



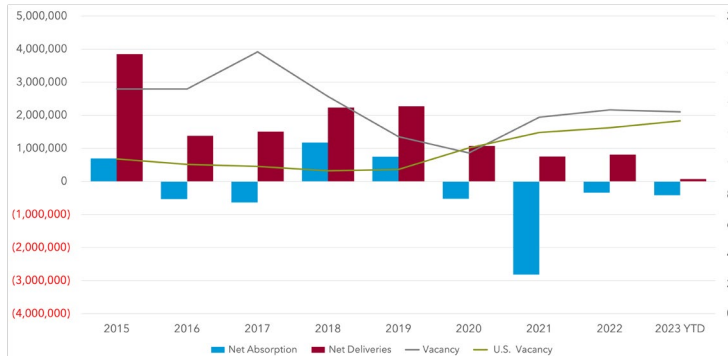
### OFFICE MARKET OVERVIEW

LUKE SCHAMMEL, *Associate*

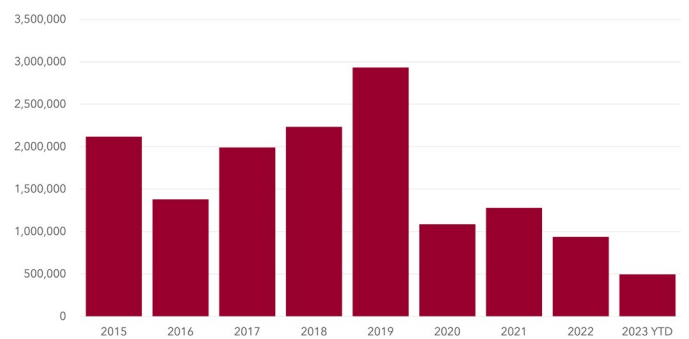
The Twin Cities office market continues to be impacted by remote work with vacancy rates increasing from 13.50% to 13.56% in Q1 2023. This trend is expected to continue as companies adopt hybrid work models. Additionally, investment sales are slowing due to interest rate volatility and economic uncertainty. As a result, landlords are offering more favorable lease terms and concessions to attract and retain tenants. It is an opportune time for tenants to negotiate favorable lease terms and secure cost-effective space in a competitive market. We will continue to monitor market conditions into Q2 and beyond as debt conditions will lead to interesting opportunities for tenants in the market.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ Net Absorption SF	(418,306)	(371,824)	(341,342)	(866,817)	(86,139)
▲ Vacancy Rate	13.56%	13.50%	13.70%	13.92%	13.40%
▲ Avg NNN Asking Rate PSF	\$26.55	\$26.39	\$26.38	\$25.69	\$25.74
▼ SF Under Construction	840,483	919,455	938,202	1,049,324	1,071,160
▼ Inventory SF	129,108,877	129,670,689	129,918,927	130,660,070	129,892,693

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
445 Lake Street E Wayzata, MN	38,328 SF	\$25,700,000 \$670.53 PSF	Clackamas Commons Prop Mgmt 445 Lake Street Ltd Partnership	Class C
1625 Radio Drive Woodbury, MN	54,810 SF	\$13,069,246 \$238.45 PSF	Encompass Properties, LLC Summerhill Commercial	Class B
1715 Yankee Doodle Road Eagan, MN	118,978 SF	\$12,450,000 \$104.64 PSF	Riverpoint Eagan, LLC Yankee Doodle Eagan, LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
RBC Gateway Minneapolis-Gateway District, MN	47,729 SF	United Properties	Castlelake	Investment Service
620- 700 N 5th Street Minneapolis-Gateway District, MN	43,672 SF	Schafer Richardson	CanteenOne	Food and Retail Service
The Marq Minneapolis-Gateway District, MN	38,388 SF	KBS Realty Advisors	Voya	Financial Services

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