

# Minneapolis/St. Paul



**Market Insights for Tenants:** TaTonka Real Estate Advisors is the Minneapolis member of Exis, an international network of best-in-class tenant and buyer representation firms. At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing services and strategies that benefit tenants and buyers in each marketplace. We're pleased to provide the below in-depth information - contact us to learn more about how we can help you obtain the BEST terms on your commercial space needs.

## OVERVIEW

In the midst of the ongoing COVID-19 pandemic, office leasing and sale activity slowed in the first half of 2020. Lease renewals accounted for a greater portion of activity with many tenants exploring shorter term renewals as they take a "wait and see" approach in the midst of uncertain conditions.

While some office tenants have returned to the workplace, others continue to deploy a remote work strategy. Downtown Minneapolis building occupancy rates are in the range of 10-20% indicating most businesses have returned a small percentage of their employees to the office.

While there's been an increase in subleases to the market, we have not seen a significant change in delinquencies amongst Minneapolis/St. Paul office tenants which may be attributable to the availability of government stimulus programs.

## FUNDAMENTALS

Forecast

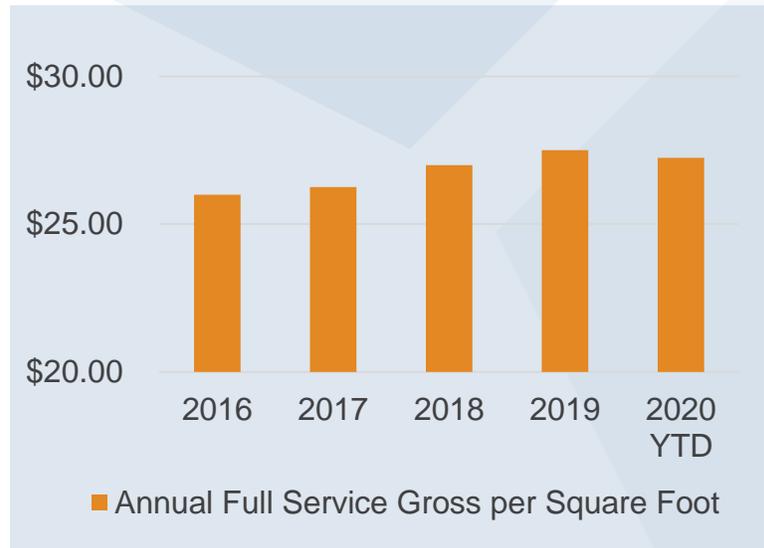
<b>YTD net absorption</b>	80,000 SF	▼
<b>Under construction</b>	2,100,000 SF	▶
<b>Average asking rent (gross)</b>	\$27.25 (All Classes)	▶
<b>Concessions</b>	Increasing	▲
<b>Market Size</b>	<b>Largest Office Deal</b>	<b>Total Vacancy</b>
125,000,000 SF	72,000 SF	14.5%

## TOTAL VACANCY



Detail Metrics: Square Feet (SF)

## AVERAGE ASKING RENTS



Average Asking Rents in Dollars for Class A and Class B

For more information, please contact:



[www.tatonkare.com](http://www.tatonkare.com) | [info@tatonkare.com](mailto:info@tatonkare.com) | 612.466.7300



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)

# Minneapolis/St. Paul



## WHAT THIS MEANS FOR TENANTS

Absorption of office space has been essentially flat in the first half of the year as decisions have been put on hold. The office market is experiencing multiple challenges presented by the ongoing pandemic and response to civil unrest. As a result, there could be a shift in demand from downtown areas towards suburban markets given the challenge that public transportation as well as social distancing considerations in high-rise office properties presents.

While the short-term impacts have been significant, we encourage our clients to exercise caution in their reactive measures. There may be a long-term shift in how we design workspaces going forward, but there are still many variables to monitor in the second half of the year. We're here to serve as a trusted advisor to our clients as they deal with immediate challenges and re-think their long-term real estate strategies.

## KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Cigna	6625 W 78 <sup>th</sup> Street, Bloomington	Southwest	New	72,000
The Nerderly	7700 France Ave, S, Edina	Southwest	New	65,000
Daikin	3033 Campus Drive, Plymouth	Northwest	Expansion	45,000
Benedictine Health Systems	6499 University Ave NE, Fridley	Northeast	New	37,000
Wipfli	150 South Fifth Street, Minneapolis	Mpls CBD	New	33,000

Copyright © 2020 TaTonka Real Estate Advisors. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by TaTonka Real Estate Advisors. The firm makes no representation concerning the accuracy or completeness of such information and expressly disclaims any responsibility for any inaccuracy contained herein.

For more information, please contact:



[www.tatonkare.com](http://www.tatonkare.com) | [info@tatonkare.com](mailto:info@tatonkare.com) | 612.466.7300



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)