

MARKET TRENDS

Q1 2020 | Mpls-St Paul | Industrial

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,969,253	
Area Unemployment	3.1	
U.S. Unemployment	3.5	
Industrial Jobs	198,600	

Source: BLS

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

Market Recap

Total Inventory (sf)	258,482,636
Total # of Bldgs	3,004
Absorption	223,024
Vacancy	4.7%
Asking Rate Low (NNN)	\$5.81
Asking Rate High (NNN)	\$9.35
Under Construction (sf)	3,728,557

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 industrial jobs in manufacturing dropping 400 during the same period.

Market Overview

The Mpls-St Paul industrial market consists of 258 msf in eight counties across the metro and posted over 223,000 sf of positive absorption for Q1 2020 while 184,000 sf positive absorption for multi-tenant properties. The overall vacancy rate for the market stands at 4.7% and multi-tenant vacancy was 7.4% for Q1 2020. The average asking lease low rate was \$5.81 and high rate was \$9.35 NNN for Mpls-St Paul. To date, there are 23 construction projects throughout the market totaling just under 3.7 msf and 5 properties were delivered this quarter with 575,902 sf.

Market Highlights

At the close of Q1 2020, the market experienced over 2.2 msf of leasing activity in 194 transactions with AbelConn leasing the largest space of 110,329 sf in the Northwest market. The Southeast market vacancy rate being the tightest at 4.1% for all properties while the Northwest market topped at 6%. The Northeast market had four of the top five property spots in absorption with Bluvera leasing 93,000 sf, Hajoca leasing 75,845 sf and Lindenmeyr Munrow leasing 60,102 sf. The Northwest market experienced the largest vacancy of Honeywell with 250,000 sf. The Southwest market held the next two spots with Sams Club vacating 180,000 sf and Quad Graphics/American Color vacating 160,000 sf.

Market Statistics by Property Type (Multi and Single Tenant)

Total

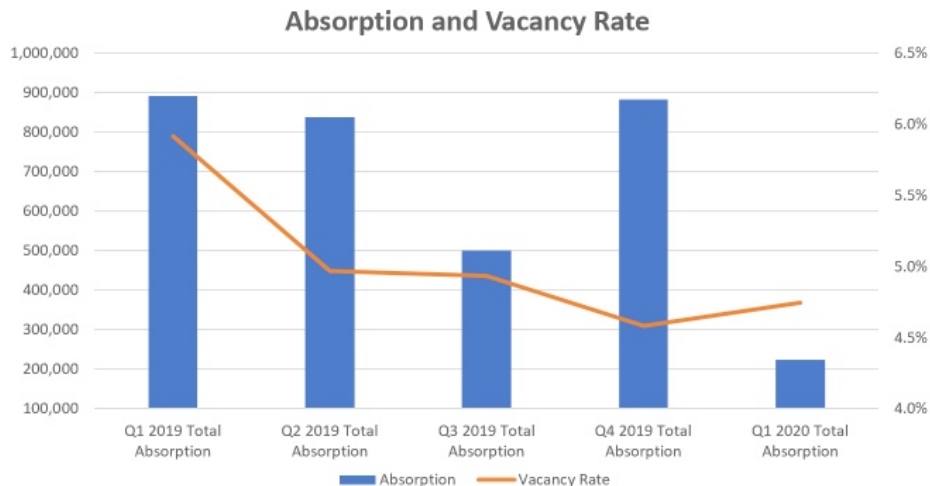
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Flex/R&D	621	41,741,194	3,822,183	2,866,173	80,405	6.9%
Warehouse Distribution	495	88,990,495	6,544,504	4,205,755	421,738	4.7%
Warehouse Office	1,888	127,750,947	8,311,048	5,189,395	(279,119)	4.1%
Grand Total	3,004	258,482,636	18,677,735	12,261,323	223,024	4.7%

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	Vacancy Rate
Flex/R&D	621	41,741,194	3,501,872	2,684,907	57,051	6.4%
Warehouse Distribution	495	88,990,495	5,624,865	3,899,428	408,449	4.4%
Warehouse Office	1,888	127,750,947	7,388,705	4,846,237	(186,366)	3.8%
Grand Total	3,004	258,482,636	16,515,442	11,430,572	279,134	4.4%

Sublease

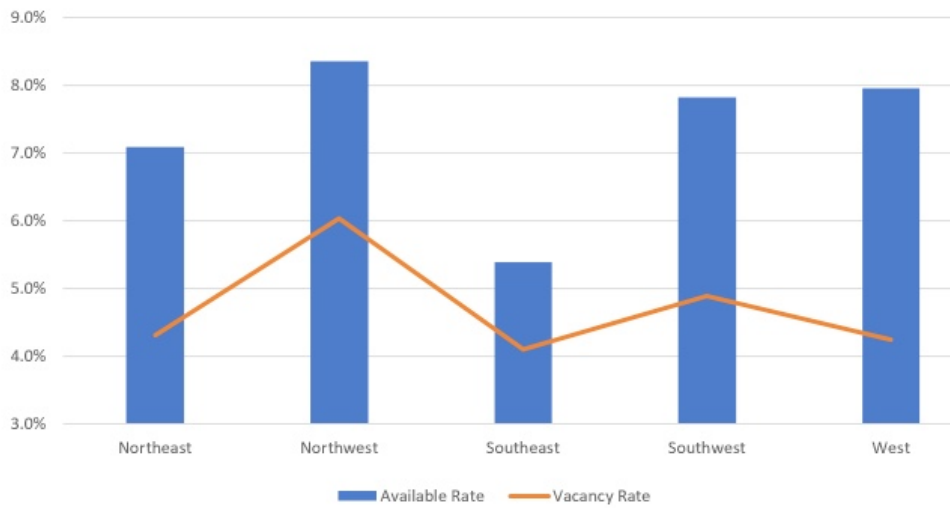
Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	621	41,741,194	320,311	181,266	23,354	0.4%
Warehouse Distribution	495	88,990,495	919,639	306,327	13,289	0.3%
Warehouse Office	1,888	127,750,947	922,343	343,158	(92,753)	0.3%
Grand Total	3,004	258,482,636	2,162,293	830,751	(56,110)	0.3%



Market Statistics by Market (Multi and Single Tenant)

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	154	10,782,479	1,132,089	906,593	52,876	8.4%
	Warehouse Distribution	153	25,898,974	2,286,188	1,268,061	238,180	4.9%
	Warehouse Office	720	49,673,877	2,705,286	1,548,263	267,241	3.1%
	Subtotal	1,027	86,355,330	6,123,563	3,722,917	558,297	4.3%
Northwest	Flex/R&D	95	7,480,892	712,129	461,009	34,944	6.2%
	Warehouse Distribution	146	26,086,174	2,652,774	2,004,657	290,350	7.7%
	Warehouse Office	331	21,339,570	1,222,622	848,452	-182,503	4.0%
	Subtotal	572	54,906,636	4,587,525	3,314,118	142,791	6.0%
Southeast	Flex/R&D	123	6,667,046	522,752	377,878	41,620	5.7%
	Warehouse Distribution	94	17,639,267	766,805	513,557	-145,445	2.9%
	Warehouse Office	393	26,125,001	1,430,615	1,179,825	-15,625	4.5%
	Subtotal	610	50,431,314	2,720,172	2,071,260	-119,450	4.1%
Southwest	Flex/R&D	189	12,850,279	915,014	700,114	-21,144	5.4%
	Warehouse Distribution	72	15,802,261	567,357	323,207	26,992	2.0%
	Warehouse Office	301	21,048,195	2,405,108	1,404,804	-282,312	6.7%
	Subtotal	562	49,700,735	3,887,479	2,428,125	-276,464	4.9%
West	Flex/R&D	60	3,960,498	540,199	420,579	-27,891	10.6%
	Warehouse Distribution	30	3,563,819	271,380	96,273	11,661	2.7%
	Warehouse Office	143	9,564,304	547,417	208,051	-65,920	2.2%
	Subtotal	233	17,088,621	1,358,996	724,903	-82,150	4.2%
Grand Total		3,004	258,482,636	18,677,735	12,261,323	223,024	4.7%

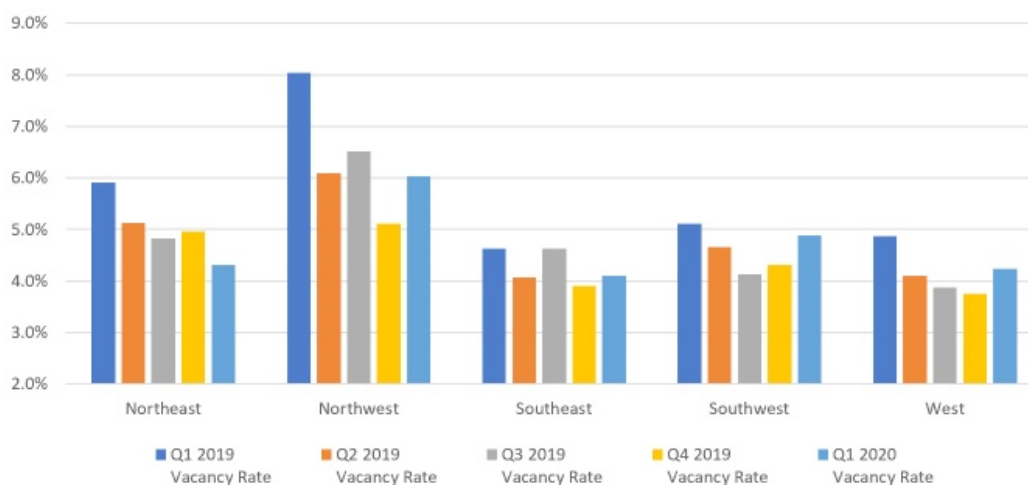
Available and Vacancy Rate by Market



Vacancy Rates by Market (Multi and Single Tenant)

Market	Property Type	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	Flex/R&D	9.3%	9.8%	9.5%	8.9%	8.4%
	Warehouse Distribution	7.3%	6.1%	5.9%	5.8%	4.9%
	Warehouse Office	4.3%	3.6%	3.2%	3.7%	3.1%
	Subtotal	5.9%	5.1%	4.8%	5.0%	4.3%
Northwest	Flex/R&D	10.1%	9.3%	9.3%	6.7%	6.2%
	Warehouse Distribution	8.1%	6.1%	7.1%	6.3%	7.7%
	Warehouse Office	7.2%	5.0%	4.8%	3.1%	4.0%
	Subtotal	8.0%	6.1%	6.5%	5.1%	6.0%
Southeast	Flex/R&D	8.8%	9.3%	9.7%	6.3%	5.7%
	Warehouse Distribution	3.1%	2.0%	2.3%	2.1%	2.9%
	Warehouse Office	4.5%	4.2%	4.9%	4.5%	4.5%
	Subtotal	4.6%	4.1%	4.6%	3.9%	4.1%
Southwest	Flex/R&D	7.5%	7.1%	6.5%	5.3%	5.4%
	Warehouse Distribution	2.6%	2.0%	2.1%	2.3%	2.0%
	Warehouse Office	5.1%	5.0%	4.1%	5.2%	6.7%
	Subtotal	5.1%	4.7%	4.1%	4.3%	4.9%
West	Flex/R&D	12.4%	11.5%	10.4%	9.9%	10.6%
	Warehouse Distribution	4.4%	3.6%	3.9%	3.0%	2.7%
	Warehouse Office	1.7%	1.2%	1.2%	1.5%	2.2%
	Subtotal	4.9%	4.1%	3.9%	3.8%	4.2%
Grand Total		5.9%	5.0%	4.9%	4.6%	4.7%

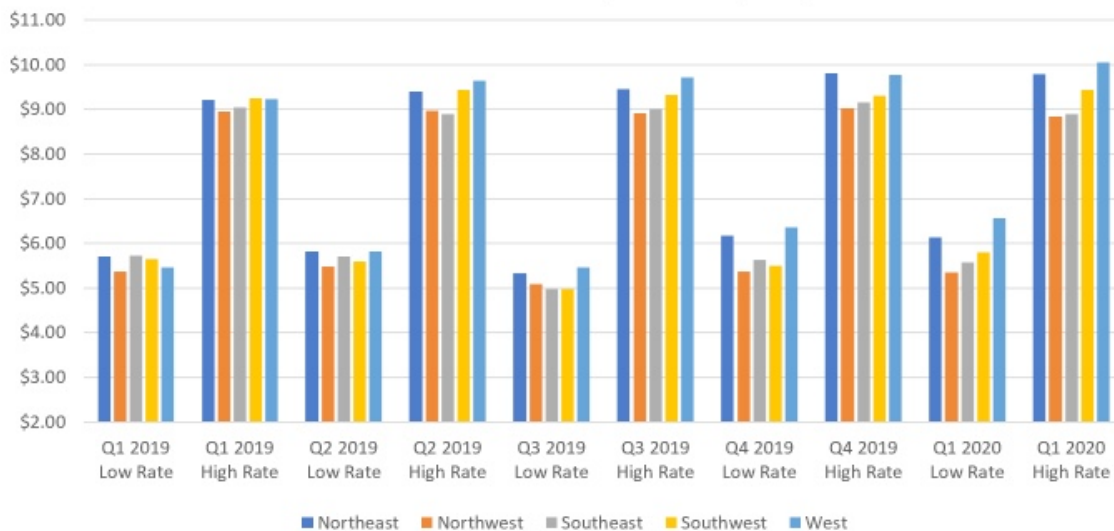
Vacancy Rate by Market



Lease Rates by Market (Multi and Single Tenant NNN)

Market	Property Type	Q1 2019		Q2 2019		Q3 2019		Q4 2019		Q1 2020	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$6.63	\$10.25	\$6.77	\$10.24	\$5.85	\$10.22	\$6.81	\$10.21	\$6.75	\$10.40
	Warehouse Distribution	\$4.96	\$8.36	\$5.26	\$9.01	\$5.29	\$9.39	\$5.40	\$9.69	\$5.41	\$10.05
	Warehouse Office	\$5.15	\$8.64	\$5.23	\$8.82	\$4.98	\$8.84	\$5.90	\$9.53	\$5.84	\$9.21
	Subtotal	\$5.69	\$9.22	\$5.82	\$9.39	\$5.32	\$9.45	\$6.16	\$9.81	\$6.12	\$9.78
Northwest	Flex/R&D	\$5.82	\$10.00	\$5.88	\$10.21	\$5.52	\$9.81	\$5.48	\$9.98	\$5.50	\$9.97
	Warehouse Distribution	\$4.95	\$8.28	\$4.99	\$8.39	\$4.74	\$8.29	\$4.93	\$8.56	\$4.96	\$8.42
	Warehouse Office	\$5.23	\$8.33	\$5.52	\$8.36	\$4.93	\$8.58	\$5.64	\$8.62	\$5.53	\$8.34
	Subtotal	\$5.38	\$8.95	\$5.48	\$8.97	\$5.08	\$8.92	\$5.36	\$9.02	\$5.34	\$8.84
Southeast	Flex/R&D	\$6.57	\$9.95	\$6.53	\$9.97	\$4.81	\$9.73	\$5.98	\$9.79	\$6.28	\$9.91
	Warehouse Distribution	\$5.13	\$10.25	\$4.99	\$8.41	\$5.08	\$9.42	\$5.15	\$9.30	\$5.06	\$8.96
	Warehouse Office	\$5.08	\$8.26	\$5.23	\$8.22	\$5.05	\$8.31	\$5.41	\$8.64	\$5.23	\$8.24
	Subtotal	\$5.73	\$9.05	\$5.71	\$8.90	\$4.97	\$9.00	\$5.62	\$9.15	\$5.57	\$8.89
Southwest	Flex/R&D	\$6.05	\$9.83	\$5.89	\$9.83	\$5.11	\$9.93	\$5.96	\$9.94	\$6.26	\$10.15
	Warehouse Distribution	\$4.92	\$9.79	\$5.06	\$9.94	\$5.06	\$9.28	\$5.07	\$9.21	\$5.04	\$9.58
	Warehouse Office	\$5.26	\$8.35	\$5.32	\$8.76	\$4.82	\$8.70	\$5.14	\$8.71	\$5.45	\$8.66
	Subtotal	\$5.64	\$9.25	\$5.60	\$9.43	\$4.98	\$9.33	\$5.50	\$9.30	\$5.80	\$9.43
West	Flex/R&D	\$5.80	\$10.22	\$6.40	\$10.50	\$5.86	\$10.74	\$7.29	\$11.19	\$6.34	\$10.84
	Warehouse Distribution	\$4.60	\$8.40	\$4.86	\$9.00	\$4.91	\$9.16	\$4.91	\$9.16	\$4.88	\$8.88
	Warehouse Office	\$5.37	\$8.04	\$5.43	\$8.55	\$5.46	\$9.16	\$6.51	\$9.15	\$7.49	\$9.69
	Subtotal	\$5.46	\$9.23	\$5.82	\$9.64	\$5.46	\$9.72	\$6.36	\$9.77	\$6.57	\$10.06
Grand Total		\$5.60	\$9.13	\$5.67	\$9.23	\$5.13	\$9.24	\$5.74	\$9.38	\$5.81	\$9.35

Lease Rates by Market (NNN)



Market Statistics by Property Type (Multi-Tenant)

Total

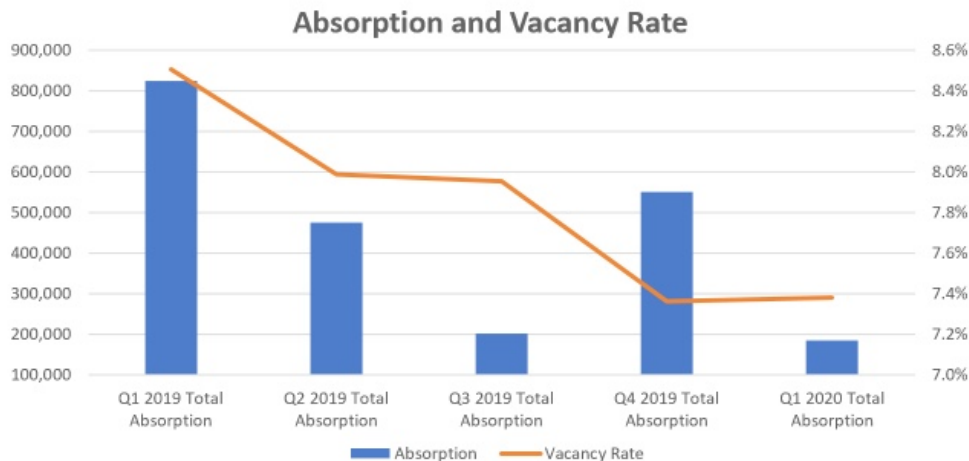
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Flex/R&D	539	32,570,510	3,769,416	2,817,062	85,005	8.6%
Warehouse Distribution	274	44,848,421	5,550,638	3,487,713	191,972	7.8%
Warehouse Office	888	58,782,712	5,668,501	3,749,000	(92,904)	6.4%
Grand Total	1,701	136,201,643	14,988,555	10,053,775	184,073	7.4%

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	Vacancy Rate
Flex/R&D	539	32,570,510	3,493,616	2,680,307	61,651	8.2%
Warehouse Distribution	274	44,848,421	4,950,455	3,441,818	178,683	7.7%
Warehouse Office	888	58,782,712	4,911,268	3,453,658	(151)	5.9%
Grand Total	1,701	136,201,643	13,355,339	9,575,783	240,183	7.0%

Sublease

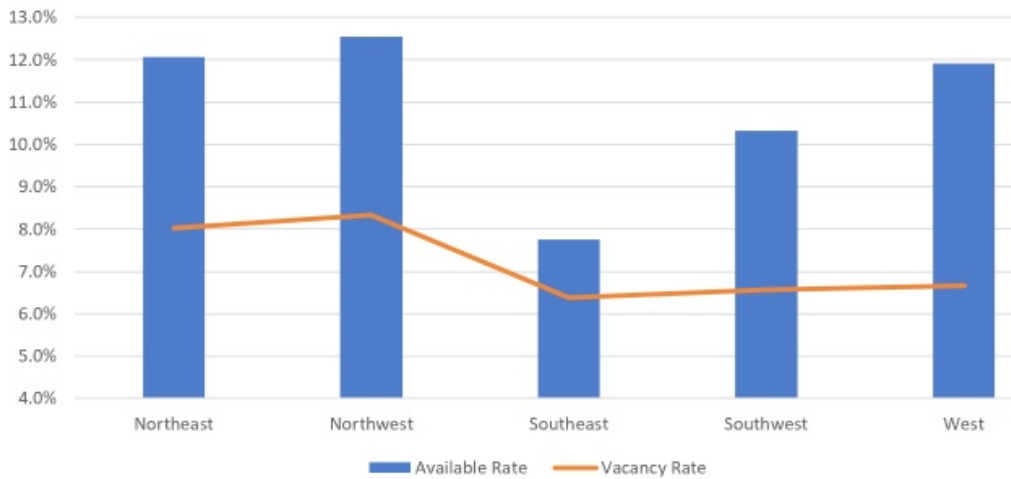
Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	539	32,570,510	275,800	136,755	23,354	0.4%
Warehouse Distribution	274	44,848,421	600,183	45,895	13,289	0.1%
Warehouse Office	888	58,782,712	757,233	295,342	(92,753)	0.5%
Grand Total	1,701	136,201,643	1,633,216	477,992	(56,110)	0.4%



Market Statistics by Market (Multi-Tenant)

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	133	9,380,158	1,123,833	901,993	57,476	9.6%
	Warehouse Distribution	67	10,346,820	2,115,004	1,096,877	238,180	10.6%
	Warehouse Office	318	22,475,223	1,851,716	1,387,566	179,896	6.2%
	Subtotal	518	42,202,201	5,090,553	3,386,436	475,552	8.0%
Northwest	Flex/R&D	77	4,746,692	712,129	461,009	34,944	9.7%
	Warehouse Distribution	91	15,244,036	2,114,916	1,491,799	60,584	9.8%
	Warehouse Office	150	9,665,118	892,764	521,557	-165	5.4%
	Subtotal	318	29,655,846	3,719,809	2,474,365	95,363	8.3%
Southeast	Flex/R&D	110	5,601,808	478,241	333,367	41,620	6.0%
	Warehouse Distribution	52	7,620,077	481,981	479,557	-145,445	6.3%
	Warehouse Office	178	11,178,678	931,089	746,019	-17,220	6.7%
	Subtotal	340	24,400,563	1,891,311	1,558,943	-121,045	6.4%
Southwest	Flex/R&D	164	9,330,308	915,014	700,114	-21,144	7.5%
	Warehouse Distribution	43	8,994,744	567,357	323,207	26,992	3.6%
	Warehouse Office	175	11,259,018	1,571,007	919,217	-186,495	8.2%
	Subtotal	382	29,584,070	3,053,378	1,942,538	-180,647	6.6%
West	Flex/R&D	55	3,511,544	540,199	420,579	-27,891	12.0%
	Warehouse Distribution	21	2,642,744	271,380	96,273	11,661	3.6%
	Warehouse Office	67	4,204,675	421,925	174,641	-68,920	4.2%
	Subtotal	143	10,358,963	1,233,504	691,493	-85,150	6.7%
Grand Total		1,701	136,201,643	14,988,555	10,053,775	184,073	7.4%

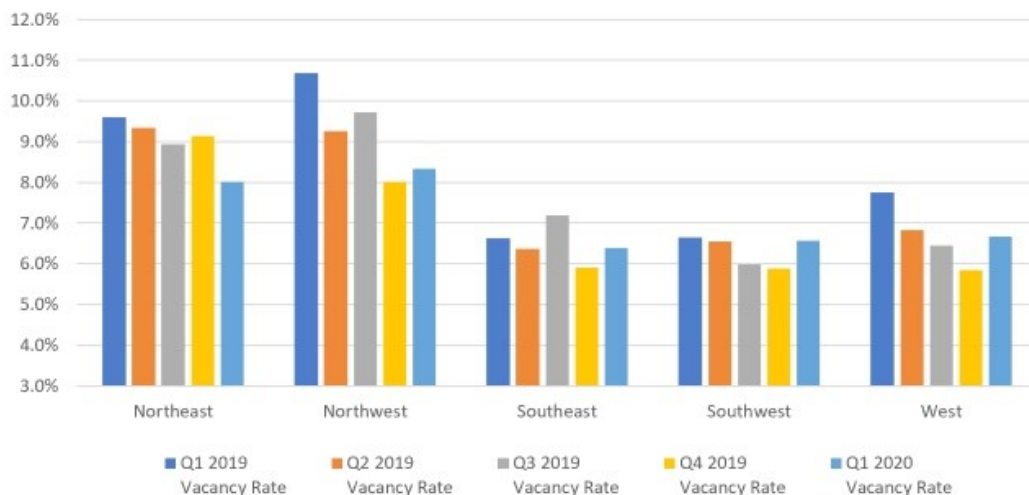
Available and Vacancy Rate by Market



Vacancy Rates by Market (Multi-Tenant)

Market	Property Type	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate
Northeast	Flex/R&D	10.6%	11.3%	10.9%	10.2%	9.6%
	Warehouse Distribution	12.5%	13.5%	13.3%	12.9%	10.6%
	Warehouse Office	7.7%	6.6%	6.1%	7.0%	6.2%
	Subtotal	9.6%	9.3%	8.9%	9.1%	8.0%
Northwest	Flex/R&D	12.6%	11.5%	11.6%	10.5%	9.7%
	Warehouse Distribution	11.0%	9.9%	10.6%	9.0%	9.8%
	Warehouse Office	9.3%	7.2%	7.5%	5.4%	5.4%
	Subtotal	10.7%	9.3%	9.7%	8.0%	8.3%
Southeast	Flex/R&D	9.1%	10.0%	10.8%	6.7%	6.0%
	Warehouse Distribution	5.6%	4.3%	5.1%	4.4%	6.3%
	Warehouse Office	6.1%	5.9%	6.8%	6.5%	6.7%
	Subtotal	6.6%	6.4%	7.2%	5.9%	6.4%
Southwest	Flex/R&D	9.1%	8.7%	8.2%	7.3%	7.5%
	Warehouse Distribution	3.5%	3.2%	3.7%	3.9%	3.6%
	Warehouse Office	7.0%	7.4%	5.9%	6.3%	8.2%
	Subtotal	6.6%	6.5%	6.0%	5.9%	6.6%
West	Flex/R&D	13.9%	13.0%	11.7%	11.2%	12.0%
	Warehouse Distribution	6.1%	4.9%	5.4%	4.1%	3.6%
	Warehouse Office	3.6%	2.8%	2.6%	2.5%	4.2%
	Subtotal	7.7%	6.8%	6.4%	5.9%	6.7%
Grand Total		8.5%	8.0%	8.0%	7.4%	7.4%

Vacancy Rate by Market



Lease Rates by Market (Multi-Tenant NNN)

Market	Property Type	Q1 2019		Q2 2019		Q3 2019		Q4 2019		Q1 2020	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$6.63	\$10.25	\$6.77	\$10.24	\$5.85	\$10.22	\$6.81	\$10.21	\$6.75	\$10.40
	Warehouse Distribution	\$4.96	\$8.36	\$5.03	\$9.00	\$4.98	\$9.23	\$5.36	\$9.53	\$5.41	\$10.05
	Warehouse Office	\$5.17	\$8.61	\$5.26	\$8.81	\$4.96	\$8.88	\$5.88	\$9.63	\$5.88	\$9.34
	Subtotal	\$5.72	\$9.22	\$5.83	\$9.43	\$5.28	\$9.47	\$6.17	\$9.85	\$6.16	\$9.87
Northwest	Flex/R&D	\$5.82	\$10.00	\$5.88	\$10.21	\$5.52	\$9.81	\$5.48	\$9.98	\$5.50	\$9.97
	Warehouse Distribution	\$4.95	\$8.28	\$4.99	\$8.39	\$4.74	\$8.29	\$4.91	\$8.47	\$4.86	\$8.28
	Warehouse Office	\$5.23	\$8.33	\$5.52	\$8.36	\$4.93	\$8.58	\$5.67	\$8.61	\$5.60	\$8.40
	Subtotal	\$5.38	\$8.95	\$5.48	\$8.97	\$5.08	\$8.92	\$5.37	\$9.00	\$5.35	\$8.85
Southeast	Flex/R&D	\$6.57	\$9.95	\$6.53	\$9.97	\$4.81	\$9.73	\$5.98	\$9.79	\$6.28	\$9.91
	Warehouse Distribution	\$5.13	\$10.25	\$4.99	\$8.41	\$5.08	\$9.42	\$5.15	\$9.30	\$5.06	\$8.96
	Warehouse Office	\$5.09	\$8.48	\$5.20	\$8.29	\$4.93	\$8.41	\$5.27	\$8.73	\$5.18	\$8.36
	Subtotal	\$5.79	\$9.23	\$5.75	\$9.00	\$4.90	\$9.12	\$5.58	\$9.25	\$5.58	\$9.02
Southwest	Flex/R&D	\$6.05	\$9.78	\$5.89	\$9.79	\$5.11	\$9.93	\$5.96	\$9.94	\$6.26	\$10.15
	Warehouse Distribution	\$4.92	\$9.79	\$5.06	\$9.94	\$5.06	\$9.28	\$5.07	\$9.21	\$5.04	\$9.58
	Warehouse Office	\$5.26	\$8.35	\$5.35	\$8.71	\$4.79	\$8.64	\$5.15	\$8.84	\$5.53	\$8.97
	Subtotal	\$5.64	\$9.21	\$5.61	\$9.40	\$4.97	\$9.31	\$5.52	\$9.38	\$5.84	\$9.59
West	Flex/R&D	\$5.80	\$10.22	\$6.40	\$10.50	\$5.86	\$10.74	\$7.29	\$11.19	\$6.34	\$10.84
	Warehouse Distribution	\$4.60	\$8.40	\$4.86	\$9.00	\$4.91	\$9.16	\$4.91	\$9.16	\$4.88	\$8.88
	Warehouse Office	\$5.37	\$8.04	\$4.88	\$8.30	\$5.46	\$9.02	\$5.90	\$8.94	\$6.91	\$9.45
	Subtotal	\$5.46	\$9.23	\$5.68	\$9.60	\$5.46	\$9.68	\$6.09	\$9.72	\$6.30	\$9.99
Grand Total		\$5.61	\$9.16	\$5.67	\$9.25	\$5.11	\$9.26	\$5.71	\$9.42	\$5.81	\$9.44

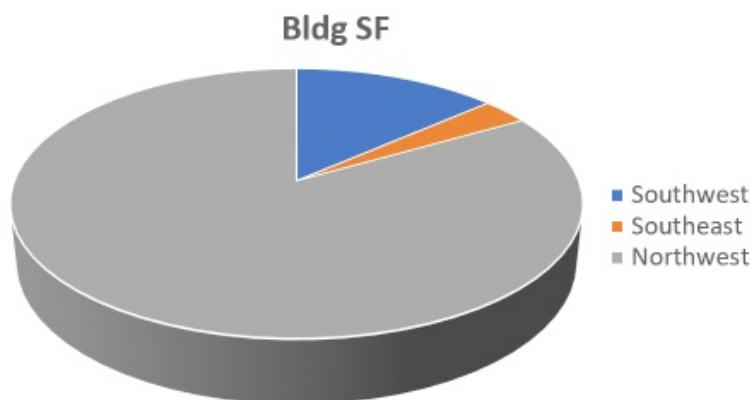


New Developments by Market



Market	Bldg SF
Northeast	256,000
Northwest	1,149,555
Southeast	1,204,108
Southwest	778,454
West	340,440
Grand Total	3,728,557

New Deliveries by Market



Market	Bldg SF
Southwest	78,136
Southeast	18,000
Northwest	479,766
Grand Total	575,902

Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Lexington Preserve I 3860 Pheasant Ridge Dr NE	187,238	Northeast	Aveda	CSM Investors II, Inc
Arbor Lakes Corporate Center 8550 Zachary Ln N	110,329	Northwest	AbelConn	Opus Development
5520 State Hwy No 169	107,348	Northwest	Hydraulic Pump & Power Systems"	STAG New Hope, LLC
825 Transfer Rd	93,000	Northeast	Power Systems	Transfer Industrial
Raceway Business Center Phase II 910 Hastings Ave	72,000	Southeast	Vollrath	Core MSP Industrial Portfolio Owner LLC



Market	Leased SF
Northeast	780,883
Northwest	568,575
Southeast	437,323
Southwest	344,973
West	140,223
Grand Total	2,271,977

Sales Activity

Property	Price	Market	Buyer	Seller
1771 Energy Park Dr	\$23,800,000	Northeast	Midway Industrial MN, Inc c/o Heitman Capital Management	United Properties and Capital City
I-94 Distribution Center 22000 Industrial Blvd	\$17,750,000	Northwest	DG Industrial Portfolio I Property Owner, LP	Sukkot Realty (I-94 Minnesota) ADA Compliant, LP
Raceway Business Center 910 Hastings Ave	\$14,450,000	Southeast	Capital Partners	Scannell Properties #311, LLC c/o Scannell Properties
GAF Building 8175 Jefferson Hwy N	\$13,200,000	Northwest	Capital Partners	Scannell Properties #374, LLC c/o Scannell Properties
Valley View Business Center 2650 4th Ave E	\$12,800,000	Southwest	Capital Partners	Scannell Properties #396, LLC c/o Scannell Properties



Market	Sold SF
Northeast	515,331
Northwest	1,073,090
Southeast	558,168
Southwest	582,560
West	173,832
Grand Total	2,902,981

Market Map



- | | | | |
|----------|------------------|----------|------------------|
| 1 | Northeast | 3 | Southwest |
| 2 | Northwest | 4 | Southeast |
| | | 5 | West |

Methodology

The Mpls-St Paul market consists of single and multi-tenant industrial 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, Washington and Wright counties. The tracked set does not include self-storage facilities and non-conforming property types such as grain elevators or fuel storage facilities. 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 NNN basis.

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, Washington and Wright 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.
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 low and high asking lease rate expressed as a per square foot value in NNN terms.
Warehouse Distribution	Higher clear height and typically over 24 foot clear.
Warehouse Office	More office build out compared to warehouse distribution and clear heights less than 24 foot clear
Warehouse Flex	Higher end finishing and landscaping. More office build out compared to warehouse office.

Advisory Board Members

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Rachael Partyka		Newmark Knight Frank	Tyler Hegwood
Patrick Steinhauser			Andrew Brick

REDIComps Team

Chris Allen	Regional Director of Analytics	chris@redicomps.com	952-456-1669
Jon Holm	Regional Director of Sales	jon@redicomps.com	612-802-0499
Jeremy Bengston	CEO	jeremy@redicomps.com	
Lisa Bengston	Regional Director of Sale Comps	lisa@redicomps.com	
Kim Platz	Regional Director of Research	kim@redicomps.com	816-651-6686
Beth Downey	Listings Researcher	beth@redicomps.com	816-536-1202
Lisa Ison	Listings Researcher	lisa@redicomps.com	816-606-7737
Michelle Siegert	Listings Researcher	michelle@redicomps.com	816-230-0116