

MARKET TRENDS

Q4 2019 | Mpls-St Paul | Office

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,978,128	
Area Unemployment	2.7	
U.S. Unemployment	3.5	
Office Jobs	514,200	

Source: BLS

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

Market Recap

All Properties

Total Inventory (sf)	126,158,494
Absorption	138,000
Vacancy	11.9%
Asking Rate (FSG)	\$24.46
New Construction (sf)	2,932,963

Multi-tenant Properties

Total Inventory (sf)	90,476,165
Absorption	-48,759
Vacancy	15.4%
Asking Rate (FSG)	\$24.51

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 70 basis points to 2.7% for November 2019 from 2.0% for November 2018. The unemployment rate for the US was at 3.5% in November 2019 down from 3.7% last year. State of Minnesota unemployment rate was 3.3%. The Mpls-St Paul MSA saw a decrease in office job growth in professional, financial and information dropping 2,200 during the same period.

Market Overview

The Mpls-St Paul office market, consisting of over 126 msf of space in seven counties across the metro topping 138,000 sf positive absorption for Q4 2019. The vacancy rate for the market stands at 11.9% for all properties for Q4 2019. Multi-tenant properties posted 15.4% vacancy with over 48,000 sf negative absorption. The average asking lease rate for Mpls-St Paul came in at \$24.46 psf FSG. During Q4 2019 there were 22 construction projects throughout the market totaling over 2.9 msf and 8 projects were delivered year to date with over 720,000 sf.

Market Highlights

During the Q4 2019 the market experienced over 1.2 msf of leasing activity in 302 transactions and year to date ended with 1,231 transactions totaling over 5 mfs. Class A properties ended the quarter at 8.8% for all properties and 12.8% for multi-tenant properties. For multi-tenant properties the Northwest market posted the lowest vacancy rate at 10.3%, Mpls CBD vacancy was 16.7%, St Paul CBD was 18.8% and suburban markets was 13.9%. During Q4 2019 Mpls CBD Northloop market posted the most positive absorption of 109,000 sf while the Southwest market posted the largest negative absorption of 107,000 sf for all property types. Prime Therapeutics vacated 75,000 sf when they moved to their 167,000 sf new delivery.

Market Statistics by Building Class (Multi and Single Tenant)

Total

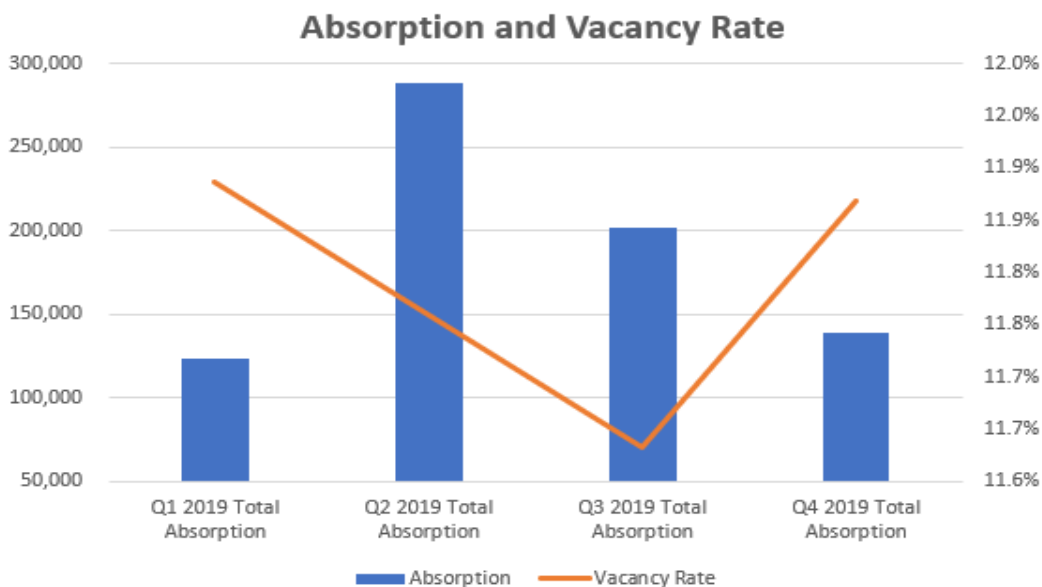
Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
A	159	49,659,513	5,805,150	4,394,840	91,417	363,074	8.8%
B	696	64,330,257	10,494,858	9,434,767	(78,740)	346,878	14.7%
C	177	12,168,724	1,270,309	1,146,380	125,857	41,388	9.4%
Grand Total	1,032	126,158,494	17,570,317	14,975,987	138,534	751,340	11.9%

Direct

Bldg Class	# of Bldgs	Inventory	Direct Avail SF	Direct Vacant SF	Direct Absorption (sf)	Direct YTD Absorption (sf)	Vacancy Rate
A	159	49,659,513	5,100,174	4,121,867	112,760	432,747	8.3%
B	696	64,330,257	9,561,952	8,702,225	(222,833)	264,242	13.5%
C	177	12,168,724	1,178,792	1,125,494	125,857	53,314	9.2%
Grand Total	1,032	126,158,494	15,840,918	13,949,586	15,784	750,303	11.1%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Avail SF	Sublease Vacant SF	Sublease Absorption (sf)	Sublease YTD Absorption (sf)	Vacancy Rate
A	159	49,659,513	704,976	272,973	(21,343)	(69,673)	0.5%
B	696	64,330,257	932,906	732,542	144,093	82,636	1.1%
C	177	12,168,724	91,517	20,886	0	(11,926)	0.2%
Grand Total	1,032	126,158,494	1,729,399	1,026,401	122,750	1,037	0.8%



Market Statistics by Market (Multi and Single Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	27	17,133,330	2,406,775	1,893,504	(57,300)	(114,876)	11.1%
	B	28	7,320,524	1,383,388	1,977,814	(1,585)	106,351	27.0%
	C	8	736,469	83,896	126,841	(3,913)	(13,349)	17.2%
	Subtotal	63	25,190,323	3,874,059	3,998,159	(62,798)	(21,874)	15.9%
Mpls CBD East	A	5	1,291,336	5,096	5,096	0	0	0.4%
	B	5	926,220	309,236	277,146	0	51,239	29.9%
	C	3	183,316	48,150	19,189	6,227	21,605	10.5%
	Subtotal	13	2,400,872	362,482	301,431	6,227	72,844	12.6%
Mpls CBD Loring	B	3	134,071	22,405	28,118	0	0	21.0%
	C	1	26,848			0	0	0.0%
	Subtotal	4	160,919	22,405	28,118	0	0	17.5%
Mpls CBD Northeast	A	1	191,610	21,856	26,331	0	0	13.7%
	B	27	2,484,441	318,499	295,704	(16,706)	19,717	11.9%
	C	6	424,311	65,903	1,100	(1,100)	2,485	0.3%
	Subtotal	34	3,100,362	406,258	323,135	(17,806)	22,202	10.4%
Mpls CBD Northloop	A	6	1,492,299	256,615	199,801	5,720	78,500	13.4%
	B	16	1,056,956	153,302	195,964	132,813	226,556	18.5%
	C	3	186,976	74,940	61,290	(28,834)	(43,945)	32.8%
	Subtotal	25	2,736,231	484,857	457,055	109,699	261,111	16.7%
Mpls CBD Warehouse	A	1	181,516	11,888		0	0	0.0%
	B	14	1,633,117	329,791	258,406	(18,176)	(22,669)	15.8%
	C	2	126,185			0	0	0.0%
	Subtotal	17	1,940,818	341,679	258,406	(18,176)	(22,669)	13.3%
Mpls CBD	A	40	20,290,091	2,702,230	2,124,732	(51,580)	(36,376)	10.5%
	B	93	13,555,329	2,516,621	3,033,152	96,346	381,194	22.4%
	C	23	1,684,105	272,889	208,420	(27,620)	(33,204)	12.4%
	Subtotal	156	35,529,525	5,491,740	5,366,304	17,146	311,614	15.1%

Market Statistics by Market (Multi and Single Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
Northeast	A	21	4,755,236	160,752	155,221	10,937	(40,873)	3.3%
	B	155	15,001,372	1,684,677	1,443,798	(20,514)	119,378	9.6%
	C	45	2,621,822	262,872	256,126	(3,294)	(133,514)	9.8%
	Subtotal	221	22,378,430	2,108,301	1,855,145	(12,871)	(55,009)	8.3%
Northwest	A	6	2,580,905	58,279	15,839	0	31,148	0.6%
	B	73	4,149,513	575,606	366,916	46,198	64,042	8.8%
	C	21	998,357	81,997	49,847	23,676	27,729	5.0%
	Subtotal	100	7,728,775	715,882	432,602	69,874	122,919	5.6%
Saint Paul CBD	A	11	3,428,820	568,247	513,119	4,395	5,951	15.0%
	B	29	6,528,763	731,484	957,186	4,773	24,418	14.7%
	C	8	874,470	134,992	127,258	(5,256)	(10,541)	14.6%
	Subtotal	48	10,832,053	1,434,723	1,597,563	3,912	19,828	14.7%
Southeast	A	19	3,680,933	431,485	330,740	162,056	227,238	9.0%
	B	127	7,879,331	1,425,227	1,023,709	(81,330)	(52,868)	13.0%
	C	35	2,967,334	122,608	93,204	17,361	20,968	3.1%
	Subtotal	181	14,527,598	1,979,320	1,447,653	98,087	195,338	10.0%
Southwest	A	43	10,740,119	1,170,857	850,589	(46,978)	74,326	7.9%
	B	154	11,499,079	2,608,107	1,938,421	(67,483)	(70,714)	16.9%
	C	34	2,238,166	307,144	258,718	6,990	(4,154)	11.6%
	Subtotal	231	24,477,364	4,086,108	3,047,728	(107,471)	(542)	12.5%
West	A	19	4,183,409	713,300	404,600	12,587	101,660	9.7%
	B	65	5,716,870	953,136	671,585	(56,730)	(118,572)	11.7%
	C	11	784,470	87,807	152,807	114,000	174,104	19.5%
	Subtotal	95	10,684,749	1,754,243	1,228,992	69,857	157,192	11.5%
Suburban	A	108	25,940,602	2,534,673	1,756,989	138,602	393,499	6.8%
	B	574	44,246,165	7,246,753	5,444,429	(179,859)	(58,734)	12.3%
	C	146	9,610,149	862,428	810,702	158,733	85,133	8.4%
	Subtotal	828	79,796,916	10,643,854	8,012,120	117,476	419,898	10.0%
Grand Total		1,032	126,158,494	17,570,317	14,975,987	138,534	751,340	11.9%

Available and Vacancy By Market

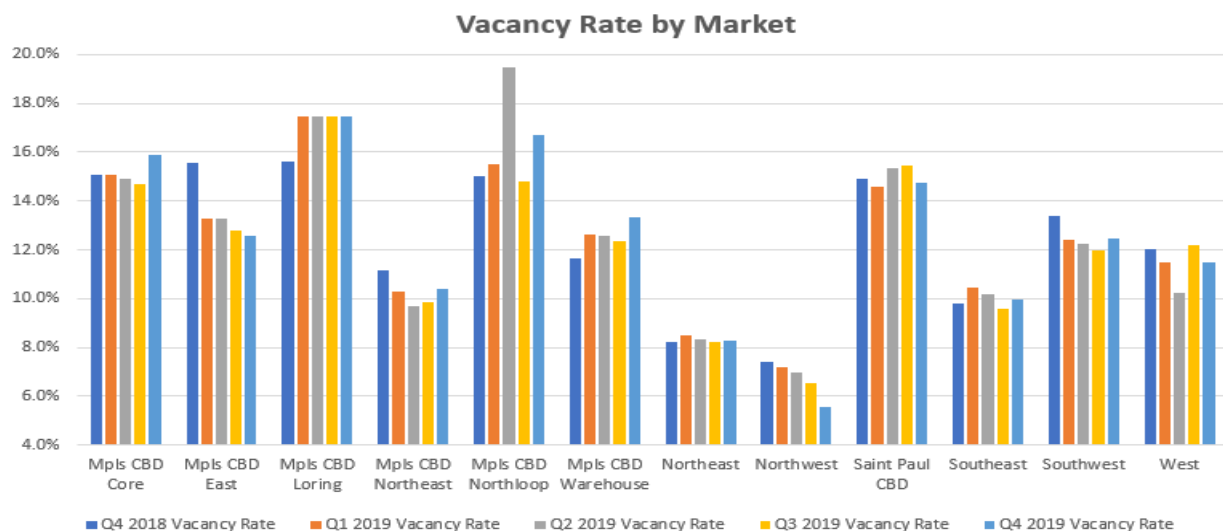


Vacancy Rates by Market (Multi and Single Tenant)

Market	Bldg Class	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Mpls CBD Core	A	9.8%	10.1%	10.0%	9.8%	11.1%
	B	27.6%	27.9%	27.4%	27.0%	27.0%
	C	15.4%	15.4%	15.2%	16.7%	17.2%
	Subtotal	15.1%	15.1%	14.9%	14.7%	15.9%
Mpls CBD East	A	0.4%	0.4%	0.4%	0.4%	0.4%
	B	35.5%	31.2%	31.2%	29.9%	29.9%
	C	22.3%	13.9%	13.9%	13.9%	10.5%
	Subtotal	15.6%	13.3%	13.3%	12.8%	12.6%
Mpls CBD Loring	B	18.3%	21.0%	21.0%	21.0%	21.0%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	15.6%	17.5%	17.5%	17.5%	17.5%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	13.7%
	B	12.7%	11.6%	11.0%	11.2%	11.9%
	C	0.8%	0.8%	0.0%	0.0%	0.3%
	Subtotal	11.2%	10.3%	9.7%	9.8%	10.4%
Mpls CBD Northloop	A	7.5%	7.8%	17.9%	13.8%	13.4%
	B	26.8%	28.5%	24.5%	16.0%	18.5%
	C	13.0%	9.3%	9.3%	17.4%	32.8%
	Subtotal	15.0%	15.5%	19.5%	14.8%	16.7%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.4%	14.9%	14.9%	14.7%	15.8%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	11.6%	12.6%	12.6%	12.4%	13.3%
Mpls CBD	A	9.0%	9.3%	9.9%	9.5%	10.5%
	B	23.7%	23.4%	22.8%	22.0%	22.4%
	C	11.1%	9.5%	9.2%	10.7%	12.4%
	Subtotal	14.6%	14.5%	14.6%	14.1%	15.1%

Vacancy Rates (Multi and Single Tenant Continued)

Market	Bldg Class	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	A	2.4%	3.5%	3.4%	3.5%	3.3%
	B	10.6%	9.8%	9.7%	9.5%	9.6%
	C	4.8%	9.9%	9.6%	9.6%	9.8%
	Subtotal	8.2%	8.5%	8.3%	8.2%	8.3%
Northwest	A	1.9%	1.9%	1.8%	0.6%	0.6%
	B	10.7%	10.3%	9.8%	9.9%	8.8%
	C	7.7%	7.9%	8.2%	7.3%	5.0%
	Subtotal	7.4%	7.2%	7.0%	6.5%	5.6%
Saint Paul CBD	A	14.2%	15.4%	14.9%	15.1%	15.0%
	B	15.9%	14.3%	15.8%	15.9%	14.7%
	C	11.7%	13.7%	13.9%	14.0%	14.6%
	Subtotal	14.9%	14.6%	15.3%	15.5%	14.7%
Southeast	A	9.2%	10.0%	9.5%	9.2%	9.0%
	B	12.4%	13.2%	12.9%	12.0%	13.0%
	C	3.8%	3.7%	3.9%	3.7%	3.1%
	Subtotal	9.8%	10.5%	10.2%	9.6%	10.0%
Southwest	A	10.4%	8.6%	8.2%	7.5%	7.9%
	B	16.0%	16.0%	16.1%	16.2%	16.9%
	C	11.4%	11.5%	11.8%	11.8%	11.6%
	Subtotal	13.4%	12.4%	12.2%	12.0%	12.5%
West	A	12.1%	9.6%	8.9%	10.0%	9.7%
	B	8.1%	8.5%	7.9%	10.8%	11.7%
	C	43.0%	42.9%	34.0%	34.0%	19.5%
	Subtotal	12.0%	11.5%	10.2%	12.2%	11.5%
Suburban	A	8.1%	7.3%	6.9%	6.7%	6.8%
	B	12.0%	11.9%	11.7%	11.9%	12.3%
	C	9.4%	10.9%	10.2%	10.1%	8.4%
	Subtotal	10.5%	10.3%	10.0%	10.0%	10.0%
Grand Total		12.0%	11.9%	11.8%	11.6%	11.9%

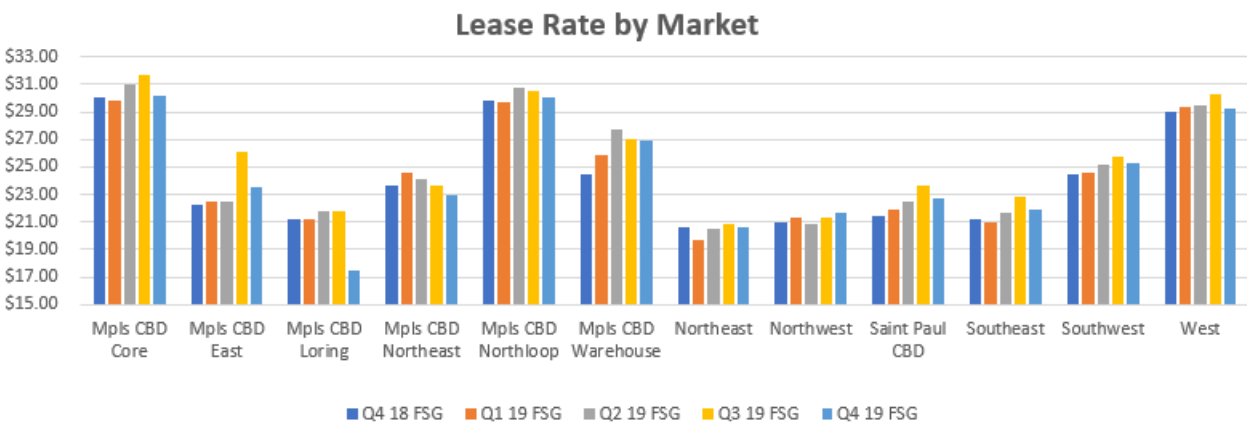


Lease Rates by Market (Multi and Single Tenant FSG)

Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate
Mpls CBD Core	A	\$34.39	\$33.65	\$35.02	\$36.95	\$35.09
	B	\$27.27	\$27.35	\$28.67	\$29.40	\$27.81
	C	\$23.38	\$23.38	\$23.49	\$24.33	\$24.33
	Subtotal	\$30.07	\$29.78	\$30.94	\$31.66	\$30.21
Mpls CBD East	A					
	B	\$26.32	\$26.32	\$26.27	\$26.27	\$26.83
	C	\$18.20	\$16.86	\$16.86	\$25.86	\$16.86
	Subtotal	\$22.26	\$22.54	\$22.51	\$26.11	\$23.51
Mpls CBD Loring	B	\$21.17	\$21.17	\$21.75	\$21.75	\$17.50
	C					
	Subtotal	\$21.17	\$21.17	\$21.75	\$21.75	\$17.50
Mpls CBD Northeast	A	\$26.07	\$25.51	\$25.52	\$25.52	\$25.52
	B	\$23.48	\$24.46	\$24.01	\$24.14	\$23.27
	C				\$16.00	\$15.40
	Subtotal	\$23.67	\$24.54	\$24.11	\$23.69	\$22.89
Mpls CBD Northloop	A	\$36.18	\$36.68	\$37.75	\$37.23	\$37.24
	B	\$27.12	\$26.77	\$27.55	\$26.88	\$26.22
	C	\$25.43	\$25.43	\$25.43	\$25.43	\$24.03
	Subtotal	\$29.78	\$29.71	\$30.81	\$30.47	\$30.00
Mpls CBD Warehouse	A					
	B	\$24.51	\$25.90	\$27.78	\$27.07	\$26.91
	C					
	Subtotal	\$24.51	\$25.90	\$27.78	\$27.07	\$26.91
Mpls CBD	A	\$34.33	\$33.85	\$35.25	\$36.36	\$35.16
	B	\$25.45	\$25.87	\$26.57	\$26.75	\$25.87
	C	\$22.04	\$22.43	\$21.69	\$23.73	\$20.88
	Subtotal	\$27.38	\$27.59	\$28.33	\$28.72	\$27.60

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	Q4 2019 Lease Rate
Northeast	A	\$21.79	\$21.87	\$21.82	\$21.87	\$22.73
	B	\$21.21	\$20.12	\$21.03	\$21.40	\$21.10
	C	\$15.65	\$15.73	\$16.09	\$17.09	\$16.26
	Subtotal	\$20.58	\$19.73	\$20.47	\$20.87	\$20.62
Northwest	A	\$29.56	\$29.56	\$30.27	\$30.27	\$30.27
	B	\$21.53	\$22.01	\$21.39	\$21.67	\$21.72
	C	\$17.84	\$18.10	\$18.32	\$19.50	\$20.48
	Subtotal	\$21.01	\$21.37	\$20.87	\$21.29	\$21.72
Saint Paul CBD	A	\$24.42	\$26.16	\$26.55	\$28.82	\$26.50
	B	\$18.74	\$19.58	\$20.62	\$21.94	\$21.24
	C	\$20.64	\$19.49	\$19.08	\$18.52	\$18.39
	Subtotal	\$21.41	\$21.85	\$22.51	\$23.59	\$22.68
Southeast	A	\$27.41	\$27.21	\$27.13	\$30.15	\$28.64
	B	\$20.80	\$20.75	\$21.39	\$22.48	\$21.58
	C	\$18.60	\$18.15	\$19.18	\$18.42	\$19.72
	Subtotal	\$21.25	\$21.02	\$21.65	\$22.78	\$21.94
Southwest	A	\$30.37	\$30.51	\$32.24	\$31.87	\$31.98
	B	\$22.86	\$22.86	\$23.45	\$24.08	\$23.39
	C	\$20.78	\$21.49	\$21.31	\$20.66	\$20.60
	Subtotal	\$24.48	\$24.55	\$25.21	\$25.71	\$25.25
West	A	\$35.89	\$37.02	\$37.11	\$38.75	\$36.88
	B	\$26.87	\$27.26	\$27.68	\$28.16	\$27.32
	C	\$24.10	\$23.49	\$24.44	\$24.44	\$24.44
	Subtotal	\$28.95	\$29.31	\$29.49	\$30.24	\$29.20
Suburban	A	\$29.86	\$30.19	\$30.97	\$32.05	\$31.79
	B	\$22.45	\$22.25	\$22.78	\$23.53	\$22.94
	C	\$18.59	\$18.66	\$19.24	\$19.44	\$19.80
	Subtotal	\$23.21	\$23.03	\$23.54	\$24.36	\$23.91
Grand Total		\$23.89	\$23.78	\$24.30	\$25.06	\$24.46



Market Statistics by Building Class (Multi-Tenant)

Total

Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
A	120	34,428,306	5,700,054	4,389,744	(76,476)	195,181	12.8%
B	583	48,117,910	9,203,001	8,527,662	(98,140)	617,101	17.7%
C	136	7,929,949	1,064,511	984,892	125,857	197,151	12.4%
Grand Total	839	90,476,165	15,967,566	13,902,298	(48,759)	1,009,433	15.4%

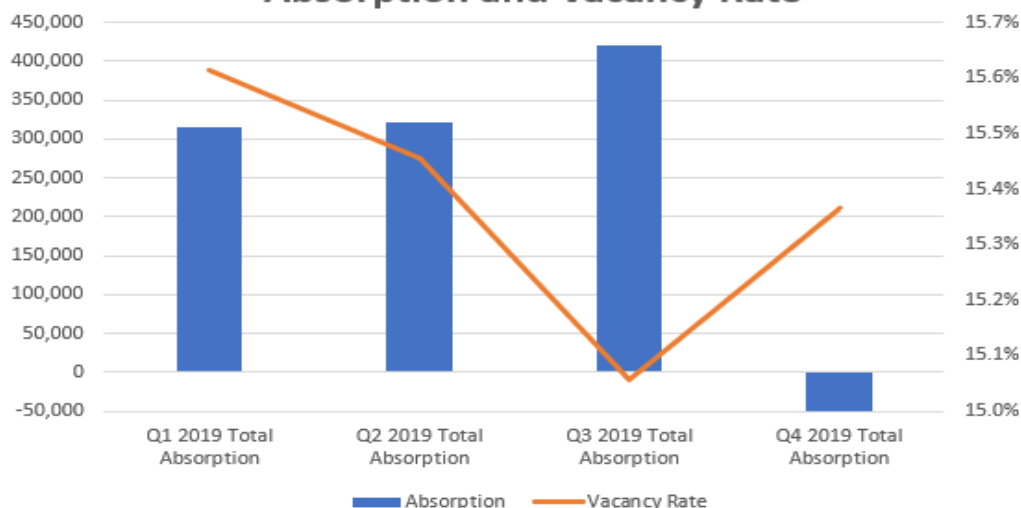
Direct

Bldg Class	# of Bldgs	Inventory	Direct Avail SF	Direct Vacant SF	Direct Absorption (sf)	Direct YTD Absorption (sf)	Vacancy Rate
A	120	34,428,306	4,995,078	4,116,771	(55,133)	264,854	12.0%
B	583	48,117,910	8,592,543	8,117,568	(168,073)	581,778	16.9%
C	136	7,929,949	972,994	964,006	125,857	209,077	12.2%
Grand Total	839	90,476,165	14,560,615	13,198,345	(97,349)	1,055,709	14.6%

Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Avail SF	Sublease Vacant SF	Sublease Absorption (sf)	Sublease YTD Absorption (sf)	Vacancy Rate
A	120	34,428,306	704,976	272,973	(21,343)	(69,673)	0.8%
B	583	48,117,910	610,458	410,094	69,933	35,323	0.9%
C	136	7,929,949	91,517	20,886	0	(11,926)	0.3%
Grand Total	839	90,476,165	1,406,951	703,953	48,590	(46,276)	0.8%

Absorption and Vacancy Rate

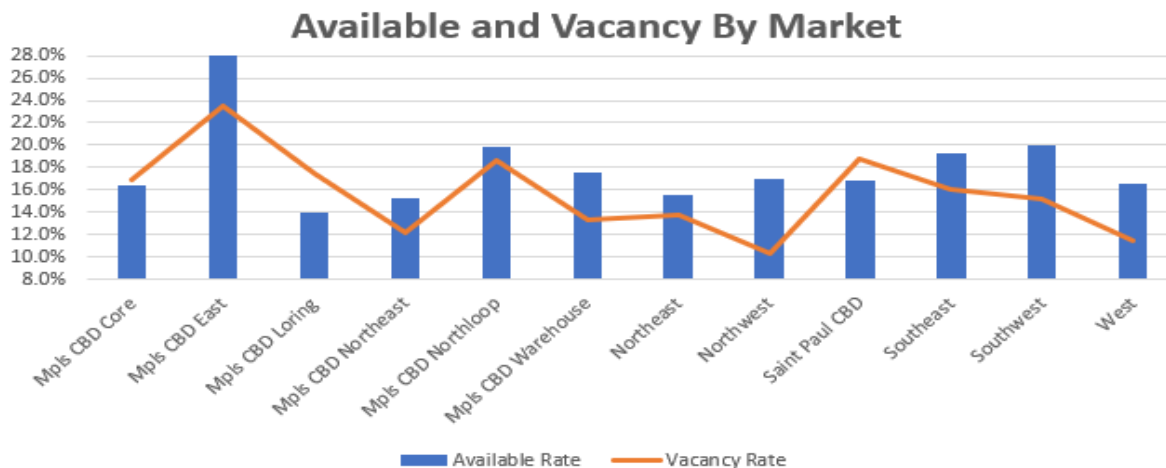


Market Statistics by Market (Multi-Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
Mpls CBD Core	A	24	15,751,398	2,406,775	1,893,504	(57,300)	(114,876)	12.0%
	B	27	7,213,628	1,383,388	1,977,814	(1,585)	106,351	27.4%
	C	8	736,469	83,896	126,841	(3,913)	(13,349)	17.2%
	Subtotal	59	23,701,495	3,874,059	3,998,159	(62,798)	(21,874)	16.9%
Mpls CBD East	A	2	150,659			0	0	0.0%
	B	5	926,220	309,236	277,146	0	51,239	29.9%
	C	3	183,316	48,150	19,189	6,227	21,605	10.5%
	Subtotal	10	1,260,195	357,386	296,335	6,227	72,844	23.5%
Mpls CBD Loring	B	3	134,071	22,405	28,118	0	0	21.0%
	C	1	26,848			0	0	0.0%
	Subtotal	4	160,919	22,405	28,118	0	0	17.5%
Mpls CBD Northeast	A	1	191,610	21,856	26,331	0	0	13.7%
	B	25	2,041,853	318,499	295,704	(16,706)	19,717	14.5%
	C	6	424,311	65,903	1,100	(1,100)	2,485	0.3%
	Subtotal	32	2,657,774	406,258	323,135	(17,806)	22,202	12.2%
Mpls CBD Northloop	A	5	1,203,483	256,615	199,801	5,720	78,500	16.6%
	B	16	1,056,956	153,302	195,964	132,813	226,556	18.5%
	C	3	186,976	74,940	61,290	(28,834)	(43,945)	32.8%
	Subtotal	24	2,447,415	484,857	457,055	109,699	261,111	18.7%
Mpls CBD Warehouse	A	1	181,516	11,888		0	0	0.0%
	B	14	1,633,117	329,791	258,406	(18,176)	(22,669)	15.8%
	C	2	126,185			0	0	0.0%
	Subtotal	17	1,940,818	341,679	258,406	(18,176)	(22,669)	13.3%
Mpls CBD	A	33	17,478,666	2,697,134	2,119,636	(51,580)	(36,376)	12.1%
	B	90	13,005,845	2,516,621	3,033,152	96,346	381,194	23.3%
	C	23	1,684,105	272,889	208,420	(27,620)	(33,204)	12.4%
	Subtotal	146	32,168,616	5,486,644	5,361,208	17,146	311,614	16.7%

Market Statistics by Market (Multi-Tenant Continued)

Market	Bldg Class	# of Bldgs	Inventory	Total Avail SF	Total Vacant SF	Total Absorption (sf)	Total YTD Absorption (sf)	Vacancy Rate
Northeast	A	13	863,160	160,752	155,221	10,937	(40,873)	18.0%
	B	108	6,433,875	1,124,986	975,479	(20,514)	170,815	15.2%
	C	31	1,591,901	101,384	94,638	(3,294)	27,974	5.9%
	Subtotal	152	8,888,936	1,387,122	1,225,338	(12,871)	157,916	13.8%
Northwest	A	2	515,913	58,279	15,839	0	31,148	3.1%
	B	62	3,133,802	575,606	366,916	46,198	64,042	11.7%
	C	14	564,775	81,997	49,847	23,676	27,729	8.8%
	Subtotal	78	4,214,490	715,882	432,602	69,874	122,919	10.3%
Saint Paul CBD	A	11	3,428,820	568,247	513,119	4,395	5,951	15.0%
	B	23	4,251,485	731,484	957,186	4,773	24,418	22.5%
	C	7	814,423	134,992	127,258	(5,256)	(10,541)	15.6%
	Subtotal	41	8,494,728	1,434,723	1,597,563	3,912	19,828	18.8%
Southeast	A	12	1,406,044	331,485	330,740	(5,837)	59,345	23.5%
	B	110	6,430,614	1,284,229	1,023,709	(100,730)	(52,868)	15.9%
	C	30	1,199,828	122,608	93,204	17,361	20,968	7.8%
	Subtotal	152	9,036,486	1,738,322	1,447,653	(89,206)	27,445	16.0%
Southwest	A	32	7,039,968	1,170,857	850,589	(46,978)	74,326	12.1%
	B	130	9,488,576	2,177,402	1,615,973	(67,483)	31,734	17.0%
	C	23	1,477,521	262,834	258,718	6,990	(9,879)	17.5%
	Subtotal	185	18,006,065	3,611,093	2,725,280	(107,471)	96,181	15.1%
West	A	17	3,695,735	713,300	404,600	12,587	101,660	10.9%
	B	60	5,373,713	792,673	555,247	(56,730)	(2,234)	10.3%
	C	8	597,396	87,807	152,807	114,000	174,104	25.6%
	Subtotal	85	9,666,844	1,593,780	1,112,654	69,857	273,530	11.5%
Suburban	A	76	13,520,820	2,434,673	1,756,989	(29,291)	225,606	13.0%
	B	470	30,860,580	5,954,896	4,537,324	(199,259)	211,489	14.7%
	C	106	5,431,421	656,630	649,214	158,733	240,896	12.0%
	Subtotal	652	49,812,821	9,046,199	6,943,527	(69,817)	677,991	13.9%
Grand Total		839	90,476,165	15,967,566	13,902,298	(48,759)	1,009,433	15.4%



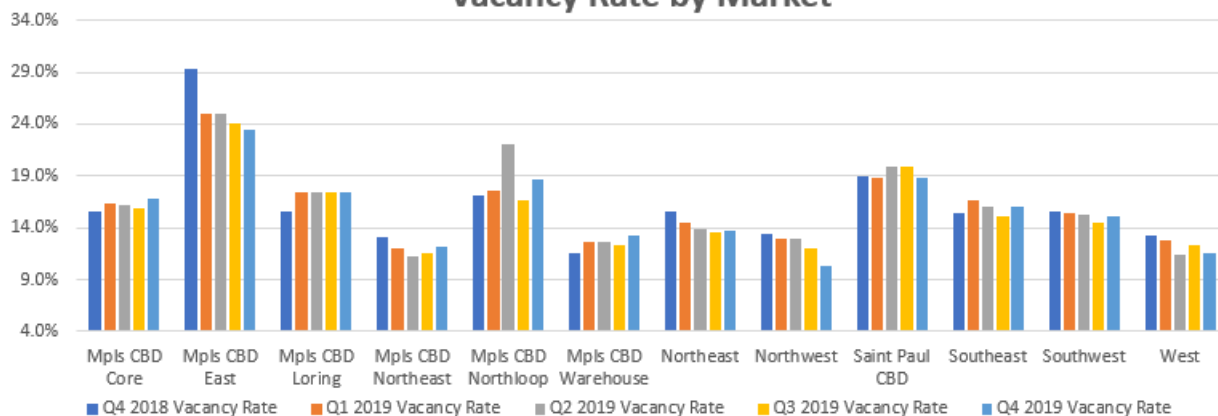
Vacancy Rates by Market (Multi-Tenant)

Market	Bldg Class	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Mpls CBD Core	A	10.3%	11.2%	11.2%	11.0%	12.0%
	B	28.0%	28.3%	27.8%	27.4%	27.4%
	C	15.4%	15.4%	15.2%	16.7%	17.2%
	Subtotal	15.6%	16.3%	16.1%	15.9%	16.9%
Mpls CBD East	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	35.5%	31.2%	31.2%	29.9%	29.9%
	C	22.3%	13.9%	13.9%	13.9%	10.5%
	Subtotal	29.3%	24.9%	24.9%	24.0%	23.5%
Mpls CBD Loring	B	18.3%	21.0%	21.0%	21.0%	21.0%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	15.6%	17.5%	17.5%	17.5%	17.5%
Mpls CBD Northeast	A	13.7%	13.7%	13.7%	13.7%	13.7%
	B	15.5%	14.1%	13.4%	13.7%	14.5%
	C	0.8%	0.8%	0.0%	0.0%	0.3%
	Subtotal	13.0%	12.0%	11.3%	11.5%	12.2%
Mpls CBD Northloop	A	9.6%	10.0%	22.2%	17.1%	16.6%
	B	26.8%	28.5%	24.5%	16.0%	18.5%
	C	13.0%	9.3%	9.3%	17.4%	32.8%
	Subtotal	17.2%	17.7%	22.0%	16.7%	18.7%
Mpls CBD Warehouse	A	0.0%	0.0%	0.0%	0.0%	0.0%
	B	14.4%	14.9%	14.9%	14.7%	15.8%
	C	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	11.6%	12.6%	12.6%	12.4%	13.3%
Mpls CBD	A	10.0%	11.0%	11.7%	11.2%	12.1%
	B	24.7%	24.4%	23.8%	22.9%	23.3%
	C	11.1%	9.5%	9.2%	10.7%	12.4%
	Subtotal	15.8%	16.2%	16.3%	15.7%	16.7%

Vacancy Rates (Multi-Tenant Continued)

Market	Bldg Class	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	A	12.8%	19.3%	18.7%	19.2%	18.0%
	B	17.7%	15.9%	15.1%	14.8%	15.2%
	C	8.1%	6.2%	5.7%	5.7%	5.9%
	Subtotal	15.5%	14.5%	13.8%	13.6%	13.8%
Northwest	A	11.0%	10.1%	9.8%	3.4%	3.1%
	B	13.6%	13.1%	13.1%	13.2%	11.7%
	C	13.7%	13.9%	14.5%	12.9%	8.8%
	Subtotal	13.4%	12.9%	12.9%	12.1%	10.3%
Saint Paul CBD	A	14.2%	15.4%	14.9%	15.1%	15.0%
	B	25.2%	22.8%	25.5%	25.4%	22.5%
	C	12.5%	14.7%	14.9%	15.0%	15.6%
	Subtotal	19.0%	18.8%	19.8%	20.0%	18.8%
Southeast	A	20.0%	25.1%	23.8%	23.1%	23.5%
	B	15.2%	16.1%	15.4%	14.4%	15.9%
	C	9.5%	9.2%	9.7%	9.2%	7.8%
	Subtotal	15.4%	16.6%	16.0%	15.0%	16.0%
Southwest	A	13.1%	12.6%	12.2%	11.4%	12.1%
	B	17.2%	17.2%	17.2%	16.3%	17.0%
	C	17.0%	17.0%	17.9%	17.9%	17.5%
	Subtotal	15.6%	15.4%	15.3%	14.5%	15.1%
West	A	13.7%	10.9%	10.1%	11.3%	10.9%
	B	8.6%	9.1%	8.5%	9.3%	10.3%
	C	57.0%	56.3%	44.7%	44.7%	25.6%
	Subtotal	13.2%	12.7%	11.3%	12.3%	11.5%
Suburban	A	14.2%	13.8%	13.2%	12.8%	13.0%
	B	14.9%	14.9%	14.5%	14.1%	14.7%
	C	16.7%	16.1%	15.1%	14.9%	12.0%
	Subtotal	14.9%	14.7%	14.2%	13.8%	13.9%
Grand Total		15.6%	15.6%	15.5%	15.1%	15.4%

Vacancy Rate by Market

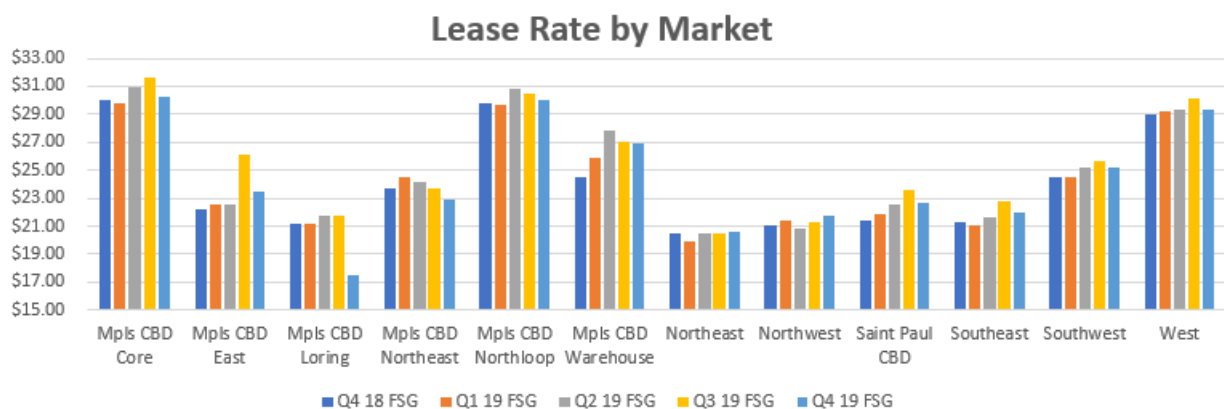


Lease Rates by Market (Multi-Tenant FSG)

Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate
Mpls CBD Core	A	\$34.39	\$33.65	\$35.02	\$36.95	\$35.09
	B	\$27.27	\$27.35	\$28.67	\$29.40	\$27.81
	C	\$23.38	\$23.38	\$23.49	\$24.33	\$24.33
		\$30.07	\$29.78	\$30.94	\$31.66	\$30.21
Mpls CBD East	A					
	B	\$26.32	\$26.32	\$26.27	\$26.27	\$26.83
	C	\$18.20	\$16.86	\$16.86	\$25.86	\$16.86
		\$22.26	\$22.54	\$22.51	\$26.11	\$23.51
Mpls CBD Loring	B	\$21.17	\$21.17	\$21.75	\$21.75	\$17.50
	C					
		\$21.17	\$21.17	\$21.75	\$21.75	\$17.50
Mpls CBD Northeast	A	\$26.07	\$25.51	\$25.52	\$25.52	\$25.52
	B	\$23.48	\$24.46	\$24.01	\$24.14	\$23.27
	C				\$16.00	\$15.40
		\$23.67	\$24.54	\$24.11	\$23.69	\$22.89
Mpls CBD Northloop	A	\$36.18	\$36.68	\$37.75	\$37.23	\$37.24
	B	\$27.12	\$26.77	\$27.55	\$26.88	\$26.22
	C	\$25.43	\$25.43	\$25.43	\$25.43	\$24.03
		\$29.78	\$29.71	\$30.81	\$30.47	\$30.00
Mpls CBD Warehouse	A					
	B	\$24.51	\$25.90	\$27.78	\$27.07	\$26.91
	C					
	\$24.51	\$25.90	\$27.78	\$27.07	\$26.91	
Mpls CBD	A	\$34.33	\$33.85	\$35.25	\$36.36	\$35.16
	B	\$25.45	\$25.87	\$26.57	\$26.75	\$25.87
	C	\$22.04	\$22.43	\$21.69	\$23.73	\$20.88
		\$27.38	\$27.59	\$28.33	\$28.72	\$27.60

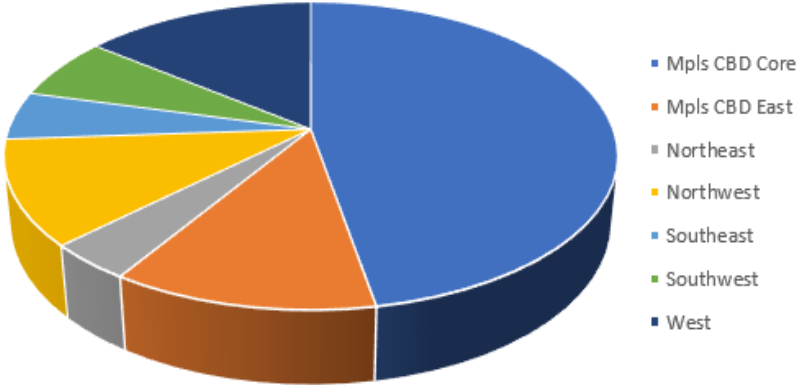
Lease Rates (Multi-Tenant FSG Continued)

Market	Bldg Class	Q4 2018 Lease Rate	Q1 2019 Lease Rate	Q2 2019 Lease Rate	Q3 2019 Lease Rate	Q4 2019 Lease Rate
Northeast	A	\$21.79	\$21.87	\$21.82	\$21.87	\$22.73
	B	\$21.18	\$20.34	\$21.08	\$21.18	\$21.18
	C	\$15.65	\$15.20	\$15.60	\$15.60	\$15.73
		\$20.54	\$19.89	\$20.49	\$20.54	\$20.64
Northwest	A	\$29.56	\$29.56	\$30.27	\$30.27	\$30.27
	B	\$21.53	\$22.01	\$21.39	\$21.67	\$21.72
	C	\$17.84	\$18.10	\$18.32	\$19.50	\$20.48
		\$21.01	\$21.37	\$20.87	\$21.29	\$21.72
Saint Paul CBD	A	\$24.42	\$26.16	\$26.55	\$28.82	\$26.50
	B	\$18.74	\$19.58	\$20.62	\$21.94	\$21.24
	C	\$20.64	\$19.49	\$19.08	\$18.52	\$18.39
		\$21.41	\$21.85	\$22.51	\$23.59	\$22.68
Southeast	A	\$27.41	\$27.21	\$27.13	\$30.15	\$28.64
	B	\$20.80	\$20.75	\$21.39	\$22.48	\$21.58
	C	\$18.60	\$18.15	\$19.18	\$18.42	\$19.72
		\$21.25	\$21.02	\$21.65	\$22.78	\$21.94
Southwest	A	\$30.37	\$30.51	\$32.24	\$31.87	\$31.98
	B	\$22.86	\$22.86	\$23.45	\$24.08	\$23.39
	C	\$20.78	\$21.49	\$21.31	\$20.66	\$20.60
		\$24.48	\$24.55	\$25.21	\$25.71	\$25.25
West	A	\$35.89	\$37.02	\$37.11	\$38.75	\$36.88
	B	\$26.87	\$27.00	\$27.32	\$27.85	\$27.36
	C	\$24.10	\$23.49	\$24.44	\$24.44	\$24.44
		\$28.95	\$29.17	\$29.32	\$30.11	\$29.33
Suburban	A	\$29.86	\$30.19	\$30.97	\$32.05	\$31.79
	B	\$22.45	\$22.27	\$22.73	\$23.44	\$22.94
	C	\$18.59	\$18.63	\$19.22	\$19.18	\$19.79
		\$23.21	\$23.07	\$23.52	\$24.29	\$23.95
Grand Total		\$23.89	\$23.81	\$24.29	\$25.02	\$24.51



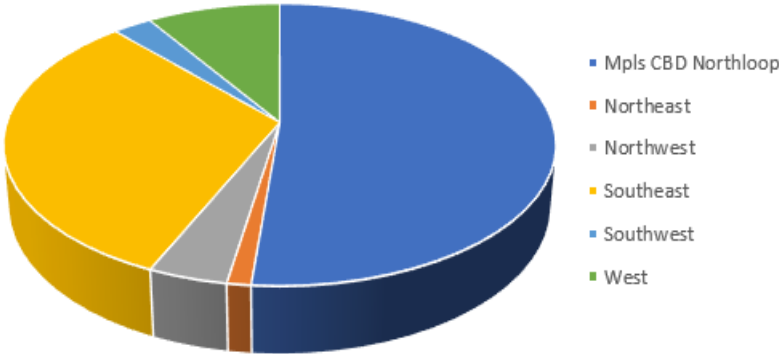
New Developments

Under Construction (sf)



Market	Bldg Size (sf)
Mpls CBD Core	1,382,000
Mpls CBD East	350,000
Northeast	114,013
Northwest	323,000
Southeast	149,000
Southwest	191,950
West	423,000
Grand Total	2,932,963

YTD Deliveries (sf)

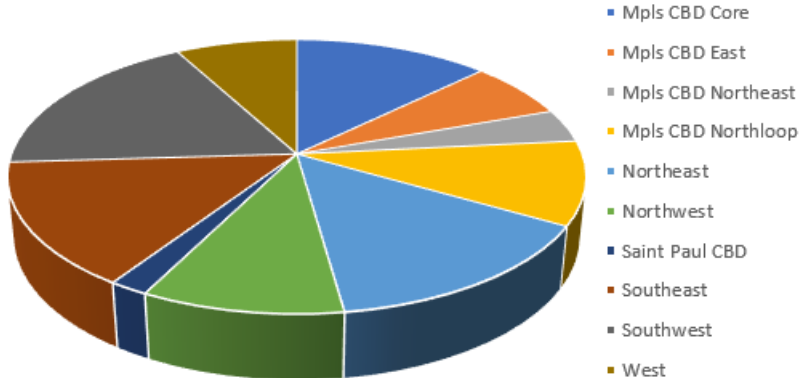


Market	Bldg Size (sf)
Mpls CBD Northloop	370,549
Northeast	8,750
Northwest	29,000
Southeast	227,793
Southwest	19,200
West	65,436
Grand Total	720,728

Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Crescent Ridge Corporate Center I 11100 Wayzata Blvd	100,000	West	TCF	Property Reserve Inc
Towers at West End 1550 Utica Ave S	67,000	West	MoneyGram	BRI 1880 Towers at West LLC
Flying Cloud Corp Campus - Bldg C 8967 Columbine Rd	39,862	Southwest	CH Robinson	WPT Land 2, LP
Eagandale Corporate Center 1305 Corporate Center Dr	31,795	Southeast	Rasmussen	SNH Medical Office Properties Trust
Two41 405 N Washington Ave	30,000	Mpls CBD	Broadhead	North Loop Partners, LLC

Leased (sf)

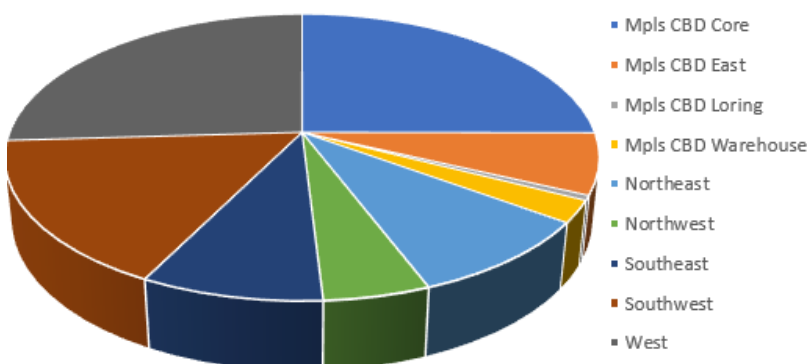


Market	Leased (sf)
Mpls CBD Core	155,570
Mpls CBD East	81,709
Mpls CBD Northeast	47,620
Mpls CBD Northloop	120,103
Northeast	175,960
Northwest	118,307
Saint Paul CBD	22,961
Southeast	178,328
Southwest	219,047
West	96,672
Grand Total	1,216,277

Sales Activity

Property	Price	Market	Buyer	Seller
Xcel HQ 401 Nicollet Mall	\$108,275,000	Mpls CBD	401 Nicollet, LP c/o Sentinel Real Estate Corp	GDSX, LLC c/o Opus
510 Marquette Building 73 5th St S	\$61,000,000	Mpls CBD	IPERS 510 Marquette, Inc c/o REEF	510 Marquette, LLC c/o Spear Street Capital
One MarketPointe 4300 Marketpointe Dr	\$47,350,000	Southwest	OMP MINNEAPOLIS PROPCO I c/o Crestlight Capital	MIREF Marketpointe, LLC c/o New York Life Investment
Golden Hills Office Center 701 Xenia Ave S	\$43,100,000	West	Altus Golden Hills, LLC c/o Altus Properties	LSREF4 Bison (Golden Hills) c/o Lone Star Funds
Boulder Lakes - Prime Therapctcs 2900 Ames Crossing Rd	\$41,961,105	Southeast	AX Prime II, LP c/o Artis REIT	Eagan Heights, LLC c/o United Properties

Bldg Sold (sf)



Market	Bldg Size (sf)
Mpls CBD Core	533,439
Mpls CBD East	146,109
Mpls CBD Loring	11,631
Mpls CBD Warehouse	52,542
Northeast	195,328
Northwest	105,218
Southeast	179,687
Southwest	353,136
West	552,021
Grand Total	2,129,111

Methodology

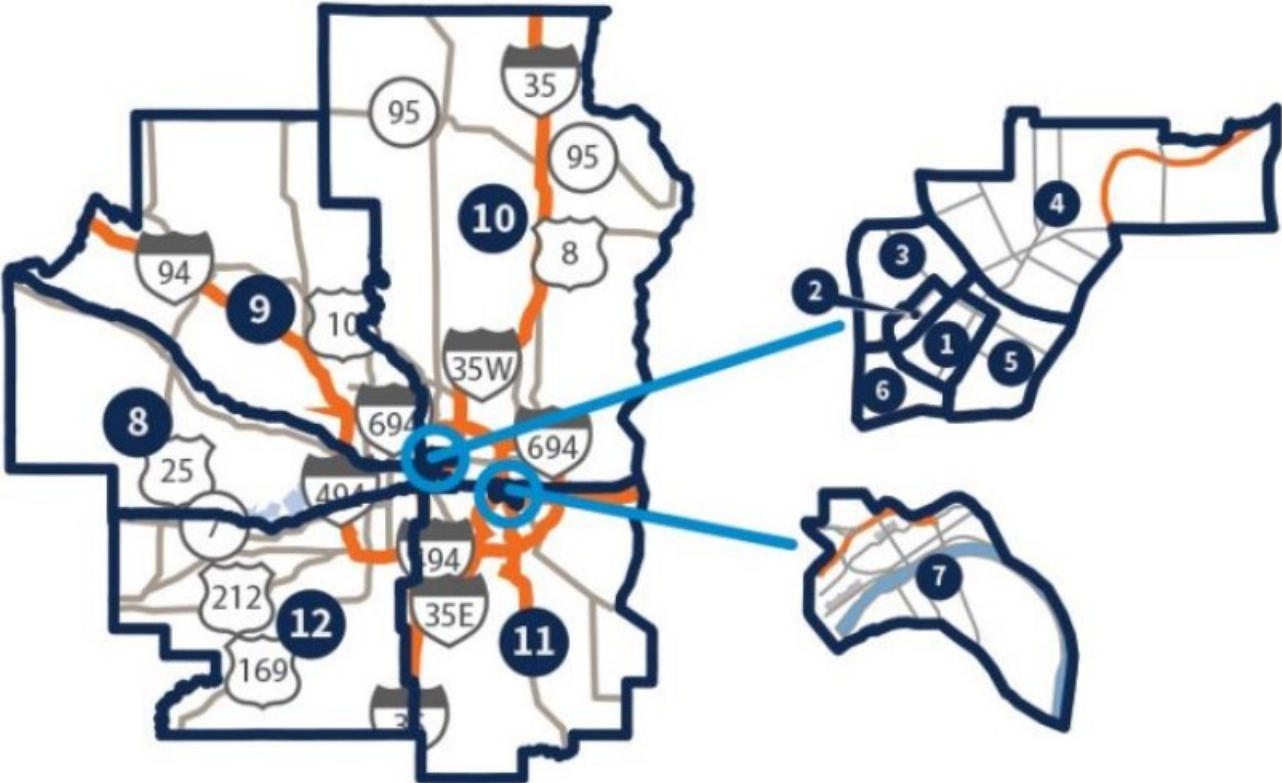
The Mpls-St Paul market consists of single and multi-tenant office buildings 20,000 sf or larger or part of a complex larger than 20,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does not include medical or government properties.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

Advisory Board Members

Avison Young	Chas Simcox	Frauenshuh	Jason Butterfield
	Jerry Driessen		Teig Hutchison
	Ann Rinde		Brent Robertson
CBRE	Brian Wasserman	JLL	Kevin Salmen
	Mike Wilhelm		Teig Hutchison
	Joe Conzemius	Kenwood Commercial	Mike Doyle
	Matt Delisle	KW Commercial Midwest	Andrew Manthei
Colliers International	Kevin O'Neill		Lamar Newburn
	Eric Rapp	Lee & Associates	Kai Thomsen
Core Commercial Real Estate	Sean Coatney		Mary Burnton
	Eric King	Newmark	Matt Elder
Cushman & Wakefield	Sam Maguire		Eric Ordway
	Tom Stella		Reed Christianson
	Mark Stevens	Transwestern	Mike Honsa
Essence Real Estate	Jeff Nordness		Jim Montez
Excelsior Group	Rob Davis		

Research Advisory Board Members

Avison Young	Rebecca Pedersen		Patrick Hamilton
	Alida Markgraf	Cushman & Wakefield	Charlie Nejedly
CBRE	Sam Newberg		Carolyn Bates
	Patrick Steinhauser	JLL	Tyler Hegwood
Colliers	Rachael Partyka		Andrew Brick
		Newmark Knight Frank	Maura Carland

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