

From the Minneapolis / St. Paul Business Journal

:<http://www.bizjournals.com/twincities/print-edition/2013/04/19/winner-222-hennepin.html>

SUBSCRIBER CONTENT: Apr 19, 2013, 5:00am CDT

Best in Real Estate

Winner: 222 Hennepin

Best Overall and Mixed-use Urban



[Sam Black](#)

Senior reporter- *Minneapolis / St. Paul Business Journal*

[Email](#) | [Twitter](#) | [Facebook](#)

Beginning with a condo boom in the early 2000s, the historic Minneapolis Warehouse District began an evolution from class C office space into a hot residential area called the North Loop.

The transformation into a fashionable neighborhood will receive a jolt later this year when the \$70 million 222 Hennepin opens on the long-vacant site of a former Jaguar dealership.

Ryan Cos. US Inc. and The Excelsior Group are developing the Whole Foods-anchored project that is the winner of the *Business Journal's* Best in Real Estate award for Mixed-use Urban and Best Overall.

A group of industry professionals who judged the awards selected 222 Hennepin for its expected positive long-term impact on downtown Minneapolis and for the developers' ability to put together a compelling, privately financed project on a key redevelopment site that had languished for years.

The primary feature of the development is a Whole Foods store — the first grocery built to serve the booming North Loop apartment scene. The project also has 286 apartment units and a three-season rooftop patio with dramatic views of the Minneapolis skyline and Mississippi River.

Tucked inside, beneath the apartments and Whole Foods, is an ingenious, money-saving, and earth-friendly feature. Ryan was able to reuse about 75 percent of an existing parking ramp that had been there for the Jaguar dealership. That decision saved about 20 million pounds of concrete and 1 million pounds of steel rebar from going into the landfill.

Ryan is building the project to LEED Silver Energy standards. Other “green” components include motion-operated lighting in common areas, dual flush toilets, doors and window frames made with more than 25 percent post-consumer recycled content, and a smoke-free building.

The project, designed by Ryan A&E Inc. and Dallas-based Humphreys & Partners Architects, is meant to bridge the space between the industrial-feeling North Loop and the more Art Deco buildings along Hennepin Avenue.

“It seems to me like something you might see in Lincoln Park [in Chicago], or other cities where there’s more of a legitimate live-work-play kind of activity,” said lead developer [Mark Schoening](#) of Ryan.

[David Frank](#), president of the North Loop Neighborhood Association, loves Ryan’s project, which he believes adds a sense of place on a site that was ready for redevelopment.

The Whole Foods store, in particular, is a great addition and will support many other apartment buildings announced since 222 Hennepin broke ground, Frank said. (Those projects include Velo and Nic on Fifth, being built by Minnetonka-based **Opus Group**, and Dock Street Apartments, by Hines Interests of Houston.)

Schoening gives Whole Foods credit for believing in the site’s potential, long before many of the new apartment projects were ever dreamed up.

Whole Foods’ involvement in the site predates Ryan’s. The Austin, Texas-based natural and organic grocer tied up the site in 2005 with a deal to buy it from **Luther Automotive Group**, which had operated a car dealership there for about 40 years.

Whole Foods later struck a deal to lease space in a 30-story condo tower proposed by Milliken Development Group, based in North Vancouver, British Columbia.

Milliken, which bought the site from Luther for \$14 million, had its tower plans approved by the city. It also had begun building a sales office for the condos, but was forced to hand the site over to lender HSBC Group after the for-sale housing market stumbled in 2008. Ryan bought the site for \$6.7 million in early 2012.

Dallas-based Invesco and San Francisco-based **Wells Fargo & Co.** provided financing for Ryan’s project.

Construction has been mostly smooth, though Ryan overcame a public relations headache when a subcontractor was involved in a water main break on Hennepin Avenue early this year. The rupture sent 14 million gallons of water gushing into downtown streets and forced some nearby office buildings and restaurants to close for days because they didn’t have running water.

There also was minor water damage to some construction equipment at the site, which delayed work by four or five days.

The financial impact of the break is still not determined, but it won’t have an impact on 222’s overall performance, Schoening said. “We’re still working through all the claims that have been filed. We want to make sure that we’re doing the right thing by the claimants.”

The construction delay has been absorbed, and the project is back on track to open in mid-August 2013.

The apartments already are proving popular. Excelsior Group has a leasing center open in the skyway-level of The Westin and is offering building tours. About 15 percent, or 40 units, were pre-leased as of March 15.

Which units are in the most demand? The penthouse suites are almost sold out, as are the most affordable units in the building, said [Chris Culp](#), a principal with Eden Prairie-based Excelsior.

222 Hennepin already is becoming the landmark originally envisioned by developers, he added.

STATS

Location: 222 Hennepin Ave., Minneapolis

Groundbreaking: Feb. 15, 2012

Expected completion: Summer 2013

Size: 580,000-square-foot building on 2.2 acres — a full city block

Value: Approximately \$70 million

Number of rental units: 286

PLAYERS

Owner of property: 222 Hennepin Investors LLC

Tenant: Whole Foods Market

Broker for tenant: North Central Commercial

Developers: Ryan Cos. US Inc. and The Excelsior Group

General contractor: Ryan Cos. US Inc.

Architects: Ryan A&E Inc. and Humphreys & Partners Architects

Interior designer and landscape architect: Ryan A&E Inc.

Structural engineer: Meyer Borgman Johnson

Civil engineer: Ryan Cos. US Inc.

Mechanical engineer: SR Mechanical Inc.

Electrical engineer: Egan Co.

Legal representation for owner: Ryan Cos. US Inc.

Legal representation for tenant: Senn Visciano Canges

Finance providers: Invesco and Wells Fargo & Co.

Title company: First American Title

Environmental consultant: Liesch Associates Inc.

Sam Black covers real estate, manufacturing, food, and economic development