

MINNEAPOLIS/ST. PAUL



OVERVIEW

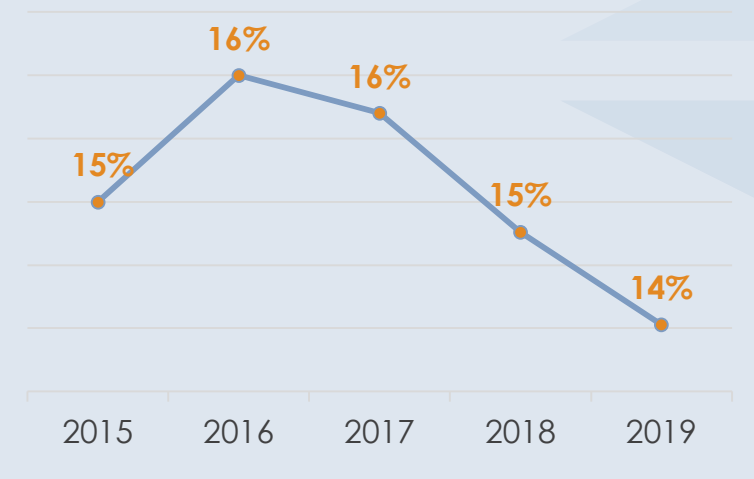
Strong job growth continued to drive office leasing activity. The much-anticipated Gateway project broke ground in June which will bring a Four Seasons hotel and more than 500,000 square feet of office space anchored by RBC and Pohlad Companies. The Dayton's Project is ongoing and will bring more than 800,000 square feet of new supply to the market in 2020. Asking rents have continued to increase and have surpassed the 10-year average. Landlords remain more likely to offer free rent and tenant improvement concessions in lieu of reducing quoted rates given the current investment sale market.

FUNDAMENTALS

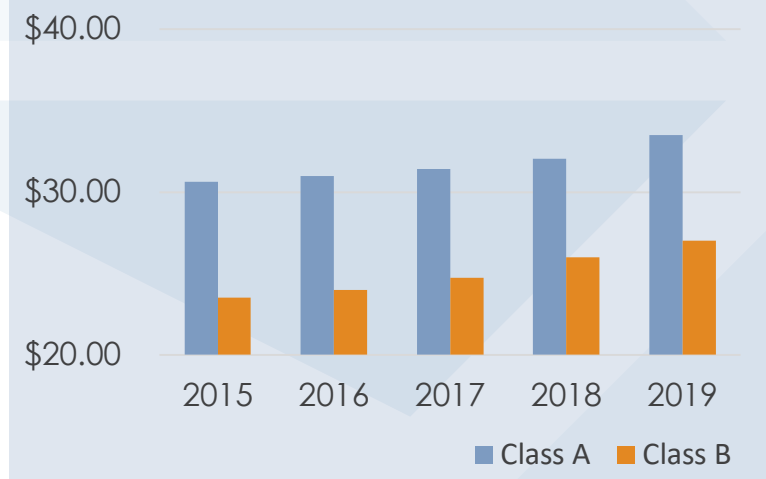
Forecast

YTD net absorption	465,000 SF	▶
Under construction	1,662,000 SF	▲
Average asking rent (gross)	\$29.40	▲
Concessions	Flat to Rising	▶
Market Size	Largest Office Deal	Total Vacancy
127.2 M SF	144,000 SF	14%

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

While new development has predominantly occurred in the Minneapolis CBD, as vacancy rates continue to decline speculative development could spread to the suburban market. With low unemployment we anticipate absorption to remain flat or decrease slightly as companies work to attract new talent. Tenant improvement costs continue to increase which

will continue to drive longer lease terms and put upward pressure on rents. Coworking options have grown substantially, creating additional competition for Tenants and potentially putting Landlords at risk in the event of default.

For more information, please contact:



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