Market

Trends

Q4 2023

Mpls/St Paul - Retail

Moody's Analytics | Catylist

MARKET TRENDS

Q4 2023 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,969,977	▲
Area Unemployment	1.9	▼
U.S. Unemployment	3.7	▲
Retail Jobs	183,800	▲

Source: BLS

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

Market Recap

Total Inventory (sf)	94,087,453
Total # of Bldgs (tracked)	1,922
Absorption	192,670
Vacancy	8.0%
Asking Rate (NNN)	$18.40
Under Construction	494,571

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 50 basis points to 1.9% for November 2023 from 2.4% for November 2022. The unemployment rate for the US was at 3.7% in November 2023 increasing 10 basis points from last year. State of Minnesota unemployment rate was 3.1%. The Mpls-St Paul MSA saw an increase in job growth and retail also increased in job growth in leisure and hospitality by 7,600 during the same period.

Market Overview

The Mpls-St Paul retail market consists of over 94 msf of space in seven metro counties. This region posted 192,600 sf positive absorption for Q4 2023 and brought the YTD to (337,50) sf negative absorption. Multi-tenant properties had 172,600 sf positive absorption this quarter bringing the YTD to (208,300) sf negative absorption. The vacancy rate for the overall market was 8.0% and multi-tenant only properties showed 11.0%. To date there are 26 construction projects throughout the market totaling 494,500 sf.

Market Highlights

At the close of Q4 2023, the market experienced over 528,800 sf of leasing activity from 139 transactions. The Southeast market posted the lowest vacancy rate at 5.8% for all properties while Mpls CBD was the highest at 28.4%. The Northeast market led all markets posting positive absorption of 84,600 sf led by the new delivery of RH Outlet leasing 35,000 sf. The Southwest market was the only market to post negative absorption of (7,900) sf led by Med Express Urgent Care vacating 7,800 sf. During Q4 2023, 113 properties sold with 1.7 msf totaling $213.5 million. Thirty five properties were delivered YTD with 284,600 sf.

Market Statistics by Property Type

Total

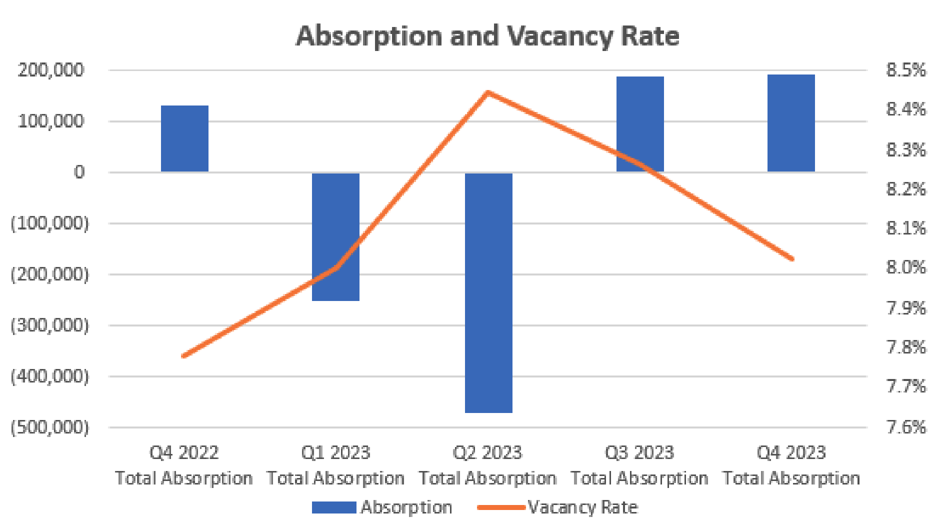
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	71	11,438,118	1,405,682	1,612,174	30,850	(168,095)	14.1%
Freestanding/Big Box	601	38,550,046	824,149	1,441,689	28,000	(88,553)	3.7%
Mixed Use	198	7,274,508	1,057,501	1,355,529	29,234	(33,588)	18.6%
Neighborhood Center	336	18,960,376	1,402,078	1,462,405	48,344	81,727	7.7%
Regional Center	9	7,018,869	1,043,062	1,040,058	10,725	(214,974)	14.8%
Strip Center	707	10,845,536	762,972	638,538	45,517	85,978	5.9%
Grand Total	**1,922**	**94,087,453**	**6,495,444**	**7,550,393**	**192,670**	**(337,505)**	**8.0%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	71	11,438,118	1,332,284	1,538,776	(3,274)	(163,373)	13.5%
Freestanding/Big Box	601	38,550,046	563,769	1,277,266	28,000	(73,471)	3.3%
Mixed Use	198	7,274,508	1,009,740	1,322,632	29,234	(38,080)	18.2%
Neighborhood Center	336	18,960,376	1,307,327	1,368,854	49,864	3,026	7.2%
Regional Center	9	7,018,869	1,043,062	1,040,058	10,725	(214,974)	14.8%
Strip Center	707	10,845,536	762,972	636,842	45,517	82,607	5.9%
Grand Total	**1,922**	**94,087,453**	**6,019,154**	**7,184,428**	**160,066**	**(404,265)**	**7.6%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	71	11,438,118	73,398	73,398	34,124	(4,722)	0.6%
Freestanding/Big Box	601	38,550,046	260,380	164,423	0	(15,082)	0.4%
Mixed Use	198	7,274,508	47,761	32,897	0	4,492	0.5%
Neighborhood Center	336	18,960,376	94,751	93,551	(1,520)	78,701	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	707	10,845,536		1,696	0	3,371	0.0%
Grand Total	**1,922**	**94,087,453**	**476,290**	**365,965**	**32,604**	**66,760**	**0.4%**



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643			0	1,296	0.0%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	63	2,876,471	621,524	935,170	6,137	(27,811)	32.5%
	Strip Center	2	18,520	5,206	5,206	0	(5,206)	28.1%
	Market	**68**	**3,316,050**	**626,730**	**940,376**	**6,137**	**(31,721)**	**28.4%**
Northeast	Community Center	24	3,857,852	513,454	636,027	21,136	(104,898)	16.5%
	Freestanding/Big Box	202	13,380,978	374,739	674,510	8,000	50,822	5.0%
	Mixed Use	23	602,868	55,507	52,285	18,796	21,890	8.7%
	Neighborhood Center	94	5,383,981	470,427	501,521	29,975	43,179	9.3%
	Regional Center	4	2,725,830	390,121	390,121	3,056	(163,182)	14.3%
	Strip Center	207	3,248,774	211,328	210,302	3,681	20,127	6.5%
	Market	**554**	**29,200,283**	**2,015,576**	**2,464,766**	**84,644**	**(132,062)**	**8.4%**
Northwest	Community Center	8	1,331,047	58,516	163,274	5,330	5,330	12.3%
	Freestanding/Big Box	88	5,648,555	94,108	518,610	0	(203,975)	9.2%
	Mixed Use	22	844,122	50,400	40,265	6,925	(8,276)	4.8%
	Neighborhood Center	57	3,262,974	186,057	262,057	3,055	285	8.0%
	Strip Center	125	1,817,318	149,183	103,071	(3,374)	2,604	5.7%
	Market	**300**	**12,904,016**	**538,264**	**1,087,277**	**11,936**	**(204,032)**	**8.4%**
Saint Paul CBD	Mixed Use	14	539,043	91,834	84,528	0	(2,539)	15.7%
	Market	**14**	**539,043**	**91,834**	**84,528**	**0**	**(2,539)**	**15.7%**
Southeast	Community Center	22	3,643,806	519,122	533,942	1,694	39,049	14.7%
	Freestanding/Big Box	183	12,116,310	284,281	149,650	20,000	64,600	1.2%
	Mixed Use	29	1,005,168	66,991	55,796	5,894	3,534	5.6%
	Neighborhood Center	108	5,972,271	380,844	404,061	21,433	58,848	6.8%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	209	3,057,701	200,168	169,314	28,770	50,471	5.5%
	Market	**552**	**26,405,247**	**1,657,780**	**1,519,137**	**77,791**	**216,502**	**5.8%**
Southwest	Community Center	13	2,062,361	168,591	143,591	2,690	24,270	7.0%
	Freestanding/Big Box	95	5,455,141	71,021	71,021	0	0	1.3%
	Mixed Use	29	882,683	92,787	85,498	(5,806)	(9,471)	9.7%
	Neighborhood Center	48	2,818,209	165,740	149,720	(12,279)	2,479	5.3%
	Regional Center	2	2,087,941	408,971	408,971	(7,619)	(94,552)	19.6%
	Strip Center	111	1,788,527	119,422	71,572	15,121	18,101	4.0%
	Market	**298**	**15,094,862**	**1,026,532**	**930,373**	**(7,893)**	**(59,173)**	**6.2%**
West	Community Center	3	395,409	145,999	135,340	0	(133,142)	34.2%
	Freestanding/Big Box	31	1,675,646		27,898	0	0	1.7%
	Mixed Use	18	524,153	78,458	101,987	(2,712)	(10,915)	19.5%
	Neighborhood Center	29	1,522,941	199,010	145,046	6,160	(23,064)	9.5%
	Regional Center	2	1,595,107	37,596	34,592	15,288	42,760	2.2%
	Strip Center	53	914,696	77,665	79,073	1,319	(119)	8.6%
	Market	**136**	**6,627,952**	**538,728**	**523,936**	**20,055**	**(124,480)**	**7.9%**
Grand Total		**1,922**	**94,087,453**	**6,495,444**	**7,550,393**	**192,670**	**(337,505)**	**8.0%**

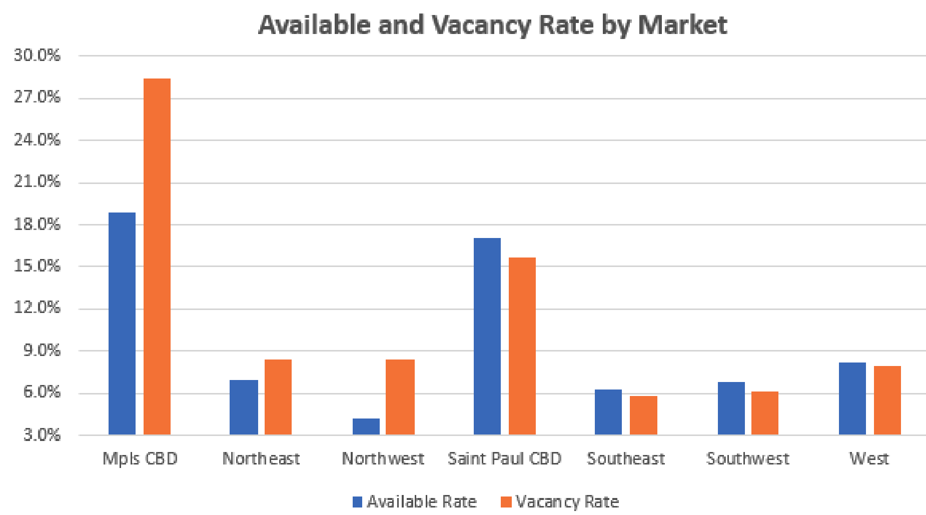
Vacancy Rates

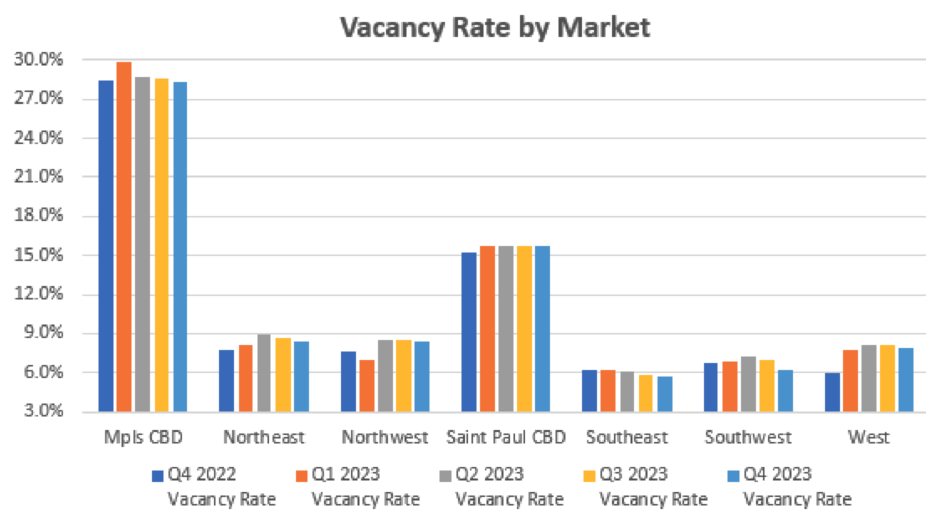
Market	Property Type	Q4 2022 Vacancy Rate	Q1 2023 Vacancy Rate	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Q4 2023 Vacancy Rate
Mpls CBD	Community Center	0.9%	0.9%	0.9%	0.0%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	32.7%	34.2%	33.0%	32.7%	32.5%
	Strip Center	0.0%	28.1%	28.1%	28.1%	28.1%
	Subtotal	**28.4%**	**29.9%**	**28.8%**	**28.5%**	**28.4%**
Northeast	Community Center	13.8%	14.9%	16.1%	17.0%	16.5%
	Freestanding/Big Box	5.1%	5.4%	5.6%	5.0%	5.0%
	Mixed Use	8.1%	7.9%	7.6%	7.5%	8.7%
	Neighborhood Center	10.1%	10.8%	10.8%	9.8%	9.3%
	Regional Center	8.3%	9.0%	13.5%	14.4%	14.3%
	Strip Center	6.9%	6.8%	7.0%	6.6%	6.5%
	Subtotal	**7.7%**	**8.2%**	**8.9%**	**8.6%**	**8.4%**
Northwest	Community Center	11.7%	11.7%	12.7%	12.7%	12.3%
	Freestanding/Big Box	5.5%	5.8%	9.2%	9.2%	9.2%
	Mixed Use	3.8%	2.7%	4.7%	5.6%	4.8%
	Neighborhood Center	11.4%	8.4%	8.2%	8.1%	8.0%
	Strip Center	5.9%	6.3%	6.1%	5.5%	5.7%
	Subtotal	**7.6%**	**7.0%**	**8.6%**	**8.5%**	**8.4%**
Saint Paul CBD	Mixed Use	15.2%	15.7%	15.7%	15.7%	15.7%
	Subtotal	**15.2%**	**15.7%**	**15.7%**	**15.7%**	**15.7%**
Southeast	Community Center	15.7%	15.0%	15.1%	14.7%	14.7%
	Freestanding/Big Box	1.1%	1.4%	1.4%	1.3%	1.2%
	Mixed Use	5.8%	6.8%	7.0%	6.1%	5.6%
	Neighborhood Center	8.2%	8.0%	7.4%	7.1%	6.8%
	Regional Center	19.7%	19.7%	19.7%	33.8%	33.8%
	Strip Center	6.8%	6.7%	6.6%	6.0%	5.5%
	Subtotal	**6.2%**	**6.2%**	**6.1%**	**5.8%**	**5.8%**
Southwest	Community Center	14.8%	14.4%	15.4%	13.9%	7.0%
	Freestanding/Big Box	1.3%	1.3%	1.3%	1.3%	1.3%
	Mixed Use	8.4%	8.0%	8.9%	8.9%	9.7%
	Neighborhood Center	5.6%	5.1%	4.9%	4.9%	5.3%
	Regional Center	15.1%	16.7%	18.5%	19.2%	19.6%
	Strip Center	4.6%	4.3%	4.3%	4.3%	4.0%
	Subtotal	**6.8%**	**6.8%**	**7.2%**	**7.0%**	**6.2%**
West	Community Center	0.6%	25.6%	34.2%	34.2%	34.2%
	Freestanding/Big Box	1.7%	1.7%	1.7%	1.7%	1.7%
	Mixed Use	17.9%	19.1%	19.2%	18.9%	19.5%
	Neighborhood Center	8.0%	8.6%	9.5%	9.9%	9.5%
	Regional Center	4.8%	4.7%	3.3%	3.1%	2.2%
	Strip Center	8.3%	8.5%	8.9%	8.8%	8.6%
	Subtotal	**6.0%**	**7.7%**	**8.2%**	**8.2%**	**7.9%**
Grand Total		**7.8%**	**8.0%**	**8.4%**	**8.3%**	**8.0%**

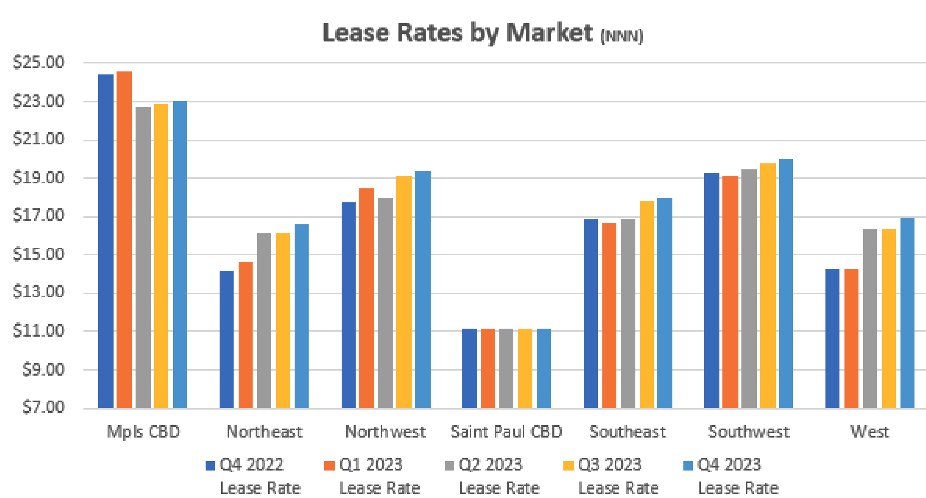
Lease Rates (NNN)

Market	Property Type	Q4 2022 Lease Rate	Q1 2023 Lease Rate	Q2 2023 Lease Rate	Q3 2023 Lease Rate	Q4 2023 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$24.44	$24.59	$22.75	$22.89	$23.03
	Strip Center					
	Subtotal	**$24.44**	**$24.59**	**$22.75**	**$22.89**	**$23.03**
Northeast	Community Center	$8.00	$8.00	$8.00	$8.00	$13.00
	Freestanding/Big Box	$10.00	$10.00	$10.00		
	Mixed Use	$17.58	$17.88	$17.25	$17.25	$17.25
	Neighborhood Center	$11.19	$10.82	$11.55	$9.48	$8.13
	Regional Center					
	Strip Center	$15.38	$16.22	$17.85	$17.80	$18.42
	Subtotal	**$14.20**	**$14.69**	**$16.13**	**$16.14**	**$16.58**
Northwest	Community Center		$15.00	$15.00	$15.00	$15.00
	Freestanding/Big Box					
	Mixed Use	$15.00	$15.00	$15.00	$15.00	$15.00
	Neighborhood Center	$10.75	$10.75	$13.50	$15.50	$19.00
	Strip Center	$19.23	$20.52	$19.75	$20.60	$20.15
	Subtotal	**$17.71**	**$18.52**	**$18.01**	**$19.10**	**$19.39**
Saint Paul CBD	Mixed Use	$11.17	$11.17	$11.17	$11.17	$11.17
	Subtotal	**$11.17**	**$11.17**	**$11.17**	**$11.17**	**$11.17**
Southeast	Community Center	$17.00	$17.00	$17.00		
	Freestanding/Big Box	$11.00	$11.00	$11.00	$11.00	$11.00
	Mixed Use	$16.00	$16.67	$16.50	$16.67	$16.50
	Neighborhood Center	$15.78	$14.35	$14.35	$14.35	$15.17
	Regional Center					
	Strip Center	$18.40	$18.66	$19.22	$21.08	$20.71
	Subtotal	**$16.85**	**$16.67**	**$16.84**	**$17.86**	**$17.99**
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$18.75	$15.00	$15.00	$17.50	$17.50
	Neighborhood Center	$16.17	$17.33	$16.50	$16.50	$16.50
	Regional Center					
	Strip Center	$20.63	$20.38	$21.00	$21.13	$21.71
	Subtotal	**$19.31**	**$19.17**	**$19.50**	**$19.75**	**$20.00**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use	$9.82	$9.82			
	Neighborhood Center	$13.17	$13.17	$13.50	$13.50	$14.39
	Regional Center					
	Strip Center	$22.00	$22.00	$20.75	$20.75	$20.75
	Subtotal	**$14.26**	**$14.26**	**$16.40**	**$16.40**	**$16.93**
Grand Total		**$17.40**	**$17.54**	**$17.52**	**$18.03**	**$18.40**

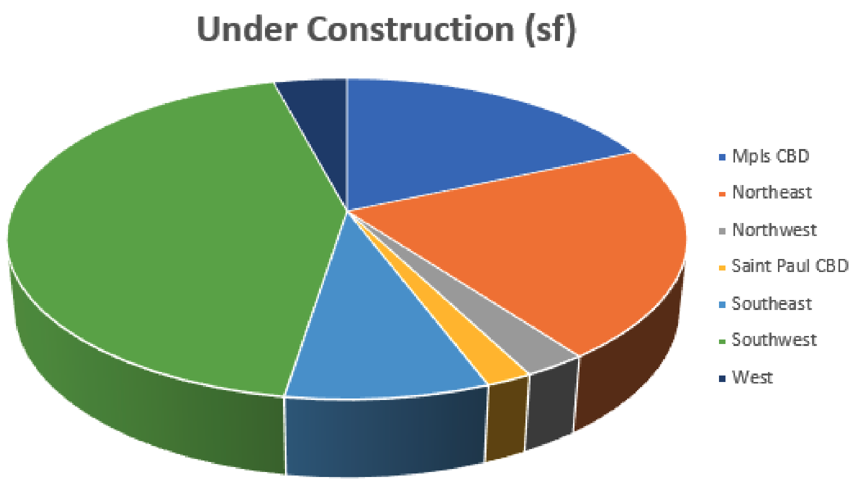
Vacancy and Lease Rates





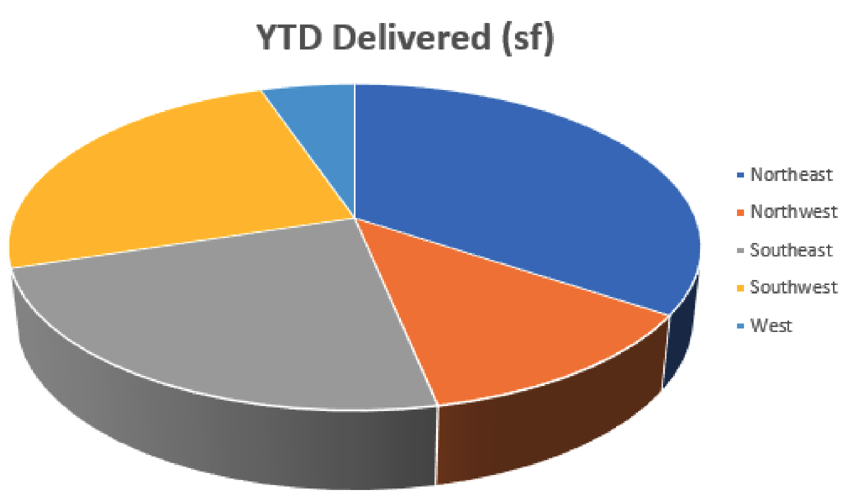


Construction by Market



Market	Bldg (sf)
Mpls CBD	90,891
Northeast	106,100
Northwest	12,622
Saint Paul CBD	9,250
Southeast	40,703
Southwest	214,605
West	20,400
Grand Total	**494,571**

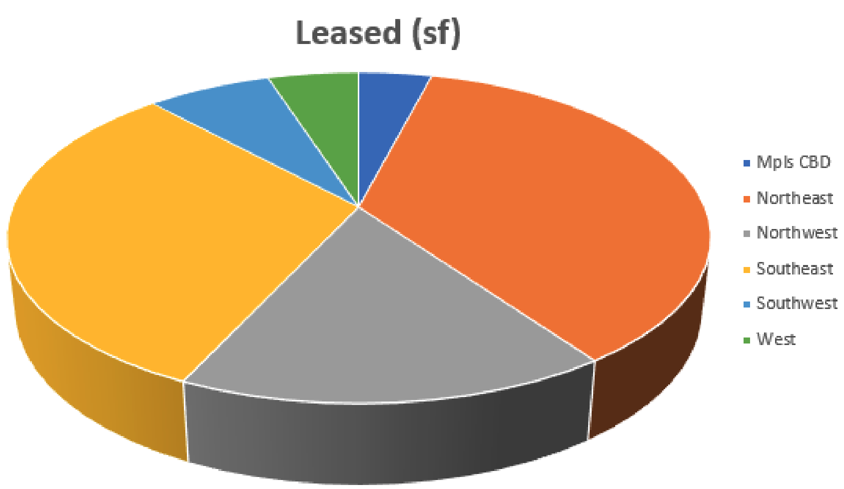
YTD Delivered by Market



Market	Bldg (sf)
Northeast	97,890
Northwest	35,231
Southeast	66,447
Southwest	70,202
West	14,858
Grand Total	**284,628**

Leasing Activity

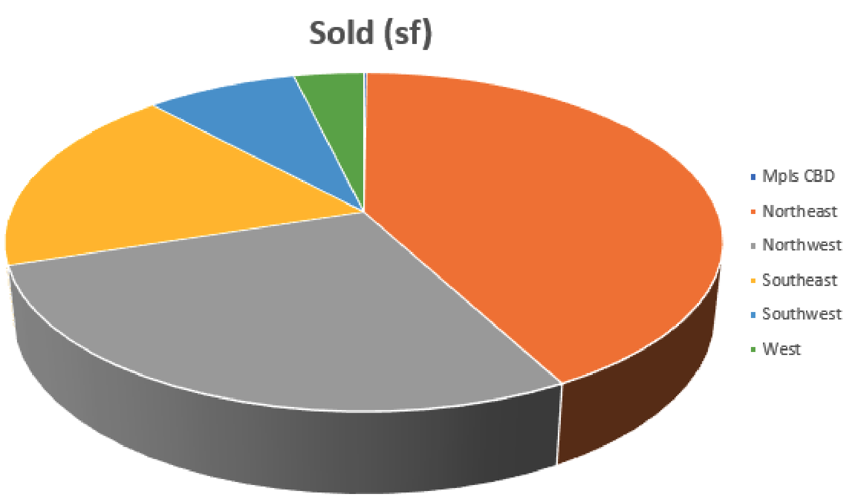
Property	Size (sf)	Market	Tenant	Landlord
8490 University Ave NE	35,076	Northeast	Slumberland	Tennessee Avenue Holdings LLC
888 County Road 42 W	31,069	Southeast	Slumberland	St. James Place Holdings LLC
Maple Grove Crossing 7900 Wedgewood Ln N	29,706	Northwest	Ashley Furniture	B33 Maple Grove II LLC
Woodbury Lakes 9100 Hudson Rd	28,785	Southeast	Public Lands (Dicks Sporting Goods)	Ramco-Gershenson Properties
Rosedale Commons 2480 Fairview Ave N	26,716	Northeast	HomeGoods	Rosedale Commons LP



Market	Leased (sf)
Mpls CBD	21,251
Northeast	191,222
Northwest	88,553
Southeast	165,227
Southwest	36,203
West	26,404
Grand Total	**528,860**

Sales Activity

Property	Price	Market	Buyer	Seller
19112 - 19216 Freeport St	$20,800,000	Northwest	EGPSYC Elk River II, LLC	Freeport Elk River LLC
875 General Sieben Dr	$12,841,865	Southeast	General Sieben	Fleet Farm
Edinburgh Festival Center 8505 Edenbourgh Center Dr N	$11,915,000	Northeast	EFCB	BPC Edinburgh Holdings
Rainbow Village 405 87th Ln NE	$7,575,000	Northeast	405 87TH LLC	Blaine/Atlantic Funding LLC
Marshall's 1429 E 7th St	$7,170,000	Northwest	Edgemark Littleton, LLC; MP Exchange Holdings, LLC	RCG-Monticello MN, LLC



Market	Sold (sf)
Mpls CBD	2,400
Northeast	713,125
Northwest	472,380
Southeast	308,117
Southwest	137,396
West	63,439
Grand Total	**1,696,857**

Methodology

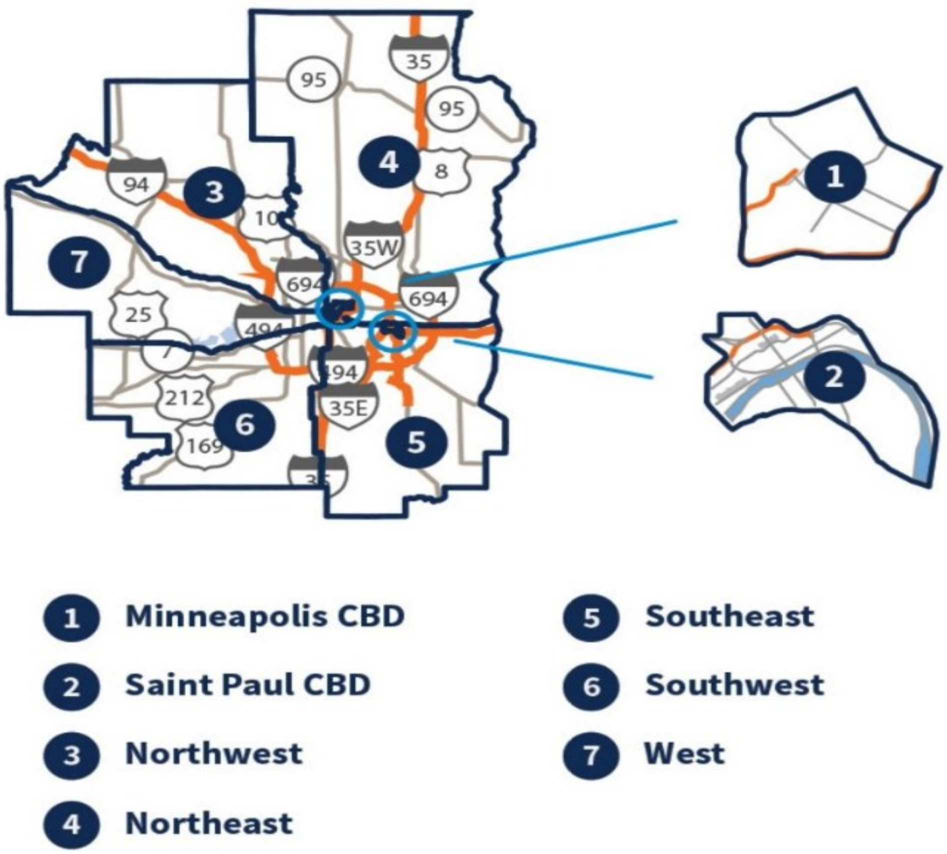
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with less than 15,000 sf of retail space. 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 NNN terms.

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

Inventory	The total square feet (sf) of existing multi-tenant and single tenant buildings greater than 15,000 sf or are part of a complex that totals greater than 15,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.
Total Available (sf)	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.
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	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.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rated expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map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1 Minneapolis CBD
2 Saint Paul CBD
3 Northwest
4 Northeast
5 Southeast
6 Southwest
7 West

Advisory Board Members

CBRE	David Daly	JLL	Ted Gonsior
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