

FOR THE EXCLUSIVE USE OF FRANK.JERMUSEK@SVN.COM

From the Minneapolis / St. Paul Business Journal:

<https://www.bizjournals.com/twincities/news/2019/05/28/in-a-north-shore-shakeup-longtime-owner-bob-ryan.html>

Deal wire

In a North Shore shakeup, longtime owner Bob Ryan sells his six-resort portfolio

May 28, 2019, 1:25pm CDT Updated: May 29, 2019, 10:00am CDT

The North Shore resort landscape changed dramatically this month as [Bob Ryan](#) sold all six of his properties and management business to a partnership of Minneapolis-based private investment firm and a Brainerd hospitality company.

The portfolio includes Grand Superior Lodge in Two Harbors, Caribou Highlands in Lutsen, Beacon Pointe Resort in Duluth, Breezy Point Cabins in Two Harbors, Larsmont Cottages in Two Harbors and East Bay Suites in Grand Marais.

Ryan developed most of the resorts himself over the past 22 years and grew the business, Odyssey Resorts and Development, to 320 employees, with a headquarters in Duluth.

One of the buyers is Blackburn Investment Management of Minneapolis, which was founded by [T.J. McMillan](#) and his father, [Greg McMillan](#). [Greg McMillan](#) is a former Cargill Inc. vice president who co-founded private investment firm Värde Partners and later left the group. The McMillans are unrelated to the MacMillan family of billionaires tied to Cargill wealth.



SVN | NORTHCO REAL ESTATE SERVICES

Caribou Highlands was part of a six-resort portfolio that sold in late April to Blackburn Investment Management and Madison Hospitality Group.

The other buyer is Madison Hospitality Group, which is based in Brainerd and manages resorts and hotels in northern Minnesota and the Twin Cities.

In an interview, Bob Ryan said back in June 2018 he and his older brother Tom decided to sell Caribou Highlands. Tom, 73, is nine years older than Bob and wanted to cash out of the resort they owned together.

Bob Ryan said he did not intend to sell the entire company, but when Madison and Blackburn teamed up, he decided it was a good partnership and decided to speed up his timeframe for selling.

“They seemed like a very good buying group with good access to capital and hospitality experience,” Ryan said. “They wanted to continue what we were doing, hire all of our employees and said, ‘We want to expand.’ ”

Ryan will stay on for 18 months — first running the company and then gradually declining his role until he is available on-call. He will also help Blackburn and Madison on some plans for expansion, and Ryan said that could be a mix of acquisitions and development.

Ryan — whose father launched the Twin Cities office of what is now Ryan Cos. US Inc. in the 1960s and is cousins with third-generation owners Pat Ryan and the late Jim Ryan — isn’t quite retiring. He might do some consulting and will continue serving on some boards. One thing he will do for certain is continue to join his wife, a nurse practitioner, on mission trips.

Both T.J. McMillan and Bob Ryan declined to disclose a sale price. Sales prices for Caribou Highlands (\$5.25 million) and Beacon Pointe (\$8 million) have been made public in real estate filings. The other four have not been made public.

However, the real estate sales prices alone won’t add up to the total price Blackburn and Madison paid for the Odyssey business since it also includes property management contracts for the condos and townhomes at the resorts, a brokerage and development company and several other components of the portfolio.

“We are a value-oriented investment company always looking for interesting deals,” Blackburn CEO T.J. McMillan said. “We were excited about Odyssey and the business Bob Ryan has built over the years.”

A changing ownership face

It's been an active couple years on the North Shore as a generation of resort owners has grayed and decided to retire. Lutsen Resort sold two years ago (to local buyers) and Superior Shores and Bluefin Bay Family of Resorts are on the market.

Frank Jermusek, managing director of SVN | Northco Real Estate Services, brokered the Odyssey deal, as well as Lutsen Resort. He also is listing Superior Shores in Two Harbors and said that property is under contract to sell.

"That area, from Duluth up the North Shore, all of those resorts do really well and business has been good over the years, even in recession times," Jermusek said. "There's a generational shift right now. The market is good and people are looking at when they want to retire. ... Most of the North Shore has turned over in the last two years."

Nick Halter

Senior Reporter/Broadcaster

Minneapolis / St. Paul Business Journal

