

2020 Industrial Market Insight Report



Minneapolis/St. Paul, collectively referred to as the Twin Cities, is the 16th largest MSA with approximately 3.6 million residents and home to 17 fortune 500 public companies' headquarters. The Twin Cities is also ranked highly for quality of life, labor force participation, health care, and workforce quality. The Minneapolis/St. Paul Office Market started 2020 off stable with an unemployment rate of 3.1% and projected GDP growth that was expected to continue to outperform the national economy. However, much like other cities of the world, the COVID-19 pandemic has had a significant impact on the economy causing the unemployment rate to spike to 8.6 % as of June 2020. The national average unemployment rate is currently 11.1%.

1.) The industrial sector is better positioned to weather the economic complications caused by COVID-19 than any other areas of the economy. This in large part has to do with the rapid growth of e-commerce.

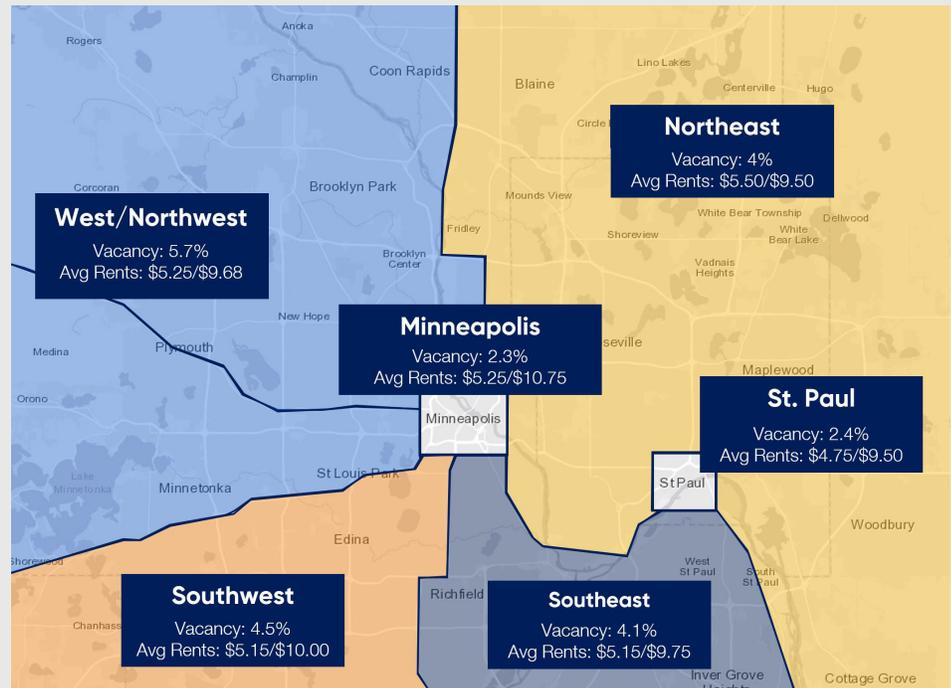
2.) The demand for immediate goods was magnified because of COVID-19. To ensure quick delivery times and fulfill last minute needs, there will likely continue to be an increased demand for industrial space in and near urban areas.

3.) Much like the office sector, there has been an increased emphasis on cleanliness, social distancing, and staggered shifts for warehouse employees. It is expected that more industrial properties will seek WELL certification, which is a designation awarded to buildings that meet a set of requirements promoting employee health, safety, and wellness.

4.) There has been a continued demand for warehouse and cold storage space as companies look to bulk up their inventory in order to increase efficiency.

5.) Rental rates have remained fairly flat during Q2 2020, but are expected to slightly increase, as demand for industrial space remains strong and vacancy rates continue to trend downward.

Rental and Vacancy Rates



Market Movement

Tenant	Building	Size	Submarket	Type
NuAire, Inc	2100 Fernbrook Lane	170,000 SF	Northwest Metro	New Lease
Kurita America	6500 93rd Ave North	155,000 SF	Northwest Metro	New Lease
Simpson Strong-Tie	InverPoint Business Center	80,000 SF	Northeast Metro	New Lease
Sweet Harvest Foods	Launch Park	100,000 SF	Southeast Metro	New Lease

Investment Sales

Buyer	Building	Size	Submarket	Price
Cabot Properties	11011 Holly Lane North	283,778 SF	NW Metro	\$27.75 Million
Persaud	Oaks Tech Center IV	98,000 SF	NE Metro	\$11.4 Million
MetLife Investment Management	Amazon Fulfillment Center	860,000 SF	SW Metro	\$118 Million
Undisclosed	Mid-City Logistics Hub	400,000 SF	Minneapolis (Northeast)	\$17.4 Million
Global Glove & Manufacturing	13601 Tungsten Street NW	61,654 SF	NW Metro	\$2.5 Million