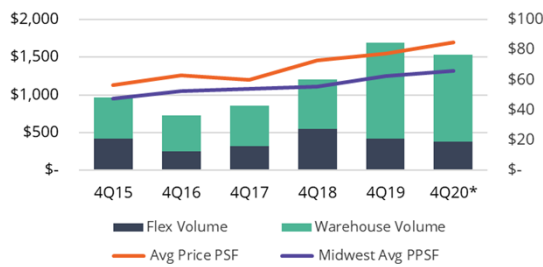


Minneapolis - St. Paul

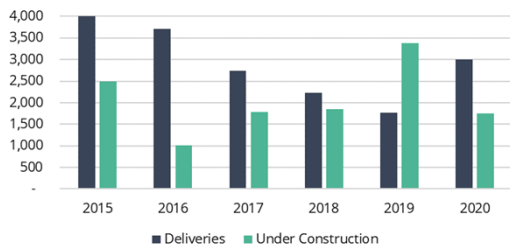


Minneapolis Investment Sales
(12-month totals - in millions)

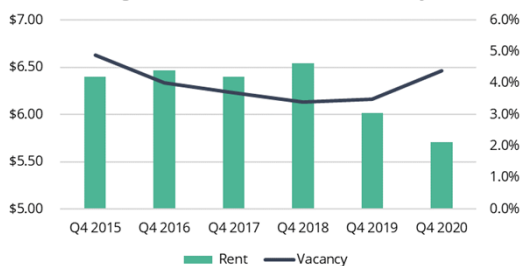


*Preliminary Data

Development
(in thousands)



Avg Overall Ind Rent vs. Vacancy



The industrial market across the United States was far and away the most resilient commercial real estate sector in 2020. No surprise there. The industrial market still enjoys the growth of e-commerce and the expansion and transformation of supply chains and distribution networks. Across the US, leasing activity and absorption hit record highs.

The companies looking for industrial space became broader and more varied in 2020. Certainly, the giant e-commerce companies like Amazon still led the leasing activity across the US. But many smaller third-party logistics operators, home improvement stores, discount retailers, and other e-commerce providers became more active and now occupy a significant amount of space.

The “Amazon effect” continued as they have kept expanding their network nationally. Amazon accounted for 10% of the total leasing volume in 2020. They have leased more than 50 million sf since March.

Add all of this up and it was a record year for industrial real estate absorption; totaling approximately 270 million sf. This surpassed the former record set in 2019 of 240 million sf.

Although the Twin Cities industrial market suggests a negative net absorption figure of 630,000 sf by the end of 2020. This is misleading because it takes into account the substantial amount of speculative space that has been recently added to the market. A more accurate picture of the market is the actual absorption of close to 2 million sf in 2020.

Vacancy remains at an impressive 4%, with rents growing by 500 basis points this year.

Roughly 20% of current development projects are fully leased. So, it appears that the developers and contractors will continue to be busy in 2021, and the foreseeable future. Any large blocks of available space in these new projects should get absorbed quickly. Confidence among developers, investors is justified. This sureness is supported by the fact that the opinion among a majority of industrial users, is their demand for space will continue to increase.

Average annual sales volume has been typically around \$700 million each year. That was until 2018 when the sales volume exceeded \$1 billion for the very first time. And has every year since, including 2020. Transactions in 2020 closed with cap rates in the upper 7% range. Rent growth has been slower than most other commercial real estate sectors. But higher going-in yields have improved overall returns.

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	1,9414,176	333,626	1.7%	(20,203)	132,709	76,000	0	\$7.58
St. Paul	11,694,081	328,837	2.8%	(66,869)	283,299	0	0	\$5.79
Midway	24,778,365	1,139,483	4.6%	420,074	888,415	0	0	\$5.68
East	18,779,159	635,196	3.4%	374,608	545,307	473,266	0	\$7.10
North Central	56,529,947	2,052,073	3.6%	453,205	1,257,389	589,050	370,000	\$5.76
Northwest	66,496,821	3,617,204	5.4%	411	2,507,139	888,306	600,000	\$5.16
South Central	49,805,750	2,163,080	4.3%	(412,855)	2,228,546	334,084	409,865	\$5.95
Southwest	70,198,347	3,653,017	5.2%	(768,694)	2,061,591	638,610	372,100	\$5.84
Total Market	317,696,646	13,922,516	4.4%	131,415	9,904,395	2,999,316	1,751,956	\$6.11

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**

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Market trends



Notable leases

	Tenant	Building Name / Address	Submarket	SF	Lease type
1	HOM Furniture	7351 Boone Ave, Brooklyn Park	Northwest	90,000	Sublease
2	SkyWater Technology	2401 E 86 th St, Bloomington	South Central	113,458	New
3	Yardbird	Mid-City Business Center 451 Industrial Blvd, Minneapolis	Northeast	112,372	New
4	Erik's Bike, Board and Ski	550 SE Kasota Ave, Minneapolis	Midway	109,120	New
5	L&W Supply	Dupont Distribution Center 12301 Dupont Ave S, Burnsville	Southeast	78,708	New

Notable sales

	Buyer	Building Name / Address	Submarket	SF	Purchase price
1	Onward Investors	Bloomington Distribution Center 5501 Old Shakopee Rd W	Southwest	449,366	\$11,500,000
2	KLN Enterprises, Inc	Metro West Distribution 7600 69 th Ave W, Greenfield	Northwest	217,950	\$8,250,000
3	Meritex Enterprises, Inc	Aldrin Distribution Center II 980 Aldrin Dr, Eagan	Southeast	217,832	\$18,565,000
4	W.P Carey	BIX Produce 3060 Centerville Rd, Little Canada	Northeast	208,550	\$34,000,000
5	Blackstone Real Estate Income Trust, Inc	Simply Self Storage 593 Commerce Dr, Woodbury	Northeast	105,927	\$14,603,453

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