XCELIGENT™
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RETAIL MARKET REPORT

Minneapolis-St. Paul

3rd Quarter 2016

Produced in partnership with

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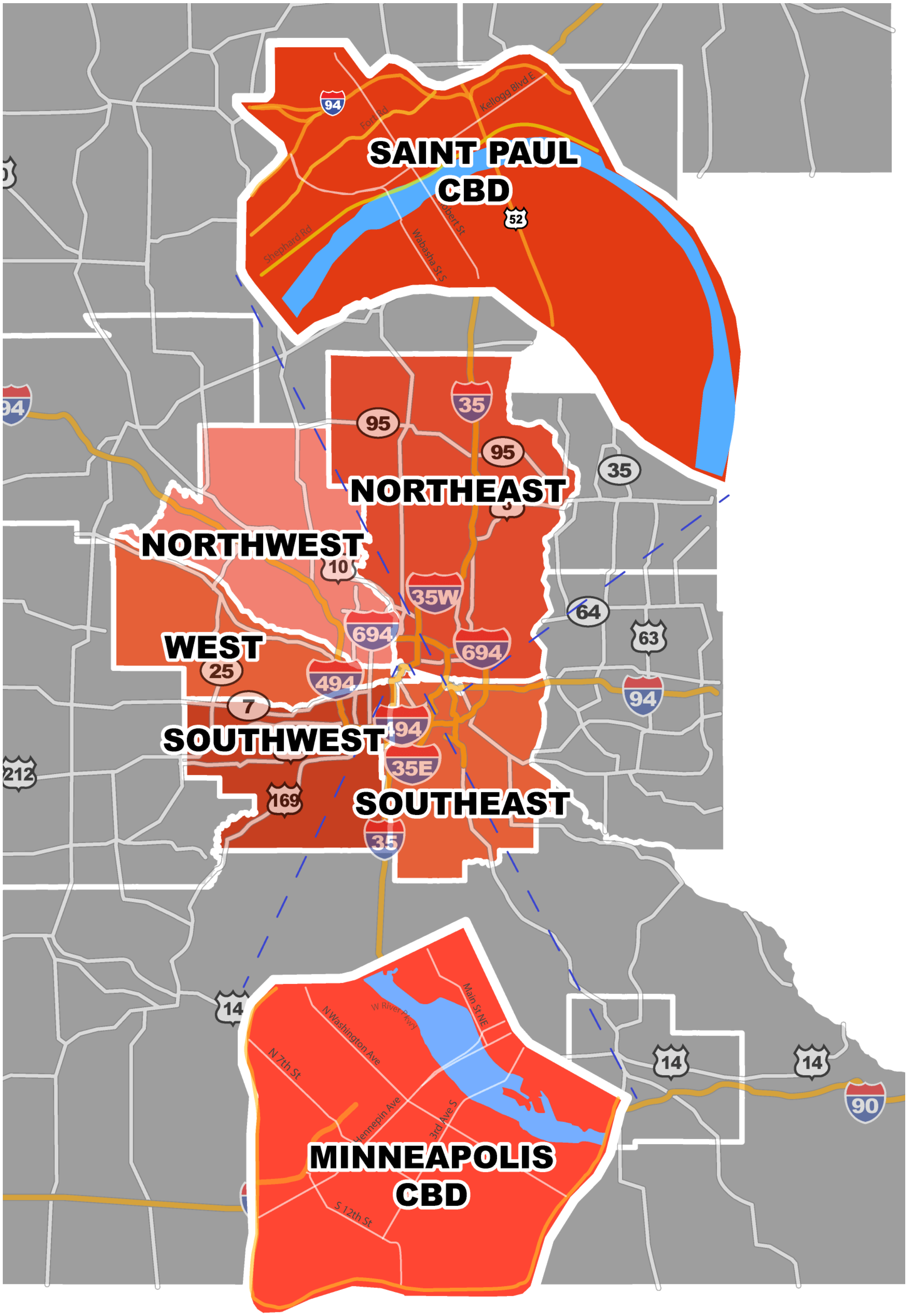
EXCHANGE

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 (sf) 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 feet 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.
Specific Use Definitions -	Strip Center - Multi-tenant building less than 30,000 sf. Neighborhood Center - Multi-tenant complex between 30,000-100,000 sf. Community Center - Multi-tenant complex between 100,000-400,000 sf. Regional Center - Multi-tenant complex over 400,000 sf. Freestanding - Single tenant building unattached to any other building. Mixed Use - Retail space in a building shared with office or multi-unit housing.


SAINT PAUL CBD
NORTHEAST
NORTHWEST
WEST
SOUTHWEST
SOUTHEAST
MINNEAPOLIS CBD

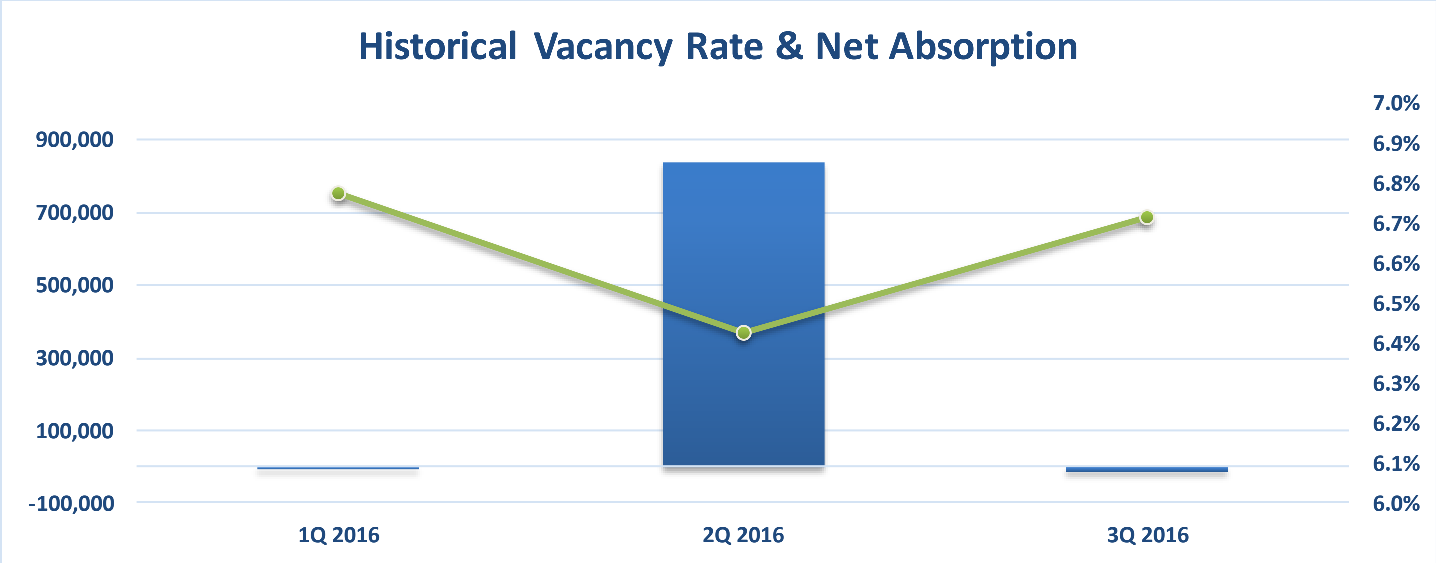
Overview

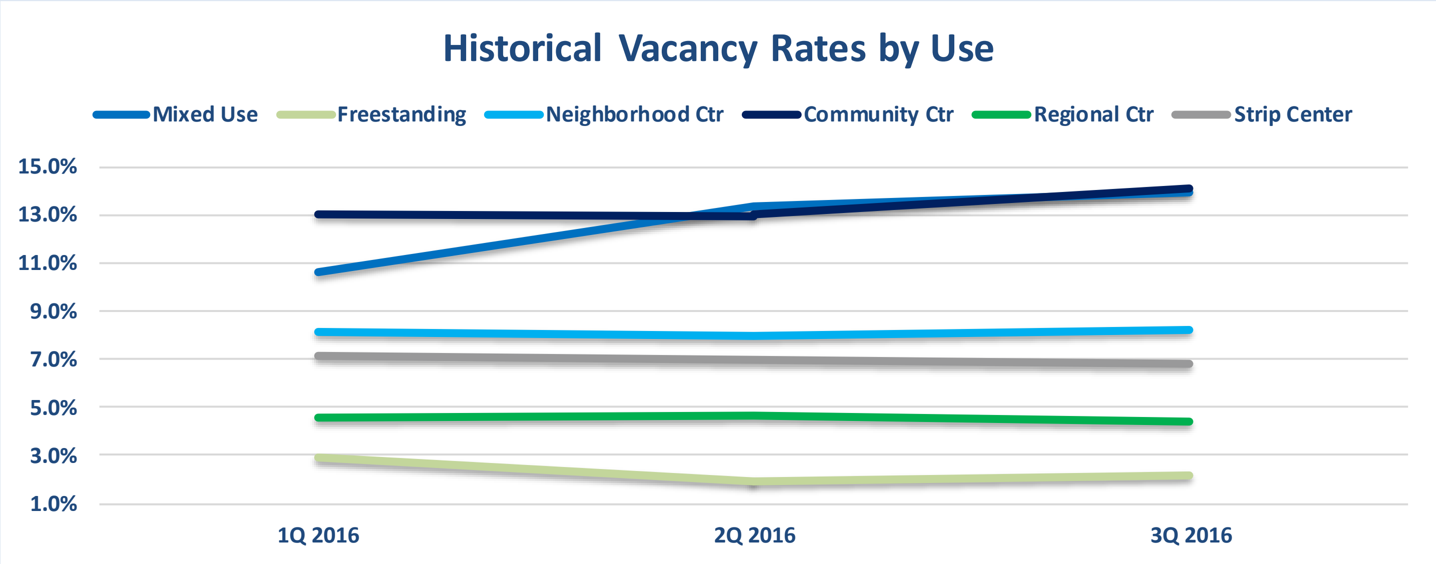
- The Minneapolis - Saint Paul retail market closed the third quarter of 2016 with -12,858 square feet (sf) of absorption during 3Q 2016 resulting in 819,000 sf positive absorption for the year so far.
- There were two major closures during the quarter. Sports Authority and Hancock Fabrics both closed their locations vacating 306,829 sf and 43,173 sf respectively. Offsetting the vacancies, the grocery industry accounted for nearly as much positive absorption with HyVee delivering two buildings totaling 192,377 sf and Fresh Thyme leasing three locations for a total of 89,800 sf.
- The Southeast continues to see the most growth with 714,000 sf under construction, half the total of 1.4M sf under construction in the metro. The Northwest and West markets were the only markets with positive absorption of 89,800 sf and 51,600 sf respectively, led by HyVee and Fresh Thyme.

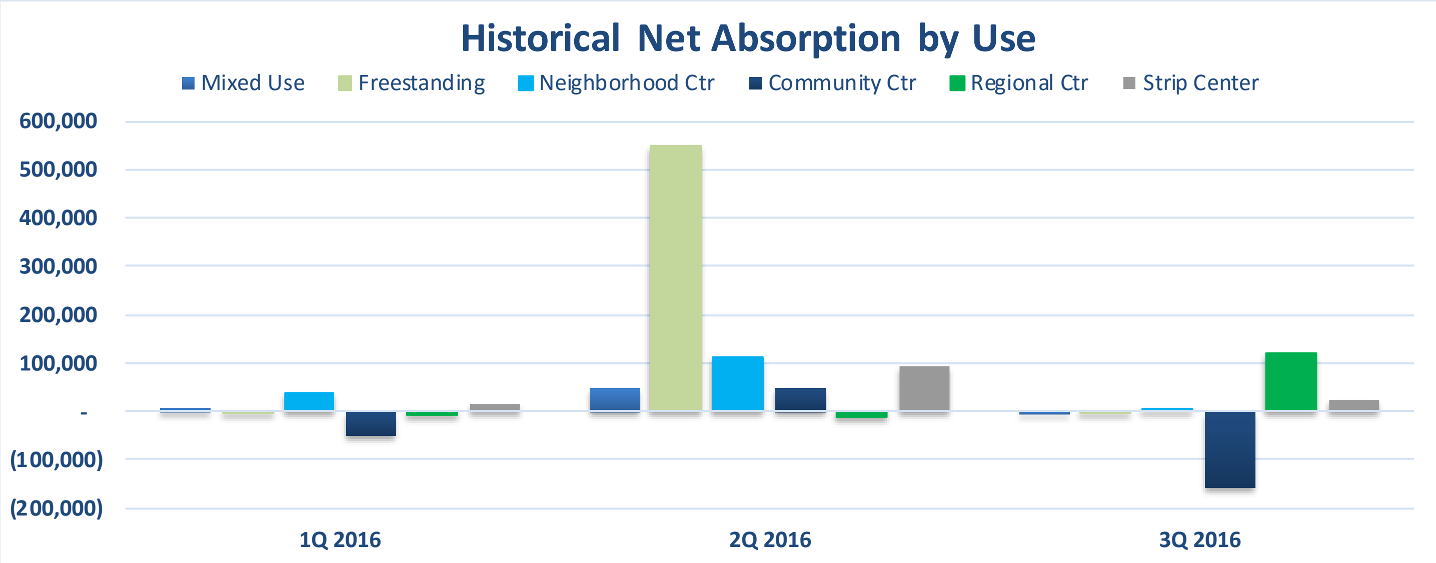
	# of Bldgs	Inventory (sf)	Total Available (sf)	Total Vacant (sf)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (sf)	YTD Total Net Absorption (sf)
Mixed Use	78	2,397,130	369,497	334,387	13.9%	-1,620	51,827
Freestanding	443	29,461,574	812,587	645,380	2.2%	-548	544,148
Neighborhood Ctr	305	18,944,854	1,858,777	1,550,349	8.2%	4,288	151,186
Community Ctr	84	14,366,253	2,141,643	2,024,122	14.1%	-157,017	-161,010
Regional Ctr	21	8,306,614	356,707	364,699	4.4%	118,464	100,065
Strip Center	625	13,639,892	1,365,284	930,362	6.8%	23,575	133,606
Overall	**1,556**	**87,116,317**	**6,904,495**	**5,849,299**	**6.7%**	**-12,858**	**819,822**

	# 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	78	2,397,130	369,497	334,387	13.9%	-1,620	51,827
Freestanding	443	29,461,574	812,587	645,380	2.2%	-548	401,390
Neighborhood Ctr	305	18,944,854	1,829,843	1,544,749	8.2%	4,288	151,186
Community Ctr	84	14,366,253	2,139,974	2,016,122	14.0%	-149,017	-153,010
Regional Ctr	21	8,306,614	356,707	364,699	4.4%	115,461	97,062
Strip Center	625	13,639,892	1,361,711	930,362	6.8%	23,575	129,562
Overall	**1,556**	**87,116,317**	**6,870,319**	**5,835,699**	**6.7%**	**-7,861**	**678,017**

	# of Bldgs	Inventory (sf)	Available Sublease (sf)	Sublease Vacant (sf)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (sf)	YTD Sublease Net Absorption (sf)
Mixed Use	78	2,397,130	-	-	0.0%	-	-
Freestanding	443	29,461,574	-	-	0.0%	-	142,758
Neighborhood Ctr	305	18,944,854	28,934	5,600	0.0%	-	-
Community Ctr	84	14,366,253	1,669	8,000	0.1%	-8,000	-8,000
Regional Ctr	21	8,306,614	-	-	0.0%	3,003	3,003
Strip Center	625	13,639,892	3,573	-	0.0%	-	4,044
Overall	**1,556**	**87,116,317**	**34,176**	**13,600**	**0.0%**	**-4,997**	**141,805**


Historical Vacancy Rate & Net Absorption
900,000
700,000
500,000
300,000
100,000
-100,000
7.0%
6.9%
6.8%
6.7%
6.6%
6.5%
6.4%
6.3%
6.2%
6.1%
6.0%
1Q 2016
2Q 2016
3Q 2016


Historical Vacancy Rates by Use
Mixed Use
Freestanding
Neighborhood Ctr
Community Ctr
Regional Ctr
Strip Center
15.0%
13.0%
11.0%
9.0%
7.0%
5.0%
3.0%
1.0%
1Q 2016
2Q 2016
3Q 2016


Historical Net Absorption by Use
Mixed Use
Freestanding
Neighborhood Ctr
Community Ctr
Regional Ctr
Strip Center
600,000
500,000
400,000
300,000
200,000
100,000
-
(100,000)
(200,000)
1Q 2016
2Q 2016
3Q 2016

	# of Bldgs	Inventory (sf)	Total Vacant (sf)	Direct Vacant (sf)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (sf)
Northeast	**466**	**27,750,658**	**2,013,540**	**2,013,540**	**7.3%**	**-70,978**	**66,719**
Mixed Use	10	317,724	66,187	66,187	20.8%	2,130	3,382
Freestanding	145	10,381,370	473,372	473,372	4.6%	-47,782	116,676
Neighborhood Ctr	95	5,958,366	602,289	602,289	10.1%	8,747	10,427
Community Ctr	30	5,271,206	580,577	580,577	11.0%	-30,313	-75,508
Regional Ctr	7	2,126,602	5,023	5,023	0.2%	-	-2,340
Strip Center	179	3,695,390	286,092	286,092	7.7%	-3,760	14,082
Northwest	**257**	**13,424,127**	**989,533**	**989,533**	**7.4%**	**89,874**	**305,126**
Mixed Use	5	199,665	9,747	9,747	4.9%	3,629	5,309
Freestanding	68	4,627,429	60,806	60,806	1.3%	94,236	235,733
Neighborhood Ctr	62	3,616,955	246,674	246,674	6.8%	-35,184	4,256
Community Ctr	14	2,151,903	296,480	296,480	13.8%	-1,746	3,078
Regional Ctr	1	804,000	222,936	222,936	27.7%	20,030	20,030
Strip Center	107	2,024,175	152,890	152,890	7.6%	8,909	36,720
Southeast	**418**	**24,045,054**	**1,273,462**	**1,271,962**	**5.3%**	**-48,993**	**326,773**
Mixed Use	9	235,981	7,867	7,867	3.3%	-	45,550
Freestanding	137	8,998,384	111,202	111,202	1.2%	-56,202	156,135
Neighborhood Ctr	73	4,686,435	377,326	375,826	8.1%	-15,293	56,086
Community Ctr	20	3,438,551	468,056	468,056	13.6%	-68,367	-57,914
Regional Ctr	7	2,621,757	31,296	31,296	1.2%	96,416	93,413
Strip Center	172	4,063,946	277,715	277,715	6.8%	-5,547	33,503
Southwest	**248**	**12,940,772**	**571,033**	**558,933**	**4.4%**	**-22,319**	**-3,379**
Mixed Use	13	447,198	61,501	61,501	13.8%	-17,869	-15,134
Freestanding	71	4,423,507	-	-	0.0%	-	26,404
Neighborhood Ctr	48	3,083,271	189,322	185,222	6.1%	-10,115	-14,736
Community Ctr	6	860,410	85,208	77,208	9.9%	-12,248	-15,382
Regional Ctr	3	1,710,102	88,876	88,876	5.2%	151	-19,405
Strip Center	107	2,416,284	146,126	146,126	6.0%	17,762	34,874
West	**115**	**5,880,042**	**312,222**	**312,222**	**5.3%**	**51,667**	**101,313**
Mixed Use	7	173,258	13,679	13,679	7.9%	-	-
Freestanding	21	1,014,218	-	-	0.0%	9,200	9,200
Neighborhood Ctr	25	1,393,717	79,572	79,572	5.7%	56,133	95,153
Community Ctr	8	1,421,005	153,236	153,236	10.8%	-15,087	-16,362
Regional Ctr	2	617,816	16,568	16,568	2.7%	1,867	8,367
Strip Center	52	1,260,028	49,167	49,167	3.9%	-446	4,955
Minneapolis CBD	**43**	**2,403,086**	**309,415**	**309,415**	**12.9%**	**-12,109**	**23,270**
Mixed Use	26	713,809	158,395	158,395	22.2%	10,490	12,720
Freestanding	1	16,666	-	-	-	-	-
Neighborhood Ctr	2	206,110	55,166	55,166	26.8%	-	-
Community Ctr	5	860,095	77,482	77,482	9.0%	-29,256	1,078
Regional Ctr	1	426,337	-	-	0.0%	-	-
Strip Center	8	180,069	18,372	18,372	10.2%	6,657	9,472
St. Paul CBD	**9**	**672,578**	**380,094**	**380,094**	**56.5%**	**-**	**-**
Mixed Use	8	309,495	17,011	17,011	5.5%	-	-
Community Ctr	1	363,083	363,083	363,083	100.0%	-	-
Overall	**1,556**	**87,116,317**	**5,849,299**	**5,835,699**	**6.7%**	**-12,858**	**819,822**

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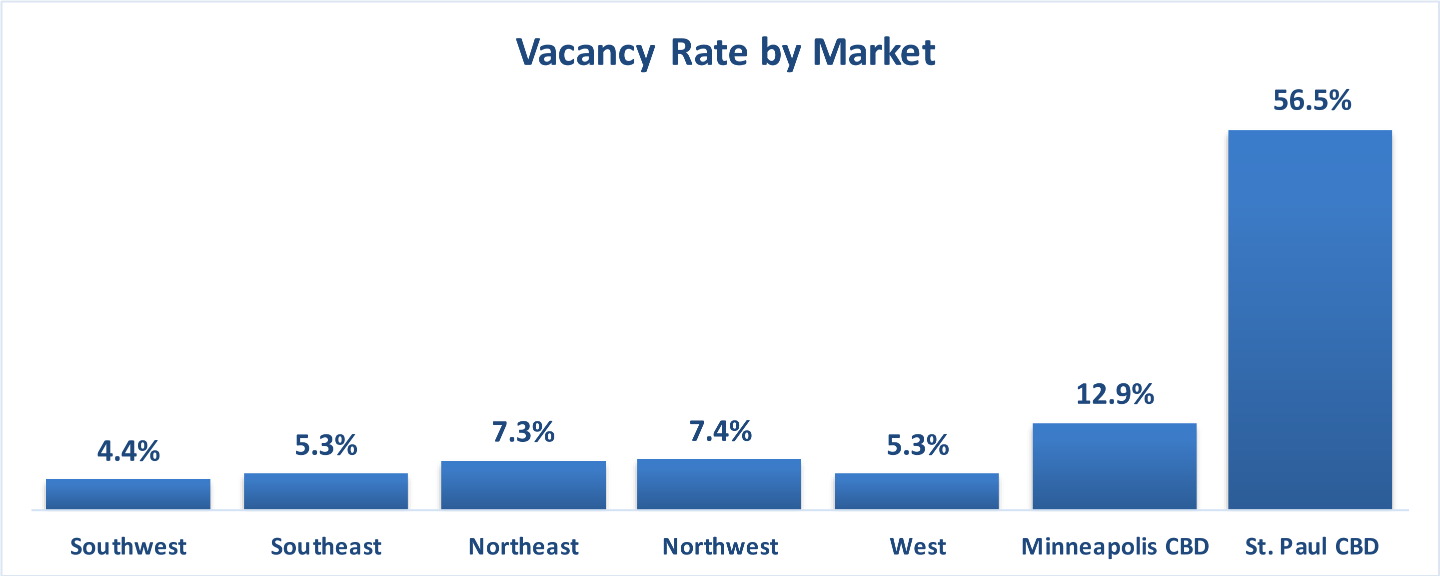
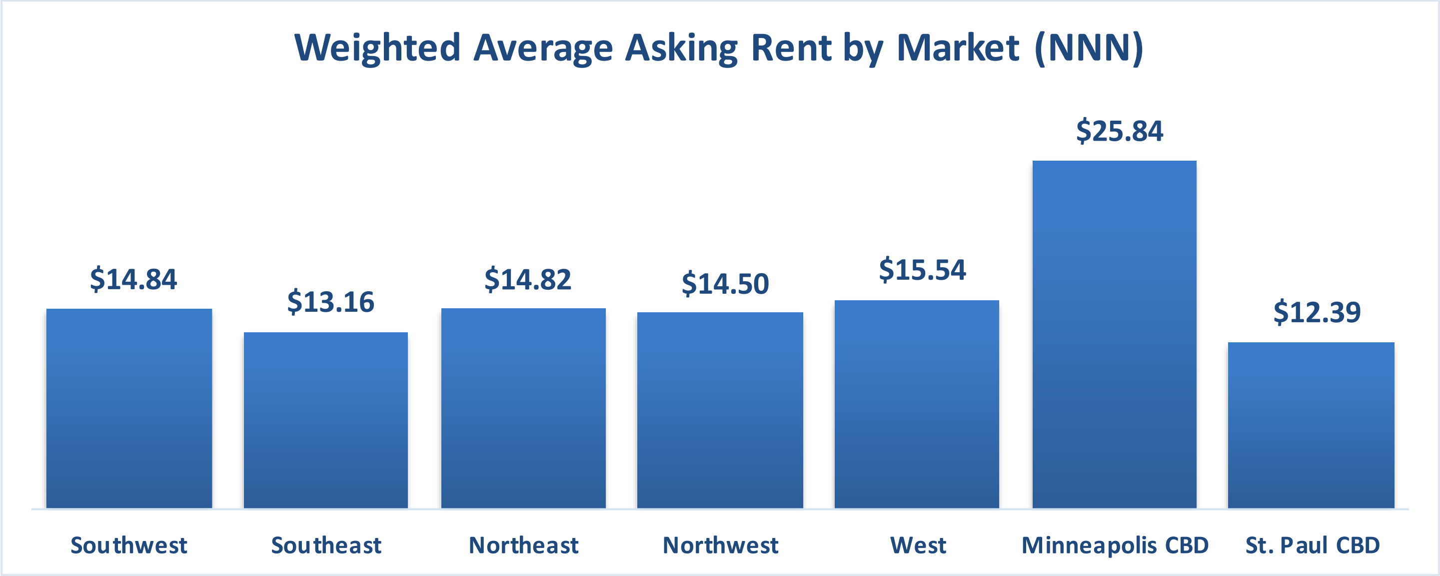
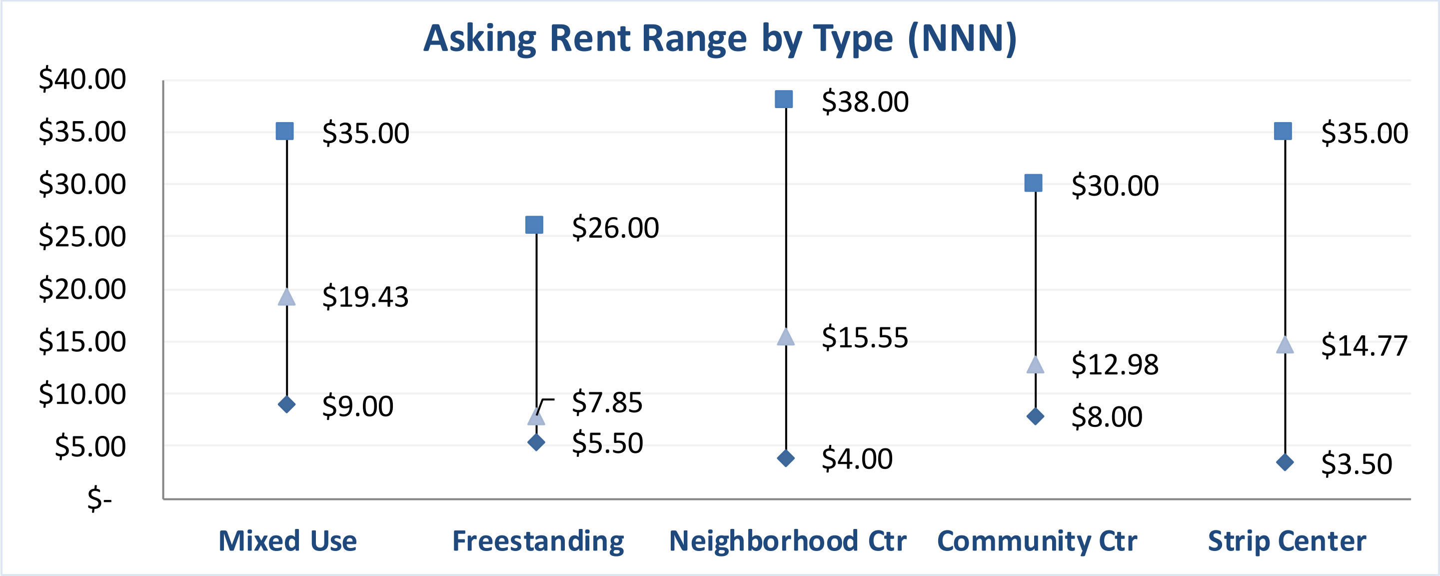
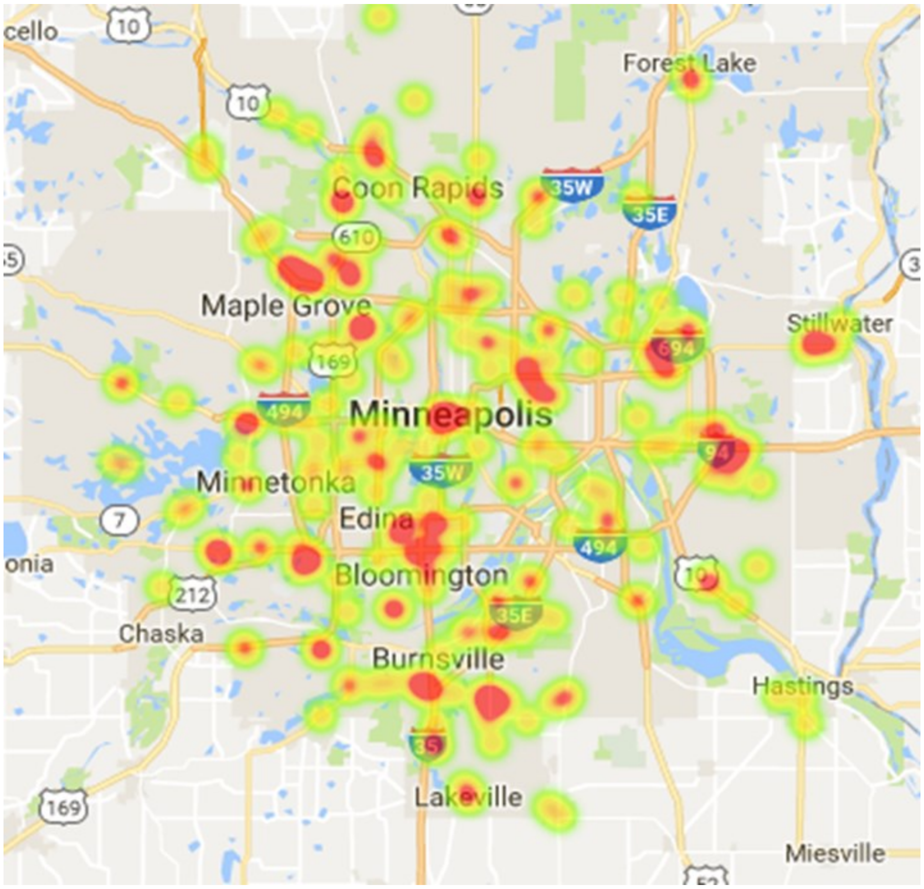
Vacancy Rates & Asking Rates

	Vacancy Rate %			Weighted Average Direct Asking Rent		
	1Q 2016	2Q 2016	3Q 2016	1Q 2016	2Q 2016	3Q 2016
Northeast	**7.6%**	**7.0%**	**7.3%**	**$13.65**	**$14.79**	**$14.82**
Mixed Use	10.1%	21.5%	20.8%	$9.00	$9.00	$9.00
Freestanding	5.9%	4.1%	4.6%	$10.59	$26.00	$26.00
Neighborhod Ctr	10.4%	10.3%	10.1%	$12.81	$13.75	$14.44
Community Ctr	10.4%	10.4%	11.0%	$14.43	$14.58	$14.58
Regional Ctr	0.2%	0.2%	0.2%	-	-	-
Strip Center	7.6%	7.6%	7.7%	$15.14	$15.26	$14.83
Northwest	**7.2%**	**7.4%**	**7.4%**	**$14.94**	**$15.20**	**$14.50**
Mixed Use	6.7%	6.7%	4.9%	$22.00	$20.24	$20.24
Freestanding	1.3%	1.3%	1.3%	$8.00	$8.00	$8.00
Neighborhood Ctr	5.7%	5.8%	6.8%	$14.82	$14.97	$14.48
Community Ctr	12.3%	13.7%	13.8%	$20.92	$21.56	$21.56
Regional Ctr	30.2%	30.2%	27.7%	-	-	-
Strip Center	8.3%	8.0%	7.6%	$15.34	$15.59	$14.53
Southeast	**5.3%**	**4.7%**	**5.3%**	**$15.17**	**$13.19**	**$13.16**
Mixed Use	5.2%	3.3%	3.3%	-	-	-
Freestanding	2.0%	0.6%	1.2%	-	$5.50	$5.50
Neighborhood Ctr	7.5%	7.7%	8.1%	$16.08	$15.20	$14.67
Community Ctr	11.8%	11.6%	13.6%	$15.64	$15.73	$15.73
Regional Ctr	1.2%	1.2%	1.2%	-	-	-
Strip Center	7.0%	6.7%	6.8%	$14.35	$15.01	$15.46
Southwest	**4.2%**	**4.2%**	**4.4%**	**$17.79**	**$18.31**	**$14.84**
Mixed Use	9.9%	9.8%	13.8%	$28.23	$28.35	$19.08
Freestanding	-	-	-	-	-	-
Neighborhood Ctr	6.0%	5.8%	6.1%	$19.19	$19.24	$20.86
Community Ctr	8.5%	8.5%	9.9%	-	-	$9.91
Regional Ctr	4.1%	5.2%	5.2%	-	-	-
Strip Center	7.2%	6.8%	6.0%	$13.23	$13.70	$13.37
West	**6.1%**	**5.4%**	**5.3%**	**$15.03**	**$15.87**	**$15.54**
Mixed Use	9.5%	9.5%	7.9%	$21.83	$21.83	$21.83
Freestanding	0.9%	0.9%	-	-	-	-
Neighborhood Ctr	9.1%	6.2%	5.7%	$17.93	$17.72	$18.15
Community Ctr	9.7%	9.7%	10.8%	$16.72	$16.84	$12.00
Regional Ctr	4.0%	3.0%	2.7%	-	-	-
Strip Center	4.0%	3.9%	3.9%	$12.72	$13.54	$13.66
Minneapolis CBD	**11.2%**	**11.7%**	**12.9%**	**$26.15**	**$26.23**	**$25.84**
Mixed Use	16.8%	21.5%	22.2%	$28.76	$28.76	$28.53
Regional Ctr	-	-	-	-	-	-
Strip Center	10.5%	13.9%	10.2%	$20.00	$20.00	$20.00
St. Paul CBD	**57.8%**	**57.8%**	**56.5%**	**$13.86**	**$13.86**	**$12.39**
Mixed Use	5.2%	5.2%	5.5%	$13.86	$13.86	$12.39
Freestanding	-	-	-	-	-	-
Neighborhood Ctr	-	-	-	-	-	-
Community Ctr	100.0%	100.0%	100.0%	-	-	-
Regional Ctr	-	-	-	-	-	-
Strip Center	-	-	-	-	-	-
Overall	**6.8%**	**6.4%**	**6.7%**	**$15.51**	**$15.32**	**$14.60**


Vacancy Rate by Market
4.4%
5.3%
7.3%
7.4%
5.3%
12.9%
56.5%
Southwest
Southeast
Northeast
Northwest
West
Minneapolis CBD
St. Paul CBD


Weighted Average Asking Rent by Market (NNN)
$14.84
$13.16
$14.82
$14.50
$15.54
$25.84
$12.39
Southwest
Southeast
Northeast
Northwest
West
Minneapolis CBD
St. Paul CBD


Asking Rent Range by Type (NNN)
$40.00
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-
$35.00
$19.43
$9.00
$26.00
$7.85
$5.50
$38.00
$15.55
$4.00
$30.00
$12.98
$8.00
$35.00
$14.77
$3.50
Mixed Use
Freestanding
Neighborhood Ctr
Community Ctr
Strip Center

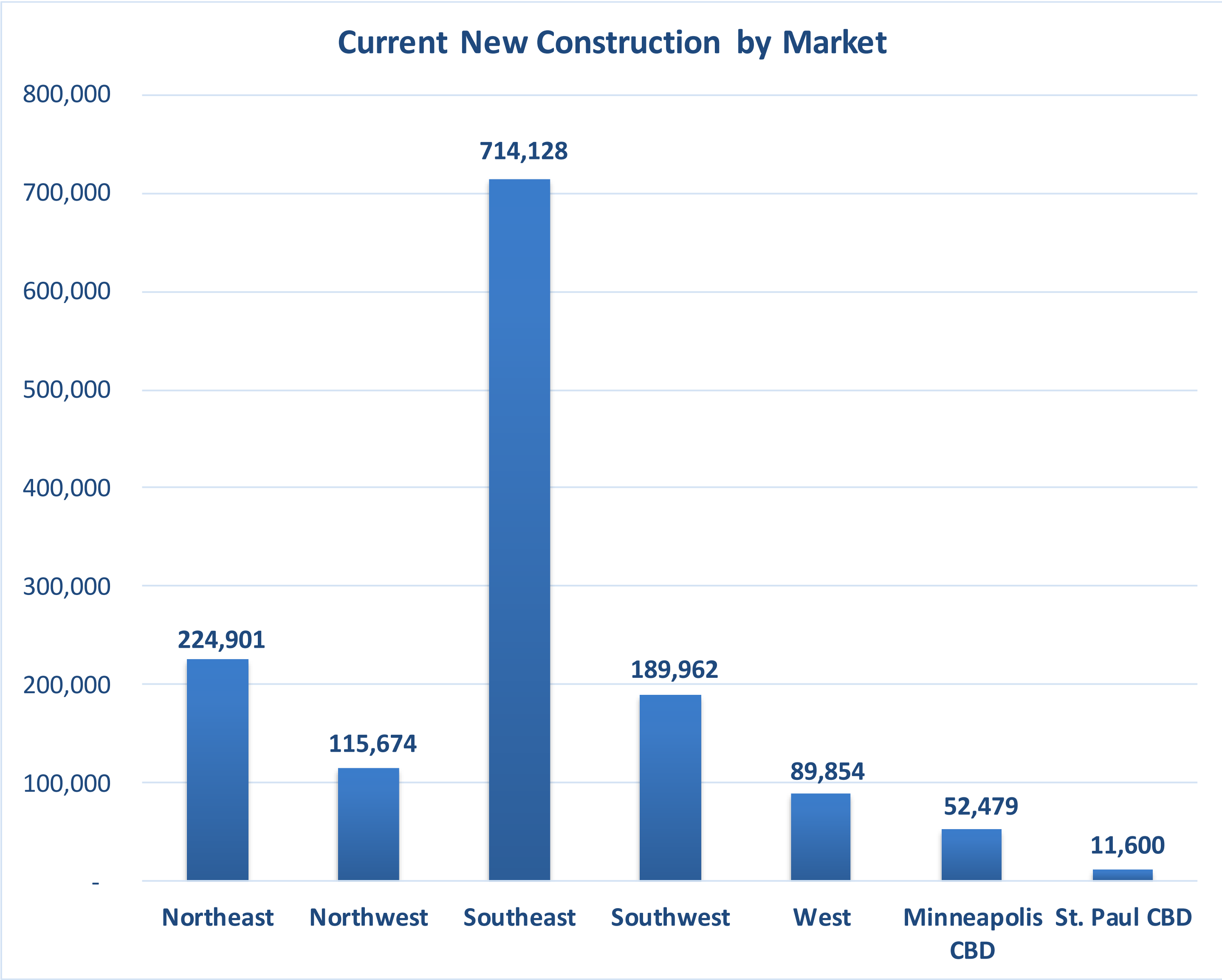


Largest Absorption Changes

Property Name	Occupied or Vacated (sf)	Tenant Name	Market	Specific Use
Central Park Commons - Hy-Vee	98,141	HyVee new construction was delivered	Southeast	Regional Center
HyVee	94,236	Hy Vee new construction was delivered	Northwest	Freestanding
Vicksburg Marketplace	51,680	Fresh Thyme lease; Goodwill lease; Starbucks lease.	West	Neighborhood Ctr
Vadnais Square Shopping Center	37,805	Fresh Thyme lease; Pet Supplies Plus lease.	Northeast	Community Ctr
Marketplace at 42	26,741	Fresh Thyme Farmers Market lease.	Southwest	Neighborhood Ctr
City Center	-32,486	Naf Naf Grill lease; Sport's Authority vacancy; Il Foro vacancy.	Minneapolis CBD	Community Ctr
Arbor Lakes Retail Center	-32,572	Sports Authority vacancy.	Northwest	Neighborhood Ctr
Fountain Place	-38,007	Sports Authority vacancy.	Southwest	Neighborhood Ctr
Oakdale Village Shopping Center	-38,194	Sports Authority vacancy.	Northeast	Community Ctr
Burnhill Plaza	-42,000	Sports Authority vacancy.	Southeast	Community Ctr
Riverdale Commons	-42,563	Sports Authority vacancy.	Northeast	Community Ctr
Shops at Lyndale Phase I	-43,834	Sports Authority vacancy.	Southeast	Community Ctr
Sports Authority / Planet Fitness	-47,782	Sports Authority vacancy.	Northeast	Freestanding
Arbor Pointe Commons	-56,202	Rainbow Foods vacancy.	Southeast	Freestanding

Top Transactions

Property Name	Sale Price	Sold (sf)	Buyer	Seller	Market	Specific Use
Calhoun Village 3200 Lake St W	$24,900,000	85,000	Doran Co	Pfaff Calhoun LLC	West	Neighborhood Center
Vadnais Square Shopping Center 905-955 County Rd E E	$20,600,000	123,872	Dakota UPREIT LP c/o Dakota REIT	Vadnais Square LLC c/o Platinum Properties	Northeast	Community Center
Eden Prairie Center - Sears 8301 Flying Cloud Dr	$16,000,000	204,566	CAPREF Eden Prairie South LLC c/o Cypress REIT LLC	Sears, Roebuck and Co	Southwest	Regional Center
Burlington Coat Factory 3700-3710 Hwy 100 S	$14,150,000	134,125	OLP St Louis Park LLC c/o One Liberty Properties	Peninsula Industrials	Southwest	Neighborhood Center
Lake Street Rainbow 2912 28th Ave	$5,350,000	72,563	Wellington Management	Minnehaha/Lake Partners c/o Watson Centers Inc	Northeast	Freestanding
Former Best Buy 3200 Southdale Cir	$4,500,000	19,974	KM2 Development LLC c/o Midwest Apartment Brokers	Richard Schulze	Southwest	Freestanding


Current New Construction by Market
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
224,901
115,674
714,128
189,962
89,854
52,479
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
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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