

MARKET TRENDS

Q2 2020 | Mpls-St Paul | Office

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,759,074	
Area Unemployment	10.4	
U.S. Unemployment	13.3	
Office Jobs	493,900	

Source: BLS

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

Market Recap

All Properties

Total Inventory (sf)	125,755,572
Absorption	664,888
Vacancy	12.0%
Asking Rate (FSG)	\$24.62
New Construction (sf)	2,895,944

Multi-tenant Properties

Total Inventory (sf)	89,819,019
Absorption	236,162
Vacancy	15.7%
Asking Rate (FSG)	\$24.66

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 780 basis points to 10.4% for May 2020 from 2.6% for May 2019. The unemployment rate for the US was 13.3% in May 2020 up from 3.6% last year. State of Minnesota unemployment rate was 9.9%. The Mpls-St Paul MSA saw a decrease in job growth as well as a decrease in office job growth in professional, financial and information dropping 30,700 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 664,000 sf positive absorption for Q2 2020. The vacancy rate for the market stands at 12.0% for all properties. Multi-tenant properties posted 15.7% vacancy with over 236,000 sf positive absorption. The average asking lease rate for Mpls-St Paul came in at \$24.62 psf FSG. During Q2 2020 there were 19 construction projects throughout the market totaling just over 2.3 msf.

Market Highlights

During the Q2 2020 the market experienced over 700,000 sf of leasing activity in 194 transactions. Class A properties vacancy rate dropped this quarter to 8.7% for all properties and 12.6% for multi-tenant properties. For multi-tenant properties the Northwest market posted the lowest vacancy rate at 9.7%, Mpls CBD vacancy was 16.3%, St Paul CBD was 20% and suburban markets was 14.6%. Mpls CBD East market posted the most positive absorption of 412,000 sf with the new delivery of Thrivent property with 350,000 sf topping the list. Southeast market posted the largest negative absorption of 113,000 sf for all property types primarily due to Alorica vacating 65,000 sf in a single tenant building.

Market Statistics by Building Class (Multi and Single Tenant)

Total

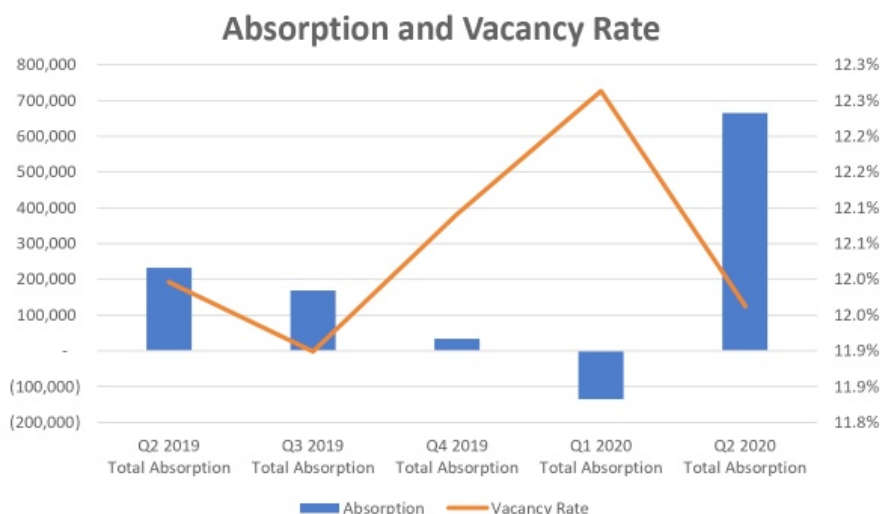
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	133	47,235,976	5,313,690	4,096,853	621,393	573,283	8.7%
B	719	66,023,323	10,508,316	9,420,813	85,718	68,080	14.3%
C	179	12,496,273	1,581,687	1,526,143	(42,223)	(112,244)	12.2%
Grand Total	1,031	125,755,572	17,403,693	15,043,809	664,888	529,119	12.0%

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	133	47,235,976	4,729,626	3,816,316	637,162	619,443	8.1%
B	719	66,023,323	9,635,772	8,911,784	(87,179)	(157,180)	13.5%
C	179	12,496,273	1,572,230	1,526,143	(60,563)	(133,130)	12.2%
Grand Total	1,031	125,755,572	15,937,628	14,254,243	489,420	329,133	11.3%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	133	47,235,976	584,064	280,537	(15,769)	(46,160)	0.6%
B	719	66,023,323	872,544	509,029	172,897	225,260	0.8%
C	179	12,496,273	9,457		18,340	20,886	0.0%
Grand Total	1,031	125,755,572	1,466,065	789,566	175,468	199,986	0.6%



Market Statistics by Market (Multi and Single Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	25	16,280,654	2,243,239	1,803,871	28,197	83,960	11.1%
	B	30	7,343,696	1,290,254	1,863,549	25,074	118,815	25.4%
	C	9	863,635	114,241	140,235	1,194	6,759	16.2%
	Subtotal	64	24,487,985	3,647,734	3,807,655	54,465	209,534	15.5%
Mpls CBD East	A	6	1,641,336	5,096	5,096	350,000	350,000	0.3%
	B	5	926,220	306,819	214,525	62,621	62,621	23.2%
	C	3	171,897	43,091	23,193	0	(4,004)	13.5%
	Subtotal	14	2,739,453	355,006	242,814	412,621	408,617	8.9%
Mpls CBD Loring	B	2	114,683	36,836	27,818	(7,465)	(7,465)	24.3%
	C	1	26,848			0	0	0.0%
	Subtotal	3	141,531	36,836	27,818	(7,465)	(7,465)	19.7%
Mpls CBD Northeast	A	1	191,610	24,698	24,698	1,633	1,633	12.9%
	B	27	2,362,613	319,647	285,537	(6,861)	21,602	12.1%
	C	6	424,311	85,509	16,516	(14,512)	(15,416)	3.9%
	Subtotal	34	2,978,534	429,854	326,751	(19,740)	7,819	11.0%
Mpls CBD Northloop	A	6	1,492,299	313,507	249,573	(27,673)	(35,189)	16.7%
	B	17	1,093,388	245,043	219,419	39,951	24,799	20.1%
	C	3	186,976	53,442	49,693	13,279	11,597	26.6%
	Subtotal	26	2,772,663	611,992	518,685	25,557	1,207	18.7%
Mpls CBD Warehouse	A	1	181,516			0	0	0.0%
	B	14	1,643,107	421,223	261,009	6,597	(21,199)	15.9%
	C	2	126,185			0	0	0.0%
	Subtotal	17	1,950,808	421,223	261,009	6,597	(21,199)	13.4%
Mpls CBD	A	39	19,787,415	2,586,540	2,083,238	352,157	400,404	10.5%
	B	95	13,483,707	2,619,822	2,871,857	119,917	199,173	21.3%
	C	24	1,799,852	296,283	229,637	(39)	(1,064)	12.8%
	Subtotal	158	35,070,974	5,502,645	5,184,732	472,035	598,513	14.8%

Market Statistics by Market (Multi and Single Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Northeast	A	8	4,099,540	59,046	57,646	0	0	1.4%
	B	167	15,685,626	1,637,745	1,407,090	108,621	145,202	9.0%
	C	43	2,621,822	275,580	293,477	(39,042)	(37,351)	11.2%
	Subtotal	218	22,406,988	1,972,371	1,758,213	69,579	107,851	7.8%
Northwest	A	5	2,410,114	31,965	1,001	0	14,838	0.0%
	B	76	4,338,795	564,260	381,326	2,498	9,613	8.8%
	C	21	998,357	86,055	47,920	(1,878)	1,927	4.8%
	Subtotal	102	7,747,266	682,280	430,247	620	26,378	5.6%
Saint Paul CBD	A	9	3,256,631	522,624	546,873	(11,722)	(36,230)	16.8%
	B	31	6,249,888	786,469	925,300	816	(31,378)	14.8%
	C	7	874,470	141,093	140,488	606	(13,230)	16.1%
	Subtotal	47	10,380,989	1,450,186	1,612,661	(10,300)	(80,838)	15.5%
Southeast	A	16	3,578,430	413,810	303,159	25,939	38,127	8.5%
	B	129	7,984,817	1,528,262	1,283,671	(131,803)	(212,746)	16.1%
	C	35	2,967,334	123,546	89,873	(7,375)	3,331	3.0%
	Subtotal	180	14,530,581	2,065,618	1,676,703	(113,239)	(171,288)	11.5%
Southwest	A	38	9,953,437	1,071,676	647,101	245,715	216,937	6.5%
	B	155	12,534,194	2,394,006	1,861,785	23,168	(43,707)	14.9%
	C	38	2,449,968	572,250	567,868	(58,622)	(131,784)	23.2%
	Subtotal	231	24,937,599	4,037,932	3,076,754	210,261	41,446	12.3%
West	A	18	4,150,409	628,029	457,835	9,304	(60,793)	11.0%
	B	66	5,746,296	977,752	689,784	(37,499)	1,923	12.0%
	C	11	784,470	86,880	156,880	64,127	65,927	20.0%
	Subtotal	95	10,681,175	1,692,661	1,304,499	35,932	7,057	12.2%
Suburban	A	85	24,191,930	2,204,526	1,466,742	280,958	209,109	6.1%
	B	593	46,289,728	7,102,025	5,623,656	(35,015)	(99,715)	12.1%
	C	148	9,821,951	1,144,311	1,156,018	(42,790)	(97,950)	11.8%
	Subtotal	826	80,303,609	10,450,862	8,246,416	203,153	11,444	10.3%
Grand Total		1,031	125,755,572	17,403,693	15,043,809	664,888	529,119	12.0%

Available and Vacancy Rate by Market

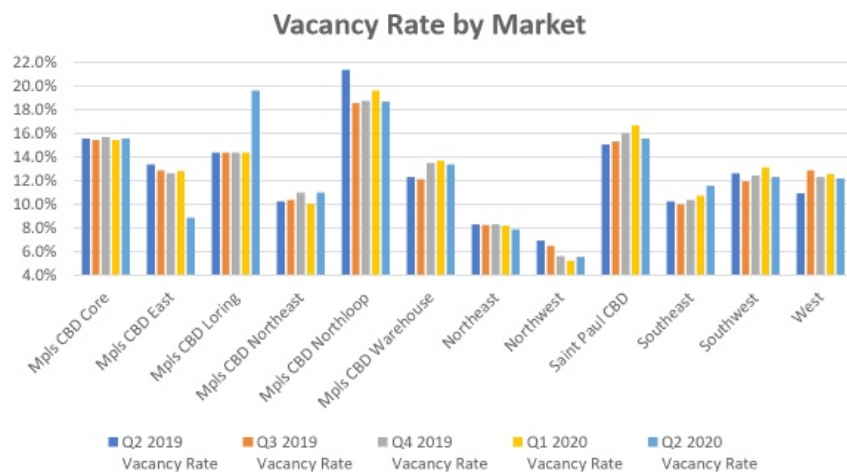


Vacancy Rates by Market (Multi and Single Tenant)

Market	Bldg Class	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate	Q2 2020 Vacancy Rate
Mpls CBD Core	A	11.0%	10.9%	11.3%	10.9%	11.1%
	B	26.3%	25.9%	25.9%	25.7%	25.4%
	C	14.0%	15.0%	15.4%	16.4%	16.2%
	Subtotal	15.5%	15.4%	15.7%	15.5%	15.5%
Mpls CBD East	A	0.4%	0.4%	0.4%	0.4%	0.3%
	B	31.2%	29.9%	29.9%	29.9%	23.2%
	C	14.8%	14.8%	11.2%	13.5%	13.5%
	Subtotal	13.4%	12.9%	12.6%	12.8%	8.9%
Mpls CBD Loring	B	17.7%	17.7%	17.7%	17.7%	24.3%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	14.4%	14.4%	14.4%	14.4%	19.7%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	12.9%
	B	11.7%	11.9%	12.6%	11.5%	12.1%
	C	0.0%	0.0%	0.3%	0.5%	3.9%
	Subtotal	10.2%	10.4%	11.0%	10.1%	11.0%
Mpls CBD Northloop	A	19.2%	14.7%	14.4%	14.9%	16.7%
	B	27.5%	25.1%	22.3%	23.7%	20.1%
	C	9.3%	17.4%	32.8%	33.7%	26.6%
	Subtotal	21.4%	18.6%	18.8%	19.6%	18.7%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.6%	14.4%	15.9%	16.3%	15.9%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	12.3%	12.1%	13.5%	13.7%	13.4%
Mpls CBD	A	10.8%	10.5%	10.7%	10.5%	10.5%
	B	22.5%	22.0%	22.2%	22.1%	21.3%
	C	9.3%	10.6%	12.1%	12.8%	12.8%
	Subtotal	15.2%	14.9%	15.2%	15.0%	14.8%

Vacancy Rates (Multi and Single Tenant Continued)

Market	Bldg Class	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	A	1.5%	1.6%	1.4%	1.4%	1.4%
	B	9.9%	9.8%	9.9%	9.7%	9.0%
	C	9.6%	9.6%	9.8%	9.7%	11.2%
	Subtotal	8.3%	8.3%	8.3%	8.2%	7.8%
Northwest	A	1.9%	0.7%	0.7%	0.0%	0.0%
	B	9.5%	9.6%	8.5%	8.3%	8.8%
	C	8.3%	7.4%	5.0%	4.6%	4.8%
	Subtotal	7.0%	6.5%	5.6%	5.3%	5.6%
Saint Paul CBD	A	15.7%	15.8%	15.7%	16.4%	16.8%
	B	14.9%	15.2%	16.4%	16.9%	14.8%
	C	13.9%	14.0%	14.6%	16.1%	16.1%
	Subtotal	15.1%	15.3%	16.0%	16.7%	15.5%
Southeast	A	9.8%	9.5%	9.5%	9.2%	8.5%
	B	12.7%	12.5%	13.4%	14.4%	16.1%
	C	3.9%	3.7%	3.1%	2.8%	3.0%
	Subtotal	10.2%	10.0%	10.4%	10.8%	11.5%
Southwest	A	7.7%	7.1%	7.7%	8.0%	6.5%
	B	15.5%	14.5%	15.1%	15.7%	14.9%
	C	18.2%	18.3%	17.8%	20.8%	23.2%
	Subtotal	12.6%	11.9%	12.4%	13.1%	12.3%
West	A	8.5%	9.6%	9.6%	11.3%	11.0%
	B	8.3%	11.2%	12.0%	11.4%	12.0%
	C	42.9%	42.9%	28.4%	28.2%	20.0%
	Subtotal	10.9%	12.9%	12.3%	12.5%	12.2%
Suburban	A	6.5%	6.3%	6.5%	6.8%	6.1%
	B	11.6%	11.7%	12.0%	12.2%	12.1%
	C	12.6%	12.4%	10.8%	11.3%	11.8%
	Subtotal	10.2%	10.1%	10.2%	10.4%	10.3%
Grand Total		12.0%	11.9%	12.1%	12.3%	12.0%



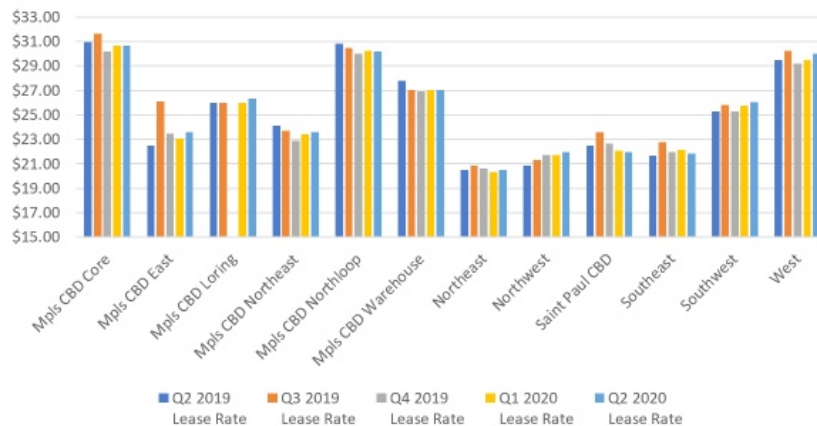
Lease Rates by Market (Multi and Single Tenant FSG)

Market	Bldg Class	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate	Q2 2020 Lease Rate
Mpls CBD Core	A	\$35.02	\$36.95	\$35.09	\$36.21	\$36.32
	B	\$28.67	\$29.40	\$27.81	\$27.83	\$27.61
	C	\$23.49	\$24.33	\$24.33	\$24.55	\$25.15
	Subtotal	\$30.94	\$31.66	\$30.21	\$30.67	\$30.66
Mpls CBD East	A					
	B	\$26.27	\$26.27	\$26.83	\$26.41	\$27.35
	C	\$16.86	\$25.86	\$16.86	\$18.60	\$18.60
	Subtotal	\$22.51	\$26.11	\$23.51	\$23.06	\$23.60
Mpls CBD Loring	B	\$26.00	\$26.00		\$26.00	\$26.35
	C					
	Subtotal	\$26.00	\$26.00		\$26.00	\$26.35
Mpls CBD Northeast	A	\$25.52	\$25.52	\$25.52		
	B	\$24.01	\$24.14	\$23.27	\$24.11	\$24.25
	C		\$16.00	\$15.40	\$20.96	\$21.70
	Subtotal	\$24.11	\$23.69	\$22.89	\$23.43	\$23.61
Mpls CBD Northloop	A	\$37.75	\$37.23	\$37.23	\$37.78	\$38.09
	B	\$27.55	\$26.88	\$26.22	\$26.64	\$26.49
	C	\$25.43	\$25.43	\$24.03	\$24.83	\$23.77
	Subtotal	\$30.81	\$30.47	\$29.99	\$30.23	\$30.18
Mpls CBD Warehouse	A					
	B	\$27.78	\$27.07	\$26.91	\$27.06	\$27.06
	C					
	Subtotal	\$27.78	\$27.07	\$26.91	\$27.06	\$27.06
Mpls CBD	A	\$35.25	\$36.36	\$35.15	\$36.70	\$36.87
	B	\$26.76	\$26.94	\$26.05	\$26.44	\$26.42
	C	\$21.22	\$23.73	\$20.88	\$21.72	\$21.98
	Subtotal	\$28.55	\$28.88	\$27.74	\$28.07	\$28.02

Lease Rates (Multi and Single Tenant FSG Continued)

Market	Bldg Class	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate	Q2 2020 Lease Rate
Northeast	A	\$27.45	\$27.80	\$27.80	\$27.29	\$27.29
	B	\$21.02	\$21.34	\$21.13	\$20.94	\$21.35
	C	\$16.09	\$17.09	\$16.26	\$15.46	\$14.93
	Subtotal	\$20.47	\$20.87	\$20.62	\$20.31	\$20.53
Northwest	A	\$30.27	\$30.27	\$30.27	\$31.74	\$31.74
	B	\$21.39	\$21.69	\$21.72	\$21.98	\$22.21
	C	\$18.32	\$19.50	\$20.48	\$19.36	\$19.36
	Subtotal	\$20.87	\$21.30	\$21.72	\$21.76	\$21.95
Saint Paul CBD	A	\$26.55	\$28.82	\$26.50	\$26.83	\$26.83
	B	\$20.62	\$21.94	\$21.24	\$19.79	\$19.74
	C	\$19.08	\$18.52	\$18.39	\$18.56	\$18.63
	Subtotal	\$22.51	\$23.59	\$22.68	\$22.08	\$21.98
Southeast	A	\$27.76	\$31.39	\$28.64	\$29.04	\$29.04
	B	\$21.41	\$22.48	\$21.58	\$21.83	\$21.70
	C	\$19.18	\$18.42	\$19.72	\$19.29	\$17.88
	Subtotal	\$21.65	\$22.78	\$21.94	\$22.16	\$21.82
Southwest	A	\$33.32	\$32.80	\$32.92	\$34.03	\$33.94
	B	\$23.62	\$24.27	\$23.46	\$23.74	\$24.23
	C	\$21.84	\$21.56	\$21.65	\$22.29	\$22.28
	Subtotal	\$25.28	\$25.79	\$25.27	\$25.73	\$26.03
West	A	\$37.11	\$38.99	\$36.96	\$37.57	\$37.44
	B	\$27.94	\$28.36	\$27.54	\$27.76	\$28.15
	C	\$24.44	\$24.44	\$24.44	\$24.29	\$26.38
	Subtotal	\$29.49	\$30.24	\$29.20	\$29.50	\$30.01
Suburban	A	\$33.06	\$34.10	\$33.20	\$34.03	\$33.95
	B	\$22.83	\$23.57	\$22.98	\$23.08	\$23.29
	C	\$19.57	\$19.79	\$20.18	\$20.01	\$19.52
	Subtotal	\$23.55	\$24.38	\$23.91	\$24.04	\$24.09
Grand Total		\$24.32	\$25.10	\$24.48	\$24.59	\$24.62

Lease Rate by Market



Market Statistics by Building Class (Multi-Tenant)

Total

Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	96	32,507,838	5,209,252	4,091,757	168,460	120,350	12.6%
B	602	49,057,373	9,707,461	8,735,981	61,925	158,931	17.8%
C	138	8,253,808	1,297,278	1,241,734	5,777	10,677	15.0%
Grand Total	836	89,819,019	16,213,991	14,069,472	236,162	289,958	15.7%

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	96	32,507,838	4,625,188	3,811,220	184,229	166,510	11.7%
B	602	49,057,373	9,054,917	8,446,952	(110,972)	(66,329)	17.2%
C	138	8,253,808	1,287,821	1,241,734	(12,563)	(10,209)	15.0%
Grand Total	836	89,819,019	14,967,926	13,499,906	60,694	89,972	15.0%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	96	32,507,838	584,064	280,537	(15,769)	(46,160)	0.9%
B	602	49,057,373	652,544	289,029	172,897	225,260	0.6%
C	138	8,253,808	9,457		18,340	20,886	0.0%
Grand Total	836	89,819,019	1,246,065	569,566	175,468	199,986	0.6%

Absorption and Vacancy Rate



Market Statistics by Market (Multi-Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	22	15,387,027	2,243,239	1,803,871	28,197	83,960	11.7%
	B	29	7,236,800	1,290,254	1,863,549	25,074	118,815	25.8%
	C	9	863,635	114,241	140,235	1,194	6,759	16.2%
	Subtotal	60	23,487,462	3,647,734	3,807,655	54,465	209,534	16.2%
Mpls CBD East	A	2	150,659			0	0	0.0%
	B	5	926,220	306,819	214,525	62,621	62,621	23.2%
	C	3	171,897	43,091	23,193	0	(4,004)	13.5%
	Subtotal	10	1,248,776	349,910	237,718	62,621	58,617	19.0%
Mpls CBD Loring	B	2	114,683	36,836	27,818	(7,465)	(7,465)	24.3%
	C	1	26,848			0	0	0.0%
	Subtotal	3	141,531	36,836	27,818	(7,465)	(7,465)	19.7%
Mpls CBD Northeast	A	1	191,610	24,698	24,698	1,633	1,633	12.9%
	B	25	1,920,025	319,647	285,537	(6,861)	21,602	14.9%
	C	6	424,311	85,509	16,516	(14,512)	(15,416)	3.9%
	Subtotal	32	2,535,946	429,854	326,751	(19,740)	7,819	12.9%
Mpls CBD Northloop	A	5	1,203,483	313,507	249,573	(27,673)	(35,189)	20.7%
	B	17	1,093,388	245,043	219,419	39,951	24,799	20.1%
	C	3	186,976	53,442	49,693	13,279	11,597	26.6%
	Subtotal	25	2,483,847	611,992	518,685	25,557	1,207	20.9%
Mpls CBD Warehouse	A	1	181,516			0	0	0.0%
	B	14	1,643,107	421,223	261,009	6,597	(21,199)	15.9%
	C	2	126,185			0	0	0.0%
	Subtotal	17	1,950,808	421,223	261,009	6,597	(21,199)	13.4%
Mpls CBD	A	31	17,114,295	2,581,444	2,078,142	2,157	50,404	12.1%
	B	92	12,934,223	2,619,822	2,871,857	119,917	199,173	22.2%
	C	24	1,799,852	296,283	229,637	(39)	(1,064)	12.8%
	Subtotal	147	31,848,370	5,497,549	5,179,636	122,035	248,513	16.3%

Market Statistics by Market (Multi-Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Northeast	A	1	315,076	59,046	57,646	0	0	18.3%
	B	120	7,133,126	1,382,044	1,151,389	83,791	121,922	16.1%
	C	29	1,591,901	114,092	131,989	(39,042)	(37,351)	8.3%
	Subtotal	150	9,040,103	1,555,182	1,341,024	44,749	84,571	14.8%
Northwest	A	2	465,244	31,965	1,001	0	14,838	0.2%
	B	63	3,157,285	532,129	349,195	9,629	16,744	11.1%
	C	14	564,775	86,055	47,920	(1,878)	1,927	8.5%
	Subtotal	79	4,187,304	650,149	398,116	7,751	33,509	9.5%
Saint Paul CBD	A	9	3,256,631	522,624	546,873	(11,722)	(36,230)	16.8%
	B	25	3,972,610	786,469	925,300	816	(31,378)	23.3%
	C	6	814,423	141,093	140,488	606	(13,230)	17.3%
	Subtotal	40	8,043,664	1,450,186	1,612,661	(10,300)	(80,838)	20.0%
Southeast	A	10	1,365,403	314,468	303,159	25,939	38,127	22.2%
	B	111	6,457,208	1,371,262	1,148,671	(66,803)	(147,746)	17.8%
	C	30	1,199,828	123,546	89,873	(7,375)	3,331	7.5%
	Subtotal	151	9,022,439	1,809,276	1,541,703	(48,239)	(106,288)	17.1%
Southwest	A	27	6,328,454	1,071,676	647,101	142,782	114,004	10.2%
	B	129	9,874,632	2,131,703	1,641,785	(89,926)	(43,707)	16.6%
	C	27	1,685,633	449,329	444,947	(10,622)	(8,863)	26.4%
	Subtotal	183	17,888,719	3,652,708	2,733,833	42,234	61,434	15.3%
West	A	16	3,662,735	628,029	457,835	9,304	(60,793)	12.5%
	B	62	5,528,289	884,032	647,784	4,501	43,923	11.7%
	C	8	597,396	86,880	156,880	64,127	65,927	26.3%
	Subtotal	86	9,788,420	1,598,941	1,262,499	77,932	49,057	12.9%
Suburban	A	56	12,136,912	2,105,184	1,466,742	178,025	106,176	12.1%
	B	485	32,150,540	6,301,170	4,938,824	(58,808)	(8,864)	15.4%
	C	108	5,639,533	859,902	871,609	5,210	24,971	15.5%
	Subtotal	649	49,926,985	9,266,256	7,277,175	124,427	122,283	14.6%
Grand Total		836	89,819,019	16,213,991	14,069,472	236,162	289,958	15.7%

Available and Vacancy Rate by Market



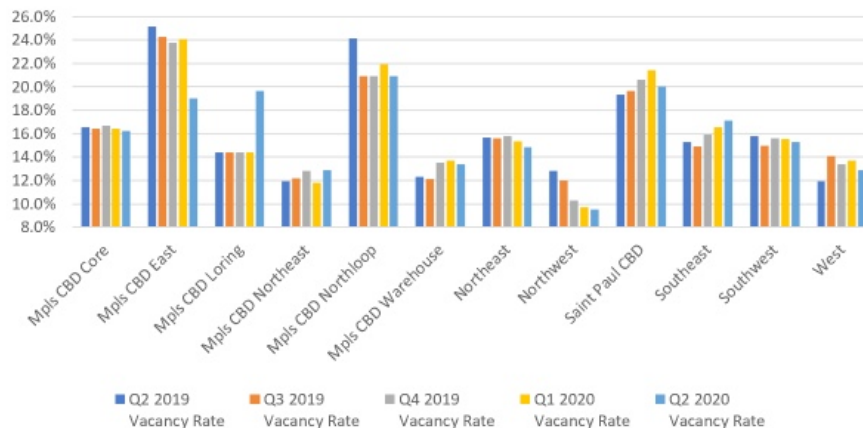
Vacancy Rates by Market (Multi-Tenant)

Market	Bldg Class	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate	Q2 2020 Vacancy Rate
Mpls CBD Core	A	12.0%	11.9%	12.3%	11.9%	11.7%
	B	26.7%	26.3%	26.3%	26.1%	25.8%
	C	14.0%	15.0%	15.4%	16.4%	16.2%
	Subtotal	16.5%	16.4%	16.7%	16.4%	16.2%
Mpls CBD East	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	31.2%	29.9%	29.9%	29.9%	23.2%
	C	14.8%	14.8%	11.2%	13.5%	13.5%
	Subtotal	25.2%	24.2%	23.7%	24.1%	19.0%
Mpls CBD Loring	B	17.7%	17.7%	17.7%	17.7%	24.3%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	14.4%	14.4%	14.4%	14.4%	19.7%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	12.9%
	B	14.3%	14.6%	15.4%	14.0%	14.9%
	C	0.0%	0.0%	0.3%	0.5%	3.9%
	Subtotal	11.9%	12.2%	12.8%	11.8%	12.9%
Mpls CBD Northloop	A	23.9%	18.3%	17.8%	18.4%	20.7%
	B	27.5%	25.1%	22.3%	23.7%	20.1%
	C	9.3%	17.4%	32.8%	33.7%	26.6%
	Subtotal	24.1%	20.9%	20.9%	21.9%	20.9%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.6%	14.4%	15.9%	16.3%	15.9%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	12.3%	12.1%	13.5%	13.7%	13.4%
Mpls CBD	A	12.6%	12.2%	12.4%	12.2%	12.1%
	B	23.4%	23.0%	23.1%	23.0%	22.2%
	C	9.3%	10.6%	12.1%	12.8%	12.8%
	Subtotal	16.8%	16.4%	16.8%	16.6%	16.3%

Vacancy Rates (Multi-Tenant Continued)

Market	Bldg Class	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	A	18.9%	20.2%	18.3%	18.3%	18.3%
	B	17.7%	17.6%	17.9%	17.3%	16.1%
	C	5.7%	5.7%	5.9%	5.8%	8.3%
	Subtotal	15.7%	15.6%	15.8%	15.3%	14.8%
Northwest	A	9.8%	3.4%	3.4%	0.2%	0.2%
	B	12.9%	13.1%	11.6%	11.4%	11.1%
	C	14.6%	13.0%	8.8%	8.2%	8.5%
	Subtotal	12.8%	12.0%	10.3%	9.7%	9.5%
Saint Paul CBD	A	15.7%	15.8%	15.7%	16.4%	16.8%
	B	23.1%	23.6%	25.4%	26.2%	23.3%
	C	14.9%	15.0%	15.6%	17.3%	17.3%
	Subtotal	19.3%	19.7%	20.6%	21.4%	20.0%
Southeast	A	24.6%	23.8%	25.0%	24.1%	22.2%
	B	14.3%	14.1%	15.5%	16.8%	17.8%
	C	9.7%	9.2%	7.8%	6.9%	7.5%
	Subtotal	15.3%	14.9%	15.9%	16.6%	17.1%
Southwest	A	12.1%	11.1%	12.0%	12.5%	10.2%
	B	16.3%	15.4%	16.2%	15.7%	16.6%
	C	26.5%	26.6%	25.9%	25.8%	26.4%
	Subtotal	15.8%	14.9%	15.6%	15.5%	15.3%
West	A	9.6%	10.8%	10.8%	12.8%	12.5%
	B	8.6%	11.6%	12.5%	11.8%	11.7%
	C	56.4%	56.4%	37.3%	37.0%	26.3%
	Subtotal	11.9%	14.1%	13.4%	13.7%	12.9%
Suburban	A	12.8%	12.4%	13.0%	13.6%	12.1%
	B	14.6%	14.8%	15.3%	15.2%	15.4%
	C	19.0%	18.8%	15.9%	15.5%	15.5%
	Subtotal	14.7%	14.6%	14.8%	14.8%	14.6%
Grand Total		15.8%	15.7%	16.0%	16.1%	15.7%

Vacancy Rate by Market



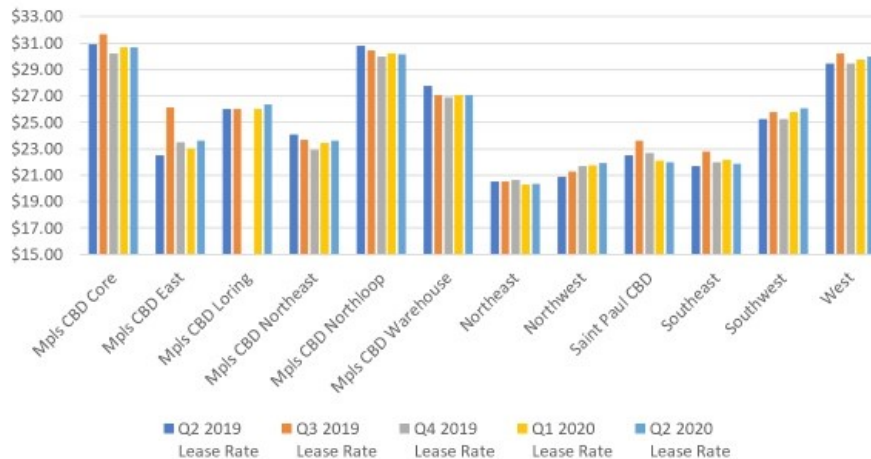
Lease Rates by Market (Multi-Tenant FSG)

Market	Bldg Class	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate	Q2 2020 Lease Rate
Mpls CBD Core	A	\$35.02	\$36.95	\$35.09	\$36.21	\$36.32
	B	\$28.67	\$29.40	\$27.81	\$27.83	\$27.61
	C	\$23.49	\$24.33	\$24.33	\$24.55	\$25.15
	Subtotal	\$30.94	\$31.66	\$30.21	\$30.67	\$30.66
Mpls CBD East	A					
	B	\$26.27	\$26.27	\$26.83	\$26.41	\$27.35
	C	\$16.86	\$25.86	\$16.86	\$18.60	\$18.60
	Subtotal	\$22.51	\$26.11	\$23.51	\$23.06	\$23.60
Mpls CBD Loring	B	\$26.00	\$26.00		\$26.00	\$26.35
	C					
	Subtotal	\$26.00	\$26.00		\$26.00	\$26.35
Mpls CBD Northeast	A	\$25.52	\$25.52	\$25.52		
	B	\$24.01	\$24.14	\$23.27	\$24.11	\$24.25
	C		\$16.00	\$15.40	\$20.96	\$21.70
	Subtotal	\$24.11	\$23.69	\$22.89	\$23.43	\$23.61
Mpls CBD Northloop	A	\$37.75	\$37.23	\$37.23	\$37.78	\$38.09
	B	\$27.55	\$26.88	\$26.22	\$26.64	\$26.49
	C	\$25.43	\$25.43	\$24.03	\$24.83	\$23.77
	Subtotal	\$30.81	\$30.47	\$29.99	\$30.23	\$30.18
Mpls CBD Warehouse	A					
	B	\$27.78	\$27.07	\$26.91	\$27.06	\$27.06
	C					
	Subtotal	\$27.78	\$27.07	\$26.91	\$27.06	\$27.06
Mpls CBD	A	\$35.25	\$36.36	\$35.15	\$36.70	\$36.87
	B	\$26.76	\$26.94	\$26.05	\$26.44	\$26.42
	C	\$21.22	\$23.73	\$20.88	\$21.72	\$21.98
	Subtotal	\$28.55	\$28.88	\$27.74	\$28.07	\$28.02

Lease Rates (Multi-Tenant FSG Continued)

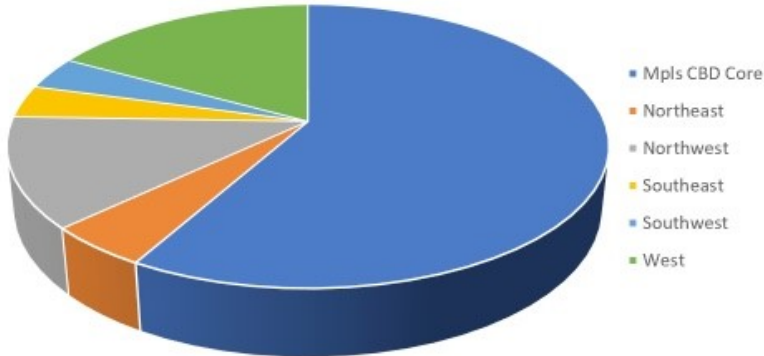
Market	Bldg Class	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate	Q1 2020 Lease Rate	Q2 2020 Lease Rate
Northeast	A	\$27.45	\$27.80	\$27.80	\$27.29	\$27.29
	B	\$21.08	\$21.14	\$21.20	\$20.97	\$21.22
	C	\$15.60	\$15.60	\$15.73	\$14.89	\$14.37
	Subtotal	\$20.52	\$20.55	\$20.65	\$20.28	\$20.37
Northwest	A	\$30.27	\$30.27	\$30.27	\$31.74	\$31.74
	B	\$21.39	\$21.69	\$21.72	\$21.98	\$22.21
	C	\$18.32	\$19.50	\$20.48	\$19.36	\$19.36
	Subtotal	\$20.87	\$21.30	\$21.72	\$21.76	\$21.95
Saint Paul CBD	A	\$26.55	\$28.82	\$26.50	\$26.83	\$26.83
	B	\$20.62	\$21.94	\$21.24	\$19.79	\$19.74
	C	\$19.08	\$18.52	\$18.39	\$18.56	\$18.63
	Subtotal	\$22.51	\$23.59	\$22.68	\$22.08	\$21.98
Southeast	A	\$27.76	\$31.39	\$28.64	\$29.04	\$29.04
	B	\$21.43	\$22.53	\$21.61	\$21.87	\$21.78
	C	\$19.18	\$18.42	\$19.72	\$19.29	\$17.88
	Subtotal	\$21.68	\$22.83	\$21.98	\$22.19	\$21.89
Southwest	A	\$33.32	\$32.80	\$32.92	\$34.03	\$33.94
	B	\$23.62	\$24.27	\$23.46	\$23.74	\$24.21
	C	\$21.84	\$21.56	\$21.65	\$21.87	\$21.85
	Subtotal	\$25.28	\$25.79	\$25.27	\$25.80	\$26.09
West	A	\$37.11	\$38.99	\$36.96	\$37.57	\$37.44
	B	\$27.84	\$28.28	\$27.81	\$28.04	\$28.06
	C	\$24.44	\$24.44	\$24.44	\$24.29	\$26.38
	Subtotal	\$29.45	\$30.21	\$29.45	\$29.77	\$29.98
Suburban	A	\$33.06	\$34.10	\$33.20	\$34.03	\$33.95
	B	\$22.84	\$23.53	\$23.05	\$23.15	\$23.29
	C	\$19.56	\$19.57	\$20.18	\$19.70	\$19.18
	Subtotal	\$23.58	\$24.35	\$23.99	\$24.14	\$24.13
Grand Total		\$24.35	\$25.09	\$24.56	\$24.69	\$24.66

Lease Rate by Market



New Developments

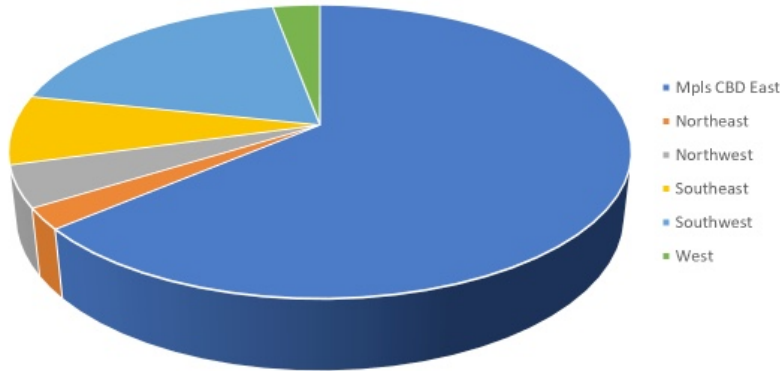
Under Construction SF



Market	Bldg SF
Mpls CBD Core	1,382,000
Northeast	114,013
Northwest	298,000
Southeast	87,981
Southwest	89,017
West	404,000
Grand Total	2,375,011

Year to Date Deliveries

YTD New Deliveries



Market	Bldg SF
Mpls CBD East	350,000
Northeast	12,816
Northwest	25,000
Southeast	42,000
Southwest	102,933
West	16,000
Grand Total	548,749

Leasing Activity

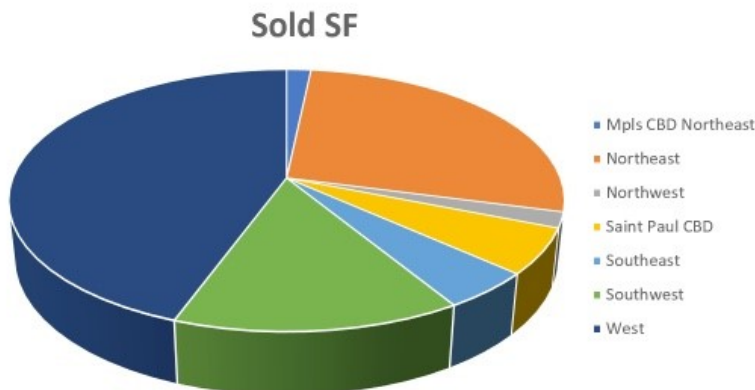
Property	Size (sf)	Market	Tenant	Landlord
6625 W 78th St	72,120	Southwest	Cigna Health & Life Insurance	WPT Land 2 LP
Norman Pointe I 5601 Green Valley Dr	32,151	Southwest	Kewit	Piedmont Norman Pointe I LLC
1600 Tower at West End 1600 S Utica Ave	28,380	West	Total Expert	BRI 1880 Towers at West LLC
Flying Cloud Corporate Campus 8939 Columbine Rd	26,208	Southwest	Artic Wolf	WPT Land 2 LP
Colonnade 5500 Wayzata Blvd	24,070	West	Buffalo Wild Wings	SOF-XI Colonnade Owner LLC



Market	Leased SF
Mpls CBD Core	72,772
Mpls CBD Loring	2,978
Mpls CBD Northeast	5,408
Mpls CBD Northloop	48,165
Mpls CBD Warehouse	8,264
Northeast	91,743
Northwest	58,735
Saint Paul CBD	37,737
Southeast	97,556
Southwest	214,423
West	95,201
Grand Total	732,982

Sales Activity

Property	Price	Market	Buyer	Seller
University Park Plaza 2829 University Ave SE	\$20,710,000	Northeast	Regents of the University of MN	2829 University LLC
9705 Data Park Dr	\$12,500,000	Southwest	United Healthcare Services, Inc	Comcast
Associated Eye Care 2950 Curve Crest Blvd W	\$7,250,000	Northeast	DRF Stillwater Eye Building, LLC	Block Real Estate Services
Arden Hills Corporate Center IV 4293 Lexington Ave N	\$5,000,000	Northeast	B9 Polar Arden Hills Corporate LLC	CSM Corporation
Merrill Corp 1 Merrill Cir	\$4,000,000	Northeast	Accord	Forum-Epp LLC



Market	Sold SF
Mpls CBD Northeast	23,200
Northeast	382,083
Northwest	26,506
Saint Paul CBD	78,000
Southeast	64,509
Southwest	199,133
West	618,039
Grand Total	1,391,470

Methodology

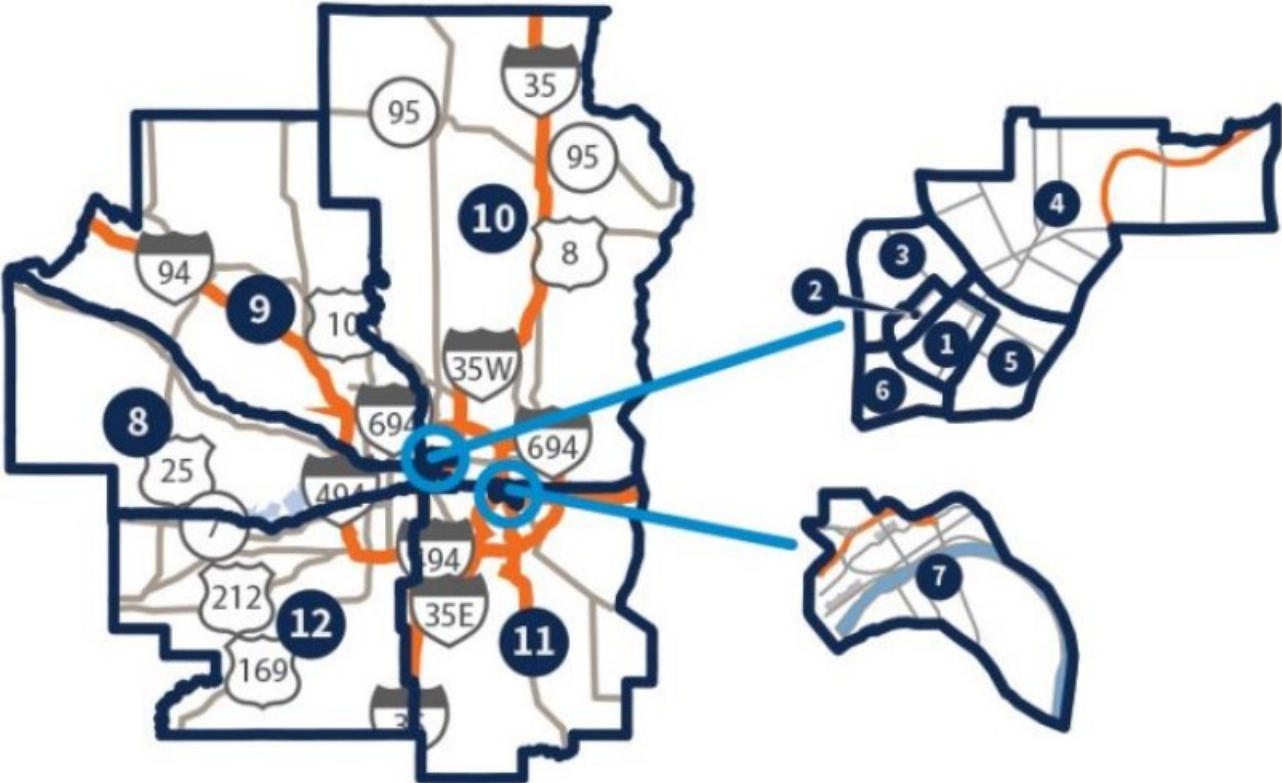
The Mpls-St Paul market consists of single and multi-tenant office buildings 20,000 sf or larger or part of a complex larger than 20,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does not include medical or government properties.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

Market Map



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

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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	lisaison@redicomps.com	816-606-7737
Michelle Siegert	Listings Researcher	michelle@redicomps.com	816-230-0116