

MARKET notes



Steve Chirhart, SIOR



J. Craig Kirkpatrick, SIOR

Twin Cities Real Estate Highlights 2005

American Cancer Society Completes Sale and Lease



Craig and Steve recently represented the American Cancer Society, Midwest Division, Inc. With the sale of their Midwest division headquarters office building in Edina, MN. The 26,600 square foot building with a prime location across from the Southdale Mall was sold to a local real estate owner that bought the building to reposition it as a multi-tenant office/medical building. The sale of this asset allowed ACS to unlock under utilized resources and take advantage of a prime leasing opportunity.

In conjunction with the sale, Craig and Steve also represented the American Cancer Society in relocating their Midwest division offices to a new location. Taking advantage of current market conditions, the American Cancer Society leased 22,194 square feet in the Mendota Heights Business Center. By designing a highly efficient space plan which better meets their needs, they were able to reduce the facilities size by nearly 20%.

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 requirements and remain committed to performing in their best interests at all times.

Honesty, integrity and delivering quality professional services with value remains our mission. Our reputation is treasured and the respect of our clients earned. To discuss your commercial real estate needs confidentially contact Steve Chirhart at 651-260-4444, or Craig Kirkpatrick at 612-868-6330 and we will put our 39 years of experience to work for you.

Office Market Recovery Underway in 2005

After experiencing two consecutive years of negative absorption, the Twin Cities office market has finally turned the corner. Positive absorption of 281,500 square feet occurred in 2004, which was still well below the 10-year average of 827,800 square feet. Sublease space which had also represented a significant market factor in 2003 and 2004 has also diminished to less than 1% of the total market.

Vacancy rates as of the 4th Quarter 2004 stood at 17.6% market wide. Individual submarkets varied however, from a low of 9% in the St. Paul Suburban Market to a high of 25.2% within the St. Paul CBD. Most surprising was the flight to quality as Class A vacancies dropped 4.6% over the last twelve months to just 13.7% market wide. Vacancies are expected to drop 1-2% further in 2005.

Owner/User sales and build-to-suit activity remained strong with interest in investment real estate near record levels.

Rising land prices and increasing costs of development may postpone significant office construction another 12-24 months while rental rates rebound to a level necessary to justify and support new development. This 12-24 month window may be the last opportunity in this cycle where market conditions still strongly favor the Tenant. With over 12,000,000 square feet of vacant space, and job growth still below expectations, market equilibrium conditions may be reached by 2007 throughout the Twin Cities.

For an evaluation of your current lease rates vs. market or an opinion as to the best time to consider negotiations for either a renewal or relocation, contact Steve, Craig or Tim.

Tim Stewart Joins Steve & Craig



Tim Stewart recently joined Steve & Craig as a specialist in the area of Tenant and Buyer representation. He will be working with Steve Chirhart and Craig Kirkpatrick with a focus on the Minneapolis CBD, but will also assist in special projects elsewhere in the metro area. Tim is a graduate of St. Cloud State University with a Bachelor of Science degree in marketing.

Twin Cities Office Vacancy Rates



Twin Cities Industrial Vacancy Rates



Vanco Services Completes 12600 Whitewater Drive Relocation and Expansion



Recognized as one of the Twin Cities Top 50 Fastest Growing Firms for the second year in a row represents many challenges and opportunities for Vanco Services Jeanne Spencer-Rose and Bill Learst. Steve & Craig recently represented Vanco in evaluating its space requirements, forecasting growth and relocating its offices to 12600 Whitewater Drive. Their new lease provides flexibility to expand over time without the disruption of remodeling. Not only are they pleased with their space but the service and attention received from their Landlord and Property Manager has also pleasantly surpassed their expectations.

Law Firms expand within the Minneapolis CBD

Steve & Craig recently represented the Law Firms of Heins Mills & Olson, Messerli & Kramer P.A., Leonard O'Brien Spencer Gale & Sayre, and Nichols Kaster & Anderson in their expansion and/or renewals within the Minneapolis CBD. We are seeing increased demand for space in the office service sector as the economy improves and confidence returns.

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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