



Schafer Richardson trust, Hillcrest close \$6M deal

By: Adam Voge March 5, 2015 2:12 pm 0

Hillcrest Development managing partner Scott Tankenoff liked the business model of the realty trust buying two of his company's buildings so much that he and Hillcrest invested in the trust.

Minneapolis-based SR Realty Trust, an entity related to developer [Schafer Richardson](#), paid \$6.085 million for a pair of northeast Minneapolis office-industrial renovation projects by Minneapolis-based [Hillcrest](#), of which Tankenoff is managing partner.

The deals closed Wednesday, according to a [certificate of real estate value](#) for one sale made public Thursday. A CRV for the second deal wasn't available as of press time.

Tankenoff said in an interview that the deals were attractive from a seller's standpoint and because of SR Realty Trust. So, Hillcrest and Tankenoff are now invested in the trust.

"The idea of working with them, selling to them and investing with them, that was very attractive to us," he said.

SR Realty paid \$4.048 million for the 89,100-square-foot office-industrial building at 2300 Kennedy St. NE, just west of Hillcrest's headquarters. The deal works out to about \$45 per square foot.

Hillcrest bought the former Land O'Lakes dairy processing plant and feed mill in 2004 and renovated it. The building now has manufacturing and light assembly space, as well as offices with "a whole variety of uses," Tankenoff said.

Hennepin County values the 69-year-old building at \$2 million, according to tax records.

SR Realty also paid \$2.037 million for the 41,000-square-foot industrial building at 401 Harding St. NE, Tankenoff said. The deal works out to just under \$50 per square foot.

Hillcrest bought the building in the mid-1990s, Tankenoff said. The property is fully leased to Ferguson, a fire sprinkler fabricator.

Hennepin County values the 64-year-old property at about \$1.1 million, according to tax records.

A Schafer Richardson principal characterized the properties as steady investments with good leasing histories. The buildings were 99.9 percent leased at the time of sale, and neither site is a likely candidate for development.

"SR Realty Trust was formed to be an income vehicle," said Brad Schafer, a principal with Schafer Richardson. "These are well-leased properties at what we felt was a reasonable basis." Schafer added that SR Realty owns a roughly 1.1-million-square-foot portfolio and hopes to continue growing.

Hillcrest also hopes to buy more properties over the next few months, Tankenoff said.