MARKET TRENDS

Q3 2019 | Mpls-St Paul | Office

Employment

	Current	Y-o-Y
Employment	1,981,958	▲
Area Unemployment	2.9	▲
U.S. Unemployment	3.7	▼
Office Jobs	517,700	▼

Source: BLS

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

Market Recap

All Properties

Total Inventory (sf)	125,867,649
Absorption	145,085
Vacancy	11.8%
Asking Rate (FSG)	$25.06
New Construction (sf)	2,901,293

Multi-tenant Properties

Total Inventory (sf)	88,960,934
Absorption	363,871
Vacancy	15.4%
Asking Rate (FSG)	$25.02

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 40 basis points to 2.9% for August 2019 from 2.5% for August 2018. The unemployment rate for the US was at 3.7% in August 2019 down from 3.8% for the state of Minnesota from last year. The Mpls-St Paul MSA saw a decrease in office job growth in professional, financial and information dropping 3,200 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 posting 145,000 sf positive absorption for Q3 2019. The vacancy rate for the market stands at 11.8% for all properties for Q3 2019. Multi-tenant properties posted 15.4% vacancy with 363,000 sf positive absorption. The average asking lease rate for Mpls-St Paul came in at $25.06 psf FSG. To date, there are 20 construction projects throughout the market totaling over 2.9 msf.

Market Highlights

During the third quarter 2019 the market experienced over 1.5 msf of leasing activity and the vacancy rate finished the quarter at 11.8% in total. Class A properties ended the quarter at 8.6% for all properties and 12.5% for multi-tenant properties. The Northwest market posted the lowest vacancy rate at 12.2% for multi-tenant properties. For multi -tenant properties Mpls CBD vacancy was 16.4%, St Paul CBD was 19.6% and suburban markets was 14.0%. During the third quarter the Southeast market posted the most positive absorption of 87,000 sf while the West market posted the largest negative absorption of 149,000 sf for all property types.

Market Statistics by Building Class (Multi and Single Tenant)

Total

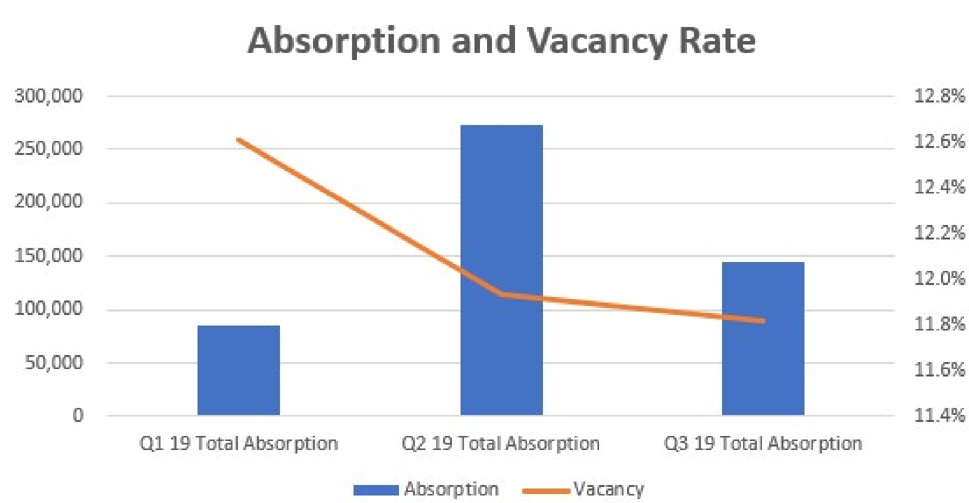
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	155	50,539,523	5,573,845	4,336,218	110,137	250,908	8.6%
B	685	63,297,609	11,099,025	9,264,149	47,971	357,340	14.6%
C	174	12,030,517	1,117,270	1,277,767	(13,023)	(104,001)	10.6%
Grand Total	**1,014**	**125,867,649**	**17,790,140**	**14,878,134**	**145,085**	**504,247**	**11.8%**

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	155	50,539,523	5,036,670	4,084,588	146,298	299,238	8.1%
B	685	63,297,609	9,845,964	8,387,514	168,343	422,886	13.3%
C	174	12,030,517	1,025,753	1,256,881	(162)	(89,825)	10.4%
Grand Total	**1,014**	**125,867,649**	**15,908,387**	**13,728,983**	**314,479**	**632,299**	**10.9%**

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	155	50,539,523	537,175	251,630	(36,161)	(48,330)	0.5%
B	685	63,297,609	1,253,061	876,635	(120,372)	(65,546)	1.4%
C	174	12,030,517	91,517	20,886	(12,861)	(14,176)	0.2%
Grand Total	**1,014**	**125,867,649**	**1,881,753**	**1,149,151**	**(169,394)**	**(128,052)**	**0.9%**

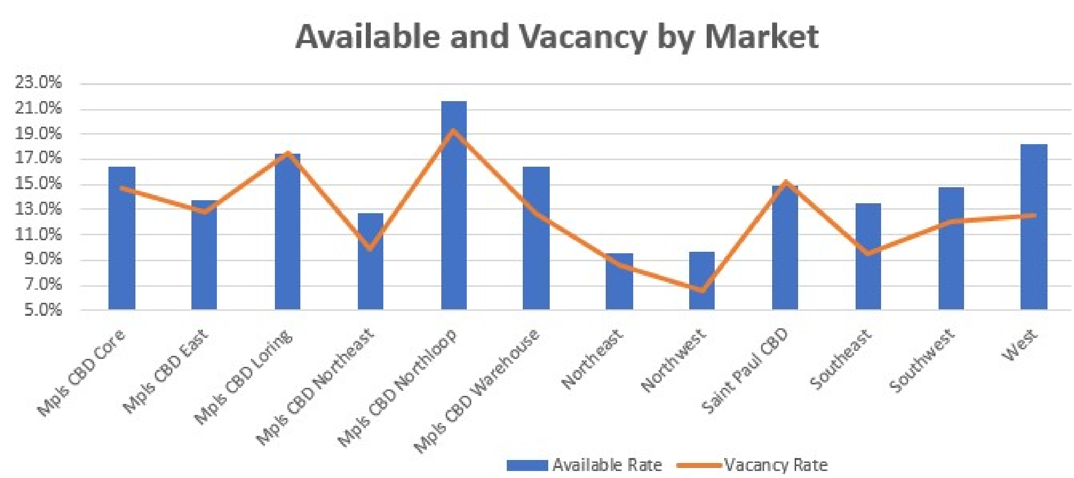


Market Statistics by Market (Multi and Single Tenant)

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	27	18,714,079	2,347,914	1,836,204	34,996	(57,576)	9.8%
	B	28	7,315,973	1,964,675	1,976,229	29,766	107,936	27.0%
	C	8	736,469	83,896	122,928	(9,436)	(9,436)	16.7%
	Subtotal	**63**	**26,766,521**	**4,396,485**	**3,935,361**	**55,326**	**40,924**	**14.7%**
Mpls CBD East	A	5	1,291,336	5,096	5,096	0	0	0.4%
	B	5	926,220	279,017	277,146	11,538	51,239	29.9%
	C	3	183,316	46,077	25,416	0	15,378	13.9%
	Subtotal	**13**	**2,400,872**	**330,190**	**307,658**	**11,538**	**66,617**	**12.8%**
Mpls CBD Loring	B	3	134,071	28,118	28,118	0	0	21.0%
	C	1	26,848			0	0	0.0%
	Subtotal	**4**	**160,919**	**28,118**	**28,118**	**0**	**0**	**17.5%**
Mpls CBD Northeast	A	1	191,610	26,331	26,331	0	0	13.7%
	B	27	2,484,441	303,110	278,998	1,581	36,423	11.2%
	C	6	424,311	66,465		0	3,585	0.0%
	Subtotal	**34**	**3,100,362**	**395,906**	**305,329**	**1,581**	**40,008**	**9.8%**
Mpls CBD Northloop	A	6	1,492,299	300,615	266,789	92	11,512	17.9%
	B	15	866,956	217,724	190,716	58,849	79,303	22.0%
	C	3	186,976	32,456	32,456	(15,111)	(15,111)	17.4%
	Subtotal	**24**	**2,546,231**	**550,795**	**489,961**	**43,830**	**75,704**	**19.2%**
Mpls CBD Warehouse	A	1	181,516			0	0	0.0%
	B	14	1,633,117	318,309	247,015	3,887	(4,493)	15.1%
	C	2	126,185			0	0	0.0%
	Subtotal	**17**	**1,940,818**	**318,309**	**247,015**	**3,887**	**(4,493)**	**12.7%**
Mpls CBD	A	40	21,870,840	2,679,956	2,134,420	35,088	(46,064)	9.8%
	B	92	13,360,778	3,110,953	2,998,222	105,621	270,408	22.4%
	C	23	1,684,105	228,894	180,800	(24,547)	(5,584)	10.7%
	Subtotal	**155**	**36,915,723**	**6,019,803**	**5,313,442**	**116,162**	**218,760**	**14.4%**

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	21	4,758,557	174,741	166,158	(4,110)	(51,810)	3.5%
	B	151	14,800,589	1,685,938	1,488,282	11,742	93,945	10.1%
	C	44	2,595,992	257,835	252,832	(1,266)	(147,502)	9.7%
	Subtotal	**216**	**22,155,138**	**2,118,514**	**1,907,272**	**6,366**	**(105,367)**	**8.6%**
Northwest	A	6	2,530,236	58,279	15,839	29,735	31,148	0.6%
	B	73	4,094,783	605,906	413,114	(3,473)	12,913	10.1%
	C	21	1,001,669	76,082	73,523	9,073	4,053	7.3%
	Subtotal	**100**	**7,626,688**	**740,267**	**502,476**	**35,335**	**48,114**	**6.6%**
Saint Paul CBD	A	11	3,488,376	547,674	499,619	(5,842)	1,556	14.3%
	B	29	6,058,607	872,531	961,959	(21,851)	19,645	15.9%
	C	8	874,470	127,753	122,002	(820)	(5,285)	14.0%
	Subtotal	**48**	**10,421,453**	**1,547,958**	**1,583,580**	**(28,513)**	**15,916**	**15.2%**
Southeast	A	17	3,418,204	372,415	324,903	10,246	65,182	9.5%
	B	127	7,880,418	1,456,977	952,079	70,849	12,401	12.1%
	C	33	2,846,965	72,142	71,785	6,230	1,357	2.5%
	Subtotal	**177**	**14,145,587**	**1,901,534**	**1,348,767**	**87,325**	**78,940**	**9.5%**
Southwest	A	43	10,738,729	1,031,081	778,092	90,585	161,823	7.2%
	B	152	11,469,319	2,317,276	1,857,610	(11,286)	9,870	16.2%
	C	34	2,242,846	266,757	310,018	(1,693)	(11,144)	13.8%
	Subtotal	**229**	**24,450,894**	**3,615,114**	**2,945,720**	**77,606**	**160,549**	**12.0%**
West	A	17	3,734,581	709,699	417,187	(45,565)	89,073	11.2%
	B	61	5,633,115	1,049,444	592,883	(103,631)	(61,842)	10.5%
	C	11	784,470	87,807	266,807	0	60,104	34.0%
	Subtotal	**89**	**10,152,166**	**1,846,950**	**1,276,877**	**(149,196)**	**87,335**	**12.6%**
Suburban	A	104	25,180,307	2,346,215	1,702,179	80,891	295,416	6.8%
	B	564	43,878,224	7,115,541	5,303,968	(35,799)	67,287	12.1%
	C	143	9,471,942	760,623	974,965	12,344	(93,132)	10.3%
	Subtotal	**811**	**78,530,473**	**10,222,379**	**7,981,112**	**57,436**	**269,571**	**10.2%**
Grand Total		**1,014**	**125,867,649**	**17,790,140**	**14,878,134**	**145,085**	**504,247**	**11.8%**

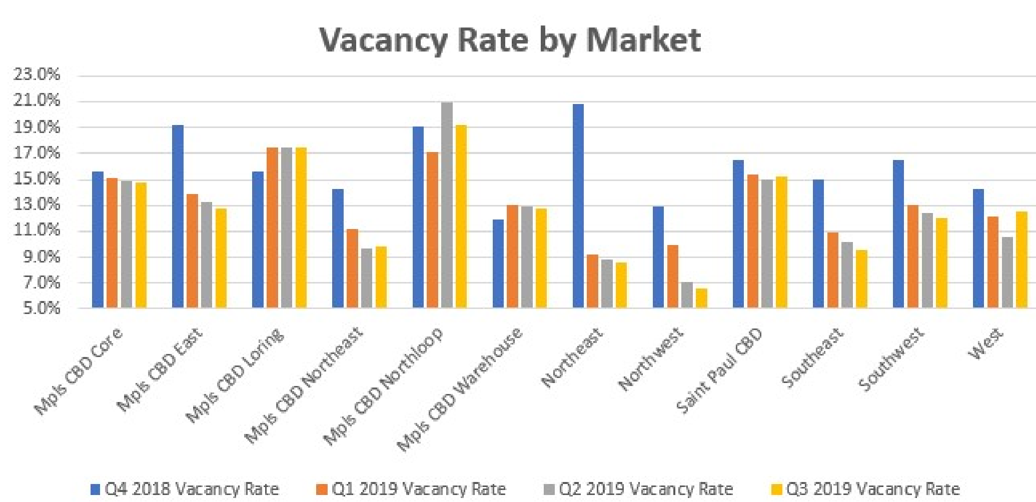


Vacancy Rates by Market (Multi and Single Tenant)

Market	Bldg Class	Q4 2018 Vacancy Rate	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate
Mpls CBD Core	A	10.3%	10.1%	10.0%	9.8%
	B	28.0%	27.9%	27.4%	27.0%
	C	15.4%	15.4%	15.2%	16.7%
	Subtotal	**15.6%**	**15.1%**	**14.9%**	**14.7%**
Mpls CBD East	A	0.4%	0.4%	0.4%	0.4%
	B	57.1%	31.2%	31.2%	29.9%
	C	22.3%	13.9%	13.9%	13.9%
	Subtotal	**19.1%**	**13.8%**	**13.3%**	**12.8%**
Mpls CBD Loring	B	18.3%	21.0%	21.0%	21.0%
	C	0.0%	0.0%	0.0%	0.0%
	Subtotal	**15.6%**	**17.5%**	**17.5%**	**17.5%**
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%
	B	16.3%	12.6%	11.0%	11.2%
	C	1.2%	0.9%	0.0%	0.0%
	Subtotal	**14.3%**	**11.2%**	**9.7%**	**9.8%**
Mpls CBD Northloop	A	9.6%	7.8%	17.9%	17.9%
	B	31.1%	32.9%	28.8%	22.0%
	C	13.0%	9.3%	9.3%	17.4%
	Subtotal	**19.0%**	**17.1%**	**21.0%**	**19.2%**
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%
	B	14.9%	15.3%	15.4%	15.1%
	C	0.0%	0.0%	0.0%	0.0%
	Subtotal	**12.0%**	**13.0%**	**12.9%**	**12.7%**
Mpls CBD	A	9.5%	9.3%	9.9%	9.8%
	B	25.9%	24.1%	23.1%	22.4%
	C	12.1%	9.7%	9.2%	10.7%
	Subtotal	**15.7%**	**14.7%**	**14.7%**	**14.4%**

Vacancy Rates (Multi and Single Tenant Continued)

Market	Bldg Class	Q4 2018 Vacancy Rate	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate
Northeast	A	14.7%	3.6%	3.4%	3.5%
	B	24.6%	10.9%	10.4%	10.1%
	C	7.1%	10.0%	9.7%	9.7%
	Subtotal	**20.8%**	**9.2%**	**8.8%**	**8.6%**
Northwest	A	11.0%	7.2%	1.8%	0.6%
	B	13.1%	11.0%	10.0%	10.1%
	C	13.7%	7.9%	8.2%	7.3%
	Subtotal	**13.0%**	**10.0%**	**7.0%**	**6.6%**
Saint Paul CBD	A	13.5%	14.6%	14.2%	14.3%
	B	19.5%	16.2%	15.8%	15.9%
	C	12.5%	13.7%	13.9%	14.0%
	Subtotal	**16.5%**	**15.4%**	**15.1%**	**15.2%**
Southeast	A	16.8%	11.1%	9.8%	9.5%
	B	15.5%	13.9%	13.0%	12.1%
	C	7.7%	2.6%	2.7%	2.5%
	Subtotal	**15.0%**	**10.9%**	**10.2%**	**9.5%**
Southwest	A	12.7%	8.7%	8.2%	7.2%
	B	18.7%	17.0%	16.1%	16.2%
	C	19.9%	13.9%	13.8%	13.8%
	Subtotal	**16.5%**	**13.0%**	**12.4%**	**12.0%**
West	A	15.6%	10.8%	10.0%	11.2%
	B	8.7%	8.5%	7.6%	10.5%
	C	57.0%	45.5%	34.0%	34.0%
	Subtotal	**14.2%**	**12.1%**	**10.5%**	**12.6%**
Suburban	A	14.1%	8.3%	7.1%	6.8%
	B	17.0%	12.7%	11.9%	12.1%
	C	17.4%	11.3%	10.4%	10.3%
	Subtotal	**16.2%**	**11.2%**	**10.2%**	**10.2%**
Grand Total		**16.1%**	**12.6%**	**11.9%**	**11.8%**

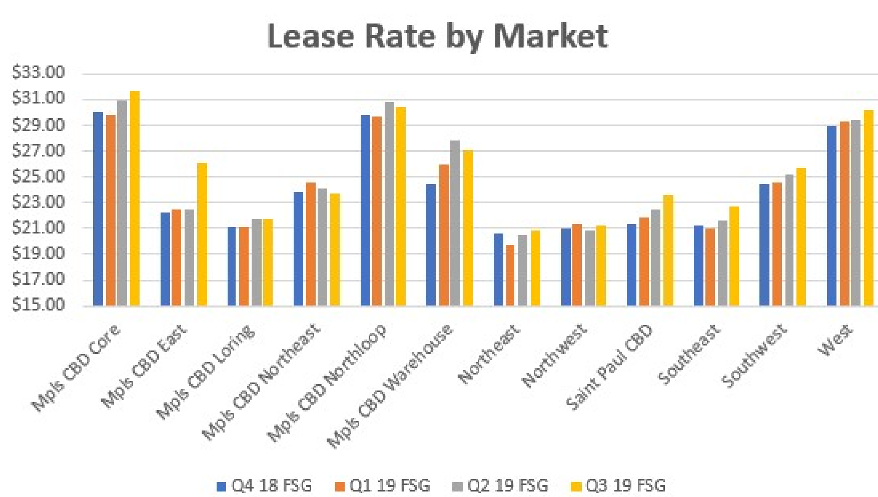


Lease Rates by Market (Multi and Single Tenant FSG)

Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate
Mpls CBD Core	A	$34.39	$33.65	$35.02	$36.95
	B	$27.27	$27.35	$28.67	$29.40
	C	$23.38	$23.38	$23.49	$24.33
	Subtotal	**$30.07**	**$29.78**	**$30.94**	**$31.66**
Mpls CBD East	A				
	B	$26.32	$26.32	$26.27	$26.27
	C	$18.20	$16.86	$16.86	$25.86
	Subtotal	**$22.26**	**$22.54**	**$22.51**	**$26.11**
Mpls CBD Loring	B	$21.17	$21.17	$21.75	$21.75
	C				
	Subtotal	**$21.17**	**$21.17**	**$21.75**	**$21.75**
Mpls CBD Northeast	A	$26.07	$25.51	$25.52	$25.52
	B	$23.48	$24.46	$24.01	$24.14
	C	$26.15	$25.08	$24.00	$16.00
	Subtotal	**$23.83**	**$24.61**	**$24.10**	**$23.69**
Mpls CBD Northloop	A	$36.18	$36.68	$37.75	$37.23
	B	$27.12	$26.77	$27.55	$26.88
	C	$25.43	$25.43	$25.43	$25.43
	Subtotal	**$29.78**	**$29.71**	**$30.81**	**$30.47**
Mpls CBD Warehouse	A				
	B	$24.51	$25.90	$27.78	$27.07
	C				
	Subtotal	**$24.51**	**$25.90**	**$27.78**	**$27.07**
Mpls CBD	A	$34.33	$33.85	$35.25	$36.36
	B	$25.45	$25.87	$26.57	$26.75
	C	$22.04	$22.43	$21.69	$23.73
	Subtotal	**$27.38**	**$27.59**	**$28.33**	**$28.72**

Lease Rates (Multi and Single Tenant FSG Continued)

Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate
Northeast	A	$21.79	$21.87	$21.82	$21.87
	B	$21.21	$20.12	$21.03	$21.40
	C	$15.65	$15.73	$16.09	$17.09
	Subtotal	**$20.58**	**$19.73**	**$20.47**	**$20.87**
Northwest	A	$29.56	$29.56	$30.27	$30.27
	B	$21.53	$22.01	$21.39	$21.67
	C	$17.84	$18.10	$18.32	$19.50
	Subtotal	**$21.01**	**$21.37**	**$20.87**	**$21.29**
Saint Paul CBD	A	$24.42	$26.16	$26.55	$28.82
	B	$18.74	$19.58	$20.62	$21.94
	C	$20.64	$19.49	$19.08	$18.52
	Subtotal	**$21.41**	**$21.85**	**$22.51**	**$23.59**
Southeast	A	$27.41	$27.21	$27.13	$30.15
	B	$20.80	$20.75	$21.39	$22.48
	C	$18.60	$18.15	$19.18	$18.42
	Subtotal	**$21.25**	**$21.02**	**$21.65**	**$22.78**
Southwest	A	$30.37	$30.51	$32.24	$31.87
	B	$22.86	$22.86	$23.45	$24.08
	C	$20.78	$21.49	$21.31	$20.66
	Subtotal	**$24.48**	**$24.55**	**$25.21**	**$25.71**
West	A	$35.89	$37.02	$37.11	$38.75
	B	$26.87	$27.26	$27.68	$28.16
	C	$24.10	$23.49	$24.44	$24.44
	Subtotal	**$28.95**	**$29.31**	**$29.49**	**$30.24**
Suburban	A	$29.86	$30.19	$30.97	$32.05
	B	$22.45	$22.27	$22.73	$23.44
	C	$18.59	$18.63	$19.22	$19.18
	Subtotal	**$23.21**	**$23.07**	**$23.52**	**$24.29**
Grand Total		**$23.90**	**$23.78**	**$24.29**	**$25.06**



Market Statistics by Building Class (Multi-Tenant)

Total

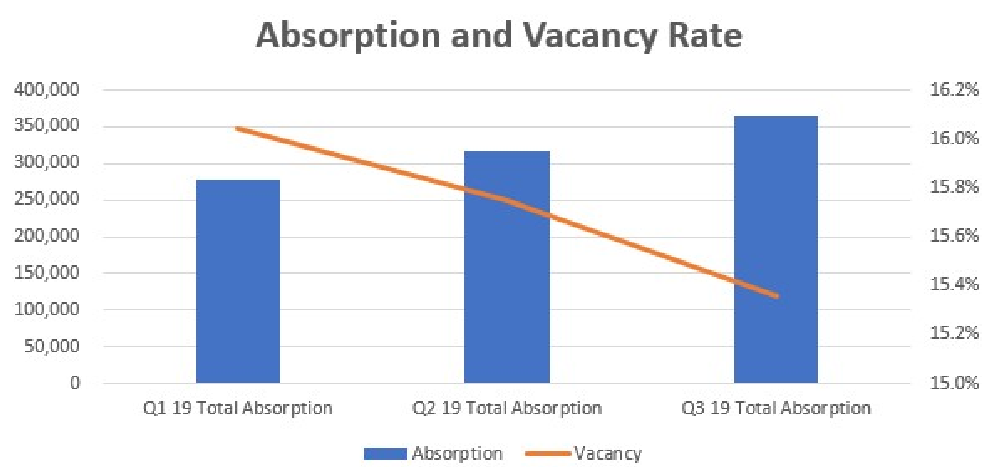
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	117	34,030,772	5,501,035	4,263,408	110,137	250,908	12.5%
B	574	47,138,420	9,838,325	8,327,944	266,757	656,663	17.7%
C	133	7,791,742	955,782	1,071,969	(13,023)	51,762	13.8%
Grand Total	**824**	**88,960,934**	**16,295,142**	**13,663,321**	**363,871**	**959,333**	**15.4%**

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	117	34,030,772	5,031,574	4,079,492	146,298	299,238	12.0%
B	574	47,138,420	8,981,872	7,847,917	284,681	695,362	16.6%
C	133	7,791,742	864,265	1,051,083	(162)	65,938	13.5%
Grand Total	**824**	**88,960,934**	**14,877,711**	**12,978,492**	**430,817**	**1,060,538**	**14.6%**

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	117	34,030,772	469,461	183,916	(36,161)	(48,330)	0.5%
B	574	47,138,420	856,453	480,027	(17,924)	(38,699)	1.0%
C	133	7,791,742	91,517	20,886	(12,861)	(14,176)	0.3%
Grand Total	**824**	**88,960,934**	**1,417,431**	**684,829**	**(66,946)**	**(101,205)**	**0.8%**

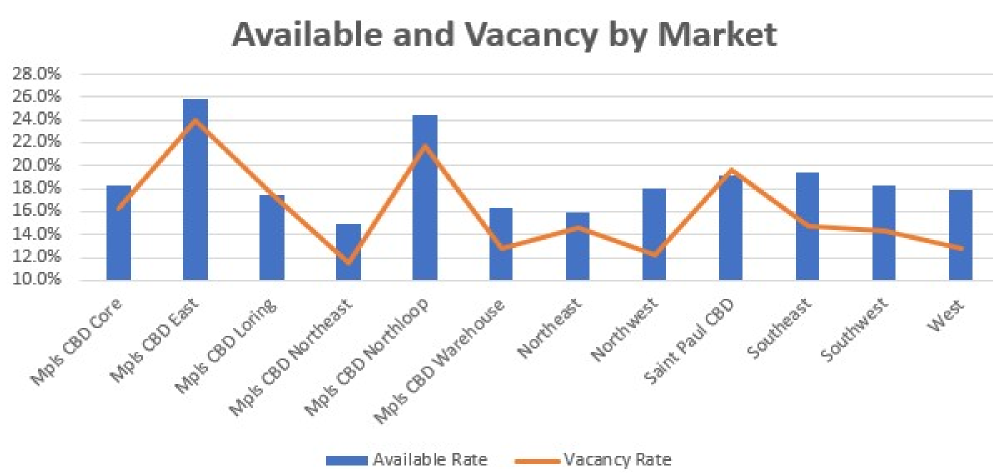


Market Statistics by Market (Multi-Tenant)

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	23	15,795,874	2,280,200	1,768,490	34,996	(57,576)	11.2%
	B	27	7,209,077	1,964,675	1,976,229	29,766	107,936	27.4%
	C	8	736,469	83,896	122,928	(9,436)	(9,436)	16.7%
	Subtotal	**58**	**23,741,420**	**4,328,771**	**3,867,647**	**55,326**	**40,924**	**16.3%**
Mpls CBD East	A	2	150,659			0	0	0.0%
	B	5	926,220	279,017	277,146	11,538	51,239	29.9%
	C	3	183,316	46,077	25,416	0	15,378	13.9%
	Subtotal	**10**	**1,260,195**	**325,094**	**302,562**	**11,538**	**66,617**	**24.0%**
Mpls CBD Loring	B	3	134,071	28,118	28,118	0	0	21.0%
	C	1	26,848			0	0	0.0%
	Subtotal	**4**	**160,919**	**28,118**	**28,118**	**0**	**0**	**17.5%**
Mpls CBD Northeast	A	1	191,610	26,331	26,331	0	0	13.7%
	B	25	2,041,853	303,110	278,998	1,581	36,423	13.7%
	C	6	424,311	66,465		0	3,585	0.0%
	Subtotal	**32**	**2,657,774**	**395,906**	**305,329**	**1,581**	**40,008**	**11.5%**
Mpls CBD Northloop	A	5	1,203,483	300,615	266,789	92	11,512	22.2%
	B	15	866,956	217,724	190,716	58,849	79,303	22.0%
	C	3	186,976	32,456	32,456	(15,111)	(15,111)	17.4%
	Subtotal	**23**	**2,257,415**	**550,795**	**489,961**	**43,830**	**75,704**	**21.7%**
Mpls CBD Warehouse	A	1	181,516			0	0	0.0%
	B	14	1,633,117	318,309	247,015	3,887	(4,493)	15.1%
	C	2	126,185			0	0	0.0%
	Subtotal	**17**	**1,940,818**	**318,309**	**247,015**	**3,887**	**(4,493)**	**12.7%**
Mpls CBD	A	32	17,523,142	2,607,146	2,061,610	35,088	(46,064)	11.8%
	B	89	12,811,294	3,110,953	2,998,222	105,621	270,408	23.4%
	C	23	1,684,105	228,894	180,800	(24,547)	(5,584)	10.7%
	Subtotal	**144**	**32,018,541**	**5,946,993**	**5,240,632**	**116,162**	**218,760**	**16.4%**

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	13	866,481	174,741	166,158	(4,110)	(51,810)	19.2%
	B	106	6,328,023	1,126,247	1,019,963	11,742	145,382	16.1%
	C	30	1,566,071	96,347	91,344	(1,266)	13,986	5.8%
	Subtotal	**149**	**8,760,575**	**1,397,335**	**1,277,465**	**6,366**	**107,558**	**14.6%**
Northwest	A	2	465,244	58,279	15,839	29,735	31,148	3.4%
	B	62	3,079,072	605,906	413,114	(3,473)	12,913	13.4%
	C	14	568,087	76,082	73,523	9,073	4,053	12.9%
	Subtotal	**78**	**4,112,403**	**740,267**	**502,476**	**35,335**	**48,114**	**12.2%**
Saint Paul CBD	A	11	3,488,376	547,674	499,619	(5,842)	1,556	14.3%
	B	23	3,781,329	872,531	961,959	(21,851)	19,645	25.4%
	C	7	814,423	127,753	122,002	(820)	(5,285)	15.0%
	Subtotal	**41**	**8,084,128**	**1,547,958**	**1,583,580**	**(28,513)**	**15,916**	**19.6%**
Southeast	A	12	1,406,044	372,415	324,903	10,246	65,182	23.1%
	B	110	6,431,701	1,286,879	922,979	70,849	41,501	14.4%
	C	28	1,079,459	72,142	71,785	6,230	1,357	6.7%
	Subtotal	**150**	**8,917,204**	**1,731,436**	**1,319,667**	**87,325**	**108,040**	**14.8%**
Southwest	A	32	7,034,578	1,031,081	778,092	90,585	161,823	11.1%
	B	128	9,417,043	1,994,828	1,535,162	91,162	112,318	16.3%
	C	23	1,482,201	266,757	265,708	(1,693)	(16,869)	17.9%
	Subtotal	**183**	**17,933,822**	**3,292,666**	**2,578,962**	**180,054**	**257,272**	**14.4%**
West	A	15	3,246,907	709,699	417,187	(45,565)	89,073	12.8%
	B	56	5,289,958	840,981	476,545	12,707	54,496	9.0%
	C	8	597,396	87,807	266,807	0	60,104	44.7%
	Subtotal	**79**	**9,134,261**	**1,638,487**	**1,160,539**	**(32,858)**	**203,673**	**12.7%**
Suburban	A	74	13,019,254	2,346,215	1,702,179	80,891	295,416	13.1%
	B	462	30,545,797	5,854,841	4,367,763	182,987	366,610	14.3%
	C	103	5,293,214	599,135	769,167	12,344	62,631	14.5%
	Subtotal	**639**	**48,858,265**	**8,800,191**	**6,839,109**	**276,222**	**724,657**	**14.0%**
Grand Total		**824**	**88,960,934**	**16,295,142**	**13,663,321**	**363,871**	**959,333**	**15.4%**

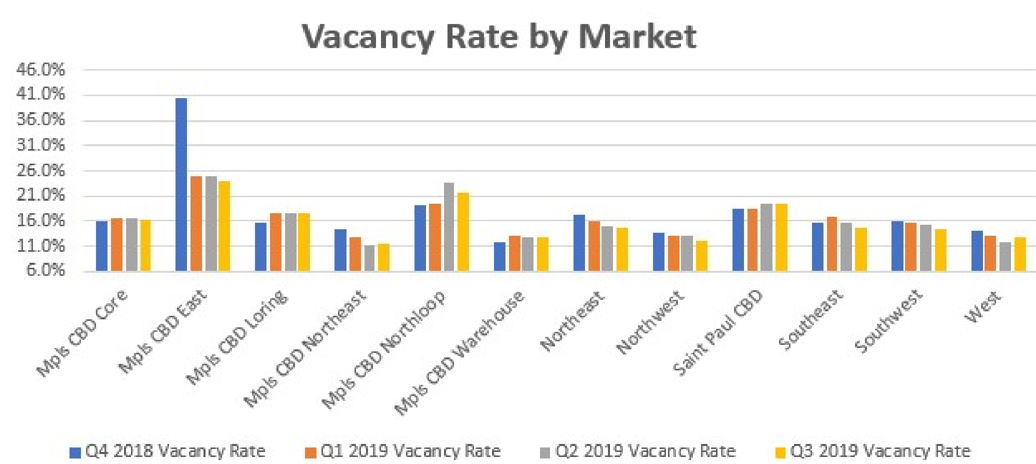


Vacancy Rates by Market (Multi-Tenant)

Market	Bldg Class	Q4 2018 Vacancy Rate	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate
Mpls CBD Core	A	10.4%	11.5%	11.4%	11.2%
	B	28.0%	28.3%	27.8%	27.4%
	C	15.4%	15.4%	15.2%	16.7%
	Subtotal	**15.9%**	**16.7%**	**16.5%**	**16.3%**
Mpls CBD East	A	0.0%	0.0%	0.0%	0.0%
	B	57.1%	31.2%	31.2%	29.9%
	C	22.3%	13.9%	13.9%	13.9%
	Subtotal	**40.6%**	**24.9%**	**24.9%**	**24.0%**
Mpls CBD Loring	B	18.3%	21.0%	21.0%	21.0%
	C	0.0%	0.0%	0.0%	0.0%
	Subtotal	**15.6%**	**17.5%**	**17.5%**	**17.5%**
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%
	B	16.3%	15.0%	13.4%	13.7%
	C	1.2%	0.9%	0.0%	0.0%
	Subtotal	**14.3%**	**12.8%**	**11.3%**	**11.5%**
Mpls CBD Northloop	A	9.6%	10.0%	22.2%	22.2%
	B	31.1%	32.9%	28.8%	22.0%
	C	13.0%	9.3%	9.3%	17.4%
	Subtotal	**19.0%**	**19.5%**	**23.6%**	**21.7%**
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%
	B	14.9%	15.3%	15.4%	15.1%
	C	0.0%	0.0%	0.0%	0.0%
	Subtotal	**12.0%**	**13.0%**	**12.9%**	**12.7%**
Mpls CBD	A	10.2%	11.2%	12.0%	11.8%
	B	25.9%	25.0%	24.1%	23.4%
	C	12.1%	9.7%	9.2%	10.7%
	Subtotal	**16.4%**	**16.7%**	**16.7%**	**16.4%**

Vacancy Rates (Multi-Tenant Continued)

Market	Bldg Class	Q4 2018 Vacancy Rate	Q1 2019 Vacancy Rate	Q2 2019 Vacancy Rate	Q3 2019 Vacancy Rate
Northeast	A	14.7%	19.3%	18.7%	19.2%
	B	19.7%	17.9%	16.8%	16.1%
	C	8.1%	5.5%	5.8%	5.8%
	Subtotal	**17.4%**	**15.9%**	**15.1%**	**14.6%**
Northwest	A	11.0%	10.1%	9.8%	3.4%
	B	14.3%	13.3%	13.3%	13.4%
	C	13.7%	13.9%	14.5%	12.9%
	Subtotal	**13.9%**	**13.0%**	**13.1%**	**12.2%**
Saint Paul CBD	A	13.5%	14.6%	14.2%	14.3%
	B	25.2%	22.8%	25.5%	25.4%
	C	12.5%	14.7%	14.9%	15.0%
	Subtotal	**18.7%**	**18.5%**	**19.5%**	**19.6%**
Southeast	A	20.0%	25.1%	23.8%	23.1%
	B	15.8%	16.6%	15.4%	14.4%
	C	7.7%	7.1%	7.2%	6.7%
	Subtotal	**15.8%**	**16.9%**	**15.8%**	**14.8%**
Southwest	A	13.4%	12.7%	12.3%	11.1%
	B	17.5%	17.4%	17.2%	16.3%
	C	17.5%	17.0%	17.9%	17.9%
	Subtotal	**15.9%**	**15.5%**	**15.4%**	**14.4%**
West	A	15.6%	12.4%	11.5%	12.8%
	B	8.8%	8.9%	8.1%	9.0%
	C	57.0%	56.3%	44.7%	44.7%
	Subtotal	**14.2%**	**13.3%**	**11.7%**	**12.7%**
Suburban	A	14.9%	14.3%	13.7%	13.1%
	B	15.7%	15.5%	14.8%	14.3%
	C	17.3%	15.9%	14.8%	14.5%
	Subtotal	**15.6%**	**15.2%**	**14.5%**	**14.0%**
Grand Total		**16.2%**	**16.0%**	**15.7%**	**15.4%**

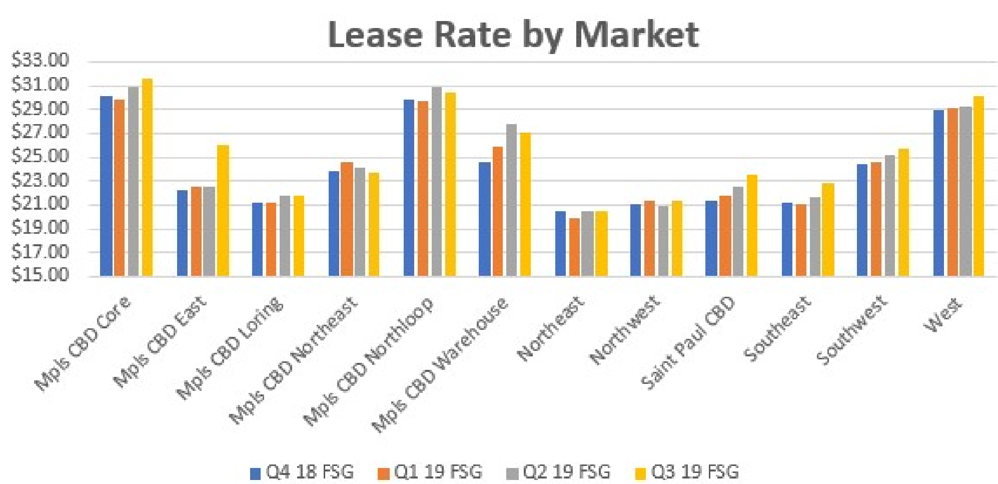


Lease Rates by Market (Multi-Tenant FSG)

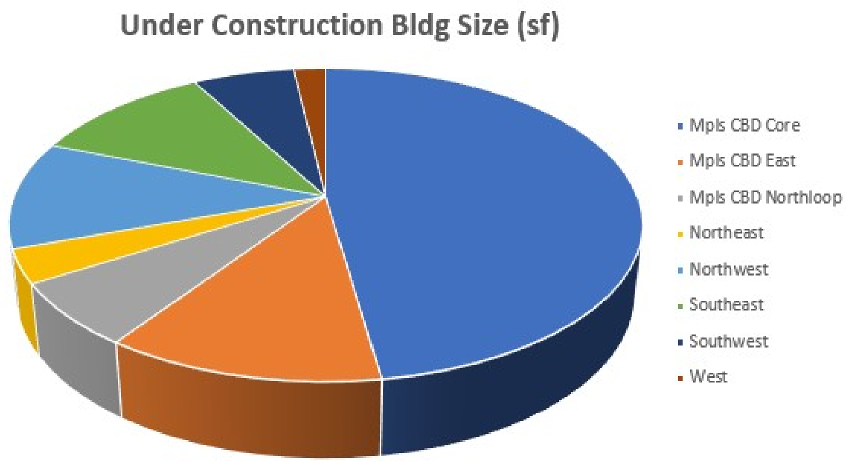
Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate
Mpls CBD Core	A	$34.39	$33.65	$35.02	$36.95
	B	$27.27	$27.35	$28.67	$29.40
	C	$23.38	$23.38	$23.49	$24.33
	Subtotal	**$30.07**	**$29.78**	**$30.94**	**$31.66**
Mpls CBD East	A				
	B	$26.32	$26.32	$26.27	$26.27
	C	$18.20	$16.86	$16.86	$25.86
	Subtotal	**$22.26**	**$22.54**	**$22.51**	**$26.11**
Mpls CBD Loring	B	$21.17	$21.17	$21.75	$21.75
	C				
	Subtotal	**$21.17**	**$21.17**	**$21.75**	**$21.75**
Mpls CBD Northeast	A	$26.07	$25.51	$25.52	$25.52
	B	$23.48	$24.46	$24.01	$24.14
	C	$26.15	$25.08	$24.00	$16.00
	Subtotal	**$23.83**	**$24.61**	**$24.10**	**$23.69**
Mpls CBD Northloop	A	$36.18	$36.68	$37.75	$37.23
	B	$27.12	$26.77	$27.55	$26.88
	C	$25.43	$25.43	$25.43	$25.43
	Subtotal	**$29.78**	**$29.71**	**$30.81**	**$30.47**
Mpls CBD Warehouse	A				
	B	$24.51	$25.90	$27.78	$27.07
	C				
	Subtotal	**$24.51**	**$25.90**	**$27.78**	**$27.07**
Mpls CBD	A	$34.33	$33.85	$35.25	$36.36
	B	$25.45	$25.87	$26.57	$26.75
	C	$22.04	$22.43	$21.69	$23.73
	Subtotal	**$27.38**	**$27.59**	**$28.33**	**$28.72**

Lease Rates (Multi-Tenant FSG Continued)

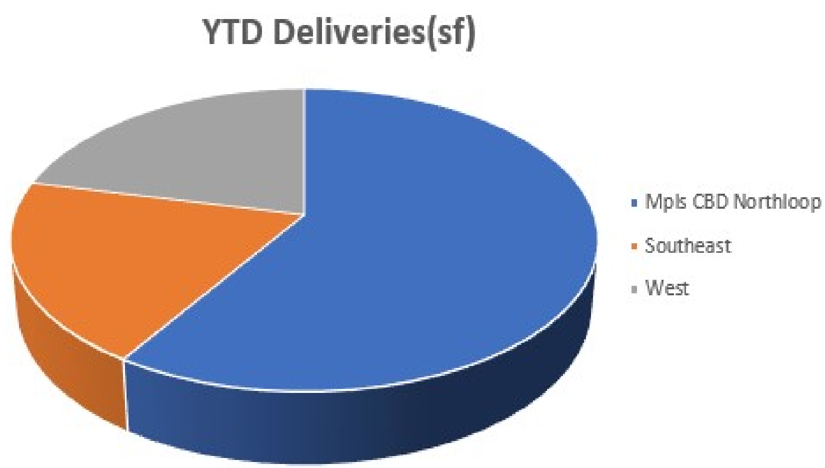
Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate
Northeast	A	$21.79	$21.87	$21.82	$21.87
	B	$21.18	$20.34	$21.08	$21.18
	C	$15.65	$15.20	$15.60	$15.60
	Subtotal	**$20.54**	**$19.89**	**$20.49**	**$20.54**
Northwest	A	$29.56	$29.56	$30.27	$30.27
	B	$21.53	$22.01	$21.39	$21.67
	C	$17.84	$18.10	$18.32	$19.50
	Subtotal	**$21.01**	**$21.37**	**$20.87**	**$21.29**
Saint Paul CBD	A	$24.42	$26.16	$26.55	$28.82
	B	$18.74	$19.58	$20.62	$21.94
	C	$20.64	$19.49	$19.08	$18.52
	Subtotal	**$21.41**	**$21.85**	**$22.51**	**$23.59**
Southeast	A	$27.41	$27.21	$27.13	$30.15
	B	$20.80	$20.75	$21.39	$22.48
	C	$18.60	$18.15	$19.18	$18.42
	Subtotal	**$21.25**	**$21.02**	**$21.65**	**$22.78**
Southwest	A	$30.37	$30.51	$32.24	$31.87
	B	$22.86	$22.86	$23.45	$24.08
	C	$20.78	$21.49	$21.31	$20.66
	Subtotal	**$24.48**	**$24.55**	**$25.21**	**$25.71**
West	A	$35.89	$37.02	$37.11	$38.75
	B	$26.87	$27.00	$27.32	$27.85
	C	$24.10	$23.49	$24.44	$24.44
	Subtotal	**$28.95**	**$29.17**	**$29.32**	**$30.11**
Suburban	A	$29.86	$30.19	$30.97	$32.05
	B	$22.45	$22.27	$22.73	$23.44
	C	$18.59	$18.63	$19.22	$19.18
	Subtotal	**$23.21**	**$23.07**	**$23.52**	**$24.29**
Grand Total		**$23.90**	**$23.82**	**$24.29**	**$25.02**



New Developments



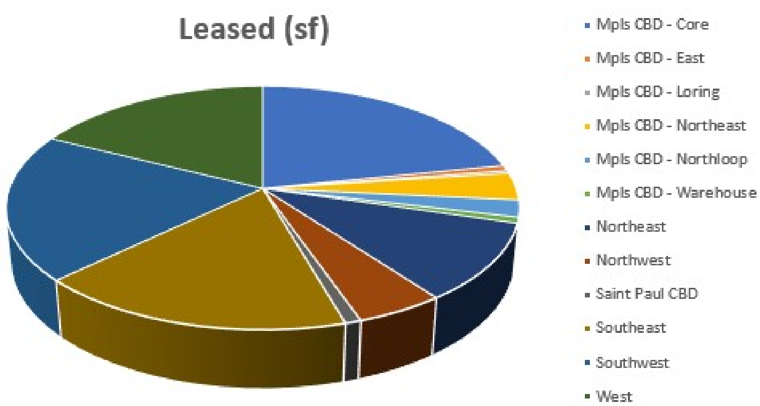
Market	Bldg Size (sf)
Mpls CBD Core	1,382,000
Mpls CBD East	350,000
Mpls CBD Northloop	190,000
Northeast	100,000
Northwest	323,000
Southeast	322,000
Southwest	178,293
West	56,000
Grand Total	**2,901,293**



Market	Bldg Size (sf)
Mpls CBD Northloop	180,549
Southeast	59,900
West	65,436
Grand Total	**305,885**

Leasing Activity

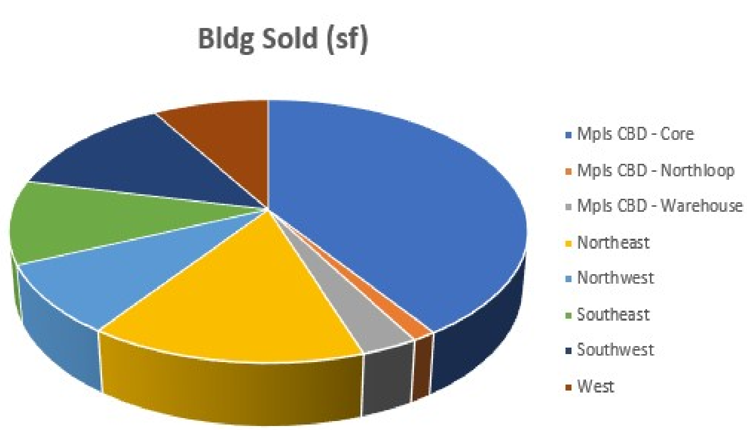
Property	Size (sf)	Market	Tenant	Landlord
RSM Plaza 801 Nicollet Mall	125,000	Mpls CBD	RSM	Golub Real Estate
Baker Center 705 & 733 Marquette Ave	78,000	Mpls CBD	Merrill Corp	St. Paul Properties, Inc
Target West 3701 Wayzata Blvd	70,000	West	SRF Consulting	Wayzata Venture, LLC
Capella Tower 225 S 6th St	55,000	Mpls CBD	US Bank	SRI Eleven Minneapolis 225, LLC
The BLOC 1550 American Blvd E	40,726	Southeast	Matrix Care	Hudson Americas, LLC



Market	Leased (sf)
Mpls CBD - Core	340,982
Mpls CBD - East	11,538
Mpls CBD - Loring	5,503
Mpls CBD - Northeast	56,970
Mpls CBD - Northloop	35,035
Mpls CBD - Warehouse	11,835
Northeast	161,074
Northwest	75,812
Saint Paul CBD	13,678
Southeast	270,926
Southwest	305,302
West	275,272
Grand Total	**1,563,927**

Sales Activity

Property	Price	Market	Buyer	Seller
Two22	$81,000,000	Mpls CBD	Lingerfelt CommonWealth	222 South Ninth Street, LLC
Summit Orthopedic	$29,400,000	Southeast	Harrison Street	MSP Commercial
6820 Wedgwood Rd N	$22,770,731	Northwest	Syndicated Equities	
5050 Lincoln Dr	$15,450,000	Southwest	Creekside Partners, LLC;	Lone Star Funds
Quadrant Office Building 7100 Northland Cir N	$11,850,000	Northwest	SARA Investment Real Estate	MSP Brooklyn Park Office Building, LLC



Market	Bldg Size (sf)
Mpls CBD - Core	756,348
Mpls CBD - Northloop	24,065
Mpls CBD - Warehouse	56,935
Northeast	276,456
Northwest	160,456
Southeast	191,521
Southwest	240,957
West	157,535
Grand Total	**1,864,273**

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 rated expressed as a per square foot value in FSG terms with Net type leases grossed up.

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