

# MARKET notes



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## Twin Cities Real Estate Highlights 2004

### Gray, Plant, Mooty, Mooty & Bennett, PA Completes Relocation to IDS

The law firm of Gray Plant Mooty, Mooty & Bennett recently completed their relocation to new office space in the IDS Center in Minneapolis, Minnesota. They now occupy approximately 109,000 SF within the IDS Center.

Over three years of planning and preparation went into this move with a lease structured nearly two years prior to occupancy.

This opportunity was identified by tracking several other significant tenant movements coordinated with the timing of renovation. Their space has been nominated for several awards and will serve them well into the future.



### Steve & Craig as Your Advocate

As tenant and buyer representatives, our focus is truly our clients. We are diligent in our research and evaluation of each client's individual situation. We remain steadfast to doing what is in the best interests of our clients on a long-term basis. Because we hold our client's needs in the highest regard we are ultimately rewarded with not only their repeat business, but also numerous referrals. Your satisfaction is our most important goal. We are committed to honest, ethical and professional service and will not compromise these values. Sometimes the best advice we can give is to postpone the execution of a transaction based on current market conditions or projected opportunities. If you would like to discuss your commercial real estate needs or would like to evaluate our strategic planning assistance confidentially please contact Steve Chirhart at 651-260-4444, or Craig Kirkpatrick at 612-868-6330 and we will put our 38 years of experience to work for you.

We realize that if we earn your trust today we will receive your business tomorrow.

### Users to Dominate Market as Demand for Space Remains Flat in 2004

Although economic growth has gained momentum, a number of factors are present that have significantly impacted demand for office and industrial space:

- Productivity gains have led to minimal job creation
- Low interest rates have shifted demand towards ownership
- Manufacturing and service sector jobs have been exported to lower cost providers globally
- Sublease space has negatively impacted absorption

What this will translate into is an extended opportunity for tenants and buyers in today's market. We are often asked if this is a tenant's market, and if so, how long will this window of opportunity exist? The first answer is "Yes", this is definitely a tenant's market. How long it will last is tied directly to job growth and will vary by individual submarket and product type.

Significant variations in office vacancy rates exists. The vacancy rate for the St. Paul suburban market is currently 8-10 points lower than either the Southwest quadrant or Minneapolis CBD.

Owner/occupants are finding great opportunities, but quality investment real estate is in high demand and difficult to secure in today's competitive market environment.

Timing considerations for renegotiation or relocation is another most frequently asked question. We have seen numerous early renewals to benefit both tenants and landlords, but it is highly dependent on remaining lease term, existing rental rates, current market conditions and whether the space can be expected to meet projected needs through an extended term.



### All Furniture Relocates To New Headquarters

Dion Schilling, the owner of All Furniture, Inc. Recently purchased an office/warehouse building at 675 Stinson Avenue in Minneapolis. The building will serve as their new showroom and warehouse facility for All Furniture. The property also offered income from an existing lease which will provide a buffer for future growth.

Steve and Craig assisted Dion by locating this opportunity and in negotiating the sale terms. Although competing offers were in the initial states of discussion, we were able to secure this property on a timely basis.

## Twin Cities Office Vacancy Rates



## Twin Cities Industrial Vacancy Rates



## Wells Fargo Properties, Inc. Subleases Excess Space

Craig and Steve have assisted Wells Fargo Properties with subleasing approximately 30,000 square feet within the Southpointe Office Tower located in Bloomington, MN. The



sublease space was made available as the result of a recent banking acquisition with a short remaining lease term. The challenge was to identify users quickly who could utilize existing conditions without a costly retrofit. Wells Fargo is a diversified financial services company headquartered in San Francisco and operating in 23 states.

## Messerli & Kramer, P.A. Relocates Suburban Office

Messerli & Kramer P.A. Recently relocated their Plymouth office to 3033 Campus Drive. Messerli & Kramer, P.A., is a full service law firm with offices in Minneapolis, St. Paul and Plymouth. The firm had outgrown their suburban office location and they were unable to expand into adjacent space. By taking advantage of a soft office market they upgraded their office environment and accommodated their growth needs. Today's market is providing many opportunities to improve quality without increasing overhead. It is also causing many owners to provide upgrades to their common areas in an effort to remain attractive.

Craig and Steve also represented the firm with their lease renewal at 150 South Fifth Street in downtown Minneapolis and their St. Paul renewal at The League of Minnesota Cities Building.

## about market notes...

*Market Notes is a publication produced by Steve Chirhart and J. Craig Kirkpatrick. Steve and Craig's team approach is highly respected in the Twin Cities commercial real estate market. Both have achieved the prestigious SIOR designation from the Society of Industrial and Office Realtors and both are consistently ranked as top producers. Craig and Steve provide real estate solutions to clients with many challenging requirements throughout the Twin Cities, as well as nationally and internationally. They have a reputation of providing high quality services with integrity and have earned the trust and loyalty of their valued clients. Their services include:*

- Advisory and Consulting Services
- Build-to-Suit Projects
- Commercial Leasing
- Commercial Sales
- Lease Renewals
- National and International Network Connections
- Renovation or Conversion of Existing Property
- Site Search and Selection
- Sublease Assignments

*Steve and Craig focus on client representation rather than listing institutional properties. If you would like to discuss your specific needs or our services on a confidential basis, please contact:*

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