MARKET TRENDS

Q2 2021 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,913,798	▲
Area Unemployment	3.8	▼
U.S. Unemployment	5.8	▼
Retail Jobs	153,900	▲

Source: BLS

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

Market Recap

Total Inventory (sf)	94,430,781
Total # of Bldgs (tracked)	1,829
Absorption	275,969
Vacancy	8.9%
Asking Rate (NNN)	$18.35
Under Construction	433.291

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 800 basis points to 3.8% for May 2021 from 11.8% for May 2020. The unemployment rate for the US was 5.8% in May 2021 down from 13.3% last year. State of Minnesota unemployment rate was 4.0%. The Mpls-St Paul MSA saw an increase in job growth as well as an increase in retail job growth, leisure and hospitality increasing by 57,800 during the same period.

Market Overview

The Mpls-St Paul retail market, consisting of over 94 msf of space in seven counties across the metro posted 276,000 sf positive absorption for Q2 2021 bringing the year to date to 317,000 sf positive absorption. Multi-tenant properties had 141,000 sf positive absorption this quarter. The vacancy rate for the market this quarter was 8.9% and multi tenant properties was 12.4% for Q2 2021. Asking rates increased from $17.86 last quarter to $18.35 during Q2 2021. To date, there are 26 construction projects throughout the market totaling 433,000 sf.

Market Highlights

At the close of Q1 2021, the market experienced over 700,000 sf of leasing activity from 181 transactions. The Southeast market posted the lowest vacancy rate at 7.1% for all properties. The Northeast market posted the largest increase in absorption with over 185,000 sf positive absorption led by two HyVee stores. The Mpls CBD market was the only market recording negative absorption of 23,000 sf. Mpls CBD vacancy has jumped up to 23.3% Q2 2021 compared to 16.8% this time 2020. Ninety six properties sold during Q2 2021 totaling $162 million in sale price. Fifteen properties have been delivered year to date with 190,000 sf.

Market Statistics by Property Type

Total

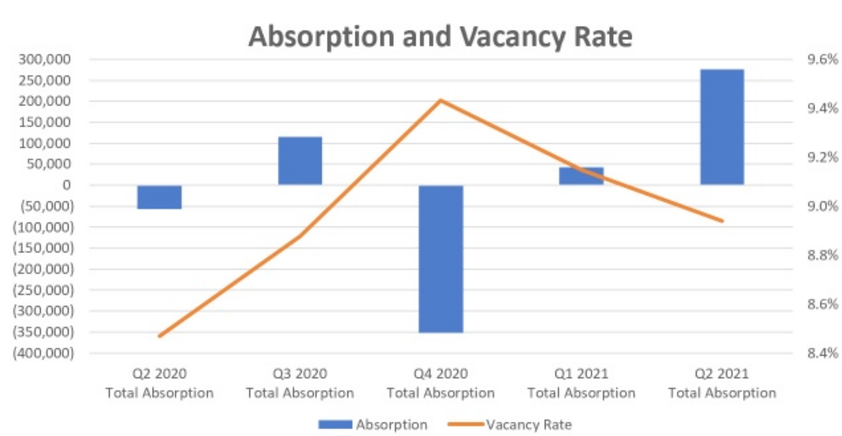
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	95	12,568,948	1,988,342	2,117,556	38,295	21,636	16.8%
Freestanding/Big Box	575	37,866,434	1,043,098	1,445,964	134,853	214,440	3.8%
Mixed Use	183	7,463,441	1,135,245	1,168,042	14,581	17,916	15.7%
Neighborhood Center	277	16,334,422	1,567,535	1,582,199	25,258	(21,377)	9.7%
Regional Center	11	8,000,238	1,225,734	1,225,734	(32,517)	(26,624)	15.3%
Strip Center	688	12,197,298	1,094,276	901,164	95,499	111,910	7.4%
Grand Total	**1,829**	**94,430,781**	**8,054,230**	**8,440,659**	**275,969**	**317,901**	**8.9%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	95	12,568,948	1,988,342	2,117,556	17,452	793	16.8%
Freestanding/Big Box	575	37,866,434	985,699	1,415,208	134,853	158,829	3.7%
Mixed Use	183	7,463,441	1,092,109	1,141,042	14,581	17,916	15.3%
Neighborhood Center	277	16,334,422	1,527,504	1,558,760	(816)	(45,523)	9.5%
Regional Center	11	8,000,238	1,223,719	1,223,719	(32,517)	(26,624)	15.3%
Strip Center	688	12,197,298	1,051,796	856,828	90,425	107,652	7.0%
Grand Total	**1,829**	**94,430,781**	**7,869,169**	**8,313,113**	**223,978**	**213,043**	**8.8%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	95	12,568,948			20,843	20,843	0.0%
Freestanding/Big Box	575	37,866,434	57,399	30,756	0	55,611	0.1%
Mixed Use	183	7,463,441	43,136	27,000	0	0	0.4%
Neighborhood Center	277	16,334,422	40,031	23,439	26,074	24,146	0.1%
Regional Center	11	8,000,238	2,015	2,015	0	0	0.0%
Strip Center	688	12,197,298	42,480	44,336	5,074	4,258	0.4%
Grand Total	**1,829**	**94,430,781**	**185,061**	**127,546**	**51,991**	**104,858**	**0.1%**



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	1,296	1,296	3,186	3,245	0.9%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	56	2,684,558	633,400	725,948	(26,590)	(25,026)	27.0%
	Strip Center	2	18,520			0	0	0.0%
	Subtotal	**61**	**3,124,137**	**634,696**	**727,244**	**(23,404)**	**(21,781)**	**23.3%**
Northeast	Community Center	28	3,980,132	547,022	671,604	42,354	38,407	16.9%
	Freestanding/Big Box	193	12,741,786	734,876	983,730	134,853	134,853	7.7%
	Mixed Use	19	580,088	27,335	40,188	3,839	(681)	6.9%
	Neighborhood Center	83	4,950,356	436,154	375,387	(8,167)	(32,873)	7.6%
	Regional Center	4	3,227,849	378,983	378,983	(29,263)	21,162	11.7%
	Strip Center	196	3,648,838	295,151	247,371	41,426	52,130	6.8%
	Subtotal	**523**	**29,129,049**	**2,419,521**	**2,697,263**	**185,042**	**212,998**	**9.3%**
Northwest	Community Center	11	1,531,328	206,538	196,036	(10,147)	(16,747)	12.8%
	Freestanding/Big Box	80	5,460,269	13,013	273,572	0	0	5.0%
	Mixed Use	21	833,894	50,266	44,676	(1,408)	2,122	5.4%
	Neighborhood Center	50	3,012,513	224,042	378,297	48,421	44,587	12.6%
	Strip Center	126	2,069,964	245,112	227,702	2,402	3,682	11.0%
	Subtotal	**288**	**12,907,968**	**738,971**	**1,120,283**	**39,268**	**33,644**	**8.7%**
Saint Paul CBD	Mixed Use	15	623,112	74,757	67,037	267	(1,584)	10.8%
	Subtotal	**15**	**623,112**	**74,757**	**67,037**	**267**	**(1,584)**	**10.8%**
Southeast	Community Center	31	4,036,801	578,527	682,734	2,402	(7,594)	16.9%
	Freestanding/Big Box	176	12,261,452	205,478	133,051	0	(71,050)	1.1%
	Mixed Use	31	1,150,241	76,382	49,708	30,385	22,680	4.3%
	Neighborhood Center	84	4,994,619	653,357	575,836	(33,142)	(39,755)	11.5%
	Regional Center	3	1,089,341	232,276	232,276	(7,165)	(10,695)	21.3%
	Strip Center	205	3,456,231	316,771	238,637	27,553	45,453	6.9%
	Subtotal	**530**	**26,988,685**	**2,062,791**	**1,912,242**	**20,033**	**(60,961)**	**7.1%**
Southwest	Community Center	19	2,445,419	552,046	564,189	(7,831)	(4,006)	23.1%
	Freestanding/Big Box	95	5,505,489	83,075	55,611	0	150,637	1.0%
	Mixed Use	26	845,201	57,092	50,095	(1,607)	6,182	5.9%
	Neighborhood Center	37	2,174,268	102,963	139,258	36,703	21,849	6.4%
	Regional Center	2	2,087,941	346,376	346,376	(4,670)	(37,147)	16.6%
	Strip Center	112	1,990,271	150,412	118,389	7,712	13,773	5.9%
	Subtotal	**291**	**15,048,589**	**1,291,964**	**1,273,918**	**30,307**	**151,288**	**8.5%**
West	Community Center	5	427,625	102,913	1,697	8,331	8,331	0.4%
	Freestanding/Big Box	29	1,624,022	6,656		0	0	0.0%
	Mixed Use	15	746,347	216,013	190,390	9,695	14,223	25.5%
	Neighborhood Center	23	1,202,666	151,019	113,421	(18,557)	(15,185)	9.4%
	Regional Center	2	1,595,107	268,099	268,099	8,581	56	16.8%
	Strip Center	47	1,013,474	86,830	69,065	16,406	(3,128)	6.8%
	Subtotal	**121**	**6,609,241**	**831,530**	**642,672**	**24,456**	**4,297**	**9.7%**
Grand Total		**1,829**	**94,430,781**	**8,054,230**	**8,440,659**	**275,969**	**317,901**	**8.9%**

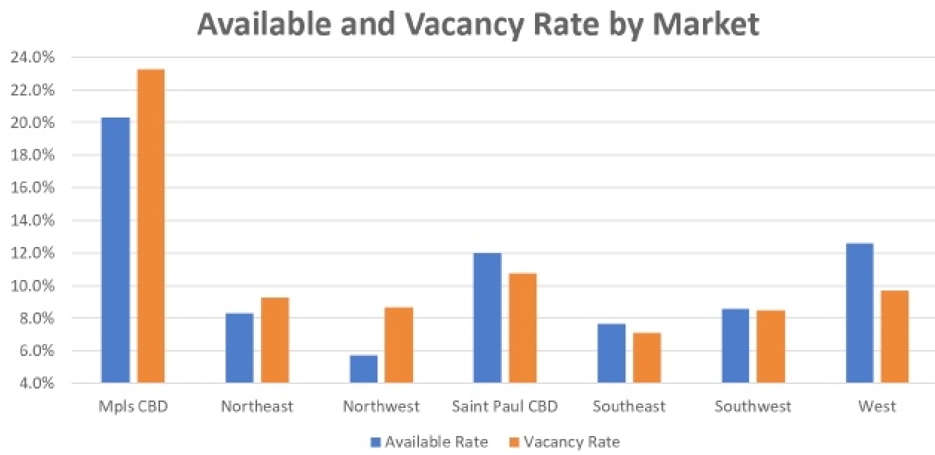
Vacancy Rates

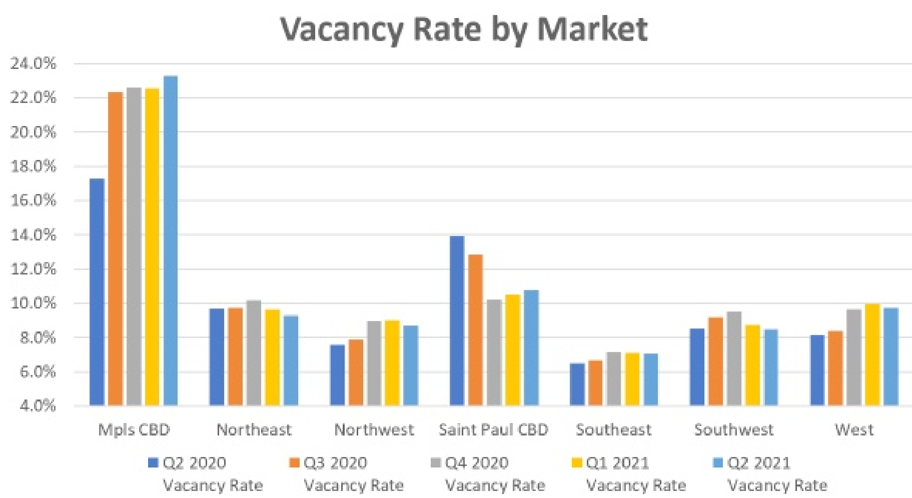
Market	Property Type	Q2 2020 Vacancy Rate	Q3 2020 Vacancy Rate	Q4 2020 Vacancy Rate	Q1 2021 Vacancy Rate	Q2 2021 Vacancy Rate
Mpls CBD	Community Center	3.1%	3.1%	3.1%	3.0%	0.9%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	20.1%	25.8%	26.1%	26.1%	27.0%
	Strip Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	**17.3%**	**22.3%**	**22.6%**	**22.5%**	**23.3%**
Northeast	Community Center	16.3%	17.4%	17.8%	17.9%	16.9%
	Freestanding/Big Box	8.7%	8.4%	9.3%	8.2%	7.7%
	Mixed Use	8.8%	8.5%	6.8%	7.6%	6.9%
	Neighborhood Center	7.1%	7.0%	7.0%	7.4%	7.6%
	Regional Center	12.1%	12.2%	12.4%	10.8%	11.7%
	Strip Center	7.7%	7.7%	8.1%	7.8%	6.8%
	Subtotal	**9.7%**	**9.7%**	**10.2%**	**9.6%**	**9.3%**
Northwest	Community Center	5.4%	5.9%	11.7%	12.1%	12.8%
	Freestanding/Big Box	5.4%	5.0%	5.0%	5.0%	5.0%
	Mixed Use	3.3%	3.4%	5.6%	5.2%	5.4%
	Neighborhood Center	11.8%	13.2%	14.0%	14.2%	12.6%
	Strip Center	10.3%	11.2%	11.3%	11.3%	11.0%
	Subtotal	**7.5%**	**7.9%**	**9.0%**	**9.0%**	**8.7%**
Saint Paul CBD	Mixed Use	13.9%	12.8%	10.2%	10.5%	10.8%
	Subtotal	**13.9%**	**12.8%**	**10.2%**	**10.5%**	**10.8%**
Southeast	Community Center	13.3%	13.7%	13.6%	13.9%	16.9%
	Freestanding/Big Box	1.2%	1.3%	1.3%	1.1%	1.1%
	Mixed Use	3.7%	4.0%	4.3%	5.0%	4.3%
	Neighborhood Center	9.5%	9.8%	10.7%	10.9%	11.5%
	Regional Center	25.7%	25.7%	34.1%	34.4%	21.3%
	Strip Center	8.5%	8.3%	8.2%	7.7%	6.9%
	Subtotal	**6.5%**	**6.6%**	**7.2%**	**7.1%**	**7.1%**
Southwest	Community Center	17.6%	20.9%	22.9%	22.8%	23.1%
	Freestanding/Big Box	4.2%	4.0%	4.0%	1.4%	1.0%
	Mixed Use	3.9%	6.7%	6.7%	5.7%	5.9%
	Neighborhood Center	7.9%	8.3%	7.4%	8.1%	6.4%
	Regional Center	14.5%	14.8%	14.8%	16.4%	16.6%
	Strip Center	5.5%	5.8%	6.6%	6.3%	5.9%
	Subtotal	**8.5%**	**9.2%**	**9.5%**	**8.7%**	**8.5%**
West	Community Center	2.3%	2.3%	2.3%	2.3%	0.4%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	21.1%	21.3%	24.7%	24.2%	25.5%
	Neighborhood Center	4.0%	4.1%	8.2%	7.9%	9.4%
	Regional Center	16.3%	16.5%	16.8%	17.3%	16.8%
	Strip Center	5.8%	6.5%	6.3%	8.4%	6.8%
	Subtotal	**8.2%**	**8.4%**	**9.6%**	**10.0%**	**9.7%**
Grand Total		**8.5%**	**8.9%**	**9.4%**	**9.1%**	**8.9%**

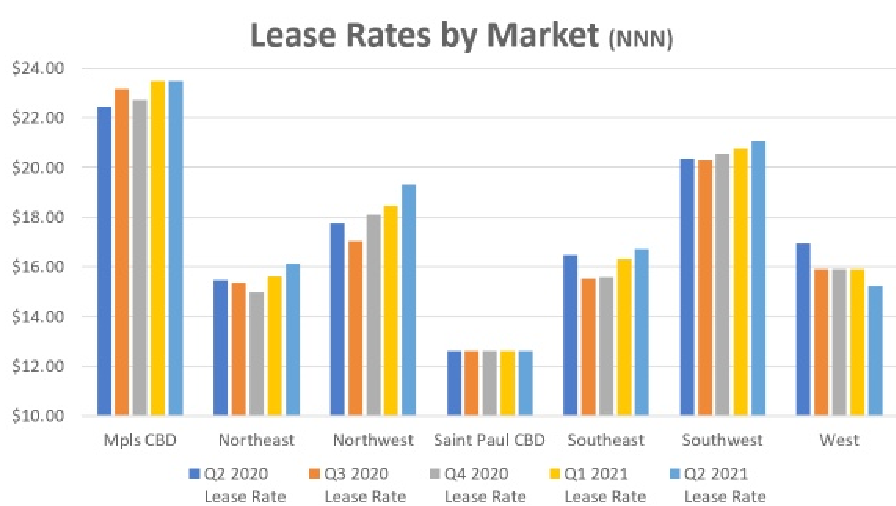
Lease Rates (NNN)

Market	Property Type	Q2 2020 Lease Rate	Q3 2020 Lease Rate	Q4 2020 Lease Rate	Q1 2021 Lease Rate	Q2 2021 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.46	$23.18	$22.74	$23.49	$23.49
	Strip Center					
	Subtotal	**$22.46**	**$23.18**	**$22.74**	**$23.49**	**$23.49**
Northeast	Community Center	$8.00	$16.00	$16.00	$24.00	$24.00
	Freestanding/Big Box	$11.00	$10.00	$10.00	$10.00	$10.00
	Mixed Use	$16.20	$16.20	$17.33	$17.50	$17.50
	Neighborhood Center	$11.88	$12.16	$12.16	$13.13	$13.74
	Regional Center					
	Strip Center	$17.36	$16.48	$15.83	$16.13	$17.18
	Subtotal	**$15.47**	**$15.36**	**$15.00**	**$15.62**	**$16.14**
Northwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$12.75	$12.75	$13.63	$13.63	$14.50
	Neighborhood Center	$10.30	$10.30	$11.01	$12.34	$12.00
	Strip Center	$19.75	$19.18	$20.00	$19.74	$20.41
	Subtotal	**$17.77**	**$17.06**	**$18.13**	**$18.46**	**$19.31**
Saint Paul CBD	Mixed Use	$12.63	$12.63	$12.63	$12.63	$12.63
	Subtotal	**$12.63**	**$12.63**	**$12.63**	**$12.63**	**$12.63**
Southeast	Community Center	$14.13	$13.19	$13.19	$15.10	$14.75
	Freestanding/Big Box				$11.00	$11.00
	Mixed Use	$20.58	$16.78	$17.73	$17.73	$15.33
	Neighborhood Center	$15.27	$14.95	$15.34	$17.21	$17.53
	Regional Center					
	Strip Center	$16.72	$15.97	$15.75	$15.72	$17.00
	Subtotal	**$16.48**	**$15.54**	**$15.61**	**$16.31**	**$16.74**
Southwest	Community Center					
	Freestanding/Big Box	$6.50	$5.50	$5.50	$5.50	
	Mixed Use	$25.31	$25.31	$25.31	$25.50	$25.20
	Neighborhood Center	$16.00	$16.42	$18.93	$18.92	$18.92
	Regional Center					
	Strip Center	$20.42	$20.12	$19.74	$19.56	$18.85
	Subtotal	**$20.38**	**$20.29**	**$20.56**	**$20.79**	**$21.05**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use	$20.00				
	Neighborhood Center	$13.50	$13.50	$13.50	$13.50	$13.00
	Regional Center					
	Strip Center	$17.13	$17.13	$17.13	$17.50	$17.50
	Subtotal	**$16.94**	**$15.92**	**$15.92**	**$15.90**	**$15.25**
Grand Total		**$17.53**	**$17.07**	**$17.38**	**$17.85**	**$18.35**

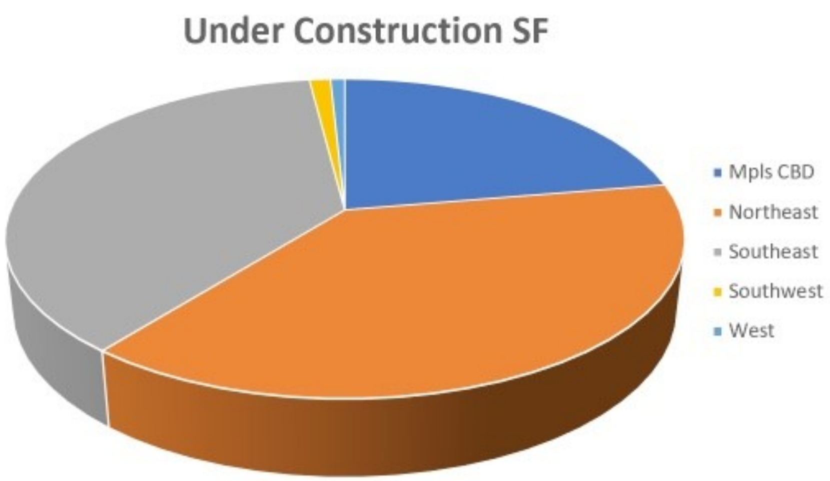
Vacancy and Lease Rates





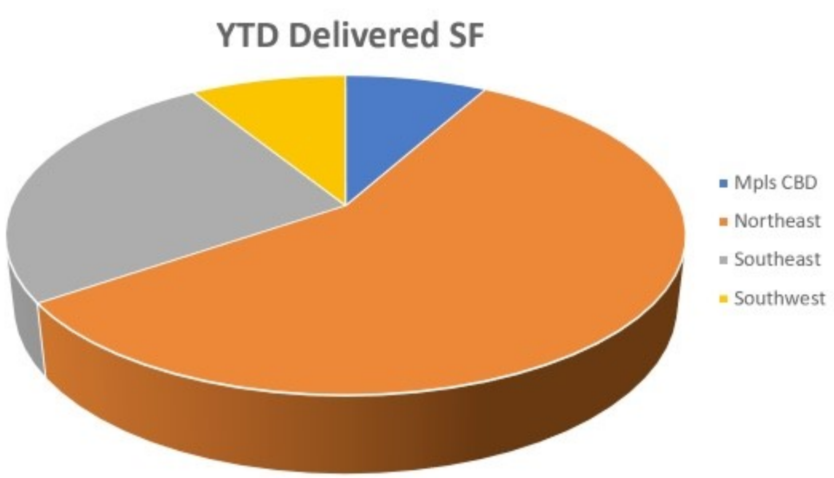


Construction by Market



Market	Bldg SF
Mpls CBD	96,712
Northeast	166,272
Southeast	161,639
Southwest	5,168
West	3,500
Grand Total	**433,291**

YTD Deliveries by Market



Market	Bldg SF
Mpls CBD	15,373
Northeast	109,336
Southeast	49,092
Southwest	16,857
Grand Total	**190,658**

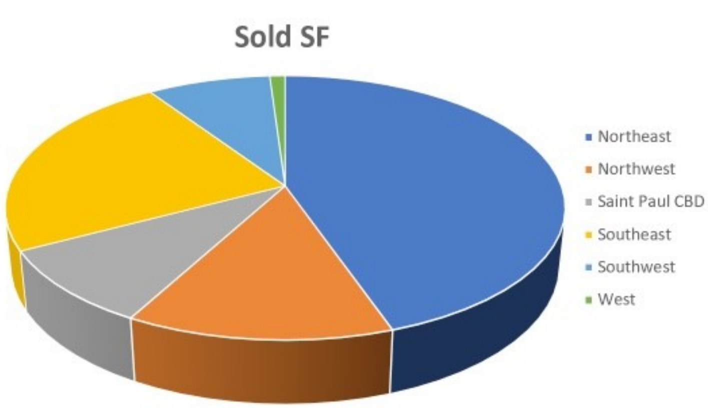
Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Midway Marketplace 1450 University Ave S	114,608	Northeast	At Home	Kraus Anderson, Inc
Rosedale Commons 2480 Fairview Ave N	46,000	Northeast	Schneidermans	Rosedale Commons, LP
Hi-Lake Shopping Center 2106-2210 E Lake St	32,874	Southeast	Burlington	Hi-Lake, LLC
Rogers Commercial Center 20870 Rogers Dr	25,734	Northwest	Salvation Army	Lariat Companies, Inc
10650 Baltimore St NE	22,500	Northeast	Fun Lab	Duck Hill, LLC

Market	Leased SF
Mpls CBD	23,181
Northeast	313,027
Northwest	103,210
Saint Paul CBD	2,967
Southeast	133,058
Southwest	59,309
West	66,988
Grand Total	**701,740**

Sales Activity

Property	Price	Market	Buyer	Seller
8301-8345 3rd St N	$19,450,000	Northeast	Agree Limited Partnership c/o Joey Agree	RCG-Oakdale MN, LLC c/o RCG Ventures
Mills Fleet Farm 2324 3rd Ave NE	$13,979,000	Northeast	Northpointe Camrbidge, LLC	MFF Mortgage Borrower 5 LLC
416 14 Ave SE	$6,325,000	Northeast	CA Student Living Dinkytown II, LLC	Hersh Properties, LLC
Walgreen's 1274 Town Centre Dr	$6,037,500	Southeast	Project Jupiter NLP, LLC	Waltrust Properties, Inc
Walgreen's 4547 Hiawatha Ave	$5,793,750	Southeast	Project Jupiter NLP, LLC	Waltrust Properties, Inc



Market	Sold SF
Northeast	566,743
Northwest	167,773
Saint Paul CBD	118,104
Southeast	296,691
Southwest	105,789
West	13,172
Grand Total	**1,268,272**

Methodology

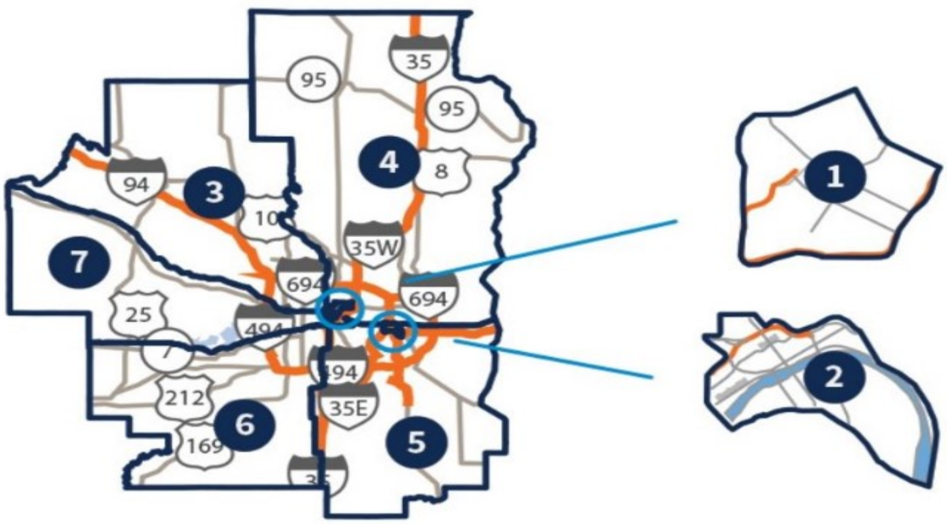
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties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



1 **Minneapolis CBD**

2 **Saint Paul CBD**

3 **Northwest**

4 **Northeast**

5 **Southeast**

6 **Southwest**

7 **West**

Advisory Board Members

CBRE	David Daly	Mid America	Tricia Pitchford
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