

# Big Office Sales Return To Twin Cities

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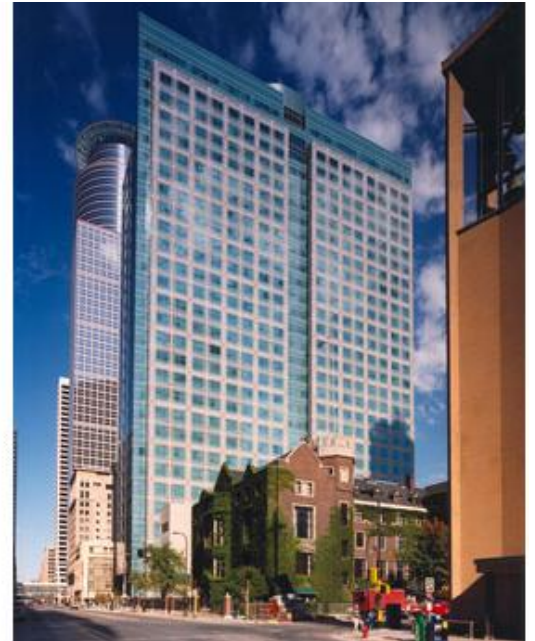
MINNEAPOLIS—National investors bought up many trophy properties here several years ago, and now an East Coast joint venture has just purchased a 31-story tower in the CBD for \$200 million.

A joint venture between Axar Capital Management, a New York-based hedge fund, and Morning Calm Management, a West Palm Beach, FL- based investor, has just purchased the 847,667-square-foot Ameriprise Financial Center at 701 2<sup>nd</sup> Ave. South in downtown Minneapolis for \$200 million, or about \$236 per square foot.

National investors drawn to this region's healthy economy were buying up Minneapolis' office properties at a historic pace several years ago. And even though sales dropped in 2015, this purchase proves the interest in Minneapolis remains, and many experts believe it's possible that by the end of 2016, outside investors will once again have bought up several of the region's trophy buildings.

"Although the first half of 2016 recorded fewer sales than first half of 2015, we expect that by the end of 2016 the Minneapolis/St. Paul market will see total sale volume again approaching record levels," CBRE senior vice president Ryan Watts, tells GlobeSt.com. "We expect sales volume to be strong in the Minneapolis CBD where, in addition to the closing of the Ameriprise headquarters, there are still a handful of large trophy assets in play that have the potential to close by year end."

"This is the largest real estate transaction in Minnesota so far this year and the largest transaction in the Minneapolis CBD since CBRE's sale of 50 South Tenth in 2014," adds Tom Holtz, Minneapolis-based executive vice president of CBRE. "It also demonstrates the health of the Twin Cities market and its attractiveness to new capital."



Along with colleagues Ryan Watts, Judd Welliver and Sonja Dusil, Holtz arranged the sale on behalf of the seller's advisor and asset manager, Founders Properties LLC, a Minneapolis-based real estate investment company.

As reported in GlobeSt.com, other top class A properties in the Twin Cities, such as the 37-story, 656,000-square-foot Wells Fargo building in downtown St. Paul, and the Minneapolis' iconic IDS Center, were recently put up for sale. The latter property was purchased by Accesso Properties LLC of Hallandale Beach, FL, for \$253 million in 2013.

"The fundamentals in the Twin Cities are very, very strong," Terry Kingston, executive director of Cushman & Wakefield/NorthMarq's capital markets group, recently told GlobeSt.com. "Our unemployment rate is very low," less than 4%, meaning "we are at virtually full employment."

"You can get yourself a double-digit return here," he added, and the region's class A buildings generally don't need a lot of work.

The Ameriprise Financial Center was built in 2000 as the global headquarters of Ameriprise Financial, an international financial services company with more than \$800 billion of assets under management. The firm fully occupies the property.

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