NORTHBANK

DISTRICT

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Executive Summary

The Graco Minneapolis Riverfront Campus is located along the Mississippi River in Northeast Minneapolis, positioned between Broadway Street NE and 8th Avenue NE. Since 1966, the site operated as a large-scale manufacturing and distribution campus, contributing to the area's industrial identity and employment base. Today, the scale of the property and its riverfront location present an opportunity far greater than continued single-use industrial. Crescent Peak Development recognizes the transformational potential of these 41 acres. The property sits along the riverfront trail system and is less than one mile from downtown Minneapolis and, yet it remains physically and visually disconnected from the surrounding community. As a result, our goal for the site is to reconnect Northeast Minneapolis to its river edge, expand housing supply in a high-demand urban submarket, and create a vibrant, walkable district centered around community gathering.

The Northbank District will be a vibrant mixed-use neighborhood connecting the Northeast neighborhood to the Mississippi Riverfront. We have divided the current site into 6 different parcels to better promote sustainable development. The Northbank District will be anchored by our 330-unit multifamily community called the Sibley Suites located in Parcel A. The property will consist of 3 five story buildings along the riverfront. The property will be a mix of studios, 1 bedroom, and 2 bedrooms, supporting the market demographic. In addition, anchoring the ground floor, a mix of retail will energize the riverfront and complement our multifamily building, creating a vibrant destination for residents and the community.

The introduction of a 50,000 SF full-service grocer serves as more than a project amenity; it provides essential infrastructure for the wider district, attracting high-volume foot traffic that benefits the entire community. Adjacent to the grocer, a 25,000 SF Total Wine will expand access to specialty retail, while a 25,000 SF REI store will complement the site's riverfront location by offering outdoor recreation goods and drawing regional foot traffic. These three big box retailers are to be in parcel B. On the parcel adjacent to Marshall St., parcel C, currently operating as the 'Tech Center,' a new 26,000-square-foot strip retail development will deliver four new tenants. Further activating the site and enhancing its retail offering. This will deliver a mix of dining, convenience, and fashion retail to the area. In the southeast corner along Marshall St in parcel D, we will be adding a Cooper's Hawk. This will serve as a signature dining anchor for the district. Its presence will help establish the Northbank District as a true community destination, providing a gathering place for residents, visitors, and the broader Northeast neighborhood. The site will also include a neighborhood hardware store, Ace Hardware, providing residents with convenient access to everyday needs. This is in parcel E, replacing what is currently Battery City. Finally, the existing Annex in parcel F, will be enhanced and transformed into an LA Fitness. Capturing the mid-tier health and fitness market while strengthening the district's role as a full-service destination for the community. With the remainder of the parcel to be a dedicated dog park, which will serve as a complementary amenity that enhances resident quality of life, encourages daily foot traffic across the retail and fitness offerings, and reinforces the overall placemaking and long-term value creation of the Northbank District.

Market Analysis

Economic Outlook

The national economy in 2026 is poised for solid expansion, supported by projected real GDP growth of approximately 2.7%. Coupled with PCE inflation stabilizing in the 2.1%–2.4% range, this environment provides a predictable backdrop for long-term capital deployment and construction financing.

Regionally, Minnesota continues to demonstrate remarkable economic resilience. The state's economy is anchored by a robust concentration of Fortune 500 companies, including UnitedHealth Group and U.S. Bank, which bolster a stable and diverse labor market. As of late 2025, Minnesota's labor force participation rate of 68.2% meaningfully exceeded the national average of 62.0%, while its unemployment rate of 4.1% underscored the market's underlying strength and capacity to support sustained growth.

Demographic Overview

Hennepin County, home to approximately 1.28 million residents, features a resilient renter and housing market driven by steady household formation and a highly educated, professionally oriented workforce. The county's prime renter demographic—40% of residents aged 20–44—consists primarily of young professionals and early-stage families. This cohort is supported by a stable household structure, with married couples comprising 41.5% of households and notably low rates of divorce and widowhood, which together sustain consistent, long-term demand for quality housing.

Income levels further reinforce market strength. Median income for married-couple families reaches $158,308, while overall family households average $132,875 and nonfamily households $61,441. Educational attainment is exceptional, with 54.7% of residents holding at least a bachelor's degree and 20.4% possessing graduate or professional degrees. These credentials underpin employment in high-stability sectors, including Educational Services and Health Care (24.3%), Professional and Management Services (16.1%), and Manufacturing and Retail Trade (approximately 11% each). Commuting patterns reflect modern flexibility, with 63.2% driving alone and 20.5% working from home. Collectively, these demographic, income, and employment trends illustrate a well-educated, economically stable population well-positioned to sustain strong multifamily demand in central urban neighborhoods such as Northeast Minneapolis.

Northeast Minneapolis has emerged as one of the city's most dynamic and sought-after residential areas. Home to more than 39,000 residents and over 18,000 households, the neighborhood boasts a median age of 36. This figure reflects a vibrant, mixed workforce that includes creative professionals, service industry employees, and young urban dwellers who prioritize lifestyle and location over maximum earning potential. The area is renowned for its cultural vibrancy, exceptional walkability, and proximity to downtown Minneapolis.

The neighborhood's residential fabric blends historic single-family homes, newer multifamily developments, and high-density rental options along major corridors—aligning with broader market trends favoring centrally located, amenity-rich housing. Riverfront amenities, including Boom Island Park, Graco Park, and an extensive trail network, further elevate lifestyle appeal for active, walkable urban living. These demographic and lifestyle attributes strongly support multifamily development at the

Graco site, enabling new housing to capture demand across a wide range of renter profiles while capitalizing on Northeast Minneapolis's established momentum.

(Source: U.S. Census Bureau ACS 5-Year Estimates, ESRI)

Market Use

Multifamily

Multifamily demand in Northeast Minneapolis is driven by sustained population growth and renters' increasing preference for centrally located amenity-rich neighborhoods. Positioned along the Mississippi River and within one mile of downtown Minneapolis and major employment centers, the Graco site lies in a highly desirable residential corridor. Over the past decade, the area has successfully transitioned from predominantly industrial to mixed-use, mirroring a broader shift toward urban living environments that prioritize walkability, connectivity, and access to outdoor amenities.

Market fundamentals continue to support multifamily development. As of Q4 2025, the broader MSP market-maintained stability with approximately 6.0% vacancy and positive absorption. The Northeast submarket outperformed at 5.3% vacancy, signaling stronger localized demand. Annual rent growth remained positive at 2.9%, aided by a sharp decline in new supply—from nearly 9,750 units delivered in 2024 to just over 3,300 units in 2025—which is creating tighter conditions ahead. Demand stayed robust, with more than 6,200 units absorbed in 2025, stabilized occupancy near 94%, and new deliveries achieving efficient lease-up at approximately 87% occupancy during initial absorption.

These trends align well with unit-level performance: studios and one-bedroom units posted the highest occupancy rates, consistent with a renter base of young professionals and smaller households that prioritize location and lifestyle over larger floor plans. Accordingly, the proposed unit mix at Sibley Suites is weighted toward studios and one-bedrooms, with two-bedroom units included for added flexibility. The inclusion of affordable units further broadens the renter pool and supports the City's Minneapolis 2040 housing goals.

(Sources: Colliers Multifamily report 2025)

Retail

Retail demand in Northeast Minneapolis stems from surging residential density that has outpaced existing service infrastructure. Although the area features a vibrant mix of independent breweries and dining options, the retail landscape remains fragmented and lacks a strong central anchor. As high-density housing continues to expand along the riverfront, there is a clear need for high-credit, daily-needs tenants—particularly a modern full-service grocer—to deliver the consistent convenience expected by a growing professional population.

The financial case for the proposed retail program is supported by strong regional benchmarks. In the MSP metro market, mixed-use retail commands the highest average NNN asking rents at $18.81 per square foot, outperforming strip centers ($18.75) and neighborhood centers ($17.36). By concentrating high-traffic, creditworthy anchors (including a 50,000 SF grocer, Total Wine, and REI) within a pedestrian-oriented, mixed-use framework, the Northbank District capitalizes on premium positioning while achieving a blended market average of $16.94 per square foot. With a localized vacancy rate of 5.1%—outperforming the broader Minneapolis average of 6.1%—the Northeast submarket is well-positioned for institutional-grade retail that will stabilize the residential component and maximize overall asset valuation.

(Sources: Colliers retail report 2025, MNCAR Retail Q4 2025 Report)

Office
The Minneapolis office market continues to face elevated vacancy and softened demand in the wake of widespread hybrid and remote work adoption. As of Q4 2025, vacancy rates ranged from 27.9% to 29.6%, well above pre-pandemic levels. Although absorption turned slightly positive in 2025, leasing activity remains limited as tenants reduce footprints and defer long-term commitments. A clear divide persists across submarkets: downtown Minneapolis contends with vacancy exceeding 30%, while suburban areas have shown relatively stronger performance, particularly in newer, amenity-rich buildings. However, this demand is largely absorbed by existing inventory rather than new construction.

Given limited construction activity and declining office-using employment, current conditions do not support speculative office development. For a site in Northeast Minneapolis—outside of established office nodes—the risks are amplified by weaker tenant clustering and limited demand. As a result, office use presents meaningful lease-up risk and limited near-term feasibility.

(*Source: Colliers Office report 2025)*

Industrial
The Minneapolis–St. Paul industrial market remains fundamentally sound, with relatively low vacancy rates of 4.7%–5.1% and ongoing demand for modern logistics and distribution space. However, recent performance reflects a more selective and stabilized environment. In Q4 2025, the market recorded negative net absorption of 1.3 million square feet, accompanied by a modest rise in vacancy due to newly delivered, unleased buildings. Leasing has become more targeted, with tenants favoring newer, high-quality assets in established industrial corridors.

Despite these healthy regional fundamentals, industrial demand is highly location-sensitive and concentrated in suburban nodes with superior highway access and large-format sites. Although the property has historically served industrial purposes, its prime riverfront location in Northeast Minneapolis is no longer aligned with the needs of modern industrial users. The existing Graco facility, exceeding 400,000 square feet, further narrows the pool of potential tenants, as few local users require space at that scale. Given its proximity to the North Loop and strong potential for higher value uses, the site is far better suited for residential and mixed-use development consistent with Minneapolis 2040 planning objectives.

Consequently, while the industrial sector performs adequately at a regional level, it does not represent the highest and best use for this property due to location mismatch, physical constraints, and superior redevelopment potential.

(*Source: Colliers Industrial report 2025)*

Hospitality
The Minneapolis–St. Paul hospitality market is encountering headwinds from declining demand, rising costs, and broader economic uncertainty. Recent data show that many hospitality businesses experienced declines in revenue and profitability in late 2025, with more than half reporting reduced customer traffic. Expectations for 2026 remain cautious, with over 65% of operators anticipating further profit declines.

Compounding weakening demand, operators continue to face escalating labor and input costs, which compress margins and challenge the feasibility of new development. Although the site could theoretically accommodate hospitality uses, current market conditions do not support it. Hospitality remains highly cyclical and carries elevated risk in both occupancy and revenue stability.

Ultimately, hospitality is not considered a viable primary use for the site given softening demand trends and higher development risk relative to more stable residential and retail alternatives.

(Source: Federal Reserve Bank of Minneapolis & Hospitality Minnesota, "Minnesota Tourism & Hospitality Survey," March 2026)

Highest & Best Use Analysis

Legally Permissible

While the site is currently zoned for PR2 Production and Processing, which restricts residential development, the City of Minneapolis has expressed support for transitioning the property to a mixed-use district consistent with the Minneapolis 2040 Comprehensive Plan. The plan prioritizes increased housing supply, higher-density development near employment centers, and the redevelopment of underutilized industrial land along major corridors. Given the site's size, riverfront adjacency, and proximity to downtown, rezoning Parcel A to CM2 Community Mixed Use (for multifamily), Parcels B and C to RM1 Residence Goods and Services (for retail), and Parcels D, E, and F to CM4 Destination Mixed Use would make mid-rise residential buildings, ground-floor retail, structured parking, and activated public space legally permissible.

Physically Possible

The 41-acre site has been divided into six parcels (A–F) to better promote sustainable development. Parcel A (13 acres) is designated for the 330-unit mixed-use multifamily community, Sibley Suites, comfortably accommodating three five-story riverfront buildings plus a 1:1 parking ratio. Parcel B (5.7 acres / ~250,000 SF) will support a 75,000–100,000 SF grocer plus 25,000 SF of experiential retail (Total Wine and REI). Parcel C (5.22 acres), currently the 'Tech Center' adjacent to Marshall Street, will accommodate four new retail tenants with supporting parking. Parcel D (2.48 acres / 108,000 SF) in the southeast corner along Marshall Street will house Cooper's Hawk with dedicated parking. Parcel E (0.68 acres) will support the neighborhood Ace Hardware in its existing 24,600 SF building (replacing Battery City). Parcel F (6 acres) will convert the existing Annex into LA Fitness on approximately half the parcel, with the remaining 3 acres developed as a dedicated community dog park.

Financially Feasible

Upon further analysis, the proposed mixed-use development is the only financially feasible option, as it enables efficient segregation of costs and ensures overall profitability. High construction costs necessitate a smaller, higher-rent-per-square-foot unit mix in the multifamily component—a common strategy in large urban markets. Rent assumptions for both multifamily and retail incorporate a modest premium above market comparables, justified by the superior new construction, riverfront and downtown views, and enhanced amenities relative to dated competing properties.

Maximally Productive

Among all uses that are legally permissible, physically possible, and financially feasible, the proposed Northbank District mixed-use development—anchored by the 330-unit Sibley Suites multifamily community in Parcel A and supported by a full-service retail, dining, and amenity program across Parcels B–F—represents the maximally productive use of the 41-acre Graco Minneapolis Riverfront Campus. This conclusion rests on the project's ability to generate the highest net return to the land through diversified revenue streams, operational synergies, premium pricing from the riverfront location, and sustained long-term asset appreciation that no single-use alternative can match.

The mixed-use program creates powerful cross-tenant synergies that elevate overall productivity. Sibley Suites, with its three five-story riverfront buildings offering studios, one-bedroom, and two-bedroom units, directly addresses the prime renter demographic (young professionals and early-stage families aged 20–44) while incorporating an affordable component consistent with Minneapolis 2040 housing goals. The submarket's strong household formation, 5.3% vacancy rate, positive 2.9% annual rent growth, and efficient absorption of new deliveries (87% leased during initial lease-up) confirm robust demand from this cohort. The on-site retail anchors—50,000 SF full-service grocer, 25,000 SF Total Wine, REI, Ace Hardware, and LA Fitness in the transformed Annex—generate daily foot traffic that accelerates multifamily lease-up and stabilizes occupancy across all uses.

In Parcel C, the 26,000 SF strip retail along Marshall Street will deliver four upscale tenants featuring a mix of contemporary American bistros, farm-to-table restaurants, specialty cafés, and upscale fashion retailers. These high-quality dining and lifestyle concepts complement the signature Cooper's Hawk in Parcel D (southeast corner along Marshall Street), establishing the Northbank District as a true community destination. The resulting pedestrian activity and destination appeal produce blended income and lower vacancy correlation that single-use developments cannot replicate.

By comparison, continued industrial use while regionally healthy at 4.7–5.1% vacancy; yields significantly lower per-acre returns on this riverfront site. Modern industrial tenants prioritize suburban logistics corridors with highway access, and the existing 400,000+ SF Graco buildings are poorly suited to current demand. Office development faces 27.9–29.6% market vacancy and weak absorption, while hospitality contends with declining demand and compressed margins. Pure retail or standalone multifamily would lack the density or amenity draw needed to maximize land value.

Market benchmarks reinforce the productivity advantage: mixed-use projects in comparable MSP riverfront locations achieve stabilized yields 150–200 basis points higher than pure industrial or office assets due to diversified income, premium rents ($16.94–$18.81 PSF NNN for mixed-use retail), and alignment with the city's vision for transit-oriented redevelopment. The community dog park in the balance of Parcel F further enhances placemaking, thus driving long-term appreciation and neighborhood support that translates into higher residual land value.

Development Strategy

Development Timeline

In Phase 1: Foundation and Essential Services (Years 1–2), the inaugural phase focuses on immediate "placemaking" by activating existing structures and initiating the district's residential anchor. Parcel E & F (Service Activation): To provide immediate utility to the Northeast community, Year 1 will see the tenant build-out of the Ace Hardware and the conversion of the existing Annex into a premier LA Fitness facility. Parcel A (The Sibley Suites – Part I): Demolition begins in Year 1 to clear the riverfront for the residential core. Year 2 marks the commencement of Unit A of Sibley Suites, the first of three five-story buildings. This initial structure will include the critical ground-floor retail component designed to energize the riverfront from the outset.

Phase 2: The Residential Core & Grocery Anchor (Years 3–4), phase 2 shifts the focus toward density and daily-needs infrastructure, establishing the Northbank District as a self-sustaining neighborhood. Parcel A (The Sibley Suites – Part II): Construction continues into Year 3 with Units B and C, completing the 330-unit multifamily community. This fulfills the project's goal of expanding housing supply in a high-demand submarket. Parcel B (The Grocer Anchor): Year 3 initiates the demolition and subsequent construction of the 100,000-square-foot full-service grocer. Spanning through Year 4, the major anchors complemented by specialty retailers Total Wine and REI serve as the primary regional draw for the district. Parcel C (Preparation): As Year 4 concludes, demolition begins on Parcel C to prepare the Marshall Street frontage for its retail transformation.

Phase 3: Destination Dining & District Completion (Years 5–6), the final phase focuses on the "Northbank District" as a premier regional destination, completing the walkable retail corridor along Marshall Street. Parcel C (The Strip Retail): Years 5 and 6 will see the delivery of the new strip retail development. This site will house four diverse tenants, providing the neighborhood with a curated mix of fashion, convenience, and dining options. Parcel D (Signature Dining): The final piece of the master plan involves the demolition of Parcel D and the construction of Cooper's Hawk. Positioned in the southeast corner, this signature dining anchor is timed to open as the district reaches full residential maturity, providing a high-end gathering place for the community.

Existing Structures

The site currently contains 670,000 square feet of existing industrial buildings associated with the former Graco campus. 600K of the current site will be demolished due to functional obsolescence and incompatibility with the proposed mixed-use development. The two structures will be retained and repositioned to improve development efficiency and reduce costs. The building located on Parcel E, with what is now Battery City, will be renovated into a 24,000-square-foot Ace Hardware. Converting its current storage use into neighborhood-serving retail with minimal structural modification. Additionally, the structure on Parcel F, with what is now the Annex, will be adapted into a fitness facility occupied by LA Fitness. Leveraging its existing size and layout to support adaptive reuse. Retaining these buildings reduces demolition requirements, accelerates delivery of key cashflows, and supports early activation of the site within the broader phased development plan.

Mixed-Use Multifamily

The multifamily component consists of 330 units distributed across three five-story buildings located along the riverfront (Parcel A). The placement along the riverfront maximizes views, access to the riverfront trail system, and proximity to open space. Positioning the residential component as the highest-value use on the site. The unit mix includes 105 studios, 105 one-bedroom units, and 90 two-bedroom units. In addition, there will be 15 affordable studios and 15 affordable one-bedroom units. Unit sizes average 535 square feet for studios, 697 square feet for one-bedroom units, and 829 square feet for two-bedroom units. The mix is designed to target young professionals, couples, and small households seeking proximity to downtown Minneapolis while maintaining access to neighborhood amenities.

Our targeted rents are placed at direct comparable properties from the surrounding area, less that 5 miles away from the subject development. This was measured by a rent/SF metric, in which The Sibley Suites is positioned in the upper median of the Northeast market. The most direct comparables being the 365 Nicollet and the Lakehaus, with rents/SF ranging from $3.30-$3.80 & $2.80-$3.20 respectively. Which puts our rents/SF o $3.03-$3.48 respectively. This translates to the average projected monthly rents for studios: $1,855, 1B1B: $2,280, 2B2B: $2,850, affordable studio: $1,287, and affordable 1B1B: $1,544.

Ground-floor retail totaling 6,500 square feet is integrated into the multifamily buildings and consists of small-format, neighborhood-serving tenants. This includes a coffee shop, wellness user, and boutique fitness concept. Crescent Peak Development projects rents to be an average of $22. 67/SF. These uses activate the riverfront, enhance the pedestrian experience, and provide daily conveniences for residents.

Parking is provided at a ratio of 1.0 stall per unit, with a total of 330 stalls consisting of both surface and enclosed parking. Surface parking is priced at approximately $100 per month, while enclosed parking is priced at approximately $190 per month, consistent with submarket expectations. There will be 120 stalls of surface parking and 210 enclosed parking stalls.

The multifamily buildings include a range of amenities designed to compete with new Class A product, including a co-working space, and outdoor gathering areas oriented toward the riverfront. These amenities support tenant retention and leasing velocity while enhancing the overall resident experience. All three buildings are designed to capture expansive views of the Downtown Minneapolis skyline and the Mississippi River.

Retail

The retail component is distributed across Parcels B through F and is designed to serve both neighborhood and regional demand through a mix of big box, dining, and experiential retail services. Parcel B consists of 100,000 square feet of big box retail. The mix will include a 50,000 SF Jerrys Foods grocer, a 25,000 SF Total Wine, and a 25,000 SF REI. Each operating under a 15-year NNN lease at an average of $12.42 per square foot with Crescent Peak providing $250/SF to help build the warm and wet shell. While all our retail tenants are expected to provide $100/sf for improvements. Located along Broadway Street NE, one of the primary commercial corridors in Northeast Minneapolis, this parcel benefits from strong visibility and high vehicular traffic, making it well-suited for large-format retail tenants. The surrounding area currently lacks a full-service grocery option within proximity, creating an opportunity to capture demand from both existing residents and the proposed multifamily component. The grocery store serves as a consistent traffic driver, while its co-location with Total Wine creates a complementary retail synergy that increases cross-shopping and overall visit frequency. REI further enhances the tenant mix by introducing a destination-oriented user aligned with the site's proximity to the Mississippi River and outdoor recreation amenities. Together, these uses establish Parcel B as the primary retail anchor for the development, generating both daily and regional traffic.

Parcel C includes 25,800 square feet of multi-tenant retail, focused on a mix of two quick service restaurants and two full-service restaurants. The tenants will operate under 10–15-year NNN leases with a blended rent of $26 per square foot and operate under the same build-to-suit improvements as mentioned above. The parcel is located along Marshall St NE, providing strong visibility. The combination of uses creates consistent activity across multiple dayparts, supporting both residents and visitors.

Parcel D is dedicated to a 12,500-square-foot freestanding Cooper's Hawk restaurant, positioned as a destination for dining use within the development. The tenant will operate under a 15-year NNN lease at $28 per square foot with build-to-suit improvements. Located in the southeast corner of the property, the site provides strong visibility. Cooper's Hawk is a full-service restaurant that also features its own winery and wine tasting experience. This tenant enhances the site's ability to attract regional visitors and strengthens evening and weekend activity, complementing the broader retail mix.

Parcel E consists of approximately 24,600 square feet of neighborhood-serving retail anchored by Ace Hardware. The space will be a redevelopment of the existing building rather than a full demolition, helping to reduce costs and accelerate delivery. The tenant will operate under a 15-year NNN lease at $17 per square foot (flat over the lease term) with build-to-suit improvements. Ace Hardware provides essential goods and services for residents and the surrounding community, driving consistent daily traffic and supporting the convenience of the overall site.

Parcel F includes approximately 43,830 square feet of retail occupied by LA Fitness. The space will reuse the existing building rather than being demolished, helping to lower costs and accelerate construction. The tenant will operate under a 15-year NNN lease at $8 per square foot with build-to-suit improvements. LA Fitness is a mid-priced gym that aligns well with the Northeast area, providing both residents and the surrounding community with an accessible fitness option. It generates steady daily traffic and complements the multifamily units and retail components.

Financial Analysis

The Northbank District occupies the soon-to-be-former Graco Headquarters at 88 11th Avenue NE, Minneapolis, Minnesota. This 41-acre site was valued using 2025 assessed values totaling approximately $21.4 , or just over $521,000 per acre. This attractive land basis is favorably compared to urban infill redevelopment sites. Which supports the financial feasibility of the large-scale mixed-use transformation.

Construction Budget:

Total Development Costs

Parcel A	Amount	%	$ / Unit	$ / SF
Land Acquisition	12,055,000	10.45%	$17,742	$27
Demo, Hard Construction Costs & Contingency	79,496,000	68.88%	$240,897	$366
Legal, Due Diligence & Closing Costs	1,400,000	1.21%	$4,242	$6
Financing & Short-Term Interest Costs	1,620,000	1.40%	$4,909	$7
Construction Interest Reserve	4,680,000	4.06%	$20,242	$31
Building Permits	780,000	0.68%	$2,364	$4
Architectural & Engineering	4,028,000	3.49%	$13,721	$21
Preleasing & Operating Deficits	2,724,000	2.36%	$8,255	$13
Lease Up Marketing & Advertising	200,000	0.17%	$606	$1
Furniture, Fixtures & Equipment	1,970,000	1.71%	$6,576	$10
Insurance & Miscellaneous	1,317,500	1.14%	$3,992	$6
Additional Contingency	2,171,000	1.88%	$14,155	$21
Development Fee	2,966,600	2.57%	$12,020	$18
Total	**115,408,100**	**100%**	**$349,722**	**$531**
Parcel B	**Amount**	**%**		**$ / SF**
Land Acquisition	3,285,207	3.84%		$13
Demolition & Site Work	252,690	0.76%		$3
Hard Costs (Tenants)	22,500,000	73.27%		$245
Contingency	1,960,000	5.86%		$20
Soft Costs	2,695,000	8.06%		$27
Interest Reserve	1,542,318	4.61%		$15
Origination Fee	281,914	0.84%		$3
Developer Fee	920,787	2.75%		$9
Total	**33,437,916**	**100%**		**$334**
Parcel C	**Amount**	**%**		**$ / SF**
Land Acquisition	2,740,622	20.60%		$106
Demo, Hard Construction Costs & Contingency	8,556,000	64.32%		$332
Legal, Due Diligence & Closing Costs	124,340	0.93%		$5
Financing & Short-Term Interest Costs	143,880	1.08%		$6
Construction Interest Reserve	453,286	3.41%		$18
Building Permits	69,274	0.52%		$3
Architectural & Engineering	402,154	3.02%		$16
Insurance & Miscellaneous	117,014	0.88%		$5
Contingency	354,856	2.67%		$14
Development Fee	340,294	2.56%		$13
Total	**13,301,720**	**100.0%**		**$516**

Parcel D	Amount	%	$ / SF
Land Acquisition	814,634	15.14%	$65
Demo, Hard Construction Costs & Contingency	3,561,875	66.22%	$285
Legal, Due Diligence & Closing Costs	62,170	1.16%	$5
Financing & Short-Term Interest Costs	71,940	1.34%	$6
Construction Interest Reserve	226,643	4.21%	$18
Building Permits	34,637	0.64%	$3
Architectural & Engineering	201,077	3.74%	$16
Insurance & Miscellaneous	58,507	1.09%	$5
Contingency	177,428	3.30%	$14
Development Fee	170,147	3.16%	$14
total	**5,379,058**	**100%**	**$430**
Parcel E	**Amount**	**%**	**$ / SF**
Land Acquisition	426,712	9.44%	$17
Redev, Hard Construction Costs & Contingency	2,871,523	63.54%	$111
Legal, Due Diligence & Closing Costs	111,906	2.48%	$4
Financing & Short-Term Interest Costs	129,492	2.87%	$5
Construction Interest Reserve	226,643	5.01%	$9
Building Permits	45,028	1.00%	$2
Architectural & Engineering	301,616	6.67%	$12
Insurance & Miscellaneous	70,208	1.55%	$3
Contingency	195,171	4.32%	$8
Development Fee	141,102	3.12%	$5
Total	**4,519,401**	**100%**	**$175**
Parcel F	**$ Total**	**%**	**$/SF**
Land Acquisition	2,050,025	19.49%	$47
Hard Costs (Tenants)	6,574,500	62.49%	$150
Contingency	525,960	5.00%	$12
Soft Costs	788,940	7.50%	$18
Interest Reserve	491,008	4.67%	$11
Origination Fee	90,200	0.86%	$2
Total	**10,520,633**	**100%**	**$240**
Total Hard costs	**182,566,827**		

The total development cost for the Northbank District is approximately $182.6 million, comprising $25.0 million in land acquisition, $126.5 million in hard construction costs, $28.5 million in soft costs, and the balance allocated to reserves and fees. The project is capitalized with a balanced structure of 67.6% senior construction debt and 32.4% equity, providing prudent leverage while enhancing equity returns.

Development Cost Allocation

Use Category	Amount ($MM)	% of Total
Land Acquisition	25	13.7%
Hard Costs	126.5	69.3%
Soft Costs	28.5	15.6%
Other / Reserves	~2.6	1.4%
Total	**182.6**	**100%**

Construction financing features a three-year initial term with extension options and a blended interest rate of 6.41%. Debt pricing reflects current market conditions, with spreads ranging from SOFR + 265 to 295 basis points depending on the asset risk profile. This structure aligns with the project's phased delivery and lease-up timeline, providing sufficient runway to stabilization while minimizing refinancing risk.

Financial Returns

Asset-Level Returns

Asset Class	IRR	Yield on Cost	Equity Multiple
Multifamily	16.5%	6.70%	1.97x
Mid-Box Retail	17.3%	8.14%	~2.1x
Experiential Retail	12.4%	6.31%	~1.7x

Project-Level Returns

Metric	Value
Levered IRR	16.1%
Equity Multiple	~2.0x
Yield on Cost	7.3%
Stablized Cap Rate	~6.0-6.5%
Development Spread	~80-130 bps

Appendix:

Construction Timeline

The redevelopment of the Graco Minneapolis Riverfront Campus into the Northbank District is a six-year, multi-phase undertaking. The following timeline outlines the strategic sequencing designed to prioritize immediate community utility, followed by large-scale residential density and regional destination retail.

Phase 1: Activation & Early Residential (Years 1–2)

The initial phase focuses on establishing "The Northbank" as a functional destination by repurposing existing site assets and beginning the cornerstone residential build-out. Essential Retail & Wellness (Parcels E & F): Year 1 prioritizes the immediate delivery of daily-need services. This includes the tenant build-out for Ace Hardware and the transformation of the existing Annex into a state-of-the-art LA Fitness, providing an early anchor for fitness and convenience. Residential Inception (Parcel A): Concurrently, demolition on Parcel A clears the way for the first residential building. By Year 2, construction of Sibley Suites Unit A begins, integrating a ground-floor retail component that will serve as the district's initial riverfront activity center.

Phase 2: District Density & The Grocery Anchor (Years 3–4)

Phase 2 focuses on scaling the residential population and introducing the primary commercial anchor to the site. Residential Expansion (Parcel A): Construction continues with Sibley Suites Units B and C. Upon completion, these buildings solidify the district's 330-unit multifamily core, addressing the high demand for urban housing along the Mississippi. The Commercial Anchor (Parcel B): Years 3 and 4 see the demolition of Parcel B and the subsequent construction of the 100,000-square-foot full-service grocer. This major regional draw is strategically timed to open as the initial residential units reach occupancy, supported by adjacent specialty retailers Total Wine and REI. Frontage Preparation (Parcel C): As Year 4 concludes, site preparation and demolition begin on Parcel C to facilitate the final retail corridor along Marshall Street.

Phase 3: Mature Delivery & Destination Dining (Years 5–6)

The final phase completes the Northbank District's transformation into a premier regional destination, rounding out the retail and culinary offerings. The Retail Corridor (Parcel C): In Years 5 and 6, construction is completed on the Strip Retail development. This project delivers four versatile tenant spaces, introducing a curated blend of dining, fashion, and lifestyle brands to the Marshall Street frontage. Signature Culinary Anchor (Parcel D): The timeline concludes with the demolition and construction of Cooper's Hawk in the southeast corner. As a high-profile dining destination, its delivery marks the final milestone in establishing the Northbank District as a true community gathering place.

The phased development strategy plays a critical role in optimizing financial performance. Early phases focus on multifamily, hardware (Ace), and fitness (LA Fitness) to establish immediate NOI stabilization and reduce carry risk. Subsequent phases introduce the grocer and additional multifamily for strong cash flow ramp-up, followed by experiential retail and Cooper’s Hawk to capture rent premiums and drive long-term value creation.

Phasing Impact on Cash Flow

Phase	Key Deliverables	Financial Impact
I	Multifamily + Hardware + Fitness	Early NOI stabilization
II	Grocer + Additional Multifamily	Strong cash flow ramp
III	Experiential Retail + Cooper's Hawk	Rent premium + value creation

Overall, Northbank District demonstrates strong financial feasibility, supported by a competitive

This sequencing improves the timing of cash flows, mitigates lease-up risk, and supports stronger absorption by building momentum across phases.

At stabilization, the project is projected to achieve a 7.29% yield on cost. This generates a meaningful development spread of approximately 80–130 basis points over market exit cap rates (estimated at 6.0%–6.5%), supporting strong value creation. Overall, the project is underwritten to deliver a 16.14% levered internal rate of return (IRR) and approximately a 2.0x equity multiple, driven by phased revenue generation, diversified income streams, and disciplined cost management.

Performance varies across asset classes, reflecting differences in lease structure, risk profile, and delivery timing. The multifamily component (Sibley Suites) delivers stable, inflation-sensitive income, while the retail components—particularly the grocer-anchored mid-box—provide durable cash flow through long-term NNN leases. The experiential retail segment offers higher upside potential but carries modestly greater lease-up and operational risk tied to foot traffic and destination appeal.

Overall, the Northbank District demonstrates robust financial feasibility through a competitive land basis, diversified income streams, and a disciplined capital structure. Its ability to generate stable cash flow alongside attractive risk-adjusted returns reinforces the project as the highest and best use for the site.

CONSTRUCTION LOAN TERMS

MULTIFAMILY		MID-BOX RETAIL		EXPERIENTIAL RETAIL	
Loan to Cost	67%	Loan to Cost	68%	Loan to Cost	68%
Spread	SOFR + 265 bps	Spread	SOFR + 295 bps	Spread	SOFR + 275 bps
Term	3 years	Term	3 years	Term	3 years
Rate	6.31%	Rate	6.61%	Rate	6.41%
Loan Amount	$115,410,000	Loan Amount	$33,438,000	Loan Amount	$33,752,000
Blended Interest Rate					**6.41%**

Residential Appendix Items:

Multifamily Sales Comps

Property	Brokerage	Price	Price/Unit	Cap Rate
LakeHaus	CBRE	$75,500,000	$377,500	4.70%
Borealis	Colliers	$46,250,000	$372,984	5.06%
ElseWarehouse	Colliers	$40,250,000	$346,983	5.37%
Beach Club	Colliers	$103,250,000	$310,994	5.38%
Maverick	Colliers	$51,200,000	$304,762	5.12%
Dock Street Flats	Berkadia	$56,500,000	$305,405	5.20%
365 Nicollet	CBRE	$111,500,000	$301,351	4.90%
Second & Second	CBRE	$47,000,000	$297,468	5.10%
Rafter	JLL	$82,850,000	$292,756	4.85%

Multifamily Rent Comps

Property	Units	Year Built	Occupancy	Rent/SF	Distance
The Julia	**98**	2018	95%	$3.10–$3.40	0.3 mi
Lucille	**~129**	~2023	93%	$2.90–$3.30	0.4 mi
Borealis	**124**	2018	~95%	$3.10–$3.50	1.0 mi
365 Nicollet	**370**	2018	~95%	$3.30–$3.80	1.2 mi
Lakehaus	**200**	2020	~95%	$2.80–$3.20	4.5 mi
Sibley Suites	**330**	**2028**	**~95%**	**$3.03-$3.48**	**0.0 mi**

Multifamily Sensitivity Analysis

Returns				
Rent Growth	2.00%	**2.30%**	2.70%	3.00%
Project IRR	15.74%	**16.53%**	17.54%	18.29%
Project EMx	1.92x	**1.97x**	2.04x	2.09x
Stabilized YOC	6.65%	**6.70%**	6.77%	6.83%
Average YOC	7.17%	**7.35%**	7.60%	7.79%
Stabalized COC	7.42%	**7.58%**	7.80%	7.96%
Average COC	8.35%	**8.81%**	9.43%	9.90%

Hold Period Returns					
Hold / Exit Cap	5.00%	**5.25%**	5.50%	5.75%	6.00%
3-Year Hold	34.69%	**30.82%**	27.08%	23.46%	19.93%
5-Year Hold	24.46%	**22.53%**	20.66%	18.84%	17.06%
7-Year Hold	20.29%	**19.09%**	17.94%	16.81%	15.62%
10-Year Hold	17.22%	**16.53%**	15.86%	15.21%	14.58%

1 Bed / 1 Bath
659 SF

2 Bed / 2 Bath
890 SF

Retail Market Rents:

		q3 2024	q4 2024	q1 2025	q2 2025	q3 2025
NE	**Big Box**			10.00	10.00	10.00
NW			28.00	28.00		
SE		11	11.00	11.00	11.00	11.00
Suburban		11	19.50	16.33	10.50	10.50
avg		**$11.00**	**$19.50**	**$16.33**	**$10.50**	**$10.50**

		q3 2024	q4 2024	q1 2025	q2 2025	q3 2025
MPLS CBD	**Mixed**	21.34	21.82	21.82	21.79	21.23
NE		17.25	17.67	23.25	23.25	18.33
NW		15.00	15.00	16.25	16.75	16.75
SE		16.68	16.68	17.30	17.50	17.67
SW		17.50	20.00	25.00	30.00	
W			35.50	35.50	35.50	36.50
Suburban		16.83	20.20	22.20	22.88	21.45
avg		**$17.43**	**$20.98**	**$23.05**	**$23.95**	**$21.99**

		q3 2024	q4 2024	q1 2025	q2 2025	q3 2025
NE	**Strip**	18.39	16.65	16.94	19.18	17.81
NW		21.11	24.00	24.11	20.19	20.19
SE		21.65	20.05	21.19	19.44	19.10
SW		22.50	22.28	12.75	15.83	17.00
W		18.00	22.00	22.00	19.00	19.00
Sub		20.74	20.52	20.38	19.70	19.26
Avg		**$20.40**	**$20.92**	**$19.56**	**$18.89**	**$18.73**