



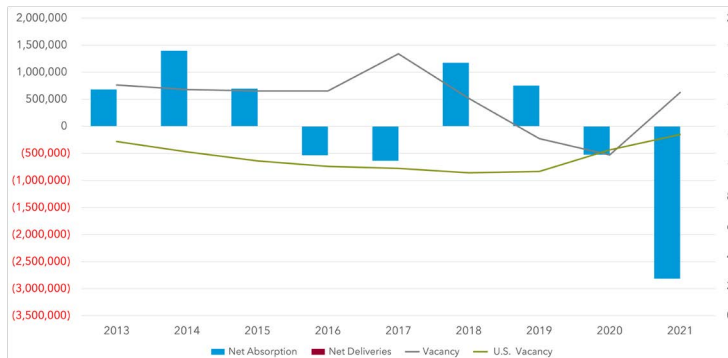
OFFICE MARKET OVERVIEW

LUKE SCHAMMEL, Associate

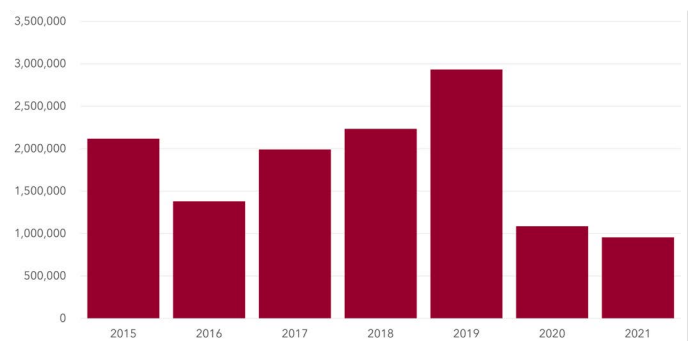
The Twin Cities Office market continues to feel the effects of a resurgent COVID-19 pandemic, as the Q4 Office Vacancy rate ticked up 50 basis points to 15.0%. Companies and employees continue to wait for clarity around return to office guidelines as planned return dates continue to get pushed back, ultimately delaying lease decisions. Asking rates in the Minneapolis market continue to hold stagnant, as concessions have picked up across the sector. As 2022 Leases expire, expect there to be significant consideration from Landlords in the form of additional concessions to sign new and existing tenants to long-term leases.

MARKET INDICATORS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
▼ 12 Mo. Net Absorption SF	(692,907)	49,836	(1,193,325)	(963,593)	(203,552)
▲ Vacancy Rate	15.00%	14.50%	14.50%	13.80%	13.00%
▲ Avg NNN Asking Rate PSF	\$25.34	\$25.29	\$24.58	\$25.02	\$24.81
▲ SF Under Construction	1,280,278	1,123,197	995,670	790,793	1,086,220
▼ Inventory SF	129,388,269	129,868,213	129,388,269	129,483,908	128,445,976

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
The BLOC - 1550 American Blvd E, Bloomington, MN	165,640 SF	\$25,000,000 \$151.00 PSF	BLOC Office, LLC LSREF 4 Bison, LLC	Class A
718 Washington Avenue SE Minneapolis, MN	75,246 SF	\$14,871,576 \$197.64 PSF	Friends of Anselm House Undisclosed	Class C
Rosedale Tower - 1700 Hwy 36 W Roseville, MN	94,719 SF	\$9,800,000 \$103.46 PSF	Rosedale Tower, LLC Ted Glasrud Associates MN, LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Randolph Square St. Paul, MN	68,500 SF	Wellington Management	MN Regulatory Licensing Board	Government
Excelsior Crossings 9350 Excelsior Blvd, Hopkins, MN	36,292 SF	Colfin Midwest NNN INV, LLC	Michael Foods	Foodservice
Carlson Center East I 110 Cheshire Ln, Minnetonka, MN	27,951 SF	GRE-Carlson Center East, LLC	AdvisorNet	Financial Planning

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