



XCELIGENT™
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RETAIL MARKET REPORT

Minneapolis-St. Paul

4th Quarter 2016

Produced in partnership with

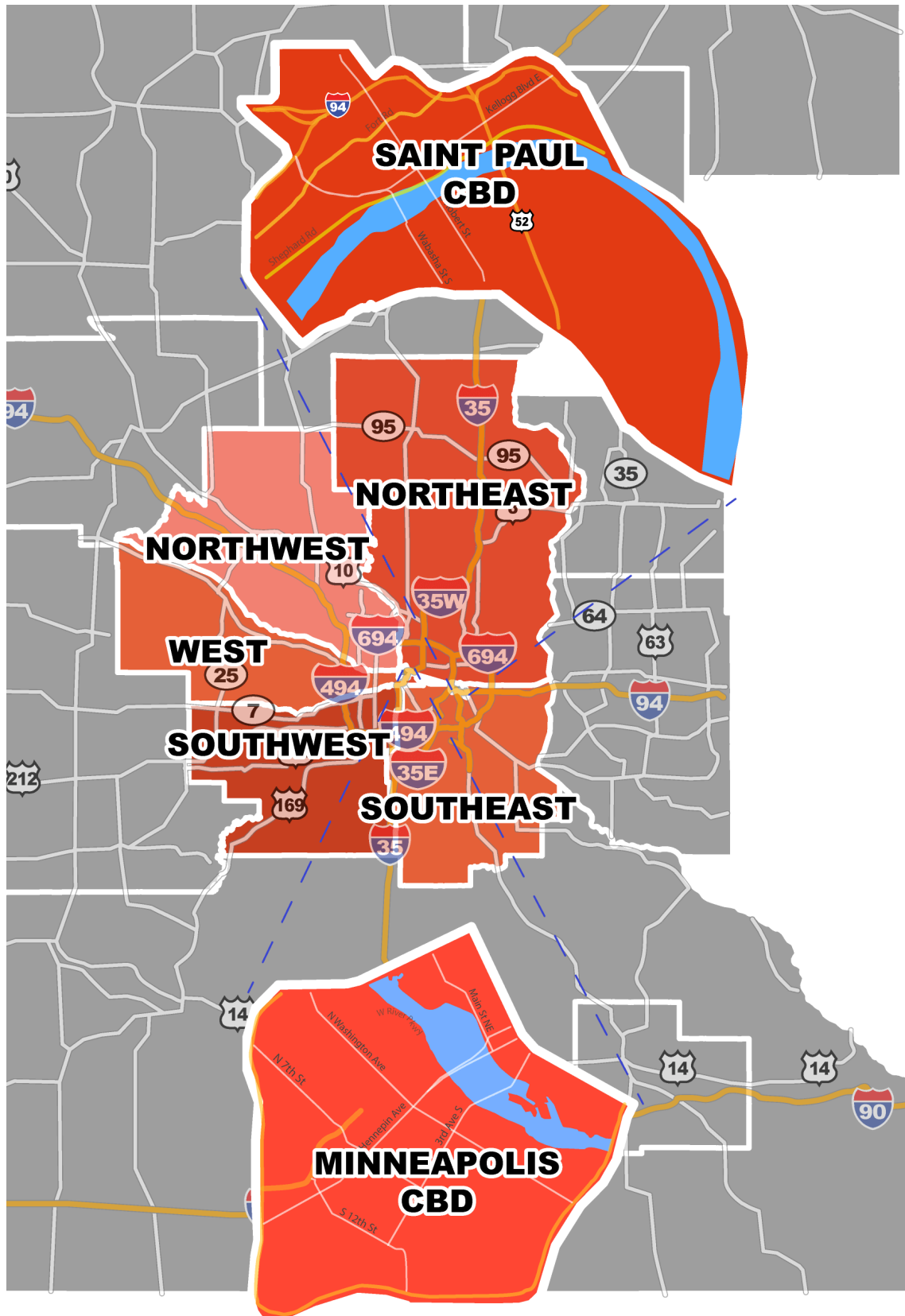
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Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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The Minneapolis-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 the market area.

Inventory	The total square feet (sf) of existing single and multi-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.
Weighted Average Rents	The weighted average of all direct asking lease rents expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rents (such as NNN) have been grossed up to reflect a full service/gross rate.
Specific Use Definitions	Strip Center - Multi-tenant building less than 30,000 sf. Neighborhood Center - Multi-tenant complex between 30,000-100,000 sf. Community Center - Multi-tenant complex between 100,000-400,000 sf. Regional Center - Multi-tenant complex over 400,000 sf. Freestanding - Single tenant building unattached to any other building. Mixed Use - Retail space in a building shared with office or multi-unit housing.



Overview

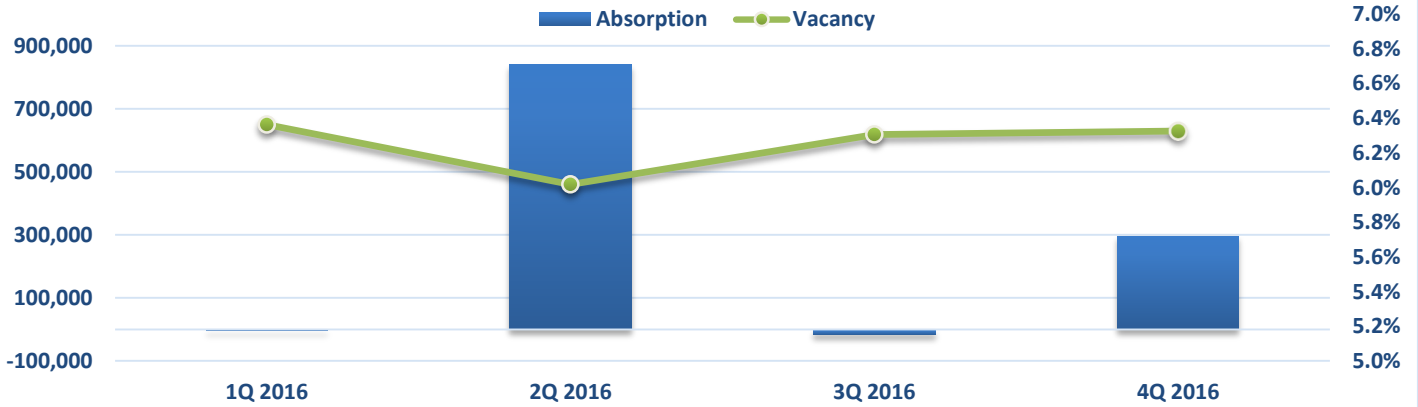
- The Minneapolis - Saint Paul retail market closed 4Q 2016 with 296,000 square feet (sf) positive absorption, resulting in year-to-date total of 1.1 million sf positive absorption.
- Much of the positive absorption resulted from 260,000 sf of new construction this quarter and grocery stores accounted for 132,000 sf absorption.
- The largest closings to note were Sears closing a 204,000 sf store in Eden Prairie, Kmart closing a 130,000 sf store in West Saint Paul and Office Max closing three stores for a total of 66,000 sf in Lakeville, Burnsville and Brooklyn Park.
- The Southeast continues to see the most growth with 539,000 sf out of the total 1.1 million sf under construction in the metro. Year-to-date new deliveries topped 1.2M sf.

	# of Bldgs	Inventory (sf)	Total Available (sf)	Total Vacant (sf)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (sf)	YTD Total Net Absorption (sf)
Mixed Use	82	2,584,442	384,790	367,125	14.2%	57,732	115,754
Freestanding	455	31,392,470	902,615	756,279	2.4%	-71,341	477,728
Neighborhood Ctr	306	19,069,732	1,620,259	1,485,591	7.8%	154,063	305,303
Community Ctr	86	13,732,235	1,641,748	1,728,155	12.6%	95,165	-45,815
Regional Ctr	22	7,675,380	361,708	345,605	4.5%	-31,076	48,959
Strip Center	635	13,686,490	1,440,461	893,644	6.5%	92,067	215,173
Overall	1,586	88,140,749	6,351,581	5,576,399	6.3%	296,610	1,117,102

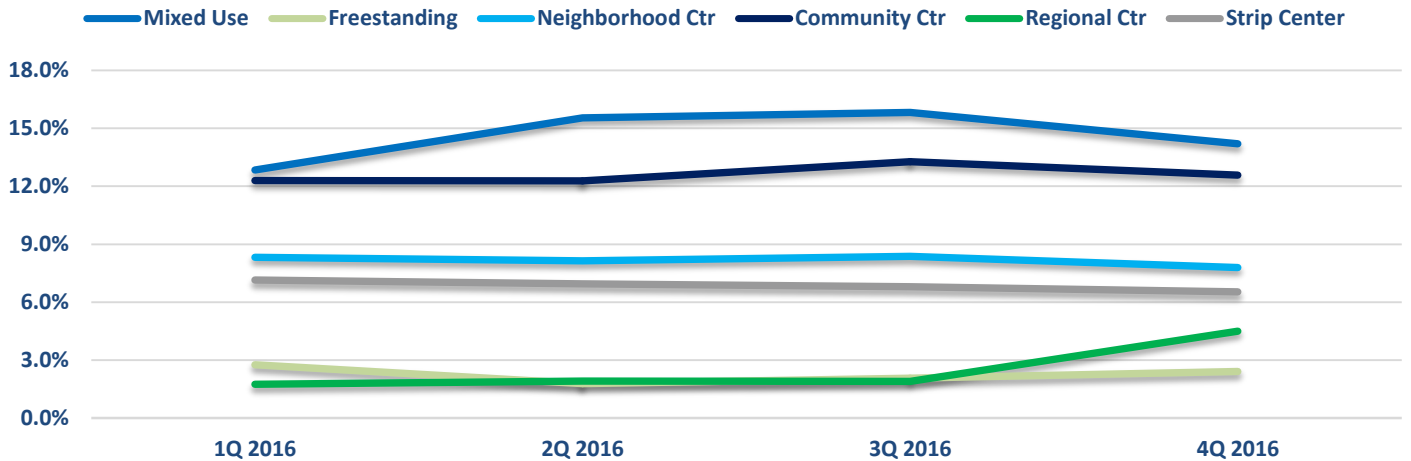
	# of Bldgs	Inventory (sf)	Sum of Direct Available (sf)	Direct Vacant (sf)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (sf)	YTD Direct Net Absorption (sf)
Mixed Use	82	2,584,442	384,790	367,125	14.2%	57,732	115,754
Freestanding	455	31,392,470	902,615	756,279	2.4%	-71,341	334,970
Neighborhood Ctr	306	19,069,732	1,529,757	1,435,267	7.5%	153,772	305,012
Community Ctr	86	13,732,235	1,640,079	1,720,155	12.5%	95,165	-37,815
Regional Ctr	22	7,675,380	361,708	345,605	4.5%	-31,076	45,956
Strip Center	635	13,686,490	1,436,888	893,644	6.5%	92,067	211,129
Overall	1,586	88,140,749	6,255,837	5,518,075	6.3%	296,319	975,006

	# of Bldgs	Inventory (sf)	Available Sublease (sf)	Sublease Vacant (sf)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (sf)	YTD Sublease Net Absorption (sf)
Mixed Use	82	2,584,442	-	-	0.0%	-	-
Freestanding	455	31,392,470	-	-	0.0%	-	142,758
Neighborhood Ctr	306	19,069,732	90,502	50,324	0.3%	291	291
Community Ctr	86	13,732,235	1,669	8,000	0.1%	0	-8,000
Regional Ctr	22	7,675,380	-	-	0.0%	-	3,003
Strip Center	635	13,686,490	3,573	-	0.0%	-	4,044
Overall	1,586	88,140,749	95,744	58,324	0.1%	291	142,096

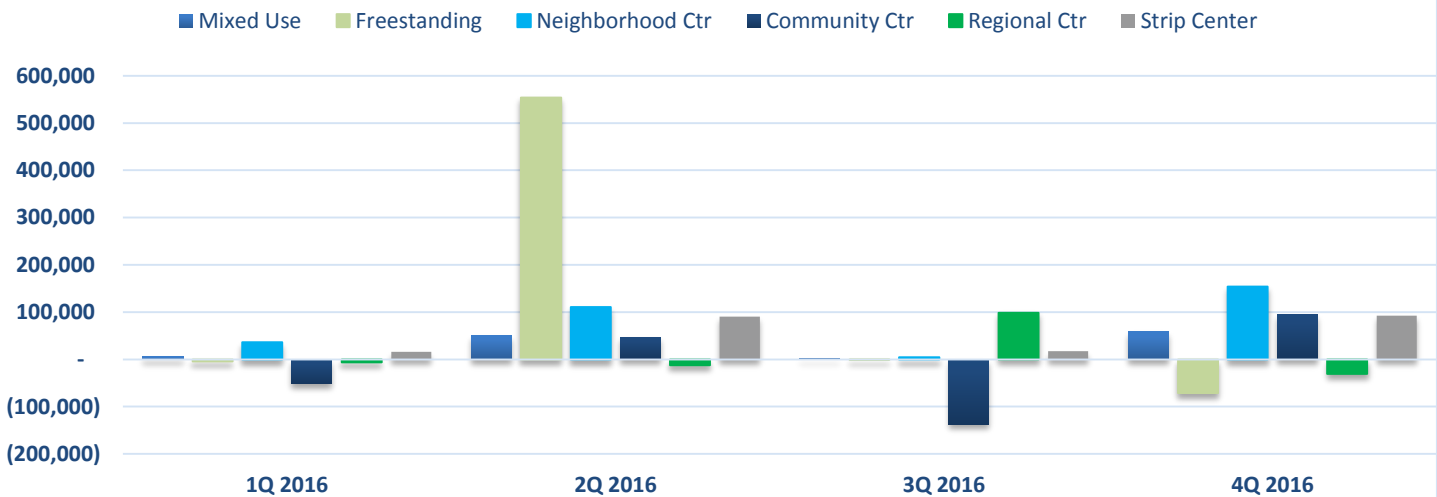
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



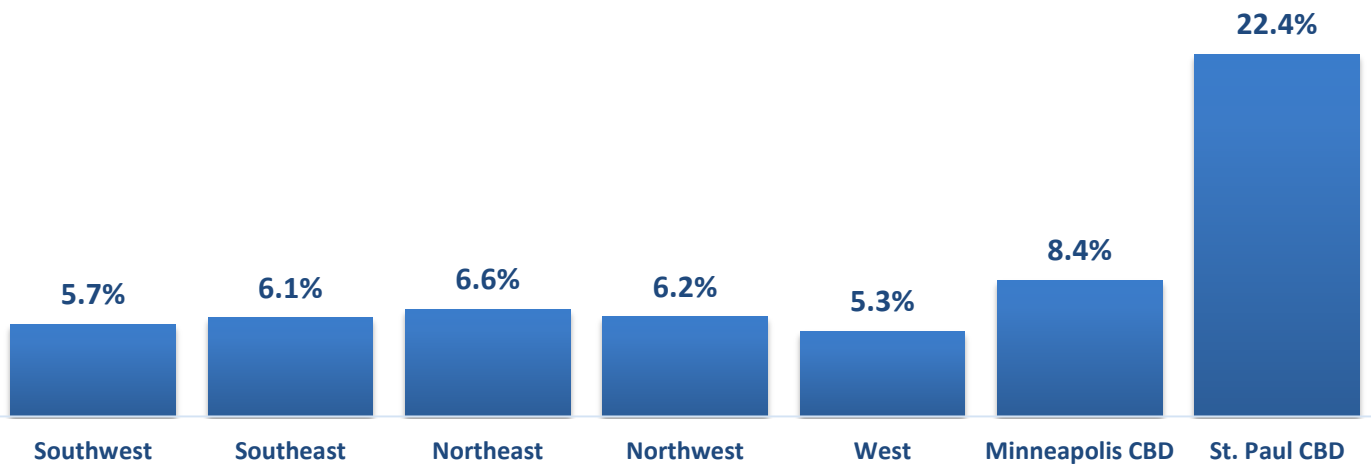
Historical Net Absorption by Use



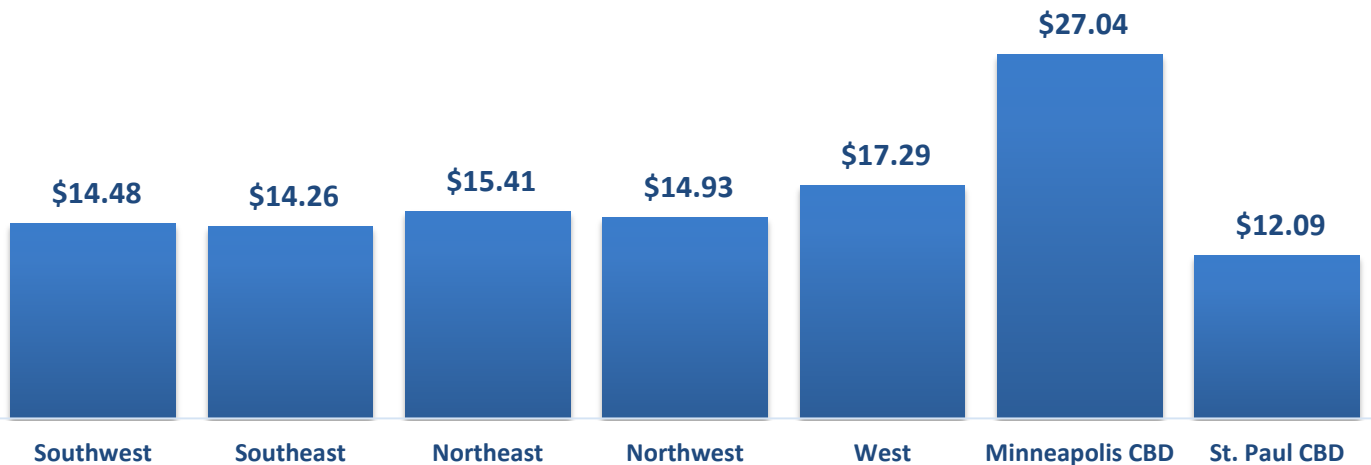
	# of Bldgs	Inventory (sf)	Total Vacant (sf)	Direct Vacant (sf)	Vacancy Rate (%)	Total Quarterly Absorption (sf)	YTD Total Net Absorption (sf)
Northeast	475	28,003,404	1,858,838	1,858,838	6.6%	303,281	370,337
Mixed Use	9	292,172	52,263	52,263	17.9%	2,245	5,627
Freestanding	152	10,808,255	473,372	473,372	4.4%	17,014	137,190
Neighborhood Ctr	94	5,966,615	473,618	473,618	7.9%	157,561	168,042
Community Ctr	32	5,171,030	621,668	621,668	12.0%	87,845	12,337
Regional Ctr	7	2,126,602	5,023	5,023	0.2%	-	-2,340
Strip Center	181	3,638,730	232,894	232,894	6.4%	38,616	49,481
Northwest	269	13,274,970	817,294	817,294	6.2%	38,577	343,703
Mixed Use	6	218,665	17,669	17,669	8.1%	11,078	16,387
Freestanding	72	5,015,892	66,306	66,306	1.3%	-5,500	230,233
Neighborhood Ctr	63	3,705,135	306,074	306,074	8.3%	-19,000	-14,744
Community Ctr	15	2,256,884	262,060	262,060	11.6%	44,790	67,898
Strip Center	113	2,078,394	165,185	165,185	7.9%	7,209	43,929
Southeast	421	24,208,704	1,476,694	1,431,679	6.1%	59,475	386,248
Mixed Use	9	235,981	7,867	7,867	3.3%	-	45,550
Freestanding	137	8,968,986	216,601	216,601	2.4%	-103,455	54,101
Neighborhood Ctr	73	4,686,435	436,787	391,772	9.3%	-14,446	41,640
Community Ctr	20	3,434,683	484,744	484,744	14.1%	-16,688	-74,602
Regional Ctr	9	2,794,523	42,277	42,277	1.5%	161,785	255,198
Strip Center	173	4,088,096	288,418	288,418	7.1%	32,279	64,361
Southwest	251	12,986,628	738,732	725,423	5.7%	-135,549	-138,595
Mixed Use	14	469,431	61,501	61,501	13.1%	0	-15,134
Freestanding	71	4,406,798	-	-	0.0%	20,600	47,004
Neighborhood Ctr	49	3,111,720	163,359	158,050	5.2%	25,963	11,227
Community Ctr	6	860,410	85,208	77,208	9.9%	0	-15,382
Regional Ctr	3	1,710,102	281,737	281,737	16.5%	-192,861	-212,266
Strip Center	108	2,428,167	146,927	146,927	6.1%	10,749	45,956
West	117	5,914,556	310,713	310,713	5.3%	2,038	103,351
Mixed Use	7	215,258	14,235	14,235	6.6%	1,998	1,998
Freestanding	21	1,014,218	-	-	0.0%	0	9,200
Neighborhood Ctr	25	1,393,717	49,590	49,590	3.6%	4,982	100,135
Community Ctr	9	1,390,461	184,367	184,367	13.3%	-8,156	-24,518
Regional Ctr	2	617,816	16,568	16,568	2.7%	0	8,367
Strip Center	53	1,283,086	45,953	45,953	3.6%	3,214	8,169
Minneapolis CBD	43	3,343,279	282,327	282,327	8.4%	24,706	47,976
Mixed Use	27	743,727	121,789	121,789	16.4%	38,329	57,244
Freestanding	2	1,178,321	-	-	-	-	-
Neighborhood Ctr	2	206,110	56,163	56,163	27.2%	(997)	(997)
Community Ctr	4	618,767	90,108	90,108	14.6%	-12,626	-11,548
Regional Ctr	1	426,337	-	-	0.0%	-	-
Strip Center	7	170,017	14,267	14,267	8.4%	0	3,277
St. Paul CBD	10	409,208	91,801	91,801	22.4%	4,082	4,082
Mixed Use	10	409,208	91,801	91,801	22.4%	4,082	4,082
Overall	1,586	88,140,749	5,576,399	5,518,075	6.3%	296,610	1,117,102

	Vacancy Rate %				Weighted Average Asking Rent (NNN)			
	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Northeast	7.8%	7.2%	7.5%	6.6%	\$12.92	\$14.27	\$14.75	\$15.41
Mixed Use	6.5%	19.4%	18.7%	17.9%	\$9.00	\$9.00	\$9.00	\$9.00
Freestanding	5.7%	3.9%	4.4%	4.4%	\$10.38	\$26.00	\$26.00	\$26.00
Neighborhood Ctr	10.1%	10.0%	9.8%	7.9%	\$12.45	\$13.46	\$14.20	\$14.27
Community Ctr	13.1%	13.1%	13.7%	12.0%	\$17.06	\$14.58	\$14.58	\$22.54
Regional Ctr	0.2%	0.2%	0.2%	0.2%	-	-	-	-
Strip Center	7.2%	7.2%	7.4%	6.4%	\$14.11	\$14.50	\$14.90	\$16.22
Northwest	6.2%	6.3%	6.3%	6.2%	\$14.92	\$15.20	\$14.50	\$14.93
Mixed Use	6.7%	6.7%	4.9%	8.1%	\$22.00	\$20.24	\$20.24	\$19.48
Freestanding	1.2%	1.2%	1.2%	1.3%	\$8.00	\$8.00	\$8.00	\$8.00
Neighborhood Ctr	6.7%	6.8%	7.7%	8.3%	\$14.82	\$14.97	\$14.48	\$14.86
Community Ctr	13.1%	14.4%	13.6%	11.6%	\$21.56	\$21.56	\$21.56	\$21.56
Regional Ctr	-	-	-	-	-	-	-	-
Strip Center	9.0%	8.8%	8.3%	7.9%	\$15.34	\$15.59	\$14.53	\$14.79
Southeast	5.5%	4.9%	5.5%	6.1%	\$15.17	\$13.19	\$13.16	\$14.26
Mixed Use	5.2%	3.3%	3.3%	3.3%	-	-	-	-
Freestanding	2.1%	0.6%	1.3%	2.4%	-	\$5.50	\$5.50	\$5.50
Neighborhood Ctr	8.5%	8.7%	9.0%	9.3%	\$16.08	\$15.20	\$14.67	\$16.65
Community Ctr	11.8%	11.6%	13.6%	14.1%	\$15.64	\$15.73	\$15.73	\$15.00
Regional Ctr	1.2%	1.2%	1.2%	1.5%	-	-	-	-
Strip Center	7.0%	6.7%	6.9%	7.1%	\$14.35	\$15.01	\$15.46	\$15.37
Southwest	4.2%	4.2%	4.4%	5.7%	\$17.79	\$18.31	\$14.84	\$14.48
Mixed Use	9.4%	9.3%	13.1%	13.1%	\$28.23	\$28.35	\$19.08	\$19.08
Freestanding	-	-	-	-	-	-	-	-
Neighborhood Ctr	6.0%	5.8%	6.1%	5.2%	\$19.19	\$19.24	\$20.86	\$21.65
Community Ctr	8.5%	8.5%	9.9%	9.9%	-	-	\$9.91	\$9.91
Regional Ctr	4.1%	5.2%	5.2%	16.5%	-	-	-	-
Strip Center	7.2%	6.8%	6.0%	6.1%	\$13.23	\$13.70	\$13.37	\$13.30
West	6.1%	5.3%	5.3%	5.3%	\$15.33	\$16.08	\$15.82	\$17.29
Mixed Use	7.5%	7.5%	7.5%	6.6%	\$22.80	\$22.33	\$22.33	\$23.48
Freestanding	0.9%	0.9%	-	-	-	-	-	-
Neighborhood Ctr	7.2%	4.2%	3.9%	3.6%	\$17.93	\$17.72	\$18.15	\$18.15
Community Ctr	11.6%	11.6%	12.7%	13.3%	\$16.72	\$16.84	\$12.00	-
Regional Ctr	4.0%	3.0%	2.7%	2.7%	-	-	-	-
Strip Center	3.9%	3.8%	3.8%	3.6%	\$12.72	\$13.54	\$13.66	\$15.41
Minneapolis CBD	8.0%	8.3%	9.2%	8.4%	\$25.81	\$25.92	\$25.43	\$27.04
Mixed Use	16.5%	22.0%	21.5%	16.4%	\$28.26	\$28.26	\$28.06	\$27.04
Freestanding	-	-	-	-	-	-	-	-
Neighborhood Ctr	26.8%	26.8%	26.8%	27.2%	-	-	-	-
Community Ctr	12.8%	7.8%	12.5%	14.6%	\$27.50	\$27.50	-	-
Regional Ctr	-	-	-	-	-	-	-	-
Strip Center	10.3%	10.3%	8.4%	8.4%	\$20.00	\$20.00	\$20.00	-
St. Paul CBD	25.4%	25.4%	23.4%	22.4%	\$13.86	\$13.86	\$12.39	\$12.09
Mixed Use	25.4%	25.4%	23.4%	22.4%	\$13.86	\$13.86	\$12.39	\$12.09
Freestanding	-	-	-	-	-	-	-	-
Neighborhood Ctr	-	-	-	-	-	-	-	-
Community Ctr	-	-	-	-	-	-	-	-
Regional Ctr	-	-	-	-	-	-	-	-
Strip Center	-	-	-	-	-	-	-	-
Overall	6.4%	6.0%	6.3%	6.3%	\$15.38	\$15.21	\$14.57	\$15.10

Vacancy Rate by Market

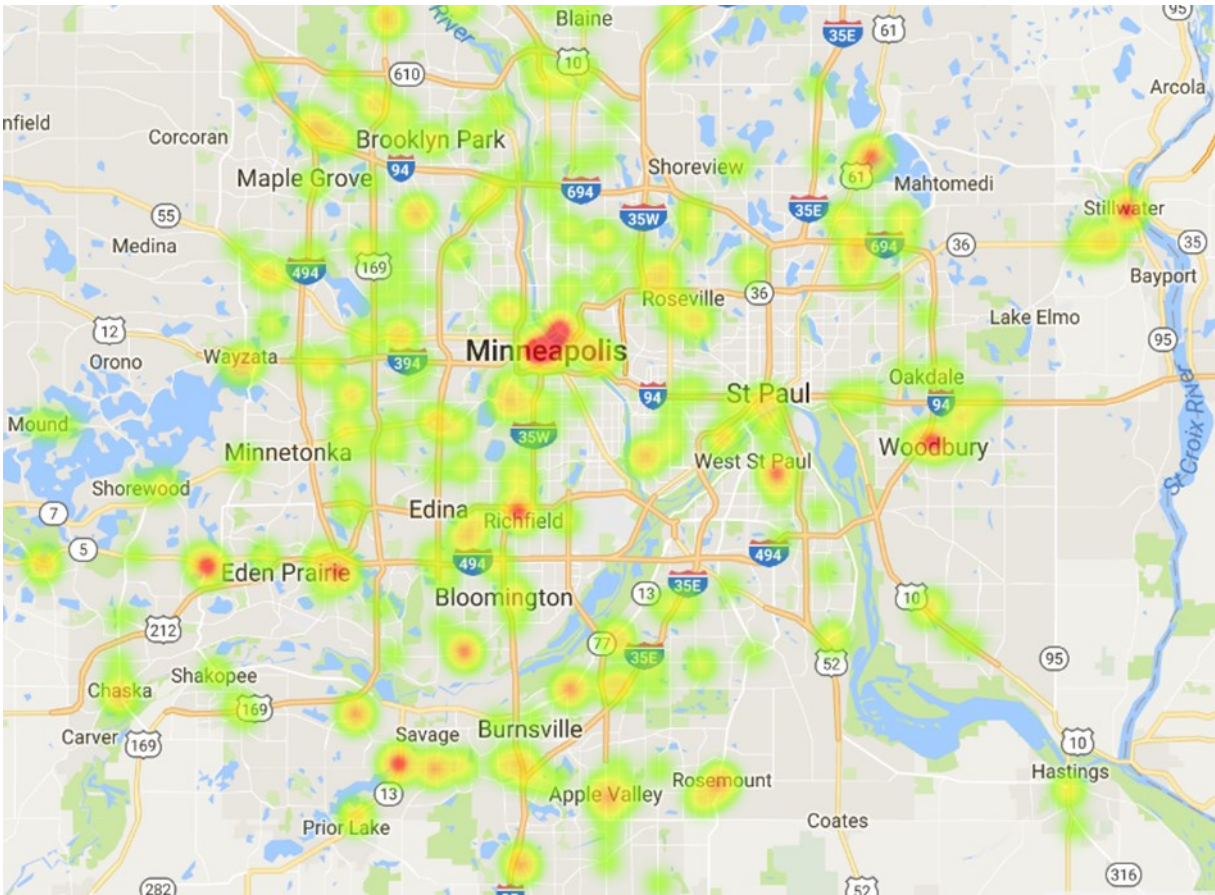


Weighted Average Asking Rent by Market (NNN)



Asking Rent Range by Type (NNN)





Largest Absorption Changes

Property Name	Occupied or Vacated (sf)	Tenant Name	Market	Specific Use
Central Park Commons A-B-C-D	95,641	Hobby Lobby and Marshalls/Homegoods	Southeast	Regional Ctr
Kowalski's	67,146	Kowalski	Northeast	Neighborhood Ctr
Bergen Plaza	64,668	Cub and Big Thrill	Northeast	Community Ctr
Central Park Commons - T & U	48,016	Total Wine and Sierra Trading Post	Southeast	Regional Ctr
Oak Park Plaza I	45,700	Cub Foods	Northeast	Neighborhood Ctr
Zachary Square	45,000	Parnassus School	Northwest	Community Ctr
Central Avenue Acres	33,500	Marshalls and PetCo	Northeast	Neighborhood Ctr
Timbercrest at Lakeville	-20,041	Office Max	Southeast	Neighborhood Ctr
Burnsville Marketplace	-23,848	Office Max	Southeast	Community Ctr
Ridgedale Festival Center	-24,186	Naturepedic Mattress lease and Golfsmith vacancy	West	Community Ctr
7999 Victoria Dr	-26,000	Victoria's Market	Southwest	Neighborhood Ctr
Starlight Shopping Center	-63,447	TJ Maxx and Office Max	Northwest	Neighborhood Ctr
K-Mart	-130,455	Kmart	Southeast	Freestanding
Eden Prairie Center	-196,338	Crave, My Pillow and Melt & Burgers leases. Sears and One Posh Closet vacancies	Southwest	Regional Ctr

Top Transactions						
Property Name	Sale Price	Sold (sf)	Buyer	Seller	Market	Specific Use
Centennial Shops 3821-3879 Gallagher Dr	\$32,100,000	85,206	Ramco-Gershenson Properties Trust	Cypress Equities	Southwest	Neighborhood Center
Fridley Market 250 NE 57th Ave	\$26,750,000	164,128	Sterling Organization	ZCOF TL Fridley LLC c/o Tri Land Properties	Northeast	Community Center
HyVee 9409 Zane Ave	\$24,100,000	103,882	Hurd Brooklyn LLC c/o Hurd Real Estate	Six Ten Zane LLC c/o Ryan Company	Northwest	Freestanding
Oak Park Plaza 10855 University Ave 10601-10623 University Ave	\$16,750,000	110,971	Sterling Organization	ZCOF TL Blaine LLC c/o Tri Land Properties	Northeast	Neighborhood Center
Zachary Square 11201 96th Ave	\$13,575,000	123,200	CS Property Parnassus LLC	Buhl Investors ZS LLC	Northwest	Community Center
Burnsville Market 1750-1800 W County Rd 42	\$10,000,000	144,610	SVAP II Burnsville Market LLC c/o Sterling Organization	ZCOF TL Burnsville LLC c/o Tri Land Properties	Southeast	Neighborhood Center
Walgreens 2600 Central Ave NE	\$8,910,000	16,684	Greene Family Partners LLC	NLD Central LLC	Northeast	Freestanding
3550-3570 River Pl Dr	\$6,600,000	10,770	River Rapids Prop LLC	Rapids 3550 LLC c/o OneDorp	Northeast	Freestanding
Trader Joes / Vitamin Shoppe 8960 Hudson Rd	\$5,990,000	15,961	CLPF - Grocery Portfolio LP c/o Clarion Partners	Loja Traders MN LLC c/o Loja Real Estate	Southeast	Strip Center
590 Prairie Center Dr	\$5,775,000	7,233	590 Prairie Center LLC c/o Sentinel Management	EP Equities LLC c/o Onecorp	Southwest	Strip Center
Hobby Lobby 2600 W American Blvd	\$5,750,000	64,130	Dehl Properties LLC c/o Doug Hoskin	Bloomington Grocery LLC and Robin Rainbow LLC c/o Pine Tree Commercial Realty	Southwest	Freestanding



Minneapolis - St Paul	
CBRE	David Daly
Christianson & Company	Lisa Christianson
Colliers International	Ian Halker
	Tony Strauss
CSM	Justin Wing
Cushman & Wakefield/NorthMarq	Jen Helm
	Brad Kaplan
Diehl & Partners	Lisa Diehl
Hempel	Ben Krsnak
IRC Retail Center	Sean Quinn
Kraus Anderson	Dan Mossey
Marcus & Millichap	Brian Klanke
Mid-America	Jesseka Doherty
Paster Properties	Mike Sturdivant
Ryan Companies	Patrick Daly
Suntide	Tim Igo
Upland	Zach Stensland

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