



Saint Paul BOMA News

BOMA's mission is to provide leadership to the commercial real estate industry through advocacy, education, research, and professional networking.

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November
Brokers Group November 7th
Superintendents November 17th
Membership Meeting November 20th

December
Broker's Group December 5th
Membership Meeting December 10th

Meeting sponsored by:



November Membership Meeting



In an age where we manage more and more of our lives digitally, it means that anyone—in any career—should know simple things about keeping security up to par. What is the best way to assess the level of risk and vulnerabilities against your technology - networks, applications, routers, switches, appliances, etc., your people - staff, independent contractors, departments, business partners, etc. and your physical assets — offices, warehouses, substations, data centers, buildings, etc.

Join us on **Tuesday**, November 20th for Cyber Security – Protecting Your Building's Assets. Get more information on how to:

- Identify physical, hardware, software and human vulnerabilities
- Obtain a more realistic understanding of risk for your property
- Help address and fix all identified security weaknesses

Our presenter, **Ryan Manship** will share real-world opportunities for malicious virtual and/or physical access to sensitive information leading up to data breaches and full system/network compromise. Learn about developing solutions and creating a multi-blended attack involving social engineering and penetration testing.

[Click here to register!](#)

Please note this meeting will be taking place the **THIRD WEEK** of the month on a **TUESDAY**.

Date: TUESDAY, November, 20th	Time: 11:30am- 1:30pm	Location: DoubleTree 411 Minnesota Street St. Paul , MN 55101	Cost: \$42.50 for members \$47.50 for late/walk ins \$48 for non-members
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CHAIR'S REPORT

Jerry Hersman, Chair
Greater Saint Paul BOMA

On October 22, GSP BOMA released its annual Office Market Update Report at our monthly Membership meeting. This report is considered the local real estate industry's premier analysis of the downtown St. Paul office market with economic data, trends and changes detailed over the past 12 months. While several of the local brokerages put out their own Twin Cities periodic updates that

include a paragraph or two on St. Paul, our report drills down to Class A, B and C categories of space with analysis on the competitive market segment, owner-occupied (Securian, Ecolab, and Travelers for example), government-occupied, health care facilities and retail space.

For those of you who enjoy fairy tales, this past year has a bit of a Goldilocks aspect to the report. During the last 12 months, the real estate "porridge" in the St. Paul office market has been:

Too Cold

- Continuing an ongoing trend over the past decade, the overall office market (includes competitive, owner and government occupied segments) continued to contract as more and more older office buildings were converted to residential rental housing, hotels or new retail establishments. Since 2010, the overall market space has decreased from 17.38 million SF to 15.65 million SF.

- Long-time corporate anchor buildings Landmark Towers, 180 E. 5th Street and Cray (formerly Galtier) Plaza have experienced significant financial stress and are currently in legal Receivership status with lenders in control of the properties. These three buildings alone total over 1.1 million SF.

Too Hot

- New projects now operating include The 428 – a 63,000 SF state-of-the-art renovation of the former Woolworth's – and the continued increasing occupancy (over 65%) of Osborn370 building – the former Ecolab headquarters – drawing new businesses to the downtown market.

- Growth of retail, bars and restaurants – since 2016, retail space has increased by 82,000 SF to 1.35 million SF, significantly impacted by the conversion of the former Macy's department store to the new Treasure Island Center.

(Continued on next page)

CHAIR'S REPORT (CONT.)

Just right

- Tenants occupy a larger % of available office space. Vacancy rate has decreased from 20.8% in 2017 to 19.1% in 2018 in the competitive office market segment.
- Since 2010, the number of residents living downtown has doubled from 4,862 to 9,457 people in 2018. This critical mass and trend signals confidence in the market and belief in a more vibrant future City of Saint Paul.

Going forward,... while our St. Paul office market has been basically flat and stable for the past decade, we are currently witnessing a transition that will address the future requirements our market needs to better serve. The market is in need of new Class A office space as an economic driver to attract new business and additional workers to our downtown core.

Ramsey County is moving forward with their plans to develop the river front property where the former West Publishing Building and City Jail have been demolished in advance of a new mixed use development. The County is currently in final discussions with three developers with plans to take the project to the County Board of Commissioners for a final review and vote in the coming months.

As the total universe of office space reverses its downward trend and creates new opportunities, the downtown office core will contribute economic vitality that can provide more retail, entertainment venues, hotels, parking and residential units to meet the future needs of the City. While past trends and experience has bent toward conservative actions and growth, I am optimistic the City of St. Paul is taking the appropriate steps necessary to meet future needs to make these plans a reality. Only then can we say, "Ahh, this porridge is just right"!

Oh, and the report can be found on our [Downtown St. Paul Datasource Website](#). For assistance, please call our office at 651.291.8888.

Sincerely;

Jerry Hersman
GSP BOMA Chair

Special Halloween Dedication!

Send in your Halloween pictures and be featured in the December Newsletter!

Show us how you celebrated Halloween! Send in pictures of costumes you or family wore, any Halloween parties you attended, home decorations, or any office decorations or celebration you did! We'll have a fun, special page dedicated to everyone who sent pictures in for our December Newsletter!

We look forward to seeing how you spent Halloween!

Email [Savannah](#) with questions and pictures!

Deadline to get them in is November 16th!



BOMA Office Will Be Closed!

The BOMA office will be closed on November 22nd and 23rd for the holidays!

Daylight Savings Time Is Sunday!

It's time to fall back!
Daylight Savings Time ends this Sunday, November 4th at 2am!

Downtown Security Initiative



Downtown Saint Paul is moving in a very positive direction, with new civic collaboration, initiatives and projects that are providing momentum for long term growth. As part of these efforts, Greater Saint Paul BOMA and the Saint Paul Downtown Alliance have launched an initiative to improve security and the quality of life in downtown Saint Paul. While the overall experience in the downtown area is good, we can always improve.

To this end, we launched the Downtown Security Task Force. This group's goal is to create and implement a comprehensive security plan for downtown that includes skyways, the street level, parks and parking facilities. To achieve this, Rozin Security Consulting (RSC), a well-regarded local firm, was hired to lead this project. The firm has extensive experience in conducting risk assessments and developing security plans. RSC's approach to this project includes three phases:

- Phase 1—Pre-Assessment: Gathering and analyzing of all critical project information.
- Phase 2—Security Risk Assessment: Thorough assessment of the downtown Saint Paul area with the focus on the identification of existing threats and their enablers, critical assets and consequences, deficiencies, vulnerability analyses, and a prioritized list of recommendations.
- Phase 3—Security Program Development: Design of the comprehensive security plan for downtown with all associated capital and operational costs.

The Security Task Force is currently working closely with RSC on Phase 1. We anticipate this phase will be completed by mid-late November.

One part of this current project phase is a survey that has been sent out to assess the perceptions of residents, employees and visitors regarding downtown safety and cleanliness. If you haven't done so already, we encourage you to complete this survey and forward it to all employees in your organization, or tenants in your building. [This survey](#) and the other data points being collected by RSC are an important foundation for the remaining phases of the overall project.

Joe Spartz
BOMA President

First Responders / December Membership Meeting

SAVE THE DATE! DECEMBER 10th!

Join us to say "Thank You" to our downtown police, Ramsey County Sheriff's office, Metro Transit, and fire personnel!

Let's get together to let our first responders know how much we appreciate their continued partnership with Greater Saint Paul BOMA. Don't miss this great prime rib lunch and the wonderful company!

[Click here to register!](#)



Sponsor the December Membership Meeting!

Sponsorships are available!

If you'd like to sponsor this meeting that celebrates St. Paul's first responders or have any questions, please contact the

[BOMA office!](#)

October Membership Meeting



Erik Lucken from RSP Architects

Erik Lucken, the Director of Workplace Strategy at RSP, presented at the October membership meeting. His focus was on the multi-generational workforce and how buildings and employers should modify practices to best leverage these groups. Erik opened by talking about recent research that has exposed myths that have been associated with millennials. Over the past decade, millennials have gotten the most attention with projections showing they will dominate the workforce. Actually, at their peak, they will constitute 44% of workers, less than has been predicted. Also, millennials are thought to be job-hoppers, but in reality, are not more likely to change employers than the other generations were at the same age.

The presentation contrasted how the classic pyramid of generations, with fewer in the oldest group and greater numbers in the youngest groups, is eventually evolving into a rectangle, with many

generations equally represented. The classic pyramid is disappearing because of increased longevity, a need to continue earning due to lost savings from the financial crisis, and fewer children.

This multi-generational workforce can provide benefits. A more diverse group, including a range of ages, typically can perform better than a more homogeneous group. Also, by extending the working careers of some of the workforce, it reduces “brain drain”, and improves the well-being of the more senior employees.

Erik emphasized the need to create a workplace ecosystem that addresses employee preferences. The needs of workers don’t vary a great deal by generation. Many of the amenities that have been added in recent years are nice and get attention, but they shouldn’t replace effective spaces for getting the work done. He noted that 66% of workplace design fails to deliver better performance, so more attention needs to be placed on this important measure. When designing workspace, be sure to include employees who will be performing the tasks and duties in the conversation.

Thank you to **Rob Davis** from The Excelsior Group who presented the Market Report at the meeting, and **Joe Spencer** from the Downtown Alliance who went over what’s happening in downtown St. Paul and the projects that are taking place.



From left to right: Joe Spencer, Rob Davis, Erik Lucken, and Joe Spartz

Winter Safe Space

In last month's newsletter, **Shawn Wiski** discussed Outside-In, a project to help the unsheltered. One part of the project she mentioned was extending the time last year's emergency shelter was open. On October 17th, Ramsey County and the City of Saint Paul announced that the Winter Safe Space will open in downtown Saint Paul for a second winter season.

The emergency shelter opened on November 1 and will run through the end of April. They will be open from 10 p.m. to 9 a.m., two hours longer than last year. They want to use these two extra hours to "provide more time for client advocates to assist individuals with identifying long-term housing solutions or addressing past shelter restrictions." On top of all of that, they are able to house 64 people this year where as last year they could hold 50.

Last year, Winter Safe Space, provided a place to sleep for more than 700 people over the course of the winter. Over the summer, outreach workers continued to connect people experiencing homelessness with resources and housing opportunities, but the need continues to be great, and the upcoming winter weather presents extreme danger. The Winter Safe Space will be at the lower level of the Ramsey County Government Center East building (160 Kellogg Boulevard).

Experienced Catholic Charities staff will manage the facility, just like the previous year, and contracted security personnel will be on-site to ensure safety for all staff and admitted individuals. Community members will be referred to the safe space by authorized partners including the Saint Paul Police Department, Metro Transit police, and outreach staff. In some cases, the safe space will also accommodate people when the two primary shelters that serve single adults in our area (Higher Ground Saint Paul and Union Gospel Mission) are at capacity.

Ramsey County, the City of Saint Paul, and philanthropic partners will again be funding the Winter Safe Space, with costs to prepare and operate the space expected to be about \$400,000.

Happy Retirement!



After 30 years, St. Paul police officer Bruce Schmidt officially retired Friday, September 28th. Bruce has been part of the downtown beat for many years. His presence will be missed and we are grateful to his service as a member of St. Paul Police Department.

Simple Clauses, Big Problems



John Meyer from
Meyer Law PLLC

Contained within many commercial (and some residential) leases are clauses reserving preemptive rights for the tenant to expand or lease additional spaces. These rights generally fall into two categories: Rights of First Refusal (ROFR) and Rights of First Offer (ROFO). Here are simplified examples of how these rights work:

ROFR: A potential tenant offers to lease a space for \$10/sf. However, Tenant A holds a ROFR related to that space. You can negotiate terms with the potential tenant, but before you can lease to the potential tenant, you must first offer it to Tenant A under the same terms. If Tenant A accepts, he leases the space at those terms and the potential tenant loses out.

ROFO: With a ROFO, before you can market, offer, or negotiate a deal with any potential tenant, you must first try to negotiate a reasonable lease with Tenant A. If you reach an agreement, you lease the Space to Tenant A. If an agreement is not reached, you are free to start negotiations with the potential tenant (with some restrictions).

There are many reasons why a landlord may accept a preemptive right term. First, the tenant may be a prime business for an open space. Second, the preemptive right may appear straight forward. Finally, a tenant with potential plans to expand into other spaces is an attractive proposition for any building manager.

However, care must be exercised when negotiating, drafting, and tracking preemptive rights. Failure to effectively draft and track preemptive rights provisions may subject the landlord to litigation for failing to honor the terms of a lease agreement.

Most importantly, there are several timing and process requirements for landlords and tenants to exercise these preemptive rights. Lease agreements must specify the timing, format, and type of notice required. The lease should specify the exact spaces subject to the right. You should also include provisions to de-conflict preemptive rights, or otherwise set priority, should two tenants hold rights to the same potential expansion space (the dates of the leases may not be enough to set priority). Also, building managers must keep extensive records of preemptive rights held by all tenants to avoid creating conflicts in future leases.

Finally, if conflicts and shortcomings do exist, a landlord must make efforts to clean-up conflicts, during lease renewals or renegotiations, before a tenant raises an issue.

John Meyer
Attorney / Owner
Meyer Law PLLC

Superintendents Group

Jim Perucca is the Commercial Fire Inspection Supervisor for the City of Saint Paul, Department of Safety & Inspections. He is a Certified Fire Inspector II, Firefighter II, Hazardous Materials Technician, and Emergency Medical Technician.

Jim leads fire inspection personnel in conducting inspections, determining violations, and gaining compliance with City ordinances and state fire codes. He is a member of the City of St Paul's Special Events Committee, citywide Safety Committee, and DSI's Disaster Assessment Response Team.

Date: November 14, 2018

Time: 11:30am to 12:45pm

Location: 85 East 7th Place, Second floor Conference Room, Room 295

Cost: \$18.00 pre-registered

\$20.00 walk-in

Education: SMA/SMT/RPA/FMA – CPD's available

Brokers Group

Tiffany Brace, KW Commercial Midwest invites the St. Paul BOMA Brokers to come and check out the Lowertown GEM – The Gilbert Building.

Tour the historic Gilbert Building and experience the work of famous architect Cass Gilbert. Described as "one of the best business structures in St. Paul" from early records, this statement stands strong today with modern features and upgrades adorning the building.

The charm of the building will draw you in and impress your clients as your tour the Skyway connected 46,290 SF brick and timber building where 1,593 RSF – 7,373 RSF is currently available for lease.

Recently District Energy connected with future improvements planned The Gilbert location can't be beat. Nestled in Lowertown just steps away from St Paul's best cafes, parks and entertainment! You will find metered parking on the surrounding streets, with nearby surface lots on 6th St E & Wall St. and behind Gopher Bar on Wacouta St. and 7th Pl. E.

November 7, 2018

11:45 am to 1:00pm

The Gilbert Building - <http://gilbertbuilding.com/>

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