MARKET TRENDS

Q1 2021 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,865,869	▼
Area Unemployment	4.4	▲
U.S. Unemployment	6.2	▲
Retail Jobs	124,100	▼

Source: BLS

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

Market Recap

Total Inventory (sf)	94,523,398
Total # of Bldgs	1,826
Absorption	26,731
Vacancy	9.2%
Asking Rate (NNN)	$17.86
Under Construction (sf)	494,622

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 130 basis points to 4.4% for February 2021 from 3.1% for February 2020. The unemployment rate for the US was 6.2% in February 2021 up from 3.5% last year. State of Minnesota unemployment rate was 4.3%. The Mpls-St Paul MSA saw a decrease in job growth as well as a decrease in retail job growth, leisure and hospitality decreasing by 59,600 during the same period.

Market Overview

The Mpls-St Paul retail market, consisting of over 94 msf of space in seven counties across the metro posted over 26,000 sf positive absorption for Q1 2021 but had 59,000 sf negative absorption for multi-tenant properties. The vacancy rate for the market this quarter was 9.2% and multi tenant properties was 12.7% for Q1 2021. To date, there are 32 construction projects throughout the market totaling just short of 500,000 sf.

Market Highlights

At the close of Q1 2021, the market experienced over 522,000 sf of leasing activity from 144 transactions. The Southeast market posted the lowest rate at 7.3% for all properties. The Southwest market posted the largest increase in absorption with over 121,000 sf positive absorption led by Loffler purchase for future HQ. The Southeast market recorded over 94,000 sf negative absorption led Hom Furniture vacating 86,000 sf. Mpls CBD vacancy has jumped up to 23.3% Q1 2021 compared to 16.8% this time 2020. Eighty eight properties sold during Q1 2021 totaling $147 million in sale price. Four properties were delivered this quarter with 38,000 sf.

Market Statistics by Property Type

Total

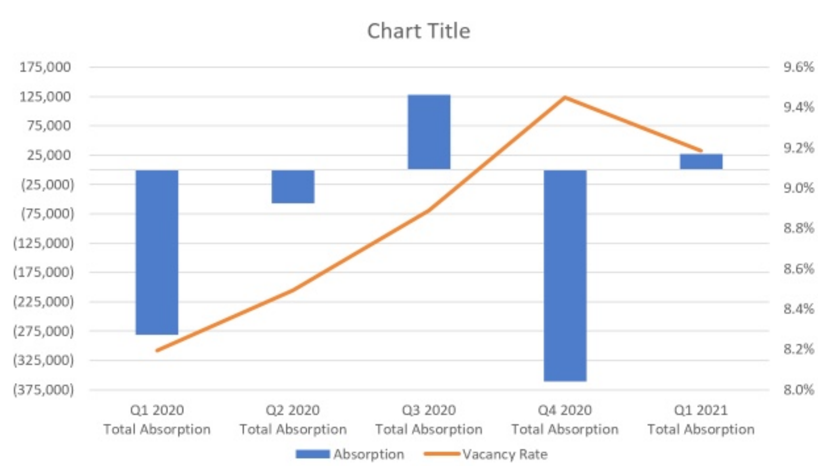
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	94	12,399,738	2,050,848	1,985,148	(16,334)	(16,334)	16.0%
Freestanding/Big Box	577	38,088,225	1,390,681	1,529,481	79,587	79,587	4.0%
Mixed Use	183	7,452,357	1,183,935	1,191,439	3,335	3,335	16.0%
Neighborhood Center	256	15,336,186	1,506,210	1,493,522	(54,968)	(54,968)	9.7%
Regional Center	11	8,000,238	1,342,752	1,342,752	5,893	5,893	16.8%
Strip Center	705	13,246,654	1,287,682	1,139,852	9,218	9,218	8.6%
Grand Total	**1,826**	**94,523,398**	**8,762,108**	**8,682,194**	**26,731**	**26,731**	**9.2%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	94	12,399,738	2,030,005	1,985,148	(16,334)	(16,334)	16.0%
Freestanding/Big Box	577	38,088,225	1,333,282	1,498,725	23,976	23,976	3.9%
Mixed Use	183	7,452,357	1,140,799	1,164,439	3,335	3,335	15.6%
Neighborhood Center	256	15,336,186	1,456,949	1,444,009	(53,040)	(53,040)	9.4%
Regional Center	11	8,000,238	1,340,737	1,340,737	5,893	5,893	16.8%
Strip Center	705	13,246,654	1,239,757	1,090,442	10,034	10,034	8.2%
Grand Total	**1,826**	**94,523,398**	**8,541,529**	**8,523,500**	**(26,136)**	**(26,136)**	**9.0%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	94	12,399,738	20,843		0	0	0.0%
Freestanding/Big Box	577	38,088,225	57,399	30,756	55,611	55,611	0.1%
Mixed Use	183	7,452,357	43,136	27,000	0	0	0.4%
Neighborhood Center	256	15,336,186	49,261	49,513	(1,928)	(1,928)	0.3%
Regional Center	11	8,000,238	2,015	2,015	0	0	0.0%
Strip Center	705	13,246,654	47,925	49,410	(816)	(816)	0.4%
Grand Total	**1,826**	**94,523,398**	**220,579**	**158,694**	**52,867**	**52,867**	**0.2%**



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643	4,482	4,482	59	59	3.0%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	57	2,699,337	666,038	726,477	1,564	1,564	26.9%
	Strip Center	2	18,520			0	0	0.0%
	Subtotal	**62**	**3,138,916**	**670,520**	**730,959**	**1,623**	**1,623**	**23.3%**
Northeast	Community Center	28	3,980,132	623,298	713,958	(3,947)	(3,947)	17.9%
	Freestanding/Big Box	192	12,665,786	857,193	1,042,583	0	0	8.2%
	Mixed Use	20	590,198	34,674	47,527	(4,520)	(4,520)	8.1%
	Neighborhood Center	78	4,727,600	404,592	344,033	(28,432)	(28,432)	7.3%
	Regional Center	4	3,227,849	349,720	349,720	50,425	50,425	10.8%
	Strip Center	198	3,874,259	363,424	315,650	12,229	12,229	8.1%
	Subtotal	**520**	**29,065,824**	**2,632,901**	**2,813,471**	**25,755**	**25,755**	**9.7%**
Northwest	Community Center	11	1,531,328	196,391	185,889	(6,600)	(6,600)	12.1%
	Freestanding/Big Box	80	5,460,269	13,013	273,572	0	0	5.0%
	Mixed Use	20	825,714	51,558	43,268	3,530	3,530	5.2%
	Neighborhood Center	46	2,745,949	270,455	409,402	(5,341)	(5,341)	14.9%
	Strip Center	131	2,319,471	275,987	261,067	2,787	2,787	11.3%
	Subtotal	**288**	**12,882,731**	**807,404**	**1,173,198**	**(5,624)**	**(5,624)**	**9.1%**
Saint Paul CBD	Mixed Use	15	641,003	74,610	67,304	(1,851)	(1,851)	10.5%
	Subtotal	**15**	**641,003**	**74,610**	**67,304**	**(1,851)**	**(1,851)**	**10.5%**
Southeast	Community Center	30	3,837,855	442,189	535,601	(9,996)	(9,996)	14.0%
	Freestanding/Big Box	179	12,385,146	132,839	133,051	(71,050)	(71,050)	1.1%
	Mixed Use	30	1,106,851	78,401	58,290	(7,705)	(7,705)	5.3%
	Neighborhood Center	73	4,533,602	575,445	490,704	(9,713)	(9,713)	10.8%
	Regional Center	3	1,089,341	374,646	374,646	(3,530)	(3,530)	34.4%
	Strip Center	214	3,964,379	378,849	331,325	7,675	7,675	8.4%
	Subtotal	**529**	**26,917,174**	**1,982,369**	**1,923,617**	**(94,319)**	**(94,319)**	**7.1%**
Southwest	Community Center	19	2,475,155	681,575	535,190	4,150	4,150	21.6%
	Freestanding/Big Box	95	5,679,586	359,421	80,275	150,637	150,637	1.4%
	Mixed Use	26	845,201	55,485	48,488	7,789	7,789	5.7%
	Neighborhood Center	36	2,107,988	83,203	154,519	(14,854)	(14,854)	7.3%
	Regional Center	2	2,087,941	341,706	341,706	(32,477)	(32,477)	16.4%
	Strip Center	113	2,056,551	177,487	146,339	6,061	6,061	7.1%
	Subtotal	**291**	**15,252,422**	**1,698,877**	**1,306,517**	**121,306**	**121,306**	**8.6%**
West	Community Center	5	427,625	102,913	10,028	0	0	2.3%
	Freestanding/Big Box	29	1,624,022	28,215		0	0	0.0%
	Mixed Use	15	744,053	223,169	200,085	4,528	4,528	26.9%
	Neighborhood Center	23	1,221,047	172,515	94,864	3,372	3,372	7.8%
	Regional Center	2	1,595,107	276,680	276,680	(8,525)	(8,525)	17.3%
	Strip Center	47	1,013,474	91,935	85,471	(19,534)	(19,534)	8.4%
	Subtotal	**121**	**6,625,328**	**895,427**	**667,128**	**(20,159)**	**(20,159)**	**10.1%**
Grand Total		**1,826**	**94,523,398**	**8,762,108**	**8,682,194**	**26,731**	**26,731**	**9.2%**

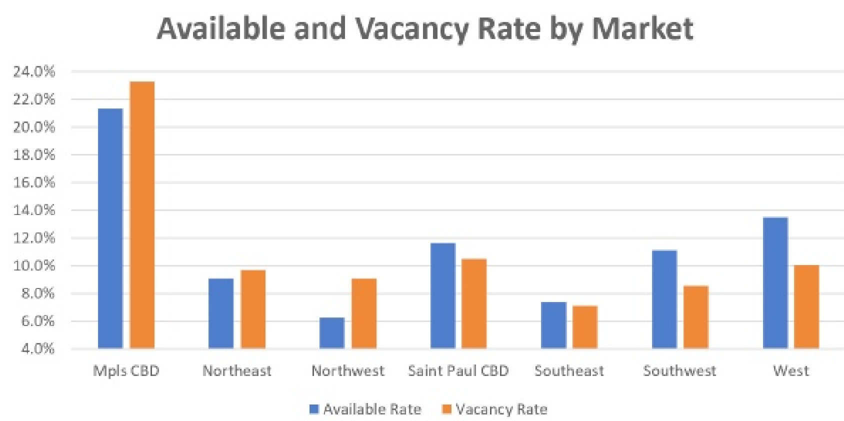
Vacancy Rates

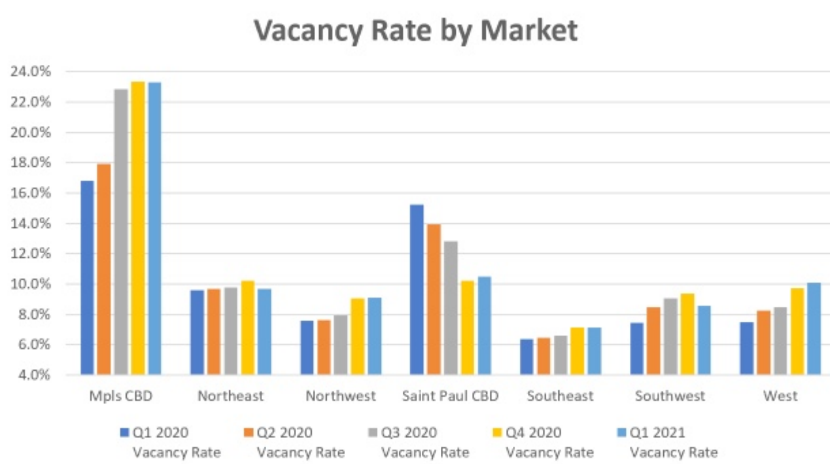
Market	Property Type	Q1 2020 Vacancy Rate	Q2 2020 Vacancy Rate	Q3 2020 Vacancy Rate	Q4 2020 Vacancy Rate	Q1 2021 Vacancy Rate
Mpls CBD	Community Center	3.0%	3.1%	3.1%	3.1%	3.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	19.4%	20.9%	26.4%	27.0%	26.9%
	Strip Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	**16.8%**	**17.9%**	**22.9%**	**23.3%**	**23.3%**
Northeast	Community Center	16.5%	16.3%	17.4%	17.8%	17.9%
	Freestanding/Big Box	8.7%	8.7%	8.4%	9.3%	8.2%
	Mixed Use	9.2%	9.2%	8.9%	7.3%	8.1%
	Neighborhood Center	6.9%	6.9%	6.8%	6.8%	7.3%
	Regional Center	11.5%	12.1%	12.2%	12.4%	10.8%
	Strip Center	7.5%	7.9%	8.1%	8.5%	8.1%
	Subtotal	**9.6%**	**9.7%**	**9.8%**	**10.2%**	**9.7%**
Northwest	Community Center	4.7%	5.4%	5.9%	11.7%	12.1%
	Freestanding/Big Box	5.4%	5.4%	5.0%	5.0%	5.0%
	Mixed Use	3.2%	3.4%	3.4%	5.7%	5.2%
	Neighborhood Center	12.4%	12.5%	14.0%	14.7%	14.9%
	Strip Center	10.4%	10.0%	10.8%	11.4%	11.3%
	Subtotal	**7.6%**	**7.6%**	**8.0%**	**9.1%**	**9.1%**
Saint Paul CBD	Mixed Use	15.2%	13.9%	12.8%	10.2%	10.5%
	Subtotal	**15.2%**	**13.9%**	**12.8%**	**10.2%**	**10.5%**
Southeast	Community Center	14.0%	13.4%	13.8%	13.7%	14.0%
	Freestanding/Big Box	1.2%	1.2%	1.3%	1.3%	1.1%
	Mixed Use	4.5%	4.4%	4.3%	4.6%	5.3%
	Neighborhood Center	9.0%	9.3%	9.5%	10.6%	10.8%
	Regional Center	25.3%	25.7%	25.7%	34.1%	34.4%
	Strip Center	8.1%	8.6%	8.7%	8.6%	8.4%
	Subtotal	**6.4%**	**6.5%**	**6.6%**	**7.2%**	**7.1%**
Southwest	Community Center	13.9%	17.4%	19.8%	21.8%	21.6%
	Freestanding/Big Box	4.2%	4.2%	4.0%	4.1%	1.4%
	Mixed Use	3.7%	3.9%	6.7%	6.7%	5.7%
	Neighborhood Center	6.4%	7.1%	7.6%	6.6%	7.3%
	Regional Center	13.0%	14.5%	14.8%	14.8%	16.4%
	Strip Center	5.3%	6.4%	6.6%	7.4%	7.1%
	Subtotal	**7.4%**	**8.5%**	**9.0%**	**9.4%**	**8.6%**
West	Community Center	2.3%	2.3%	2.3%	2.3%	2.3%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	20.2%	23.4%	23.7%	27.5%	26.9%
	Neighborhood Center	3.6%	3.9%	4.1%	8.0%	7.8%
	Regional Center	16.0%	16.3%	16.5%	16.8%	17.3%
	Strip Center	4.1%	5.8%	6.7%	6.3%	8.4%
	Subtotal	**7.5%**	**8.2%**	**8.5%**	**9.7%**	**10.1%**
Grand Total		**8.2%**	**8.5%**	**8.9%**	**9.5%**	**9.2%**

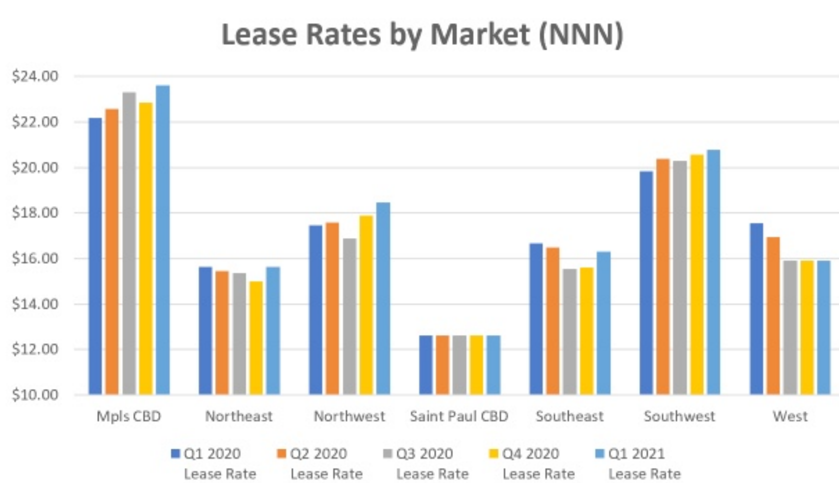
Lease Rates (NNN)

Market	Property Type	Q1 2020 Lease Rate	Q2 2020 Lease Rate	Q3 2020 Lease Rate	Q4 2020 Lease Rate	Q1 2021 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.19	$22.58	$23.30	$22.85	$23.61
	Strip Center					
	Subtotal	**$22.19**	**$22.58**	**$23.30**	**$22.85**	**$23.61**
Northeast	Community Center	$8.00	$8.00	$16.00	$16.00	$24.00
	Freestanding/Big Box	$11.00	$11.00	$10.00	$10.00	$10.00
	Mixed Use	$16.20	$16.20	$16.20	$17.33	$17.50
	Neighborhood Center	$12.38	$11.88	$12.16	$12.16	$13.13
	Regional Center					
	Strip Center	$17.46	$17.36	$16.48	$15.83	$16.13
	Subtotal	**$15.62**	**$15.47**	**$15.36**	**$15.00**	**$15.62**
Northwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$12.75	$12.75	$12.75	$13.63	$13.63
	Neighborhood Center	$10.50	$10.30	$10.30	$11.01	$12.34
	Strip Center	$19.17	$19.44	$18.83	$19.62	$19.74
	Subtotal	**$17.47**	**$17.59**	**$16.88**	**$17.90**	**$18.46**
Saint Paul CBD	Mixed Use	$12.63	$12.63	$12.63	$12.63	$12.63
	Subtotal	**$12.63**	**$12.63**	**$12.63**	**$12.63**	**$12.63**
Southeast	Community Center	$14.13	$14.13	$13.19	$13.19	$15.10
	Freestanding/Big Box					$11.00
	Mixed Use	$20.73	$20.58	$16.78	$17.73	$17.73
	Neighborhood Center	$14.71	$14.12	$14.42	$14.78	$17.40
	Regional Center					
	Strip Center	$17.13	$16.78	$15.96	$15.93	$15.91
	Subtotal	**$16.67**	**$16.48**	**$15.54**	**$15.61**	**$16.31**
Southwest	Community Center	$9.00				
	Freestanding/Big Box	$6.50	$6.50	$5.50	$5.50	$5.50
	Mixed Use	$24.50	$25.31	$25.31	$25.31	$25.50
	Neighborhood Center	$16.60	$16.60	$17.10	$19.92	$20.10
	Regional Center					
	Strip Center	$20.37	$19.89	$19.61	$19.29	$19.10
	Subtotal	**$19.84**	**$20.38**	**$20.29**	**$20.56**	**$20.79**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use	$17.00	$20.00			
	Neighborhood Center	$18.33	$13.50	$13.50	$13.50	$13.50
	Regional Center					
	Strip Center	$17.13	$17.13	$17.13	$17.13	$17.50
	Subtotal	**$17.56**	**$16.94**	**$15.92**	**$15.92**	**$15.90**
Grand Total		**$17.50**	**$17.51**	**$17.05**	**$17.36**	**$17.86**

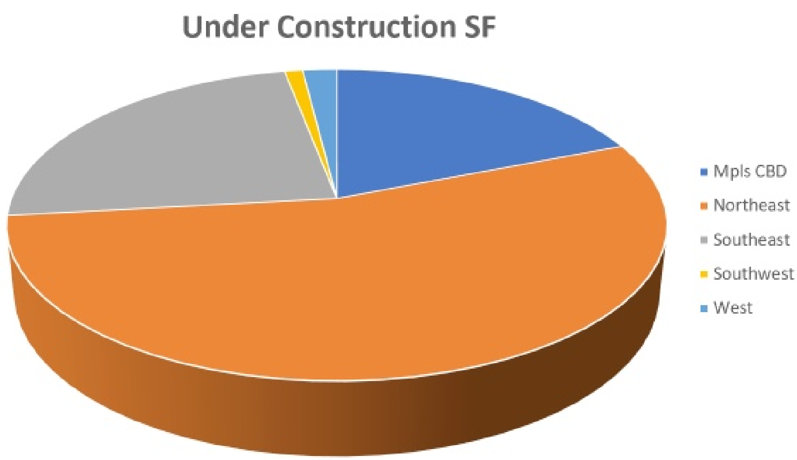
Vacancy and Lease Rates





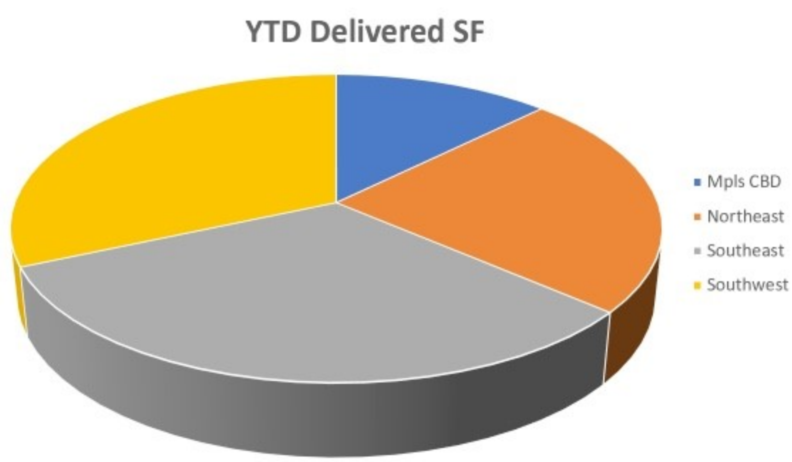


Construction by Market



Market	Bldg SF
Mpls CBD	94,105
Northeast	268,108
Southeast	117,541
Southwest	5,168
West	9,700
Grand Total	**494,622**

YTD Deliveries by Market

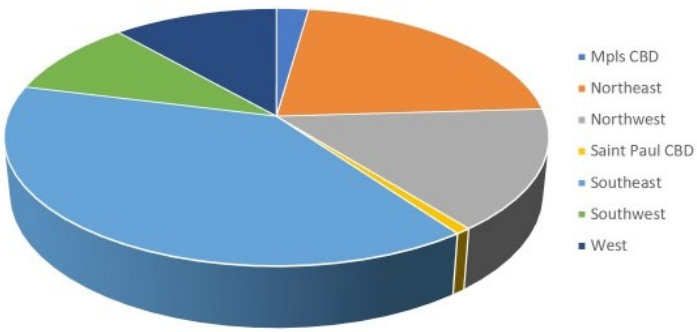


Market	Bldg SF
Mpls CBD	4,800
Northeast	9,000
Southeast	12,194
Southwest	12,000
Grand Total	**37,994**

Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Arbor Lakes 12750-12810 Elm Creek Blvd N	37,019	Northwest	Bob's Discount Furniture	KIR Maple Grove, LP
Rosedale Marketplace 2401 N Fairview Ave	20,000	Northeast	Bob's Furniture	Rosedale Marketplace Associate
6133 Baker Rd	16,850	Southwest	Adogo	JKMR, LLC
7020 Valley Creek Plaza	15,300	Southeast	Chase	Woodbury Village Shopping Center, LP
Eagan Promenade 1259-1299 Promenade Pl	13,362	Southeast	Freewheel Bike	Eagan Promenade, Inc

Leased SF

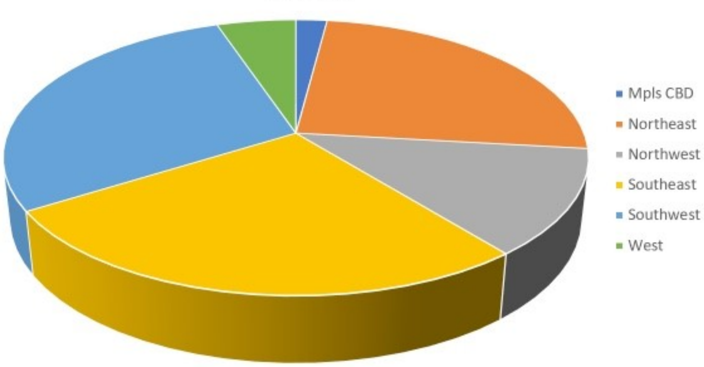


Market	Leased SF
Mpls CBD	11,651
Northeast	114,146
Northwest	79,566
Saint Paul CBD	4,114
Southeast	202,829
Southwest	50,390
West	60,004
Grand Total	**522,700**

Sales Activity

Property	Price	Market	Buyer	Seller
Chanhassen West Village 800-960 78th St W	$24,800,000	Southwest	Phillips Edison & Company	Glenborough; Oaktree Capital Management
3745 Louisiana Ave S	$9,085,000	Southwest	Louisiana Crossing, LLC	Sam's Real Estate Business Trust
12160 Technology Dr	$7,200,000	Southwest	Asian Plaza Property, LLC	Mountain Prairie, LLC
Walgreen's 4323 Chicago Ave	$6,690,909	Southeast	The Marital Trust of the Edwin Thornton Ibbetson Family Living Trust	Cardinal Green Investments, LLC
Walgreen's 6800 Bass Lake Rd	$6,560,000	Northwest	Isabel20, LLC	Minnetonka Capital Investments

Sold SF



Market	Bldg SF
Mpls CBD	27,697
Northeast	336,014
Northwest	168,139
Southeast	364,845
Southwest	390,050
West	70,243
Grand Total	**1,356,988**

Methodology

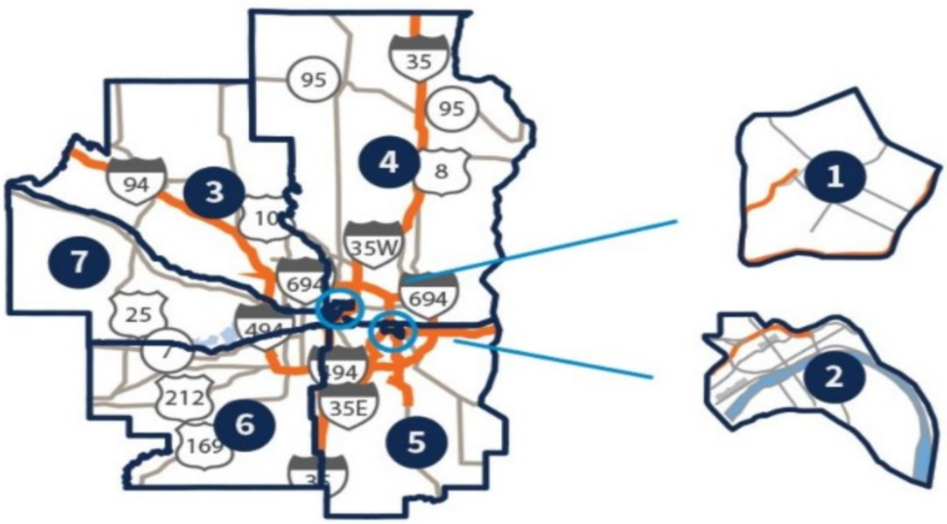
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with more than 15,000 sf of retail space. 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 NNN terms.

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 multi-tenant and single 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.
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 rated expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map



1. Minneapolis CBD
2. Saint Paul CBD
3. Northwest
4. Northeast
5. Southeast
6. Southwest
7. West

Advisory Board Members

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