

Minneapolis/St. Paul



Market Insights for Tenants: At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions 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

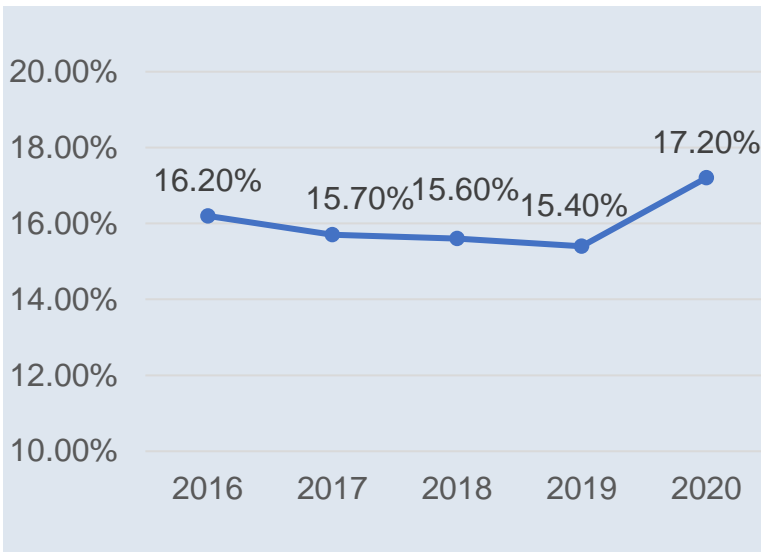
In 2020, approximately 20% of employees worked from their office and 80% worked from home. Companies are rethinking the paradigm of requiring employees to come to the office which may impact the office market for years to come. Office market leasing volume was 25% of what it was in 2019 and demand is expected to remain weak in 2021. Most of the leasing activity involved short-term renewals, subleases, and a flight to quality. Lease rates have remained fairly flat but are anticipated to soften as demand remains weak. The leading sectors for leasing activity were Legal followed by Technology and Business Services. Overall, vacancy rates in the office market increased from 15.4% to 17.2% and sales activity was about half of the 10-year average. Investors and employers are avoiding the downtown markets due to concerns over safety and COVID-19.

FUNDAMENTALS

		Forecast
YTD net absorption	(504,464)	▼
Under construction	1,086,220	▼
Average asking rent (gross)	\$24.84	▼
Concessions	Increasing	▲

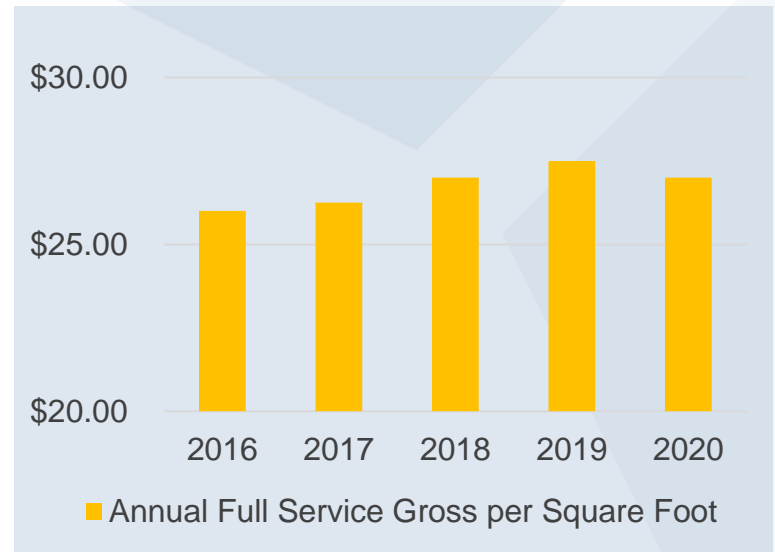
Market Size	Largest Office Deal	Total Vacancy
91,002,918	178,191	15,693,058

TOTAL VACANCY



Detail Metrics: Square Feet (SF)

AVERAGE ASKING RENTS



Average Asking Rents in Dollars

For more information, please contact:



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WHAT THIS MEANS FOR TENANTS

The rollout of the vaccine in 2021 will determine when tenants will return to the office. By most accounts, tenants are expected to begin returning to the office in the 3rd or 4th quarter. Employers will continue to wrestle with how much space they need and whether the office configuration should look different. Leasing activity should be higher in the second half of the year than the first half and lease rates should come down and concessions increase. Tenant improvements costs are trending down.

KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Fredrikson & Byron	60 S. 6 th Street	Minneapolis CBD	Legal	178,191
SPS Commerce	333 S. 7 th Street	Minneapolis CBD	Software	117,468
One 10 Marketing	110-116 N 6 th Street	Minneapolis CBD	Marketing	30,533
Milk Specialties	7500 Flying Cloud Drive	Southwest	Beverage	30,533
The Moscoe Group	10900 Wayzata Blvd	West	Retail	24,470

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