

Minneapolis/St. Paul, MN

1st Quarter 2015

INDUSTRIAL

Market Trends

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COMMERCIAL REAL ESTATE INFORMATION

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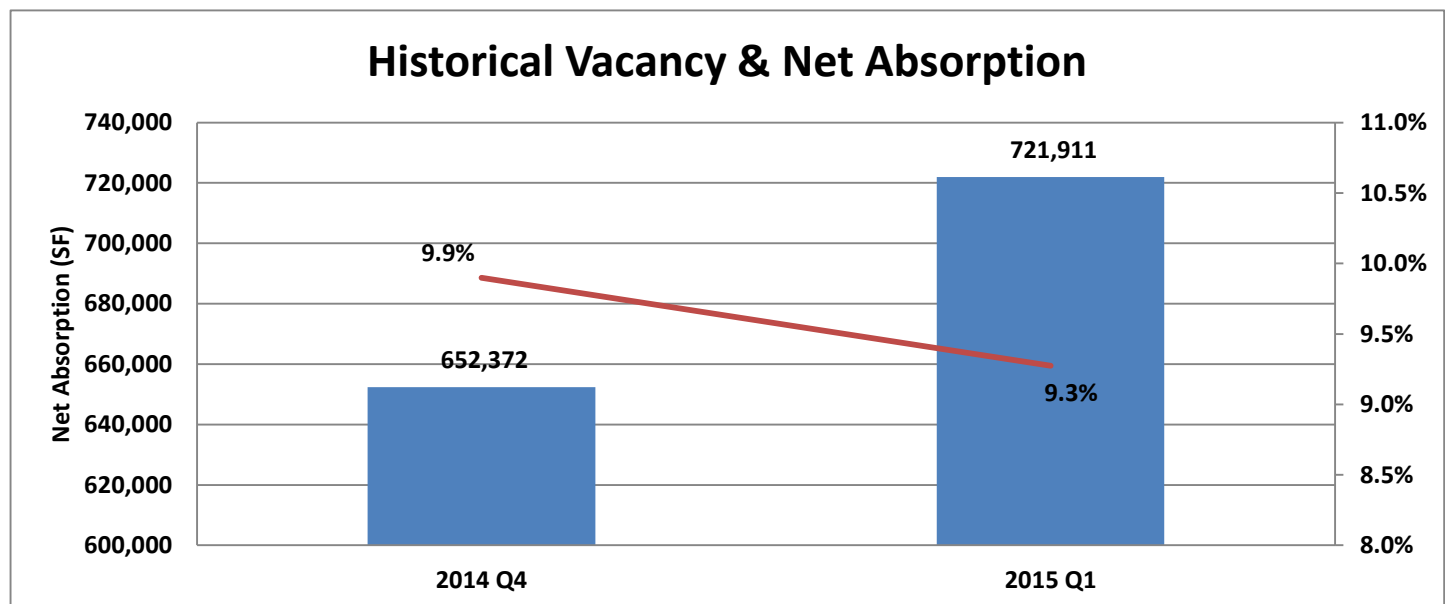
The Minneapolis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Inventory	The total square feet of all existing multi-tenant buildings greater than 20,000 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 based on fiscal vacancy.
Sublease SF	Space that is offered for lease by a current tenant, or his agent, within a property.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.



- The Twin Cities Industrial market experienced 721,911 SF of positive absorption for the quarter.
- As a result of the continued positive absorption the vacancy rate has dropped from 9.9% to 9.3%.
- The largest positive absorption for the quarter was Federal Package occupying 96,000 SF.
- Cardiovascular Systems created the largest negative absorption of 47,033 SF when they moved to their own building.
- The Southwest market carried the load experiencing 384,363 SF of positive absorption.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
Light Industrial	675	48,896,371	6,090,290	4,389,539	9.0%	4,269,944	8.7%	416,857	128,894	128,894
Manufacturing	4	868,624	69,800	90,800	10.5%	90,800	10.5%	0	128,216	128,216
Flex/R&D	393	26,465,919	4,928,468	3,258,124	12.3%	3,201,695	12.1%	184,210	159,235	159,235
Warehouse - Distribution	44	6,300,941	1,165,992	819,834	13.0%	734,219	11.7%	85,615	16,764	16,764
Bulk Warehouse	176	30,942,507	2,610,962	1,966,886	6.4%	1,946,214	6.3%	50,583	288,802	288,802
Grand Total	1,292	113,474,362	14,865,512	10,525,183	9.3%	10,242,872	9.0%	737,265	721,911	721,911



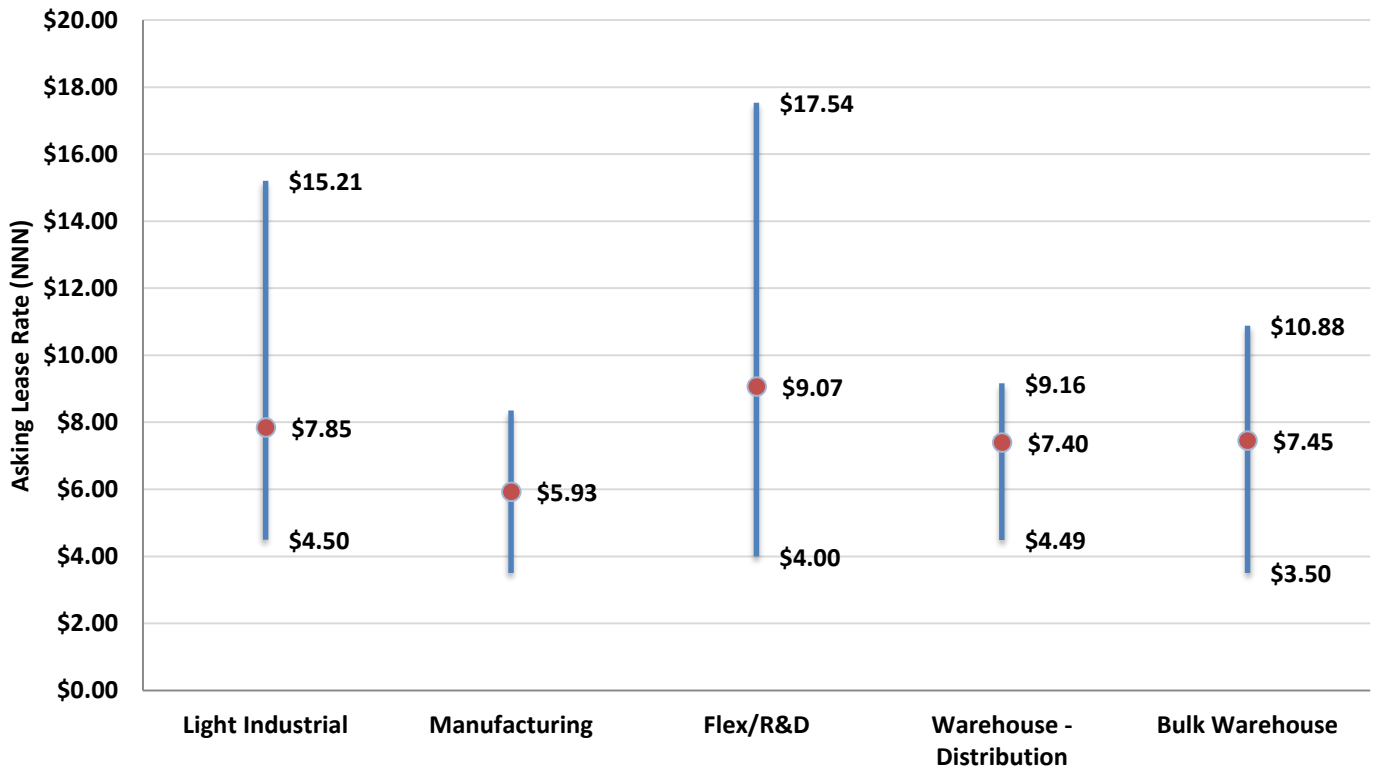
Overview by Market / Specific Use



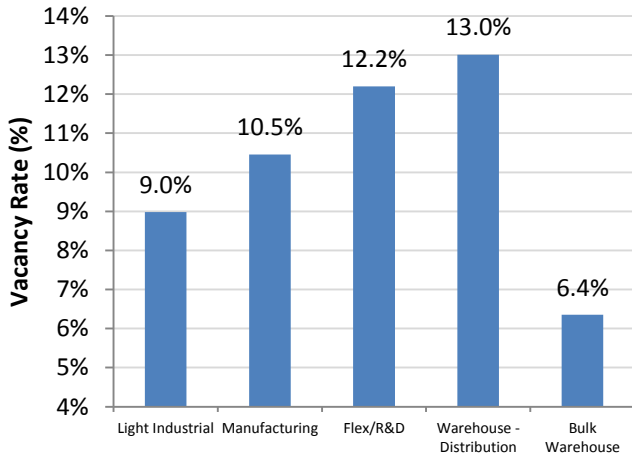
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
Northeast	399	38,870,168	4,604,857	3,474,128	8.9%	3,286,028	8.5%	209,918	95,170	95,170
Light Industrial	249	21,901,275	2,803,912	2,144,608	9.8%	2,044,733	9.3%	110,446	10,922	10,922
Manufacturing	2	209,502	0	21,000	10.0%	21,000	10.0%	0	0	0
Flex/R&D	87	6,591,635	1,101,398	753,655	11.4%	725,944	11.0%	38,958	48,820	48,820
Warehouse - Distribution	8	881,691	153,034	64,514	7.3%	4,000	0.5%	60,514	7,172	7,172
Bulk Warehouse	53	9,286,065	546,513	490,351	5.3%	490,351	5.3%	0	28,256	28,256
Northwest	352	31,978,878	3,973,242	2,686,970	8.4%	2,639,612	8.3%	116,279	219,371	219,371
Light Industrial	164	10,632,678	854,698	610,588	5.7%	590,868	5.6%	58,730	64,012	64,012
Flex/R&D	96	6,222,194	941,253	687,680	11.1%	680,714	10.9%	6,966	2,321	2,321
Warehouse - Distribution	11	1,180,675	644,339	424,472	36.0%	424,472	36.0%	0	9,592	9,592
Bulk Warehouse	81	13,943,331	1,532,952	964,230	6.9%	943,558	6.8%	50,583	143,446	143,446
Southeast	217	17,665,556	2,312,213	1,818,278	10.3%	1,818,278	10.3%	67,843	23,007	23,007
Light Industrial	100	5,971,793	930,464	666,261	11.2%	666,261	11.2%	63,843	(5,956)	(5,956)
Manufacturing	1	403,122	0	0	0.0%	0	0.0%	0	0	0
Flex/R&D	78	4,660,100	934,292	776,500	16.7%	776,500	16.7%	4,000	23,913	23,913
Warehouse - Distribution	16	2,621,856	229,573	197,802	7.5%	197,802	7.5%	0	0	0
Bulk Warehouse	22	4,008,685	217,884	177,715	4.4%	177,715	4.4%	0	5,050	5,050
Southwest	324	24,959,760	3,975,200	2,545,807	10.2%	2,498,954	10.0%	343,225	384,363	384,363
Light Industrial	162	10,390,625	1,501,216	968,082	9.3%	968,082	9.3%	183,838	59,916	59,916
Manufacturing	1	256,000	69,800	69,800	27.3%	69,800	27.3%	0	128,216	128,216
Flex/R&D	132	8,991,990	1,951,525	1,040,289	11.6%	1,018,537	11.3%	134,286	84,181	84,181
Warehouse - Distribution	9	1,616,719	139,046	133,046	8.2%	107,945	6.7%	25,101	0	0
Bulk Warehouse	20	3,704,426	313,613	334,590	9.0%	334,590	9.0%	0	112,050	112,050
Grand Total	1,292	113,474,362	14,865,512	10,525,183	9.3%	10,242,872	9.0%	737,265	721,911	721,911

	Direct Vacancy Rate %		Asking Direct Lease Rate (NNN)	
	2014 Q4	2015 Q1	2014 Q4	2015 Q1
Northeast	8.8%	8.5%	\$8.00	\$8.26
Light Industrial	9.5%	9.3%	\$7.70	\$7.88
Manufacturing	10.0%	10.0%	\$3.50	\$3.50
Flex/R&D	12.1%	11.0%	\$8.74	\$9.16
Warehouse - Distribution	1.3%	0.5%	\$7.16	\$7.16
Bulk Warehouse	5.5%	5.3%	\$7.79	\$7.81
Northwest	8.9%	8.3%	\$8.03	\$8.20
Light Industrial	6.2%	5.6%	\$7.58	\$7.77
Manufacturing	-	-	-	-
Flex/R&D	11.0%	10.9%	\$8.91	\$8.97
Warehouse - Distribution	36.8%	36.0%	\$7.67	\$7.46
Bulk Warehouse	7.8%	6.8%	\$7.50	\$7.81
Southeast	10.4%	10.3%	\$8.44	\$8.61
Light Industrial	11.0%	11.2%	\$7.67	\$7.98
Manufacturing	-	-	-	-
Flex/R&D	17.5%	16.7%	\$9.14	\$9.30
Warehouse - Distribution	7.5%	7.5%	\$8.11	\$7.94
Bulk Warehouse	4.6%	4.4%	\$6.94	\$6.01
Southwest	11.5%	10.0%	\$8.27	\$8.25
Light Industrial	9.6%	9.3%	\$7.81	\$7.77
Manufacturing	77.4%	27.3%	\$8.36	\$8.36
Flex/R&D	12.5%	11.3%	\$8.80	\$8.87
Warehouse - Distribution	6.7%	6.7%	\$7.09	\$6.64
Bulk Warehouse	12.1%	9.0%	\$6.53	\$6.52
Grand Total	9.7%	9.0%	\$8.16	\$8.31

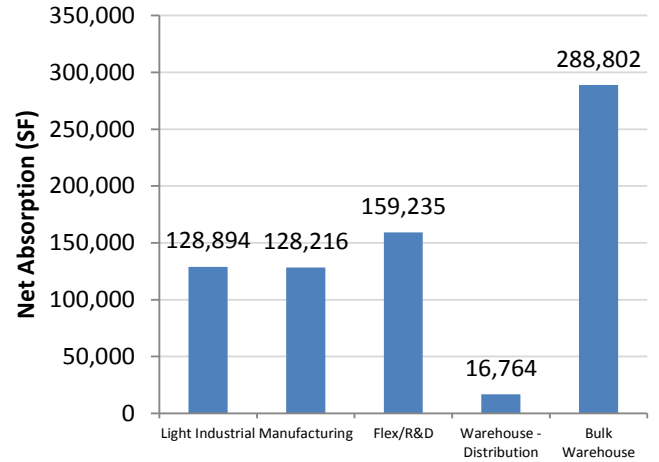
Asking Lease Rate Range by Class (NNN)



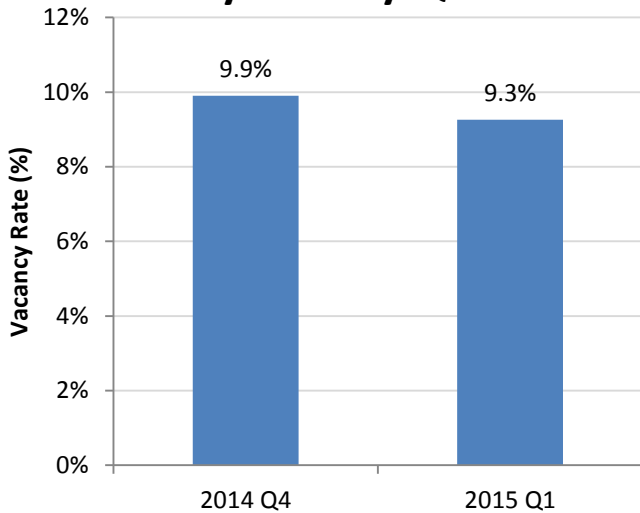
Vacancy Rate by Type



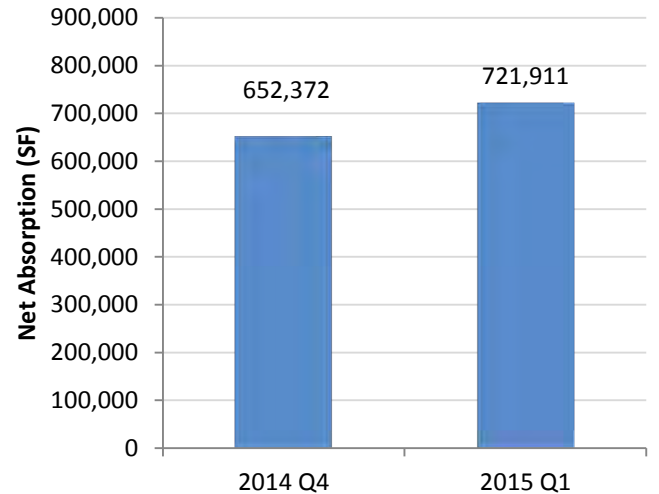
Net Absorption by Type

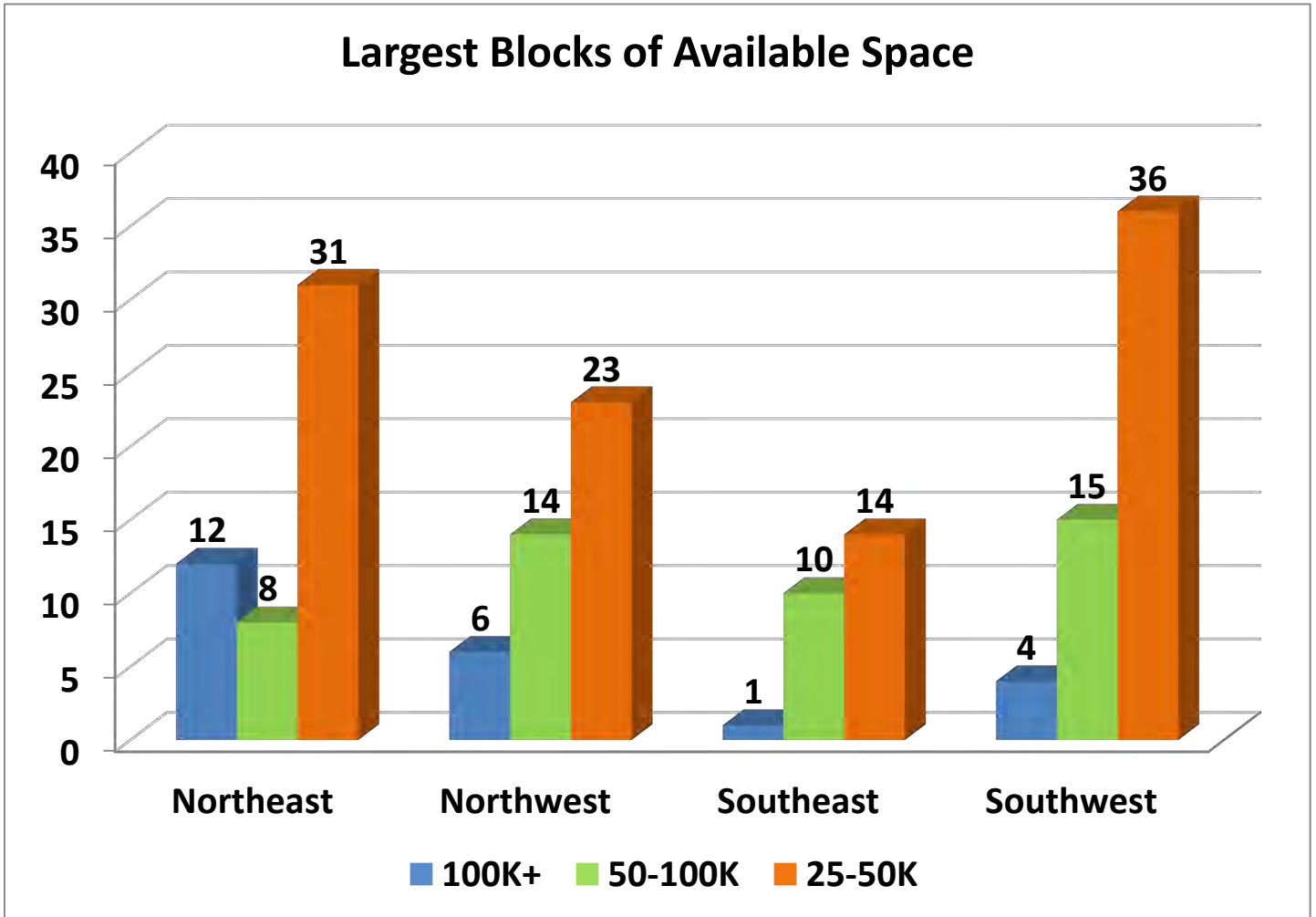


Vacancy Rate by Quarter



Net Absorption by Quarter





Biggest Absorption Changes				
Property Name	SF Occupied or Vacated	Company Name	Market	Type
Powers Pointe	140,800	Federal Package and Federal Plastics	Southwest	Bulk Warehouse
5320 23rd St W	128,216	Zrez and LCS	Southwest	Manufacturing
Medicine Lake Industrial Center	60,256	MVP Logistics & Services	Northwest	Bulk Warehouse
I-94 Distribution Center	49,729	Team Industries	Northwest	Bulk Warehouse
Penn Corporate Building	41,234	Property sold to owner user	Southwest	Light Industrial
Saint Paul Industrial Properties #34	36,000	RTI International Metals	Northeast	Light Industrial
New Hope Distribution Center	32,600	Berkshire Transportation	Northwest	Bulk Warehouse
Bush Lake Road Industrial Center	32,208	Twin City Produce	Southwest	Light Industrial
Energy Park Corporate Center	31,720	Indecomm Global Services	Northeast	Flex/R&D
Crosstown North Business Center X	30,740	Local Motion	Northwest	Light Industrial
Oakdale Interstate Center	28,256	Plumbing Industry	Northeast	Bulk Warehouse
Plymouth Building	-28,506	Undisclosed	Northwest	Light Industrial
Prairieview II	-28,750	Minnesota Gold Academy	Southwest	Bulk Warehouse
Maplewood Business Center I	-29,705	Water Gremlin	Northeast	Light Industrial
Chanhassen East Business Center I Bldg A	-32,541	Undisclosed	Southwest	Light Industrial
Lakeview Business Campus III	-47,033	Cardiovascular Systems	Northeast	Light Industrial

Notable Transactions



Notable Lease Transactions					
Property Name	Square Feet	Company Name	Market	Type	Notes
Northern Stacks 4800 E River Rd	561,000	BAE	Northeast	Light Industrial	Renewal
North Cross Business Park Bldg 2 SE of Hwy 610 and Hwy 169	182,000	Nilfisk	Northwest	Warehouse - Distribution	New
Red Rock Business Park 10100 89th Ave	155,313	Bunzl	Northwest	Manufacturing	New
Bohn Distribution Center 6653 Hwy 13 W	101,858	Davisco Foods	Southwest	Bulk Warehouse	Renewal
Business Parkway Building 15100 Business Pkwy	100,000	Sweet Harvest Foods	Southeast	Flex/R&D	New
Powers Pointe 8100 Powers Blvd	96,000	Federal Package	Southwest	Bulk Warehouse	New
7400 49th Ave N	86,000	Creative Apparel Concepts	Northwest	Warehouse - Distribution	Sublease
Shakopee Industrial Center 4301 12th Ave E	71,424	Be Pressure Supply	Southwest	Bulk Warehouse	New
Gateway North Business Center Bldg I 6035 NE Queens Ave	67,181	New Plastic Plus	Northwest	Warehouse - Distribution	Sublease
Medicine Lake Industrial Center 975 Nathan Ln	60,256	MVP Logistics	Northwest	Bulk Warehouse	New
University Industrial Park III 2000 Elm St SE	57,873	Anagram	Northeast	Bulk Warehouse	New
University Industrial Park III 2000 Elm St SE	54,587	E-Tech	Northeast	Bulk Warehouse	New
Prairie View II 9901 W 74th St	50,132	Plant Scapes	Southwest	Bulk Warehouse	New
Northern Stacks Bldg 1 4607 E River Rd	50,000	Kaufman Container	Northeast	Bulk Warehouse	New

Notable Sale Transactions					
Property Name	Square Feet	Company Name	Market	Type	Price
Egandale Business Campus I-IV 1230 Eagan Industrial Rd 1270 Eagan Industrial Rd 1285 Corporate Center Dr 1301 Corporate Center Dr	241,501	ICON DP MD Owner Pool 2 West/ Northeast/Midwest LLC c/o Global Logistics Properties	Southeast	Flex/R&D	\$21,106,679
Mounds View Business Park Bldg I 2270-2280 Woodale Dr	144,783	Icon Owner Pool 3 Midwest/Southeast LLC	Northeast	Flex/R&D	\$20,728,662
Hampshire Distribution Center 10901 Hampshire Ave 10801 Hampshire Ave	316,200	Colfin 2015-1 Industrial Owner LLC c/o Cobalt Capital Partners	Southwest	Bulk Warehouse	\$18,750,000
Plymouth Technology Park I-IV 5005 Cheshire Ln N 5015-5025 Cheshire Ln N 5000 Cheshire Ln N	205,494	Alidade Capital	Northwest	Flex/R&D	\$18,143,000
Medicine Lake Industrial Center 975 Nathan Ln	221,579	Colfin 2015-1 Industrial Owner LLC c/o Cobalt Capital Partners	Northwest	Bulk Warehouse	\$13,000,000
1451 Dean Lakes Trl	136,588	Ryan XI LLC	Southwest	Warehouse - Distribution	\$12,965,304
5100 Building 5100 W 35th St	121,547	Lightnigh PropCo V LLC c/o Greenlaw Partners	Southwest	Warehouse - Distribution	\$10,300,000

New Developments



Property Name	Address	City	Market	Bldg Size	Specific Use	Tenancy	Notes
Gateway North Business Center Bldg V	6601 NE Queens Ave	Otsego	Northwest	485,804	Warehouse Distribution	Single-Tenant	Room & Board
Red Rock Business Park	10100 89th Ave	Maple Grove	Northwest	319,062	Manufacturing	Multi-Tenant	Bunzl
Kinghorn Logistics Hub		Rogers	Northwest	221,000	Warehouse Distribution	Multi-Tenant	Spec
610 Commerce Center	9301 N Louisiana Ave	Brooklyn Park	Northwest	202,000	Light Industrial	Multi-Tenant	Spec
North Cross Business Park Bldg 2	48 Address Unassigned	Brooklyn Park	Northwest	182,000	Warehouse Distribution	Multi-Tenant	Spec
Launch Park Distribution Center II	14525 Northdale Blvd	Rogers	Northwest	168,000	Bulk Warehouse	Multi-Tenant	Spec
6065 Queens Avenue NE Bldg III	6065 NE Queens Ave	Otsego	Northwest	150,064	Warehouse Distribution	Single-Tenant	Blu Dot
North Cross Business Park Bldg 1	9485 N Winnetka Ave	Brooklyn Park	Northwest	143,440	Warehouse Distribution	Single-Tenant	Wirth
Highcrest Distribution Center	2280 Walnut St	Roseville	Northeast	129,655	Bulk Warehouse	Multi-Tenant	Spec
4551 N 12th Ave	4551 N 12th Ave	Shakopee	Southwest	120,000	Light Industrial	Single-Tenant	Spec
River Bend Business Park - IV	315 Randolph Ave	Saint Paul	Southeast	46,933	Flex/R&D	Multi-Tenant	

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

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