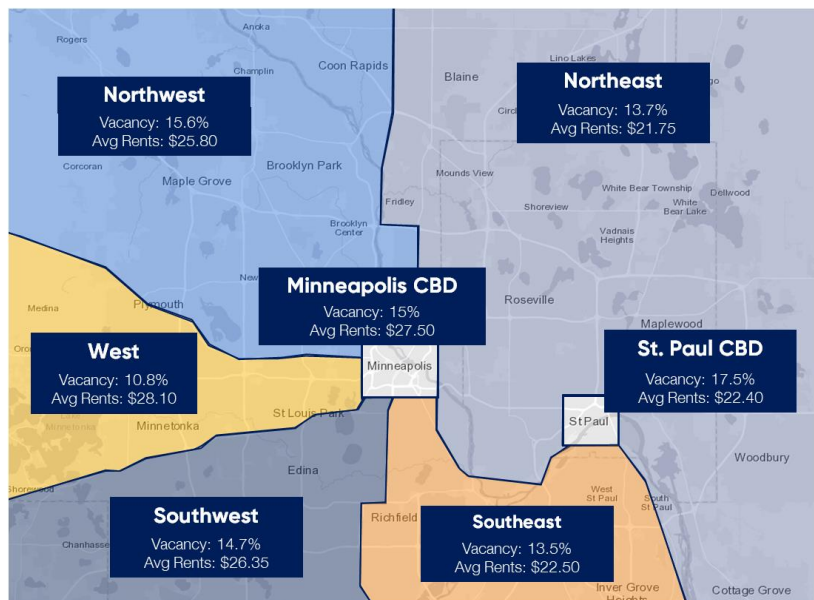


# Market Report

The Minneapolis/St. Paul Office Market is a diverse, stable market with an unemployment rate of 2.2% and projected GDP growth that is expected to continue to outperform the national economy. Minneapolis/St. Paul, collectively referred to as the Twin Cities, is the 16<sup>th</sup> largest MSA with approximately 3.6 million residents and home to 19 Fortune 500 public companies' headquarters. The Twin Cities is also ranked highly for quality of life, labor force participation, health care and workforce quality.



## Market Movement

Company	Trans. Type	Size	Submarket	Building
WeWork	New Location	102,000 SF	Southwest	Mozaic East
Alula	Relocation	68,000 SF	Northeast	Midway Innovation Ctr
Digi International	Relocation	72,000 SF	West	Excelsior Crossings
Tactile Medical	Relocation	100,000 SF	West	3701 Wayzata
Common Ground	New Location	25,500 SF	Minneapolis	801 Marquette

## Investment Sales

Building	Size	Buyer	Submarket	Price
Target Plaza	310,000 SF	Menlo Equities	Minneapolis	\$171M
SPS Tower	620,000 SF	Sumitomo Corp.	Minneapolis	\$144M
Excelsior Crossings	268,000 SF	Acesso Partners	West	\$115.5M
180 East 5th	672,000 SF	Gamma Real Estate	St Paul	\$52M
Minnesota Center	277,044 SF	Altus	Southwest	\$48.6M
3701 Wayzata	310,000 SF	Opus	West	\$22.1M

## Office Market Trends

- As landlords look to compete with the popularity of coworking spaces, speculation suites are increasing in popularity and becoming evermore common across the metro. These suites offer move-in ready spaces that allow tenants to limit buildout costs and furniture costs and provides more flexible lease terms. Occupiers also find the search-to-lease process is much faster.
- The open office concept craze, popularized by Google and Facebook may be coming to an end. Companies are moving to more functional work spaces that offer a wide range of ways to work. This diverse work environment allows employees to select spaces like huddle rooms, workstations, private offices, and conference rooms that best align with their tasks for the day.
- Construction costs remain high and furniture lead time increases due high demand and low supply. Metal tariffs have also played a role in the cost of materials and their availability.
- As parking lots and ramps are redeveloped into commercial spaces, parking in urban areas like Minneapolis is becoming increasingly sparse and more expensive.