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Industrial Market Report Minneapolis Market

PREPARED BY



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INDUSTRIAL MARKET REPORT

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12 Mo Deliveries in SF

2.4 M

12 Mo Net Absorption in SF

2.1 M

Vacancy Rate

3.8%

12 Mo Rent Growth

2.4%

The real estate industry in Minneapolis is boosted by the strong local economy, which is characterized by exceptionally low unemployment and one of the highest labor force participation rates in the country. Tack on high median incomes, which give the logistics sector a lift as e-commerce becomes more prevalent, and strong fundamentals ensue. Vacancy typically stays at least 100 basis points below the national average thanks to solid absorption and a dearth of speculative construction, although developers are starting to regain confidence and many of the projects underway at the beginning of 2018 had significant availabilities. Sales volume reached new highs in 2015-2016 on the back of portfolio sales and high-value net lease deals, and while 2017 did not match those elevated totals, it was a solid year with pricing remaining elevated.

Though the Minneapolis metro is not a hub for national distribution, the growing need for last-mile delivery brought about by the rise of e-commerce has spurred development activity. Spec construction is picking up for

the first time in a while as consumer expectations of lightning fast delivery of online orders has spurred growth in the logistics and distribution sector, most notably with the Amazon fulfillment center in Shakopee.

A new, non-conventional revenue stream may be available to owners of industrial buildings in the Twin Cities. As the price of solar panels and installation continues to fall, combined with federal and state tax credits, interest is growing in rooftop solar installation. Building owners can choose to install solar panels to reduce their own energy costs, or lease their rooftop space to third-party solar energy harvesters. Interestingly, older industrial buildings tend to be better suited for solar panel installation as the former building codes called for roofs to be able to handle heavier snow loads than more modern buildings constructed under revised codes. The properties built under the older codes tend to need less retro-fitting as the roofs can more easily handle the additional weight of the panels.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	151,332,372	4.6%	\$6.51	6.8%	706,175	118,400	1,152,266
Specialized Industrial	148,630,688	1.8%	\$6.42	3.7%	232,387	0	50,000
Flex	77,637,681	6.2%	\$8.86	9.1%	114,980	0	614,400
Market	377,600,741	3.8%	\$6.96	6.1%	1,053,542	118,400	1,816,666
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.1%	5.8%	4.2%	7.6%	2006 Q1	3.8%	2018 Q1
Net Absorption SF	2.1 M	2,552,883	2,185,366	6,500,186	2015 Q3	(2,217,418)	2010 Q1
Deliveries SF	2.4 M	2,139,893	3,277,001	5,158,130	2015 Q4	216,440	2010 Q4
Rent Growth	2.4%	0.7%	1.6%	4.0%	2017 Q1	-4.8%	2010 Q1
Sales Volume	\$861 M	\$683.5 M	N/A	\$1.1 B	2008 Q2	\$190.0 M	2010 Q2

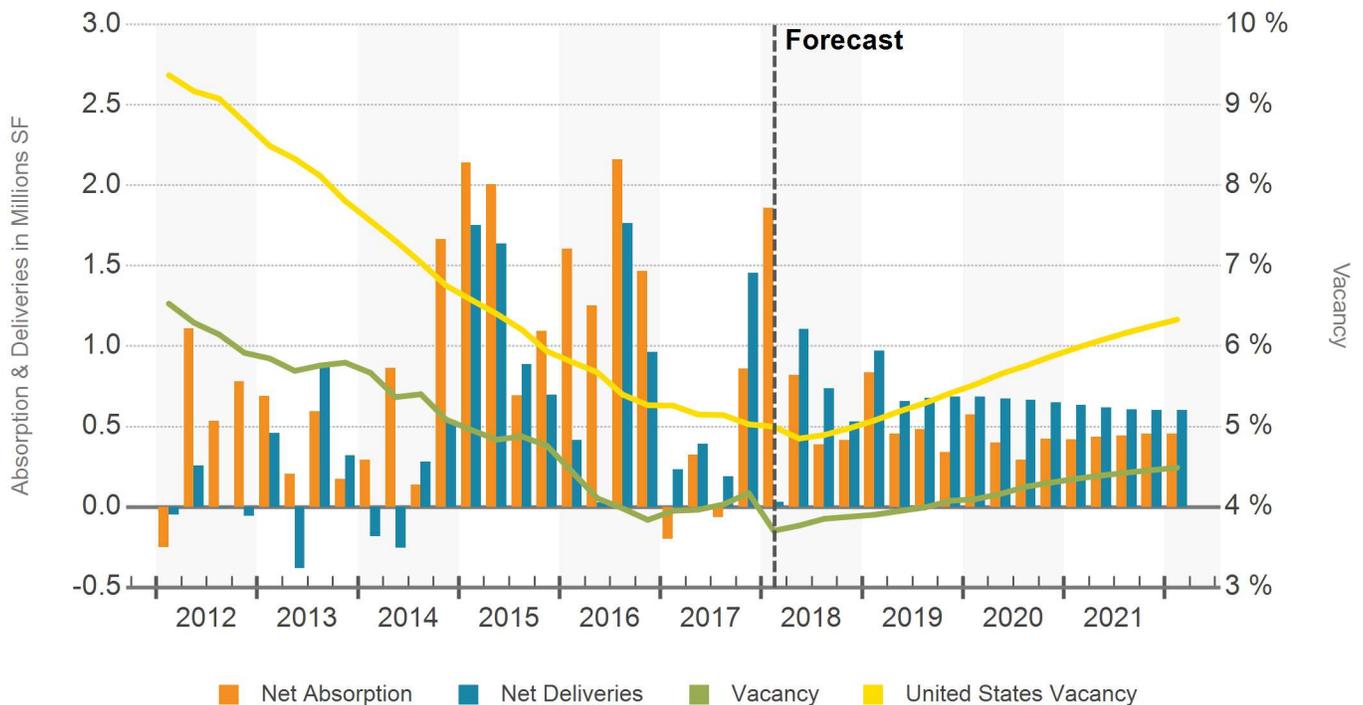
Minneapolis's relative isolation makes it a local logistics market. Chicago is about a five-hour drive away, is larger, and has better accessibility to more metros, reducing Minneapolis's importance as a national logistics market. Therefore, logistics demand here is anchored by firms like Amazon, Ruan, and FedEx that provide last-mile services.

New distribution buildings have accounted for the lion's share of absorption since 2011, with these newer facilities generating more than three times the absorption of older ones. Duke Realty's 120-acre industrial park, Gateway North Business Center in Otsego, epitomizes the success those properties have had this cycle. The developer hit a speed bump when it purchased the project just prior to the recession, but turned it around as

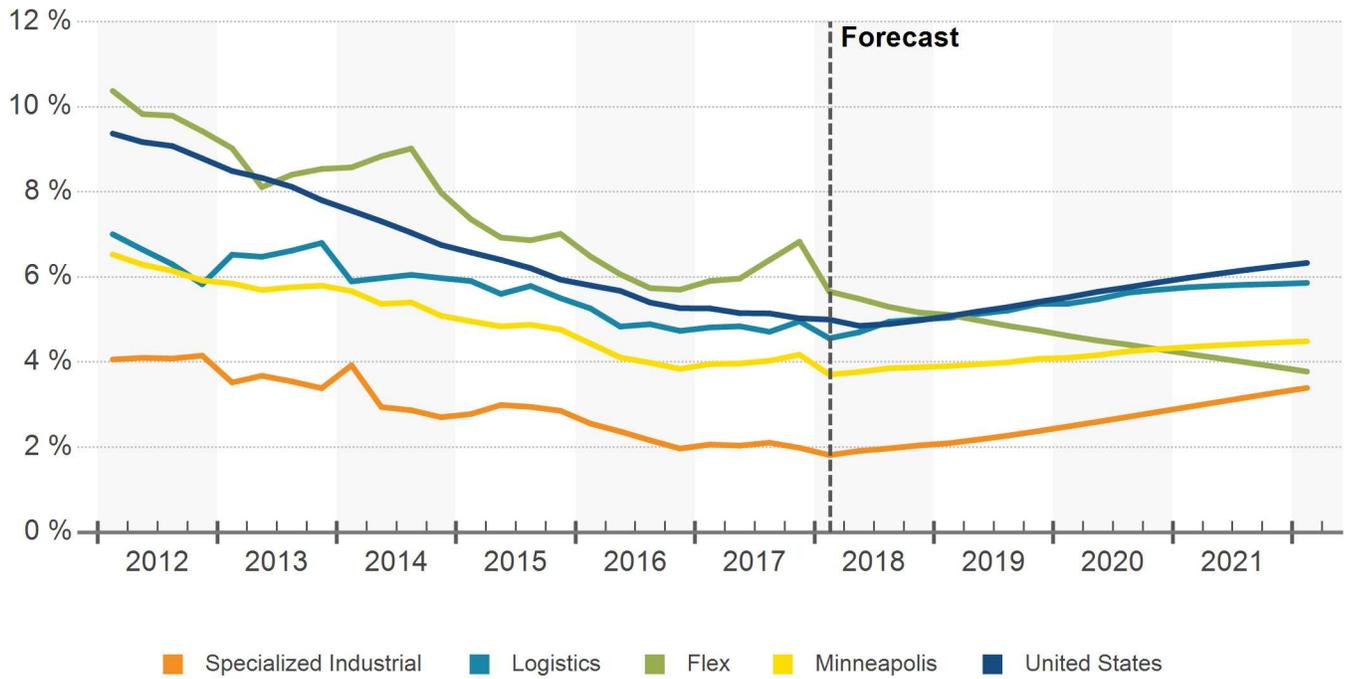
the cycle matured. Notable signings include Ruan (300,000 SF in October 2014), Room & Board (486,000 SF in March 2015), and Blu Dot (150,000 SF in April 2015), three deals that account for virtually all of Wright County's absorption this cycle. And more construction in the submarket is possible—Blu Dot has a 120,000 SF expansion on the horizon while Room & Board has a 285,000 SF second phase in the pipeline.

Since many industrial users and investors are demanding higher clear heights, older buildings without the proper specifications may continue to struggle to attract tenants, and consequently grapple with weak absorption and stunted rent growth. Since 2010, rent growth in older, smaller warehouses is about one-third that of the newer, larger buildings.

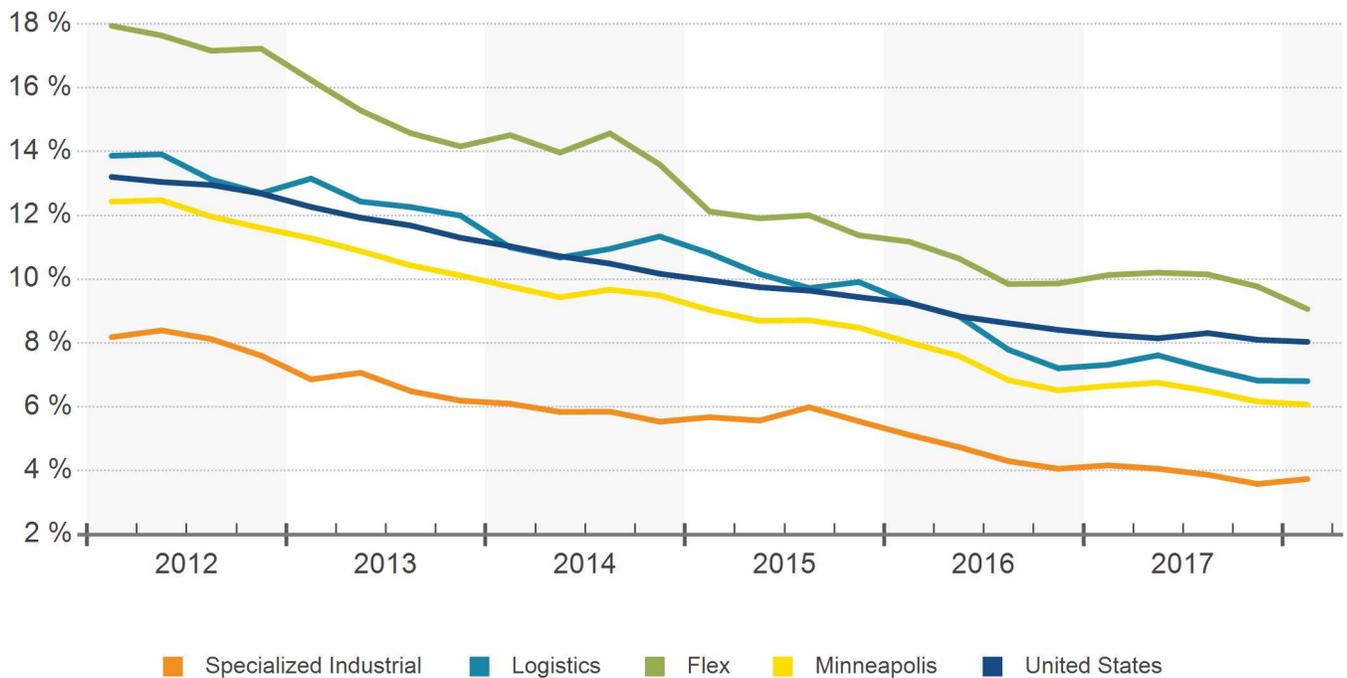
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



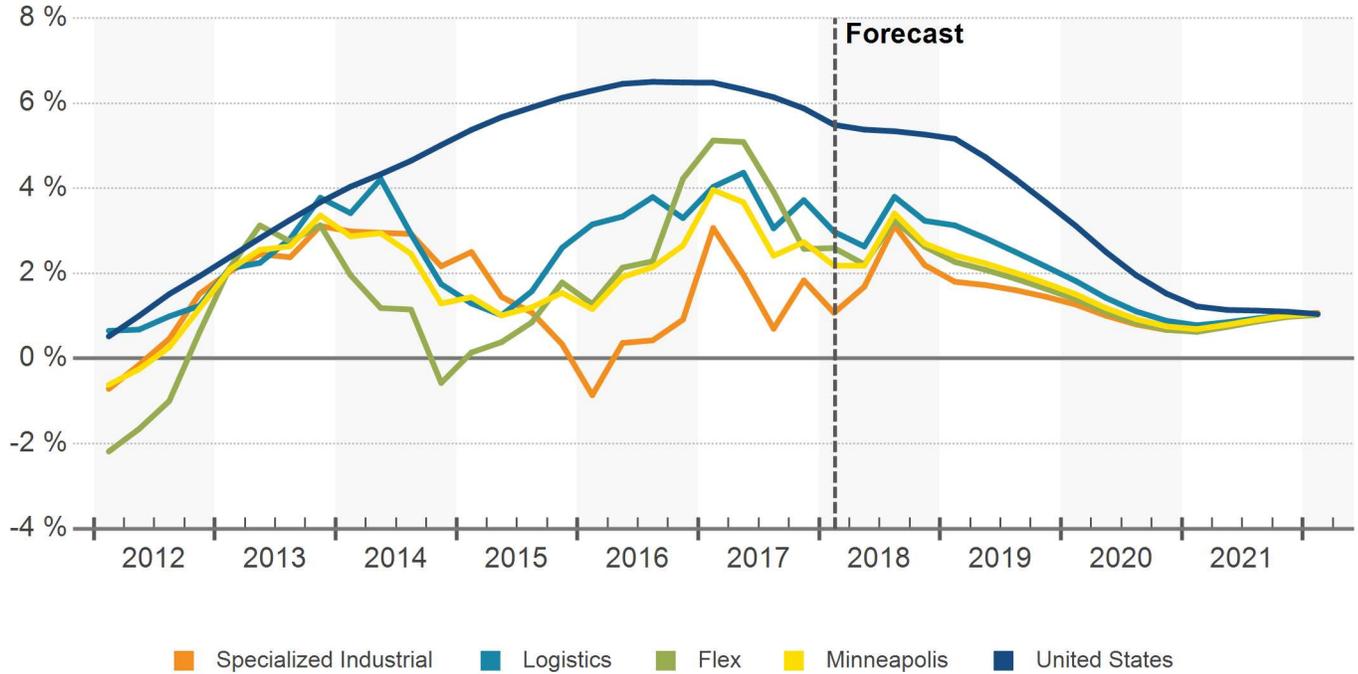
AVAILABILITY RATE



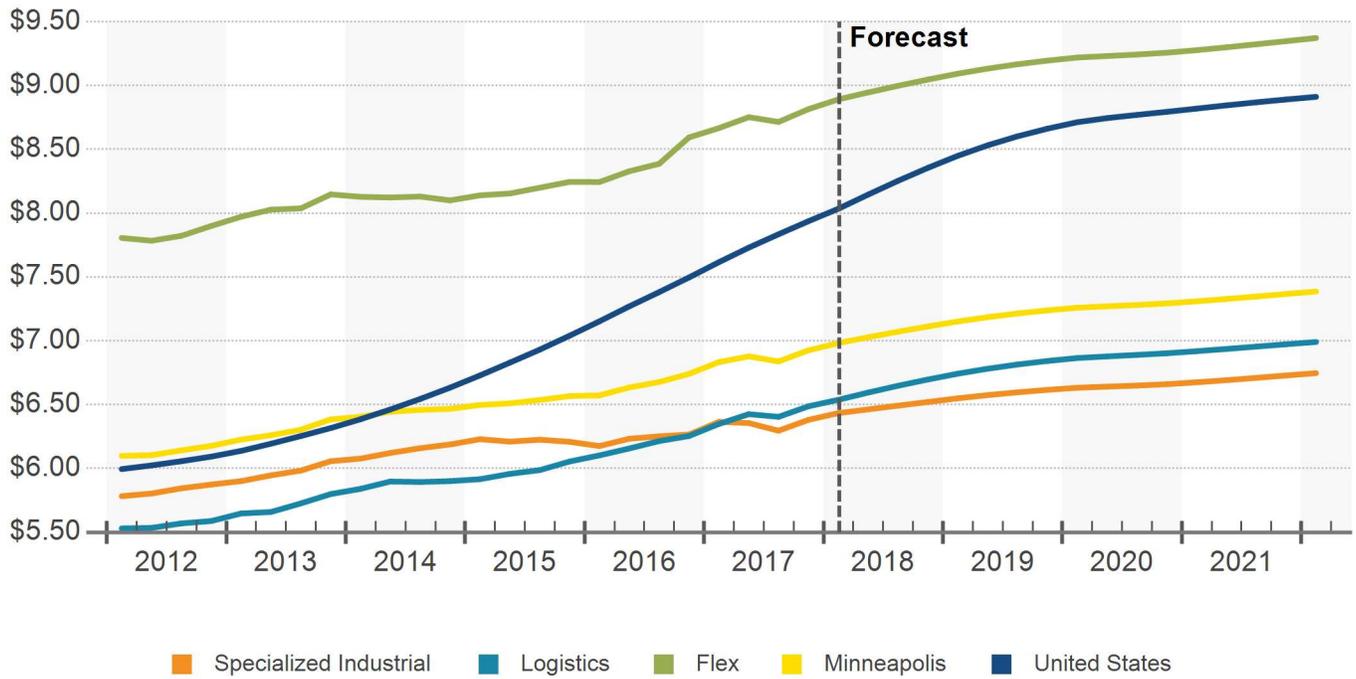
Steep losses during the Great Recession leveled rent growth, with asking rates in 2016-2017 finally surpassing what they were in 2008. Market-wide growth floundered in 2014 and 2015 but recovered in 2016, with 2017 equaling that more robust growth. The Southwest submarket, home to Amazon's new distribution facility,

had a solid 2016 with growth above 3%, though growth there had slowed to about half of that in 2017. The Chisago County Submarket is also doing well, although it is a smaller submarket with limited construction. Moderate construction and tight vacancy should support positive, if muted, rent gains in the near-term.

ASKING RENT GROWTH (YOY)



ASKING RENT PER SQUARE FOOT



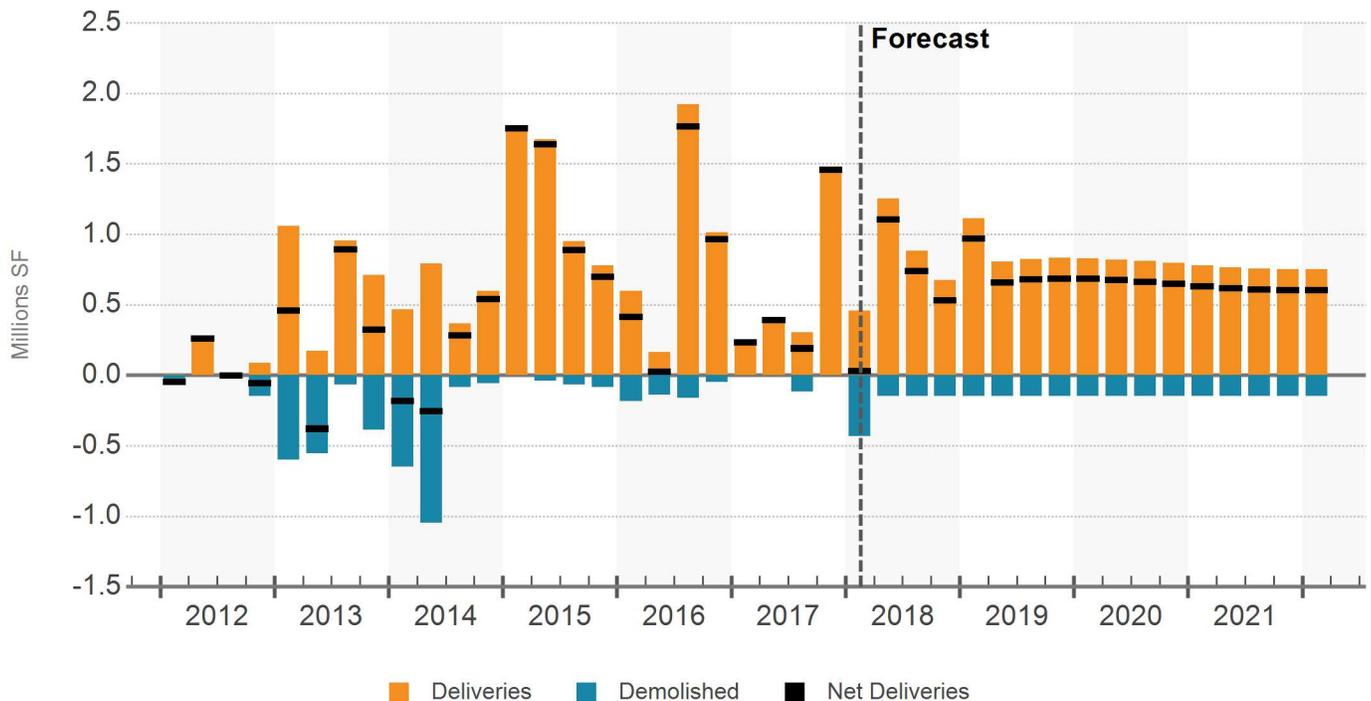
Developers have been busy this cycle, with 2015 setting a cyclical high for deliveries while 2016 and 2017 were the second and third best, respectively. Most deliveries are modest in size (median of 100,000 SF), and over 95% are less than half a million SF. Amazon's 820,000 SF build-to-suit distribution center in Shakopee is easily the marquee project of this cycle. In 2013, projects for Uline, a janitorial supply distributor, and SanMar, a clothing distributor, completed, rounding out the only other projects larger than 500,000 SF this cycle. The deliveries for Amazon and San Mar were in the Southwest Submarket, which has tight vacancy, solid absorption, and access to rail, arterial highways and I-35W.

When Amazon decided to build a distribution facility like the one in Shakopee, everyone took notice, and Twin Cities residents have been enjoying same-day delivery.

It is also an economic and technological boon. The company originally planned to hire 1,500 people to staff the facility, a number it later boosted to 2,500 because of an unexpected uptick in demand. The jobs pay up to \$17 an hour, and the company was touting generous signing bonuses. In what appears to be a sign of the times, Amazon's new employees will work side-by-side with robots that weigh 320 pounds and can lift more than twice their weight. This facility is just one of 13 fulfillment centers in the U.S. that use robots.

More recently, a redevelopment project in South St. Paul was awarded a \$300,000 grant from the Metropolitan Council for environmental remediation which should aid in moving the project forward. Indianapolis-based Scannell Properties will construct a 270,000 SF facility for FedEx on a 30-acre site located at 843 Hardman Avenue.

DELIVERIES & DEMOLITIONS



Under Construction Properties

Minneapolis Industrial

Properties

13

Square Feet

1,816,666

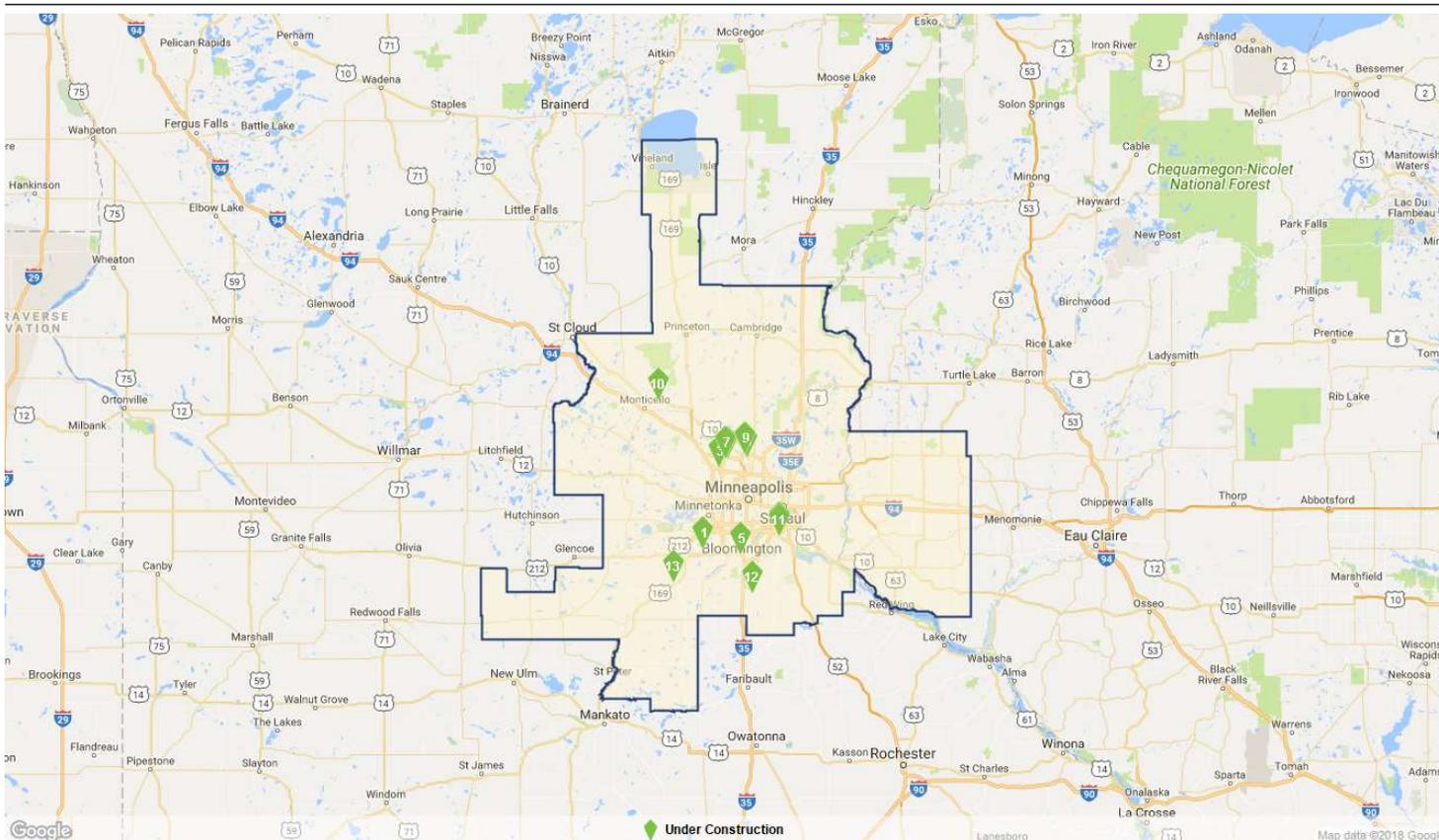
Percent of Inventory

0.6%

Released

73.2%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Gateway South 2 Highway 101	★★★★☆	374,700	-	Jun-2017	Mar-2018	Duke Realty Corporation Duke Realty Corporation
2 Shanahan Way	★★★☆☆	350,000	-	Oct-2017	Dec-2018	-
3 Building D 7683 Zachary Ln N	★★★☆☆	264,400	-	Dec-2017	May-2018	-
4 610 Commerce Center II 9350 W Broadway Ave	★★★★☆	202,000	1	Jan-2017	Mar-2018	-
5 Bldg C Oliver Ave	★★★★☆	118,000	1	Jun-2017	Apr-2018	-
6 Capstone Business Cent... 9315 Winnetka Ave N	★★★★★	110,700	1	Oct-2017	Aug-2018	-
7 Capstone Business Cent... 9301 Winnetka Ave	★★★★★	108,048	1	Oct-2017	Aug-2018	Capstone Quadrangle Capstone Quadrangle



Under Construction Properties

Minneapolis Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Magnum Fulfillment & Di... 8840 Evergreen Blvd NW	★ ★ ★ ★ ★	105,900	1	Aug-2017	Mar-2018	- -
9 9400 Evergreen Blvd	★ ★ ★ ★ ★	75,000	2	Oct-2017	Mar-2018	R.J. Ryan Construction, Inc. -
10 LISI Medical Remmele E... 17801 198th Ave	★ ★ ★ ★ ★	50,000	1	Jun-2017	Jun-2018	- -
11 Building 2 512 Lone Oak Rd	★ ★ ★ ★ ★	47,623	1	Sep-2017	Jul-2018	United Properties -
12 21486 Humboldt Ct	★ ★ ★ ★ ★	6,500	1	May-2017	Mar-2018	- Dakota Truck
13 821 Corporate Dr	★ ★ ★ ★ ★	3,795	1	May-2017	Aug-2018	S.M. Hentges & Sons, Inc. -



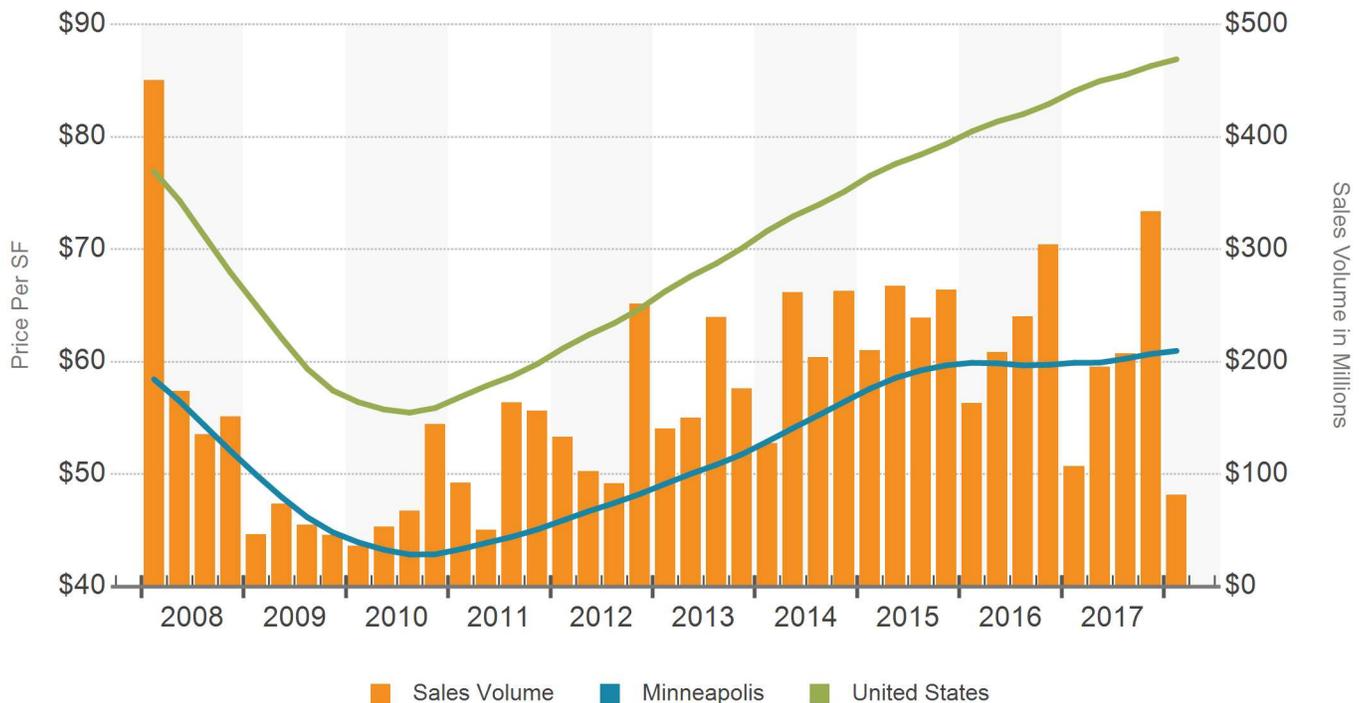
Annual sales volume has historically averaged a little under \$700 million, with 2017 eclipsing that while pricing remained elevated. A handful of portfolio deals and high-valued net lease trades drove record volume in 2015-2016, with each year breaking \$900 million. Colony Capital's purchase of a four-property, \$62.6 million portfolio from TA Realty was the biggest deal of that year. The FedEx Distribution facility in Rogers was the largest stand-alone asset to trade during 2016. It sold in 16Q2 for \$44.6 million (\$142/SF) at a 6.1% cap rate. The buyer, Realty Income Corp., owns over 40 other FedEx facilities, making FedEx its second-largest tenant by revenue.

In one of the largest deals of 2017, a 300,000 SF warehouse building in Shakopee sold for about \$19 million. The seller, United Properties, bought the building in late 2015 for just under \$13 million, which translated into about a 17% compound annual gain upon sale. The buyer, Minneapolis-based Meritex, paid cash for the property, which is part of the Green Valley Business Park. The building was fully leased at the time of sale

and was targeted for its well positioned location near highways 101 and 169. Late in the year, a 402,000 SF facility sold for \$26.9 million. Winnipeg-based Artis REIT purchased the Clearwater Creek Distribution Center in Lino Lakes from locally based United Properties. The building is fully leased for a 15-year term and traded at a 6.5% cap rate.

Most deals close with cap rates in the low 6% range, and although apartments have been the darling asset class of this cycle, gains in the industrial sector have been significant. One difference is that rent growth has been slower for industrial properties, but higher going-in yields buoy total returns. Many deals later in this cycle involved fully leased buildings, while value-add deals are the exception. The trade of 1828 Buerkle Road, a former FedEx facility that sold for \$4.3 million (\$35.94/SF), was one of just a few more recent redevelopment deals. The property was 50% vacant at the time of sale, and the buyer converted the property into a two-story storage facility.

SALES VOLUME & PRICE PER SF INDEX



Sales Past 12 Months

Minneapolis Industrial

Sale Comparables

415

Avg. Cap Rate

7.8%

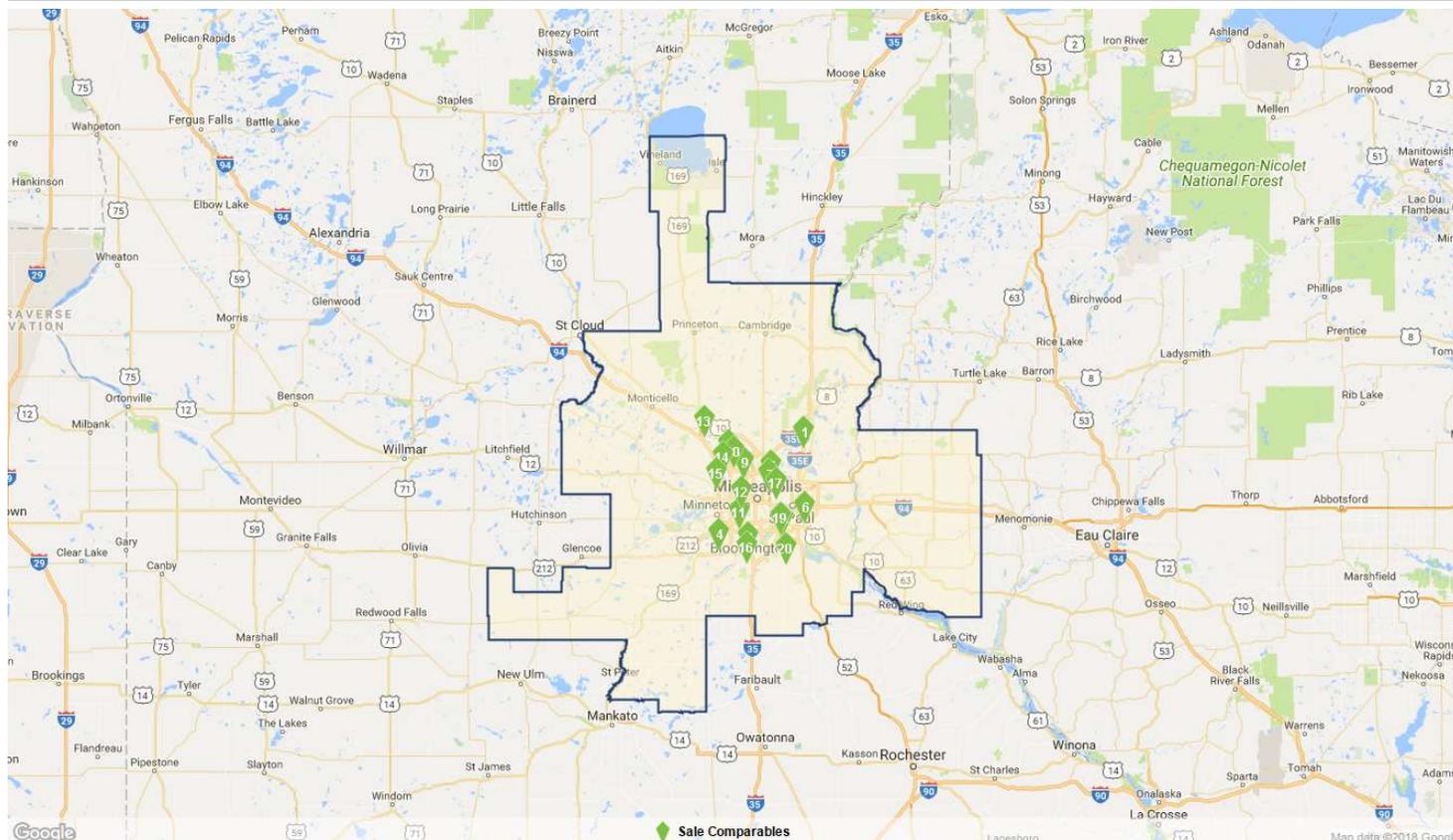
Avg. Price/SF

\$55

Avg. Vacancy At Sale

9.1%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$50,000	\$2,863,636	\$1,700,000	\$26,850,000
Price Per SF	\$8.33	\$55	\$58	\$188
Cap Rate	6.0%	7.8%	8.0%	9.7%
Time Since Sale in Months	0.3	6.0	5.7	11.9
Property Attributes	Low	Average	Median	High
Building SF	1,650	48,492	26,913	584,662
Ceiling Height	7'	17'2"	16'9"	40'
Docks	0	4	1	112
Vacancy Rate At Sale	0%	9.1%	0%	100%
Year Built	1892	1979	1982	2018
Star Rating	★☆☆☆☆	★★★☆☆ 2.3	★★★☆☆	★★★★★



Sales Past 12 Months

Minneapolis Industrial

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Clearwater Creek Distrib... 6870 21st Ave S	★★★★★	2016	402,522	0%	12/20/2017	\$26,850,000	\$67	6.5%
2 8450 Revere Ln N	★★★★★	2014	285,000	0%	9/1/2017	\$24,520,000	\$86	6.5%
3 3355 Discovery Rd	★★★★★	1998	262,722	0%	11/30/2017	\$20,300,000	\$77	-
4 1080 Park Pl	★★★★★	1993	299,600	0%	5/9/2017	\$18,725,000	\$63	6.0%
5 3015-3075 Long Lake Rd 3015-3075 Long Lake Rd	★★★★★	2015	220,556	16.3%	11/28/2017	\$18,650,000	\$85	-
6 411 Farwell Ave	★★★★★	1970	422,727	0%	7/31/2017	\$17,590,307	\$42	-
7 Mid-City Business Cente... 1301 Industrial Blvd NE	★★★★★	1970	350,359	0%	10/12/2017	\$14,750,000	\$42	6.8%
8 I-35 Industrial Center 2300 Hwy 13 W	★★★★★	1970	413,239	0%	10/24/2017	\$14,180,000	\$34	-
9 Building I 4837 Azelia Ave N	★★★★★	2000	270,000	43.0%	11/17/2017	\$13,752,150	\$51	6.0%
10 Winnetka Corporate Cen... 7101 Winnetka Ave N	★★★★★	1990	233,682	0%	6/21/2017	\$13,400,000	\$57	-
11 Edina V 5150-5198 W 76th St	★★★★★	1974	136,494	0%	8/3/2017	\$11,225,000	\$82	7.8%
12 5100 W 35th St	★★★★★	1961	121,457	0%	7/12/2017	\$11,170,000	\$92	-
13 13201 N Wilfred Ln	★★★★★	1999	335,400	100%	5/10/2017	\$10,872,050	\$32	-
14 6250 Sycamore Ln N	★★★★★	2001	108,628	0%	6/29/2017	\$10,030,000	\$92	8.0%
15 Plymouth Point Busines... 15175 25th Ave N	★★★★★	2016	96,470	100%	9/7/2017	\$9,803,000	\$102	6.5%
16 Waymar Building 14400 Southcross Dr W	★★★★★	1996	142,316	0%	12/28/2017	\$9,719,649	\$68	-
17 1700 Wynne Ave	★★★★★	1963	312,800	0%	1/2/2018	\$9,632,000	\$31	-
18 Corporate Square A 990 Apollo Rd	★★★★★	1970	180,000	0%	11/17/2017	\$9,554,949	\$53	6.0%
19 Lexington Commerce Ce... 3030 Lexington Ave S	★★★★★	1997	90,260	0%	8/22/2017	\$9,000,000	\$100	-
20 2750 145th St W	★★★★★	1962	172,581	0%	4/12/2017	\$8,859,158	\$51	7.5%



From mid-2014 until 2016, job growth had slightly underperformed the national average, but Minnesota's economy remains one of the healthiest in the nation. Figures from the Minnesota Department of Employment and Economic Development show that total employment had eclipsed 3 million for the first time in history during 2017 and the figure has kept close to that mark throughout the year. Further, 44,200 jobs were added in 2017, with the Education and Health Services sector leading the way, a gain of over 12,000 jobs in that sector alone. Since the end of the recession, Minnesota has added over 320,000 jobs, and nine of the state's eleven industry sectors have posted gains in the last year. The economy has been strong enough to pull people into the labor pool. Another important economic figure, the labor force participation rate, also paints a positive picture. The national rate fell from above 66% before 2009 to below 63% today, but Minnesota's labor-force participation rate is 69.1%, nearly 7% above the national average. The metro's sub-3% unemployment rate is lower than the rate in economic standouts such as Seattle, Boston, Austin, and Atlanta. High earnings, courtesy of the region's large concentration of Fortune 500 employers, round out the economic climate in the Twin Cities. The median household income in Minnesota is over \$70,000 per year, about 20% above the national average.

Data from the Minnesota Population Center at the University of Minnesota shows that Minneapolis and St. Paul's share of the metro area's population is on track to grow for the first time in roughly a century, with the downtown areas leading the way. Former industrial areas are now the sites for new multi-family housing, businesses and retail amenities which have breathed new life into these areas. This underscores the attraction to urban living, particularly along the river, to both the millennial population as well as empty nesters. Younger couples have put off having families to establish their careers and often find it difficult to secure mortgages, while retirees no longer want to deal with the maintenance of larger houses and yards, both of which have contributed to the growth in the urban cores rather than the suburbs.

Education and health services has been a perennially strong performer for the metro. Biomerics, a medical research company, completed a \$6.5 million expansion

in Brooklyn Park. It will create 120 high-quality engineering, research, and development jobs with an average hourly wage of \$33, 17% higher than the metro's average. UnitedHealth Group has a number of job openings at its Eden Prairie campus as well. It is hiring workers for technology, finance, and sales positions, mostly for the Optum division, which specializes in consulting and pharmacy-benefit management.

The largest job growth announcement came out of Shakopee, courtesy of Amazon. The company completed its 820,000 SF regional distribution center in 2016, creating 1,500 jobs, and went on to hire another 1,000 full-time employees. The company was quick to say that this was not a seasonal surge for the holidays—these are full-time year-round positions needed in response to higher-than-expected demand. To make the distribution center more accessible to workers throughout the greater metropolitan region, Amazon worked with the Minnesota Valley Transit Authority to add an express bus route between the Mall of America, with its connection to the Blue Line light rail, and Shakopee. The jobs pay up to \$17 per hour, and Amazon was promoting \$1,000 sign-on bonuses. In addition, Amazon is said to looking for more land on which to build another 800,000-plus SF fulfillment center that could employ more than 1,000 people as demand for last-mile distribution is surging.

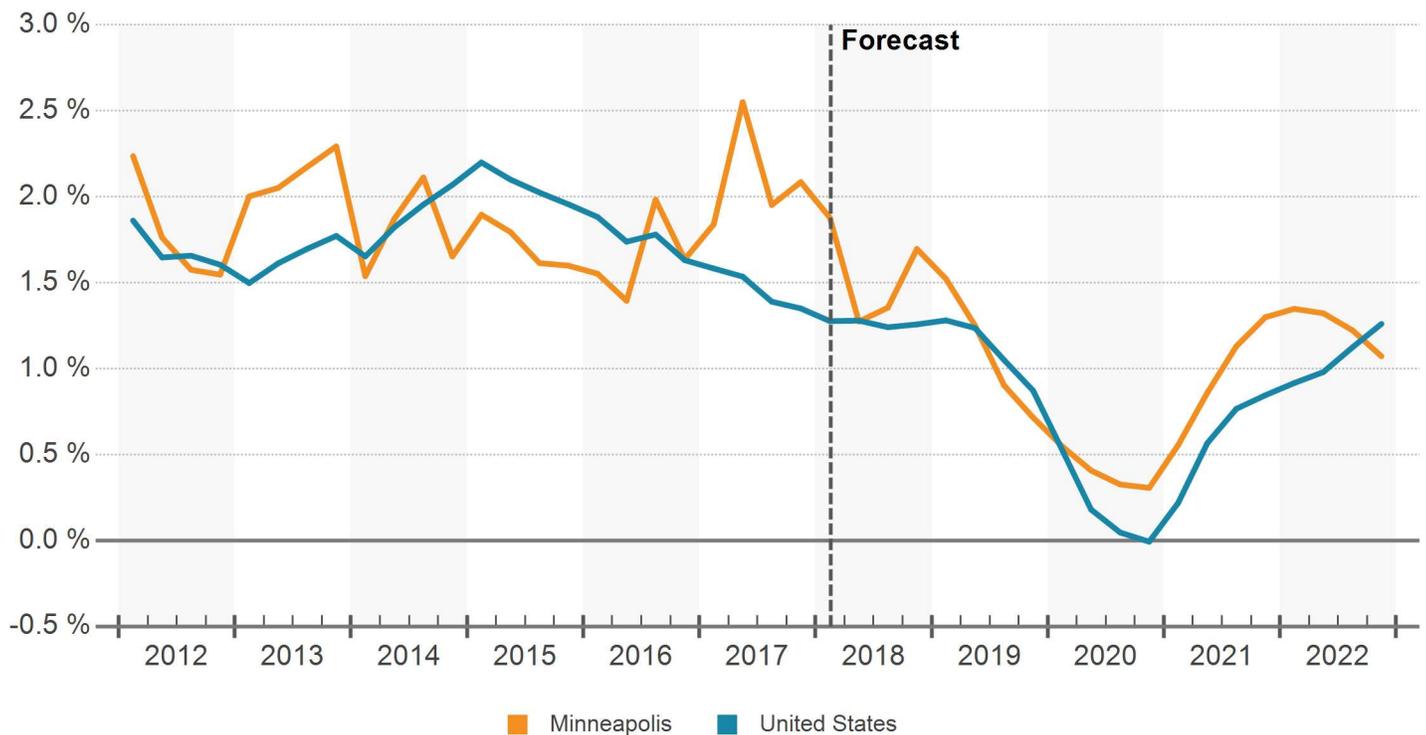
Manufacturing employment has been a drag on job growth, as it has in most metros across the nation. Despite the decline, regional manufacturers are optimistic, according to the Federal Reserve Bank of Minneapolis. Some believe that a Republican-controlled Congress will slash regulations, although concerns about restricted access to foreign markets tempers the optimism. More than half of businesses surveyed expected orders to increase in 2017, and just 13% expected orders to decline. This is a drastic improvement over the previous survey, which reported that over one-third expected a decline in orders. Companies also reported increased expectations for employment, productivity, capital expenditures, and profit. Rising oil prices are a final tailwind, which should benefit local companies such as Graco and Ecolab, providers of specialty equipment to the energy sector.

MINNEAPOLIS EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	197	1.2	0.12%	-0.41%	-0.36%	-1.14%	-0.88%	-1.18%
Trade, Transportation and Utilities	364	1.0	1.71%	0.37%	0.29%	0.29%	0.39%	0.41%
Retail Trade	193	0.9	1.38%	-0.24%	0.26%	0.19%	0.39%	0.44%
Financial Activities	141	1.2	-1.43%	1.05%	0.31%	0.22%	0.56%	0.72%
Government	254	0.8	1.30%	0.16%	0.30%	-0.02%	0.64%	0.64%
Natural Resources and Mining	1	0.1	10.20%	5.79%	3.25%	-0.43%	-	-
Education and Health Services	339	1.1	3.16%	1.81%	2.71%	2.09%	1.65%	1.27%
Professional and Business Services	331	1.2	2.66%	2.51%	1.54%	1.54%	2.14%	1.48%
Information	38	1.0	-1.39%	-1.41%	-1.35%	-1.06%	0.23%	0.29%
Leisure and Hospitality	183	0.8	2.18%	1.95%	1.00%	1.73%	1.11%	1.28%
Other Services	82	1.0	1.69%	0.95%	0.41%	0.45%	0.51%	0.40%
Total Employment	2,015	1.0	1.97%	1.31%	0.86%	0.64%	0.99%	0.83%

Source: Moody's Analytics
LQ = Location Quotient

YEAR OVER YEAR JOB GROWTH



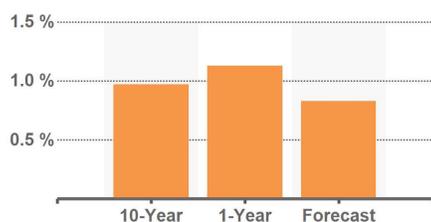
Source: Moody's Analytics

DEMOGRAPHIC TRENDS

Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	3,622,924	327,103,333	1.1%	0.7%	1.0%	0.8%	0.8%	0.7%
Households	1,407,577	126,143,094	1.1%	1.2%	0.9%	0.9%	1.3%	1.1%
Median Household Income	\$77,090	\$59,999	4.0%	3.4%	1.9%	1.6%	2.5%	3.0%
Labor Force	2,003,988	160,711,121	3.0%	0.6%	0.7%	0.4%	0.8%	0.8%
Unemployment	2.8%	4.1%	-0.8%	-0.6%	-0.2%	-0.1%	-	-

Source: Moody's Analytics

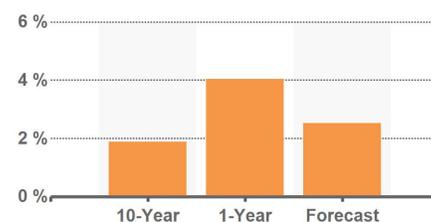
POPULATION GROWTH



LABOR FORCE GROWTH

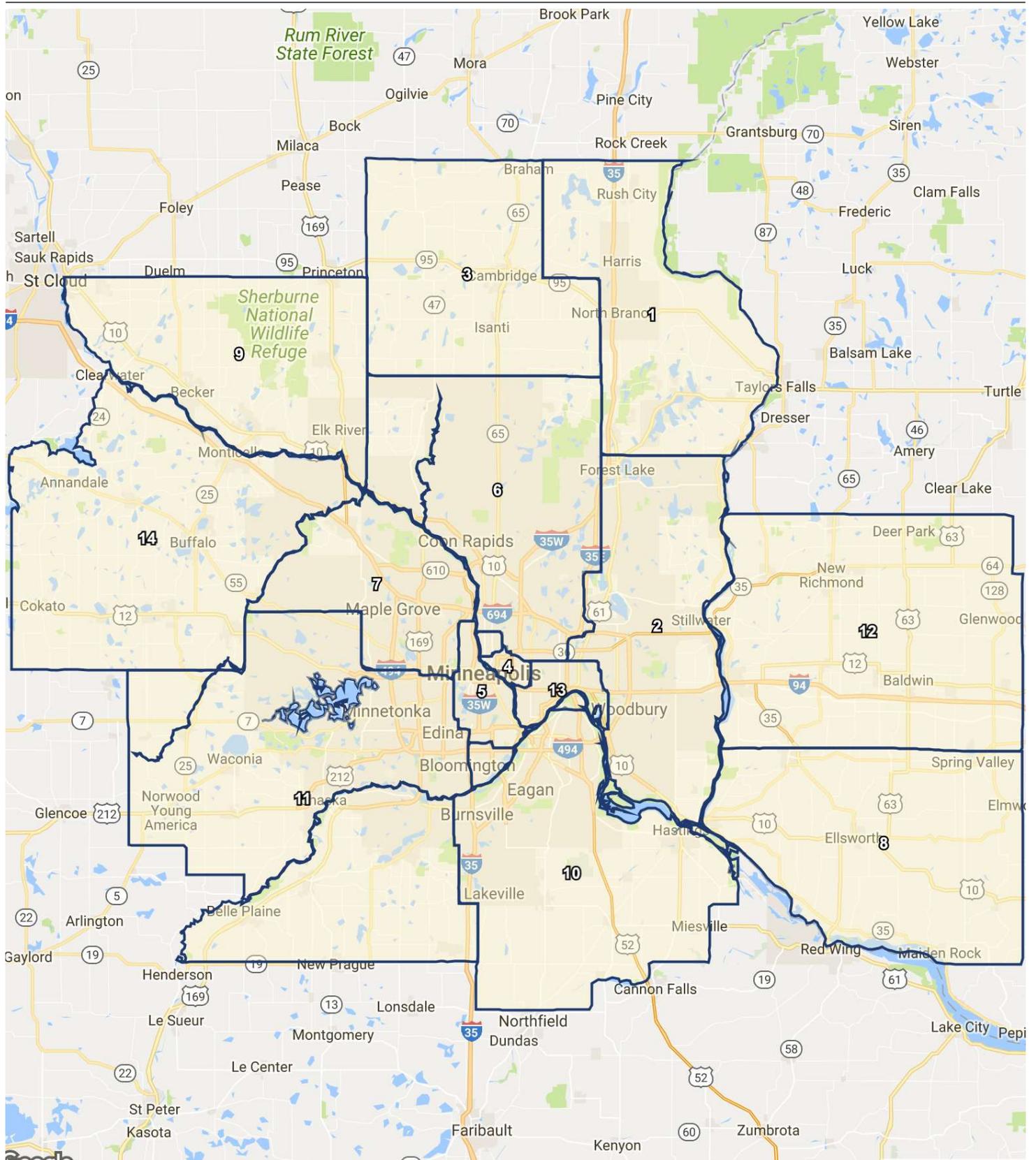


INCOME GROWTH



Source: Moody's Analytics

MINNEAPOLIS SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Chisago County	180	3,658	1.0%	12	0	0	0%	-	0	-	-	-
2	East	520	19,806	5.3%	7	0	0	0%	-	0	-	-	-
3	Isanti County	107	2,123	0.6%	13	0	0	0%	-	0	-	-	-
4	Midway	455	26,657	7.2%	5	0	0	0%	-	0	-	-	-
5	Minneapolis	712	24,083	6.5%	6	0	0	0%	-	0	-	-	-
6	North Central	1,676	61,337	16.5%	3	4	759	1.2%	1	2	181	0.3%	4
7	Northwest	1,204	66,984	18.0%	2	3	465	0.7%	4	4	685	1.0%	1
8	Pierce County	95	1,507	0.4%	14	0	0	0%	-	0	-	-	-
9	Sherburne County	313	7,314	2.0%	11	1	10	0.1%	6	1	50	0.7%	5
10	South Central	1,139	50,355	13.5%	4	6	570	1.1%	2	4	522	1.0%	2
11	Southwest	1,616	74,743	20.1%	1	6	543	0.7%	3	2	378	0.5%	3
12	St Croix County	405	10,521	2.8%	9	0	0	0%	-	0	-	-	-
13	St Paul	430	13,476	3.6%	8	0	0	0%	-	0	-	-	-
14	Wright County	483	10,197	2.7%	10	1	24	0.2%	5	0	-	-	-

SUBMARKET RENT

No.	Submarket	Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Chisago County	\$5.92	12	2.7%	3	2.5%	11
2	East	\$8.25	1	2.6%	5	3.9%	3
3	Isanti County	\$6.11	11	2.6%	7	2.7%	10
4	Midway	\$7.01	5	2.0%	14	3.4%	6
5	Minneapolis	\$6.79	7	2.3%	13	4.2%	1
6	North Central	\$6.71	8	2.5%	8	3.6%	4
7	Northwest	\$6.88	6	2.4%	10	3.5%	5
8	Pierce County	\$5.53	14	2.5%	9	3.1%	8
9	Sherburne County	\$6.35	10	2.6%	6	2.0%	14
10	South Central	\$7.22	3	2.7%	4	3.9%	2
11	Southwest	\$7.16	4	2.3%	11	3.2%	7
12	St Croix County	\$5.69	13	2.3%	12	2.8%	9
13	St Paul	\$7.25	2	2.8%	1	2.2%	13
14	Wright County	\$6.48	9	2.7%	2	2.2%	12

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Chisago County	23,200	0.6%	1	16,612	0.5%	8	-
2	East	796,127	4.0%	11	(79,800)	-0.4%	13	-
3	Isanti County	59,134	2.8%	6	(25,822)	-1.2%	10	-
4	Midway	1,424,014	5.3%	12	(26,340)	-0.1%	11	-
5	Minneapolis	453,979	1.9%	3	197,717	0.8%	4	-
6	North Central	2,144,253	3.5%	9	(195,951)	-0.3%	14	-
7	Northwest	4,677,514	7.0%	13	298,329	0.4%	3	1.6
8	Pierce County	-	-	-	0	0%	-	-
9	Sherburne County	158,486	2.2%	5	24,797	0.3%	7	0.4
10	South Central	1,478,037	2.9%	7	724,708	1.4%	2	0.7
11	Southwest	2,353,817	3.1%	8	992,537	1.3%	1	0.4
12	St Croix County	216,334	2.1%	4	(33,438)	-0.3%	12	-
13	St Paul	520,990	3.9%	10	149,065	1.1%	5	-
14	Wright County	145,460	1.4%	2	26,803	0.3%	6	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	390,778,013	2,423,371	0.6%	1,978,222	0.5%	1.2
2021	388,354,642	2,456,722	0.6%	1,750,982	0.5%	1.4
2020	385,897,920	2,667,691	0.7%	1,684,929	0.4%	1.6
2019	383,230,229	2,988,657	0.8%	2,110,586	0.6%	1.4
2018	380,241,572	2,399,291	0.6%	3,478,714	0.9%	0.7
YTD	377,600,741	(241,540)	-0.1%	1,053,542	0.3%	-
2017	377,842,281	2,265,500	0.6%	917,405	0.2%	2.5
2016	375,576,781	3,164,609	0.8%	6,478,213	1.7%	0.5
2015	372,412,172	4,971,151	1.4%	5,927,930	1.6%	0.8
2014	367,441,021	381,287	0.1%	2,958,748	0.8%	0.1
2013	367,059,734	1,289,971	0.4%	1,659,490	0.5%	0.8
2012	365,769,763	149,294	0%	2,169,782	0.6%	0.1
2011	365,620,469	651,727	0.2%	202,537	0.1%	3.2
2010	364,968,742	(175,482)	0%	1,547,959	0.4%	-
2009	365,144,224	741,916	0.2%	(1,735,629)	-0.5%	-
2008	364,402,308	1,945,617	0.5%	2,294,488	0.6%	0.8

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	149,293,610	130,877	0.1%	(490,371)	-0.3%	-
2021	149,162,733	132,624	0.1%	(553,865)	-0.4%	-
2020	149,030,109	144,039	0.1%	(529,773)	-0.4%	-
2019	148,886,070	142,449	0.1%	(361,615)	-0.2%	-
2018	148,743,621	112,933	0.1%	26,295	0%	4.3
YTD	148,630,688	0	0%	232,387	0.2%	0
2017	148,630,688	55,743	0%	28,404	0%	2.0
2016	148,574,945	171,823	0.1%	1,486,617	1.0%	0.1
2015	148,403,122	1,138,613	0.8%	884,247	0.6%	1.3
2014	147,264,509	(214,385)	-0.1%	795,604	0.5%	-
2013	147,478,894	(630,509)	-0.4%	524,969	0.4%	-
2012	148,109,403	(201,219)	-0.1%	(326,986)	-0.2%	-
2011	148,310,622	34,395	0%	518,171	0.3%	0.1
2010	148,276,227	(289,588)	-0.2%	(396,271)	-0.3%	-
2009	148,565,815	266,413	0.2%	(941,436)	-0.6%	-
2008	148,299,402	311,613	0.2%	676,863	0.5%	0.5

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	162,074,121	2,045,343	1.3%	1,873,260	1.2%	1.1
2021	160,028,778	2,073,548	1.3%	1,733,536	1.1%	1.2
2020	157,955,230	2,251,617	1.4%	1,608,186	1.0%	1.4
2019	155,703,613	2,227,088	1.5%	1,551,538	1.0%	1.4
2018	153,476,525	2,262,553	1.5%	2,134,808	1.4%	1.1
YTD	151,332,372	118,400	0.1%	706,175	0.5%	0.2
2017	151,213,972	2,325,850	1.6%	1,877,151	1.2%	1.2
2016	148,888,122	2,704,149	1.8%	3,699,337	2.5%	0.7
2015	146,183,973	3,686,738	2.6%	4,156,861	2.8%	0.9
2014	142,497,235	415,576	0.3%	1,564,559	1.1%	0.3
2013	142,081,659	2,405,930	1.7%	886,269	0.6%	2.7
2012	139,675,729	224,402	0.2%	2,101,008	1.5%	0.1
2011	139,451,327	505,350	0.4%	453,735	0.3%	1.1
2010	138,945,977	114,106	0.1%	1,294,815	0.9%	0.1
2009	138,831,871	320,079	0.2%	(585,371)	-0.4%	-
2008	138,511,792	896,464	0.7%	1,004,893	0.7%	0.9

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	79,410,282	247,151	0.3%	595,333	0.7%	0.4
2021	79,163,131	250,550	0.3%	571,311	0.7%	0.4
2020	78,912,581	272,035	0.3%	606,516	0.8%	0.4
2019	78,640,546	619,120	0.8%	920,663	1.2%	0.7
2018	78,021,426	23,805	0%	1,317,611	1.7%	0
YTD	77,637,681	(359,940)	-0.5%	114,980	0.1%	-
2017	77,997,621	(116,093)	-0.1%	(988,150)	-1.3%	-
2016	78,113,714	288,637	0.4%	1,292,259	1.7%	0.2
2015	77,825,077	145,800	0.2%	886,822	1.1%	0.2
2014	77,679,277	180,096	0.2%	598,585	0.8%	0.3
2013	77,499,181	(485,450)	-0.6%	248,252	0.3%	-
2012	77,984,631	126,111	0.2%	395,760	0.5%	0.3
2011	77,858,520	111,982	0.1%	(769,369)	-1.0%	-
2010	77,746,538	0	0%	649,415	0.8%	0
2009	77,746,538	155,424	0.2%	(208,822)	-0.3%	-
2008	77,591,114	737,540	1.0%	612,732	0.8%	1.2

OVERALL RENT & VACANCY

Year	Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	\$7.45	112	1.1%	7.0%	17,760,709	4.5%	0.1%
2021	\$7.37	111	1.0%	6.0%	17,315,560	4.5%	0.2%
2020	\$7.29	110	0.8%	5.0%	16,609,820	4.3%	0.2%
2019	\$7.24	109	1.8%	4.3%	15,627,058	4.1%	0.2%
2018	\$7.11	107	2.7%	2.6%	14,748,254	3.9%	-0.3%
YTD	\$6.96	104	0.5%	0.5%	14,475,815	3.8%	-0.3%
2017	\$6.93	104	2.7%	0%	15,770,897	4.2%	0.3%
2016	\$6.74	101	2.7%	-2.7%	14,422,802	3.8%	-0.9%
2015	\$6.57	99	1.5%	-5.5%	17,736,406	4.8%	-0.3%
2014	\$6.47	97	1.3%	-7.1%	18,693,185	5.1%	-0.7%
2013	\$6.38	96	3.4%	-8.5%	21,270,646	5.8%	-0.1%
2012	\$6.18	93	1.2%	-12.1%	21,640,165	5.9%	-0.6%
2011	\$6.11	92	-1.0%	-13.4%	23,660,653	6.5%	0.1%
2010	\$6.16	93	-3.9%	-12.3%	23,211,463	6.4%	-0.5%
2009	\$6.41	96	-3.7%	-8.0%	24,934,904	6.8%	0.7%
2008	\$6.66	100	1.2%	-4.0%	22,457,359	6.2%	-0.1%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	\$6.81	107	1.1%	6.2%	5,522,375	3.7%	0.4%
2021	\$6.73	106	1.0%	5.2%	4,901,127	3.3%	0.5%
2020	\$6.66	105	0.7%	4.2%	4,214,638	2.8%	0.4%
2019	\$6.62	104	1.5%	3.5%	3,540,826	2.4%	0.3%
2018	\$6.52	103	2.2%	2.1%	3,036,762	2.0%	0.1%
YTD	\$6.42	101	0.6%	0.6%	2,717,737	1.8%	-0.2%
2017	\$6.38	101	1.8%	0%	2,950,124	2.0%	0%
2016	\$6.27	99	0.9%	-1.8%	2,922,785	2.0%	-0.9%
2015	\$6.21	98	0.3%	-2.8%	4,237,579	2.9%	0.2%
2014	\$6.19	98	2.2%	-3.1%	3,983,213	2.7%	-0.7%
2013	\$6.06	96	3.1%	-5.3%	4,993,202	3.4%	-0.8%
2012	\$5.87	93	1.5%	-8.6%	6,148,680	4.2%	0.1%
2011	\$5.79	91	-1.2%	-10.3%	6,022,913	4.1%	-0.3%
2010	\$5.86	93	-4.4%	-8.9%	6,506,689	4.4%	0.1%
2009	\$6.13	97	-3.2%	-4.1%	6,400,006	4.3%	0.8%
2008	\$6.33	100	0.3%	-0.8%	5,192,157	3.5%	-0.3%

LOGISTICS RENT & VACANCY

Year	Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	\$7.05	118	1.1%	8.0%	9,511,555	5.9%	0%
2021	\$6.97	117	1.0%	7.0%	9,339,472	5.8%	0.1%
2020	\$6.90	116	0.9%	6.0%	8,999,460	5.7%	0.3%
2019	\$6.84	115	2.2%	5.2%	8,356,029	5.4%	0.4%
2018	\$6.70	112	3.2%	3.1%	7,680,479	5.0%	0%
YTD	\$6.51	109	0.3%	0.3%	6,907,446	4.6%	-0.4%
2017	\$6.49	109	3.7%	0%	7,495,221	5.0%	0.2%
2016	\$6.25	105	3.3%	-3.7%	7,046,522	4.7%	-0.8%
2015	\$6.05	102	2.6%	-7.1%	8,041,710	5.5%	-0.5%
2014	\$5.90	99	1.7%	-9.9%	8,511,833	6.0%	-0.8%
2013	\$5.80	97	3.8%	-11.9%	9,660,816	6.8%	1.0%
2012	\$5.59	94	1.2%	-16.1%	8,141,155	5.8%	-1.4%
2011	\$5.52	93	0.5%	-17.5%	10,017,761	7.2%	0%
2010	\$5.49	92	-4.1%	-18.1%	9,966,146	7.2%	-0.9%
2009	\$5.73	96	-3.8%	-13.3%	11,146,855	8.0%	0.6%
2008	\$5.96	100	1.6%	-8.9%	10,241,405	7.4%	-0.1%

FLEX RENT & VACANCY

Year	Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	\$9.45	109	1.1%	6.8%	2,726,779	3.4%	-0.5%
2021	\$9.35	108	1.0%	5.7%	3,074,961	3.9%	-0.4%
2020	\$9.26	107	0.7%	4.8%	3,395,722	4.3%	-0.4%
2019	\$9.19	106	1.6%	4.1%	3,730,203	4.7%	-0.4%
2018	\$9.05	104	2.6%	2.6%	4,031,013	5.2%	-1.7%
YTD	\$8.86	102	0.5%	0.5%	4,850,632	6.2%	-0.6%
2017	\$8.81	102	2.6%	0%	5,325,552	6.8%	1.1%
2016	\$8.59	99	4.2%	-2.6%	4,453,495	5.7%	-1.3%
2015	\$8.24	95	1.8%	-6.9%	5,457,117	7.0%	-1.0%
2014	\$8.10	94	-0.6%	-8.8%	6,198,139	8.0%	-0.6%
2013	\$8.15	94	3.1%	-8.2%	6,616,628	8.5%	-0.9%
2012	\$7.90	91	0.6%	-11.6%	7,350,330	9.4%	-0.4%
2011	\$7.85	91	-2.5%	-12.3%	7,619,979	9.8%	1.1%
2010	\$8.05	93	-2.9%	-9.5%	6,738,628	8.7%	-0.8%
2009	\$8.29	96	-4.2%	-6.3%	7,388,043	9.5%	0.5%
2008	\$8.66	100	1.7%	-1.8%	7,023,797	9.1%	0.1%

OVERALL SALES

Year	Completed Transactions						Market Pricing Trends		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2022	-	-	-	-	-	-	\$66.27	129	7.3%
2021	-	-	-	-	-	-	\$65.76	128	7.3%
2020	-	-	-	-	-	-	\$65.05	127	7.3%
2019	-	-	-	-	-	-	\$63.91	125	7.4%
2018	-	-	-	-	-	-	\$62.35	122	7.4%
YTD	34	\$81.6 M	0.5%	\$3,390,562	\$51.21	7.9%	\$60.96	119	7.4%
2017	435	\$842.9 M	5.0%	\$2,607,155	\$55.62	7.8%	\$60.69	118	7.4%
2016	391	\$915.2 M	4.6%	\$2,762,605	\$57.47	7.7%	\$59.72	117	7.3%
2015	428	\$980.1 M	5.4%	\$2,693,669	\$53.96	7.7%	\$59.68	116	7.1%
2014	415	\$855.4 M	4.8%	\$2,314,789	\$52.16	7.5%	\$56.43	110	7.3%
2013	379	\$705.5 M	4.9%	\$2,164,740	\$42.10	9.2%	\$51.76	101	7.8%
2012	346	\$578.3 M	4.1%	\$2,080,654	\$45.18	8.0%	\$48.23	94	8.2%
2011	310	\$462.1 M	3.4%	\$1,751,852	\$43.18	7.8%	\$45.09	87	8.5%
2010	187	\$300.9 M	2.0%	\$1,764,797	\$44.78	9.5%	\$42.88	83	8.8%
2009	160	\$220.8 M	1.4%	\$1,515,083	\$45.97	8.9%	\$44.82	86	8.8%
2008	283	\$910.5 M	3.6%	\$3,383,893	\$71.03	8.2%	\$52.04	100	8.2%