

# BUILDING **BEYOND**

ST. LOUIS

MARCH 2007

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## Park East Tower

St. Louis,  
Missouri

Spotlight

## Message from **Mark**



**Mark Rauenhorst**  
President & CEO  
The Opus Group

As we enter the new year, Opus recognizes the resurgence in office development as a dominant industry trend. With nearly 55 years of experience in this sector and a proven design-build approach, our goal is to help clients achieve quality with the greatest value.

The office sector is poised for growth because of increased job opportunities, reduced vacancy rates and strong absorption in most markets. Increasingly corporations are investing in facilities that go beyond functionality to incorporate elements that offer optimum comfort to employees, in turn helping meet organizations' business goals, including productivity and employee retention.

With a greater demand than existing supply for office, Opus is being tapped to respond. In fact, we're seeing more highly customized build-to-suit projects and a greater interest in sustainable building techniques.

In Minneapolis, we signed office development projects with Cargill and UnitedHealth Group, 450,000 square feet and 350,000 square feet, respectively. In the Chicago area, Opus is developing more than 650,000 square feet of office space. On the East Coast, Opus has more than 1 million square feet of build-to-suit and speculative office space under development.

Our office portfolio totals nearly 600 completed projects. We've achieved this breadth of experience because our design-build approach focuses on collaborating with clients. For example, Northwestern Mutual surveyed its employees to identify what amenities were important to them. Opus is incorporating many of the ideas into the corporate campus that is projected to total 1.9 million square feet.

We look forward to another great year ahead and opportunities to partner with clients and communities to bring high-quality and customized projects to fruition.

## Opus Northwest **Perspective**

Considerable efforts and dedication resulted in a very successful year for the Opus Northwest team. Record revenues were generated from a diverse mix of projects. A balance of third-party design-build retail, multifamily, mixed-use, industrial, and office projects made 2006 strong, and that success will carry into 2007.

Opus Northwest is experiencing an increased demand for office. Currently, we're developing office facilities for quality organizations such as Medtronic, Select Comfort, Cargill, Comcast, Capital One Financial, Farmers Insurance and the Environmental Protection Agency.

I am very proud of the people at Opus Northwest who, in addition to giving their time to charities, identified more than \$900,000 of worthy causes to which Opus Northwest contributed. Making the communities where we do business better places to live, work, and play is part of Opus' culture.

We look forward to working with you and striving for continued success in 2007.



**John Solberg**  
President & CEO  
Opus Northwest, L.L.C.

# N A L

## › Project Spotlight



**Northwestern Mutual Franklin Campus**  
Franklin, Wis.

It all started with a request from Northwestern Mutual for Opus' Milwaukee office to find land suitable for the rapidly growing company's new corporate campus. A relationship that was built on trust quickly grew into a full-fledged partnership, with Opus playing a lead role in developing the first two phases of the 1.9-million-square-foot corporate campus in Franklin, Wis.

Working with Northwestern Mutual and local architectural firm Eppstein Uhen, Opus transformed the site of a former drive-in theater into a place where employees are proud to work.

The campus fosters collaboration and flexibility through large floor plates, open work stations, and many conference rooms – from large meeting areas to mini conference rooms that can be used for things such as manager/employee conversations.

The facility includes an on-site, fully staffed health clinic, a fitness center, credit union, print-to-mail operation, full-service cafeteria, company store, 15-foot exterior waterfall and



**Employee cafeteria**  
Northwestern Mutual Franklin Campus  
Franklin, Wis.

walking trails throughout the 84-acre campus. One of the most popular aspects of campus life in Franklin is Northwestern Mutual's business lunch program, which includes a wide array of healthy menu selections offered at no cost to employees.

"At first, the idea of a satellite campus 12 miles from our main headquarters in downtown Milwaukee represented what amounted to a big change for the employees who would be moving to a new location," said Mike Skorstad, assistant facilities director for Northwestern Mutual. "But now that everyone has settled in, there's general agreement that Franklin is a great working environment."

In addition, Opus worked carefully to ensure the data center had reliable power, superior humidity and temperature controls, plus low static and high-end water detection systems.

Currently, approximately 1,100 people work in the first building, which was completed in 2004. Phase II is scheduled to be complete in the fall of 2008 and will house approximately the same number of employees.

## › The Latest

Welcome to the first edition of the Opus Northwest – St. Louis *Building Beyond* newsletter. This newsletter is designed to provide information and updates on Opus' projects and initiatives in the greater St. Louis area.

In 2006, we saw the completion of the very successful Park East Tower high-rise condominium project and the completion and sale of the Dardenne Town Square retail project.

We also focused our efforts on several new development opportunities, including the Park East Lofts mixed-use project.

Looking forward in 2007, we will continue to focus on multifamily and retail developments, while also placing emphasis on office and industrial projects, which present a viable and growing opportunity in the St. Louis area.

Opus is committed to developing best-in-class real estate in St. Louis that solves clients' needs and builds beyond expectations. As always, we welcome discussing new opportunities with you.

Best wishes in 2007!



**John Pitcher**

Vice President of Real Estate  
Opus Northwest, L.L.C. –  
St. Louis

## › Opus News

**Playground in a Day** – This past summer, 200 volunteers from Opus and the YMCA of Greater St. Louis constructed a 4,000-square-foot, state-of-the-art playground at the South City Family YMCA during a one-day event. The playground was built in conjunction with the non-profit organization KaBOOM!. Opus provided both financial and volunteer resources for the project.

**Aim High Donation** – Opus recently contributed \$30,000 from the Opus Foundation grant program to Aim High St. Louis, whose mission is to provide challenging academic programs for motivated public middle school students from low-income neighborhoods. Opus' donation will fund the program costs for 21 students in 2007.

**Developer of the Year Award** – In September, Opus Northwest – St. Louis was honored as one of the city's "Developer of the Year" recipients for developing the Park East Tower.



Opus volunteers following a  
playground build day



Rodney Crim, executive  
director of St. Louis  
Development Corporation,  
John Pitcher and  
Mayor Francis G. Slay

## › Industry News

Recently Andy Deckas, senior vice president and chief investment officer for Opus, had an opportunity to ask questions of industry economist Peter Linneman, Ph.D. concerning his perception of the real estate industry as we enter 2007.

**Q: Is now a good time for new development? If so, what type and what geographical area(s)?**

A: For office, most markets are nearing balance after excess supply for almost six years. Absorption will continue to occur. Corporate profits are high and corporations are feeling good about making investments. I project the next two years to be an excellent time for development, especially for smaller projects that can be delivered in a two- to three-year window. My concern is that within a year after the next election we'll have a bit of a recession – nothing drastic – so the faster you can get product stabilized and turned around, the better from the office perspective.

In terms of industrial space, it took a long time for it to resurge because of a discrepancy with inventory, but now it's in balance in most markets, making this the best time for development in this sector in the past seven to 10 years. The dotcom period made it look like a good time for development but so much was driven by an industry that didn't have cash flow.

**Q: Is there a question that we, as real estate developers and brokers, should be asking?**

A: Truthfully, we're in an extremely good development period; yet, the history of the United States and all developing economies demonstrates that hiccups occur. The best question to ask from a risk management and strategic planning point of view is **when will the next hiccup occur?**

With gridlock in Washington, D.C., and plenty of capital, companies will not be inhibited to expand during the next couple of years. I do anticipate the next inhibitor to accompany the 2008 national elections. Political affiliation aside, a change of leadership means that there is uncertainty in direction. Imagine a company that makes up 20 percent of the economy having a new CEO and corporate strategy and you don't know what it is. This scenario would cause everyone who interfaces with the company to be cautious. Until then, this is the unanswered question the industry should be asking.



**Peter Linneman, Ph.D.**

Principal of Linneman Associates



**Andy Deckas**

Senior Vice President & Chief Investment Officer  
The Opus Group

## › Profile: John Langa

John Langa joined Opus Northwest in 2006 as director of real estate development based in the company's St. Louis office. A veteran in the local real estate industry, John is responsible for expanding Opus' involvement in both owner/user and speculative construction for office, industrial and institutional projects in the St. Louis area.

Most recently, John was with CB Richard Ellis where he specialized in industrial, office and land brokerage focused on owner representation and was one of the office's top producers in 2004 and 2005. Prior to CB Richard Ellis, John was the executive director for the Chesterfield Missouri Community Development Corp. where he oversaw the economic development for Chesterfield, Mo., including the creation of a \$74.5 million tax increment financing plan for Chesterfield Valley.

John Langa can be reached at 636.537.6313 or john.langa@opusnw.com.



**John Langa**

Director of Real Estate Development  
Opus Northwest, L.L.C.

## Local Projects

**Dardenne Town Square** – Completed last October, this 425,000-square-foot center was one of the largest retail developments in the greater St. Louis area in 2006. Located in the city of Dardenne Prairie, Mo., at the intersection of Interstate 64 and Highway N in St. Charles County, Dardenne Town Square is anchored by Target, Shop 'n Save, JCPenney and a Wehrenberg Theatre. It also includes 150,000 square feet for future retail tenants and outlot users.

To make this development a reality, Opus collaborated with the Missouri Department of Transportation and local government officials to create a \$12 million overpass to enhance access to the development through the establishment of a Transportation Development District. In addition, Opus donated an adjacent parcel of land for municipal buildings that will include the Dardenne Prairie City Hall.

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**Dardenne Town Square**  
Dardenne Prairie, Mo.

**Park East Lofts** – Building on the success achieved with the Park East Tower development, Opus introduced a new residential concept, Park East Lofts a low-rise “loft-style” product, to St. Louis’ Central West End.

With completion scheduled for early 2008, Park East Lofts will consist of 52 residential condominiums and 6,000 square feet of street-level retail space constructed on top of a four-level parking structure. This project is a public/private partnership with the city of St. Louis, wherein Opus will construct 180 of the project’s 250 parking spaces, which the city will own and operate as a neighborhood public parking garage.

The Park East Lofts development will feature high-detailed units with tall ceilings, generous exterior glass, open floor plans and European-style kitchens. Units range in size from 820 to 1,600 square feet, with initial price points from \$220,000 to \$575,000. More than 40 percent of the units have been sold to date.

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**Park East Lofts**  
St. Louis



**Lindell Condominiums**  
St. Louis

**Lindell Condominiums** – Also planned for the central west end is the 200-unit, 28-story Lindell Condominiums, a full-amenity high-rise that will include 11,000 square feet of street-level retail and 23 stories of residential living units.

Located near the Park East Lofts, unit sizes will range from 890 to 2,392 square feet, with the majority of units priced from low \$200,000 to mid \$500,000 to appeal to a broad range of buyers. The contemporary-style building will feature a tower constructed predominately of glass and metal panels, with pre-cast concrete accents that sit atop a four-level base structure containing 275 indoor parking spaces for residents.

The project's marketing and pre-sale program is expected to get underway in early summer.

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**One Chesterfield Place**  
Chesterfield, Mo.

**Opus Sets Record with Office Building Sale** – The St. Louis office of Opus Northwest developed One Chesterfield Place, a suburban office building that has been sold for a record price. The 150,000-square-foot five-level office building with an adjacent parking structure was owned by one of Opus' internal funds and sold to Triple Net Properties for \$28.5 million. The sale price is reported to be the highest price per square foot paid for a suburban office building in the St. Louis metropolitan area. The property, located on Interstate 64 in the St. Louis suburb of Chesterfield, Mo., has a tenant roster that includes Bank of America, Principal Financial, Ameriplan Financial Advisors, Midwest Casualty Company, Lowe's Home Centers and Protective Life. Opus Northwest – St. Louis retains its office in this building.

