

# Minneapolis/St. Paul



**Market Insights for Tenants:** TaTonka Real Estate Advisors is the Minneapolis member of Exis, an international network of best-in-class tenant and buyer representation firms. At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing services and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.

## OVERVIEW

In the midst of the ongoing COVID-19 pandemic, office leasing and sale activity slowed in the first half of 2020. Lease renewals are accounting for a greater portion of activity with many tenants exploring shorter lease renewals as they take a "wait and see" approach in the midst of uncertain conditions.

While some office tenants have returned to the workplace, others continue to deploy a remote work strategy. Downtown Minneapolis building occupancy rates are in the range of 15-20%, indicating most businesses have returned a small fraction of their employees.

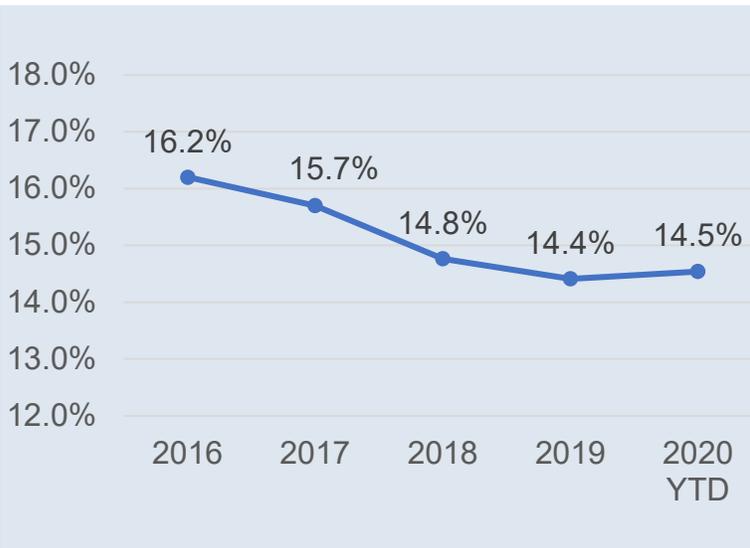
While there's been an uptick in subleases to the market, we have not seen a significant change in delinquencies amongst Minneapolis/St. Paul office tenants which may be attributable to the availability of government stimulus programs.

## FUNDAMENTALS

Forecast

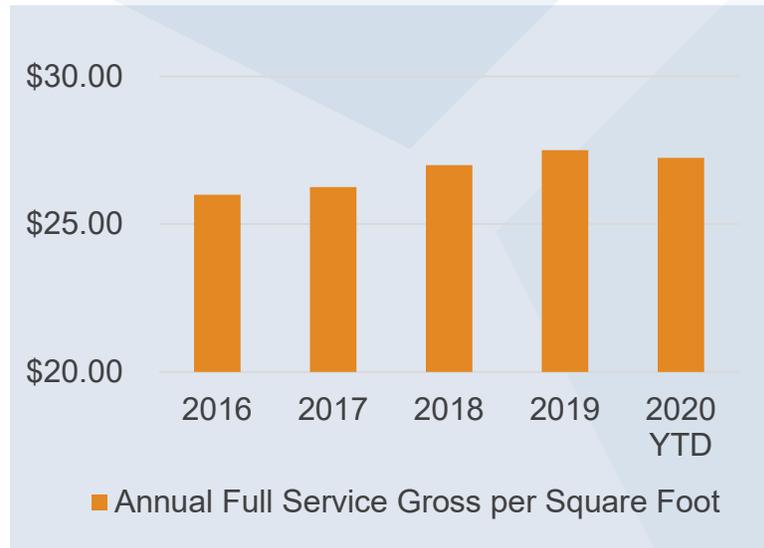
<b>YTD net absorption</b>	80,000 SF	▼
<b>Under construction</b>	2,100,000 SF	▶
<b>Average asking rent (gross)</b>	\$27.25 (All Classes)	▶
<b>Concessions</b>	Increasing	▲
<b>Market Size</b>	<b>Largest Office Deal</b>	<b>Total Vacancy</b>
125,000,000 SF	72,000 SF	14.5%

## TOTAL VACANCY



Metrics Used: Square Feet (SF)

## AVERAGE ASKING RENTS



Average Asking Rents in Dollars for Class A and Class B

For more information, please contact:



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## WHAT THIS MEANS FOR TENANTS

Absorption of office space has been essentially flat in the first half of the year as decisions have been put on hold. The office market is experiencing multiple challenges presented by the ongoing pandemic and response to the civil unrest. As a result, there could be a shift in demand from downtown areas towards suburban markets given the challenge that public transportation, as well as the issues social distancing presents in high-rise office properties, presents. While the short-term impacts have

been significant, we encourage our clients to exercise caution in their reactive measures. There may be a long-term shift in how we design workspaces going forward, but there are still many unknowns. We're here to serve as a trusted advisor to our clients as they deal with immediate challenges and re-think their long-term real estate strategies.

## KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Cigna	6625 W 78 <sup>th</sup> Street, Bloomington	Southwest	New	72,000
The Nerderly	7700 France Ave, S, Edina	Southwest	New	65,000
Daikin	3033 Campus Drive, Plymouth	Northwest	Expansion	45,000
Benedictine Health Systems	6499 University Ave NE, Fridley	Northeast	New	37,000
Wipfli	150 South Fifth Street	Mpls CBD	New	33,000

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