

# BUSINESS WATCH

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## Updates and trends

### REAL ESTATE

#### Home improvements don't always improve price

Think that new home office or sunroom will pay for itself at sale time? Think again. Homeowners recoup the least amount of money on those projects, according to Remodeling magazine's annual Cost vs. Value Report. The report compares the construction cost with resale value of 25 common remodeling projects across the country in 2006. (Costs are estimates for a typical job by region, based on surveys of contractors and real estate agents.) You guessed it: Costs continued to climb in 2006 even as home appreciation slowed, meaning homeowners recouped less of what they shelled out. Homeowners recouped about 90 percent of a new deck at sale time in 2005, for instance, but got back just 65 percent last year.

For the West North Central Region, which includes Minnesota, homeowners recouped just 65 percent of the construction cost of a new home office and 60 percent of a new sunroom at sale time. The big payback at sale time, the study said, is new fiber cement siding at 81.9 percent of costs recouped, and vinyl siding at 80.6 percent.

Jennifer Bjorhus

#### A sampling of 2006 report:

	Job cost	Cost recouped at sale time
Midrange home office remodel	\$21,007	55%
Midrange sunroom addition	\$51,345	60%
Upscale roofing	\$27,445	60.7%
Major upscale kitchen remodel	\$109,956	68.3%
Upscale bathroom remodel	\$39,526	70%
Midrange vinyl windows	\$10,796	71.5%
Midrange bathroom remodel	\$13,462	74.7%
Midrange vinyl siding	\$9,507	80.6%
Upscale fiber cement siding	\$13,360	81.3%

Source: Remodeling magazine

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Village no longer have to drive away from the office park to grab a sandwich, get a cup of coffee or to meet friends after work," said Ross Fefercorn, the developer. "There are places to exercise, have a glass of wine or dinner."

For more information about the center, go to [www.villagemh.com](http://www.villagemh.com).

— Gita Sitaramiah

Interstate 35 on the way to Duluth.

Frandsen's new buy — the first since it purchased Queen City Federal Bank in Virginia, Minn. — pushes the company to \$1.1 billion in assets.

First National will keep its name, at least for now.

Dennis Frandsen, who owns a handful of other companies, founded Frandsen Financial in 1982. Last year the company had about 400 employees.

Frandsen Financial's growth strategy since the start has relied heavily on acquisitions.

Executives tend to look for banks in smaller communities in Minnesota, Wisconsin and North Dakota.

In fact, only Frandsen's Forest Lake branch was built from the ground up by the company.

"We'd love to be able to announce additional acquisitions in 2007," said Chuck Mausbach, executive vice president and chief administrative officer

at Frandsen. "We're always looking and putting in bids on banks that are available."

— Nicole Garrison-Sprenger

### BANKS

#### Look for more banks to pop up in east metro

Following a lull in the number of new banks popping up in Minnesota last year, 2007 is shaping up to be a busy year.

Just before the new year, a group of Wisconsin bankers filed an application with the Minnesota Department of Commerce for a new bank in Maplewood.

The application is awaiting regulatory approval.

Summit Community Bank is slated to open at U.S. 61 and County Road D

in Maplewood by the early second quarter.

Though there are 30 bank branches and five credit unions in the banks trade area, which includes Maplewood, Oakdale, Woodbury and Roseville, Summit will be one of the newer banks in the region.

The vast majority of new banks started in the past 10 years have been in the west metro.

However, late last year, a group of Western Bank alumni banded together to start Platinum Bank in Oakdale.

The Department of Commerce approved that application on Dec. 29.

Hayward Bancshares Inc., a \$308.5 million company based in Eau Claire, will own Summit.

Hayward also owns Peoples Bank of Wisconsin, which has offices in Eau Claire and Hayward.

Summit will get its start with \$8 million in founding capital. Kevin Whelan, a former executive at Landmark Community Bank in Ramsey, will be president of Summit. Other executives hail from Peoples Bank and from Anchor Bank in the Twin Cities.

Whelan said targeting the eastern Twin Cities makes sense. "We think the economy in east metro is great," he said.

— Nicole Garrison-Sprenger

### RETAIL

#### Planet Beach opening more tanning salons

Want to look like you've been in the sun even if you've hardly stepped out of the house? New Orleans-based Planet Beach has opened 21 tanning salons in the Twin Cities and has another five coming soon.

Planet Beach has east metro locations in Blaine, Lakeville, Forest Lake, Hastings, North Oaks and St. Paul.

Where the next five will be is undetermined.

The company's Web site concedes that overexposure to ultraviolet light has risks and, besides tanning, Planet Beach also offers skin-care services such as facials and full-body aqua massage.

CEO Stephen Smith said the company wants to unveil 60 to 80 salons eventually in the Twin Cities and currently has 340 locations open nationwide.

The company's franchise broker is in Minnesota and has been able to attract a lot of interest locally, Smith said.

"It was a twist of fate that happened," he said.

— Gita Sitaramiah



FINANCIAL

#### Latest acquisition pushes assets above \$1.1 billion

One of the Twin Cities' bigger banking groups just got bigger.

Arden Hills-based Frandsen Financial recently closed on the purchase of First National Bank of Pine City, a \$55 million bank just off of