

Market

# Trends

# Q4 2022

## Mpls/St Paul - Industrial



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# MARKET TRENDS

Q4 2022 | Mpls-St Paul | Industrial

## Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,990,976	
Area Unemployment	1.9	
U.S. Unemployment	3.6	
Industrial Jobs	211,900	

Source: BLS

\*Employment figures and area unemployment are based on Mpls-St Paul MSA data.

## Market Recap

### All Properties

Total Inventory (sf)	275,202,187
Total # of Bldgs (tracked)	3,186
Absorption	1,210,144
Vacancy	3.5%
Asking Rate Low (NNN)	\$7.36
Asking Rent High (NNN)	\$10.86
Under Construction	7,885,799

### Multi-tenant Properties

Total Inventory (sf)	145,013,628
Total # of Bldgs (tracked)	1,792
Absorption	1,095,707
Vacancy	5.1%
Asking Rate Low (NNN)	\$7.38
Asking Rent High (NNN)	\$10.99

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 30 basis points to 1.9% for November 2022 from 2.2% for November 2021. The unemployment rate for the US was at 3.6% in November 2022 down from 4.2% last year. State of Minnesota unemployment rate was 2.3%. The Mpls-St Paul MSA saw an increase in job growth as well as an increase in industrial job growth specifically in manufacturing with 13,300 during the same period.

## Market Overview

The Mpls-St Paul industrial market consists of 275 msf in eight counties across the metro. There was just over 1.2 msf of positive absorption overall for Q4 2022 increasing YTD to over 6.0 msf. Multi-tenant only properties posted 1.0 msf positive absorption bringing the YTD to 4.0 msf. The overall vacancy rate for the market was 3.5% and multi-tenant vacancy was 5.1% for Q4 2022. To date, there are 42 construction projects throughout the market totaling 7.8 msf and 48 properties have been delivered YTD with 6.0 msf.

## Market Highlights

At the close of Q4 2022, the market experienced over 2.4 msf of leasing activity in 145 transactions. The Northeast market shows the lowest vacancy rate of 2.0% while the West market is at the top with 5.5% for all properties. The Northeast market also topped all markets with 840,000 sf positive absorption led by Colder Products leasing 166,000 sf. The Southwest market posted the highest drop with (86,000) sf negative absorption led by Anagram International vacating 122,000 sf in a sublease. The single largest direct vacancy was Ultralox vacating 93,000 sf in the Southeast market. One hundred thirty two properties sold totaling 8.0 msf for \$706 million.

# Market Statistics by Property Type (Multi and Single Tenant)

## Total

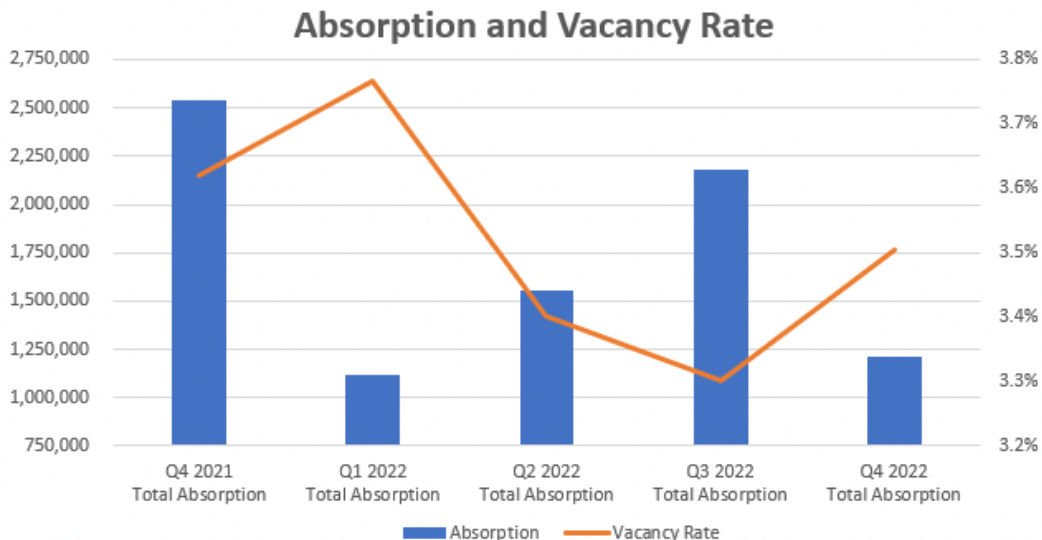
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	641	42,994,386	3,629,717	2,614,227	1,020	404,757	6.1%
Warehouse Distribution	615	108,486,474	4,248,384	3,415,919	446,260	4,433,135	3.1%
Warehouse Office	1,930	123,721,327	5,870,501	3,613,743	762,864	1,225,843	2.9%
<b>Grand Total</b>	<b>3,186</b>	<b>275,202,187</b>	<b>13,748,602</b>	<b>9,643,889</b>	<b>1,210,144</b>	<b>6,063,735</b>	<b>3.5%</b>

## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	641	42,994,386	3,133,232	2,395,257	26,077	414,439	5.6%
Warehouse Distribution	615	108,486,474	3,826,879	3,109,155	509,872	4,629,776	2.9%
Warehouse Office	1,930	123,721,327	5,342,430	3,260,821	836,227	1,347,217	2.6%
<b>Grand Total</b>	<b>3,186</b>	<b>275,202,187</b>	<b>12,302,541</b>	<b>8,765,233</b>	<b>1,372,176</b>	<b>6,391,432</b>	<b>3.2%</b>

## Sublease

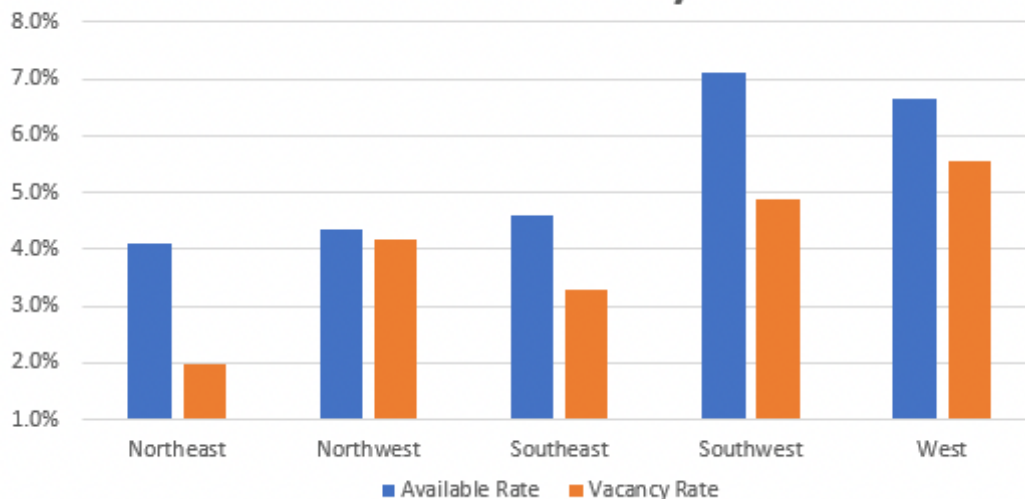
Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	641	42,994,386	496,485	218,970	(25,057)	(9,682)	0.5%
Warehouse Distribution	615	108,486,474	421,505	306,764	(63,612)	(196,641)	0.3%
Warehouse Office	1,930	123,721,327	528,071	352,922	(73,363)	(121,374)	0.3%
<b>Grand Total</b>	<b>3,186</b>	<b>275,202,187</b>	<b>1,446,061</b>	<b>878,656</b>	<b>(162,032)</b>	<b>(327,697)</b>	<b>0.3%</b>



# Market Statistics by Market (Multi and Single Tenant)

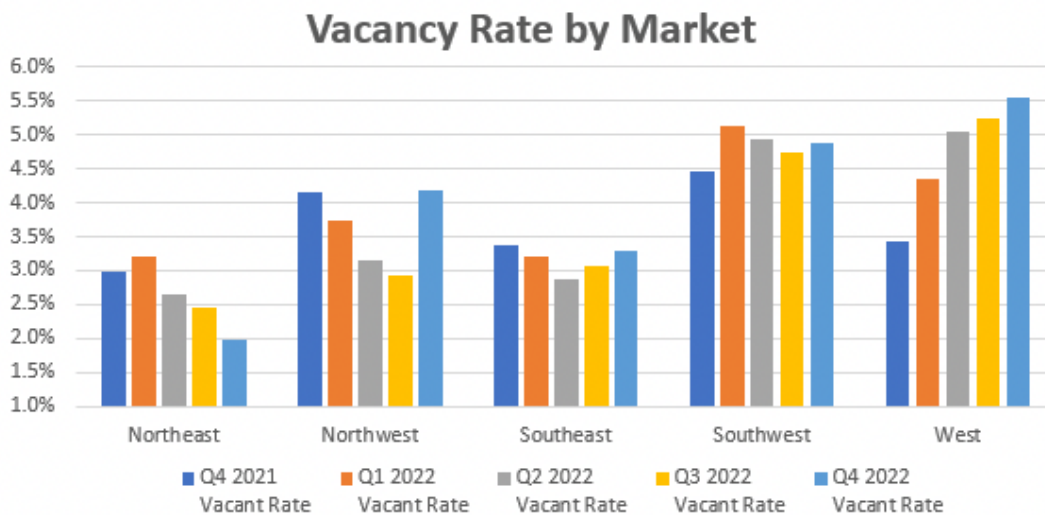
Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption	YTD Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	162	11,400,196	734,041	581,248	126,408	362,543	5.1%
	Warehouse Distribution	187	31,176,706	1,016,800	593,326	169,437	899,864	1.9%
	Warehouse Office	726	46,868,123	1,925,199	596,122	544,884	835,429	1.3%
	<b>Subtotal</b>	<b>1,075</b>	<b>89,445,025</b>	<b>3,676,040</b>	<b>1,770,696</b>	<b>840,729</b>	<b>2,097,836</b>	<b>2.0%</b>
Northwest	Flex/R&D	99	7,011,456	302,999	180,349	(123)	123,238	2.6%
	Warehouse Distribution	170	29,626,607	1,090,028	1,117,948	71,742	1,723,680	3.8%
	Warehouse Office	353	22,888,085	1,201,343	1,195,657	127,000	546,114	5.2%
	<b>Subtotal</b>	<b>622</b>	<b>59,526,148</b>	<b>2,594,370</b>	<b>2,493,954</b>	<b>198,619</b>	<b>2,393,032</b>	<b>4.2%</b>
Southeast	Flex/R&D	130	7,584,219	1,082,819	751,062	10,227	7,117	9.9%
	Warehouse Distribution	131	24,642,963	562,512	425,446	313,812	1,470,003	1.7%
	Warehouse Office	392	24,213,871	953,997	682,994	(13,056)	(35,632)	2.8%
	<b>Subtotal</b>	<b>653</b>	<b>56,441,053</b>	<b>2,599,328</b>	<b>1,859,502</b>	<b>310,983</b>	<b>1,441,488</b>	<b>3.3%</b>
Southwest	Flex/R&D	188	12,835,559	1,152,495	760,394	(38,087)	17,761	5.9%
	Warehouse Distribution	93	19,286,904	1,323,133	1,130,198	(108,731)	420,246	5.9%
	Warehouse Office	311	20,148,937	1,238,004	657,166	60,432	65,647	3.3%
	<b>Subtotal</b>	<b>592</b>	<b>52,271,400</b>	<b>3,713,632</b>	<b>2,547,758</b>	<b>(86,386)</b>	<b>503,654</b>	<b>4.9%</b>
West	Flex/R&D	62	4,162,956	357,363	341,174	(97,405)	(105,902)	8.2%
	Warehouse Distribution	34	3,753,294	255,911	149,001	0	(80,658)	4.0%
	Warehouse Office	148	9,602,311	551,958	481,804	43,604	(185,715)	5.0%
	<b>Subtotal</b>	<b>244</b>	<b>17,518,561</b>	<b>1,165,232</b>	<b>971,979</b>	<b>(53,801)</b>	<b>(372,275)</b>	<b>5.5%</b>
<b>Grand Total</b>		<b>3,186</b>	<b>275,202,187</b>	<b>13,748,602</b>	<b>9,643,889</b>	<b>1,210,144</b>	<b>6,063,735</b>	<b>3.5%</b>

## Available and Vacancy Rates



# Vacancy Rates by Market (Multi and Single Tenant)

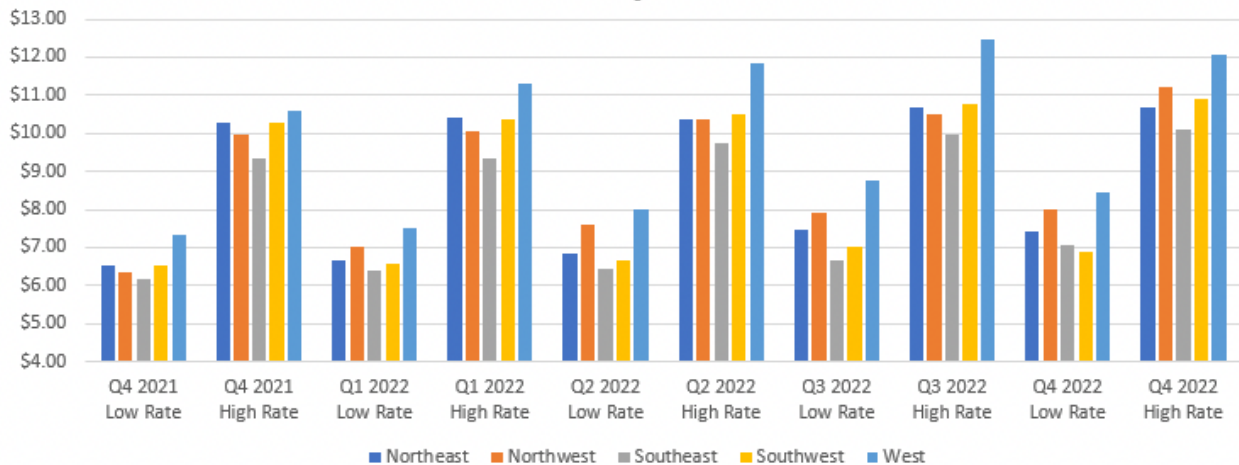
Market	Property Type	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q2 2022 Vacancy Rate	Q3 2022 Vacancy Rate	Q4 2022 Vacancy Rate
Northeast	Flex/R&D	8.4%	8.3%	6.6%	6.3%	5.1%
	Warehouse Distribution	1.8%	1.9%	1.3%	1.4%	1.9%
	Warehouse Office	2.4%	2.9%	2.6%	2.2%	1.3%
	<b>Subtotal</b>	<b>3.0%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.0%</b>
Northwest	Flex/R&D	3.8%	2.9%	2.7%	2.5%	2.6%
	Warehouse Distribution	4.5%	4.2%	3.5%	2.6%	3.8%
	Warehouse Office	3.9%	3.5%	2.9%	3.5%	5.2%
	<b>Subtotal</b>	<b>4.2%</b>	<b>3.7%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>4.2%</b>
Southeast	Flex/R&D	9.3%	8.3%	8.0%	8.9%	9.9%
	Warehouse Distribution	2.3%	1.9%	1.3%	1.7%	1.7%
	Warehouse Office	2.6%	2.9%	2.8%	2.7%	2.8%
	<b>Subtotal</b>	<b>3.4%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>3.3%</b>
Southwest	Flex/R&D	5.3%	5.5%	5.6%	5.7%	5.9%
	Warehouse Distribution	4.7%	5.7%	5.8%	5.3%	5.9%
	Warehouse Office	3.6%	4.3%	3.8%	3.6%	3.3%
	<b>Subtotal</b>	<b>4.5%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>4.9%</b>
West	Flex/R&D	5.7%	7.4%	9.3%	5.9%	8.2%
	Warehouse Distribution	1.8%	2.3%	1.8%	4.0%	4.0%
	Warehouse Office	3.1%	3.9%	4.5%	5.5%	5.0%
	<b>Subtotal</b>	<b>3.4%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>5.2%</b>	<b>5.5%</b>
<b>Grand Total</b>	<b>3.6%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.5%</b>	



# Lease Rates by Market (Multi and Single Tenant NNN)

Market	Property Type	Q4 2021		Q1 2022		Q2 2022		Q3 2022		Q4 2022	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$7.06	\$10.97	\$6.97	\$10.99	\$7.48	\$10.85	\$7.47	\$10.63	\$8.08	\$11.37
	Warehouse Distribution	\$5.70	\$9.30	\$6.07	\$8.66	\$4.95	\$7.87	\$6.50	\$6.50	\$5.58	\$6.92
	Warehouse Office	\$6.29	\$9.91	\$6.58	\$10.41	\$6.28	\$10.10	\$7.56	\$11.22	\$6.94	\$10.43
	<b>Subtotal</b>	<b>\$6.52</b>	<b>\$10.26</b>	<b>\$6.68</b>	<b>\$10.42</b>	<b>\$6.83</b>	<b>\$10.36</b>	<b>\$7.47</b>	<b>\$10.67</b>	<b>\$7.42</b>	<b>\$10.67</b>
Northwest	Flex/R&D	\$7.39	\$11.42	\$7.94	\$11.63	\$8.61	\$12.25	\$9.46	\$12.66	\$9.03	\$13.16
	Warehouse Distribution	\$5.87	\$9.53	\$6.30	\$9.36	\$6.53	\$8.96	\$7.70	\$7.70	\$10.25	\$10.25
	Warehouse Office	\$5.82	\$9.13	\$6.64	\$9.16	\$7.32	\$9.43	\$6.95	\$9.90	\$7.26	\$10.22
	<b>Subtotal</b>	<b>\$6.34</b>	<b>\$9.97</b>	<b>\$7.01</b>	<b>\$10.08</b>	<b>\$7.62</b>	<b>\$10.38</b>	<b>\$7.89</b>	<b>\$10.51</b>	<b>\$7.99</b>	<b>\$11.20</b>
Southeast	Flex/R&D	\$6.85	\$10.23	\$6.82	\$10.42	\$6.64	\$10.79	\$6.91	\$10.95	\$7.35	\$10.94
	Warehouse Distribution	\$5.12	\$7.12	\$5.27	\$6.47	\$5.53	\$7.03	\$5.71	\$7.21	\$6.25	\$6.25
	Warehouse Office	\$5.74	\$9.04	\$6.22	\$8.90	\$6.45	\$9.50	\$6.73	\$9.94	\$6.77	\$9.60
	<b>Subtotal</b>	<b>\$6.19</b>	<b>\$9.34</b>	<b>\$6.39</b>	<b>\$9.34</b>	<b>\$6.42</b>	<b>\$9.75</b>	<b>\$6.65</b>	<b>\$9.95</b>	<b>\$7.05</b>	<b>\$10.12</b>
Southwest	Flex/R&D	\$6.99	\$10.83	\$7.03	\$10.90	\$7.08	\$10.84	\$6.59	\$10.73	\$6.66	\$10.99
	Warehouse Distribution	\$5.33	\$8.33	\$5.33	\$8.33	\$5.43	\$8.99	\$8.10	\$10.10	\$5.99	\$8.99
	Warehouse Office	\$6.10	\$9.83	\$6.22	\$10.04	\$6.45	\$10.50	\$7.23	\$11.16	\$7.51	\$11.40
	<b>Subtotal</b>	<b>\$6.53</b>	<b>\$10.26</b>	<b>\$6.58</b>	<b>\$10.35</b>	<b>\$6.67</b>	<b>\$10.50</b>	<b>\$7.00</b>	<b>\$10.78</b>	<b>\$6.89</b>	<b>\$10.91</b>
West	Flex/R&D	\$6.53	\$10.56	\$7.50	\$12.00	\$8.50	\$12.81	\$8.93	\$13.14	\$10.07	\$13.43
	Warehouse Distribution	\$6.50	\$10.25	\$5.21	\$10.21	\$3.61	\$6.61	\$4.50	\$8.50	\$3.67	\$6.67
	Warehouse Office	\$8.16	\$10.75	\$8.16	\$11.35	\$8.86	\$12.59	\$9.11	\$12.39	\$8.79	\$12.92
	<b>Subtotal</b>	<b>\$7.34</b>	<b>\$10.60</b>	<b>\$7.50</b>	<b>\$11.29</b>	<b>\$8.01</b>	<b>\$11.85</b>	<b>\$8.76</b>	<b>\$12.47</b>	<b>\$8.44</b>	<b>\$12.07</b>
<b>Grand Total</b>		<b>\$6.51</b>	<b>\$10.09</b>	<b>\$6.74</b>	<b>\$10.25</b>	<b>\$6.95</b>	<b>\$10.47</b>	<b>\$7.39</b>	<b>\$10.77</b>	<b>\$7.36</b>	<b>\$10.86</b>

## Lease Rates by Market (NNN)



# Market Statistics by Property Type (Multi-Tenant)

## Total

Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	544	32,691,597	3,238,922	2,350,134	21,162	586,551	7.2%
Warehouse Distribution	329	53,877,799	2,499,972	2,478,270	346,260	2,209,615	4.6%
Warehouse Office	919	58,444,232	4,374,010	2,622,582	728,285	1,212,685	4.5%
<b>Grand Total</b>	<b>1,792</b>	<b>145,013,628</b>	<b>10,112,904</b>	<b>7,450,986</b>	<b>1,095,707</b>	<b>4,008,851</b>	<b>5.1%</b>

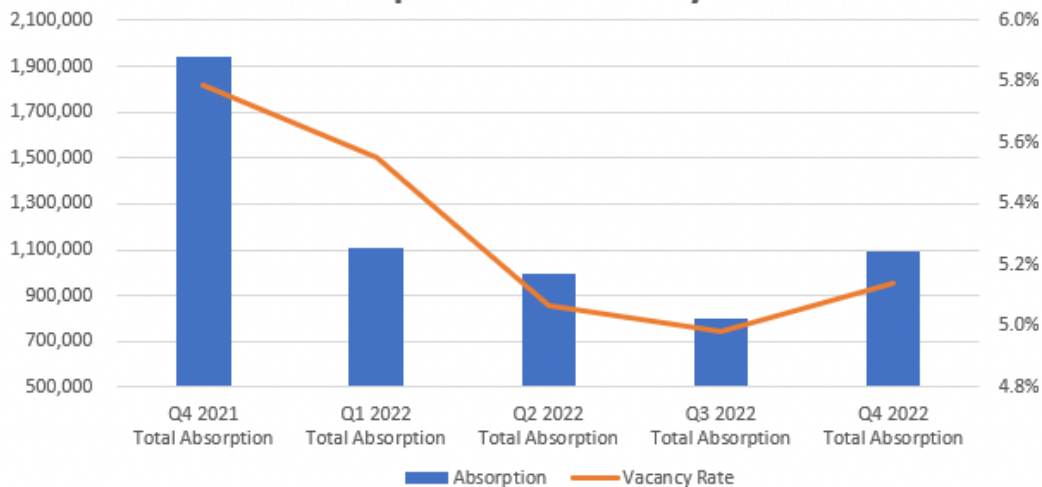
## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	544	32,691,597	2,904,543	2,180,086	91,959	593,051	6.7%
Warehouse Distribution	329	53,877,799	2,081,777	2,174,816	409,872	2,406,256	4.0%
Warehouse Office	919	58,444,232	4,017,397	2,441,118	708,690	1,241,101	4.2%
<b>Grand Total</b>	<b>1,792</b>	<b>145,013,628</b>	<b>9,003,717</b>	<b>6,796,020</b>	<b>1,210,521</b>	<b>4,240,408</b>	<b>4.7%</b>

## Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	544	32,691,597	334,379	170,048	(70,797)	(6,500)	0.5%
Warehouse Distribution	329	53,877,799	418,195	303,454	(63,612)	(196,641)	0.6%
Warehouse Office	919	58,444,232	356,613	181,464	19,595	(28,416)	0.3%
<b>Grand Total</b>	<b>1,792</b>	<b>145,013,628</b>	<b>1,109,187</b>	<b>654,966</b>	<b>(114,814)</b>	<b>(231,557)</b>	<b>0.5%</b>

## Absorption and Vacancy Rate

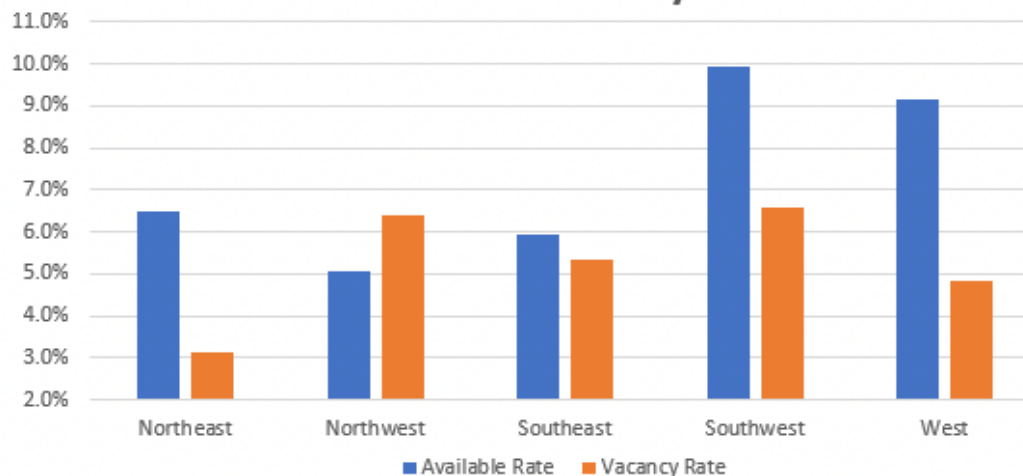




# Market Statistics by Market (Multi-Tenant)

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption	YTD Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	136	9,525,609	704,283	535,508	126,408	362,543	5.6%
	Warehouse Distribution	86	13,142,807	803,458	496,270	69,437	562,626	3.8%
	Warehouse Office	317	21,201,830	1,337,046	333,830	470,637	796,041	1.6%
	<b>Subtotal</b>	<b>539</b>	<b>43,870,246</b>	<b>2,844,787</b>	<b>1,365,608</b>	<b>666,482</b>	<b>1,721,210</b>	<b>3.1%</b>
Northwest	Flex/R&D	80	4,764,191	302,999	180,349	(123)	123,238	3.8%
	Warehouse Distribution	103	17,712,247	513,997	848,581	71,742	967,256	4.8%
	Warehouse Office	169	11,299,433	893,343	1,133,657	127,000	409,114	10.0%
	<b>Subtotal</b>	<b>352</b>	<b>33,775,871</b>	<b>1,710,339</b>	<b>2,162,587</b>	<b>198,619</b>	<b>1,499,608</b>	<b>6.4%</b>
Southeast	Flex/R&D	112	6,013,385	829,380	640,307	10,227	81,313	10.6%
	Warehouse Distribution	66	9,738,197	280,412	425,446	313,812	491,143	4.4%
	Warehouse Office	180	10,549,197	453,662	338,746	26,612	77,631	3.2%
	<b>Subtotal</b>	<b>358</b>	<b>26,300,779</b>	<b>1,563,454</b>	<b>1,404,499</b>	<b>350,651</b>	<b>650,087</b>	<b>5.3%</b>
Southwest	Flex/R&D	161	8,894,676	1,132,353	740,252	(17,945)	37,903	8.3%
	Warehouse Distribution	55	11,049,403	711,468	624,246	(108,731)	207,284	5.6%
	Warehouse Office	183	10,862,666	1,212,968	657,166	60,432	40,647	6.0%
	<b>Subtotal</b>	<b>399</b>	<b>30,806,745</b>	<b>3,056,789</b>	<b>2,021,664</b>	<b>(66,244)</b>	<b>285,834</b>	<b>6.6%</b>
West	Flex/R&D	55	3,493,736	269,907	253,718	(97,405)	(18,446)	7.3%
	Warehouse Distribution	19	2,235,145	190,637	83,727	0	(18,694)	3.7%
	Warehouse Office	70	4,531,106	476,991	159,183	43,604	(110,748)	3.5%
	<b>Subtotal</b>	<b>144</b>	<b>10,259,987</b>	<b>937,535</b>	<b>496,628</b>	<b>(53,801)</b>	<b>(147,888)</b>	<b>4.8%</b>
<b>Grand Total</b>		<b>1,792</b>	<b>145,013,628</b>	<b>10,112,904</b>	<b>7,450,986</b>	<b>1,095,707</b>	<b>4,008,851</b>	<b>5.1%</b>

## Available and Vacancy Rates

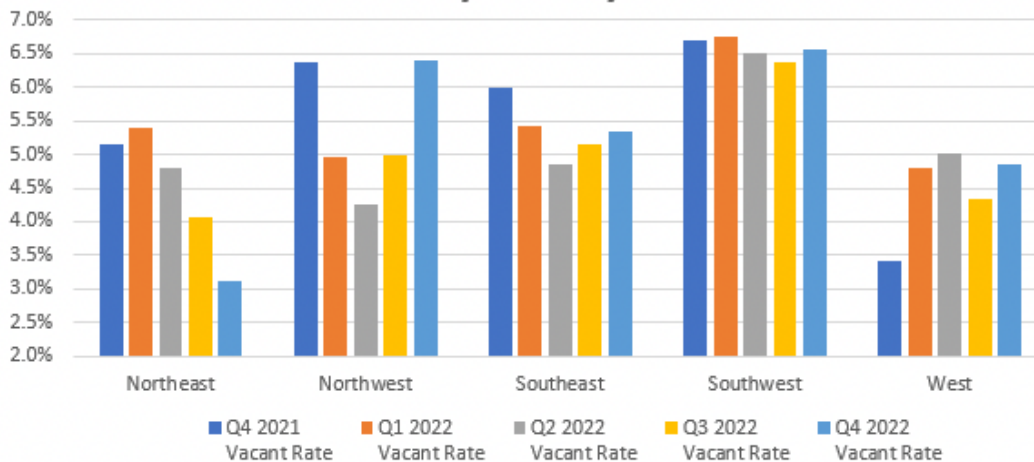




# Vacancy Rates by Market (Multi-Tenant)

Market	Property Type	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q2 2022 Vacancy Rate	Q3 2022 Vacancy Rate	Q4 2022 Vacancy Rate
Northeast	Flex/R&D	9.5%	9.3%	7.3%	7.0%	5.6%
	Warehouse Distribution	3.6%	3.8%	3.0%	2.5%	3.8%
	Warehouse Office	4.1%	4.6%	4.7%	3.7%	1.6%
	<b>Subtotal</b>	<b>5.1%</b>	<b>5.4%</b>	<b>4.8%</b>	<b>4.1%</b>	<b>3.1%</b>
Northwest	Flex/R&D	6.4%	4.8%	4.5%	3.7%	3.8%
	Warehouse Distribution	5.6%	4.0%	3.5%	4.3%	4.8%
	Warehouse Office	7.6%	6.7%	5.3%	6.6%	10.0%
	<b>Subtotal</b>	<b>6.4%</b>	<b>5.0%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>6.4%</b>
Southeast	Flex/R&D	10.5%	9.3%	9.0%	9.4%	10.6%
	Warehouse Distribution	5.2%	4.8%	3.3%	4.4%	4.4%
	Warehouse Office	4.0%	3.7%	3.8%	3.5%	3.2%
	<b>Subtotal</b>	<b>6.0%</b>	<b>5.4%</b>	<b>4.8%</b>	<b>5.1%</b>	<b>5.3%</b>
Southwest	Flex/R&D	7.7%	7.9%	8.0%	8.2%	8.3%
	Warehouse Distribution	6.1%	4.8%	4.9%	4.7%	5.6%
	Warehouse Office	6.5%	7.8%	6.9%	6.7%	6.0%
	<b>Subtotal</b>	<b>6.7%</b>	<b>6.8%</b>	<b>6.5%</b>	<b>6.4%</b>	<b>6.6%</b>
West	Flex/R&D	6.8%	8.8%	8.6%	4.5%	7.3%
	Warehouse Distribution	2.9%	2.6%	2.9%	3.7%	3.7%
	Warehouse Office	1.1%	2.8%	3.2%	4.5%	3.5%
	<b>Subtotal</b>	<b>3.4%</b>	<b>4.8%</b>	<b>5.0%</b>	<b>4.3%</b>	<b>4.8%</b>
<b>Grand Total</b>	<b>5.8%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>5.1%</b>	

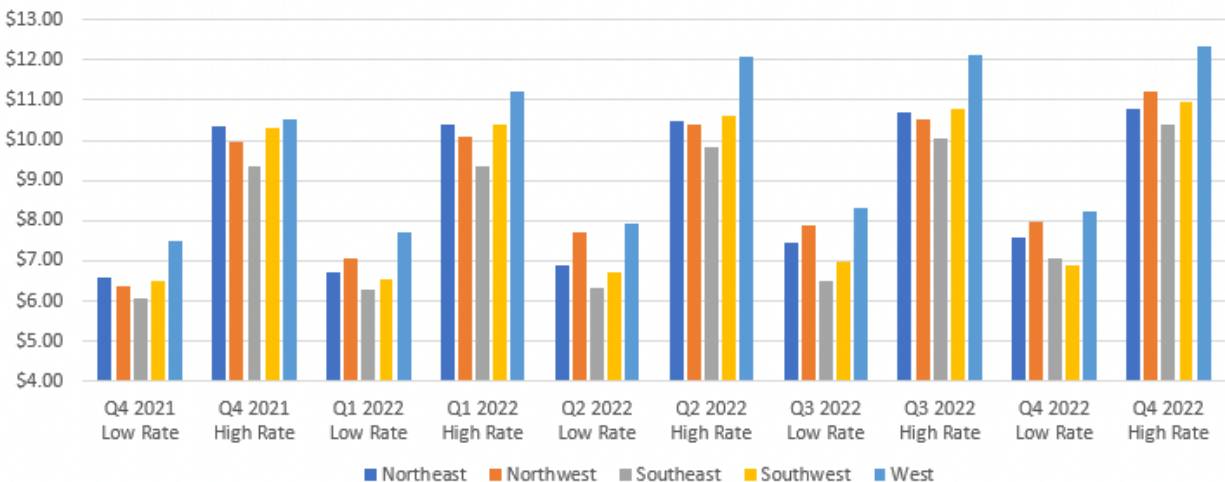
## Vacancy Rate by Market



# Lease Rates by Market (Multi-Tenant NNN)

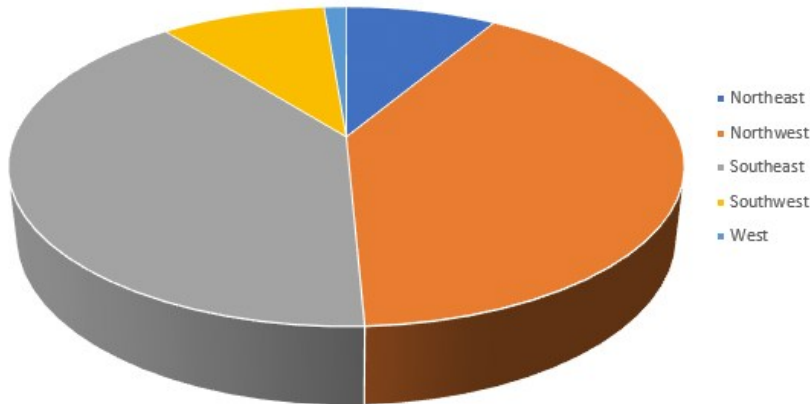
Market	Property Type	Q4 2021		Q1 2022		Q2 2022		Q3 2022		Q4 2022	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$7.06	\$10.97	\$6.97	\$10.99	\$7.48	\$10.85	\$7.47	\$10.63	\$8.08	\$11.37
	Warehouse Distribution	\$5.70	\$9.30	\$6.07	\$8.66	\$4.95	\$7.87	\$6.50	\$6.50	\$5.58	\$6.92
	Warehouse Office	\$6.45	\$10.03	\$6.61	\$10.32	\$6.30	\$10.33	\$7.56	\$11.22	\$7.22	\$10.71
	<b>Subtotal</b>	<b>\$6.60</b>	<b>\$10.35</b>	<b>\$6.70</b>	<b>\$10.39</b>	<b>\$6.89</b>	<b>\$10.47</b>	<b>\$7.47</b>	<b>\$10.67</b>	<b>\$7.56</b>	<b>\$10.80</b>
Northwest	Flex/R&D	\$7.39	\$11.42	\$7.94	\$11.63	\$8.61	\$12.25	\$9.46	\$12.66	\$9.03	\$13.16
	Warehouse Distribution	\$5.99	\$9.45	\$6.40	\$9.21	\$6.70	\$8.70	\$7.70	\$7.70	\$10.25	\$10.25
	Warehouse Office	\$5.82	\$9.13	\$6.64	\$9.16	\$7.32	\$9.43	\$6.95	\$9.90	\$7.26	\$10.22
	<b>Subtotal</b>	<b>\$6.39</b>	<b>\$9.97</b>	<b>\$7.05</b>	<b>\$10.07</b>	<b>\$7.70</b>	<b>\$10.38</b>	<b>\$7.89</b>	<b>\$10.51</b>	<b>\$7.99</b>	<b>\$11.20</b>
Southeast	Flex/R&D	\$6.54	\$10.09	\$6.49	\$10.29	\$6.17	\$10.63	\$6.33	\$10.78	\$7.02	\$10.83
	Warehouse Distribution	\$5.12	\$7.12	\$5.27	\$6.47	\$5.53	\$7.03	\$5.71	\$7.21	\$6.25	\$6.25
	Warehouse Office	\$5.81	\$9.35	\$6.47	\$9.12	\$6.76	\$9.92	\$7.10	\$10.46	\$7.30	\$10.52
	<b>Subtotal</b>	<b>\$6.06</b>	<b>\$9.37</b>	<b>\$6.30</b>	<b>\$9.36</b>	<b>\$6.31</b>	<b>\$9.84</b>	<b>\$6.52</b>	<b>\$10.03</b>	<b>\$7.05</b>	<b>\$10.39</b>
Southwest	Flex/R&D	\$6.82	\$10.75	\$6.83	\$10.81	\$7.08	\$10.84	\$6.59	\$10.73	\$6.66	\$10.99
	Warehouse Distribution	\$5.59	\$9.19	\$5.59	\$9.19	\$5.56	\$9.64	\$8.10	\$10.10	\$5.89	\$8.29
	Warehouse Office	\$6.14	\$9.83	\$6.27	\$10.05	\$6.45	\$10.50	\$7.23	\$11.16	\$7.53	\$11.64
	<b>Subtotal</b>	<b>\$6.48</b>	<b>\$10.30</b>	<b>\$6.52</b>	<b>\$10.40</b>	<b>\$6.70</b>	<b>\$10.59</b>	<b>\$7.00</b>	<b>\$10.78</b>	<b>\$6.89</b>	<b>\$10.95</b>
West	Flex/R&D	\$6.53	\$10.56	\$7.50	\$12.00	\$7.07	\$12.00	\$7.33	\$12.25	\$8.67	\$12.58
	Warehouse Distribution	\$6.67	\$9.67	\$4.94	\$9.61	\$4.67	\$9.17	\$4.50	\$8.50	\$4.75	\$9.25
	Warehouse Office	\$8.40	\$10.73	\$8.52	\$11.29	\$9.20	\$12.75	\$9.50	\$12.44	\$8.79	\$12.92
	<b>Subtotal</b>	<b>\$7.49</b>	<b>\$10.52</b>	<b>\$7.73</b>	<b>\$11.21</b>	<b>\$7.94</b>	<b>\$12.09</b>	<b>\$8.30</b>	<b>\$12.10</b>	<b>\$8.24</b>	<b>\$12.33</b>
<b>Grand Total</b>		<b>\$6.52</b>	<b>\$10.12</b>	<b>\$6.74</b>	<b>\$10.25</b>	<b>\$6.96</b>	<b>\$10.57</b>	<b>\$7.31</b>	<b>\$10.73</b>	<b>\$7.38</b>	<b>\$10.99</b>

## Lease Rates by Market (NNN)



# New Developments by Market

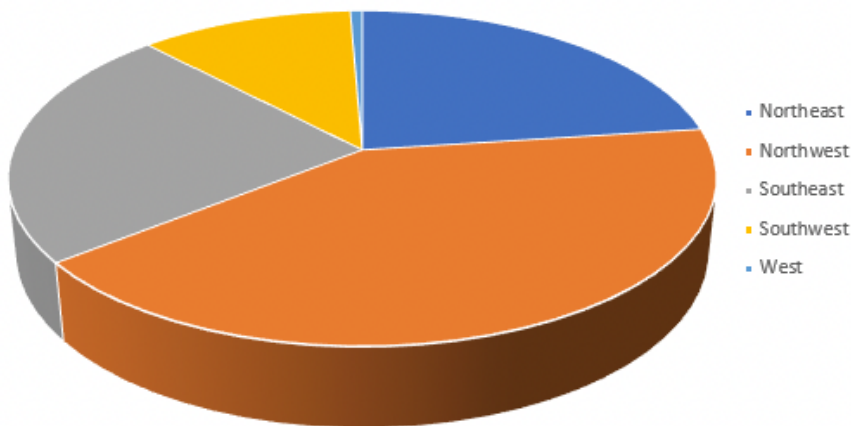
Under Construction (sf)



Market	Bldg (sf)
Northeast	678,682
Northwest	3,207,289
Southeast	3,155,252
Southwest	744,576
West	100,000
<b>Grand Total</b>	<b>7,885,799</b>

# YTD Deliveries by Market

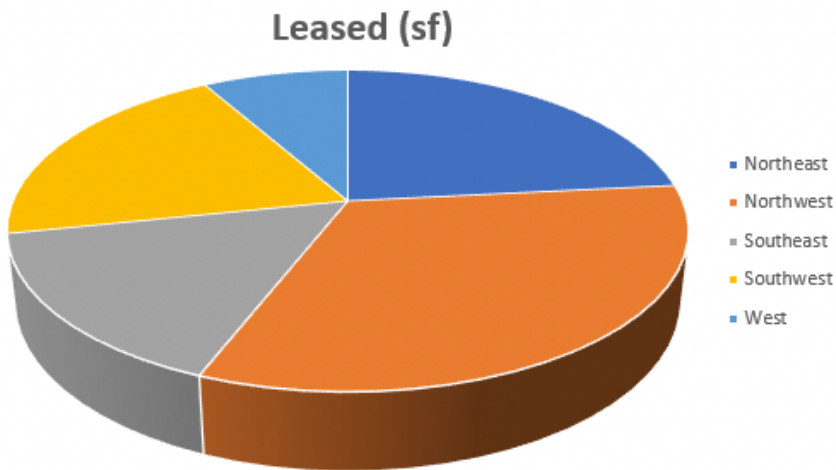
YTD Delivered (sf)



Market	Bldg (sf)
Northeast	1,379,399
Northwest	2,491,999
Southeast	1,415,543
Southwest	690,677
West	38,821
<b>Grand Total</b>	<b>6,016,439</b>

# Leasing Activity

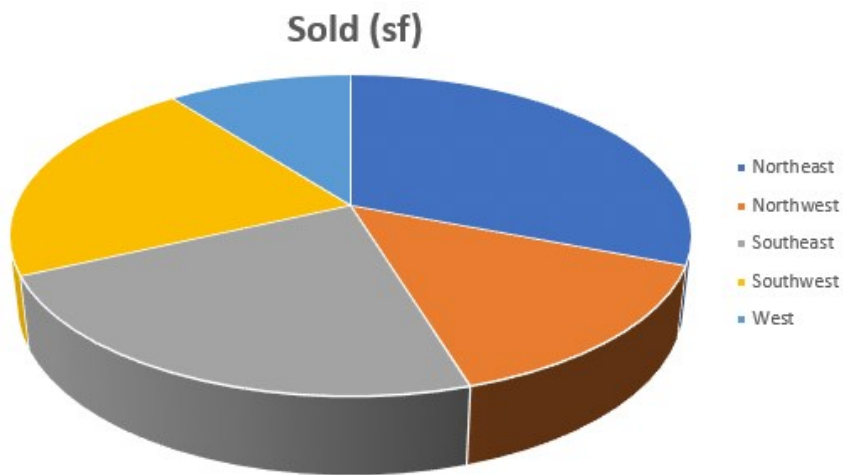
Property	Size (sf)	Market	Tenant	Landlord
4Front Industrial Park I-694 & Cty Rd 14	199,919	Northeast	Superior Logistics	United Properties
1885-1985 Douglas Dr N 1885 Douglas Dr N	128,054	Northwest	Gunner Electric and Aldrich	Ademco Inc
Xenium Business Center 2400 N Xenium Ln	114,461	West	Lubetech	2400 Xenium LLC
Xenium Business Center 2400 N Xenium Ln	100,193	West	Daikin	2400 Xenium LLC
610 Junction Decatur Dr N	94,072	Northwest	Dedicated Networks	United Properties



Market	Leased (sf)
Northeast	890,970
Northwest	1,242,511
Southeast	601,406
Southwest	761,791
West	314,594
<b>Grand Total</b>	<b>3,811,272</b>

# Sales Activity

Property	Price	Market	Buyer	Seller
6203 111th St W	\$54,000,000	Southwest	6201 West 111th Street LLC	First Industrial, L.P.
Eagan Innovation Center 1000 Blue Gentian Rd	\$35,500,000	Southeast	WSP Eagan LLC	SCC Real Estate, LLC
Pilot Knob Distribution Ctr 2360 Pilot Knob Rd	\$32,500,000	Southeast	TCI LL, LLC	AX TC Industrial III LP
Mid-City Business Center 451 Industrial Blvd	\$29,900,000	Northeast	TCI LL, LLC	AX TC Industrial III LP
Energy Park Distribution Ctr 1930 Energy Park Dr	\$23,700,000	Northeast	TCI LL, LLC	AX TC Industrial III LP



Market	Sold (sf)
Northeast	2,475,240
Northwest	1,149,722
Southeast	1,829,040
Southwest	1,718,778
West	835,912
<b>Grand Total</b>	<b>8,008,692</b>

# Market Map



- |          |                  |          |                  |
|----------|------------------|----------|------------------|
| <b>1</b> | <b>Northeast</b> | <b>3</b> | <b>Southwest</b> |
| <b>2</b> | <b>Northwest</b> | <b>4</b> | <b>Southeast</b> |
|          |                  | <b>5</b> | <b>West</b>      |

# Methodology

The Mpls-St Paul market consists of single and multi-tenant industrial buildings 20,000 sf or larger or part of a complex larger than 20,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington and Wright counties. The tracked set does not include self-storage facilities and non-conforming property types such as grain elevators or fuel storage facilities. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on a NNN basis.

**The Mpls-St Paul tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.**

# Terminology

<b>Inventory</b>	The total square feet (sf) of existing single and multi-tenant buildings greater than 20,000 sf or are part of a complex that totals greater than 20,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington and Wright Counties.
<b>Total Available (sf)</b>	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
<b>Total Vacant (sf)</b>	The total of all the vacant square feet within a building including both direct and sublease space.
<b>Direct Vacant (sf)</b>	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
<b>Sublease Space</b>	Space that is offered for lease by a current tenant, or their agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
<b>Net Absorption</b>	The net change in occupancy from quarter to quarter, expressed in square feet.
<b>Average Asking Rate</b>	The average low and high asking lease rate expressed as a per square foot value in NNN terms.
<b>Warehouse Distribution</b>	Higher clear height and typically over 24 foot clear.
<b>Warehouse Office</b>	More office build out compared to warehouse distribution and clear heights less than 24 foot clear
<b>Warehouse Flex</b>	Higher end finishing and landscaping. More office build out compared to warehouse office.



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