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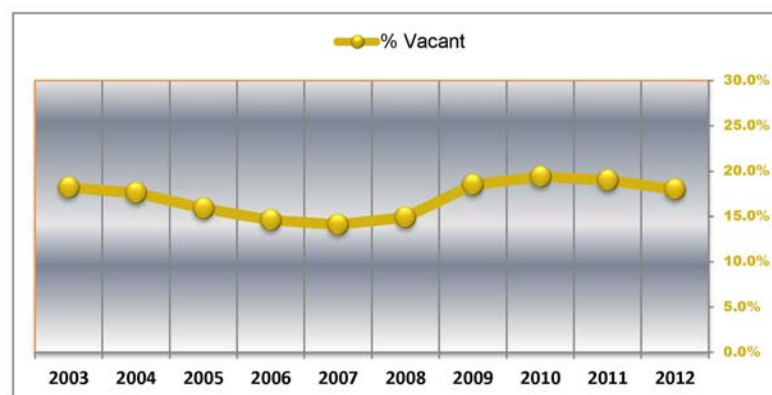


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MARKET *Notes* Volume 8

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.



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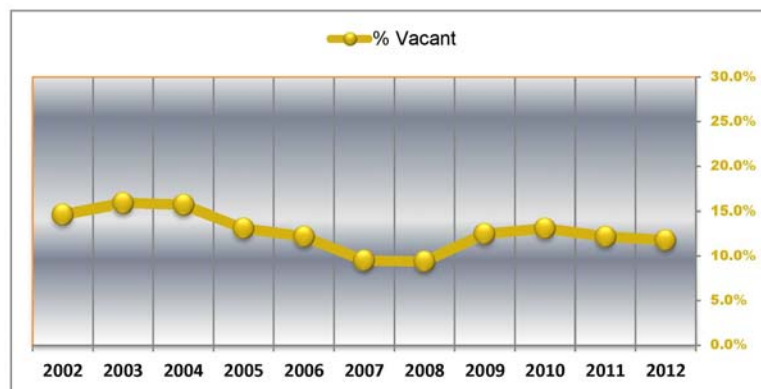


Many office tenants are shedding excess space and seeking office solutions that reduce their footprint and occupancy costs. This trend will offset some of the gains in absorption for the Class A market but a strengthening economy and further job growth is expected to reduce vacancy rates further in 2013.

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.

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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