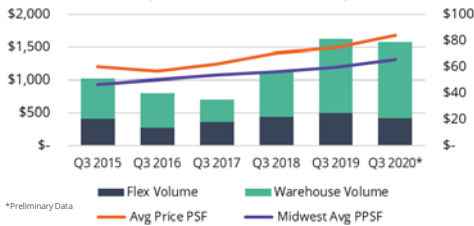


Minneapolis - St. Paul



Minneapolis Investment Sales
(12-month totals - in millions)



The industrial market remains a relative bright spot in commercial real estate since COVID-19 hit in March. Thanks largely to demand for warehouse space created by the surge in e-commerce.

The Twin Cities Metro industrial sector continues to perform well, especially since this region is not considered a prominent regional or national logistics hub. The growing need for timely regional distribution, and last-mile delivery in the Twin Cities, kindles steady development activity. Minneapolis and St. Paul's relatively low unemployment and higher than average median income, provides a lift to consumerism, which is fueling industrial absorption and growth.

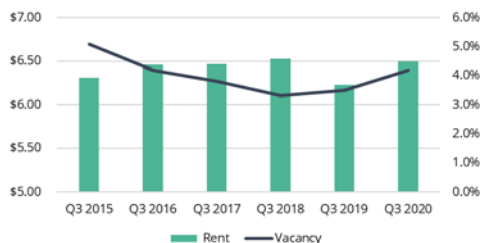
Development
(in thousands)



While e-commerce was once considered a convenience, it has now become a necessity for many. The increased need is likely to continue as an integral part of our consumer driven economy.

The one drawback in expanding the industrial market is the lack of infill sites for these distribution facilities. Competition is strong from both office and multifamily developers looking to capitalize on the preference for urban style living and working. This move away from industrial uses is most notable along the light rail lines where there has been a tremendous amount of redevelopment into multifamily hubs.

Avg Overall Ind Rent vs. Vacancy



New distribution buildings, both infill and greenfield developments, have accounted for most of the net absorption since 2011. These newer facilities generated more than three times the absorption of older properties.

Since many industrial users and investors are demanding higher clear heights, older buildings without the proper specifications may continue to struggle to attract tenants. Year-over-year rent growth for warehouses built before 2010 remain a fraction of the asking rents for warehouses built in the past 10 years.

It has been a challenge for some tenants seeking to expand in their current locations. Tenants wishing to relocate to accommodate expansion plans will spur new development and construction as well. In some cases, true speculative development is available for lease. In other instances, companies will favor specific build-to-suite projects.

Opus has broken ground on a 130,000-sf industrial building in Eden Prairie. What is unique about this development is that it is located within an area known as the Golden Triangle; primarily made up of office and flex buildings. This speculative building will be one of the only buildings in the area with more than 100,000 sf of contiguous space with a clear height of 28 foot, or higher.

Market by the numbers

Submarket	Inventory SF	Vacant SF	Vacancy %	YTD Net Absorption SF	YTD Leasing SF	YTD Deliveries SF	Under Construction SF	Avg Ind Rate
Minneapolis	19,416,538	313,423	1.6%	151,738	99,853	76,000	-	\$7.00
St. Paul	11,617,294	287,690	2.5%	-25,722	268,535	-	-	\$7.00
Midway	24,821,585	1,232,500	5.0%	327,057	602,114	-	-	\$6.75
East	18,551,244	680,237	3.7%	223,808	496,328	350,000	38,000	\$7.25
North Central	56,502,848	1,961,091	3.5%	487,203	838,719	529,050	60,000	\$6.50
Northwest	66,346,193	3,530,407	5.3%	-116,912	1,749,723	684,186	804,120	\$6.00
South Central	49,754,424	1,934,849	3.9%	-233,749	1,615,118	253,084	490,856	\$6.50
Southwest	69,903,753	3,247,357	4.6%	-317,610	1,167,128	638,604	372,900	\$6.75
Total Market	316,913,879	13,187,554	4.2%	495,813	6,837,518	2,530,924	1,765,876	\$6.50

The data is based on the seven-county metropolitan Minneapolis-St. Paul markets for all industrial buildings at least 20,000 sf in size. Current and historical data has been adjusted with corrected information after it was obtained. This may prevent comparisons to previously released reports.

**Get more
market
information**

Mark Evenson
Principal, Managing Director
☎ +1 612.913.5641
✉ Mark.Evenson@AvisonYoung.com

Avison Young - Minneapolis
800 Nicollet Mall, Suite 720
Minneapolis, MN 55402

**AVISON
YOUNG**

Market trends

"Steady as she goes"

Absorption and expansion continues

E-commerce, and more e-commerce

Part of our consumer culture

Reaching for the sky

Tenants looking for higher building clear heights for their operations

Top leases

	Tenant	Building Name / Address	Submarket	SF	Lease type
1	ShopJimmy	I-35 Industrial Center 2300 Hwy 13 W	Southeast	413,239	Renewal and Expansion
2	SBS Transportation, Inc	Midway Mile Industrial #3 2228 Territorial Rd	Northeast	183,122	Renewal and Expansion
3	Sportsmans Guide	6240 Carmen Ave E	Southeast	103,305	Renewal
4	Bluestem	Star Lake Corporate Center I 13300 Pioneer Trl	Southwest	67,438	New
5	Best Warehouse	Aldrin Distribution Center I 935 Aldrin Dr	Southeast	49,045	Renewal

Top sales

	Buyer	Building Name / Address	Submarket	SF	Purchase price
1	Target	Mid-City Logistics Hub 2600-2800 Winter St NE	Mpls CBD	453,216	\$17,400,000
2	LW Storage Edina, LLC c/o Extra Space Storage	Extra Space Storage 7725 Washington Ave S	Southwest	113,690	\$11,770,000
3	Roseville Leased Housing Associates I, LLLP c/o Dominionium	1717-1743 County Rd C W	Northeast	114,244	\$5,975,000
4	Tomas Commercial Real Estate Holdings, LLC c/o Steve Tomas	2300 Main St E	Northeast	140,551	\$4,550,000

**Get more
market
information**

Mark Evenson
Principal, Managing Director
☎ +1 612.913.5641
✉ Mark.Evenson@AvisonYoung.com

Avison Young - Minneapolis
800 Nicollet Mall, Suite 720
Minneapolis, MN 55402

**AVISON
YOUNG**