

# MARKET TRENDS

Q3 2021 | Mpls-St Paul | Industrial

## Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,914,302	
Area Unemployment	3.5	
U.S. Unemployment	5.2	
Industrial Jobs	199,400	

Source: BLS

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

## Market Recap

Total Inventory (sf)	265,710,082
Total # of Bldgs (tracked)	3,063
Absorption	2,080,417
Vacancy	4.0%
Asking Rate Low (NNN)	\$6.46
Asking Rent High (NNN)	\$10.00
Under Construction	4,104,965

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 340 basis points to 3.5% for August 2021 from 6.9% for August 2020. The unemployment rate for the US was 5.2% in August 2021 down from 8.4% last year. State of Minnesota unemployment rate was 3.8%. The Mpls-St Paul MSA saw an increase in job growth as well as an increase in industrial job growth in manufacturing with 7,400 during the same period.

## Market Overview

The Mpls-St Paul industrial market consists of 265 msf in eight counties across the metro. There was over 2.08 msf of positive absorption for Q3 2021 bringing the year to date total to 3.78 msf positive absorption. Multi-tenant properties posted 875,000 sf positive absorption with year to date 2.24 msf positive absorption. The overall vacancy rate for the market stands at 4.0% and multi-tenant vacancy dropped to 6.4% for Q3 2021. To date, there are 34 construction projects throughout the market totaling 4.1 msf and 9 properties were delivered year to date with 1,958,312 sf.

## Market Highlights

At the close of Q3 2021, the market experienced over 3.55 msf of leasing activity in 201 transactions with Amazon leasing the largest space of 297,000 sf in the Northwest market. The Northeast markets vacancy rate being the tightest at 3.2% while the Southwest market topped at 5.9%. The Southeast market top all the markets with 929,835 sf positive absorption led by the 750,000 sf new delivery for Amazon. All markets posted positive absorption but Northeast market had the largest vacancy with Honeywell vacating 195,000 sf . Ninety three properties sold totaling more than 3.0 msf for \$220 million.

# Market Statistics by Property Type (Multi and Single Tenant)

## Total

Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	618	42,019,239	4,090,899	2,973,274	(144,480)	118,745	7.1%
Warehouse Distribution	515	93,479,690	6,096,850	3,192,381	1,360,964	2,302,093	3.4%
Warehouse Office	1,930	130,211,153	7,005,841	4,585,549	863,933	1,359,549	3.5%
<b>Grand Total</b>	<b>3,063</b>	<b>265,710,082</b>	<b>17,193,590</b>	<b>10,751,204</b>	<b>2,080,417</b>	<b>3,780,387</b>	<b>4.0%</b>

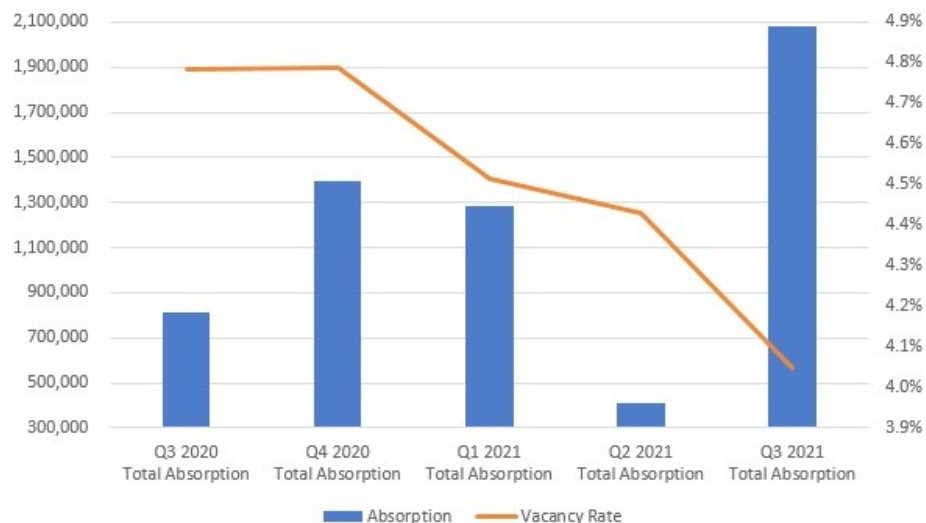
## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	618	42,019,239	3,657,330	2,694,365	(106,208)	189,807	6.4%
Warehouse Distribution	515	93,479,690	5,715,720	3,058,617	1,298,722	2,186,093	3.3%
Warehouse Office	1,930	130,211,153	6,480,934	4,352,805	819,535	1,300,773	3.3%
<b>Grand Total</b>	<b>3,063</b>	<b>265,710,082</b>	<b>15,853,984</b>	<b>10,105,787</b>	<b>2,012,049</b>	<b>3,676,673</b>	<b>3.8%</b>

## Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	618	42,019,239	433,569	278,909	(38,272)	(71,062)	0.7%
Warehouse Distribution	515	93,479,690	381,130	133,764	62,242	116,000	0.1%
Warehouse Office	1,930	130,211,153	524,907	232,744	44,398	58,776	0.2%
<b>Grand Total</b>	<b>3,063</b>	<b>265,710,082</b>	<b>1,339,606</b>	<b>645,417</b>	<b>68,368</b>	<b>103,714</b>	<b>0.2%</b>

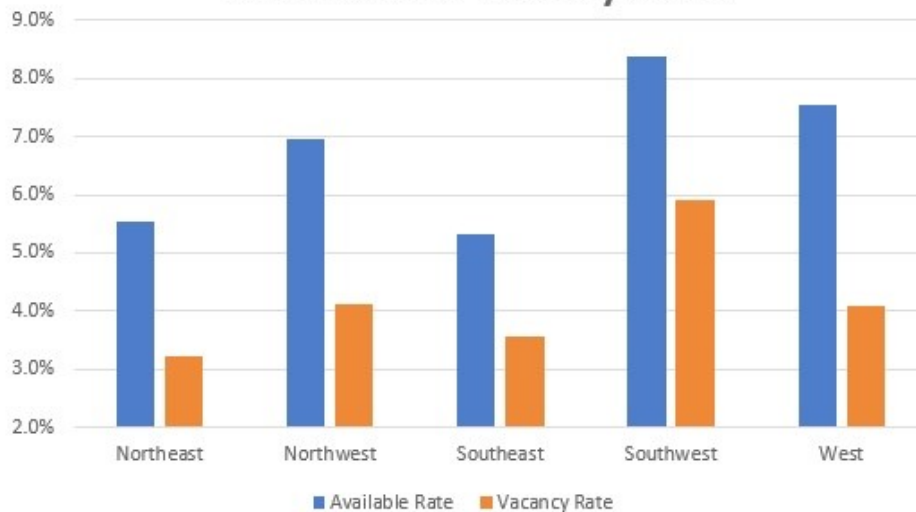
## Absorption and Vacancy Rate



# Market Statistics by Market (Multi and Single Tenant)

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption	YTD Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	156	10,934,448	882,258	953,219	(243,210)	21,064	8.7%
	Warehouse Distribution	153	25,963,688	1,602,912	494,472	200,928	343,813	1.9%
	Warehouse Office	739	50,766,581	2,361,229	1,367,524	436,249	276,774	2.7%
	<b>Subtotal</b>	<b>1,048</b>	<b>87,664,717</b>	<b>4,846,399</b>	<b>2,815,215</b>	<b>393,967</b>	<b>641,651</b>	<b>3.2%</b>
Northwest	Flex/R&D	97	7,609,070	450,599	323,842	65,823	94,116	4.3%
	Warehouse Distribution	148	26,128,695	2,179,841	1,134,608	118,268	451,848	4.3%
	Warehouse Office	334	22,289,577	1,263,957	846,723	(19,937)	144,467	3.8%
	<b>Subtotal</b>	<b>579</b>	<b>56,027,342</b>	<b>3,894,397</b>	<b>2,305,173</b>	<b>164,154</b>	<b>690,431</b>	<b>4.1%</b>
Southeast	Flex/R&D	123	7,053,703	839,137	612,133	(19,857)	36,208	8.7%
	Warehouse Distribution	102	20,310,786	763,198	294,164	728,591	1,420,826	1.4%
	Warehouse Office	393	26,079,727	1,245,642	996,223	221,101	361,500	3.8%
	<b>Subtotal</b>	<b>618</b>	<b>53,444,216</b>	<b>2,847,977</b>	<b>1,902,520</b>	<b>929,835</b>	<b>1,818,534</b>	<b>3.6%</b>
Southwest	Flex/R&D	183	12,497,365	1,437,334	772,376	33,291	(43,257)	6.2%
	Warehouse Distribution	78	17,045,176	1,371,802	1,200,794	247,535	16,259	7.0%
	Warehouse Office	315	21,342,603	1,459,281	1,031,389	194,256	556,330	4.8%
	<b>Subtotal</b>	<b>576</b>	<b>50,885,144</b>	<b>4,268,417</b>	<b>3,004,559</b>	<b>475,082</b>	<b>529,332</b>	<b>5.9%</b>
West	Flex/R&D	59	3,924,653	481,571	311,704	19,473	10,614	7.9%
	Warehouse Distribution	34	4,031,345	179,097	68,343	65,642	69,347	1.7%
	Warehouse Office	149	9,732,665	675,732	343,690	32,264	20,478	3.5%
	<b>Subtotal</b>	<b>242</b>	<b>17,688,663</b>	<b>1,336,400</b>	<b>723,737</b>	<b>117,379</b>	<b>100,439</b>	<b>4.1%</b>
<b>Grand Total</b>		<b>3,063</b>	<b>265,710,082</b>	<b>17,193,590</b>	<b>10,751,204</b>	<b>2,080,417</b>	<b>3,780,387</b>	<b>4.0%</b>

### Available and Vacancy Rates



# Vacancy Rates by Market (Multi and Single Tenant)

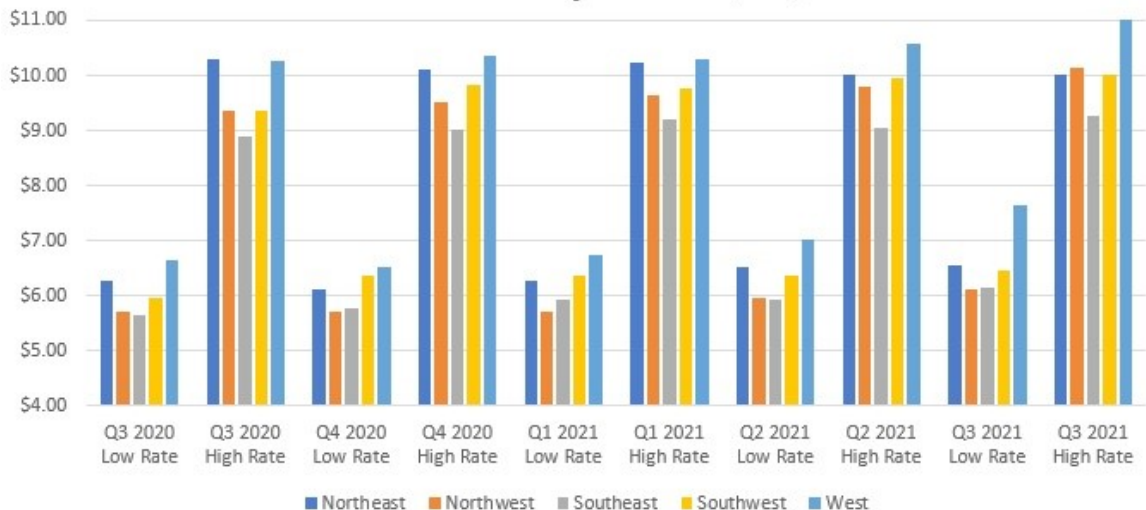
Market	Property Type	Q3 2020 Vacant Rate	Q4 2020 Vacant Rate	Q1 2021 Vacant Rate	Q2 2021 Vacant Rate	Q3 2021 Vacant Rate
Northeast	Flex/R&D	9.8%	8.9%	8.1%	6.5%	8.7%
	Warehouse Distribution	3.2%	3.2%	3.2%	2.7%	1.9%
	Warehouse Office	3.1%	3.2%	3.4%	3.6%	2.7%
	<b>Subtotal</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.2%</b>
Northwest	Flex/R&D	5.0%	5.5%	5.2%	5.1%	4.3%
	Warehouse Distribution	6.1%	5.0%	4.6%	3.7%	4.3%
	Warehouse Office	5.0%	4.5%	4.1%	3.7%	3.8%
	<b>Subtotal</b>	<b>5.5%</b>	<b>4.9%</b>	<b>4.5%</b>	<b>3.9%</b>	<b>4.1%</b>
Southeast	Flex/R&D	6.8%	9.2%	8.8%	8.4%	8.7%
	Warehouse Distribution	2.7%	2.8%	1.5%	1.4%	1.4%
	Warehouse Office	3.7%	4.5%	4.1%	4.2%	3.8%
	<b>Subtotal</b>	<b>3.8%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.7%</b>	<b>3.6%</b>
Southwest	Flex/R&D	6.0%	5.8%	6.0%	6.4%	6.2%
	Warehouse Distribution	6.4%	5.7%	6.2%	8.5%	7.0%
	Warehouse Office	6.8%	7.4%	6.5%	5.8%	4.8%
	<b>Subtotal</b>	<b>6.5%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>6.9%</b>	<b>5.9%</b>
West	Flex/R&D	9.6%	9.6%	9.7%	9.8%	7.9%
	Warehouse Distribution	1.8%	3.5%	3.4%	3.3%	1.7%
	Warehouse Office	3.2%	3.5%	3.0%	3.9%	3.5%
	<b>Subtotal</b>	<b>4.4%</b>	<b>4.8%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>4.1%</b>
<b>Grand Total</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.0%</b>	



# Lease Rates by Market (Multi and Single Tenant NNN)

Market	Property Type	Q3 2020		Q4 2020		Q1 2021		Q2 2021		Q3 2021	
		Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate	Ave Lease Rate
Northeast	Flex/R&D	\$6.57	\$10.89	\$6.75	\$10.72	\$6.85	\$10.92	\$6.96	\$10.60	\$7.00	\$10.71
	Warehouse Distribution	\$5.61	\$10.36	\$5.61	\$10.36	\$5.68	\$10.43	\$5.72	\$10.25	\$5.84	\$10.13
	Warehouse Office	\$6.14	\$9.73	\$5.67	\$9.47	\$5.83	\$9.53	\$6.26	\$9.30	\$6.31	\$9.31
	<b>Subtotal</b>	<b>\$6.26</b>	<b>\$10.30</b>	<b>\$6.12</b>	<b>\$10.11</b>	<b>\$6.26</b>	<b>\$10.25</b>	<b>\$6.52</b>	<b>\$10.01</b>	<b>\$6.56</b>	<b>\$10.00</b>
Northwest	Flex/R&D	\$6.39	\$10.46	\$6.31	\$10.57	\$6.25	\$10.63	\$6.73	\$10.98	\$6.86	\$11.45
	Warehouse Distribution	\$5.18	\$9.20	\$5.26	\$9.09	\$5.45	\$9.21	\$5.45	\$9.42	\$5.52	\$9.79
	Warehouse Office	\$5.69	\$8.67	\$5.60	\$9.10	\$5.52	\$9.20	\$5.76	\$9.19	\$6.07	\$9.51
	<b>Subtotal</b>	<b>\$5.73</b>	<b>\$9.35</b>	<b>\$5.70</b>	<b>\$9.53</b>	<b>\$5.71</b>	<b>\$9.63</b>	<b>\$5.97</b>	<b>\$9.80</b>	<b>\$6.11</b>	<b>\$10.14</b>
Southeast	Flex/R&D	\$5.97	\$9.36	\$6.15	\$9.73	\$6.08	\$9.82	\$6.18	\$9.47	\$6.66	\$9.66
	Warehouse Distribution	\$5.01	\$8.68	\$5.08	\$8.49	\$5.04	\$8.22	\$4.83	\$7.58	\$4.68	\$7.68
	Warehouse Office	\$5.57	\$8.58	\$5.72	\$8.57	\$6.01	\$8.87	\$5.86	\$8.87	\$5.78	\$9.02
	<b>Subtotal</b>	<b>\$5.65</b>	<b>\$8.90</b>	<b>\$5.78</b>	<b>\$9.01</b>	<b>\$5.93</b>	<b>\$9.19</b>	<b>\$5.93</b>	<b>\$9.05</b>	<b>\$6.15</b>	<b>\$9.27</b>
Southwest	Flex/R&D	\$6.51	\$10.17	\$6.89	\$10.47	\$6.85	\$10.39	\$6.72	\$10.78	\$6.99	\$10.79
	Warehouse Distribution	\$4.74	\$8.24	\$4.96	\$8.28	\$4.80	\$7.61	\$4.93	\$7.09	\$4.96	\$7.39
	Warehouse Office	\$5.57	\$8.69	\$6.14	\$9.42	\$6.11	\$9.44	\$6.30	\$9.60	\$6.14	\$9.61
	<b>Subtotal</b>	<b>\$5.96</b>	<b>\$9.38</b>	<b>\$6.38</b>	<b>\$9.81</b>	<b>\$6.37</b>	<b>\$9.76</b>	<b>\$6.38</b>	<b>\$9.96</b>	<b>\$6.46</b>	<b>\$10.01</b>
West	Flex/R&D	\$6.53	\$11.18	\$6.43	\$11.35	\$6.53	\$11.33	\$6.50	\$11.30	\$7.25	\$12.00
	Warehouse Distribution	\$4.75	\$9.50	\$4.90	\$9.80	\$6.04	\$10.29	\$6.20	\$10.30	\$6.67	\$9.67
	Warehouse Office	\$7.34	\$9.28	\$7.29	\$9.74	\$7.14	\$9.71	\$7.77	\$10.10	\$8.11	\$10.77
	<b>Subtotal</b>	<b>\$6.66</b>	<b>\$10.25</b>	<b>\$6.53</b>	<b>\$10.35</b>	<b>\$6.75</b>	<b>\$10.29</b>	<b>\$7.04</b>	<b>\$10.57</b>	<b>\$7.66</b>	<b>\$11.00</b>
<b>Grand Total</b>		<b>\$5.98</b>	<b>\$9.59</b>	<b>\$6.07</b>	<b>\$9.72</b>	<b>\$6.15</b>	<b>\$9.79</b>	<b>\$6.30</b>	<b>\$9.82</b>	<b>\$6.46</b>	<b>\$10.00</b>

## Lease Rates by Market (NNN)



# Market Statistics by Property Type (Multi-Tenant)

## Total

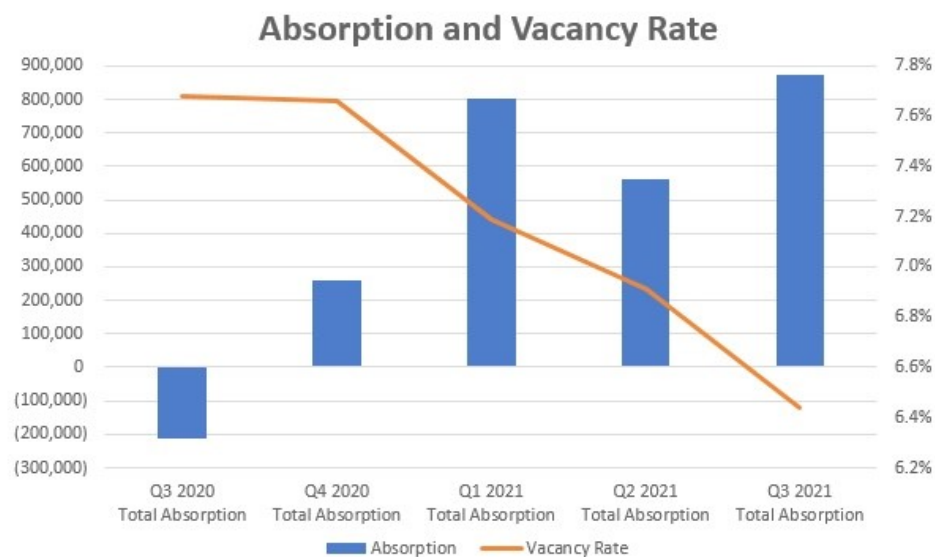
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	536	32,573,996	3,706,388	2,935,994	(144,480)	111,514	9.0%
Warehouse Distribution	278	46,272,427	4,921,791	2,822,407	610,874	1,247,997	6.1%
Warehouse Office	895	59,629,358	4,681,022	3,162,789	409,460	881,001	5.3%
<b>Grand Total</b>	<b>1,709</b>	<b>138,475,781</b>	<b>13,309,201</b>	<b>8,921,190</b>	<b>875,854</b>	<b>2,240,512</b>	<b>6.4%</b>

## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	536	32,573,996	3,272,819	2,657,085	(106,208)	227,087	8.2%
Warehouse Distribution	278	46,272,427	4,653,261	2,776,243	545,322	1,128,687	6.0%
Warehouse Office	895	59,629,358	4,237,379	2,981,693	339,014	796,177	5.0%
<b>Grand Total</b>	<b>1,709</b>	<b>138,475,781</b>	<b>12,163,459</b>	<b>8,415,021</b>	<b>778,128</b>	<b>2,151,951</b>	<b>6.1%</b>

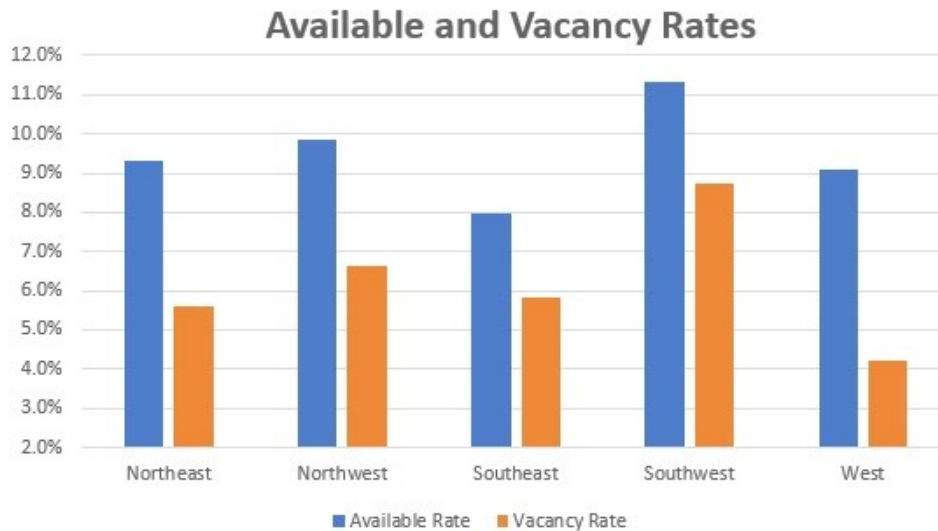
## Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Flex/R&D	536	32,573,996	433,569	278,909	(38,272)	(115,573)	0.9%
Warehouse Distribution	278	46,272,427	268,530	46,164	65,552	119,310	0.1%
Warehouse Office	895	59,629,358	443,643	181,096	70,446	84,824	0.3%
<b>Grand Total</b>	<b>1,709</b>	<b>138,475,781</b>	<b>1,145,742</b>	<b>506,169</b>	<b>97,726</b>	<b>88,561</b>	<b>0.4%</b>



# Market Statistics by Market (Multi-Tenant)

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption	YTD Total Absorption (sf)	Vacancy Rate
Northeast	Flex/R&D	135	9,574,949	882,258	953,219	(243,210)	21,064	10.0%
	Warehouse Distribution	64	9,807,099	1,466,602	358,162	200,928	284,413	3.7%
	Warehouse Office	320	22,880,094	1,579,425	1,058,967	209,686	118,640	4.6%
	<b>Subtotal</b>	<b>519</b>	<b>42,262,142</b>	<b>3,928,285</b>	<b>2,370,348</b>	<b>167,404</b>	<b>424,117</b>	<b>5.6%</b>
Northwest	Flex/R&D	79	4,874,870	450,599	323,842	65,823	94,116	6.6%
	Warehouse Distribution	91	15,765,412	1,716,524	1,112,258	118,268	474,198	7.1%
	Warehouse Office	153	10,273,852	880,889	609,815	(19,937)	93,278	5.9%
	<b>Subtotal</b>	<b>323</b>	<b>30,914,134</b>	<b>3,048,012</b>	<b>2,045,915</b>	<b>164,154</b>	<b>661,592</b>	<b>6.6%</b>
Southeast	Flex/R&D	110	5,927,228	794,626	574,853	(19,857)	28,977	9.7%
	Warehouse Distribution	53	7,820,140	502,174	243,804	(21,409)	242,826	3.1%
	Warehouse Office	173	10,891,079	670,100	612,453	83,649	152,411	5.6%
	<b>Subtotal</b>	<b>336</b>	<b>24,638,447</b>	<b>1,966,900</b>	<b>1,431,110</b>	<b>42,383</b>	<b>424,214</b>	<b>5.8%</b>
Southwest	Flex/R&D	158	8,721,250	1,097,334	772,376	33,291	(43,257)	8.9%
	Warehouse Distribution	49	10,237,032	1,060,704	1,043,150	247,535	173,903	10.2%
	Warehouse Office	179	11,145,067	1,247,123	811,118	103,798	284,540	7.3%
	<b>Subtotal</b>	<b>386</b>	<b>30,103,349</b>	<b>3,405,161</b>	<b>2,626,644</b>	<b>384,624</b>	<b>415,186</b>	<b>8.7%</b>
West	Flex/R&D	54	3,475,699	481,571	311,704	19,473	10,614	9.0%
	Warehouse Distribution	21	2,642,744	175,787	65,033	65,552	72,657	2.5%
	Warehouse Office	70	4,439,266	303,485	70,436	32,264	232,132	1.6%
	<b>Subtotal</b>	<b>145</b>	<b>10,557,709</b>	<b>960,843</b>	<b>447,173</b>	<b>117,289</b>	<b>315,403</b>	<b>4.2%</b>
<b>Grand Total</b>		<b>1,709</b>	<b>138,475,781</b>	<b>13,309,201</b>	<b>8,921,190</b>	<b>875,854</b>	<b>2,240,512</b>	<b>6.4%</b>



# Vacancy Rates by Market (Multi-Tenant)

Market	Property Type	Q3 2020 Vacant Rate	Q4 2020 Vacant Rate	Q1 2021 Vacant Rate	Q2 2021 Vacant Rate	Q3 2021 Vacant Rate
Northeast	Flex/R&D	11.2%	10.1%	9.3%	7.4%	10.0%
	Warehouse Distribution	6.4%	6.6%	6.4%	5.7%	3.7%
	Warehouse Office	5.1%	5.2%	5.7%	5.5%	4.6%
	<b>Subtotal</b>	<b>6.8%</b>	<b>6.6%</b>	<b>6.7%</b>	<b>6.0%</b>	<b>5.6%</b>
Northwest	Flex/R&D	7.9%	8.6%	8.2%	8.0%	6.6%
	Warehouse Distribution	8.8%	8.3%	7.5%	6.0%	7.1%
	Warehouse Office	7.9%	6.9%	6.0%	5.7%	5.9%
	<b>Subtotal</b>	<b>8.4%</b>	<b>7.9%</b>	<b>7.1%</b>	<b>6.2%</b>	<b>6.6%</b>
Southeast	Flex/R&D	7.4%	10.2%	9.7%	9.4%	9.7%
	Warehouse Distribution	6.4%	6.2%	3.2%	2.8%	3.1%
	Warehouse Office	5.8%	6.7%	6.7%	6.4%	5.6%
	<b>Subtotal</b>	<b>6.4%</b>	<b>7.4%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.8%</b>
Southwest	Flex/R&D	8.5%	8.3%	8.6%	9.2%	8.9%
	Warehouse Distribution	10.8%	9.6%	8.9%	12.6%	10.2%
	Warehouse Office	9.1%	9.3%	8.7%	8.2%	7.3%
	<b>Subtotal</b>	<b>9.5%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>10.0%</b>	<b>8.7%</b>
West	Flex/R&D	10.9%	10.8%	10.9%	11.0%	9.0%
	Warehouse Distribution	2.5%	5.2%	5.2%	4.9%	2.5%
	Warehouse Office	6.9%	6.8%	5.2%	2.3%	1.6%
	<b>Subtotal</b>	<b>7.1%</b>	<b>7.7%</b>	<b>7.1%</b>	<b>5.8%</b>	<b>4.2%</b>
<b>Grand Total</b>	<b>7.7%</b>	<b>7.7%</b>	<b>7.2%</b>	<b>6.9%</b>	<b>6.4%</b>	

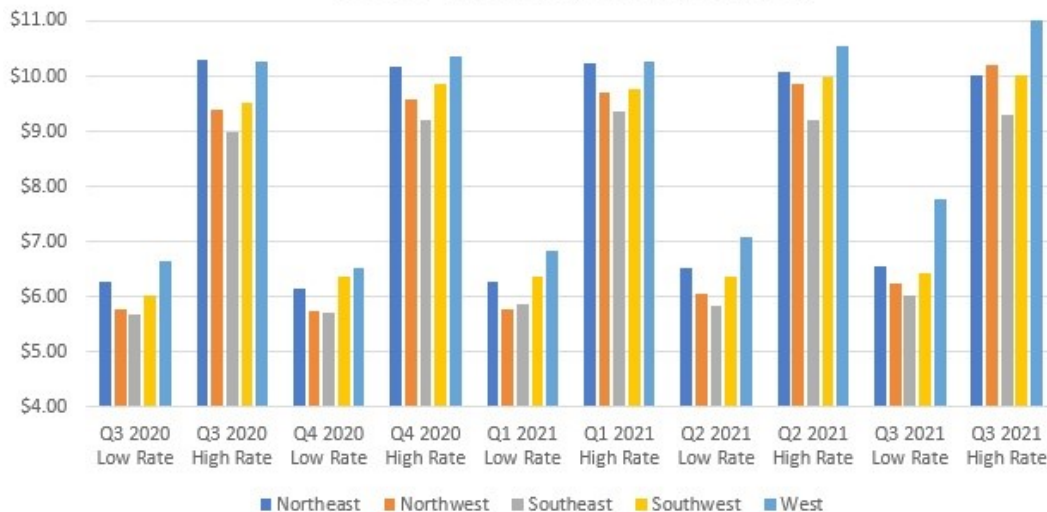




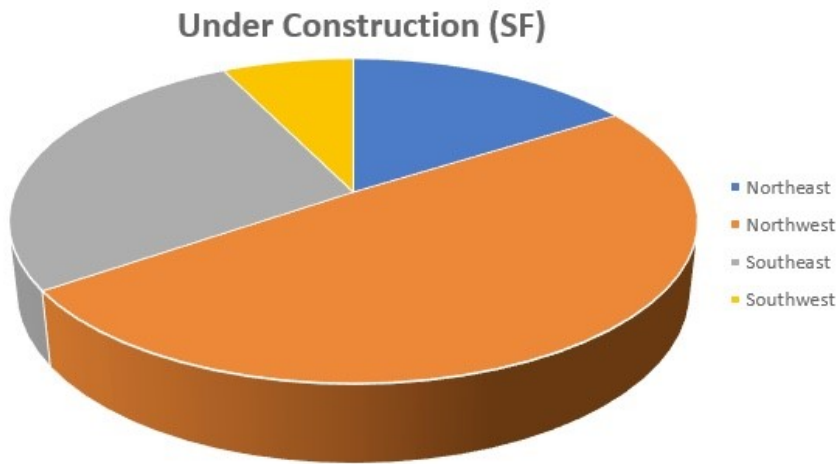
# Lease Rates by Market (Multi-Tenant NNN)

Market	Property Type	Q3 2020		Q4 2020		Q1 2021		Q2 2021		Q3 2021	
		Ave Lease Rate	Lease Rate High	Ave Lease Rate	Lease Rate High	Ave Lease Rate	Lease Rate High	Ave Lease Rate	Lease Rate High	Ave Lease Rate	Lease Rate High
Northeast	Flex/R&D	\$6.57	\$10.89	\$6.79	\$10.86	\$6.85	\$10.92	\$6.96	\$10.60	\$7.00	\$10.71
	Warehouse Distribution	\$5.60	\$10.20	\$5.60	\$10.20	\$5.67	\$10.25	\$5.72	\$10.25	\$5.84	\$10.13
	Warehouse Office	\$6.13	\$9.69	\$5.63	\$9.45	\$5.77	\$9.52	\$6.25	\$9.44	\$6.27	\$9.28
	<b>Subtotal</b>	<b>\$6.27</b>	<b>\$10.29</b>	<b>\$6.14</b>	<b>\$10.16</b>	<b>\$6.26</b>	<b>\$10.25</b>	<b>\$6.53</b>	<b>\$10.09</b>	<b>\$6.56</b>	<b>\$10.03</b>
Northwest	Flex/R&D	\$6.39	\$10.46	\$6.31	\$10.57	\$6.25	\$10.63	\$6.73	\$10.98	\$6.86	\$11.45
	Warehouse Distribution	\$5.21	\$9.16	\$5.26	\$9.01	\$5.51	\$9.23	\$5.53	\$9.55	\$5.60	\$9.90
	Warehouse Office	\$5.75	\$8.77	\$5.68	\$9.22	\$5.60	\$9.34	\$5.87	\$9.13	\$6.25	\$9.49
	<b>Subtotal</b>	<b>\$5.77</b>	<b>\$9.39</b>	<b>\$5.75</b>	<b>\$9.57</b>	<b>\$5.78</b>	<b>\$9.72</b>	<b>\$6.05</b>	<b>\$9.85</b>	<b>\$6.23</b>	<b>\$10.22</b>
Southeast	Flex/R&D	\$5.97	\$9.36	\$5.93	\$9.66	\$5.87	\$9.75	\$5.94	\$9.37	\$6.39	\$9.54
	Warehouse Distribution	\$5.01	\$8.68	\$5.06	\$8.81	\$5.06	\$8.77	\$4.78	\$8.45	\$4.68	\$7.68
	Warehouse Office	\$5.62	\$8.74	\$5.74	\$8.91	\$6.07	\$9.15	\$5.87	\$9.13	\$5.79	\$9.24
	<b>Subtotal</b>	<b>\$5.67</b>	<b>\$8.99</b>	<b>\$5.71</b>	<b>\$9.19</b>	<b>\$5.87</b>	<b>\$9.37</b>	<b>\$5.84</b>	<b>\$9.20</b>	<b>\$6.03</b>	<b>\$9.31</b>
Southwest	Flex/R&D	\$6.53	\$10.16	\$6.77	\$10.39	\$6.73	\$10.32	\$6.55	\$10.70	\$6.81	\$10.71
	Warehouse Distribution	\$4.71	\$7.90	\$4.96	\$8.01	\$4.78	\$7.18	\$4.92	\$6.53	\$4.95	\$6.78
	Warehouse Office	\$5.68	\$9.02	\$6.24	\$9.64	\$6.22	\$9.59	\$6.41	\$9.76	\$6.24	\$9.78
	<b>Subtotal</b>	<b>\$6.03</b>	<b>\$9.50</b>	<b>\$6.37</b>	<b>\$9.85</b>	<b>\$6.36</b>	<b>\$9.76</b>	<b>\$6.36</b>	<b>\$9.97</b>	<b>\$6.43</b>	<b>\$10.02</b>
West	Flex/R&D	\$6.53	\$11.18	\$6.43	\$11.35	\$6.53	\$11.33	\$6.50	\$11.30	\$7.25	\$12.00
	Warehouse Distribution	\$4.75	\$9.50	\$4.90	\$9.80	\$6.04	\$10.29	\$6.20	\$10.30	\$6.67	\$9.67
	Warehouse Office	\$7.34	\$9.28	\$7.29	\$9.74	\$7.39	\$9.60	\$7.96	\$10.03	\$8.33	\$10.75
	<b>Subtotal</b>	<b>\$6.66</b>	<b>\$10.25</b>	<b>\$6.53</b>	<b>\$10.35</b>	<b>\$6.85</b>	<b>\$10.28</b>	<b>\$7.09</b>	<b>\$10.55</b>	<b>\$7.76</b>	<b>\$11.00</b>
<b>Grand Total</b>		<b>\$6.02</b>	<b>\$9.65</b>	<b>\$6.07</b>	<b>\$9.79</b>	<b>\$6.16</b>	<b>\$9.85</b>	<b>\$6.31</b>	<b>\$9.89</b>	<b>\$6.47</b>	<b>\$10.04</b>

## Lease Rates by Market (NNN)

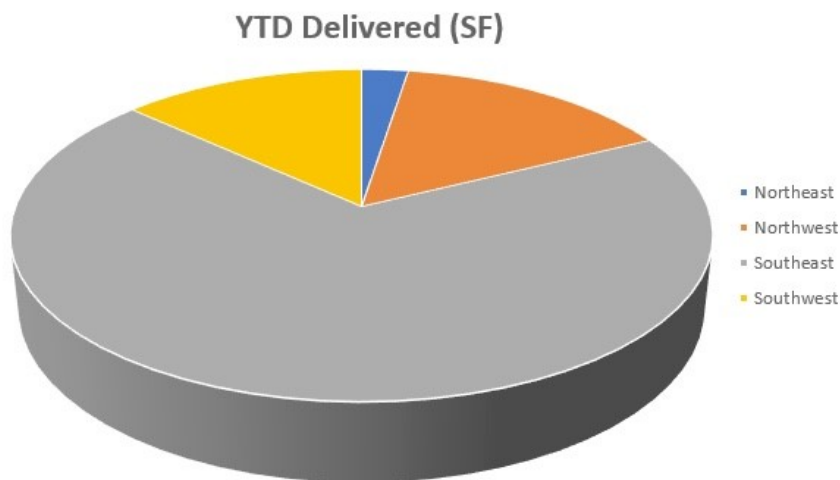


# New Developments by Market



Market	Bldg (SF)
Northeast	659,360
Northwest	2,026,736
Southeast	1,118,384
Southwest	300,485
<b>Grand Total</b>	<b>4,104,965</b>

# YTD Deliveries by Market

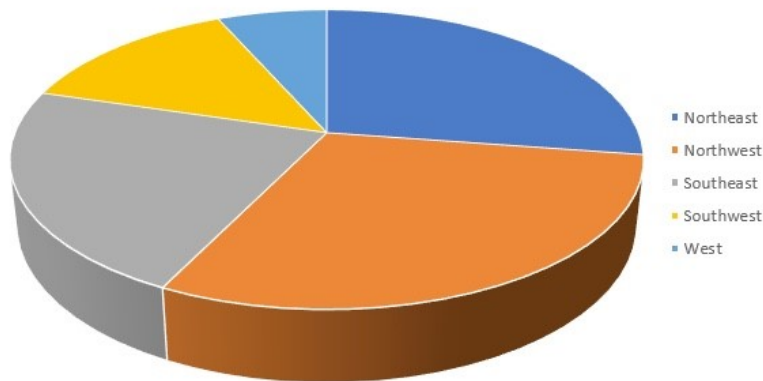


Market	Bldg (SF)
Northeast	49,688
Northwest	297,024
Southeast	1,351,500
Southwest	260,100
<b>Grand Total</b>	<b>1,958,312</b>

# Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Park 81 East 10440 89th Ave N	297,024	Northwest	Amazon	Scannell Properties
1200 Northdale Blvd NW	180,882	Northeast	HOM Furniture	MT Real Estate, LLC
8840-8880 Evergreen Blvd NW	123,729	Northeast	Omnetics	Guggenheim RE Coon Rapids LLC
Red Rock Business Park 10100-10250 89th Ave N	117,000	Northwest	Pelican BioThermal	ILPT Bemidji LLC
Eagan Pointe Business Center 3169 Dodd Rd	103,407	Southeast	Ceva Logistics	B9 Eagan Pointe, LLC

Leased (SF)

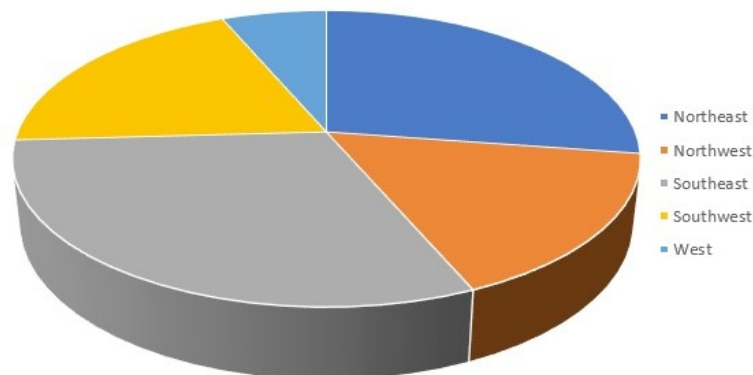


Market	Leased (SF)
Northeast	972,268
Northwest	1,063,958
Southeast	794,646
Southwest	488,045
West	235,852
<b>Grand Total</b>	<b>3,554,769</b>

# Sales Activity

Property	Price	Market	Buyer	Seller
Dell Five Business Park 18640-18940 Lake Dr E	\$57,370,000	Southwest	Nicola Dell5, LP c/o Nicola Wealth	B9 Polar Dell Five Corporate, LLC c/o Blackstone
Capstone Business Center 9301-9315 Winnetka Ave N	\$34,125,000	Northwest	BCORE Capstone Owner c/o Revantage	The Realty Associates Fund XI c/o TA Realty
Lexington Preserve BC 3860-3890 Pheasant Ridge Dr NE	\$32,500,000	Northeast	Nicola MSP I c/o Nicola Wealth	B9 Polar Lexington Aveda, LLC c/o Blackstone
19850 Diamond Lake Rd S	\$27,300,000	Northwest	Diamond Lake Road Industrial Owner, LLC	STAG GI Rogers, LLC c/o STAG Industrial, Inc
20240 Diamond Lake Rd S	\$26,500,000	Northwest	Bud Heavy (MN), LLC c/o W.P Carey, Inc	KJP, LLC c/o Capitol Beverage

Sold (SF)



Market	Bldg (SF)
Northeast	839,815
Northwest	497,067
Southeast	939,856
Southwest	597,896
West	197,224
<b>Grand Total</b>	<b>3,071,858</b>

# Market Map



- |          |                  |          |                  |
|----------|------------------|----------|------------------|
| <b>1</b> | <b>Northeast</b> | <b>3</b> | <b>Southwest</b> |
| <b>2</b> | <b>Northwest</b> | <b>4</b> | <b>Southeast</b> |
|          |                  | <b>5</b> | <b>West</b>      |

# Methodology

The Mpls-St Paul market consists of single and multi-tenant industrial 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, Washington and Wright counties. The tracked set does not include self-storage facilities and non-conforming property types such as grain elevators or fuel storage facilities. 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 NNN basis.

**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

<b>Inventory</b>	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, Washington and Wright Counties.
<b>Total Available (sf)</b>	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.
<b>Total Vacant (sf)</b>	The total of all the vacant square feet within a building including both direct and sublease space.
<b>Direct Vacant (sf)</b>	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
<b>Sublease Space</b>	Space that is offered for lease by a current tenant, or their agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
<b>Net Absorption</b>	The net change in occupancy from quarter to quarter, expressed in square feet.
<b>Average Asking Rate</b>	The average low and high asking lease rate expressed as a per square foot value in NNN terms.
<b>Warehouse Distribution</b>	Higher clear height and typically over 24 foot clear.
<b>Warehouse Office</b>	More office build out compared to warehouse distribution and clear heights less than 24 foot clear
<b>Warehouse Flex</b>	Higher end finishing and landscaping. More office build out compared to warehouse office.

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## REDIComps Team

Chris Allen	Regional Director of Analytics	<a href="mailto:chris@redicomps.com">chris@redicomps.com</a>	952-456-1669
Jeremy Bengston	CEO	<a href="mailto:jeremy@redicomps.com">jeremy@redicomps.com</a>	
Lisa Bengston	Regional Director of Sale Comps	<a href="mailto:lisa@redicomps.com">lisa@redicomps.com</a>	
Kim Platz	Regional Director of Research	<a href="mailto:kim@redicomps.com">kim@redicomps.com</a>	816-651-6686
Beth Downey	Listings Researcher	<a href="mailto:beth@redicomps.com">beth@redicomps.com</a>	816-536-1202
Katie Cooper	Listings Researcher	<a href="mailto:katie@redicomps.com">katie@redicomps.com</a>	816-213-5896
Michelle Siegert	Listings Researcher	<a href="mailto:michelle@redicomps.com">michelle@redicomps.com</a>	816-230-0116
Molly Bengston	Director of Client Services	<a href="mailto:molly@redicomps.com">molly@redicomps.com</a>	715-475-9876