MARKET TRENDS

Q4 2020 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,891,522	▼
Area Unemployment	3.9	▲
U.S. Unemployment	6.7	▲
Retail Jobs	141,000	▼

Source: BLS

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

Market Recap

Total Inventory (sf)	94,660,222
Total # of Bldgs	1,825
Absorption	(319,895)
Vacancy	9.4%
Asking Rate (NNN)	$17.32
Under Construction (sf)	403,573

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 130 basis points to 3.9% for November 2020 from 2.6% for November 2019. The unemployment rate for the US was 6.7% in November 2020 up from 3.5% last year. State of Minnesota unemployment rate was 4.4%. The Mpls-St Paul MSA saw a decrease in job growth as well as a decrease in retail job growth, leisure and hospitality decreasing by 46,900 during the same period.

Market Overview

The Mpls-St Paul retail market, consisting of over 94 msf of space in seven counties across the metro posting over 319,000 sf negative absorption for Q4 2020 and 531,840 sf negative absorption for the year. Multi-tenant properties had 417,960 sf negative absorption for Q4 2020 and 871,134 sf negative absorption for the year. The largest positive absorption resulted from single tenant delivery of 206,000 sf for Menards. The vacancy rate for the market increased to 9.4% and multi tenant properties was 12.4% for Q4 2020. To date, there are 36 construction projects throughout the market totaling just over 403,000 sf.

Market Highlights

At the close of Q4 2020, the market experienced over 494,000 sf of leasing activity from 111 transactions. The Southeast market posted the lowest rate at 7.3% for all properties. The Southeast market posted the largest increase in absorption with over 23,800 sf positive absorption led by new delivery of Menards with 206,000 sf. The Northwest market recorded over 126,000 sf negative absorption led by JC Penney vacating 87,000 sf. One hundred three properties sold during Q4 2020 totaling $143 million in sale price. Thirty six properties were delivered this year with over 1,054,000 sf.

Market Statistics by Property Type

Total

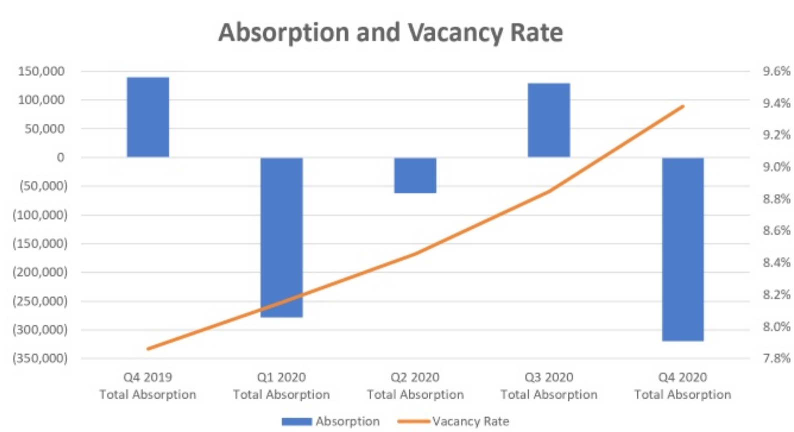
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	92	12,023,966	2,001,025	1,867,518	(151,070)	(151,090)	15.5%
Freestanding/Big Box	581	38,539,439	1,320,616	1,890,096	94,600	335,829	4.9%
Mixed Use	184	7,441,109	1,163,107	1,195,947	(26,260)	(100,298)	16.1%
Neighborhood Center	253	15,141,174	1,431,521	1,407,476	(97,317)	(186,097)	9.3%
Regional	11	8,000,238	1,350,223	1,348,645	(102,770)	(221,149)	16.9%
Strip Center	704	13,514,296	1,425,031	1,167,921	(37,078)	(209,035)	8.6%
Grand Total	**1,825**	**94,660,222**	**8,691,523**	**8,877,603**	**(319,895)**	**(531,840)**	**9.4%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	92	12,023,966	1,980,182	1,867,518	(151,070)	(152,787)	15.5%
Freestanding/Big Box	581	38,539,439	1,207,606	1,803,729	94,600	378,434	4.7%
Mixed Use	184	7,441,109	1,119,971	1,168,947	(29,760)	(110,415)	15.7%
Neighborhood Center	253	15,141,174	1,365,416	1,359,891	(91,967)	(164,837)	9.0%
Regional	11	8,000,238	1,348,208	1,346,630	(102,770)	(221,149)	16.8%
Strip Center	704	13,514,296	1,369,381	1,115,871	(38,278)	(211,133)	8.3%
Grand Total	**1,825**	**94,660,222**	**8,390,764**	**8,662,586**	**(319,245)**	**(481,887)**	**9.2%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	92	12,023,966	20,843		0	1,697	0.0%
Freestanding/Big Box	581	38,539,439	113,010	86,367	0	(42,605)	0.2%
Mixed Use	184	7,441,109	43,136	27,000	3,500	10,117	0.4%
Neighborhood Center	253	15,141,174	66,105	47,585	(5,350)	(21,260)	0.3%
Regional	11	8,000,238	2,015	2,015	0	0	0.0%
Strip Center	704	13,514,296	55,650	52,050	1,200	2,098	0.4%
Grand Total	**1,825**	**94,660,222**	**300,759**	**215,017**	**(650)**	**(49,953)**	**0.2%**



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643	4,541	4,541	0	(115)	3.1%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	58	2,527,895	643,741	729,061	(16,226)	(51,460)	28.8%
	Strip Center	2	18,520			0	0	0.0%
	Subtotal	**63**	**2,967,474**	**648,282**	**733,602**	**(16,226)**	**(51,575)**	**24.7%**
Northeast	Community Center	27	3,842,235	619,290	693,507	(18,710)	(91,946)	18.0%
	Freestanding/Big Box	194	12,946,616	653,691	1,196,303	(97,970)	(183,598)	9.2%
	Mixed Use	19	576,790	28,272	41,125	9,588	8,664	7.1%
	Neighborhood Center	77	4,755,401	328,526	312,278	9,905	65,775	6.6%
	Regional	4	3,227,849	400,145	400,145	(5,465)	(4,435)	12.4%
	Strip Center	199	3,919,314	423,202	335,147	(11,652)	(54,195)	8.6%
	Subtotal	**520**	**29,268,205**	**2,453,126**	**2,978,505**	**(114,304)**	**(259,735)**	**10.2%**
Northwest	Community Center	11	1,531,328	184,891	170,047	(80,415)	(95,027)	11.1%
	Freestanding/Big Box	80	5,460,269	13,013	273,572	0	129,342	5.0%
	Mixed Use	21	849,875	40,984	39,284	(11,915)	(14,041)	4.6%
	Neighborhood Center	44	2,623,843	284,244	391,639	(19,685)	(64,941)	14.9%
	Strip Center	132	2,417,416	242,232	198,679	(14,364)	(32,538)	8.2%
	Subtotal	**288**	**12,882,731**	**765,364**	**1,073,221**	**(126,379)**	**(77,205)**	**8.3%**
Saint Paul CBD	Mixed Use	15	641,003	62,721	62,721	19,571	34,872	9.8%
	Subtotal	**15**	**641,003**	**62,721**	**62,721**	**19,571**	**34,872**	**9.8%**
Southeast	Community Center	30	3,742,881	433,429	462,455	(15,834)	164,061	12.4%
	Freestanding/Big Box	178	12,392,456	82,389	185,844	197,239	222,143	1.5%
	Mixed Use	32	1,244,080	81,752	53,514	(3,529)	(1,169)	4.3%
	Neighborhood Center	71	4,432,408	556,259	479,297	(61,089)	(91,574)	10.8%
	Regional	3	1,089,341	371,116	371,116	(91,178)	(121,994)	34.1%
	Strip Center	215	4,094,312	469,508	414,963	(1,783)	(56,055)	10.1%
	Subtotal	**529**	**26,995,478**	**1,994,453**	**1,967,189**	**23,826**	**115,412**	**7.3%**
Southwest	Community Center	19	2,475,155	647,630	526,940	(36,111)	(189,432)	21.3%
	Freestanding/Big Box	96	5,679,586	568,058	230,912	(1,204)	171,407	4.1%
	Mixed Use	26	845,201	63,274	57,524	0	(10,494)	6.8%
	Neighborhood Center	36	2,035,287	81,083	126,026	18,448	(41,523)	6.2%
	Regional	2	2,087,941	309,229	309,229	(1,169)	(80,279)	14.8%
	Strip Center	114	2,137,263	207,952	161,565	(12,737)	(43,045)	7.6%
	Subtotal	**293**	**15,260,433**	**1,877,226**	**1,412,196**	**(32,773)**	**(193,366)**	**9.3%**
West	Community Center	5	427,625	111,244	10,028	0	61,369	2.3%
	Freestanding/Big Box	29	1,624,022			0	0	0.0%
	Mixed Use	13	756,265	242,363	212,718	(23,749)	(66,670)	28.1%
	Neighborhood Center	25	1,294,235	181,409	98,236	(44,896)	(53,834)	7.6%
	Regional	2	1,595,107	269,733	268,155	(4,958)	(14,441)	16.8%
	Strip Center	43	947,644	85,602	61,032	(7)	(26,667)	6.4%
	Subtotal	**117**	**6,644,898**	**890,351**	**650,169**	**(73,610)**	**(100,243)**	**9.8%**
Grand Total		**1,825**	**94,660,222**	**8,691,523**	**8,877,603**	**(319,895)**	**(531,840)**	**9.4%**

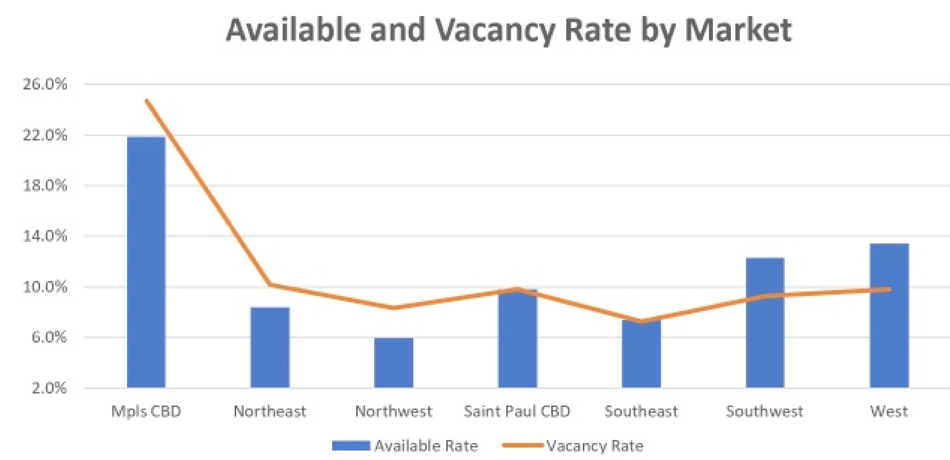
Vacancy Rates

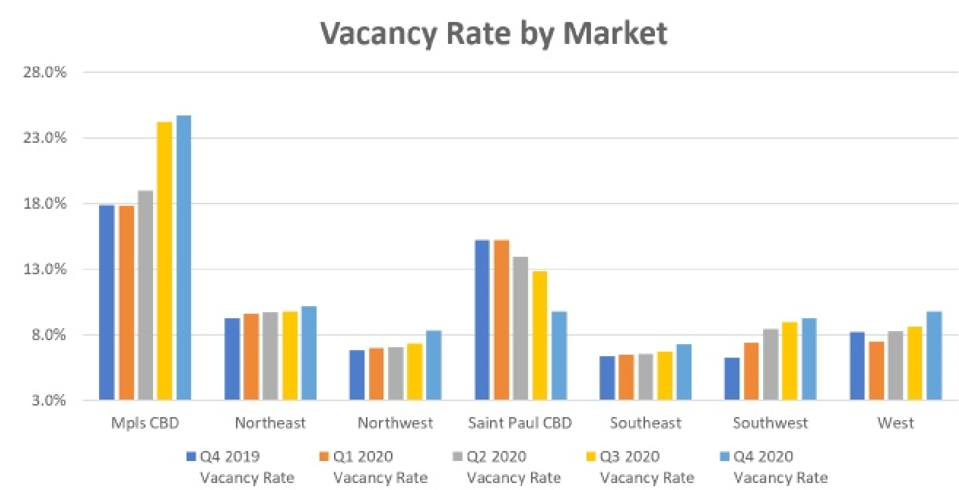
Market	Property Type	Q4 2019 Vacancy Rate	Q1 2020 Vacancy Rate	Q2 2020 Vacancy Rate	Q3 2020 Vacancy Rate	Q4 2020 Vacancy Rate
Mpls CBD	Community Center	3.0%	3.0%	3.1%	3.1%	3.1%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	20.8%	20.7%	22.4%	28.2%	28.8%
	Strip Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Subtotal	**17.8%**	**17.8%**	**19.0%**	**24.2%**	**24.7%**
Northeast	Community Center	15.7%	16.7%	16.5%	17.6%	18.0%
	Freestanding/Big Box	7.9%	8.8%	8.8%	8.6%	9.2%
	Mixed Use	8.6%	9.1%	9.1%	8.8%	7.1%
	Neighborhood Center	7.5%	6.5%	6.5%	6.4%	6.6%
	Regional	12.3%	11.5%	12.1%	12.2%	12.4%
	Strip Center	7.3%	7.5%	8.0%	8.3%	8.6%
	Subtotal	**9.3%**	**9.6%**	**9.7%**	**9.8%**	**10.2%**
Northwest	Community Center	4.9%	4.7%	5.4%	5.9%	11.1%
	Freestanding/Big Box	5.4%	5.4%	5.4%	5.0%	5.0%
	Mixed Use	3.0%	3.4%	3.5%	3.2%	4.6%
	Neighborhood Center	12.5%	12.6%	12.6%	14.2%	14.9%
	Strip Center	6.5%	7.3%	7.1%	7.6%	8.2%
	Subtotal	**6.8%**	**7.0%**	**7.0%**	**7.4%**	**8.3%**
Saint Paul CBD	Mixed Use	15.2%	15.2%	13.9%	12.8%	9.8%
	Subtotal	**15.2%**	**15.2%**	**13.9%**	**12.8%**	**9.8%**
Southeast	Community Center	12.3%	12.6%	12.0%	12.4%	12.4%
	Freestanding/Big Box	1.7%	1.3%	1.3%	1.5%	1.5%
	Mixed Use	4.2%	4.1%	4.0%	4.0%	4.3%
	Neighborhood Center	9.0%	9.3%	9.5%	9.7%	10.8%
	Regional	22.8%	25.3%	25.7%	25.7%	34.1%
	Strip Center	9.0%	9.4%	10.0%	10.0%	10.1%
	Subtotal	**6.4%**	**6.5%**	**6.6%**	**6.7%**	**7.3%**
Southwest	Community Center	13.6%	13.9%	17.4%	19.8%	21.3%
	Freestanding/Big Box	2.8%	4.2%	4.2%	4.0%	4.1%
	Mixed Use	3.1%	3.8%	4.1%	6.8%	6.8%
	Neighborhood Center	4.2%	6.2%	6.9%	7.1%	6.2%
	Regional	10.5%	12.4%	13.8%	14.1%	14.8%
	Strip Center	5.6%	5.4%	6.5%	7.0%	7.6%
	Subtotal	**6.3%**	**7.4%**	**8.4%**	**9.0%**	**9.3%**
West	Community Center	16.7%	2.3%	2.3%	2.3%	2.3%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	19.8%	20.8%	24.0%	25.0%	28.1%
	Neighborhood Center	3.2%	3.4%	3.7%	3.9%	7.6%
	Regional	15.9%	16.0%	16.3%	16.5%	16.8%
	Strip Center	3.7%	3.7%	5.5%	6.6%	6.4%
	Subtotal	**8.2%**	**7.5%**	**8.3%**	**8.6%**	**9.8%**
Grand Total		**7.9%**	**8.1%**	**8.5%**	**8.8%**	**9.4%**

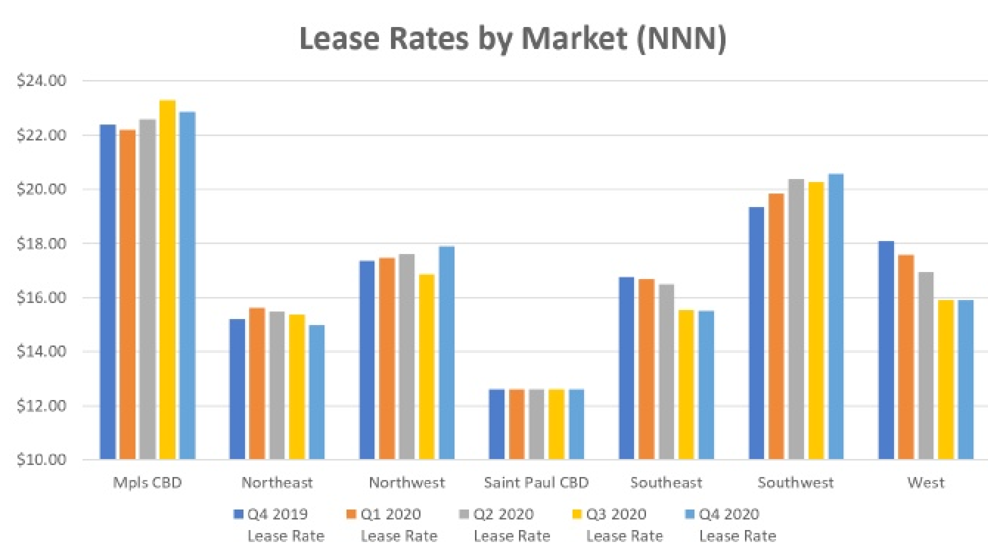
Lease Rates (NNN)

Market	Property Type	Q4 2019 Lease Rate	Q1 2020 Lease Rate	Q2 2020 Lease Rate	Q3 2020 Lease Rate	Q4 2020 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.39	$22.19	$22.58	$23.30	$22.85
	Strip Center					
	Subtotal	**$22.39**	**$22.19**	**$22.58**	**$23.30**	**$22.85**
Northeast	Community Center	$8.00	$8.00	$8.00	$16.00	$16.00
	Freestanding/Big Box	$11.00	$11.00	$11.00	$10.00	$10.00
	Mixed Use	$17.25	$16.20	$16.20	$16.20	$17.33
	Neighborhood Center	$12.06	$12.38	$11.88	$12.16	$12.16
	Regional					
	Strip Center	$16.68	$17.46	$17.36	$16.48	$15.83
	Subtotal	**$15.20**	**$15.62**	**$15.47**	**$15.36**	**$15.00**
Northwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$10.25	$11.83	$11.83	$11.83	$12.42
	Neighborhood Center	$10.30	$10.50	$10.30	$10.30	$11.01
	Strip Center	$19.52	$19.54	$19.83	$19.28	$20.10
	Subtotal	**$17.37**	**$17.47**	**$17.59**	**$16.88**	**$17.90**
Saint Paul CBD	Mixed Use	$12.63	$12.63	$12.63	$12.63	$12.63
	Subtotal	**$12.63**	**$12.63**	**$12.63**	**$12.63**	**$12.63**
Southeast	Community Center	$16.50	$16.50	$16.50	$15.10	$15.10
	Freestanding/Big Box					
	Mixed Use	$18.88	$18.88	$19.07	$15.90	$16.48
	Neighborhood Center	$15.36	$15.06	$14.45	$14.78	$15.14
	Regional					
	Strip Center	$16.90	$16.82	$16.50	$15.72	$15.49
	Subtotal	**$16.75**	**$16.67**	**$16.48**	**$15.54**	**$15.52**
Southwest	Community Center	$9.00	$9.00			
	Freestanding/Big Box		$6.50	$6.50	$5.50	$5.50
	Mixed Use	$23.00	$24.50	$25.31	$25.31	$25.31
	Neighborhood Center	$17.13	$17.13	$17.13	$17.13	$20.50
	Regional					
	Strip Center	$19.40	$20.00	$19.53	$19.43	$19.15
	Subtotal	**$19.34**	**$19.84**	**$20.38**	**$20.29**	**$20.56**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use		$17.00	$20.00		
	Neighborhood Center	$20.00	$18.33	$13.50	$13.50	$13.50
	Regional					
	Strip Center	$17.13	$17.13	$17.13	$17.13	$17.13
	Subtotal	**$18.08**	**$17.56**	**$16.94**	**$15.92**	**$15.92**
Grand Total		**$17.30**	**$17.50**	**$17.51**	**$17.05**	**$17.32**

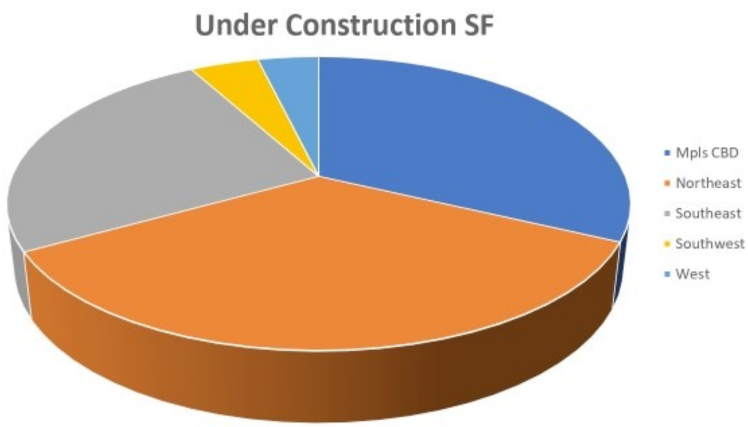
Vacancy and Lease Rates





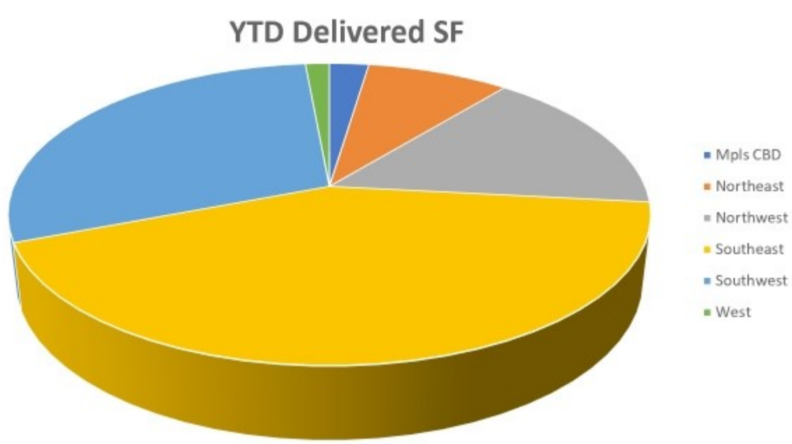


Construction by Market



Market	Bldg SF
Mpls CBD	129,258
Northeast	140,812
Southeast	101,135
Southwest	17,168
West	15,200
Grand Total	**403,573**

YTD Deliveries by Market



Market	Bldg SF
Mpls CBD	24,988
Northeast	90,239
Northwest	166,161
Southeast	447,713
Southwest	310,528
West	15,189
Grand Total	**1,054,818**

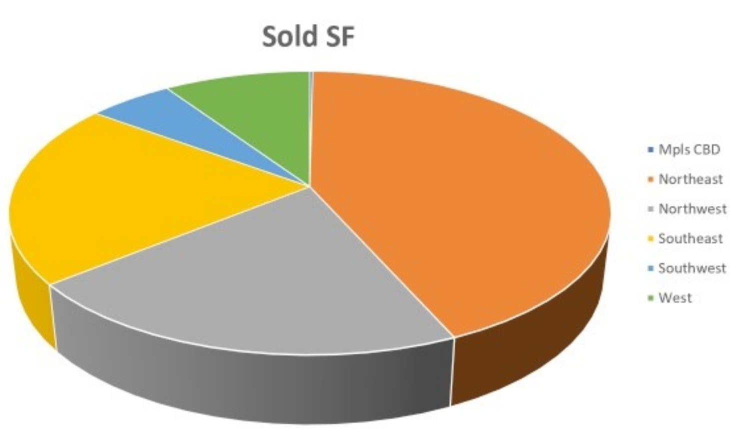
Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Ridgedale Shopping Center	105,000	West	Dicks Sporting Goods	Brookfield Properties Retail Group
2501 White Bear Ave N	58,853	Northeast	Hy-Vee	Suso 4 Mapleridge LP
Shakopee Valley Marketplace 1607 17th Ave E	23,492	Southwest	Planet Fitness	ESSJAY MSPS LLC
10650 Baltimore St NE	22,500	Northeast	FunLab	Duck Hill LLC
Fountain Place 12573 Castlemoor Dr	14,791	Southwest	Ulta	Sun LIfe Assurance Co Canada

Market	Leased SF
Mpls CBD	2,385
Northeast	167,373
Northwest	26,552
Southeast	55,242
Southwest	93,653
West	149,610
Grand Total	**494,815**

Sales Activity

Property	Price	Market	Buyer	Seller
12519 Riverdale Dr NW	$70,000,000	Northeast	NADG/SG Riverdale Village, LP	BRE DDR Riverdale Village Inner Ring, LLC
310-320 Chelsea Rd	$20,830,000	Northwest	Amynate Fleet, LLC; GBRTR-Monticello, LLC	STORE SPE Mills Fleet II 2017-7, LLC
2590 Hwy 61	$9,125,000	Northeast	Spirit Realty, L.P.	Accelerated Investments MN, LLC
1404-1507 E Franklin Ave	$5,500,000	Southeast	E&E Property, LLC	Solar Corporation
10770 165th St W	$5,500,000	Southeast	DWR Holdings Lakeville, LLC c/o Defcon Powersports	Kuelbs Investments, LLLP



Market	Sold SF
Mpls CBD	2,385
Northeast	552,640
Northwest	265,223
Southeast	269,612
Southwest	69,676
West	120,374
Grand Total	**1,279,910**

Methodology

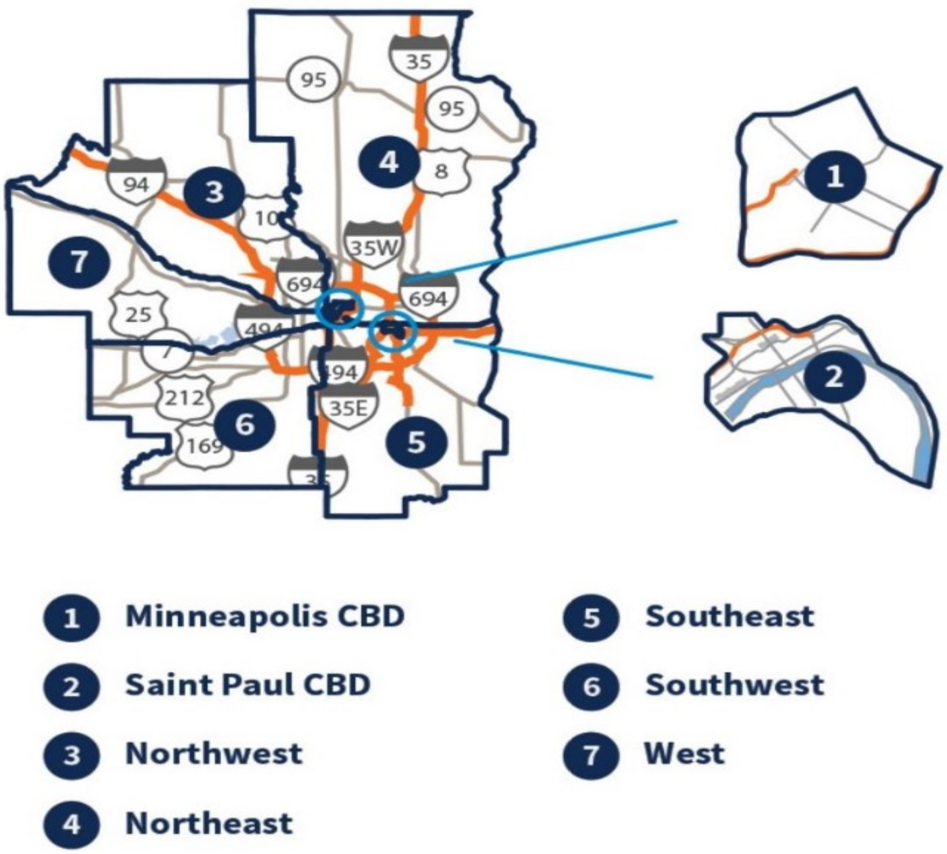
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with more than 15,000 sf of retail space. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on NNN terms.

The Mpls-St Paul tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Terminology

Inventory	The total square feet (sf) of existing multi-tenant and single tenant buildings greater than 15,000 sf or are part of a complex that totals greater than 15,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rated expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map



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

Advisory Board Members

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