



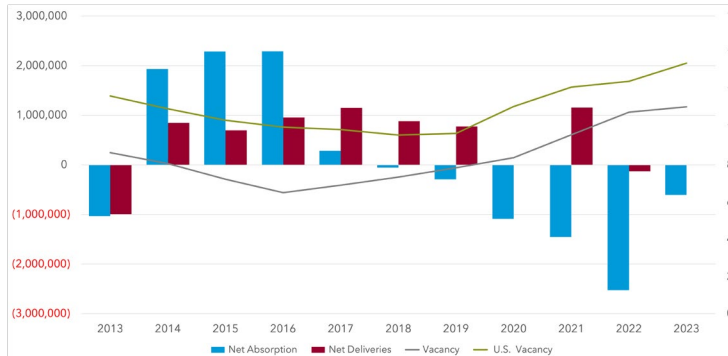
OFFICE MARKET OVERVIEW

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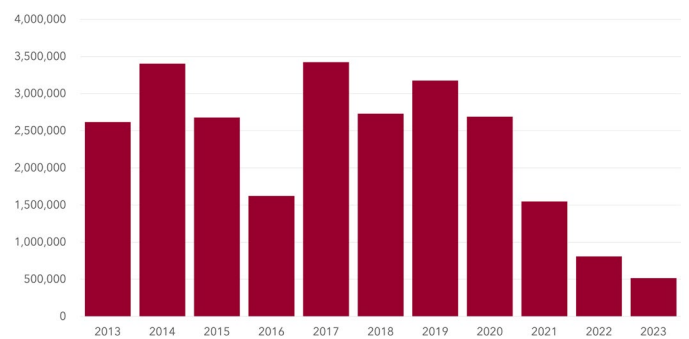
The Twin Cities commercial real estate market, as of Q4 2023, shows a challenging trend with negative 12-month net absorption and a gradual increase in vacancy rates over the last four quarters. The average NNN asking rate remains stable at \$26.71 PSF annually. The market witnessed notable lease transactions, such as Periscope leasing to the McKnight Foundation. In sales, DLR Group acquired the Barrel House property, reflecting a price of \$87.79 PSF. Despite a history of fluctuations, the under-construction space increased, indicating ongoing development. Tenants must monitor market dynamics closely as the Twin Cities market navigates challenges while presenting opportunities to growing companies.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ Net Absorption SF	(607,493)	(1,695,610)	(1,736,446)	(2,324,206)	(2,526,131)
▼ Vacancy Rate	11.13%	11.17%	10.84%	10.94%	10.83%
▼ Avg Asking Rate PSF	\$26.71	\$26.75	\$26.69	\$26.48	\$26.30
▼ SF Under Construction	516,811	791,624	801,621	804,624	777,178
▲ Inventory SF	201,756,665	201,368,218	201,358,221	201,367,451	201,664,856

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
111 3rd Avenue S - Barrel House Minneapolis, MN	96,824 SF	\$8,500,000 \$87.79 PSF	DLR Group ICM Realty Group	Class B
13305 12th Avenue N Plymouth, MN	31,780 SF	\$7,750,000 \$243.86 PSF	ISD 284 Solutran, Inc.	Class B
7807 CreekrIDGE Circle Bloomington, MN	42,303 SF	\$4,300,000 \$101.65 PSF	Ernie Rose Juno Investments	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
921 Washington Avenue S Minneapolis, MN	45,904 SF	Periscope	McKnight Foundation	Foundation
2900 Ames Crossing Road Eagan, MN	45,000 SF	Artis Reit	Undisclosed	Undisclosed
1601 Utica Avenue S St. Louis Park, MN	34,967 SF	Bridge Investment Group	HMA Holdings	Consulting

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