



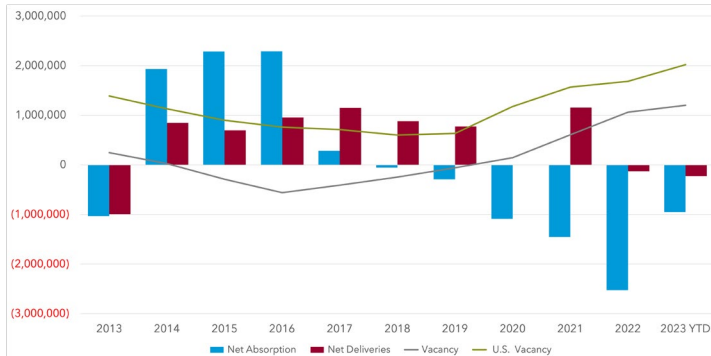
OFFICE MARKET OVERVIEW

LUKE SCHAMMEL, Associate

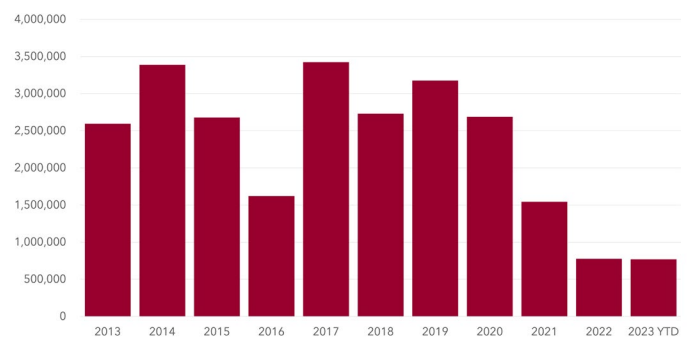
The net absorption trend in the Minneapolis office space market has been a source of concern, with a continuing decrease of 1,695,610 square feet in Q3 2023. This persistent negative absorption suggests a larger trend of occupiers downsizing as their leases expire. Companies that once occupied more extensive office spaces may be reconsidering their office needs, possibly driven by remote work arrangements and cost-saving measures. The downsizing trend is particularly noteworthy, as it impacts the overall demand for office spaces, contributing to the increased vacancy rate, which rose to 11.18% in the same period. This dynamic reflects a shift in how businesses perceive their office space requirements.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▲ Net Absorption SF	(1,695,610)	(1,736,446)	(2,324,206)	(2,526,131)	(1,792,249)
▲ Vacancy Rate	11.18%	10.84%	10.94%	10.83%	10.55%
▲ Avg Asking Rate PSF	\$26.75	\$26.69	\$26.48	\$26.30	\$26.30
▼ SF Under Construction	791,624	801,621	804,624	777,178	892,309
▲ Inventory SF	201,368,218	201,358,221	201,367,451	201,664,856	201,859,869

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
RBC Gateway 250 Nicollet Mall, Minneapolis, MN	532,000 SF	\$225,000,000 \$422.93 PSF	Spear Street Capital United Properties Investment LLC	Class A+
Landmark Towers 345 Saint Peter Street, St. Paul, MN	216,252 SF	\$8,150,000 \$37.69 PSF	Sherman Associates, Inc. U.S. Bancorp	Class A
Elliot Park LifeSciences Bldg 700 10th Ave S, Minneapolis, MN	66,084 SF	\$2,390,000 \$36.17 PSF	Alliance Housing Incorporated Excelen	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Steelman Exchange 241 5th Ave N, Minneapolis, MN	60,000 SF	NorthBay	NetSpi	Computer Security Service
Golden Hills Office Center 701 S. Xenia Ave., Golden Valley, MN	51,975 SF	Altus	WSB	Engineering Services
Crescent Ridge Two 10900 Wayzata Blvd, Minnetonka, MN	32,326 SF	Piedmont Office Realty Trust, Inc.	Alerus Financial	Financial Services

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com