

MARKET TRENDS

Q1 2020 | Mpls-St Paul | Office

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,969,253	
Area Unemployment	3.1	
U.S. Unemployment	3.5	
Office Jobs	516,600	

Source: BLS

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

Market Recap

All Properties

Total Inventory (sf)	126,158,494
Absorption	(133,000)
Vacancy	12.0%
Asking Rate (FSG)	\$24.59
New Construction (sf)	2,895,944

Multi-tenant Properties

Total Inventory (sf)	89,711,497
Absorption	48,824
Vacancy	15.6%
Asking Rate (FSG)	\$24.68

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 30 basis points to 3.1% for February 2020 from 3.4% for February 2019. The unemployment rate for the US was 3.5% in February 2020 down from 3.8% last year. State of Minnesota unemployment rate was 3.1%. The Mpls-St Paul MSA saw an increase in job growth but a decrease in office job growth in professional, financial and information dropping 1,200 during the same period.

Market Overview

The Mpls-St Paul office market, consisting of over 125 msf of space in seven counties across the metro topping 133,000 sf negative absorption for Q1 2020. The vacancy rate for the market stands at 12.0% for all properties. Multi-tenant properties posted 15.6% vacancy with over 48,800 sf positive absorption. The average asking lease rate for Mpls-St Paul came in at \$24.59 psf FSG. During Q1 2020 there were 22 construction projects throughout the market totaling just shy of 2.9.

Market Highlights

During the Q1 2020 the market experienced over 1.2 msf of leasing activity in 283 transactions. Class A properties vacancy rate started the year at 9.0% for all properties and 13.1% for multi-tenant properties. For multi-tenant properties the Northwest market posted the lowest vacancy rate at 9.7%, Mpls CBD vacancy was 16.2%, St Paul CBD was 20.5% and suburban markets was 14.4%. Mpls CBD Core market posted the most positive absorption of 141,000 sf with Merrill Corp lease of 78,000 sf topping the list. Southwest market posted the largest negative absorption of 182,000 sf for all property types primarily due to Comcast vacating 108,000 sf and Cliqstudios vacating 104,000 sf in a single tenant properties.

Market Statistics by Building Class (Multi and Single Tenant)

Total

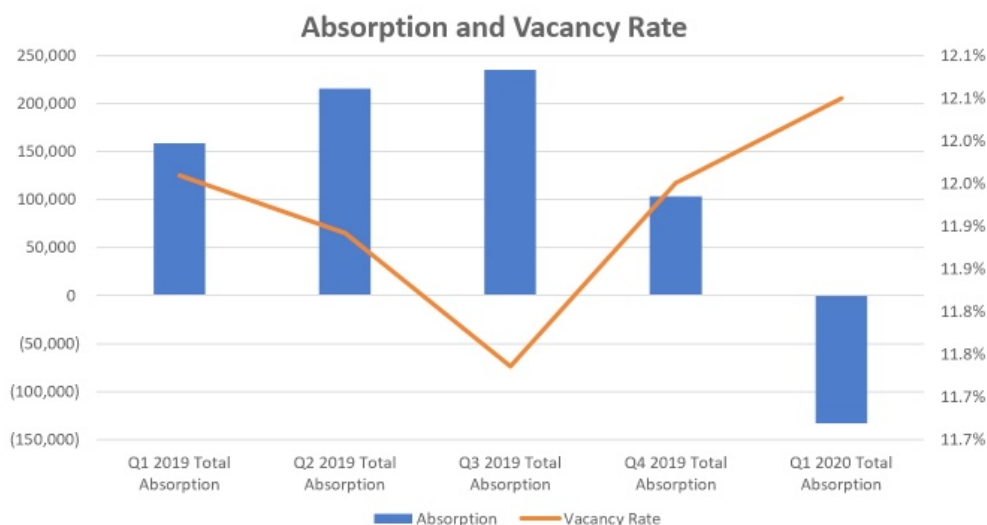
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
A	131	47,268,797	5,537,960	4,250,461	(62,394)	9.0%
B	725	65,883,414	10,706,341	9,546,352	6,545	14.5%
C	177	12,045,387	1,314,224	1,289,451	(77,230)	10.7%
Grand Total	1,033	125,197,598	17,558,525	15,086,264	(133,079)	12.0%

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	Vacancy Rate
A	131	47,268,797	4,845,933	3,985,693	(32,003)	8.4%
B	725	65,883,414	9,657,925	8,864,426	(45,819)	13.5%
C	177	12,045,387	1,290,056	1,271,111	(79,776)	10.6%
Grand Total	1,033	125,197,598	15,793,914	14,121,230	(157,598)	11.3%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	Vacancy Rate
A	131	47,268,797	692,027	264,768	(30,391)	0.6%
B	725	65,883,414	1,048,416	681,926	52,363	1.0%
C	177	12,045,387	24,168	18,340	2,546	0.2%
Grand Total	1,033	125,197,598	1,764,611	965,034	24,518	0.8%



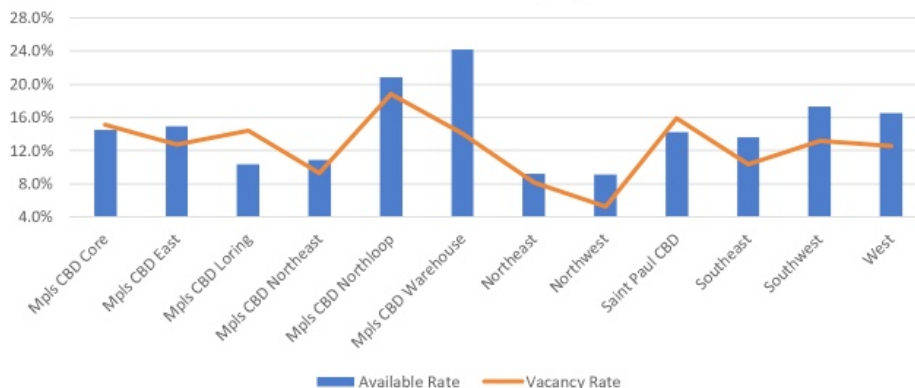
Market Statistics by Market (Multi and Single Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	25	16,768,959	2,258,377	1,829,974	55,755	10.9%
	B	30	7,343,696	1,245,974	1,795,961	80,403	24.5%
	C	8	647,469	95,282	121,276	5,565	18.7%
	Subtotal	63	24,760,124	3,599,633	3,747,211	141,723	15.1%
Mpls CBD East	A	5	1,291,336	5,096	5,096	0	0.4%
	B	5	926,220	309,236	277,146	0	29.9%
	C	3	171,897	43,091	23,193	(4,004)	13.5%
	Subtotal	13	2,389,453	357,423	305,435	(4,004)	12.8%
Mpls CBD Loring	B	2	114,683	14,640	20,353	0	17.7%
	C	1	26,848			0	0.0%
	Subtotal	3	141,531	14,640	20,353	0	14.4%
Mpls CBD Northeast	A	1	191,610	21,856	26,331	0	13.7%
	B	27	2,484,441	246,896	261,107	34,597	10.5%
	C	6	424,311	68,185	2,004	(904)	0.5%
	Subtotal	34	3,100,362	336,937	289,442	33,693	9.3%
Mpls CBD Northloop	A	6	1,492,299	250,343	207,317	(7,516)	13.9%
	B	16	1,050,337	240,902	244,319	(15,151)	23.3%
	C	3	186,976	78,066	62,972	(1,682)	33.7%
	Subtotal	25	2,729,612	569,311	514,608	(24,349)	18.9%
Mpls CBD Warehouse	A	1	181,516	11,888		0	0.0%
	B	14	1,595,517	449,496	267,606	410	16.8%
	C	2	126,185			0	0.0%
	Subtotal	17	1,903,218	461,384	267,606	410	14.1%
Mpls CBD	A	38	19,925,720	2,547,560	2,068,718	48,239	10.4%
	B	94	13,514,894	2,507,144	2,866,492	100,259	21.2%
	C	23	1,583,686	284,624	209,445	(1,025)	13.2%
	Subtotal	155	35,024,300	5,339,328	5,144,655	147,473	14.7%

Market Statistics by Market (Multi and Single Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Northeast	A	8	4,099,540	59,046	57,646	0	1.4%
	B	168	15,684,613	1,782,840	1,507,313	35,260	9.6%
	C	45	2,621,822	224,126	254,435	1,691	9.7%
	Subtotal	221	22,405,975	2,066,012	1,819,394	36,951	8.1%
Northwest	A	5	2,410,114	31,965	1,001	14,838	0.0%
	B	75	4,313,795	591,361	358,824	5,561	8.3%
	C	21	998,357	82,561	46,042	3,805	4.6%
	Subtotal	101	7,722,266	705,887	405,867	24,204	5.3%
Saint Paul CBD	A	9	3,256,631	559,076	535,151	(24,508)	16.4%
	B	32	6,404,492	795,663	1,000,449	(32,284)	15.6%
	C	8	874,470	141,094	141,094	(13,836)	16.1%
	Subtotal	49	10,535,593	1,495,833	1,676,694	(70,628)	15.9%
Southeast	A	16	3,575,879	400,149	316,647	12,188	8.9%
	B	130	7,984,385	1,468,498	1,106,557	(80,943)	13.9%
	C	35	2,967,334	110,193	82,498	10,706	2.8%
	Subtotal	181	14,527,598	1,978,840	1,505,702	(58,049)	10.4%
Southwest	A	37	9,850,504	1,253,121	804,159	(43,054)	8.2%
	B	160	12,234,939	2,564,939	2,054,432	(58,988)	16.8%
	C	34	2,215,248	385,619	334,930	(80,371)	15.1%
	Subtotal	231	24,300,691	4,203,679	3,193,521	(182,413)	13.1%
West	A	18	4,150,409	687,043	467,139	(70,097)	11.3%
	B	66	5,746,296	995,896	652,285	37,680	11.4%
	C	11	784,470	86,007	221,007	1,800	28.2%
	Subtotal	95	10,681,175	1,768,946	1,340,431	(30,617)	12.5%
Suburban	A	84	24,086,446	2,431,324	1,646,592	(86,125)	6.8%
	B	599	45,964,028	7,403,534	5,679,411	(61,430)	12.4%
	C	146	9,587,231	888,506	938,912	(62,369)	9.8%
	Subtotal	829	79,637,705	10,723,364	8,264,915	(209,924)	10.4%
Grand Total		1,033	125,197,598	17,558,525	15,086,264	(133,079)	12.0%

Available and Vacancy By Market

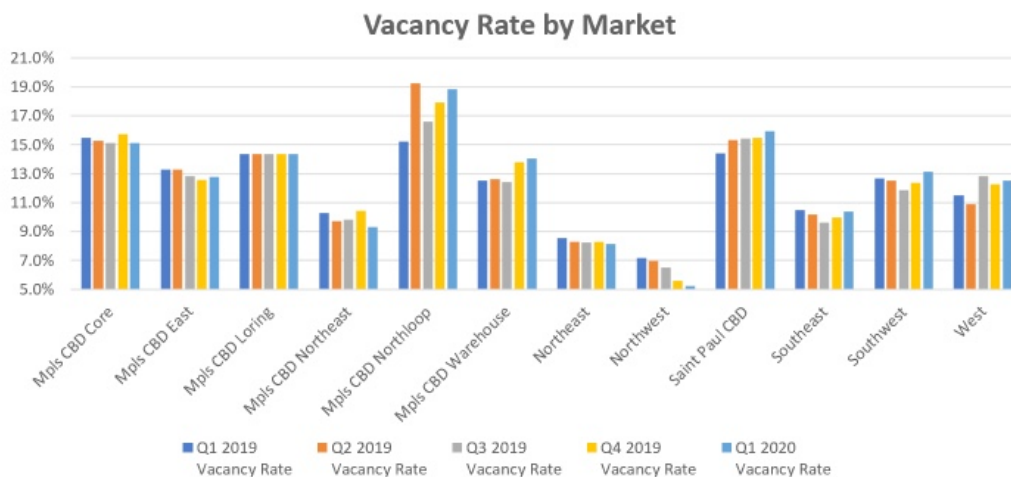


Vacancy Rates by Market (Multi and Single Tenant)

Market	Bldg Class	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate
Mpls CBD Core	A	10.7%	10.7%	10.6%	11.2%	10.9%
	B	26.8%	26.3%	25.9%	25.9%	24.5%
	C	15.4%	15.2%	16.7%	17.2%	18.7%
	Subtotal	15.5%	15.3%	15.1%	15.7%	15.1%
Mpls CBD East	A	0.4%	0.4%	0.4%	0.4%	0.4%
	B	31.2%	31.2%	29.9%	29.9%	29.9%
	C	13.9%	13.9%	13.9%	10.5%	13.5%
	Subtotal	13.3%	13.3%	12.8%	12.6%	12.8%
Mpls CBD Loring	B	17.7%	17.7%	17.7%	17.7%	17.7%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	14.4%	14.4%	14.4%	14.4%	14.4%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	13.7%
	B	11.6%	11.0%	11.2%	11.9%	10.5%
	C	0.8%	0.0%	0.0%	0.3%	0.5%
	Subtotal	10.3%	9.7%	9.8%	10.4%	9.3%
Mpls CBD Northloop	A	7.8%	17.9%	13.8%	13.4%	13.9%
	B	27.8%	23.7%	21.2%	21.7%	23.3%
	C	9.3%	9.3%	17.4%	32.8%	33.7%
	Subtotal	15.2%	19.2%	16.6%	17.9%	18.9%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.7%	15.0%	14.8%	16.4%	16.8%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	12.5%	12.6%	12.4%	13.8%	14.1%
Mpls CBD	A	9.8%	10.5%	10.1%	10.6%	10.4%
	B	22.7%	22.1%	21.7%	22.1%	21.2%
	C	9.5%	9.2%	10.7%	12.4%	13.2%
	Subtotal	14.7%	14.8%	14.5%	15.1%	14.7%

Vacancy Rates (Multi and Single Tenant Continued)

Market	Bldg Class	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate
Northeast	A	1.6%	1.5%	1.6%	1.4%	1.4%
	B	10.1%	9.9%	9.7%	9.8%	9.6%
	C	9.9%	9.6%	9.6%	9.8%	9.7%
	Subtotal	8.5%	8.3%	8.2%	8.3%	8.1%
Northwest	A	1.9%	1.9%	0.7%	0.7%	0.0%
	B	10.0%	9.5%	9.6%	8.5%	8.3%
	C	7.9%	8.2%	7.3%	5.0%	4.6%
	Subtotal	7.2%	7.0%	6.5%	5.6%	5.3%
Saint Paul CBD	A	16.2%	15.7%	15.8%	15.7%	16.4%
	B	13.6%	15.3%	15.4%	15.5%	15.6%
	C	13.7%	13.9%	14.0%	14.6%	16.1%
	Subtotal	14.4%	15.3%	15.4%	15.5%	15.9%
Southeast	A	10.3%	9.8%	9.5%	9.2%	8.9%
	B	13.1%	12.7%	11.8%	12.8%	13.9%
	C	3.7%	3.9%	3.7%	3.1%	2.8%
	Subtotal	10.5%	10.2%	9.6%	10.0%	10.4%
Southwest	A	8.2%	7.8%	7.2%	7.8%	8.2%
	B	16.4%	16.4%	15.5%	16.1%	16.8%
	C	11.5%	11.8%	11.8%	11.4%	15.1%
	Subtotal	12.7%	12.5%	11.8%	12.4%	13.1%
West	A	9.2%	8.5%	9.6%	9.6%	11.3%
	B	8.9%	8.2%	11.1%	12.0%	11.4%
	C	42.9%	42.9%	42.9%	28.4%	28.2%
	Subtotal	11.5%	10.9%	12.8%	12.3%	12.5%
Suburban	A	6.9%	6.5%	6.3%	6.5%	6.8%
	B	12.2%	11.9%	11.8%	12.2%	12.4%
	C	10.9%	10.9%	10.8%	9.1%	9.8%
	Subtotal	10.4%	10.2%	10.0%	10.1%	10.4%
Grand Total		12.0%	11.9%	11.7%	12.0%	12.0%

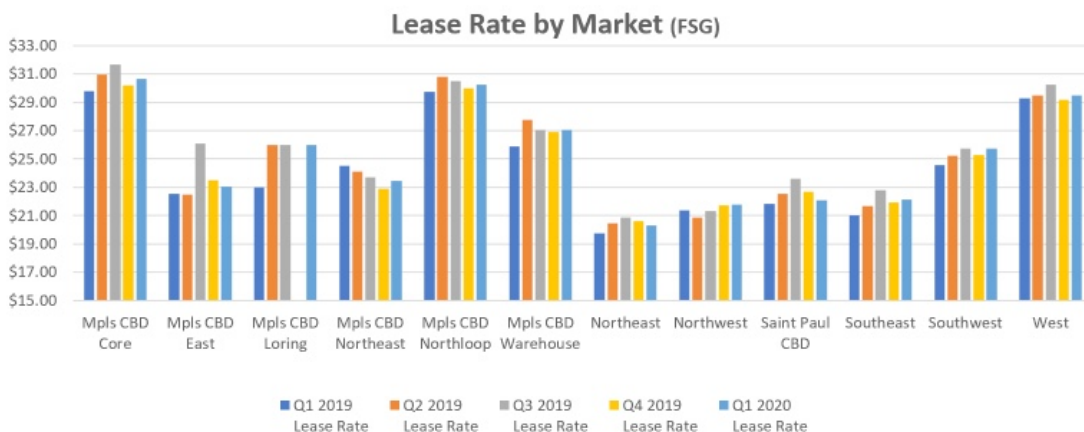


Lease Rates by Market (Multi and Single Tenant FSG)

Market	Bldg Class	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate
Mpls CBD Core	A	\$33.65	\$35.02	\$36.95	\$35.09	\$36.21
	B	\$27.35	\$28.67	\$29.40	\$27.81	\$27.83
	C	\$23.38	\$23.49	\$24.33	\$24.33	\$24.55
	Subtotal	\$29.78	\$30.94	\$31.66	\$30.21	\$30.67
Mpls CBD East	A					
	B	\$26.32	\$26.27	\$26.27	\$26.83	\$26.41
	C	\$16.86	\$16.86	\$25.86	\$16.86	\$18.60
	Subtotal	\$22.54	\$22.51	\$26.11	\$23.51	\$23.06
Mpls CBD Loring	B	\$23.00	\$26.00	\$26.00		\$26.00
	C					
	Subtotal	\$23.00	\$26.00	\$26.00		\$26.00
Mpls CBD Northeast	A	\$25.51	\$25.52	\$25.52	\$25.52	
	B	\$24.46	\$24.01	\$24.14	\$23.27	\$24.11
	C			\$16.00	\$15.40	\$20.96
	Subtotal	\$24.54	\$24.11	\$23.69	\$22.89	\$23.43
Mpls CBD Northloop	A	\$36.68	\$37.75	\$37.23	\$37.23	\$37.78
	B	\$26.77	\$27.55	\$26.88	\$26.22	\$26.64
	C	\$25.43	\$25.43	\$25.43	\$24.03	\$24.83
	Subtotal	\$29.71	\$30.81	\$30.47	\$29.99	\$30.23
Mpls CBD Warehouse	A					
	B	\$25.90	\$27.78	\$27.07	\$26.91	\$27.06
	C					
	Subtotal	\$25.90	\$27.78	\$27.07	\$26.91	\$27.06
Mpls CBD	A	\$33.85	\$35.25	\$36.36	\$35.15	\$36.70
	B	\$26.04	\$26.76	\$26.94	\$26.05	\$26.44
	C	\$21.55	\$21.22	\$23.73	\$20.88	\$21.72
	Subtotal	\$27.79	\$28.55	\$28.88	\$27.74	\$28.07

Lease Rates (Multi and Single Tenant FSG Continued)

Market	Bldg Class	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate
Northeast	A	\$27.80	\$27.45	\$27.80	\$27.80	\$27.29
	B	\$20.19	\$21.02	\$21.34	\$21.13	\$20.96
	C	\$15.73	\$16.09	\$17.09	\$16.26	\$15.46
	Subtotal	\$19.73	\$20.47	\$20.87	\$20.62	\$20.32
Northwest	A	\$29.56	\$30.27	\$30.27	\$30.27	\$31.74
	B	\$22.01	\$21.39	\$21.69	\$21.72	\$21.98
	C	\$18.10	\$18.32	\$19.50	\$20.48	\$19.36
	Subtotal	\$21.37	\$20.87	\$21.30	\$21.72	\$21.76
Saint Paul CBD	A	\$26.16	\$26.55	\$28.82	\$26.50	\$26.83
	B	\$19.58	\$20.62	\$21.94	\$21.24	\$19.79
	C	\$19.49	\$19.08	\$18.52	\$18.39	\$18.56
	Subtotal	\$21.85	\$22.51	\$23.59	\$22.68	\$22.08
Southeast	A	\$27.79	\$27.76	\$31.39	\$28.64	\$29.04
	B	\$20.79	\$21.41	\$22.48	\$21.58	\$21.83
	C	\$18.15	\$19.18	\$18.42	\$19.72	\$19.29
	Subtotal	\$21.02	\$21.65	\$22.78	\$21.94	\$22.16
Southwest	A	\$31.29	\$33.32	\$32.80	\$32.92	\$34.01
	B	\$22.94	\$23.52	\$24.14	\$23.47	\$23.72
	C	\$21.49	\$21.31	\$20.66	\$20.60	\$21.86
	Subtotal	\$24.56	\$25.23	\$25.73	\$25.27	\$25.72
West	A	\$37.01	\$37.11	\$38.99	\$36.96	\$37.57
	B	\$27.55	\$27.94	\$28.36	\$27.54	\$27.76
	C	\$23.49	\$24.44	\$24.44	\$24.44	\$24.29
	Subtotal	\$29.31	\$29.49	\$30.24	\$29.20	\$29.50
Suburban	A	\$31.98	\$33.06	\$34.10	\$33.20	\$34.02
	B	\$22.31	\$22.82	\$23.55	\$22.99	\$23.09
	C	\$18.66	\$19.24	\$19.44	\$19.80	\$19.66
	Subtotal	\$23.03	\$23.54	\$24.36	\$23.91	\$24.04
Grand Total		\$23.79	\$24.31	\$25.09	\$24.48	\$24.59



Market Statistics by Building Class (Multi-Tenant)

Total

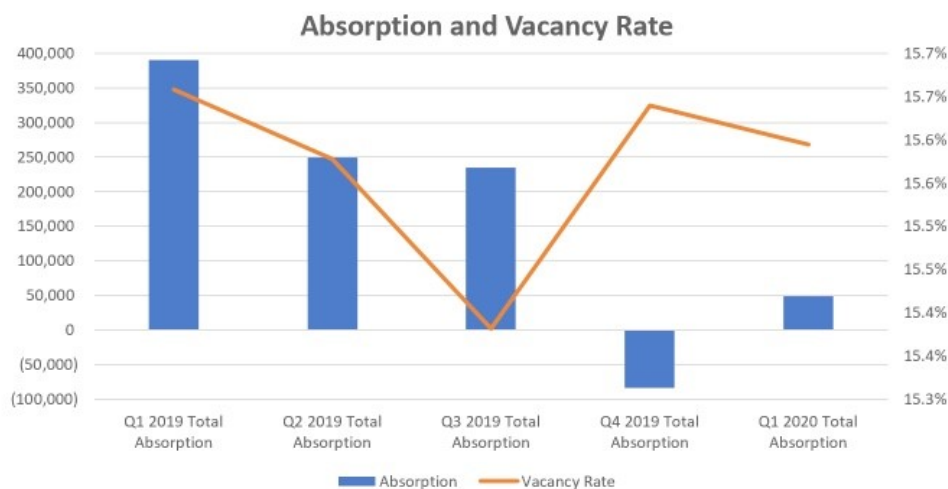
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
A	96	32,505,287	5,432,864	4,245,365	(62,394)	13.1%
B	609	49,332,888	9,612,494	8,681,051	113,527	17.6%
C	136	7,802,922	1,029,815	1,053,042	(2,309)	13.5%
Grand Total	841	89,641,097	16,075,173	13,979,458	48,824	15.6%

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	Vacancy Rate
A	96	32,505,287	4,740,837	3,980,597	(32,003)	12.2%
B	609	49,332,888	8,784,078	8,219,125	61,163	16.7%
C	136	7,802,922	1,005,647	1,034,702	(4,855)	13.3%
Grand Total	841	89,641,097	14,530,562	13,234,424	24,305	14.8%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	Vacancy Rate
A	96	32,505,287	692,027	264,768	(30,391)	0.8%
B	609	49,332,888	828,416	461,926	52,363	0.9%
C	136	7,802,922	24,168	18,340	2,546	0.2%
Grand Total	841	89,641,097	1,544,611	745,034	24,518	0.8%



Market Statistics by Market (Multi-Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	22	15,387,027	2,258,377	1,829,974	55,755	11.9%
	B	29	7,236,800	1,245,974	1,795,961	80,403	24.8%
	C	8	647,469	95,282	121,276	5,565	18.7%
	Subtotal	59	23,271,296	3,599,633	3,747,211	141,723	16.1%
Mpls CBD East	A	2	150,659			0	0.0%
	B	5	926,220	309,236	277,146	0	29.9%
	C	3	171,897	43,091	23,193	(4,004)	13.5%
	Subtotal	10	1,248,776	352,327	300,339	(4,004)	24.1%
Mpls CBD Loring	B	2	114,683	14,640	20,353	0	17.7%
	C	1	26,848			0	0.0%
	Subtotal	3	141,531	14,640	20,353	0	14.4%
Mpls CBD Northeast	A	1	191,610	21,856	26,331	0	13.7%
	B	25	2,041,853	246,896	261,107	34,597	12.8%
	C	6	424,311	68,185	2,004	(904)	0.5%
	Subtotal	32	2,657,774	336,937	289,442	33,693	10.9%
Mpls CBD Northloop	A	5	1,203,483	250,343	207,317	(7,516)	17.2%
	B	16	1,050,337	240,902	244,319	(15,151)	23.3%
	C	3	186,976	78,066	62,972	(1,682)	33.7%
	Subtotal	24	2,440,796	569,311	514,608	(24,349)	21.1%
Mpls CBD Warehouse	A	1	181,516	11,888		0	0.0%
	B	14	1,595,517	449,496	267,606	410	16.8%
	C	2	126,185			0	0.0%
	Subtotal	17	1,903,218	461,384	267,606	410	14.1%
Mpls CBD	A	31	17,114,295	2,542,464	2,063,622	48,239	12.1%
	B	91	12,965,410	2,507,144	2,866,492	100,259	22.1%
	C	23	1,583,686	284,624	209,445	(1,025)	13.2%
	Subtotal	145	31,663,391	5,334,232	5,139,559	147,473	16.2%

Market Statistics by Market (Multi-Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Northeast	A	1	315,076	59,046	57,646	0	18.3%
	B	120	7,009,504	1,312,540	1,040,269	33,985	14.8%
	C	31	1,591,901	62,638	92,947	1,691	5.8%
	Subtotal	152	8,916,481	1,434,224	1,190,862	35,676	13.4%
Northwest	A	2	465,244	31,965	1,001	14,838	0.2%
	B	63	3,157,285	591,361	358,824	5,561	11.4%
	C	14	564,775	82,561	46,042	3,805	8.2%
	Subtotal	79	4,187,304	705,887	405,867	24,204	9.7%
Saint Paul CBD	A	9	3,256,631	559,076	535,151	(24,508)	16.4%
	B	26	4,127,214	795,663	1,000,449	(32,284)	24.2%
	C	7	814,423	141,094	141,094	(13,836)	17.3%
	Subtotal	42	8,198,268	1,495,833	1,676,694	(70,628)	20.5%
Southeast	A	10	1,362,852	300,149	316,647	12,188	23.2%
	B	112	6,456,776	1,311,356	1,036,557	(80,943)	16.1%
	C	30	1,199,828	110,193	82,498	10,706	6.9%
	Subtotal	152	9,019,456	1,721,698	1,435,702	(58,049)	15.9%
Southwest	A	27	6,328,454	1,253,121	804,159	(43,054)	12.7%
	B	135	10,088,410	2,194,379	1,726,175	49,269	17.1%
	C	23	1,450,913	262,698	260,009	(5,450)	17.9%
	Subtotal	185	17,867,777	3,710,198	2,790,343	765	15.6%
West	A	16	3,662,735	687,043	467,139	(70,097)	12.8%
	B	62	5,528,289	900,051	652,285	37,680	11.8%
	C	8	597,396	86,007	221,007	1,800	37.0%
	Subtotal	86	9,788,420	1,673,101	1,340,431	(30,617)	13.7%
Suburban	A	56	12,134,361	2,331,324	1,646,592	(86,125)	13.6%
	B	492	32,240,264	6,309,687	4,814,110	45,552	14.9%
	C	106	5,404,813	604,097	702,503	12,552	13.0%
	Subtotal	654	49,779,438	9,245,108	7,163,205	(28,021)	14.4%
Grand Total		841	89,641,097	16,075,173	13,979,458	48,824	15.6%

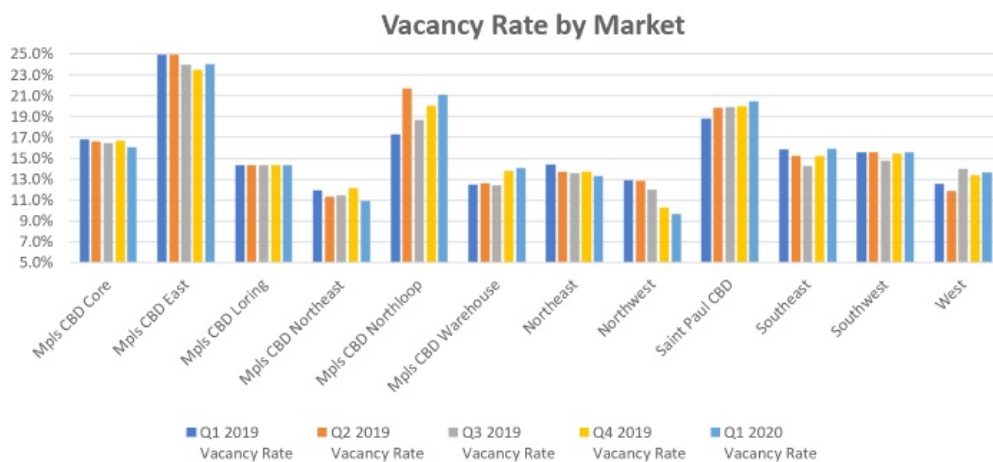


Vacancy Rates by Market (Multi-Tenant)

Market	Bldg Class	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate
Mpls CBD Core	A	12.1%	12.0%	11.9%	12.3%	11.9%
	B	27.2%	26.7%	26.3%	26.3%	24.8%
	C	15.4%	15.2%	16.7%	17.2%	18.7%
	Subtotal	16.8%	16.6%	16.5%	16.7%	16.1%
Mpls CBD East	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	31.2%	31.2%	29.9%	29.9%	29.9%
	C	13.9%	13.9%	13.9%	10.5%	13.5%
	Subtotal	24.9%	24.9%	24.0%	23.5%	24.1%
Mpls CBD Loring	B	17.7%	17.7%	17.7%	17.7%	17.7%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	14.4%	14.4%	14.4%	14.4%	14.4%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	13.7%
	B	14.1%	13.4%	13.7%	14.5%	12.8%
	C	0.8%	0.0%	0.0%	0.3%	0.5%
	Subtotal	12.0%	11.3%	11.5%	12.2%	10.9%
Mpls CBD Northloop	A	10.0%	22.2%	17.1%	16.6%	17.2%
	B	27.8%	23.7%	21.2%	21.7%	23.3%
	C	9.3%	9.3%	17.4%	32.8%	33.7%
	Subtotal	17.3%	21.7%	18.7%	20.0%	21.1%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.7%	15.0%	14.8%	16.4%	16.8%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	12.5%	12.6%	12.4%	13.8%	14.1%
Mpls CBD	A	11.8%	12.5%	12.1%	12.3%	12.1%
	B	23.7%	23.1%	22.6%	23.0%	22.1%
	C	9.5%	9.2%	10.7%	12.4%	13.2%
	Subtotal	16.5%	16.6%	16.3%	16.7%	16.2%

Vacancy Rates (Multi-Tenant Continued)

Market	Bldg Class	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate
Northeast	A	20.3%	18.9%	20.2%	18.3%	18.3%
	B	16.0%	15.4%	15.1%	15.3%	14.8%
	C	6.2%	5.7%	5.7%	5.9%	5.8%
	Subtotal	14.4%	13.8%	13.6%	13.8%	13.4%
Northwest	A	10.1%	9.8%	3.4%	3.4%	0.2%
	B	13.1%	13.0%	13.1%	11.6%	11.4%
	C	13.9%	14.5%	12.9%	8.8%	8.2%
	Subtotal	12.9%	12.8%	12.0%	10.3%	9.7%
Saint Paul CBD	A	16.2%	15.7%	15.8%	15.7%	16.4%
	B	21.8%	24.4%	24.3%	24.5%	24.2%
	C	14.7%	14.9%	15.0%	15.6%	17.3%
	Subtotal	18.8%	19.8%	19.9%	20.0%	20.5%
Southeast	A	25.7%	24.5%	23.7%	24.1%	23.2%
	B	15.0%	14.3%	13.2%	14.8%	16.1%
	C	9.2%	9.7%	9.2%	7.8%	6.9%
	Subtotal	15.8%	15.2%	14.3%	15.3%	15.9%
Southwest	A	12.5%	12.1%	11.1%	12.0%	12.7%
	B	17.5%	17.5%	16.7%	17.4%	17.1%
	C	16.2%	17.1%	17.1%	16.4%	17.9%
	Subtotal	15.6%	15.6%	14.8%	15.4%	15.6%
West	A	10.4%	9.6%	10.8%	10.8%	12.8%
	B	9.2%	8.6%	11.5%	12.5%	11.8%
	C	56.3%	56.4%	56.4%	37.3%	37.0%
	Subtotal	12.6%	11.9%	14.0%	13.4%	13.7%
Suburban	A	13.4%	12.8%	12.4%	12.9%	13.6%
	B	14.8%	14.5%	14.4%	15.0%	14.9%
	C	15.9%	16.2%	15.9%	13.0%	13.0%
	Subtotal	14.6%	14.3%	14.1%	14.3%	14.4%
Grand Total		15.7%	15.6%	15.4%	15.6%	15.6%

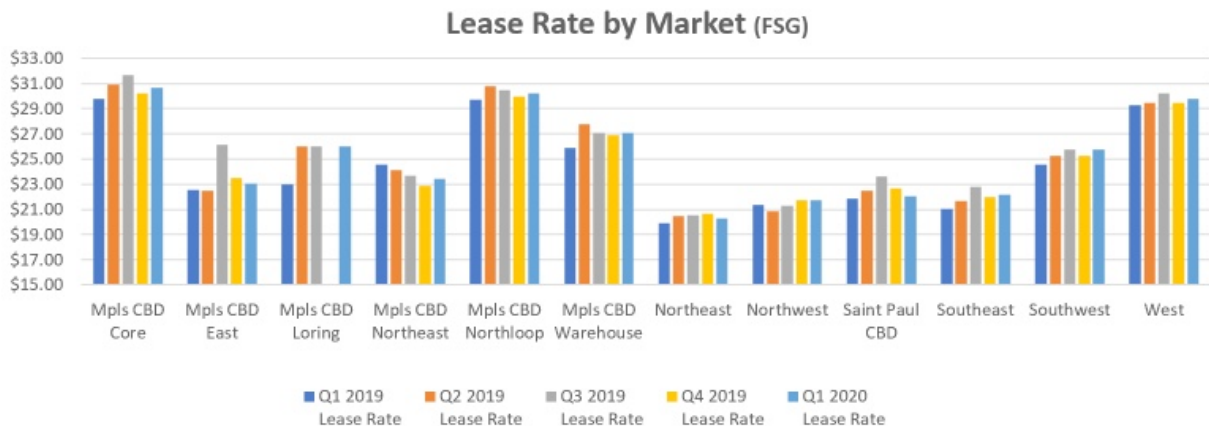


Lease Rates by Market (Multi-Tenant FSG)

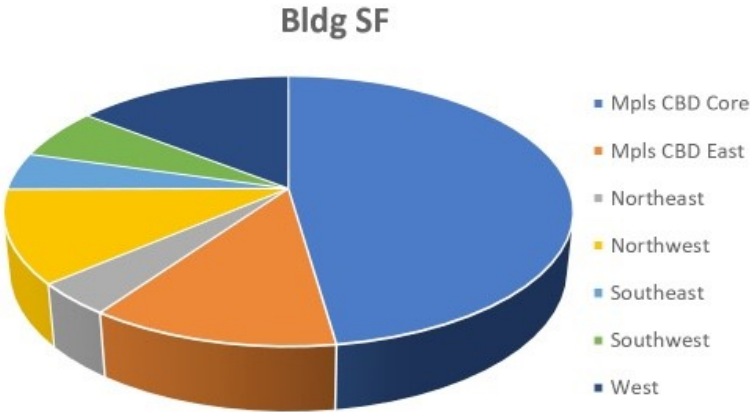
Market	Bldg Class	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate
Mpls CBD Core	A	\$33.65	\$35.02	\$36.95	\$35.09	\$36.21
	B	\$27.35	\$28.67	\$29.40	\$27.81	\$27.83
	C	\$23.38	\$23.49	\$24.33	\$24.33	\$24.55
	Subtotal	\$29.78	\$30.94	\$31.66	\$30.21	\$30.67
Mpls CBD East	A					
	B	\$26.32	\$26.27	\$26.27	\$26.83	\$26.41
	C	\$16.86	\$16.86	\$25.86	\$16.86	\$18.60
	Subtotal	\$22.54	\$22.51	\$26.11	\$23.51	\$23.06
Mpls CBD Loring	B	\$23.00	\$26.00	\$26.00		\$26.00
	C					
	Subtotal	\$23.00	\$26.00	\$26.00		\$26.00
Mpls CBD Northeast	A	\$25.51	\$25.52	\$25.52	\$25.52	
	B	\$24.46	\$24.01	\$24.14	\$23.27	\$24.11
	C			\$16.00	\$15.40	\$20.96
	Subtotal	\$24.54	\$24.11	\$23.69	\$22.89	\$23.43
Mpls CBD Northloop	A	\$36.68	\$37.75	\$37.23	\$37.23	\$37.78
	B	\$26.77	\$27.55	\$26.88	\$26.22	\$26.64
	C	\$25.43	\$25.43	\$25.43	\$24.03	\$24.83
	Subtotal	\$29.71	\$30.81	\$30.47	\$29.99	\$30.23
Mpls CBD Warehouse	A					
	B	\$25.90	\$27.78	\$27.07	\$26.91	\$27.06
	C					
	Subtotal	\$25.90	\$27.78	\$27.07	\$26.91	\$27.06
Mpls CBD	A	\$33.85	\$35.25	\$36.36	\$35.15	\$36.70
	B	\$26.04	\$26.76	\$26.94	\$26.05	\$26.44
	C	\$21.55	\$21.22	\$23.73	\$20.88	\$21.72
	Subtotal	\$27.79	\$28.55	\$28.88	\$27.74	\$28.07

Lease Rates (Multi-Tenant FSG Continued)

Market	Bldg Class	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate
Northeast	A	\$27.80	\$27.45	\$27.80	\$27.80	\$27.29
	B	\$20.40	\$21.06	\$21.14	\$21.20	\$20.98
	C	\$15.20	\$15.60	\$15.60	\$15.73	\$14.89
	Subtotal	\$19.89	\$20.49	\$20.54	\$20.64	\$20.28
Northwest	A	\$29.56	\$30.27	\$30.27	\$30.27	\$31.74
	B	\$22.01	\$21.39	\$21.69	\$21.72	\$21.98
	C	\$18.10	\$18.32	\$19.50	\$20.48	\$19.36
	Subtotal	\$21.37	\$20.87	\$21.30	\$21.72	\$21.76
Saint Paul CBD	A	\$26.16	\$26.55	\$28.82	\$26.50	\$26.83
	B	\$19.58	\$20.62	\$21.94	\$21.24	\$19.79
	C	\$19.49	\$19.08	\$18.52	\$18.39	\$18.56
	Subtotal	\$21.85	\$22.51	\$23.59	\$22.68	\$22.08
Southeast	A	\$27.79	\$27.76	\$31.39	\$28.64	\$29.04
	B	\$20.79	\$21.43	\$22.53	\$21.61	\$21.87
	C	\$18.15	\$19.18	\$18.42	\$19.72	\$19.29
	Subtotal	\$21.02	\$21.68	\$22.83	\$21.98	\$22.19
Southwest	A	\$31.29	\$33.32	\$32.80	\$32.92	\$34.01
	B	\$22.94	\$23.52	\$24.14	\$23.47	\$23.73
	C	\$21.49	\$21.31	\$20.66	\$20.60	\$20.83
	Subtotal	\$24.56	\$25.23	\$25.73	\$25.27	\$25.73
West	A	\$37.01	\$37.11	\$38.99	\$36.96	\$37.57
	B	\$27.55	\$27.84	\$28.28	\$27.81	\$28.04
	C	\$23.49	\$24.44	\$24.44	\$24.44	\$24.29
	Subtotal	\$29.31	\$29.45	\$30.21	\$29.45	\$29.77
Suburban	A	\$31.98	\$33.06	\$34.10	\$33.20	\$34.02
	B	\$22.38	\$22.83	\$23.52	\$23.06	\$23.17
	C	\$18.63	\$19.22	\$19.18	\$19.79	\$19.27
	Subtotal	\$23.10	\$23.57	\$24.35	\$24.00	\$24.14
Grand Total		\$23.85	\$24.35	\$25.09	\$24.57	\$24.68



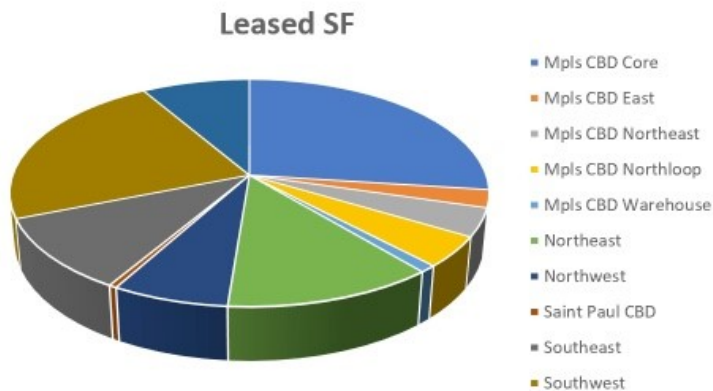
New Developments



Market	Bldg SF
Mpls CBD Core	1,382,000
Mpls CBD East	350,000
Northeast	114,013
Northwest	323,000
Southeast	129,981
Southwest	176,950
West	420,000
Grand Total	2,895,944

Leasing Activity

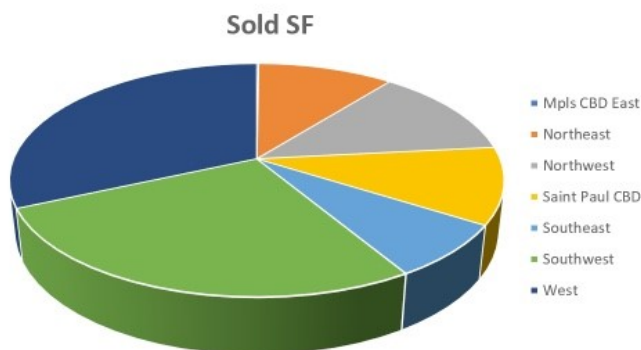
Property	Size (sf)	Market	Tenant	Landlord
7700 France Ave S	60,279	Southwest	The Nerderly	7700 France Avenue, LLC
6499 Corporate Center				
6499 University Ave NE	37,490	Northeast	Benedictine Health Systems	C08 Fridley MN, LLC
Shoreview Corporate Center				
4100 Lexington Avenue N	34,906	Northeast	Progressive Insurance	Shoreview Ridge, LLC
10 W End	34,622	West	CarVal	10 West End, LLC
Fifth Street Towers				
150 S 5th St	32,562	Mpls-CBD	Wipfli	Fifth St Towers Prop, LLC



Market	Leased SF
Mpls CBD Core	325,186
Mpls CBD East	30,095
Mpls CBD Northeast	48,152
Mpls CBD Northloop	52,388
Mpls CBD Warehouse	11,888
Northeast	148,292
Northwest	82,147
Saint Paul CBD	5,579
Southeast	125,003
Southwest	271,909
West	101,537
Grand Total	1,202,176

Sales Activity

Property	Price	Market	Buyer	Seller
West End Office Park				
7 Building Portfolio	\$130,800,000	West	Bridge Investment Group	West End Office MN, LLC c/o Excelsior Group
Baker Road Corporate Center				
4350-4400 Baker Rd	\$39,800,000	Southwest	SE Baker Road Transitory, LLC c/o Syndicated Equities	Welsh Baker Road, LLC c/o WPT Industrial REIT
United Health				
6150 Trenton Ln	\$24,250,000	Northwest	Waitt Plymouth, LLC c/o Waitt Co	6150 Trenton, LLC c/o Falcon Ridge Partners
Designer's Guild Building				
401 3rd St N	\$20,000,000	Mpls - CBD	DGB Investors, LLC	Designers Guild Building, Inc c/o The Cremers Family
9550 Upland Ln N	\$16,000,000	Northwest	Grove Health Owner, LLC c/o Artemis	Ryan Mpls II, LLC c/o Ryan Cos



Market	Sold SF
Mpls CBD East	3,064
Northeast	221,322
Northwest	264,466
Saint Paul CBD	221,959
Southeast	155,428
Southwest	563,970
West	663,554
Grand Total	2,093,763

Methodology

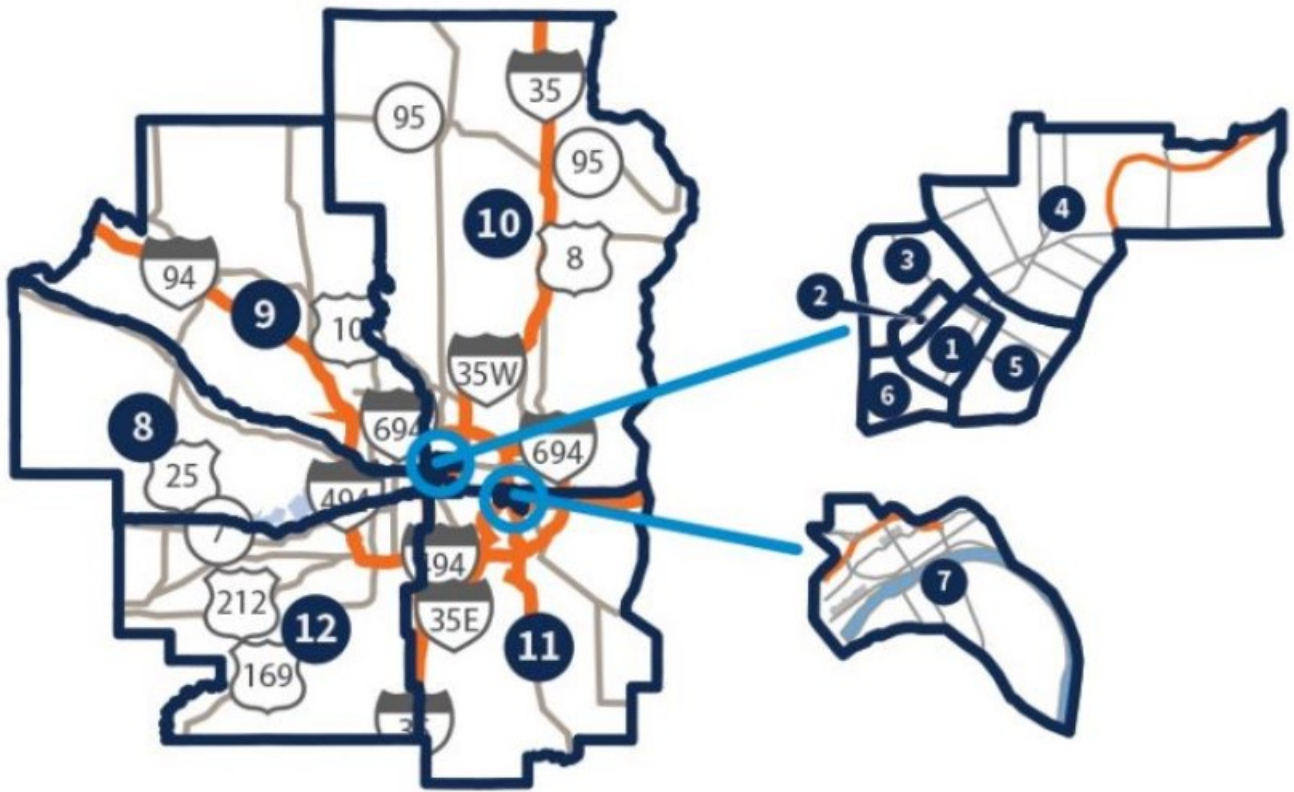
The Mpls-St Paul market consists of single and multi-tenant office buildings 20,000 sf or larger or part of a complex larger than 20,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does not include medical or government properties. 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 a FSG terms with Net type leases grossed up.

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 single and multi-tenant buildings greater than 20,000 sf or are part of a complex that totals 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 feet within a building including both direct and sub-lease 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 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.
Average Asking Rate	The average lease rate expressed as a per square foot value in FSG terms with Net type leases grossed up.

Market Map



- | | |
|------------------------|------------------|
| 1 Mpls CBD - Core | 7 Saint Paul CBD |
| 2 Mpls CBD - Warehouse | 8 West |
| 3 Mpls CBD - Northloop | 9 Northwest |
| 4 Mpls CBD - Northeast | 10 Northeast |
| 5 Mpls CBD - East | 11 Southeast |
| 6 Mpls CBD - Loring | 12 Southwest |

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