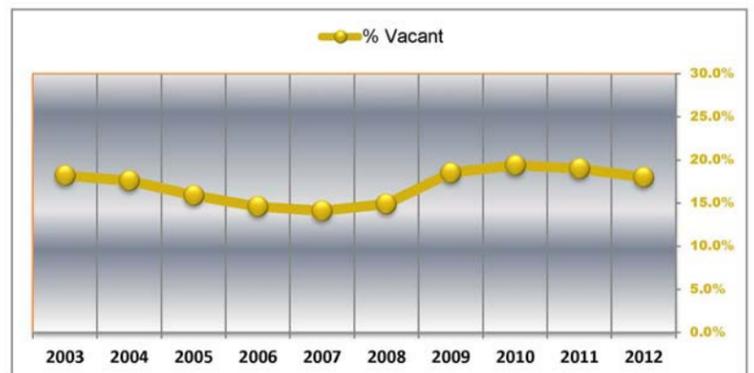


# MARKET *Notes* Volume 8

## 2012 Office Market Highlights and Outlook for 2013

Despite a year of political, economic and fiscal uncertainty, the Twin Cities office market had positive absorption of 637,270 SF dropping the overall vacancy rate to 18%. The majority (57%) of all absorption occurred in the Class A office market which reduced Class A vacancy rates to 13.6%. As the office market continues to tighten, the balance of power in negotiations has begun to shift back toward landlords, especially for tenants seeking space in excess of 100,000 SF. Tenants of 20,000 SF or less still have numerous options and Class B and C properties continue to offer additional concessions with vacancies above 20%. Several C properties are now undergoing plans for apartment conversion including the Soo Line Building, Loring Park Office Building and potentially the Plymouth Building. All of these are located within or near the Minneapolis CBD.



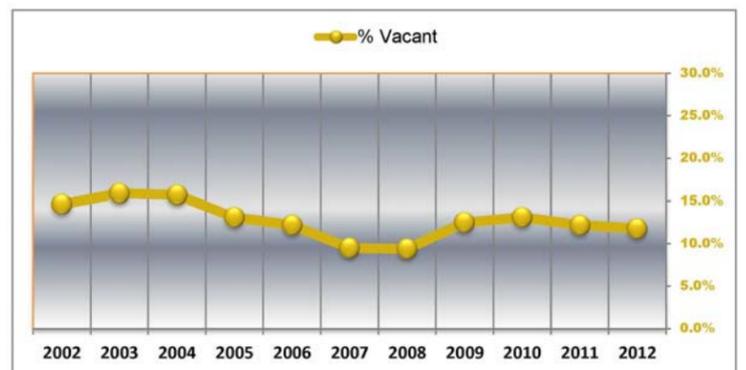
Many office tenants are shedding excess space and seeking office solutions that reduce their footprint and occupancy costs. This trend will offset some of the gains in absorption for the Class A market but a strengthening economy and further job growth is expected to reduce vacancy rates further in 2013.

As space options diminish, Tenant representation services will become increasingly important. TaTonka's transaction experience, market knowledge and unbiased representation of our clients' interests will ensure your lease will reflect the best economic and business terms available.



## 2012 Industrial Market Highlights and Outlook for 2013

The Twin Cities industrial vacancy rates have dropped to 11.8% in 2012 coming off a peak of 13.1% just two years ago. This is the lowest industrial vacancy rate since 2008. Although vacancies vary marginally by submarket a more prominent variance can be found by product type. Office showroom space contains the highest vacancy followed by office warehouse and bulk warehouse. The balance of power is beginning to shift in favor of landlords on prime industrial space as well. Additional concessions are available along with greater landlord flexibility on less prime industrial properties. Age, condition, clear height and location are all relevant factors as well as landlord strength and motivation in negotiating final lease or purchase terms. The Northwest and Southwest markets are experiencing the greatest leasing activity with build-to-suit interest also picking up due to a shortage of large block vacancies.



### TaTonka

TaTonka is a Dakota Indian term for the mighty American Buffalo. It is a symbol of strength, health and vitality. It is respected for its energy, spirit and integrity and thrives under adverse conditions. It was chosen to symbolize the values of our organization and the energy we put into serving our clients.



If you wish to discuss any requirement confidentially or have a market related question, please feel free to contact us at 612.466.7300. You may also visit our website at [www.TATONKAre.com](http://www.TATONKAre.com).



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## Recent Transactions

### Office Leases

**Ameriprise Financial**

3,815 SF to 18,167 SF - Edina, Bloomington, St. Louis Park and New Brighton

**Bush Foundation / St. Paul Foundation**

34,050 SF - St. Paul CBD

**Gray, Plant, Mooty, Mooty and Bennett**

109,000 SF - Minneapolis CBD

**Schechter Dokken Kanter Andrews & Selcer**

17,851 SF - Minneapolis CBD

**Universal Hospital Services**

55,000 SF - Bloomington

**Wells Fargo Bank, N.A.**

Numerous locations throughout the Twin Cities

### National Leases

**Prinsco**

South Dakota, North Dakota

**Universal Hospital Services**

Oregon, California, Pennsylvania, Tennessee, Ohio, Washington and Arizona

### Retail Leases

**Family Leisure**

75,708 SF - Lakeville

**Sorrento Pizza & Pasta**

2,001 SF - Minneapolis CBD

**The Burger Place**

2,370 SF - Minneapolis CBD

### Industrial Leases

**Card Cells**

20,595 SF - White Bear Lake

**Cardiovascular Systems, Inc.**

42,083 SF - New Brighton

### Land Sales

**Bayport, MN**

17 lots

**Blaine, MN**

3 acres

**Hugo, MN**

9 acres

**Stillwater, MN**

2 acres

### Building Sales

**All Furniture**

155,510 SF Industrial - Minneapolis

**HLK Law Firm**

7,200 SF Office - Minnetonka

**ProPower Sports**

32,000 SF Retail/Showroom - Ramsey

### Medical Professional Leases

**Minneapolis Heart Institute Foundation**

2,802 SF - Minneapolis

**Physicians Neck & Back Clinics**

8,949 SF - Edina

**Valley Creek Family Dentistry**

2,082 SF - Woodbury

## Darryle Henry Joins TaTonka Team

Darryle brings over 24 years of experience in leasing and development to the TaTonka Team. Prior to joining TaTonka, Darryle served as the Vice President of office leasing and development for Duke Realty, a national real estate investment trust. He has negotiated hundreds of leases and completed in excess of \$250 million in development projects. Darryle specializes in office leasing and sales, representing tenants and buyers throughout the Twin Cities. As market conditions tighten Darryle's development experience will be very valuable for clients interested in build-to-suit opportunities.



## Services

- Advisory and Consulting Services
- Tenant Representation
- Lease Renewals
- Buyer Representation
- Asset Disposition
- Build-to-Suit Client Representation
- Site Search and Selection
- Sublease Assignments
- National and International Network Connections

## Areas of Specialization

- Office
- Industrial
- Medical
- Retail
- Land
- Investment



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