



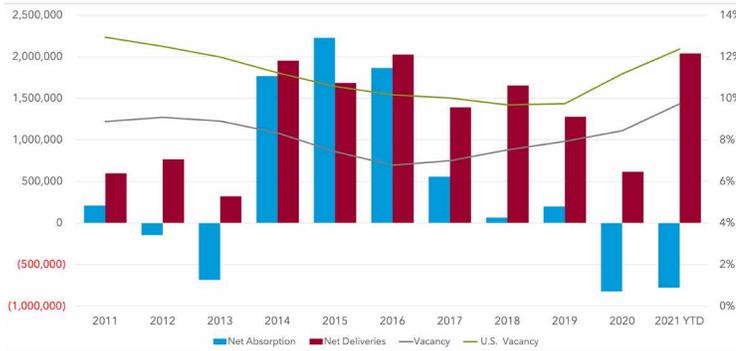
OFFICE MARKET OVERVIEW

LUKE SCHAMMEL, Associate

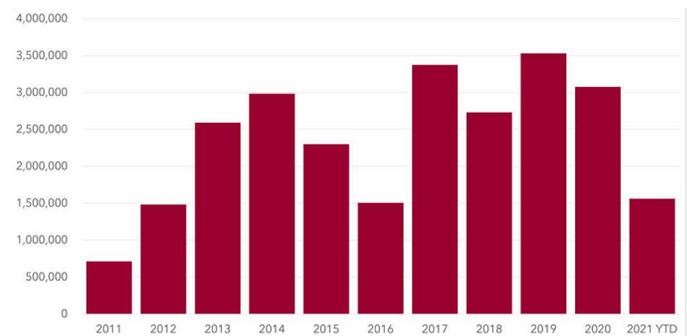
The Twin Cities Office Market in Q2 continued to struggle in the aftermath of the Global COVID-19 pandemic. However, with companies finalizing back to the office plans, a steady negative net absorption trend and increased leasing activity in Q3 is expected. The cessation of the pandemic raised certainty in the market in Q2 as workers started the long-awaited return to the workplace. Overall, the Twin Cities market held up in Q2 with an overall vacancy rate of 9.7% compared to the national average rate of 12.4%. Net Asking Rates remained steady with an average gross rate of \$25.52/SF and developer-deliveries rebounded to a decade high of over 2.0 million SF YTD in 2021.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▲ Net Absorption SF	(1,485,369)	(2,135,278)	(822,738)	(26,150)	(249,385)
▲ Vacancy Rate	9.7%	9.3%	8.4%	8.0%	7.9%
▼ Avg NNN Asking Rate PSF	\$25.52	\$25.57	\$25.59	\$25.62	\$25.61
▼ SF Under Construction	1,574,878	2,338,114	3,075,448	3,225,627	3,441,731
▲ Inventory SF	202,135,457	200,899,108	200,145,974	199,865,974	199,788,870

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
241 5th Ave N Minneapolis, MN	210,000 SF	\$84,497,416 \$402.37 PSF	Monarch Alternative Capital Swervo Development Corporation	Class A
212 3rd Ave N Minneapolis, MN	203,000 SF	\$35,400,000 \$174.38 PSF	Asana Partners GEM Realty Capital, Inc.	Class B
1715 Yankee Doodle Rd Eagan, MN	103,640 SF	\$5,500,000 \$53.07 PSF	BridgeCap Partners Hudson Advisors, LP	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
312 S 3rd Street Minneapolis, MN	19,734 SF	Ryan Companies	Kinney & Lange, PA	IP Law
21 N 3rd Street Minneapolis, MN	13,620 SF	John Rimarcik	Undisclosed	Undisclosed
15 S 5th Street Minneapolis, MN	9,713 SF	R2 Companies	Arux Software	Technology

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