

Market

Trends

Q4 2023

Mpls/St Paul - Industrial



REDI

MOODY'S
ANALYTICS

Catylist



MARKET TRENDS

Q4 2023 | Mpls-St Paul | Industrial

Employment

| | Current | Y-o-Y |
|-------------------|-----------|-------|
| Employment | 1,969,977 | |
| Area Unemployment | 1.9 | |
| U.S. Unemployment | 3.7 | |
| Industrial Jobs | 204,900 | |

Source: BLS

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

Market Recap

All Properties

| | |
|----------------------------|-------------|
| Total Inventory (sf) | 289,174,501 |
| Total # of Bldgs (tracked) | 3,263 |
| Absorption | 1,083,439 |
| Vacancy | 4.9% |
| Asking Rate Low (NNN) | \$8.18 |
| Asking Rent High (NNN) | \$11.45 |
| Under Construction | 4,696,435 |

Multi-tenant Properties

| | |
|----------------------------|-------------|
| Total Inventory (sf) | 152,956,697 |
| Total # of Bldgs (tracked) | 1,833 |
| Absorption | 406,532 |
| Vacancy | 7.6% |
| Asking Rate Low (NNN) | \$8.24 |
| Asking Rent High (NNN) | \$11.52 |

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 50 basis points to 1.9% for November 2023 from 2.4% for November 2022. The unemployment rate for the US was at 3.7% in November 2023 increasing 10 basis points from last year. State of Minnesota unemployment rate was 3.1%. The Mpls-St Paul MSA saw an increase in job growth but industrial specific jobs decreased in job growth in manufacturing by 1,200 during the same period.

Market Overview

The Mpls-St Paul industrial market consists of 289.1 msf in eight counties across the metro. Overall, there was 1.08 msf of positive absorption for Q4 2023, bringing the YTD to 4.23 msf positive absorption. Multi-tenant only properties posted 406,500 sf positive absorption bringing the YTD to 2.13 msf positive absorption. The overall vacancy rate for the quarter was 4.9% and multi-tenant properties vacancy rate was 7.6%. To date, there are 31 construction projects throughout the market totaling 4.7 msf and 51 properties have been delivered this year with 9.1 msf.

Market Highlights

At the close of Q4 2023, the market experienced 2.6 msf of leasing activity in 175 transactions. The Northeast market showed the lowest vacancy rate of 2.6% while the Southeast market is at the top with 7.1% for all properties. The Northwest bested all markets with 875,800 sf positive absorption led by the new delivery of 500,000 sf for Graco. The Southwest market posted the most negative absorption of (1,800) sf led by Amazon vacating 162,000 sf. Ninety five properties sold totaling 4.1 msf for \$393.7 million.

Market Statistics by Property Type (Multi and Single Tenant)

Total

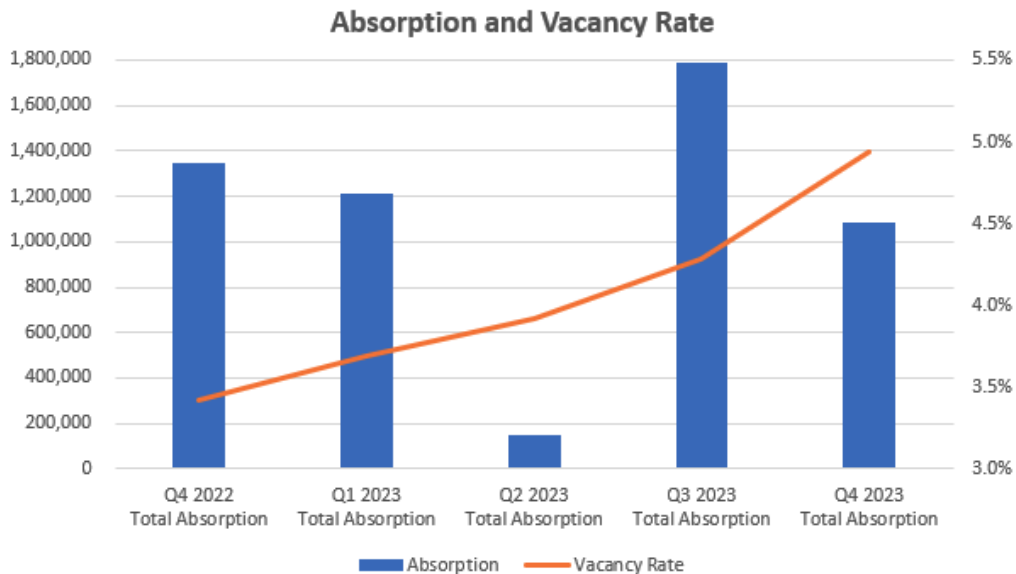
| Property Type | # of Bldgs | Inventory | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Flex/R&D | 652 | 44,966,565 | 4,487,391 | 2,994,847 | 269,249 | (47,169) | 6.7% |
| Warehouse Distribution | 636 | 115,391,721 | 8,215,261 | 6,859,976 | 724,345 | 3,608,116 | 5.9% |
| Warehouse Office | 1,975 | 128,816,215 | 7,465,738 | 4,431,155 | 89,845 | 670,501 | 3.4% |
| Grand Total | 3,263 | 289,174,501 | 20,168,390 | 14,285,978 | 1,083,439 | 4,231,448 | 4.9% |

Direct

| Property Type | # of Bldgs | Inventory | Direct Available (sf) | Direct Vacant (sf) | Direct Absorption (sf) | YTD Direct Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|-----------------------|--------------------|------------------------|----------------------------|--------------|
| Flex/R&D | 652 | 44,966,565 | 3,854,485 | 2,749,049 | 321,349 | (8,341) | 6.1% |
| Warehouse Distribution | 636 | 115,391,721 | 7,300,808 | 6,624,266 | 777,571 | 3,537,062 | 5.7% |
| Warehouse Office | 1,975 | 128,816,215 | 6,523,314 | 3,770,407 | 303,221 | 1,058,175 | 2.9% |
| Grand Total | 3,263 | 289,174,501 | 17,678,607 | 13,143,722 | 1,402,141 | 4,586,896 | 4.5% |

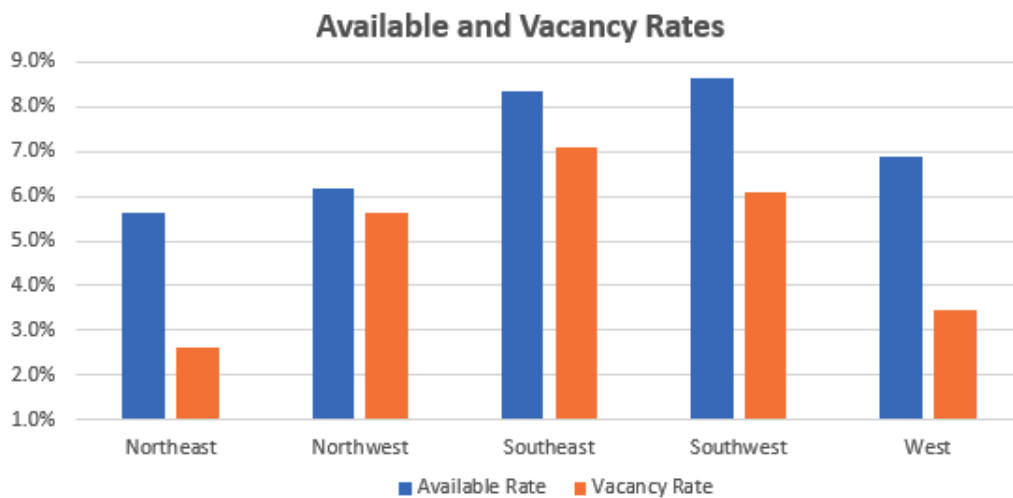
Sublease

| Property Type | # of Bldgs | Inventory | Sublease Available (sf) | Sublease Vacant (sf) | Sublease Absorption (sf) | YTD Sublease Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|-------------------------|----------------------|--------------------------|------------------------------|--------------|
| Flex/R&D | 652 | 44,966,565 | 632,906 | 245,798 | (52,100) | (38,828) | 0.5% |
| Warehouse Distribution | 636 | 115,391,721 | 914,453 | 235,710 | (53,226) | 71,054 | 0.2% |
| Warehouse Office | 1,975 | 128,816,215 | 942,424 | 660,748 | (213,376) | (387,674) | 0.5% |
| Grand Total | 3,263 | 289,174,501 | 2,489,783 | 1,142,256 | (318,702) | (355,448) | 0.4% |



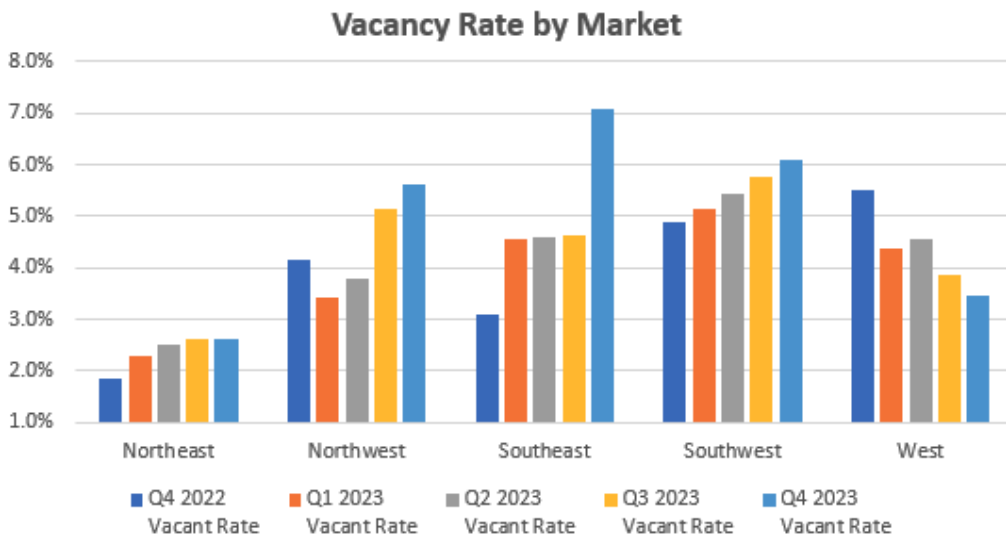
Market Statistics by Market (Multi and Single Tenant)

| Market | Property Type | # of Bldgs | Inventory | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|--------------------|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Northeast | Flex/R&D | 162 | 11,333,169 | 911,055 | 519,849 | 10,567 | 59,049 | 4.6% |
| | Warehouse Distribution | 186 | 31,602,090 | 1,782,714 | 778,588 | 131,762 | 235,265 | 2.5% |
| | Warehouse Office | 735 | 47,416,231 | 2,382,385 | 1,060,457 | (7,456) | (400,412) | 2.2% |
| | Subtotal | 1,083 | 90,351,490 | 5,076,154 | 2,358,894 | 134,873 | (106,098) | 2.6% |
| Northwest | Flex/R&D | 104 | 8,050,631 | 479,526 | 238,358 | 243,245 | 13,315 | 3.0% |
| | Warehouse Distribution | 180 | 32,841,754 | 1,930,392 | 2,322,569 | 576,502 | 1,979,651 | 7.1% |
| | Warehouse Office | 360 | 23,638,046 | 1,578,854 | 1,071,727 | 56,090 | 644,108 | 4.5% |
| | Subtotal | 644 | 64,530,431 | 3,988,772 | 3,632,654 | 875,837 | 2,637,074 | 5.6% |
| Southeast | Flex/R&D | 131 | 8,024,942 | 1,368,383 | 847,065 | 24,895 | (96,003) | 10.6% |
| | Warehouse Distribution | 140 | 27,639,560 | 2,725,618 | 2,656,669 | 96,659 | 1,083,152 | 9.6% |
| | Warehouse Office | 409 | 25,692,024 | 1,039,417 | 836,656 | (122,403) | 167,950 | 3.3% |
| | Subtotal | 680 | 61,356,526 | 5,133,418 | 4,340,390 | (849) | 1,155,099 | 7.1% |
| Southwest | Flex/R&D | 193 | 13,352,399 | 1,345,582 | 1,086,158 | (55,860) | (61,287) | 8.1% |
| | Warehouse Distribution | 96 | 19,555,023 | 1,648,408 | 1,058,844 | (78,668) | 204,353 | 5.4% |
| | Warehouse Office | 321 | 21,414,834 | 1,695,202 | 1,167,157 | 132,697 | 72,209 | 5.5% |
| | Subtotal | 610 | 54,322,256 | 4,689,192 | 3,312,159 | (1,831) | 215,275 | 6.1% |
| West | Flex/R&D | 62 | 4,205,424 | 382,845 | 303,417 | 46,402 | 37,757 | 7.2% |
| | Warehouse Distribution | 34 | 3,753,294 | 128,129 | 43,306 | (1,910) | 105,695 | 1.2% |
| | Warehouse Office | 150 | 10,655,080 | 769,880 | 295,158 | 30,917 | 186,646 | 2.8% |
| | Subtotal | 246 | 18,613,798 | 1,280,854 | 641,881 | 75,409 | 330,098 | 3.4% |
| Grand Total | | 3,263 | 289,174,501 | 20,168,390 | 14,285,978 | 1,083,439 | 4,231,448 | 4.9% |



Vacancy Rates by Market (Multi and Single Tenant)

| Market | Property Type | Q4 2022 Vacancy Rate | Q1 2023 Vacancy Rate | Q2 2023 Vacancy Rate | Q3 2023 Vacancy Rate | Q4 2023 Vacancy Rate |
|--------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Northeast | Flex/R&D | 5.1% | 4.8% | 5.1% | 4.7% | 4.6% |
| | Warehouse Distribution | 1.6% | 1.9% | 2.0% | 2.3% | 2.5% |
| | Warehouse Office | 1.3% | 1.9% | 2.2% | 2.4% | 2.2% |
| | Subtotal | 1.9% | 2.3% | 2.5% | 2.6% | 2.6% |
| Northwest | Flex/R&D | 2.4% | 4.9% | 5.8% | 5.3% | 3.0% |
| | Warehouse Distribution | 3.8% | 3.2% | 3.6% | 6.5% | 7.1% |
| | Warehouse Office | 5.2% | 3.2% | 3.5% | 3.3% | 4.5% |
| | Subtotal | 4.1% | 3.4% | 3.8% | 5.2% | 5.6% |
| Southeast | Flex/R&D | 10.0% | 8.7% | 10.3% | 10.9% | 10.6% |
| | Warehouse Distribution | 1.7% | 5.6% | 5.4% | 4.8% | 9.6% |
| | Warehouse Office | 2.3% | 2.1% | 2.0% | 2.5% | 3.3% |
| | Subtotal | 3.1% | 4.6% | 4.6% | 4.7% | 7.1% |
| Southwest | Flex/R&D | 6.0% | 7.5% | 7.3% | 7.3% | 8.1% |
| | Warehouse Distribution | 5.9% | 5.6% | 5.7% | 5.0% | 5.4% |
| | Warehouse Office | 3.2% | 3.2% | 4.0% | 5.5% | 5.5% |
| | Subtotal | 4.9% | 5.1% | 5.5% | 5.8% | 6.1% |
| West | Flex/R&D | 8.3% | 8.4% | 9.4% | 8.3% | 7.2% |
| | Warehouse Distribution | 4.0% | 3.3% | 3.4% | 1.1% | 1.2% |
| | Warehouse Office | 5.0% | 3.2% | 3.0% | 3.1% | 2.8% |
| | Subtotal | 5.5% | 4.4% | 4.5% | 3.9% | 3.4% |
| Grand Total | | 3.4% | 3.7% | 3.9% | 4.3% | 4.9% |



Lease Rates by Market (Multi and Single Tenant NNN)

| Market | Property Type | Q4 2022 | | Q1 2023 | | Q2 2023 | | Q3 2023 | | Q4 2023 | |
|--------------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 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 | \$8.08 | \$11.37 | \$8.55 | \$11.67 | \$10.10 | \$12.58 | \$10.40 | \$12.34 | \$10.19 | \$12.24 |
| | Warehouse Distribution | \$5.13 | \$7.13 | \$6.50 | \$6.50 | | | | | | |
| | Warehouse Office | \$6.96 | \$10.32 | \$7.03 | \$10.19 | \$7.54 | \$10.76 | \$7.58 | \$10.76 | \$7.92 | \$11.50 |
| | Subtotal | \$7.46 | \$10.72 | \$7.74 | \$10.81 | \$8.97 | \$11.78 | \$8.88 | \$11.49 | \$8.89 | \$11.82 |
| Northwest | Flex/R&D | \$9.03 | \$13.16 | \$7.09 | \$12.27 | \$7.98 | \$12.13 | \$9.55 | \$12.68 | \$9.94 | \$12.74 |
| | Warehouse Distribution | \$10.25 | \$10.25 | \$8.55 | \$8.55 | \$10.25 | \$10.25 | | | | |
| | Warehouse Office | \$7.26 | \$10.22 | \$7.64 | \$10.21 | \$7.31 | \$10.54 | \$7.32 | \$10.84 | \$6.25 | \$10.31 |
| | Subtotal | \$7.99 | \$11.20 | \$7.50 | \$10.90 | \$7.73 | \$11.22 | \$8.43 | \$11.76 | \$8.30 | \$11.66 |
| Southeast | Flex/R&D | \$7.35 | \$10.94 | \$7.65 | \$11.00 | \$7.97 | \$10.92 | \$8.24 | \$10.71 | \$8.91 | \$11.99 |
| | Warehouse Distribution | \$6.25 | \$6.25 | \$6.75 | \$6.75 | \$6.75 | \$6.75 | \$6.25 | \$6.25 | \$6.25 | \$6.25 |
| | Warehouse Office | \$6.77 | \$9.60 | \$6.56 | \$9.38 | \$5.54 | \$9.54 | \$5.65 | \$9.45 | \$5.10 | \$8.21 |
| | Subtotal | \$7.05 | \$10.12 | \$7.28 | \$10.34 | \$7.28 | \$10.38 | \$7.49 | \$10.17 | \$7.80 | \$10.76 |
| Southwest | Flex/R&D | \$6.95 | \$11.10 | \$7.24 | \$11.04 | \$6.93 | \$10.98 | \$7.67 | \$11.31 | \$7.70 | \$11.40 |
| | Warehouse Distribution | \$5.99 | \$8.99 | \$6.09 | \$8.49 | \$6.13 | \$7.63 | \$6.13 | \$7.63 | \$6.13 | \$7.63 |
| | Warehouse Office | \$7.51 | \$11.40 | \$7.49 | \$11.39 | \$7.54 | \$10.57 | \$6.84 | \$10.37 | \$6.72 | \$10.35 |
| | Subtotal | \$7.04 | \$10.97 | \$7.22 | \$10.92 | \$7.10 | \$10.56 | \$7.21 | \$10.62 | \$7.22 | \$10.70 |
| West | Flex/R&D | \$10.07 | \$13.43 | \$8.05 | \$12.78 | \$8.25 | \$13.02 | \$9.26 | \$13.19 | \$9.87 | \$13.62 |
| | Warehouse Distribution | \$3.67 | \$6.67 | \$4.50 | \$8.50 | \$4.50 | \$8.50 | \$4.50 | \$8.50 | \$4.50 | \$8.50 |
| | Warehouse Office | \$8.79 | \$12.92 | \$10.16 | \$13.03 | \$9.96 | \$12.34 | \$8.93 | \$13.38 | \$10.00 | \$13.71 |
| | Subtotal | \$8.44 | \$12.07 | \$8.75 | \$12.66 | \$8.75 | \$12.52 | \$8.87 | \$13.05 | \$9.61 | \$13.36 |
| Grand Total | \$7.42 | \$10.90 | \$7.59 | \$11.00 | \$7.92 | \$11.20 | \$8.10 | \$11.30 | \$8.18 | \$11.45 | |



Market Statistics by Property Type (Multi-Tenant)

Total

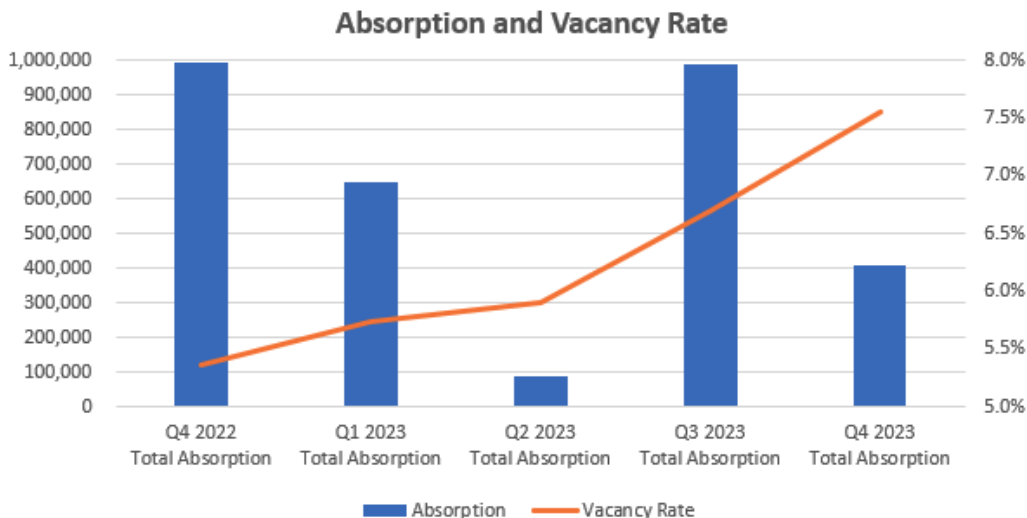
| Property Type | # of Bldgs | Inventory | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Flex/R&D | 550 | 33,073,321 | 4,023,629 | 2,728,814 | 246,929 | (45,229) | 8.3% |
| Warehouse Distribution | 341 | 58,339,976 | 5,200,333 | 5,690,543 | 178,339 | 1,731,562 | 9.8% |
| Warehouse Office | 942 | 61,543,400 | 5,255,190 | 3,134,628 | (18,736) | 445,361 | 5.1% |
| Grand Total | 1,833 | 152,956,697 | 14,479,152 | 11,553,985 | 406,532 | 2,131,694 | 7.6% |

Direct

| Property Type | # of Bldgs | Inventory | Direct Available (sf) | Direct Vacant (sf) | Direct Absorption (sf) | YTD Direct Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|-----------------------|--------------------|------------------------|----------------------------|--------------|
| Flex/R&D | 550 | 33,073,321 | 3,552,829 | 2,531,938 | 299,029 | (6,401) | 7.7% |
| Warehouse Distribution | 341 | 58,339,976 | 4,638,004 | 5,458,143 | 231,565 | 1,660,508 | 9.4% |
| Warehouse Office | 942 | 61,543,400 | 4,608,390 | 2,932,784 | 4,222 | 465,741 | 4.8% |
| Grand Total | 1,833 | 152,956,697 | 12,799,223 | 10,922,865 | 534,816 | 2,119,848 | 7.1% |

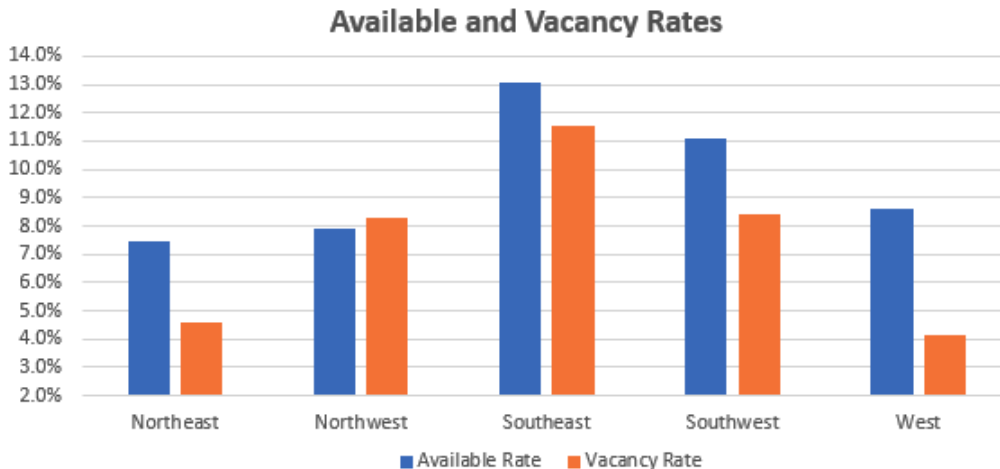
Sublease

| Property Type | # of Bldgs | Inventory | Sublease Available (sf) | Sublease Vacant (sf) | Sublease Absorption (sf) | YTD Sublease Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|-------------------------|----------------------|--------------------------|------------------------------|--------------|
| Flex/R&D | 550 | 33,073,321 | 470,800 | 196,876 | (52,100) | (38,828) | 0.6% |
| Warehouse Distribution | 341 | 58,339,976 | 562,329 | 232,400 | (53,226) | 71,054 | 0.4% |
| Warehouse Office | 942 | 61,543,400 | 646,800 | 201,844 | (22,958) | (20,380) | 0.3% |
| Grand Total | 1,833 | 152,956,697 | 1,679,929 | 631,120 | (128,284) | 11,846 | 0.4% |



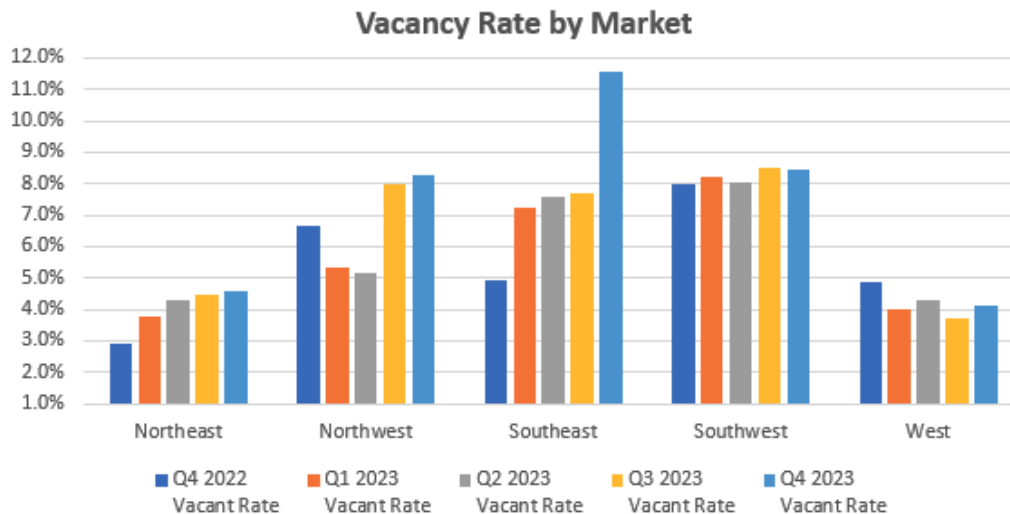
Market Statistics by Market (Multi-Tenant)

| Market | Property Type | # of Bldgs | Inventory | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|--------------------|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Northeast | Flex/R&D | 136 | 9,415,904 | 911,055 | 519,849 | 10,567 | 13,309 | 5.5% |
| | Warehouse Distribution | 85 | 13,125,774 | 863,620 | 711,906 | (101,888) | (215,636) | 5.4% |
| | Warehouse Office | 318 | 21,430,128 | 1,507,175 | 776,738 | 34,277 | (266,094) | 3.6% |
| | Subtotal | 539 | 43,971,806 | 3,281,850 | 2,008,493 | (57,044) | (468,421) | 4.6% |
| Northwest | Flex/R&D | 83 | 4,955,186 | 479,526 | 238,358 | 243,245 | 13,315 | 4.8% |
| | Warehouse Distribution | 111 | 19,888,375 | 1,237,464 | 2,056,305 | 76,502 | 1,188,423 | 10.3% |
| | Warehouse Office | 174 | 11,730,489 | 1,163,607 | 733,699 | 56,090 | 627,136 | 6.3% |
| | Subtotal | 368 | 36,574,050 | 2,880,597 | 3,028,362 | 375,837 | 1,828,874 | 8.3% |
| Southeast | Flex/R&D | 112 | 5,951,645 | 952,988 | 666,310 | 24,895 | (26,003) | 11.2% |
| | Warehouse Distribution | 69 | 11,399,208 | 2,128,622 | 2,159,673 | 53,835 | 174,510 | 18.9% |
| | Warehouse Office | 190 | 11,177,416 | 654,732 | 474,911 | (26,488) | (4,162) | 4.2% |
| | Subtotal | 371 | 28,528,269 | 3,736,342 | 3,300,894 | 52,242 | 144,345 | 11.6% |
| Southwest | Flex/R&D | 164 | 9,214,382 | 1,315,441 | 1,066,016 | (55,860) | (61,287) | 11.6% |
| | Warehouse Distribution | 57 | 11,691,474 | 845,808 | 722,663 | 151,800 | 540,534 | 6.2% |
| | Warehouse Office | 187 | 11,663,382 | 1,442,659 | 962,089 | (13,339) | 116,489 | 8.2% |
| | Subtotal | 408 | 32,569,238 | 3,603,908 | 2,750,768 | 82,601 | 595,736 | 8.4% |
| West | Flex/R&D | 55 | 3,536,204 | 364,619 | 238,281 | 24,082 | 15,437 | 6.7% |
| | Warehouse Distribution | 19 | 2,235,145 | 124,819 | 39,996 | (1,910) | 43,731 | 1.8% |
| | Warehouse Office | 73 | 5,541,985 | 487,017 | 187,191 | (69,276) | (28,008) | 3.4% |
| | Subtotal | 147 | 11,313,334 | 976,455 | 465,468 | (47,104) | 31,160 | 4.1% |
| Grand Total | | 1,833 | 152,956,697 | 14,479,152 | 11,553,985 | 406,532 | 2,131,694 | 7.6% |



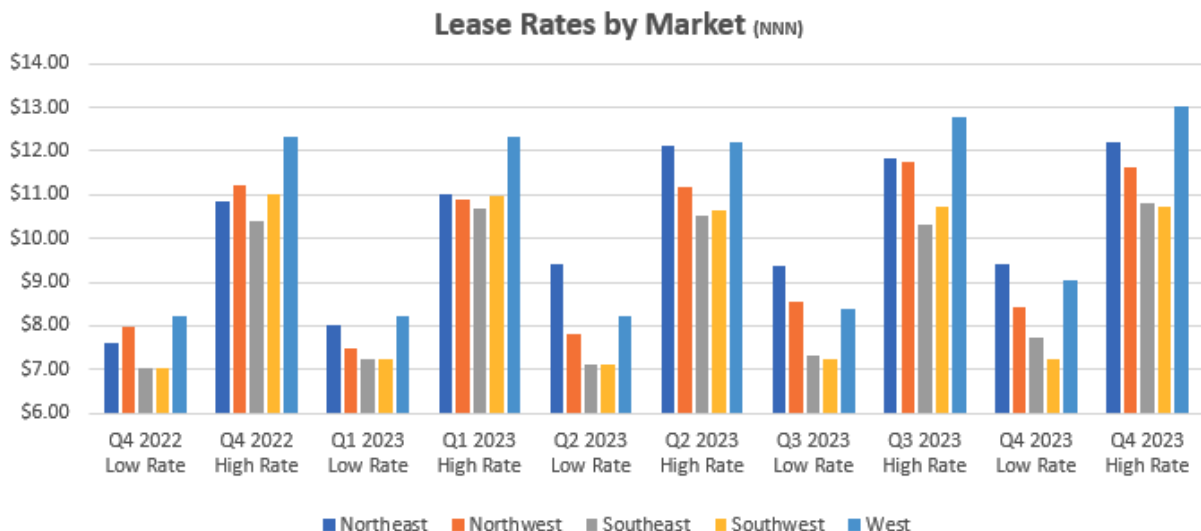
Vacancy Rates by Market (Multi-Tenant)

| Market | Property Type | Q4 2022 Vacancy Rate | Q1 2023 Vacancy Rate | Q2 2023 Vacancy Rate | Q3 2023 Vacancy Rate | Q4 2023 Vacancy Rate |
|--------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Northeast | Flex/R&D | 5.6% | 5.7% | 6.1% | 5.6% | 5.5% |
| | Warehouse Distribution | 2.7% | 3.5% | 4.1% | 4.6% | 5.4% |
| | Warehouse Office | 1.8% | 3.1% | 3.7% | 3.8% | 3.6% |
| | Subtotal | 2.9% | 3.8% | 4.3% | 4.4% | 4.6% |
| Northwest | Flex/R&D | 3.6% | 7.2% | 8.5% | 8.7% | 4.8% |
| | Warehouse Distribution | 5.5% | 4.5% | 3.8% | 9.2% | 10.3% |
| | Warehouse Office | 9.9% | 5.9% | 5.9% | 5.5% | 6.3% |
| | Subtotal | 6.7% | 5.4% | 5.2% | 8.0% | 8.3% |
| Southeast | Flex/R&D | 10.8% | 9.8% | 10.8% | 11.6% | 11.2% |
| | Warehouse Distribution | 3.3% | 10.3% | 10.8% | 9.5% | 18.9% |
| | Warehouse Office | 3.1% | 2.9% | 3.0% | 4.0% | 4.2% |
| | Subtotal | 4.9% | 7.2% | 7.6% | 7.7% | 11.6% |
| Southwest | Flex/R&D | 8.5% | 10.6% | 10.5% | 10.3% | 11.6% |
| | Warehouse Distribution | 9.8% | 9.4% | 8.6% | 7.5% | 6.2% |
| | Warehouse Office | 5.6% | 5.0% | 5.4% | 8.1% | 8.2% |
| | Subtotal | 8.0% | 8.2% | 8.0% | 8.5% | 8.4% |
| West | Flex/R&D | 7.4% | 7.5% | 8.7% | 7.4% | 6.7% |
| | Warehouse Distribution | 3.7% | 2.8% | 2.8% | 1.7% | 1.8% |
| | Warehouse Office | 3.5% | 2.3% | 2.0% | 2.2% | 3.4% |
| | Subtotal | 4.8% | 4.0% | 4.3% | 3.7% | 4.1% |
| Grand Total | | 5.4% | 5.7% | 5.9% | 6.7% | 7.6% |



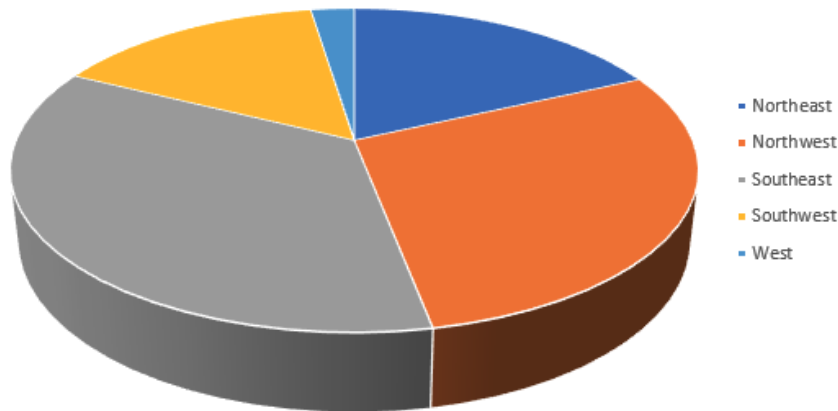
Lease Rates by Market (Multi-Tenant NNN)

| Market | Property Type | Q4 2022 | | Q1 2023 | | Q2 2023 | | Q3 2023 | | Q4 2023 | |
|--------------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 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 | \$8.08 | \$11.37 | \$8.55 | \$11.67 | \$10.10 | \$12.58 | \$10.40 | \$12.34 | \$10.19 | \$12.24 |
| | Warehouse Distribution | \$5.13 | \$7.13 | \$6.50 | \$6.50 | | | | | | |
| | Warehouse Office | \$7.26 | \$10.59 | \$7.43 | \$10.43 | \$8.25 | \$11.29 | \$8.21 | \$11.22 | \$8.66 | \$12.20 |
| | Subtotal | \$7.62 | \$10.86 | \$8.01 | \$10.99 | \$9.43 | \$12.11 | \$9.37 | \$11.82 | \$9.42 | \$12.22 |
| Northwest | Flex/R&D | \$9.03 | \$13.16 | \$7.09 | \$12.27 | \$7.98 | \$12.13 | \$9.55 | \$12.68 | \$9.94 | \$12.74 |
| | Warehouse Distribution | \$10.25 | \$10.25 | \$8.55 | \$8.55 | \$10.25 | \$10.25 | | | | |
| | Warehouse Office | \$7.26 | \$10.22 | \$7.64 | \$10.21 | \$7.43 | \$10.41 | \$7.45 | \$10.72 | \$6.29 | \$10.07 |
| | Subtotal | \$7.99 | \$11.20 | \$7.50 | \$10.90 | \$7.81 | \$11.18 | \$8.55 | \$11.75 | \$8.44 | \$11.64 |
| Southeast | Flex/R&D | \$7.02 | \$10.83 | \$7.33 | \$10.89 | \$7.65 | \$10.80 | \$7.89 | \$10.55 | \$8.77 | \$11.87 |
| | Warehouse Distribution | \$6.25 | \$6.25 | \$6.75 | \$6.75 | \$6.75 | \$6.75 | \$6.25 | \$6.25 | \$6.25 | \$6.25 |
| | Warehouse Office | \$7.30 | \$10.52 | \$7.04 | \$10.79 | \$5.60 | \$10.40 | \$5.75 | \$10.50 | \$5.07 | \$8.80 |
| | Subtotal | \$7.05 | \$10.39 | \$7.23 | \$10.68 | \$7.12 | \$10.51 | \$7.32 | \$10.30 | \$7.72 | \$10.82 |
| Southwest | Flex/R&D | \$6.95 | \$11.10 | \$7.24 | \$11.04 | \$6.93 | \$10.98 | \$7.67 | \$11.31 | \$7.70 | \$11.40 |
| | Warehouse Distribution | \$5.89 | \$8.29 | \$5.99 | \$7.49 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| | Warehouse Office | \$7.53 | \$11.64 | \$7.51 | \$11.63 | \$7.59 | \$10.97 | \$6.80 | \$10.77 | \$6.68 | \$10.57 |
| | Subtotal | \$7.05 | \$11.02 | \$7.24 | \$10.97 | \$7.11 | \$10.66 | \$7.23 | \$10.74 | \$7.24 | \$10.74 |
| West | Flex/R&D | \$8.67 | \$12.58 | \$6.89 | \$12.14 | \$7.23 | \$12.48 | \$8.23 | \$12.59 | \$8.79 | \$13.01 |
| | Warehouse Distribution | \$4.75 | \$9.25 | \$4.50 | \$8.50 | \$4.50 | \$8.50 | \$4.50 | \$8.50 | \$4.50 | \$8.50 |
| | Warehouse Office | \$8.79 | \$12.92 | \$10.16 | \$13.03 | \$9.96 | \$12.34 | \$8.93 | \$13.38 | \$10.00 | \$13.71 |
| | Subtotal | \$8.24 | \$12.33 | \$8.21 | \$12.33 | \$8.23 | \$12.21 | \$8.39 | \$12.78 | \$9.05 | \$13.04 |
| Grand Total | | | | | | | | | | | |



New Developments by Market

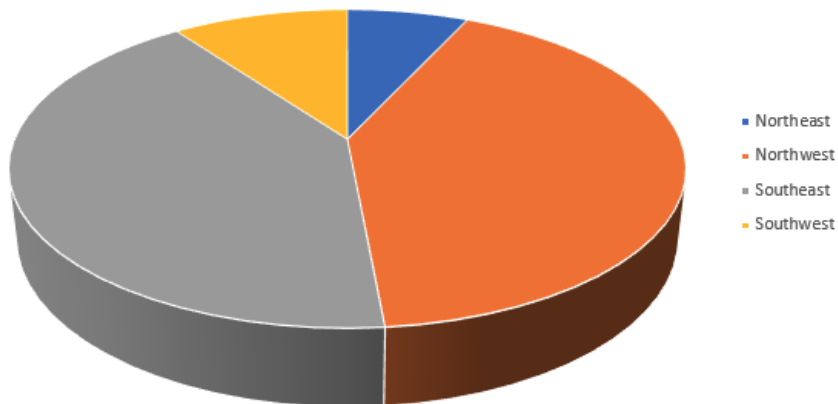
Under Construction (sf)



| Market | Bldg (sf) |
|--------------------|------------------|
| Northeast | 851,342 |
| Northwest | 1,353,877 |
| Southeast | 1,662,146 |
| Southwest | 714,170 |
| West | 114,900 |
| Grand Total | 4,696,435 |

YTD Deliveries by Market

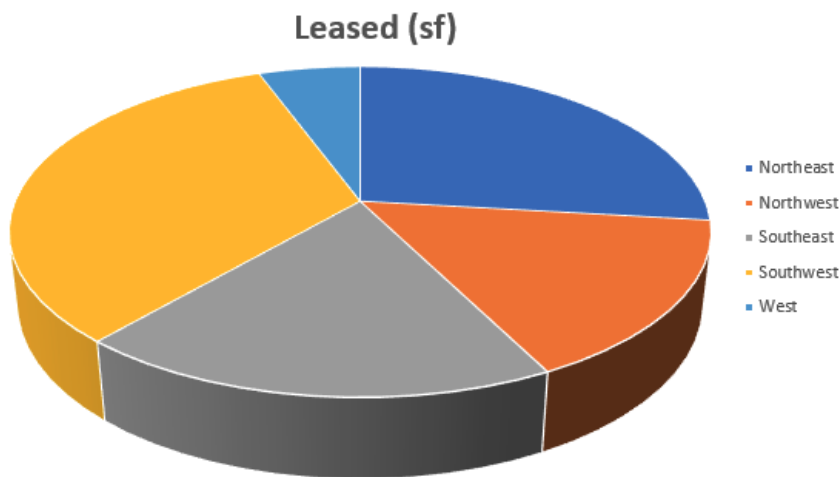
YTD Delivered (sf)



| Market | Bldg (sf) |
|--------------------|------------------|
| Northeast | 629,386 |
| Northwest | 3,793,336 |
| Southeast | 3,775,601 |
| Southwest | 915,176 |
| Grand Total | 9,113,499 |

Leasing Activity

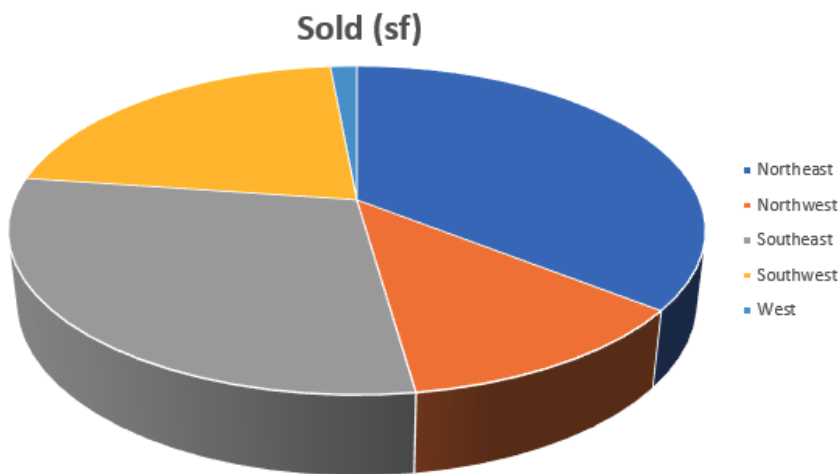
| Property | Size (sf) | Market | Tenant | Landlord |
|---|-----------|-----------|-------------------------------------|---------------------------------|
| 1280 Disc Drive | 406,857 | Southwest | Seagate | 1280 Disc Drive LLC |
| 5851 E River Rd | 274,587 | Northeast | Benchmark Logistics | Realty Income Properties 13 LLC |
| Cottage Grove Logistics Park 7601 100th St S | 89,759 | Southeast | Lumbermen's Inc | NorthPoint Development |
| Dimension Industries Building 11123 89th Ave N | 82,116 | Northwest | Time Savers | Dimension Building LLC |
| I-94 Logistics Center 12195 Brockton Ln | 76,775 | Northwest | Cameron Ashley Building Products | Endeavor Development |



| Market | Leased (sf) |
|--------------------|------------------|
| Northeast | 698,692 |
| Northwest | 407,372 |
| Southeast | 490,318 |
| Southwest | 859,648 |
| West | 145,637 |
| Grand Total | 2,601,667 |

Sales Activity

| Property | Price | Market | Buyer | Seller |
|--|--------------|-----------|-----------------------------------|---|
| 1280 Disc Dr | \$36,000,000 | Southwest | 1280 Disc Drive LLC | Seagate Technology LLC |
| Gateway Interstate 4200 Round Lake Blvd W | \$33,275,000 | Northeast | Altus Gateway LLC | Scannell Properties 486 LLC |
| Flying Cloud Business Centre 6533 Flying Cloud Dr | \$24,750,000 | Southwest | AREPIV Minn I Industrial, LLC | Flying Cloud Business Centre Investors LLC |
| France Avenue Business Park 4837 Azelia Ave N | \$21,328,370 | Northwest | ERG-CP France Ave BP Owner LLC | MSP Industrial Portfolio Owner, LLC |
| Northpoint Industrial Center 5750 Main NE | \$20,296,174 | Northeast | ERG-CP Northpoint IC Owner LLC | MSP Industrial Portfolio Owner, LLC |



| Market | Sold (sf) |
|--------------------|------------------|
| Northeast | 1,482,282 |
| Northwest | 504,589 |
| Southeast | 1,225,912 |
| Southwest | 887,033 |
| West | 61,078 |
| Grand Total | 4,160,894 |

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

| | |
|-------------------------------|---|
| 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, Washington and Wright 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 their 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 low and high asking lease rate expressed as a per square foot value in NNN terms. |
| Warehouse Distribution | Higher clear height and typically over 24 foot clear. |
| Warehouse Office | More office build out compared to warehouse distribution and clear heights less than 24 foot clear |
| Warehouse Flex | Higher end finishing and landscaping. More office build out compared to warehouse office. |

Advisory Board Members

| | | | |
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| CBRE | Jonathan Juris | | Chris Hickok |
| | Jack Tornquist | Lee & Associates | Tom Dunsmore |
| Colliers | Andrew Odney | | Duane Poppe |
| Cushman & Wakefield | Brent Masica | Newmark | Brian Netz |
| | Chris Weirens | | Alex Baron |
| Forte | Phil Simonet | Transwestern | Nate Erickson |

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| | | | |
|--------------|----------------|---------------------|------------------|
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| | Maggie Parra | | Jake Greener |
| Colliers | Jesse Tollison | Newmark | Maura Carland |
| JLL | Sam Newberg | Transwestern | Maurice Harris |

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| | | | |
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