



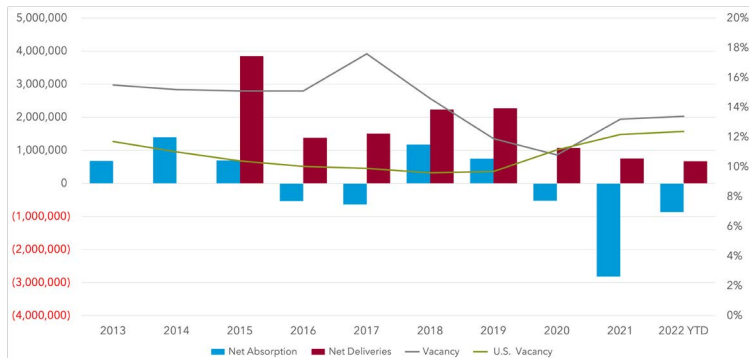
OFFICE MARKET OVERVIEW

LUKE SCHAMMEL, Associate

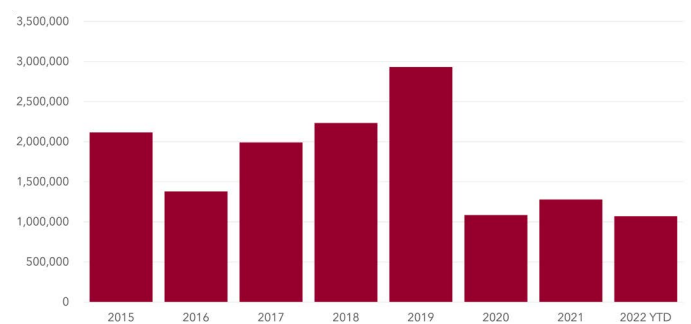
The Twin Cities Office Market is continuing to feel the effects of remote work, experiencing nearly one million square feet of negative net absorption year-to-date, causing the vacancy rate to increase 52 basis points to 13.92% for Q2 2022. Asking rates in the Minneapolis market remain elevated at \$25.69 per square foot as a flight to quality is keeping rents steady and landlords offer concessions to tenants in place of rent decreases. These heavy concessions are expected to continue into the foreseeable future, as Landlords work to attract employees back to the office, and lock in tenants to new deals.

MARKET INDICATORS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
▼ Net Absorption SF	(866,817)	(86,139)	(1,499,256)	(963,301)	(1,193,325)
▲ Vacancy Rate	13.92%	13.40%	13.20%	12.80%	12.90%
▼ Avg NNN Asking Rate PSF	\$25.69	\$25.74	\$25.34	\$25.29	\$24.58
▼ SF Under Construction	1,049,324	1,071,160	1,280,278	1,123,197	995,670
▲ Inventory SF	130,660,070	129,892,693	129,388,269	129,868,213	129,892,693

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1275 Red Fox Road Arden Hills, MN	75,601 SF	\$7,650,000 \$101.00 PSF	Champlain Associates Elm Tree Funds	Class C
10405 6th Avenue N Plymouth, MN	53,544 SF	\$6,500,000 \$121.00 PSF	DN Enterprises Dakota REIT	Class C
1333 Northland Drive Mendota Heights, MN	33,812 SF	\$3,580,000 \$106.00 PSF	DSB Rock Island PS Unlimited	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
400-500 NE Stinson Boulevard Minneapolis, MN	128,503 SF	AX Stinson, LP	MN Department of Ed.	Government
5600 W 84th Street Bloomington, MN	89,810 SF	ML -AI Normandale, LLC	Delta Airlines	Transportation
12755 Hwy 55 Plymouth, MN	43,599 SF	Jet 55 Property Owner, LLC	Epicor	Software

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