

Market

# Trends

# Q1 2023

## Mpls/St Paul - Industrial



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# MARKET TRENDS

Q1 2023 | Mpls-St Paul | Industrial

## Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	1,939,922	
Area Unemployment	3.2	
U.S. Unemployment	3.6	
Industrial Jobs	205,500	

Source: BLS

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

## Market Recap

### All Properties

Total Inventory (sf)	279,416,932
Total # of Bldgs (tracked)	3,210
Absorption	1,050,738
Vacancy	3.8%
Asking Rate Low (NNN)	\$7.58
Asking Rent High (NNN)	\$11.00
Under Construction	8,546,518

### Multi-tenant Properties

Total Inventory (sf)	147,980,030
Total # of Bldgs (tracked)	1,809
Absorption	489,646
Vacancy	5.9%
Asking Rate Low (NNN)	\$7.57
Asking Rent High (NNN)	\$11.08

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 80 basis points to 3.2% for February 2023 from 2.4% for February 2022. The unemployment rate for the US was at 3.6% in February 2023 down from 3.8% last year. State of Minnesota unemployment rate was 3.0%. The Mpls-St Paul MSA saw a decrease in job growth but saw an increase in industrial job growth specifically in manufacturing with 6,700 during the same period.

## Market Overview

The Mpls-St Paul industrial market consists of 279.4 msf in eight counties across the metro. Overall, was just over 1.0 msf of positive absorption for Q1 2023. Multi-tenant only properties posted 489,000 sf positive absorption. The overall vacancy rate for the quarter was 3.8%, with multi-tenant vacancy at 5.9%. To date, there are 45 construction projects throughout the market totaling 8.5 msf and 7 properties have been delivered YTD with 1.58 msf.

## Market Highlights

At the close of Q1 2023, the market experienced over 2.6 msf of leasing activity in 187 transactions. The Northeast market shows the lowest vacancy rate of 2.3% while the Southwest market is at the top with 5.4% for all properties. The Southeast market surpassed all markets with 594,000 sf positive absorption led by the new delivery of 417,000 sf for Home Depot. The Northeast market posted the highest drop with (281,000) sf negative absorption led by Wilson Wholesale Supply vacating 68,000 sf. The single largest direct vacancy was Smart Warehouse vacating 80,000 sf in the Southwest market. Seventy Six properties sold totaling 3.1 msf for \$248.6 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	647	43,855,055	4,020,570	2,919,575	(125,348)	(125,348)	6.7%
Warehouse Distribution	615	109,826,973	5,221,127	4,307,559	677,482	677,482	3.9%
Warehouse Office	1,948	125,734,904	6,022,133	3,275,387	498,604	498,604	2.6%
<b>Grand Total</b>	<b>3,210</b>	<b>279,416,932</b>	<b>15,263,830</b>	<b>10,502,521</b>	<b>1,050,738</b>	<b>1,050,738</b>	<b>3.8%</b>

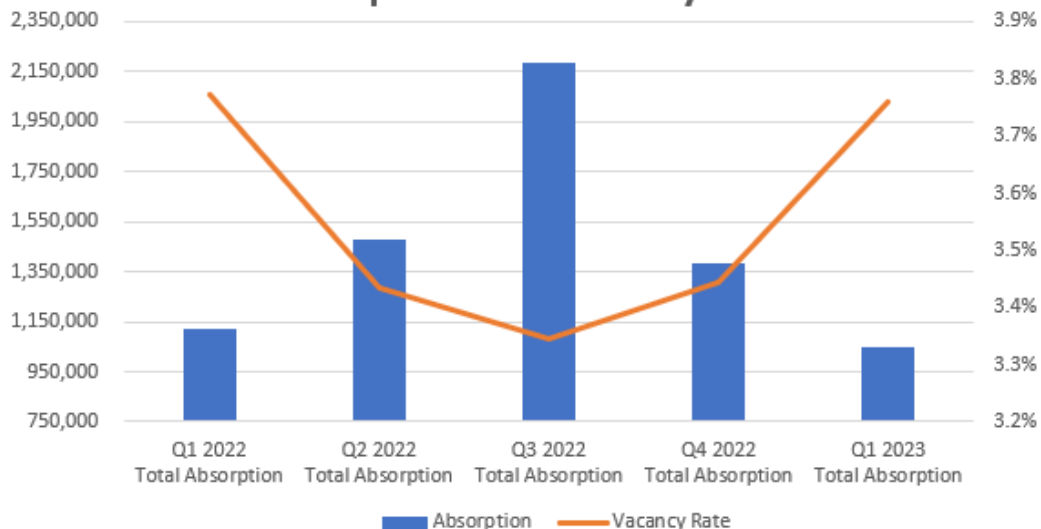
## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	647	43,855,055	3,508,328	2,696,504	(121,247)	(121,247)	6.1%
Warehouse Distribution	615	109,826,973	4,966,934	4,167,726	510,551	510,551	3.8%
Warehouse Office	1,948	125,734,904	5,304,302	2,913,881	587,036	587,036	2.3%
<b>Grand Total</b>	<b>3,210</b>	<b>279,416,932</b>	<b>13,779,564</b>	<b>9,778,111</b>	<b>976,340</b>	<b>976,340</b>	<b>3.5%</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	647	43,855,055	512,242	223,071	(4,101)	(4,101)	0.5%
Warehouse Distribution	615	109,826,973	254,193	139,833	166,931	166,931	0.1%
Warehouse Office	1,948	125,734,904	717,831	361,506	(88,432)	(88,432)	0.3%
<b>Grand Total</b>	<b>3,210</b>	<b>279,416,932</b>	<b>1,484,266</b>	<b>724,410</b>	<b>74,398</b>	<b>74,398</b>	<b>0.3%</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	163	11,358,891	773,339	560,039	21,209	21,209	4.9%
	Warehouse Distribution	182	30,940,391	921,463	556,278	(111,716)	(111,716)	1.8%
	Warehouse Office	734	47,420,444	2,179,147	958,713	(191,310)	(191,310)	2.0%
	<b>Subtotal</b>	<b>1,079</b>	<b>89,719,726</b>	<b>3,873,949</b>	<b>2,075,030</b>	<b>(281,817)</b>	<b>(281,817)</b>	<b>2.3%</b>
Northwest	Flex/R&D	100	7,110,810	480,751	356,415	(176,066)	(176,066)	5.0%
	Warehouse Distribution	171	29,757,482	987,148	948,134	269,814	269,814	3.2%
	Warehouse Office	352	22,847,658	1,236,858	750,073	445,584	445,584	3.3%
	<b>Subtotal</b>	<b>623</b>	<b>59,715,950</b>	<b>2,704,757</b>	<b>2,054,622</b>	<b>539,332</b>	<b>539,332</b>	<b>3.4%</b>
Southeast	Flex/R&D	132	8,073,847	1,049,117	696,836	54,226	54,226	8.6%
	Warehouse Distribution	133	25,877,620	2,029,861	1,455,433	454,900	454,900	5.6%
	Warehouse Office	400	24,707,346	983,239	578,150	85,516	85,516	2.3%
	<b>Subtotal</b>	<b>665</b>	<b>58,658,813</b>	<b>4,062,217</b>	<b>2,730,419</b>	<b>594,642</b>	<b>594,642</b>	<b>4.7%</b>
Southwest	Flex/R&D	190	13,148,551	1,299,801	961,345	(20,951)	(20,951)	7.3%
	Warehouse Distribution	94	19,419,904	990,181	1,220,310	42,887	42,887	6.3%
	Warehouse Office	313	20,251,043	1,060,763	654,143	11,318	11,318	3.2%
	<b>Subtotal</b>	<b>597</b>	<b>52,819,498</b>	<b>3,350,745</b>	<b>2,835,798</b>	<b>33,254</b>	<b>33,254</b>	<b>5.4%</b>
West	Flex/R&D	62	4,162,956	417,562	344,940	(3,766)	(3,766)	8.3%
	Warehouse Distribution	35	3,831,576	292,474	127,404	21,597	21,597	3.3%
	Warehouse Office	149	10,508,413	562,126	334,308	147,496	147,496	3.2%
	<b>Subtotal</b>	<b>246</b>	<b>18,502,945</b>	<b>1,272,162</b>	<b>806,652</b>	<b>165,327</b>	<b>165,327</b>	<b>4.4%</b>
<b>Grand Total</b>		<b>3,210</b>	<b>279,416,932</b>	<b>15,263,830</b>	<b>10,502,521</b>	<b>1,050,738</b>	<b>1,050,738</b>	<b>3.8%</b>

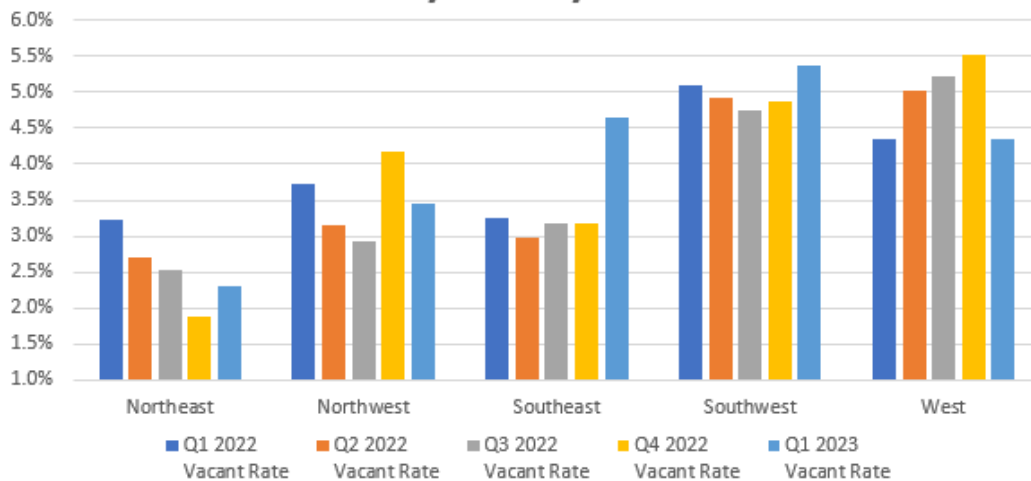
## Available and Vacancy Rates



# Vacancy Rates by Market (Multi and Single Tenant)

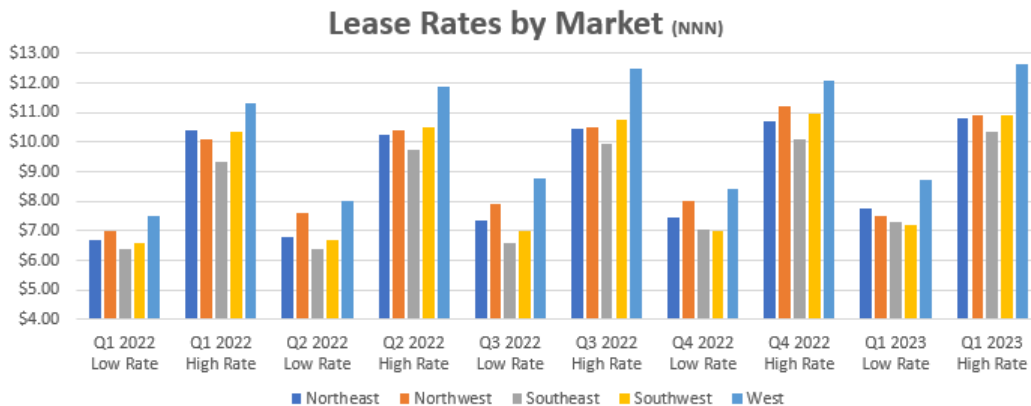
Market	Property Type	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Northeast	Flex/R&D	8.3%	6.6%	6.3%	5.1%	4.9%
	Warehouse Distribution	1.9%	1.3%	1.4%	1.4%	1.8%
	Warehouse Office	2.9%	2.7%	2.4%	1.4%	2.0%
	<b>Subtotal</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>1.9%</b>	<b>2.3%</b>
Northwest	Flex/R&D	2.9%	2.7%	2.5%	2.5%	5.0%
	Warehouse Distribution	4.2%	3.5%	2.6%	3.8%	3.2%
	Warehouse Office	3.5%	2.8%	3.5%	5.2%	3.3%
	<b>Subtotal</b>	<b>3.7%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>4.2%</b>	<b>3.4%</b>
Southeast	Flex/R&D	8.3%	8.0%	8.9%	9.9%	8.6%
	Warehouse Distribution	1.9%	1.3%	1.7%	1.7%	5.6%
	Warehouse Office	3.0%	3.1%	2.9%	2.5%	2.3%
	<b>Subtotal</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>4.7%</b>
Southwest	Flex/R&D	5.5%	5.6%	5.7%	5.9%	7.3%
	Warehouse Distribution	5.7%	5.8%	5.3%	5.9%	6.3%
	Warehouse Office	4.3%	3.7%	3.6%	3.3%	3.2%
	<b>Subtotal</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.9%</b>	<b>5.4%</b>
West	Flex/R&D	7.4%	9.3%	5.9%	8.2%	8.3%
	Warehouse Distribution	2.3%	1.8%	4.0%	4.0%	3.3%
	Warehouse Office	3.8%	4.4%	5.4%	5.0%	3.2%
	<b>Subtotal</b>	<b>4.3%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.5%</b>	<b>4.4%</b>
<b>Grand Total</b>		<b>3.8%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.4%</b>	<b>3.8%</b>

## Vacancy Rate by Market



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

Market	Property Type	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Q1 2023	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$6.97	\$10.99	\$7.48	\$10.85	\$7.47	\$10.63	\$8.08	\$11.37	\$8.55	\$11.67
	Warehouse Distribution	\$6.07	\$8.66	\$4.95	\$7.87	\$6.50	\$6.50	\$5.13	\$7.13	\$6.50	\$6.50
	Warehouse Office	\$6.58	\$10.41	\$6.18	\$9.83	\$7.20	\$10.50	\$6.96	\$10.32	\$7.03	\$10.19
	<b>Subtotal</b>	<b>\$6.68</b>	<b>\$10.42</b>	<b>\$6.77</b>	<b>\$10.24</b>	<b>\$7.35</b>	<b>\$10.46</b>	<b>\$7.46</b>	<b>\$10.72</b>	<b>\$7.74</b>	<b>\$10.81</b>
Northwest	Flex/R&D	\$7.94	\$11.63	\$8.61	\$12.25	\$9.46	\$12.66	\$9.03	\$13.16	\$7.09	\$12.27
	Warehouse Distribution	\$6.30	\$9.36	\$6.53	\$8.96	\$7.70	\$7.70	\$10.25	\$10.25	\$8.55	\$8.55
	Warehouse Office	\$6.64	\$9.16	\$7.32	\$9.43	\$6.95	\$9.90	\$7.26	\$10.22	\$7.64	\$10.21
	<b>Subtotal</b>	<b>\$7.01</b>	<b>\$10.08</b>	<b>\$7.62</b>	<b>\$10.38</b>	<b>\$7.89</b>	<b>\$10.51</b>	<b>\$7.99</b>	<b>\$11.20</b>	<b>\$7.50</b>	<b>\$10.90</b>
Southeast	Flex/R&D	\$6.82	\$10.42	\$6.64	\$10.79	\$6.91	\$10.95	\$7.35	\$10.94	\$7.65	\$11.00
	Warehouse Distribution	\$5.27	\$6.47	\$5.53	\$7.03	\$5.71	\$7.21	\$6.25	\$6.25	\$6.75	\$6.75
	Warehouse Office	\$6.22	\$8.90	\$6.38	\$9.55	\$6.61	\$9.96	\$6.77	\$9.60	\$6.56	\$9.38
	<b>Subtotal</b>	<b>\$6.39</b>	<b>\$9.34</b>	<b>\$6.39</b>	<b>\$9.76</b>	<b>\$6.60</b>	<b>\$9.96</b>	<b>\$7.05</b>	<b>\$10.12</b>	<b>\$7.28</b>	<b>\$10.34</b>
Southwest	Flex/R&D	\$7.03	\$10.90	\$7.08	\$10.84	\$6.59	\$10.73	\$6.91	\$11.09	\$7.18	\$11.03
	Warehouse Distribution	\$5.33	\$8.33	\$5.43	\$8.99	\$8.10	\$10.10	\$5.99	\$8.99	\$6.09	\$8.49
	Warehouse Office	\$6.22	\$10.04	\$6.45	\$10.50	\$7.23	\$11.16	\$7.51	\$11.40	\$7.49	\$11.39
	<b>Subtotal</b>	<b>\$6.58</b>	<b>\$10.35</b>	<b>\$6.67</b>	<b>\$10.50</b>	<b>\$7.00</b>	<b>\$10.78</b>	<b>\$7.01</b>	<b>\$10.97</b>	<b>\$7.19</b>	<b>\$10.92</b>
West	Flex/R&D	\$7.50	\$12.00	\$8.50	\$12.81	\$8.93	\$13.14	\$10.07	\$13.43	\$8.05	\$12.78
	Warehouse Distribution	\$5.21	\$10.21	\$3.61	\$6.61	\$4.50	\$8.50	\$3.67	\$6.67	\$4.50	\$8.50
	Warehouse Office	\$8.16	\$11.35	\$8.86	\$12.59	\$9.11	\$12.39	\$8.79	\$12.92	\$10.16	\$13.03
	<b>Subtotal</b>	<b>\$7.50</b>	<b>\$11.29</b>	<b>\$8.01</b>	<b>\$11.85</b>	<b>\$8.76</b>	<b>\$12.47</b>	<b>\$8.44</b>	<b>\$12.07</b>	<b>\$8.75</b>	<b>\$12.66</b>
<b>Grand Total</b>		<b>\$6.74</b>	<b>\$10.25</b>	<b>\$6.93</b>	<b>\$10.44</b>	<b>\$7.35</b>	<b>\$10.72</b>	<b>\$7.41</b>	<b>\$10.90</b>	<b>\$7.58</b>	<b>\$11.00</b>



# 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	547	33,006,312	3,660,955	2,701,222	(171,088)	(171,088)	8.2%
Warehouse Distribution	329	54,776,708	3,555,930	3,581,409	260,046	260,046	6.5%
Warehouse Office	933	60,197,010	4,569,498	2,398,067	400,688	400,688	4.0%
<b>Grand Total</b>	<b>1,809</b>	<b>147,980,030</b>	<b>11,786,383</b>	<b>8,680,698</b>	<b>489,646</b>	<b>489,646</b>	<b>5.9%</b>

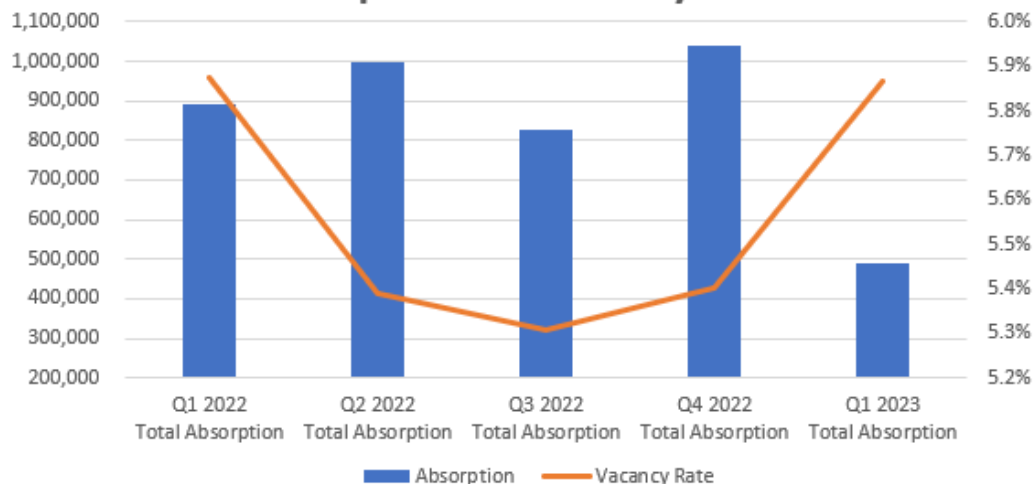
## Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Flex/R&D	547	33,006,312	3,310,819	2,527,073	(166,987)	(166,987)	7.7%
Warehouse Distribution	329	54,776,708	3,305,047	3,444,886	93,115	93,115	6.3%
Warehouse Office	933	60,197,010	4,028,745	2,166,979	450,312	450,312	3.6%
<b>Grand Total</b>	<b>1,809</b>	<b>147,980,030</b>	<b>10,644,611</b>	<b>8,138,938</b>	<b>376,440</b>	<b>376,440</b>	<b>5.5%</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	547	33,006,312	350,136	174,149	(4,101)	(4,101)	0.5%
Warehouse Distribution	329	54,776,708	250,883	136,523	166,931	166,931	0.2%
Warehouse Office	933	60,197,010	540,753	231,088	(49,624)	(49,624)	0.4%
<b>Grand Total</b>	<b>1,809</b>	<b>147,980,030</b>	<b>1,141,772</b>	<b>541,760</b>	<b>113,206</b>	<b>113,206</b>	<b>0.4%</b>

## Absorption and Vacancy Rate



# 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	136	9,415,904	773,339	560,039	(24,531)	(24,531)	5.9%
	Warehouse Distribution	84	12,961,865	648,757	459,222	(111,716)	(111,716)	3.5%
	Warehouse Office	321	21,550,083	1,522,843	658,505	(147,861)	(147,861)	3.1%
	<b>Subtotal</b>	<b>541</b>	<b>43,927,852</b>	<b>2,944,939</b>	<b>1,677,766</b>	<b>(284,108)</b>	<b>(284,108)</b>	<b>3.8%</b>
Northwest	Flex/R&D	80	4,837,359	480,751	356,415	(176,066)	(176,066)	7.4%
	Warehouse Distribution	104	17,705,647	560,269	792,022	269,978	269,978	4.5%
	Warehouse Office	171	11,463,529	1,017,244	688,073	445,584	445,584	6.0%
	<b>Subtotal</b>	<b>355</b>	<b>34,006,535</b>	<b>2,058,264</b>	<b>1,836,510</b>	<b>539,496</b>	<b>539,496</b>	<b>5.4%</b>
Southeast	Flex/R&D	113	6,051,645	797,100	586,081	54,226	54,226	9.7%
	Warehouse Distribution	65	10,185,696	1,455,941	1,047,725	37,300	37,300	10.3%
	Warehouse Office	186	10,862,659	643,449	361,262	8,336	8,336	3.3%
	<b>Subtotal</b>	<b>364</b>	<b>27,100,000</b>	<b>2,896,490</b>	<b>1,995,068</b>	<b>99,862</b>	<b>99,862</b>	<b>7.4%</b>
Southwest	Flex/R&D	163	9,207,668	1,279,659	941,203	(20,951)	(20,951)	10.2%
	Warehouse Distribution	57	11,688,355	663,763	1,220,310	42,887	42,887	10.4%
	Warehouse Office	184	10,925,421	970,699	564,079	61,594	61,594	5.2%
	<b>Subtotal</b>	<b>404</b>	<b>31,821,444</b>	<b>2,914,121</b>	<b>2,725,592</b>	<b>83,530</b>	<b>83,530</b>	<b>8.6%</b>
West	Flex/R&D	55	3,493,736	330,106	257,484	(3,766)	(3,766)	7.4%
	Warehouse Distribution	19	2,235,145	227,200	62,130	21,597	21,597	2.8%
	Warehouse Office	71	5,395,318	415,263	126,148	33,035	33,035	2.3%
	<b>Subtotal</b>	<b>145</b>	<b>11,124,199</b>	<b>972,569</b>	<b>445,762</b>	<b>50,866</b>	<b>50,866</b>	<b>4.0%</b>
<b>Grand Total</b>		<b>1,809</b>	<b>147,980,030</b>	<b>11,786,383</b>	<b>8,680,698</b>	<b>489,646</b>	<b>489,646</b>	<b>5.9%</b>

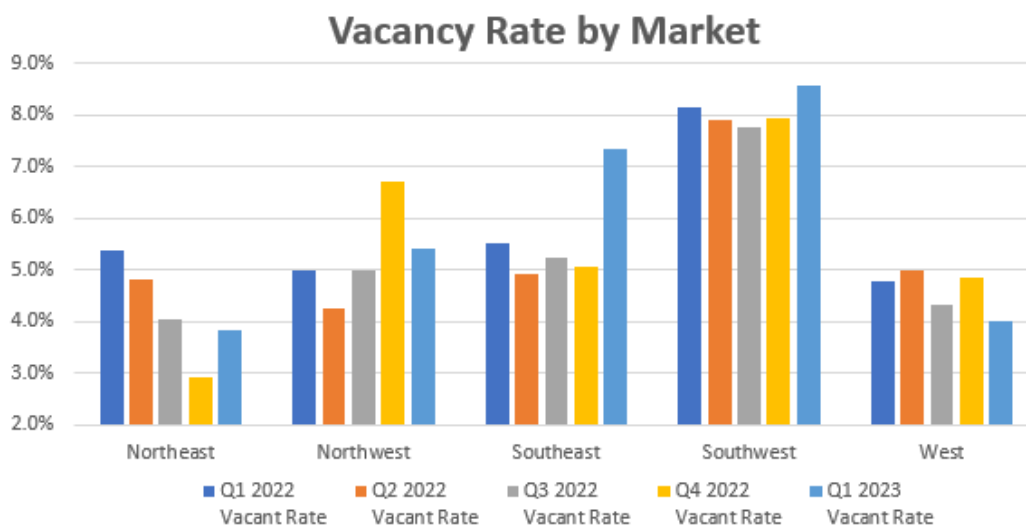
## Available and Vacancy Rates





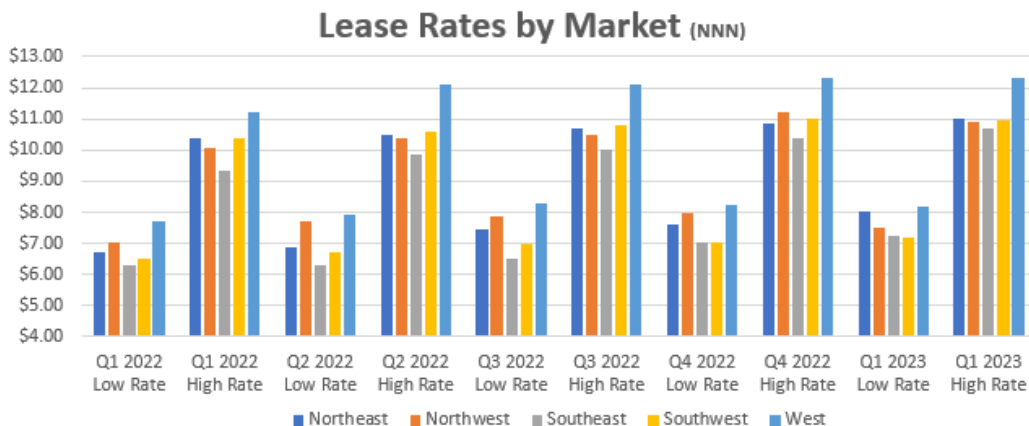
# Vacancy Rates by Market (Multi-Tenant)

Market	Property Type	Q1 2022 Vacancy Rate	Q2 2022 Vacancy Rate	Q3 2022 Vacancy Rate	Q4 2022 Vacancy Rate	Q1 2023 Vacancy Rate
Northeast	Flex/R&D	9.3%	7.3%	7.0%	5.6%	5.9%
	Warehouse Distribution	3.8%	3.0%	2.5%	2.7%	3.5%
	Warehouse Office	4.6%	4.7%	3.7%	1.8%	3.1%
	<b>Subtotal</b>	<b>5.4%</b>	<b>4.8%</b>	<b>4.1%</b>	<b>2.9%</b>	<b>3.8%</b>
Northwest	Flex/R&D	4.7%	4.4%	3.6%	3.7%	7.4%
	Warehouse Distribution	4.1%	3.6%	4.4%	5.5%	4.5%
	Warehouse Office	6.6%	5.3%	6.5%	9.9%	6.0%
	<b>Subtotal</b>	<b>5.0%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>6.7%</b>	<b>5.4%</b>
Southeast	Flex/R&D	9.3%	9.0%	9.4%	10.6%	9.7%
	Warehouse Distribution	4.8%	3.3%	4.4%	3.3%	10.3%
	Warehouse Office	3.9%	4.0%	3.7%	3.5%	3.3%
	<b>Subtotal</b>	<b>5.5%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>7.4%</b>
Southwest	Flex/R&D	7.9%	8.0%	8.2%	8.2%	10.2%
	Warehouse Distribution	9.1%	9.1%	8.8%	9.8%	10.4%
	Warehouse Office	7.4%	6.5%	6.3%	5.8%	5.2%
	<b>Subtotal</b>	<b>8.1%</b>	<b>7.9%</b>	<b>7.8%</b>	<b>7.9%</b>	<b>8.6%</b>
West	Flex/R&D	8.8%	8.6%	4.5%	7.3%	7.4%
	Warehouse Distribution	2.6%	2.9%	3.7%	3.7%	2.8%
	Warehouse Office	2.8%	3.2%	4.5%	3.5%	2.3%
	<b>Subtotal</b>	<b>4.8%</b>	<b>5.0%</b>	<b>4.3%</b>	<b>4.8%</b>	<b>4.0%</b>
<b>Grand Total</b>	<b>5.9%</b>	<b>5.4%</b>	<b>5.3%</b>	<b>5.4%</b>	<b>5.9%</b>	



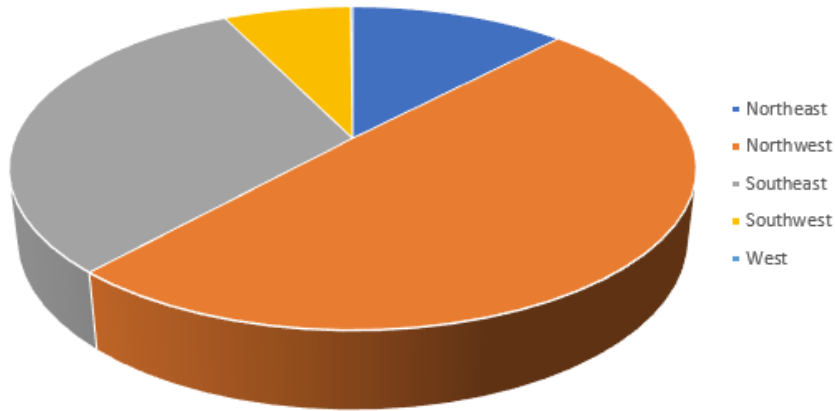
# Lease Rates by Market (Multi-Tenant NNN)

Market	Property Type	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Q1 2023	
		Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High	Ave Lease Rate Low	Ave Lease Rate High
Northeast	Flex/R&D	\$6.97	\$10.99	\$7.48	\$10.85	\$7.47	\$10.63	\$8.08	\$11.37	\$8.55	\$11.67
	Warehouse Distribution	\$6.07	\$8.66	\$4.95	\$7.87	\$6.50	\$6.50	\$5.13	\$7.13	\$6.50	\$6.50
	Warehouse Office	\$6.61	\$10.32	\$6.30	\$10.33	\$7.56	\$11.22	\$7.26	\$10.59	\$7.43	\$10.43
	<b>Subtotal</b>	<b>\$6.70</b>	<b>\$10.39</b>	<b>\$6.89</b>	<b>\$10.47</b>	<b>\$7.47</b>	<b>\$10.67</b>	<b>\$7.62</b>	<b>\$10.86</b>	<b>\$8.01</b>	<b>\$10.99</b>
Northwest	Flex/R&D	\$7.94	\$11.63	\$8.61	\$12.25	\$9.46	\$12.66	\$9.03	\$13.16	\$7.09	\$12.27
	Warehouse Distribution	\$6.40	\$9.21	\$6.70	\$8.70	\$7.70	\$7.70	\$10.25	\$10.25	\$8.55	\$8.55
	Warehouse Office	\$6.64	\$9.16	\$7.32	\$9.43	\$6.95	\$9.90	\$7.26	\$10.22	\$7.64	\$10.21
	<b>Subtotal</b>	<b>\$7.05</b>	<b>\$10.07</b>	<b>\$7.70</b>	<b>\$10.38</b>	<b>\$7.89</b>	<b>\$10.51</b>	<b>\$7.99</b>	<b>\$11.20</b>	<b>\$7.50</b>	<b>\$10.90</b>
Southeast	Flex/R&D	\$6.49	\$10.29	\$6.17	\$10.63	\$6.33	\$10.78	\$7.02	\$10.83	\$7.33	\$10.89
	Warehouse Distribution	\$5.27	\$6.47	\$5.53	\$7.03	\$5.71	\$7.21	\$6.25	\$6.25	\$6.75	\$6.75
	Warehouse Office	\$6.47	\$9.12	\$6.76	\$9.92	\$7.10	\$10.46	\$7.30	\$10.52	\$7.04	\$10.79
	<b>Subtotal</b>	<b>\$6.30</b>	<b>\$9.36</b>	<b>\$6.31</b>	<b>\$9.84</b>	<b>\$6.52</b>	<b>\$10.03</b>	<b>\$7.05</b>	<b>\$10.39</b>	<b>\$7.23</b>	<b>\$10.68</b>
Southwest	Flex/R&D	\$6.83	\$10.81	\$7.08	\$10.84	\$6.59	\$10.73	\$6.91	\$11.09	\$7.18	\$11.03
	Warehouse Distribution	\$5.59	\$9.19	\$5.56	\$9.64	\$8.10	\$10.10	\$5.89	\$8.29	\$5.99	\$7.49
	Warehouse Office	\$6.27	\$10.05	\$6.45	\$10.50	\$7.23	\$11.16	\$7.53	\$11.64	\$7.51	\$11.63
	<b>Subtotal</b>	<b>\$6.52</b>	<b>\$10.40</b>	<b>\$6.70</b>	<b>\$10.59</b>	<b>\$7.00</b>	<b>\$10.78</b>	<b>\$7.02</b>	<b>\$11.01</b>	<b>\$7.21</b>	<b>\$10.96</b>
West	Flex/R&D	\$7.50	\$12.00	\$7.07	\$12.00	\$7.33	\$12.25	\$8.67	\$12.58	\$6.89	\$12.14
	Warehouse Distribution	\$4.94	\$9.61	\$4.67	\$9.17	\$4.50	\$8.50	\$4.75	\$9.25	\$4.50	\$8.50
	Warehouse Office	\$8.52	\$11.29	\$9.20	\$12.75	\$9.50	\$12.44	\$8.79	\$12.92	\$10.16	\$13.03
	<b>Subtotal</b>	<b>\$7.73</b>	<b>\$11.21</b>	<b>\$7.94</b>	<b>\$12.09</b>	<b>\$8.30</b>	<b>\$12.10</b>	<b>\$8.24</b>	<b>\$12.33</b>	<b>\$8.21</b>	<b>\$12.33</b>
<b>Grand Total</b>	<b>\$6.74</b>	<b>\$10.25</b>	<b>\$6.96</b>	<b>\$10.57</b>	<b>\$7.31</b>	<b>\$10.73</b>	<b>\$7.43</b>	<b>\$11.03</b>	<b>\$7.57</b>	<b>\$11.08</b>	



# New Developments by Market

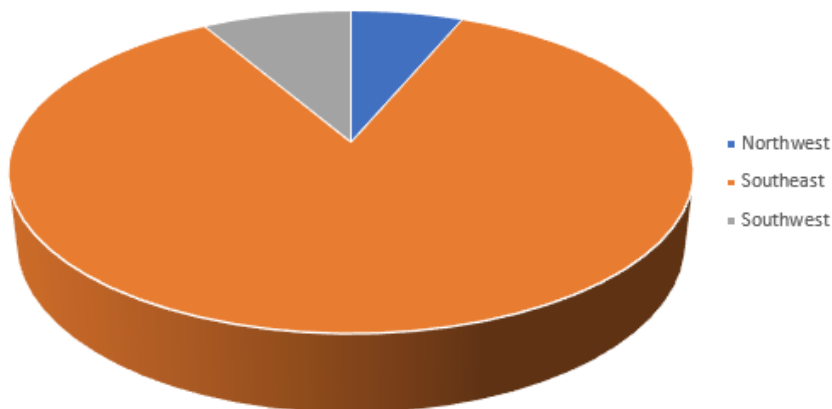
### Under Construction (sf)



Market	Bldg (sf)
Northeast	1,036,333
Northwest	4,239,053
Southeast	2,649,556
Southwest	611,576
West	10,000
<b>Grand Total</b>	<b>8,546,518</b>

# YTD Deliveries by Market

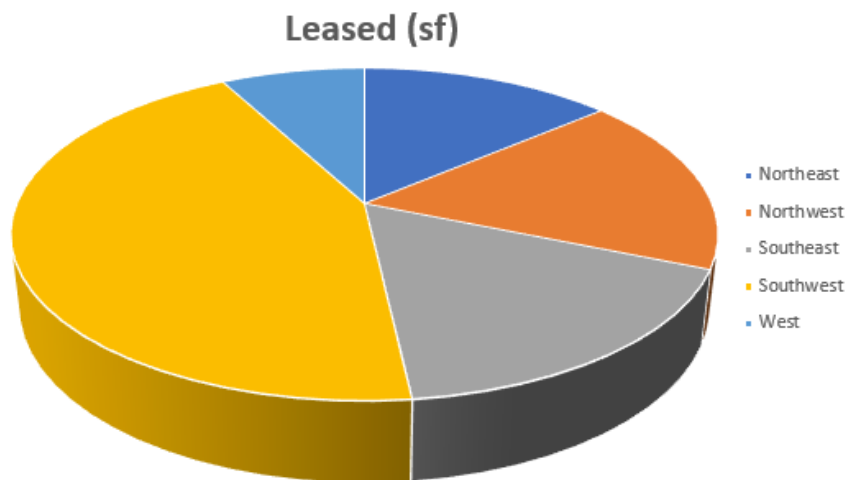
### YTD Delivered (sf)



Market	Bldg (sf)
Northwest	100,000
Southeast	1,347,665
Southwest	133,000
<b>Grand Total</b>	<b>1,580,665</b>

# Leasing Activity

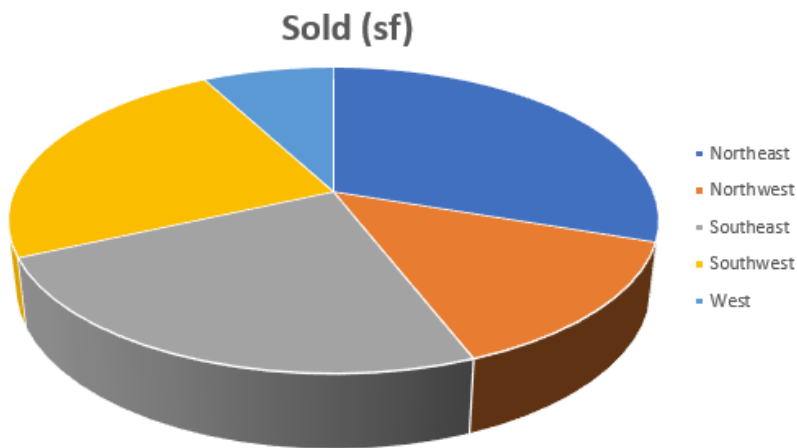
Property	Size (sf)	Market	Tenant	Landlord
Southwest Logistics Center 7400 Hentges Way	365,552	Southwest	Sams Club	Southwest Logistics Center LLC
Canterbury Distribution Center 901 Canterbury Rd S	174,116	Southwest	Murphy Warehouse	Shakkin LLC
NorthPark IX 10700 Xylon Ave N	117,897	Northwest	Boston Scientific	Scannell
2737 W Service Rd	92,958	Southeast	AZEK Company	Expo-Eagan LLC
Edina 76th Distribution Center 5300 W 76th St	80,000	Southwest	SAM HRP	5300 W76 LLC



Market	Leased (sf)
Northeast	365,930
Northwest	463,061
Southeast	449,621
Southwest	1,165,032
West	208,408
<b>Grand Total</b>	<b>2,652,052</b>

# Sales Activity

Property	Price	Market	Buyer	Seller
Murphy Warehouse 905 Yankee Doodle Rd	\$25,000,000	Southeast	SRRT Yankee, LLC	Shamrock Investments IV
MN Valley Distribution Ctr 3350 4th Ave E	\$18,900,000	Southwest	MNJV Valley III, LLC	NP Eagle Creek Industrial, LLC
Kapstone Container Corp 5851 E River Rd NE	\$17,463,380	Northeast	Realty Income Properties 13, LLC	Kap Card 6 Seller LLC
RE Sound 8001 E Bloomington Fwy	\$15,800,000	Southeast	SH Bloomington, LLC; 2510 Boatman, LLC 2545 Boatman, LLC	GNMN002, LLC
Eagle Creek Commerce Ctr 8401 Eagle Creek Pkwy	\$13,810,000	Southwest	MNJV Eagle West, LLC	NP EAGLE CREEK INDUSTRIAL, LLC



Market	Sold (sf)
Northeast	952,327
Northwest	438,396
Southeast	760,268
Southwest	756,385
West	245,737
<b>Grand Total</b>	<b>3,153,113</b>

# Market Map



**1** Northeast

**2** Northwest

**3** Southwest

**4** Southeast

**5** West

# 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.

# Advisory Board Members

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Caspian	Patrick Corbett	JLL	Eric Batiza
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