

MINNEAPOLIS

Hillcrest sells six northeast Minneapolis arts district buildings

Sara Investment buys six buildings in northeast Minneapolis to add to its growing portfolio here.

By Kristen Leigh Painter (<http://www.startribune.com/kristen-leigh-painter/276895091/>) Star Tribune

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Hillcrest Development has sold six buildings in the heart of the northeast Minneapolis arts district for more than \$25 million.

The sale to Sara Investment Real Estate of Madison, Wis., totals nearly 300,000 square feet, including the Crown Center and Frost buildings, which are both renovations of industrial buildings into attractive office space.

This is Sara's third acquisition in the Twin Cities, but also its most highly visible. Tenants in the acquired properties include Bauhaus Brew Labs, Sociable Cider Werks, Blue Dot Furniture, Tactile Systems Technology and Dogwood Coffee Co.

Minneapolis-based Hillcrest, which brands itself a "problem solver" firm, began renovating the buildings more than five years ago.

Managing partner Scott Tankenoff said it was tough to sell a property that was such a labor of love, but he said the company needed to shed some assets to free up manpower for new projects.

Sara Investment has 63 properties in Wisconsin but is eyeing other Midwest markets, including St. Louis, Kansas City, Mo., and northern Illinois. The firm also owns a retail strip mall in Rochester, a multitenant building in Edina with Arkray USA Inc. and Barr Engineering as tenants, and the Minnetonka West Office Building.

"We like Minneapolis. We lovingly refer to it as a home game because it is comfortable for us culturally," said Traci Dalsin, president of Sara. "But there's also a ton of opportunity here. That sort of electrifies things."

The investment firm tends to focus on office, retail and industrial. "It's got to be good real estate, but we don't really work in a box," Dalsin said. "We have a mix of investors and so you need to cater to all those interests."

As for the six new buildings in northeast Minneapolis, Dalsin said the company is considering expansion options.

"There could be some opportunity for some additions or new square footage and there are some areas that could use a bit more redeveloping," Dalsin said. "Today though we are really just wrapping our arms around the project."



Minneapolis, including the Crown Center, June 5, 2015. Photo by Kristin Painter. File: 14335545

The Bauhaus Brew Labs is one of the tenants in the six-building purchase. "We like Minneapolis," said Traci Dalsin, president of Sara.