

Minneapolis/St. Paul, MN

2nd Quarter 2015

INDUSTRIAL

Market Trends

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COMMERCIAL REAL ESTATE INFORMATION

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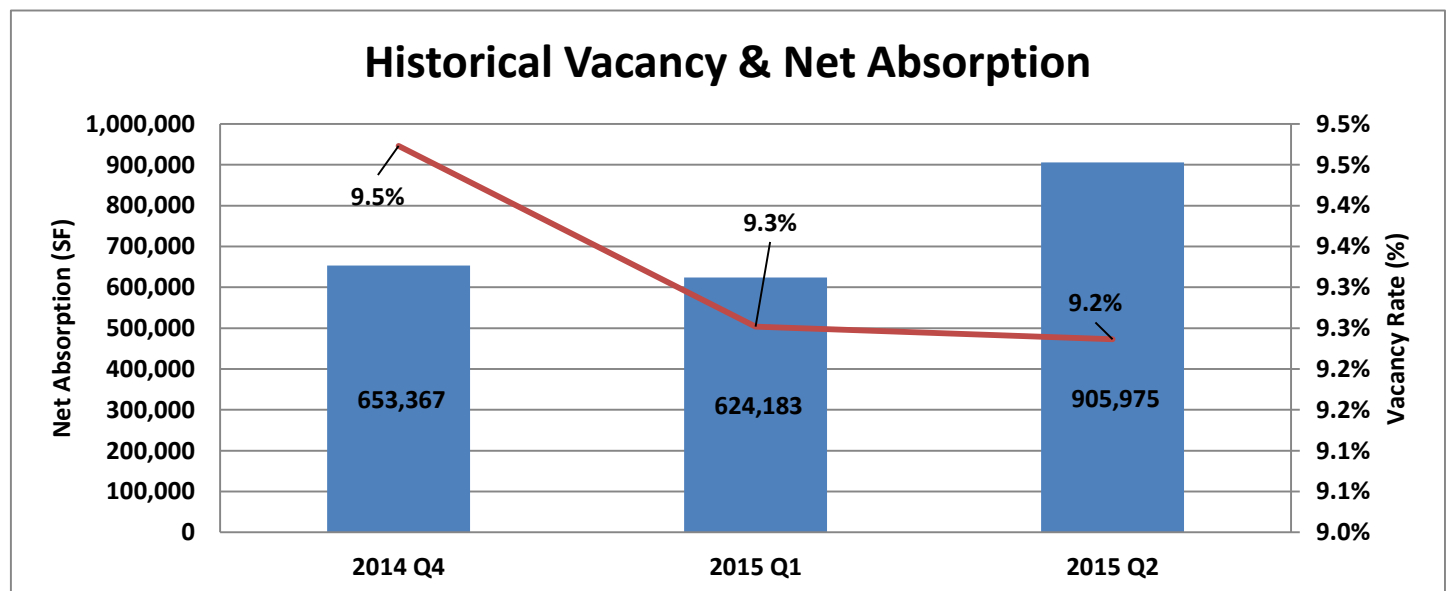
The Minneapolis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Inventory	The total square feet of all existing multi-tenant buildings greater than 20,000 SF or are part of a complex 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 905,975 square feet of positive absorption for the quarter.
- As a result of the continued positive absorption the vacancy rate has dropped from 9.5% to 9.2% over the last three quarters.
- The largest positive absorption for the quarter was Bunzl occupying 155,313 square feet in the Northwest market.
- Two companies had the largest vacancies with Arrow Electronics vacating 128,967 square feet in the Northeast market and Alive Companies vacating 125,500 square feet in the Northwest market.
- Inventory of tracked properties increased by 14 properties and increasing the inventory by 1,259,861 square feet due to new construction being delivered or properties that are part of a complex.

	# 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	669	48,271,526	5,737,943	4,167,345	8.6%	4,050,150	8.4%	383,793	315,875	416,767
Manufacturing	5	1,187,686	217,575	263,613	22.2%	263,613	22.2%	0	199,813	328,029
Flex/R&D	411	27,545,830	4,893,992	3,169,544	11.5%	3,111,855	11.3%	213,234	201,784	327,708
Warehouse - Distribution	45	6,649,176	1,392,000	1,131,443	17.0%	1,045,828	15.7%	85,615	(142,759)	(125,995)
Bulk Warehouse	176	31,080,005	2,619,838	1,865,520	6.0%	1,844,848	5.9%	58,726	331,262	588,749
Grand Total	1,306	114,734,223	14,861,348	10,597,465	9.2%	10,316,294	9.0%	741,368	905,975	1,535,258



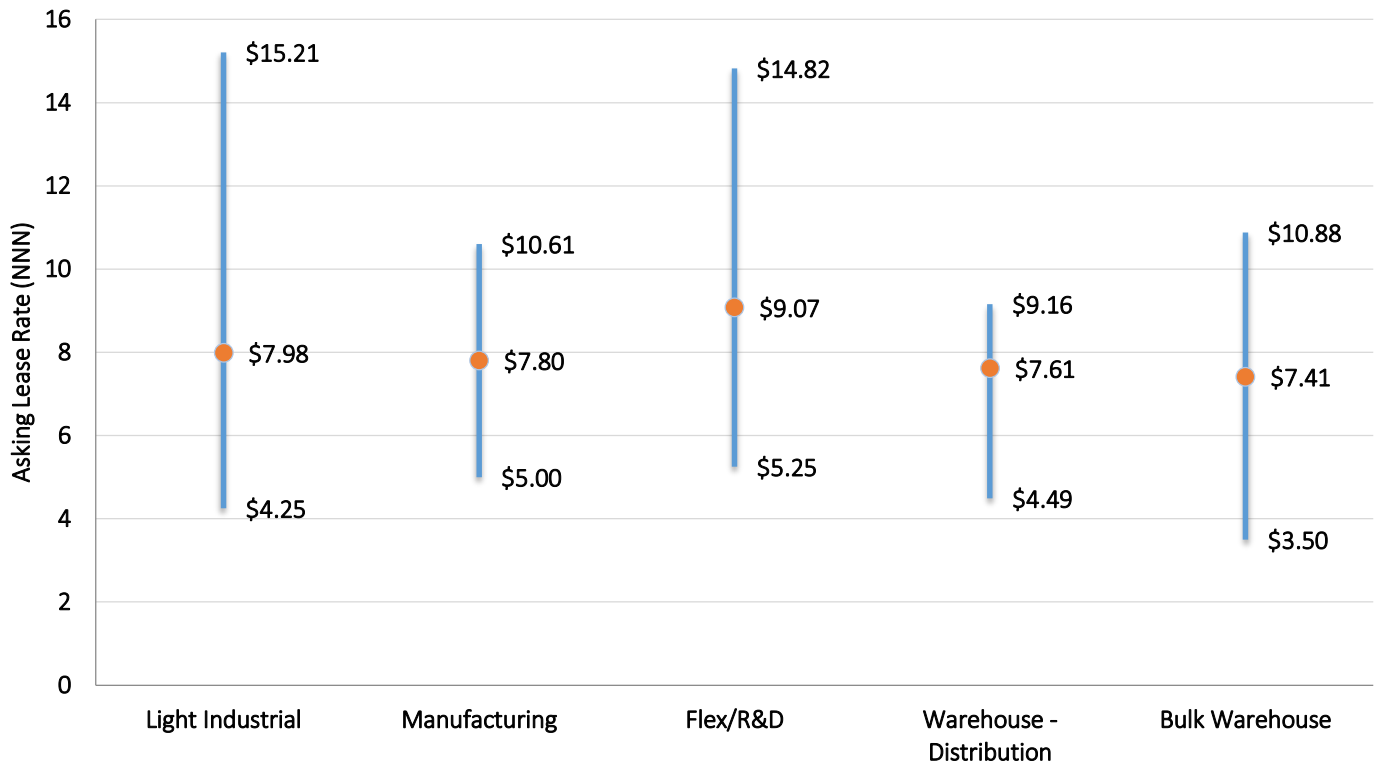
Overview by Market / Specific Use



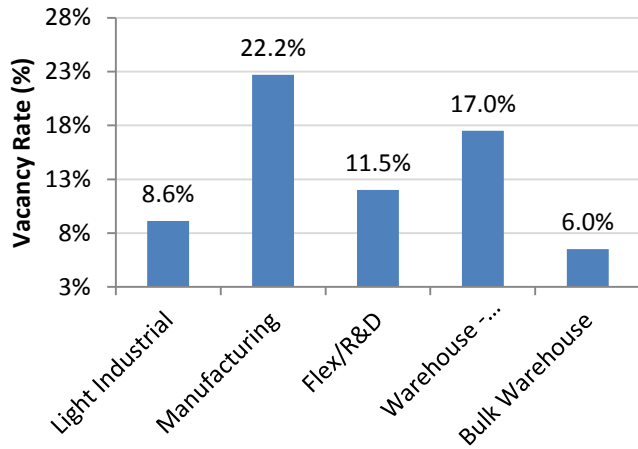
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
Northeast	406	39,536,795	4,687,025	3,527,494	8.9%	3,343,458	8.5%	211,712	327,844	409,275
Light Industrial	247	21,524,807	2,490,737	1,971,873	9.2%	1,874,398	8.7%	109,299	74,255	84,749
Manufacturing	2	209,502	0	0	0.0%	0	0.0%	0	21,000	21,000
Flex/R&D	94	7,176,174	1,252,081	792,545	11.0%	766,498	10.7%	41,899	38,619	74,128
Warehouse - Distribution	9	1,092,247	345,113	252,593	23.1%	192,079	17.6%	60,514	0	7,172
Bulk Warehouse	54	9,534,065	599,094	510,483	5.4%	510,483	5.4%	0	193,970	222,226
Northwest	354	32,330,042	4,210,116	2,930,087	9.1%	2,882,729	8.9%	132,422	270,831	440,042
Light Industrial	160	10,339,590	1,014,465	681,432	6.6%	661,712	6.4%	74,873	122,177	186,688
Manufacturing	1	319,062	163,749	163,749	51.3%	163,749	51.3%	0	155,313	155,313
Flex/R&D	101	6,463,881	946,450	679,598	10.5%	672,632	10.4%	6,966	61,062	14,039
Warehouse - Distribution	12	1,374,680	683,914	549,972	40.0%	549,972	40.0%	0	(125,500)	(115,908)
Bulk Warehouse	80	13,832,829	1,401,538	855,336	6.2%	834,664	6.0%	50,583	57,779	199,910
Southeast	220	17,792,011	2,104,229	1,690,583	9.5%	1,690,583	9.5%	57,478	98,991	127,551
Light Industrial	100	5,990,073	794,164	596,360	10.0%	596,360	10.0%	15,783	39,950	41,447
Manufacturing	1	403,122	0	0	0.0%	0	0.0%	0	0	0
Flex/R&D	82	4,827,219	857,759	720,676	14.9%	720,676	14.9%	33,552	76,300	98,313
Warehouse - Distribution	15	2,562,912	223,927	195,832	7.6%	195,832	7.6%	0	(17,259)	(17,259)
Bulk Warehouse	22	4,008,685	228,379	177,715	4.4%	177,715	4.4%	8,143	0	5,050
Southwest	326	25,075,375	3,859,978	2,449,301	9.8%	2,399,524	9.6%	339,756	208,309	558,390
Light Industrial	162	10,417,056	1,438,577	917,680	8.8%	917,680	8.8%	183,838	79,493	103,883
Manufacturing	1	256,000	53,826	99,864	39.0%	99,864	39.0%	0	23,500	151,716
Flex/R&D	134	9,078,556	1,837,702	976,725	10.8%	952,049	10.5%	130,817	25,803	141,228
Warehouse - Distribution	9	1,619,337	139,046	133,046	8.2%	107,945	6.7%	25,101	0	0
Bulk Warehouse	20	3,704,426	390,827	321,986	8.7%	321,986	8.7%	0	79,513	161,563
Grand Total	1,306	114,734,223	14,861,348	10,597,465	9.2%	10,316,294	9.0%	741,368	905,975	1,535,258

Direct Vacancy Rate %				Asking Direct Lease Rate (NNN)		
	2014 Q4	2015 Q1	2015 Q2	2014 Q4	2015 Q1	2015 Q2
Northeast	8.6%	8.3%	8.5%	\$ 8.02	\$ 8.29	\$ 8.27
Light Industrial	9.3%	9.2%	8.7%	\$ 7.67	\$ 7.90	\$ 7.85
Manufacturing	0.0%	10.0%	0.0%	\$ -	\$ 3.50	\$ -
Flex/R&D	12.1%	11.0%	10.7%	\$ 8.79	\$ 9.26	\$ 9.06
Warehouse - Distribution	0.0%	0.0%	17.6%	\$ -	\$ 7.16	\$ 7.69
Bulk Warehouse	5.5%	5.3%	5.4%	\$ 7.79	\$ 7.81	\$ 7.46
Northwest	8.5%	8.3%	8.9%	\$ 8.13	\$ 8.90	\$ 8.27
Light Industrial	6.3%	5.6%	6.4%	\$ 7.68	\$ 7.82	\$ 7.91
Manufacturing	0.0%	0.0%	51.3%	\$ -	\$ -	\$ 5.00
Flex/R&D	11.3%	11.8%	10.4%	\$ 8.92	\$ 8.97	\$ 9.08
Warehouse - Distribution	41.2%	36.0%	40.0%	\$ 8.41	\$ 15.90	\$ 7.72
Bulk Warehouse	7.0%	6.5%	6.0%	\$ 7.58	\$ 7.81	\$ 7.86
Southeast	10.3%	10.0%	9.5%	\$ 8.46	\$ 8.62	\$ 8.67
Light Industrial	10.3%	10.3%	10.0%	\$ 7.73	\$ 8.07	\$ 8.34
Manufacturing	0.0%	0.0%	0.0%	\$ -	\$ -	\$ -
Flex/R&D	17.5%	16.5%	14.9%	\$ 9.10	\$ 9.28	\$ 9.21
Warehouse - Distribution	7.9%	7.5%	7.6%	\$ 7.59	\$ 7.94	\$ 8.06
Bulk Warehouse	2.6%	4.4%	4.4%	\$ 7.63	\$ 6.01	\$ 6.27
Southwest	10.6%	10.2%	9.6%	\$ 8.22	\$ 8.23	\$ 8.39
Light Industrial	9.6%	9.6%	8.8%	\$ 7.80	\$ 7.77	\$ 8.02
Manufacturing	0.0%	48.2%	39.0%	\$ -	\$ 8.36	\$ 10.61
Flex/R&D	12.6%	10.6%	10.5%	\$ 8.72	\$ 8.83	\$ 8.97
Warehouse - Distribution	9.9%	6.7%	6.7%	\$ 7.68	\$ 6.64	\$ 6.64
Bulk Warehouse	9.4%	9.8%	8.7%	\$ 6.15	\$ 6.52	\$ 6.17
Grand Total	9.3%	9.0%	9.0%	\$ 8.19	\$ 8.50	\$ 8.38

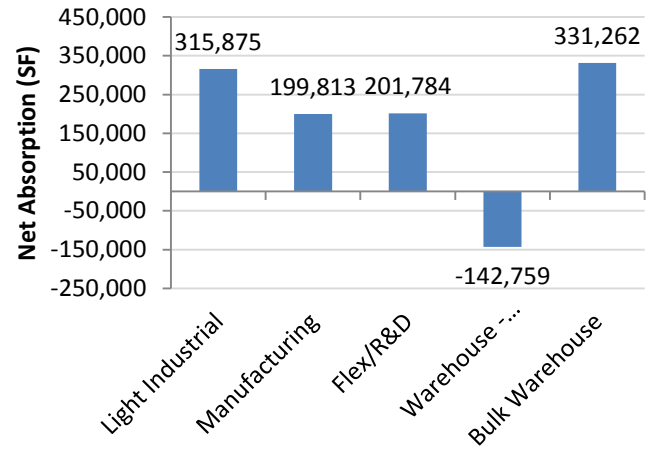
Asking Lease Rate Range by Class (NNN)



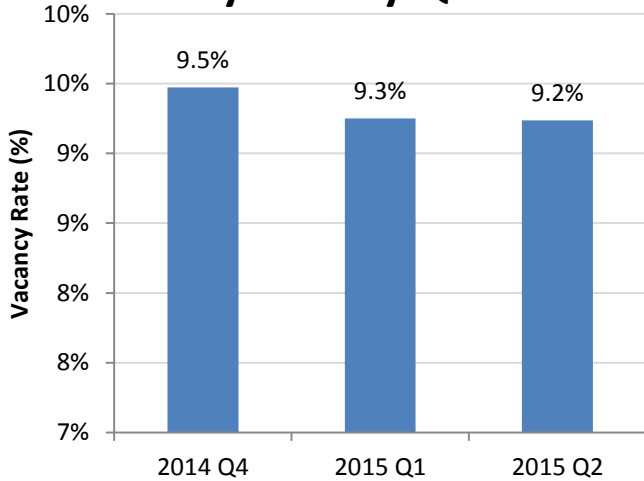
Vacancy Rate by Type



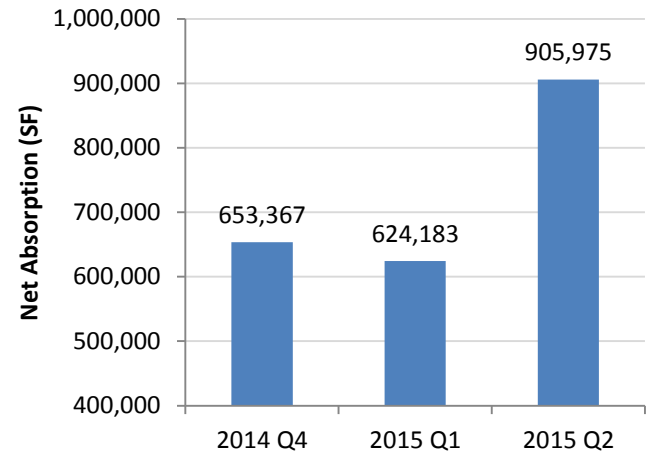
Net Absorption by Type

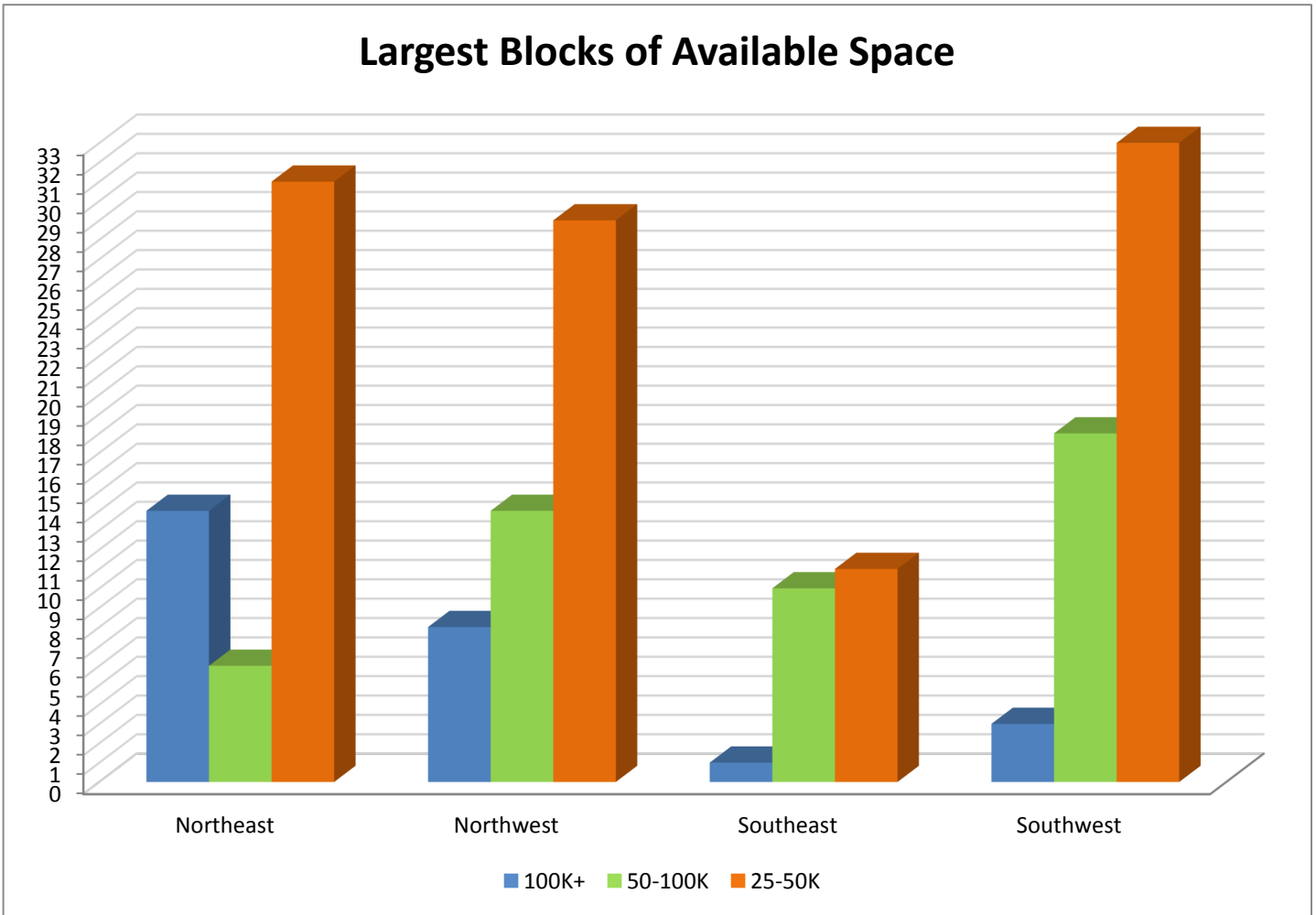


Vacancy Rate by Quarter



Net Absorption by Quarter





Quarter	100K+	50-100K	25-50K
2014 Q4	23	39	97
2015 Q1	22	48	103
2015 Q2	26	48	104

Biggest Absorption Changes



Biggest Absorption Changes				
Property Name	SF	Company Name	Market	Type
Red Rock Business Park	155,313	Bunzl	Northwest	Manufacturing
Prairieview II	78,882	Bailiwick Inc, Plant Scape	Southwest	Bulk Warehouse
MSP Midway Industrial Park #10	77,063	Koch Logistics	Northeast	Light Industrial
North Central Business Center I	70,095	The owner CSM will occupied the space	Northeast	Bulk Warehouse
University Industrial Park III	54,587	Etech	Northeast	Bulk Warehouse
Northern Stacks Bldg 1	48,000	Kaufman	Northeast	Bulk Warehouse
Southeast Tech Center	40,937	CHS Inc	Southeast	Flex/R&D
River Road Business Center III	40,661	Kleiman Realty, Bay West, True Tech, Weather Tech	Northeast	Flex/R&D
Interstate North Bldg I	39,692	Composite One	Northwest	Bulk Warehouse
France Avenue Business Park IV	37,610	Fuji Film	Northwest	Light Industrial
Lakes Smetana Tech	32,161	Alpha Video	Southwest	Flex/R&D
Broadway Business Center VI Bldg VI	30,438	Coinmach	Northeast	Light Industrial
Lone Oak Commerce Center	-17,259	Ameritek Gaskets	Southeast	Warehouse - Distribution
The Waters II	-17,771	Aggregate Industries	Southeast	Flex/R&D
7870 Park Dr	-17,900	Control Concepts, Inc.	Southwest	Flex/R&D
The Mack Building	-22,940	Goodwill	Northeast	Light Industrial
Rogers Distribution Center	-125,500	Alive Companies	Northwest	Warehouse - Distribution
MSP Midway Industrial Park #9	-128,967	Arrow Electronics	Northeast	Light Industrial

Notable Transactions



Notable Sale Transactions (Includes tracked and non-tracked properties)				
Property Name	Square Feet	Company Name	Market	Price
Plymouth Corporate Center 1405 Xenium Ln N	864,212	TFO REVA Wildamere PCC LLC	Northwest	\$62,500,000
Southtech Plaza 9401 & 9555 James Ave S	230,000	Eagle Ridge LLC	Southwest	\$19,200,000
Rosedale Corporate Plaza - D 2685 Long Lake Rd	128,443	LSREF4 Rebound LLC	Northeast	\$18,384,598
Five Star Commerce Center I, II & III 9464-9496 Hemlock Ln N 11701-11741 95th Ave N 11751-11787 95th Ave N	163,336	610 Industrial LLC c/o Interstate Partners LLC	Northwest	\$9,070,000
121 S 12th Ave	121,780	Riverdale Ventures LLC c/o Shamrock Development	Northeast	\$8,300,000
2160 Mustang Dr	65,258	SAIA Motor Freight Line LLC	Northeast	\$7,300,000
Former Pentair Facility 11611 Business Park Blvd	188,828	Eagle Partners IV LLC	Northwest	\$7,000,000

Notable Lease Transactions (Based on when lease is signed and includes tracked and non-tracked properties)				
Property Name	Square Feet	Company Name	Market	Notes
Canterbury Distribution Center 901 Canterbury Rd	870,128	Polaris	Southwest	New
5825 E 11th Ave	162,000	Amazon.com	Southwest	New
Southwest Corporate Center 19011 Lake Dr E	156,333	The Bernard Group	Southwest	New
MSP Midway Industrial Park #10 429-475 Prior Ave N	77,063	Koch Logistics	Northeast	New
MSP Midway Industrial Park #9 807 Hampden Ave	68,051	Best Warehousing and Transportation Inc	Northeast	New
Southeast Tech Center 3020 Denmark Ave	58,645	CHS Inc	Southeast	New
610 Commerce Center 9301 N Louisiana Ave	48,449	Scholastic Book Fairs	Northwest	New
Saint Paul Industrial Properties #11 3770-3778 Dunlap St N	41,600	Streamworks LLC	Northeast	Renewal
Hampshire Technology Center 10900 Hampshire Ave S	37,951	Braun Interec	Southwest	New
Saint Paul Industrial Properties #10 3750-3764 Dunlap St N	31,600	Streamworks LLC	Northeast	Renewal
Mounds View Business Park-Building J 2240-2260 Woodale Dr	31,370	Allegiance Fitness	Northeast	Renewal

New Developments



Property Name	Address	City	Market	Bldg Size	Specific Use	Tenancy	Notes
Dayton Distribution Center Bldg I	11020 Holly Ln	Osseo	Northwest	247,004	Warehouse - Distribution	Multi-Tenant	Spec
Kinghorn Logistics Hub	0 Kinghorn Logistics Hub	Rogers	Northwest	221,000	Warehouse - Distribution	Single-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	Single-Tenant	Spec
Launch Park Distribution Center II	14525 Northdale Blvd	Rogers	Northwest	168,000	Bulk Warehouse	Multi-Tenant	Spec
Gateway North Business Center Bldg 3	6301 NE Queens Ave NE	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
Bridge Point Business Park Bldg III	201 Armour Ave	Saint Paul	Southeast	107,498	Flex/R&D	Multi-Tenant	Spec
9317 Winnetka Ave Bldg 1	9317 Winnetka Ave	Brooklyn Park	Northwest	105,000	Warehouse - Distribution	Single-Tenant	BTS - Design ready control
Minneapolis Business Center II	4821 N Xerxes Ave Minneapolis	Minneapolis	Northwest	60,000	Flex/R&D	Single-Tenant	Ferguson
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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