ft (including vacant sq ft)	Vacant Sq Ft	Owner-Occupied Sq Ft	Rented Sq Ft	Retail Trade								Credit Intermediation	Healthcare & Social Assistance			Arts, Entertainment & Recreation	Food Services			Other Services				Total	
						Furniture & Home Furnishings	Electronics & Appliances	Food & Beverage Stores	Health & Personal Care	Clothing & Clothing Accessories	Sporting Goods, Hobby, Book & Music	Miscellaneous Retailers	Total Retail Trade		Ambulatory Health Care Services	Social Assistance	Total Healthcare & Social Assistance		Eating Places	Drinking Places	Total Food Services	Repair & Maintenance	Personal Laundry	Religious, Grantmaking, Civic, etc. Organizations	Other Other Services		Total Other Services
320 Cedar	Red Sea Restaurant & Bar	5,000		5,000																							
324 Cedar	West Bank Diner	2,000			2,000																						
326 Cedar	Keefer Court Bakery & Restaurant	2,893		2,893				2,893																			
400 Cedar	400 Bar	3,146		3,146																							
404 Cedar	Milano Men's & Women's Fashions	700			700				700																		
406 Cedar	Shafii Mosque	2,908			2,908																						
408 Cedar	Sahara Restaurant	2,243			2,243																			2,908			
410 Cedar	Halal Mini Market	1,440			1,440			1,440																			
410 Cedar	Samiya Store	1,000			1,000				1,000																		
414 Cedar	The Wienery	1,400			1,400																						
414 1/2 Cedar	SE Asian Restaurant	inc above																									
416 Cedar	Cedar Cultural Center	8,185		8,185																							
500 Cedar	Palmer's Bar	1,384		1,384																							
504 Cedar	Islamic Civic Society/Dar Al Hijrah	4,562		4,562																				4,562			
514 Cedar	Otanga Grocery	2,350			2,350			2,350																			
301 Cedar	The Hub Bike Coop	2,352			2,352																						
301 Cedar	Mayday Books	1,000			1,000																						
309 Cedar	Midwest Mountaineering	6,480		6,480						6,480																	
317 Cedar	Thrifty Outfitters	4,592		4,592						4,592																	
325 Cedar	Beauty Secret Hair Salon	400			400																			400			
327 Cedar	Ross West Bank Pharmacy	2,352		2,352				2,352																			
329 Cedar	Acadia	2,480			2,480																						
405 Cedar	Depth of Field	4,950		4,950		3,300																					
411 Cedar	Sagal Restaurant & Coffee	1,650			1,650																						
415 Cedar	Al Karama Mall	3,187	300		3,187	1,594	273																	273			
417 Cedar	West Bank Grocery	4,371			4,371			4,371																			
419 Cedar	Al Karama Cedar Square Mall-2 levels	8,190	1,424		8,190	356				1,782	356																
425 Cedar	Cedar Tobacco & AAA Home care	2,000			2,000																			2,136			
501 Cedar	Nomad World Pub	2,080		2,080																							
521 Cedar	Intercontinental Video	2,180		2,180																							
521 A Cedar	Cedar Wireless & Accessories	300			300																						
523 Cedar	Mediterranean Deli	990			990																						
525 Cedar	Wadajir Grocery & Halal Meats	990			990			990																			
605 Cedar	Maashaa 'Allah Restaurant	1,207			1,207																						
607 Cedar	Tawakal Money Express	1,290			1,290																						
609 Cedar	Alle Amin Coffee Shop	720			720																						
609 1/2 Cedar	MG Pro Barber Shop	375			375																			375			
611 Cedar	Kaah Express Money Wiring	600			600																						
613 Cedar	AfriK Grocery	1,835			1,835			1,835																			
615 Cedar	Chiropractor- Dr. Sirak Hailu	2,247			2,247																						
617 Cedar	Cedar Riverside Liquor	2,400		2,400				2,400																			
629 Cedar	Triple Rock Social Club	5,979			5,979																						
1801 Riverside	Associated Bank	4,239		4,239																							
1808 Riverside	Mapps Coffee	1,728			1,728																						
1810 Riverside	Bruck's Cafe	400			400																						
1810 Riverside	Harry's Travel, Electronics & Shipping	700			700				700																		
1813 Riverside	Dilla's Ethiopian Restaurant	1,800			1,800																						
1820 Riverside	Riverside Holistic Health Clinic	1,300		1,300																							
1821 Riverside	Hardtimes Cafe	3,176			3,176																						
1827 Riverside	Lucky Dragon Restaurant	4,444		4,444																							
1829 Riverside	former Viking Bar- vacant	1,782	1,782																								
1919 Riverside	Riverside Imports	3,408		3,408																				3,408			
1501 S 4th Street	Mixed Blood Theatre	4,720		4,720																							
1525 S 4th Street	Super Plaza Halal Foods	3,115			3,115			3,115																			
1925 S 4th Street	Starbucks at Hanson Hall	1,500			1,500																						
1931 S 5th Street	African Development Center	5,708		5,708																				5,708			
1939 S 5th Street	Afro Deli & Coffee	872			872																						
1500 S 6th Street	Vacant	1,550	1,550																								
1501 S 6th Street	Darul-Quba Cultural Center	5,476			5,476																			5,476			
1501 S 6th Street	Quba Coffee	1,500			1,500																						
1812 S 6th Street	Free Wheel Bike	9,860		9,860						9,860																	
1813 S 6th Street	West Bank School of Music	1,211		1,211																							
420 15th Ave S	Brian Coyle Community Center	20,642			20,642																						
620 16th Ave S	Riverside Mall	17,215	2,100		17,215			420	420	10,500	420													415			
	<b>Totals</b>	<b>202,754</b>	<b>7,156</b>	<b>91,073</b>	<b>108,349</b>	5,250	3,173	19,814	2,352	26,028	15,838	2,000	74,455	8,730	3,967	21,062	25,029	14,116	33,886	12,589	46,475	3,764	1,551	18,654	2,824	26,793	195,598
	Percentages		4%	46%	54%								38%	4%			13%	7%			24%				14%	100%	