RETAIL MARKET REPORT

Minneapolis-St. Paul

2nd Quarter 2016

Produced in partnership with

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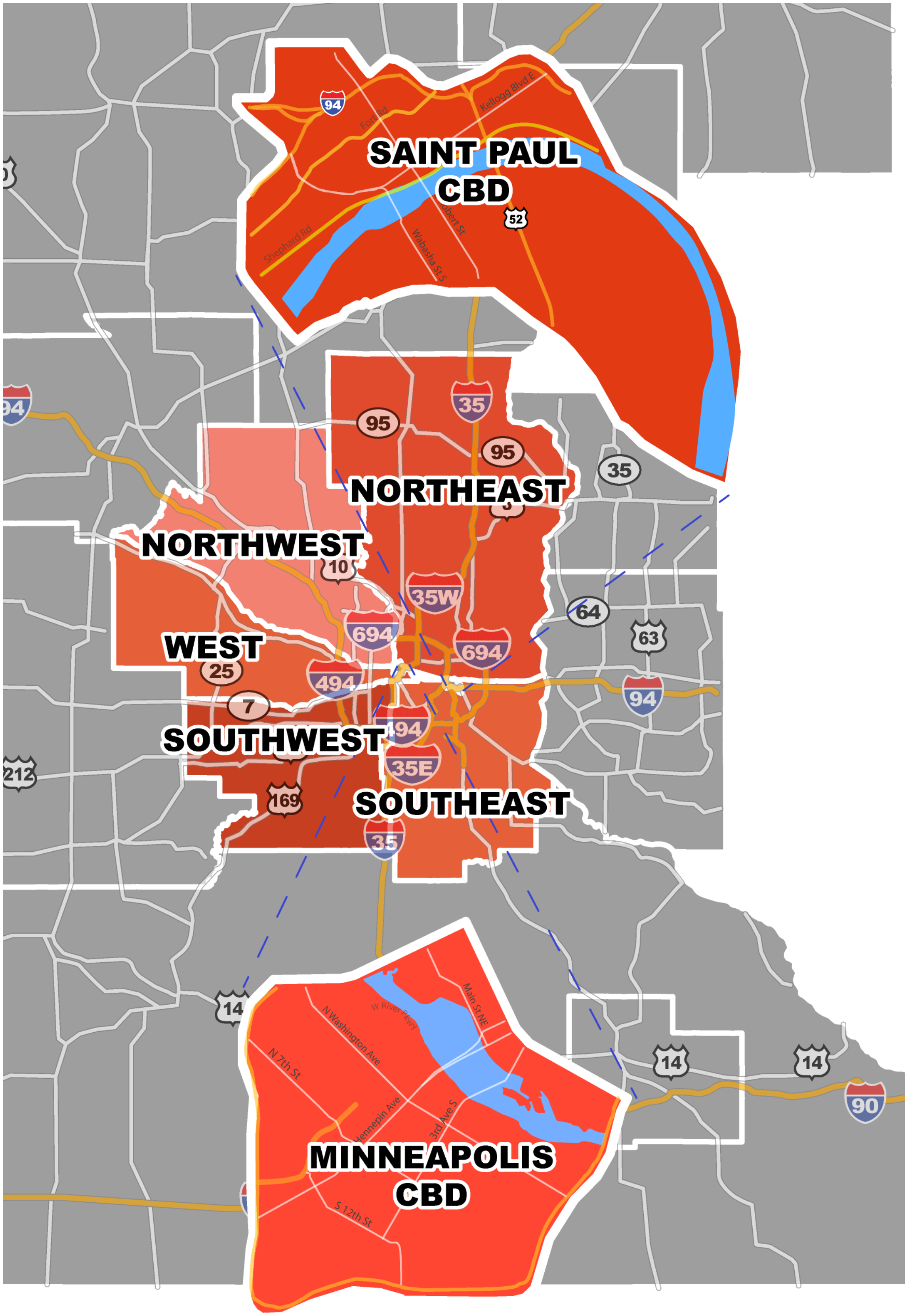
Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

The Minneapolis-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 the market area.

Inventory -	The total square feet of existing single and multi-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 footage within a building including both direct and sublease space.
Sublease Space -	Space that is offered for lease by a current tenant, or his 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.


SAINT PAUL
CBD
NORTHEAST
NORTHWEST
WEST
SOUTHWEST
SOUTHEAST
MINNEAPOLIS
CBD
94
35
95
95
35
10
35W
64
63
694
694
25
494
7
94
494
35E
212
169
35
14
14
14
90
52
Kellogg Blvd E
Wabasha St S
Shepherd Rd
N Washington Ave
W River Pkwy
Main St NE
N 7th St
Hennepin Ave
3rd Ave S
S 12th St

Overview

- The Minneapolis - St Paul retail market rebounded with 841,000 square feet of positive absorption during second quarter of 2016.

- The majority of the absorption was single tenant buildings; they accounted for over 540,000 square feet of positive absorption while the multi-tenant buildings absorbed over 300,000 square feet.

- At Home absorbed over 260,000 square feet between two properties. Hancock Fabrics vacated two properties totaling 37,000 square feet.

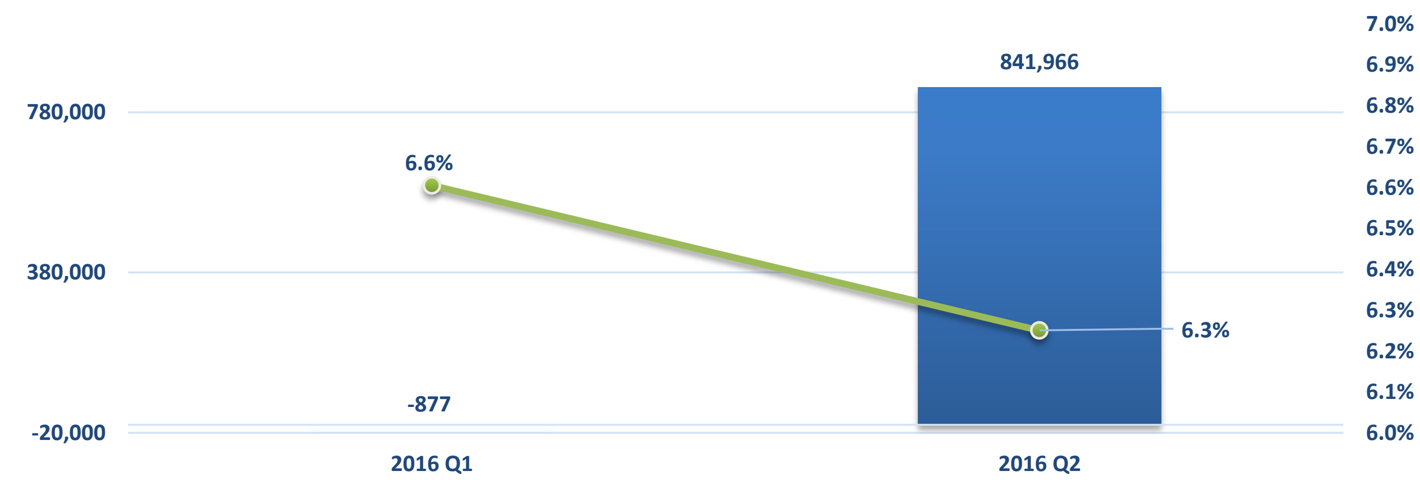
- The Southeast market had the largest gain with over 395,000 square feet of positive absorption.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Mixed Use	72	2,285,895	310,517	302,249	13.2%	49,929	57,298
Freestanding	439	29,126,675	690,436	488,289	1.7%	548,975	547,714
Neighborhood Ctr	307	19,022,994	1,757,768	1,484,242	7.8%	113,210	147,587
Community Ctr	84	14,578,013	1,985,815	1,841,973	12.6%	51,440	289
Regional Ctr	20	7,938,879	362,716	354,823	4.5%	-16,725	-22,868
Strip Center	621	13,628,706	1,299,103	940,420	6.9%	95,137	111,069
Grand Total	**1,543**	**86,581,162**	**6,406,355**	**5,411,996**	**6.3%**	**841,966**	**841,089**

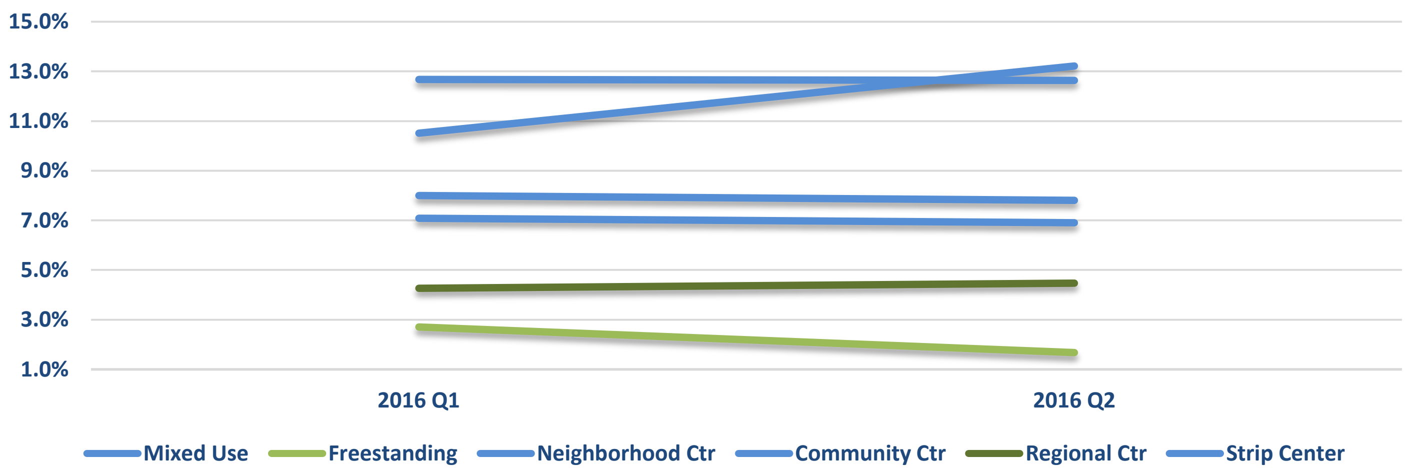
	# of Bldgs	Inventory (SF)	Sum of Direct Available SF	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
Mixed Use	72	2,285,895	310,517	302,249	13.2%	49,929	57,298
Freestanding	439	29,126,675	690,436	488,289	1.7%	548,975	404,956
Neighborhood Ctr	307	19,022,994	1,728,834	1,478,642	7.8%	113,210	147,587
Community Ctr	84	14,578,013	1,985,815	1,841,973	12.6%	51,440	289
Regional Ctr	20	7,938,879	353,949	346,056	4.4%	-16,725	-22,868
Strip Center	621	13,628,706	1,299,103	940,420	6.9%	95,137	107,025
Grand Total	**1,543**	**86,581,162**	**6,368,654**	**5,397,629**	**6.2%**	**841,966**	**694,287**

	# of Bldgs	Inventory (SF)	Available Sublease (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
Mixed Use	72	2,285,895	-	-	0.0%	-	-
Freestanding	439	29,126,675	-	-	0.0%	-	142,758
Neighborhood Ctr	307	19,022,994	28,934	5,600	0.0%	-	-
Community Ctr	84	14,578,013	-	-	0.0%	-	-
Regional Ctr	20	7,938,879	8,767	8,767	0.1%	-	-
Strip Center	621	13,628,706	-	-	0.0%	-	4,044
Grand Total	**1,543**	**86,581,162**	**37,701**	**14,367**	**0.0%**	**-**	**146,802**

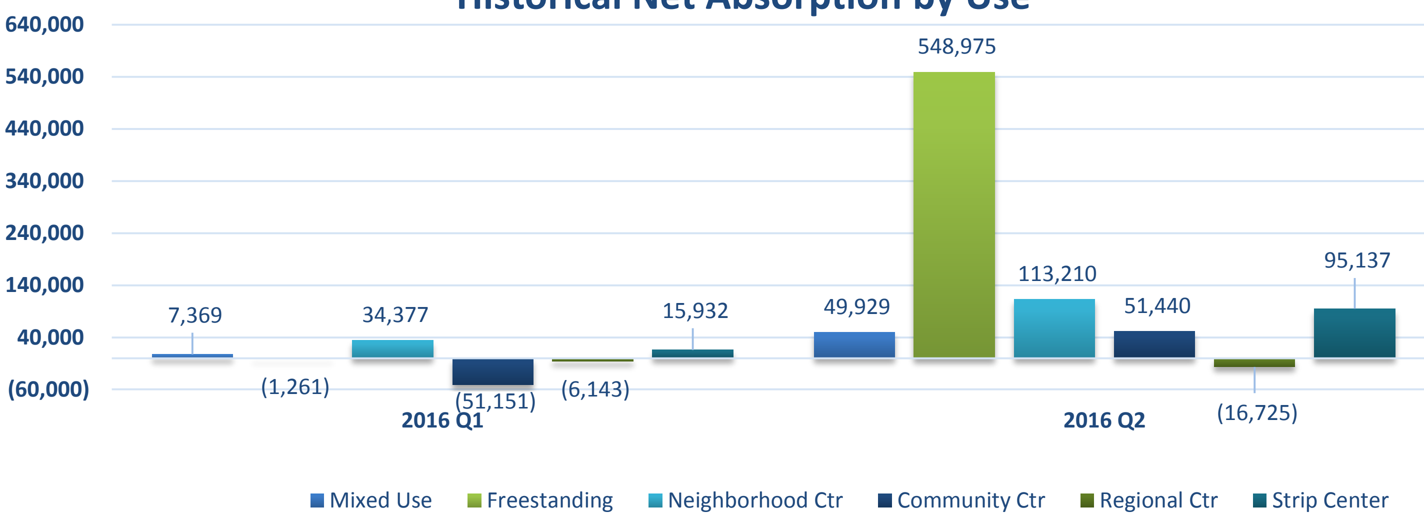
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



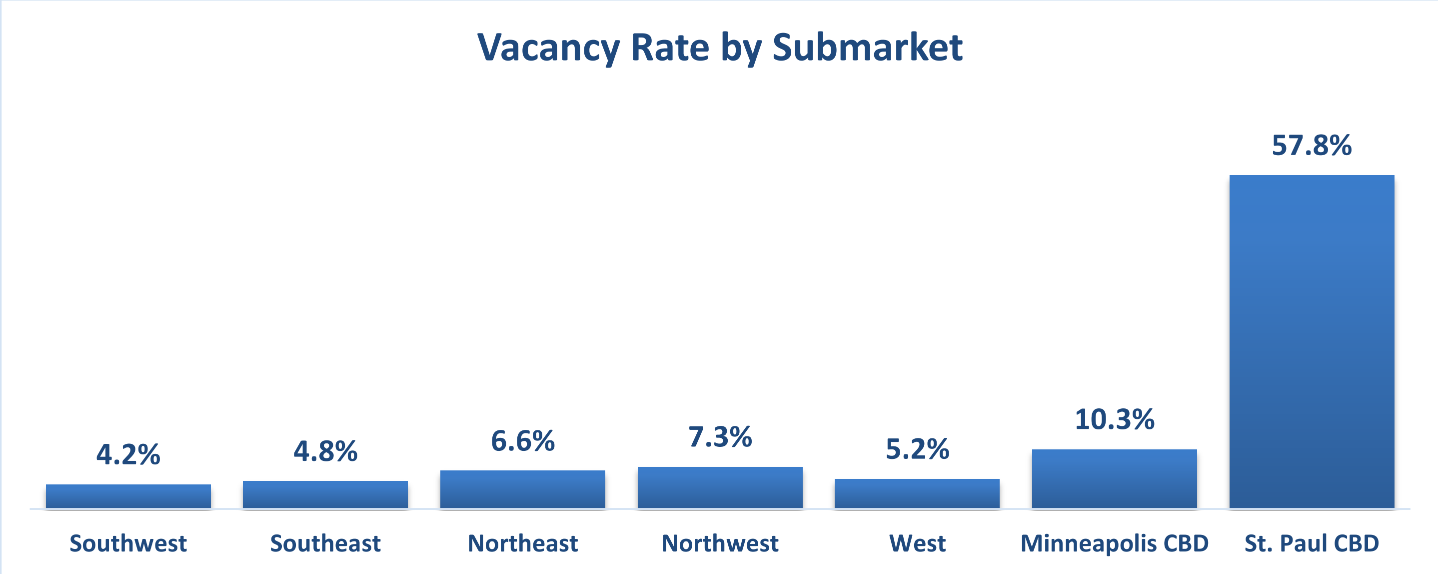
Historical Net Absorption by Use

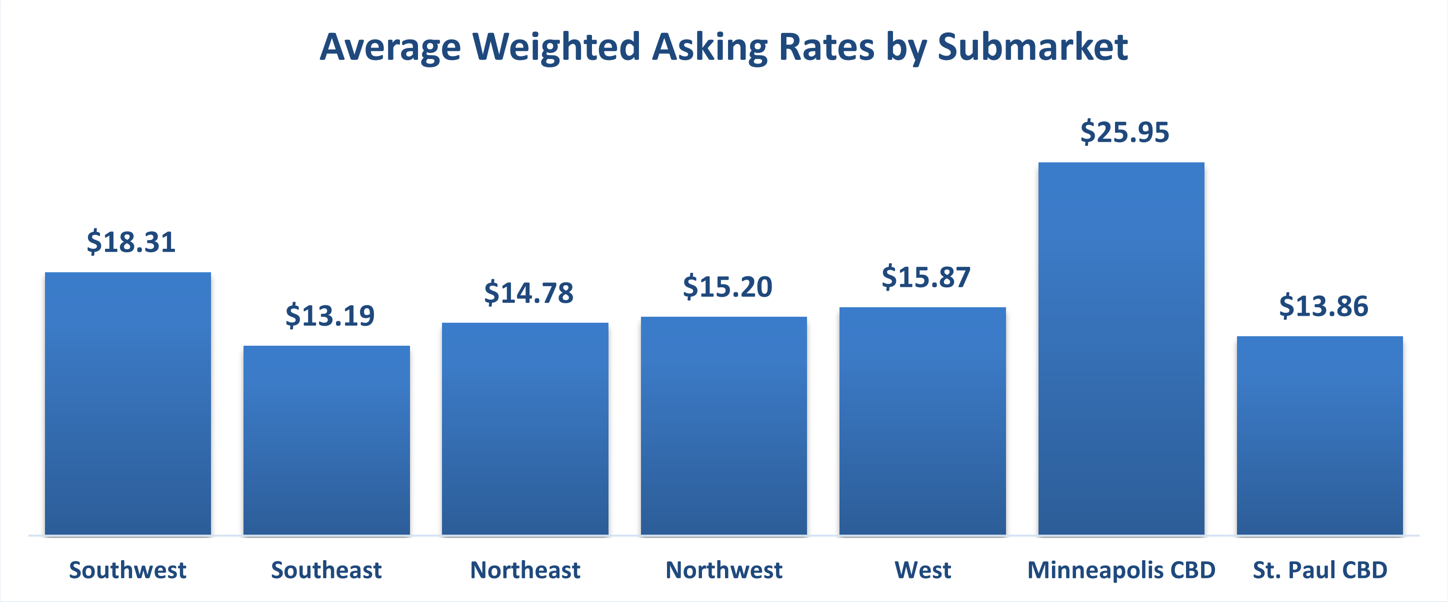


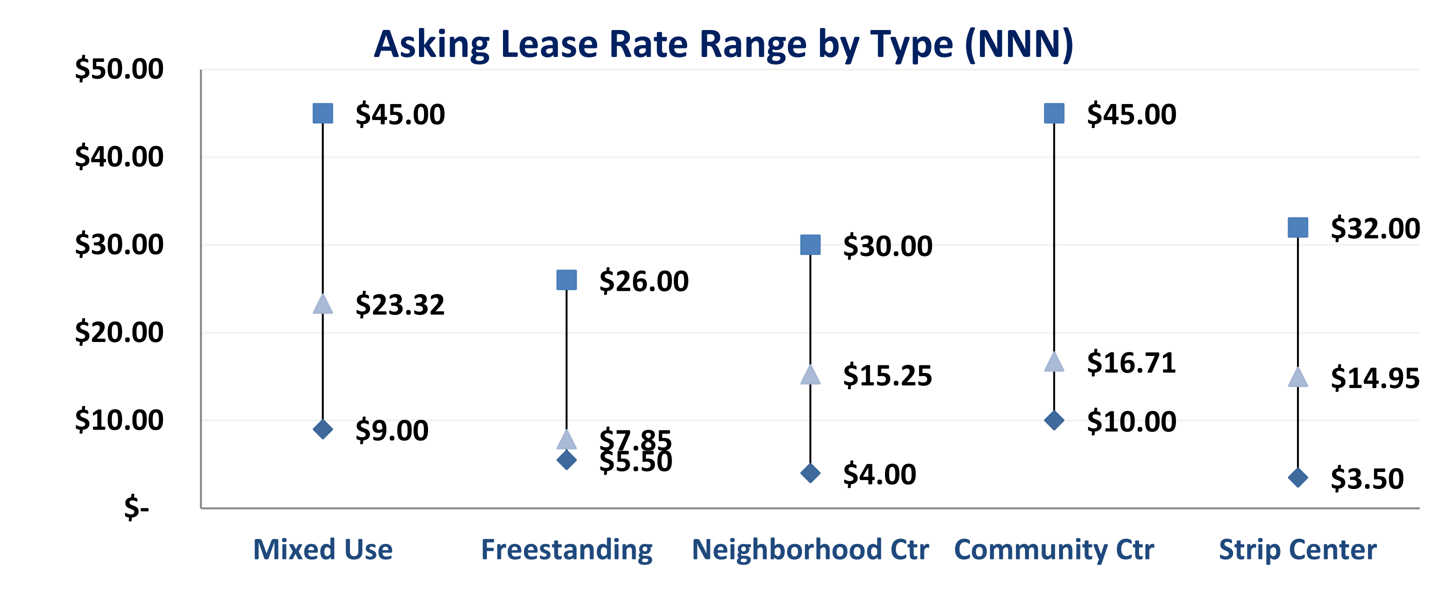
Statistics by Market

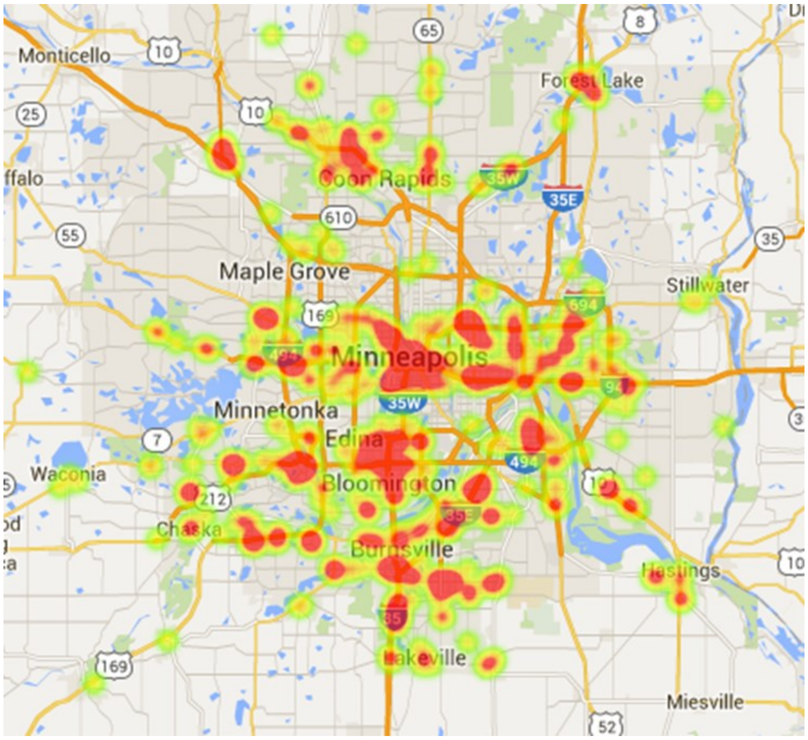
	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Direct Vacant (SF)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (SF)
Northeast	463	27,727,969	1,822,341	1,816,577	6.6%	182,529	146,934
Mixed Use	10	317,724	66,187	66,187	20.8%	2,130	3,382
Freestanding	143	10,294,480	350,009	350,009	3.4%	167,476	167,476
Neighborhood Ctr	96	6,030,929	608,626	608,626	10.1%	7,972	4,090
Community Ctr	30	5,271,206	512,459	512,459	9.7%	(4,209)	-45,195
Regional Ctr	7	2,126,602	10,787	5,023	0.5%	-	-2,340
Strip Center	177	3,687,028	274,273	274,273	7.4%	9,160	19,521
Northwest	255	13,339,521	969,831	969,831	7.3%	156,889	215,252
Mixed Use	4	180,035	13,376	13,376	7.4%	-	1,680
Freestanding	67	4,533,193	60,806	60,806	1.3%	142,758	141,497
Neighborhood Ctr	63	3,656,215	211,490	211,490	5.8%	-7,118	39,440
Community Ctr	14	2,151,903	314,329	314,329	14.6%	15,560	4,824
Regional Ctr	1	804,000	212,853	212,853	26.5%	-	-
Strip Center	106	2,014,175	156,977	156,977	7.8%	5,689	27,811
Southeast	416	23,808,754	1,141,410	1,136,907	4.8%	395,431	373,199
Mixed Use	9	235,981	7,867	7,867	3.3%	47,309	45,550
Freestanding	135	8,804,786	55,000	55,000	0.6%	212,337	212,337
Neighborhood Ctr	74	4,741,874	370,661	369,161	7.8%	68,103	71,379
Community Ctr	20	3,438,551	402,952	402,952	11.7%	5,615	8,527
Regional Ctr	6	2,523,616	29,571	26,568	1.2%	-	-3,003
Strip Center	172	4,063,946	275,359	275,359	6.8%	62,067	38,409
Southwest	248	12,694,074	535,136	531,036	4.2%	24,333	14,471
Mixed Use	12	424,009	36,662	36,662	8.6%	490	4,456
Freestanding	72	4,443,481	19,974	19,974	0.4%	26,404	26,404
Neighborhood Ctr	50	3,100,831	162,302	158,202	5.2%	6,398	-6,342
Community Ctr	6	860,410	72,960	72,960	8.5%	-	-3,134
Regional Ctr	3	1,440,508	83,177	83,177	5.8%	-23,225	-24,025
Strip Center	105	2,424,835	160,061	160,061	6.6%	14,266	17,112
West	112	5,761,836	297,481	297,481	5.2%	45,355	49,646
Mixed Use	6	143,258	13,679	13,679	9.5%	-	-
Freestanding	21	1,034,069	2,500	2,500	0.2%	-	-
Neighborhood Ctr	22	1,287,035	75,997	75,997	5.9%	37,855	39,020
Community Ctr	8	1,421,005	138,149	138,149	9.7%	-140	-1,275
Regional Ctr	2	617,816	18,435	18,435	3.0%	6,500	6,500
Strip Center	53	1,258,653	48,721	48,721	3.9%	1,140	5,401
Minneapolis CBD	41	2,594,321	267,485	267,485	10.3%	37,429	41,587
Mixed Use	24	693,284	149,249	149,249	21.5%	-	2,230
Freestanding	1	16,666	-	-	0.0%	-	-
Neighborhood Ctr	2	206,110	55,166	55,166	26.8%	-	-
Community Ctr	5	1,071,855	38,041	38,041	3.5%	34,614	36,542
Regional Ctr	1	426,337	-	-	0.0%	-	-
Strip Center	8	180,069	25,029	25,029	13.9%	2,815	2,815
St. Paul CBD	8	654,687	378,312	378,312	57.8%	-	-
Mixed Use	7	291,604	15,229	15,229	5.2%	-	-
Community Ctr	1	363,083	363,083	363,083	100.0%	-	-
Grand Total	**1,543**	**86,581,162**	**5,411,996**	**5,397,629**	**6.3%**	**841,966**	**841,089**

	Vacancy Rate %		Average Weighted Direct Asking Rate	
	2016 Q1	2016 Q2	2016 Q1	2016 Q2
Northeast	7.1%	6.6%	$13.65	$14.78
Mixed Use	10.1%	20.8%	$9.00	$9.00
Freestanding	5.2%	3.4%	$10.59	$26.00
Neighborhood Ctr	10.2%	10.1%	$12.81	$13.75
Community Ctr	9.6%	9.7%	$14.43	$14.58
Regional Ctr	0.5%	0.5%	-	-
Strip Center	7.5%	7.4%	$15.14	$15.24
Northwest	7.1%	7.3%	$14.94	$15.20
Mixed Use	7.4%	7.4%	$22.00	$20.24
Freestanding	1.3%	1.3%	$8.00	$8.00
Neighborhood Ctr	5.7%	5.8%	$14.82	$14.97
Community Ctr	13.3%	14.6%	$20.92	$21.56
Regional Ctr	26.5%	26.5%	-	-
Strip Center	8.1%	7.8%	$15.34	$15.59
Southeast	5.4%	4.8%	$15.17	$13.19
Mixed Use	5.2%	3.3%	-	-
Freestanding	2.0%	0.6%	-	$5.50
Neighborhood Ctr	7.6%	7.8%	$16.08	$15.20
Community Ctr	11.9%	11.7%	$15.64	$15.73
Regional Ctr	1.2%	1.2%	-	-
Strip Center	7.1%	6.8%	$14.35	$15.01
Southwest	4.2%	4.2%	$17.79	$18.31
Mixed Use	8.8%	8.6%	$29.85	$30.01
Freestanding	0.5%	0.4%	-	-
Neighborhood Ctr	5.4%	5.2%	$19.35	$19.42
Community Ctr	8.5%	8.5%	-	-
Regional Ctr	4.2%	5.8%	-	-
Strip Center	7.0%	6.6%	$13.23	$13.70
West	6.0%	5.2%	$15.03	$15.87
Mixed Use	9.5%	9.5%	$21.83	$21.83
Freestanding	0.2%	0.2%	-	-
Neighborhood Ctr	8.8%	5.9%	$17.93	$17.72
Community Ctr	9.7%	9.7%	$16.72	$16.84
Regional Ctr	4.0%	3.0%	-	-
Strip Center	4.0%	3.9%	$12.72	$13.54
Minneapolis CBD	10.0%	10.3%	$25.95	$25.95
Mixed Use	16.8%	21.5%	$28.76	$28.76
Freestanding	-	-	-	-
Neighborhood Ctr	26.8%	26.8%	-	-
Community Ctr	6.8%	3.5%	$27.50	$27.50
Regional Ctr	-	-	-	-
Strip Center	10.5%	13.9%	$20.00	$20.00
St. Paul CBD	57.8%	57.8%	$13.86	$13.86
Mixed Use	5.2%	5.2%	$13.86	$13.86
Freestanding	-	-	-	-
Neighborhood Ctr	-	-	-	-
Community Ctr	100.0%	100.0%	-	-
Regional Ctr	-	-	-	-
Strip Center	-	-	-	-
Grand Total	**6.6%**	**6.3%**	**$15.45**	**$15.23**


Vacancy Rate by Submarket
4.2%
4.8%
6.6%
7.3%
5.2%
10.3%
57.8%
Southwest
Southeast
Northeast
Northwest
West
Minneapolis CBD
St. Paul CBD

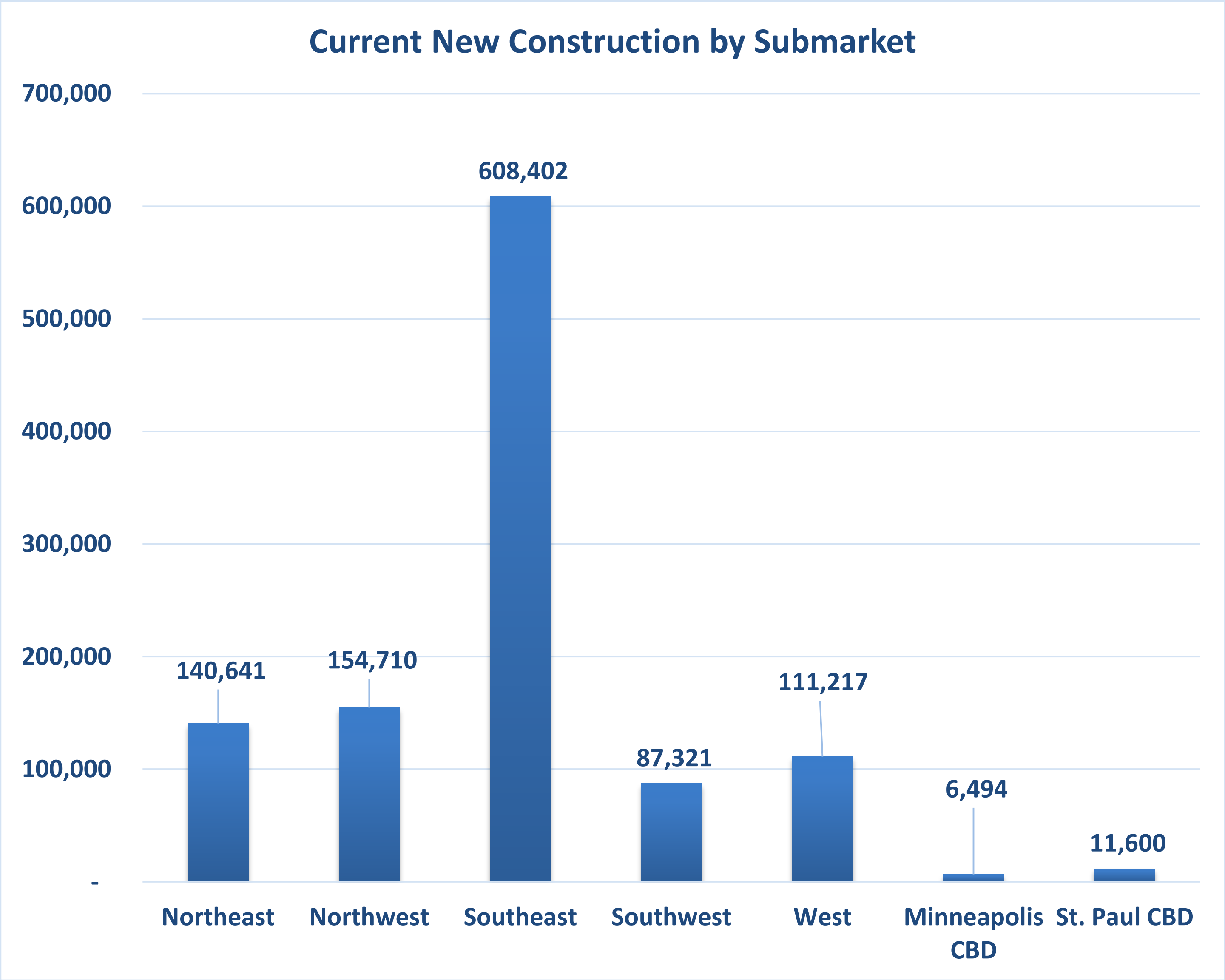

Average Weighted Asking Rates by Submarket
$18.31
$13.19
$14.78
$15.20
$15.87
$25.95
$13.86
Southwest
Southeast
Northeast
Northwest
West
Minneapolis CBD
St. Paul CBD


Asking Lease Rate Range by Type (NNN)
$50.00
$40.00
$30.00
$20.00
$10.00
$-
$45.00
$23.32
$9.00
$26.00
$7.85
$5.50
$30.00
$15.25
$4.00
$45.00
$16.71
$10.00
$32.00
$14.95
$3.50
Mixed Use
Freestanding
Neighborhood Ctr
Community Ctr
Strip Center



Largest Absorption Changes				
Property Name	**SF Occupied or Vacated**	**Tenant Name**	**Market**	**Specific Use**
Menards	142,758	Menards reopened after new construction	Northwest	Freestanding
Pheasant Ridge Village - At Home	140,684	At Home The Home Decor Superstore purchased this property and will occupy 140,684 SF	Northeast	Freestanding
14230 Burnhaven Dr	121,638	At Home occupied 121,638 SF	Southeast	Freestanding
Spirit Place at Brandtjen Farm - HyVee	90,699	HyVee new construction is complete and occupying 90,699 SF	Southeast	Freestanding
City Place Development	86,254	Whole Foods leased 45,000 SF; La Z Boy leased 14,636 SF; Nordstrom Rack leased 26,618 SF	Southeast	Neighborhood Ctr
1575 Selby Ave	45,231	Whole Foods occupied 45,231 SF on completion of new construction	Southeast	Mixed Use
Ridgeview Plaza	41,646	PGA Tour leased 41,646 SF	West	Neighborhood Ctr
City Center	36,016	Saks 5th off 5th leased 40,321 SF; Vinna Fitness vacated 4,305 SF	Minneapolis CBD	Community Ctr
Crystal Gallery Mall, Retail	(10,147)	Old Country Buffet vacated 10,147 SF	Northwest	Neighborhood Ctr
Southview Square	(17,980)	Hancock Fabrics vacated 14,361 SF; Carpet King vacated 3,619 SF	Southeast	Neighborhood Ctr
Southtown Shopping Center	(21,319)	Lejuns leased 1,347 SF; Hancock Fabrics vacated 22,666 SF	Southwest	Regional Ctr

Top Transactions						
Property Name	**Sale Price**	**SF Sold**	**Buyer**	**Seller**	**Market**	**Specific Use**
Andover Station	$10,650,000	74,938	Andover Station 2016 LLC c/o HJ Development	Andover Station LLC	Northeast	Neighborhood Center
14230 Burnhaven Dr	$9,990,000	121,638	Builders Palmdale LLC c/o AVG Partners	Continental 18 Fund LP c/o Continental Properties	Southeast	Freestanding
Winnetka Commons Shopping Center	$6,602,760	45,415	HB LLC	Winnetka Commons Holdings LLC c/o LS Realty Group	Northwest	Neighborhood Center
Walgreens	$7,093,458	15,790	The Rice Family LP	NLD Lake LLC c/o Capital Real Estate Inc	Southeast	Freestanding
Goodwill	$4,845,867	20,623	Blaine Goodwill Properties LLC c/o Hearth Development	Blaine Ball Raod GW LLC c/o The Driessen Group of Edina	Northeast	Freestanding


Current New Construction by Submarket
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
140,641
154,710
608,402
87,321
111,217
6,494
11,600
Northeast
Northwest
Southeast
Southwest
West
Minneapolis CBD
St. Paul CBD

Minneapolis - St Paul	
CBRE	David Daly
Christianson & Company	Lisa Christianson
Colliers International	Ian Halker
	Tony Strauss
	Molly Townsend
CSM	Justin Wing
Cushman & Wakefield/NorthMarq	Jen Helm
	Brad Kaplan
Diehl & Partners	Lisa Diehl
Hempel	Ben Krsnak
Kraus Anderson	Dan Mossey
Marcus & Millichap	Brian Klanke
Mid-America	Jesseka Doherty
Paster Properties	Mike Sturdivant
Ryan Companies	Patrick Daly
Suntide	Tim Igo
Upland	Zach Stensland

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