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Hillcrest Properties will spend the next few months figuring out a future use for the General Mills Purity Oats mill at 1201 Jackson St. NE in Minneapolis. (Submitted photo: CoStar)

NE Minneapolis mill is Hillcrest's 'Rubik's Cube'

By: Matt M. Johnson November 21, 2019 3:47 pm

A Twin Cities redeveloper known for repositioning northeast Minneapolis real estate has purchased one of the tallest and most recognizable landmarks in the area's art district. Now the company just needs to figure out what to do with it.

Minneapolis-based Hillcrest Development paid \$2.1 million for the General Mills Purity Oats mill at 1201 Jackson St. NE, said Andy Heieie, a vice president with the Twin Cities office of Colliers International. The five-story, 115,000-square-foot complex which includes a 154-foot tower, was used at one time to make Cheerios.

Heieie represented General Mills in the transaction. The property drew about five bids from investors.

"It was a strategic investment on their part," he said of Hillcrest in a Wednesday interview.

General Mills put the property on the market after moving milling operations to the company's Fridley facility, company spokeswoman Kelsey Roemhildt said in an email to Finance & Commerce. The transaction closed on Sept. 23.

The property went up for sale as General Mills looked to streamline its Twin Cities operations.

"We are always reviewing our supply chain network to ensure it's positioned to meet business needs and create efficiencies," Roemhildt said.

The bright white Purity Oats building sits next to a railroad line in the middle of several recently redeveloped properties and is easily identifiable by the big blue General Mills "G" painted on the 10-story tower portion. Next door at 807 Broadway Ave. NE, Hillcrest in 2015 renovated and repurposed a 170,000-square-foot building once owned by Minneapolis Public Schools into a commercial and office building named the Highlight Center. More than 1,000 people now work there, said Scott Tankenoff, Hillcrest's managing partner.

A future use for the Purity Oats building is less obvious than the vision Hillcrest had for the Highlight Center. The first parts of the building were constructed in 1914 as a door and window factory. More wings were added to the facility over time. General Mills converted it into a mill and elevator building to manufacture its products.

The multiple building phases created a complex with multiple levels and "many pieces and parts," Tankenoff said in an interview.

"This is a Rubik's Cube," he said. "This is a three dimensional problem to be solved."

Hillcrest has spent the past few weeks "decommissioning" the remains of the manufacturing operation. That work includes removing obsolete machinery, reducing the amount of electrical power coming into the building and figuring out how to heat the building during the winter without using the plant's massive boiler.

"You've got maybe 50 times the capacity with that boiler than you would need," Tankenoff said.

Hillcrest will take the next several months to draw up concepts to use the former mill, he said. In the meantime, tenants at Hillcrest's other nearby properties are using the parking lot to augment tight existing parking.

Hillcrest paid "above market price" for the Purity Oats building in order bring it into the company's portfolio, Tankenoff said. The company would not have made the purchase if it didn't have neighboring properties.

"It's something that from the standpoint of what it is and where it is we felt pretty compelled that we needed to purchase it," Tankenoff said.

Hennepin County values the 2.25-acre property at \$1.5 million for tax purposes. A certificate of real estate value for the transaction was not available as of Thursday afternoon.

General Mills has sold other pieces of its metro-area portfolio of late. The company in March sold one of its office buildings at 201 General Mills Blvd. for \$13 million.

ABOUT MATT M. JOHNSON



Matt joined the Finance & Commerce staff in July 2016. A career journalist, he previously worked for The Bradenton Herald in Bradenton, Florida.

