

Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis CPED may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis increased from 1.8 percent in the fourth quarter of 2012 to 1.9 percent in the first quarter of 2013.
- The number of traditional housing sales increased over the same quarter last year, while lender-mediated sales decreased by 15 percent. Average prices decreased slightly from the previous quarter, but on a year-to-year basis sale prices continue to climb.
- The number of condemned, boarded and vacant buildings in the city stayed flat from the last quarter, down nearly 15 percent from the same time last year.
- Foreclosure sales also continue to decline, 3.4 percent over the previous quarter, and 8.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 14.3 percent and 16.4 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 12 percent to 32.6 percent.

Apartment vacancy rates & average rents

The Minneapolis vacancy rate for multifamily rental housing increased this quarter from 1.8 percent last quarter to 1.9 percent.

Supply is increasing with several thousand new multi-family units permitted in 2012. However, those units are not expected for delivery until later in 2013.

In the metro area, the vacancy rate was 2.8 percent, a slight decrease from last quarter. Construction of new apartments took place almost entirely in Hennepin, County, with Minneapolis accounting for most of those units.

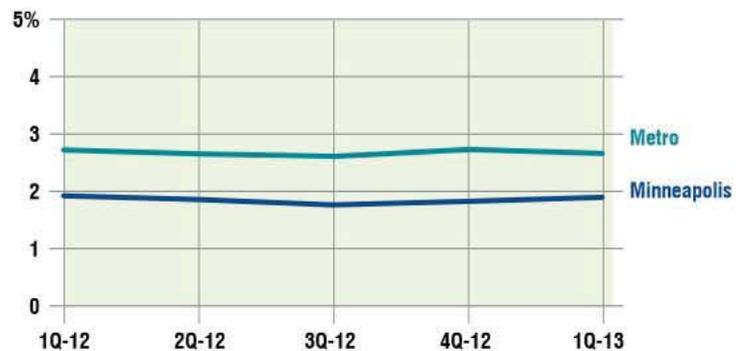
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis					
Units surveyed	15,388	15,130	16,183	16,831	16,483
Vacant units	291	275	263	296	312
Average rent	\$ 978	\$ 1,011	\$ 995	\$ 1,006	\$ 1,017
Vacancy rate	1.9%	1.8%	1.6%	1.8%	1.9%
Metro area					
Units surveyed	108,820	107,822	111,204	115,974	112,383
Vacant units	3,072	2,919	2,977	3,353	3,091
Average rent	\$ 935	\$ 951	\$ 951	\$ 957	\$ 966
Vacancy rate	2.8%	2.7%	2.7%	2.9%	2.8%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter
For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter
For metro area definition, see [page 41](#)

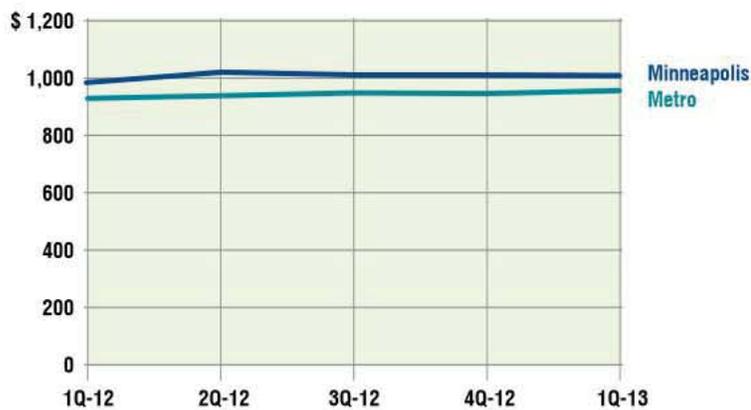
Apartment vacancy rates & average rents

At \$1,017, Minneapolis average rent in inflation-adjusted dollars remained flat when compared to last quarter, and 2.1 percent higher than the same quarter of last year. In the metro area average rent was \$966, again holding steady from the previous quarter and increasing slightly over the previous year.

The vacancy rate rose slightly in Southwest from last quarter, held steady in Downtown, and decreased in the North, South, and East sectors of the City. Compared to the same quarter last year, the vacancy rate rose in Downtown and East, while North remained unchanged. Southwest experienced a modest decline in vacancy from year to year. The largest change from year to year occurred in South, where the vacancy rate dropped from 3.8 percent in the first quarter of 2012, down to 1.5 percent in the first quarter of 2013.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

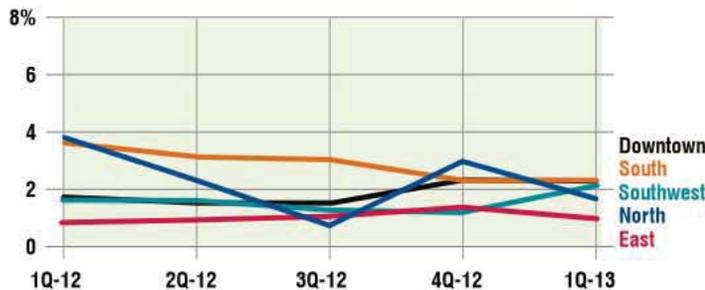
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$ 996	\$ 1,025	\$ 1,004	\$ 1,016	\$ 1,017
Metro area	\$ 953	\$ 964	\$ 959	\$ 966	\$ 966

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Downtown	1.9%	1.7%	1.7%	2.2%	2.2%
Southwest	1.8%	1.9%	1.6%	1.5%	2.1%
North	3.9%	2.2%	1.1%	2.8%	1.7%
South	3.8%	3.1%	1.8%	1.6%	1.5%
East	1.2%	1.4%	1.5%	1.7%	1.2%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For sector definitions, see [page 41](#).

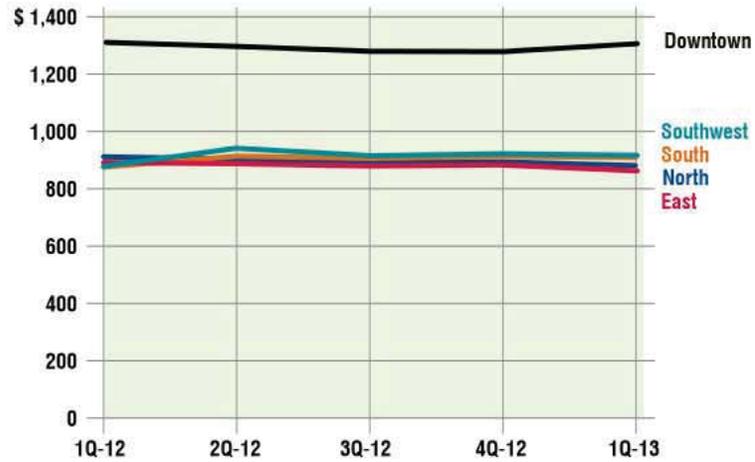
Apartment vacancy rates & average rents

Average rents increased over the previous quarter in Downtown and Southwest, but declined in the other sectors of the City.

On a year to year basis, rents increased the most in Southwest Minneapolis (5.8 percent, or 50 dollars), followed by South (about 3.7 percent, or approximately 30 dollars). Rents also increased in Downtown, while declining in both the North and East sectors of the City.

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Downtown	\$ 1,301	\$ 1,285	\$ 1,268	\$1,297	\$ 1,303
Southwest	\$ 863	\$ 931	\$ 907	\$ 912	\$ 913
North	\$ 904	\$ 881	\$ 879	\$ 883	\$ 874
South	\$ 877	\$ 914	\$ 891	\$ 911	\$ 910
East	\$ 890	\$ 888	\$ 892	\$ 889	\$ 867

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

Apartment vacancy rates & average rents

Vacancy rates increased for studio and two-bedroom apartment types while one-bedroom and three-bedroom vacancy rates decreased.

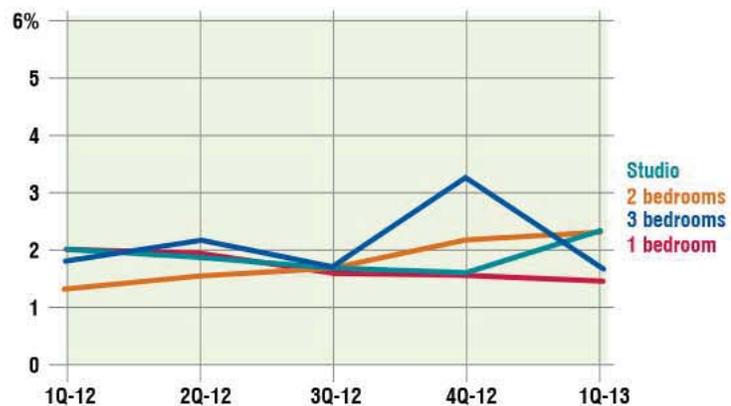
In comparison with the first quarter of 2012, vacancy rates were lower for one-bedroom and three-bedroom apartment types, but higher for studio and two-bedroom units.

Average rents in inflation-adjusted dollars increased this quarter for studio, two- and three-bedroom unit types. Rents for one-bedroom apartments held steady from the previous quarter.

Average rents increased from a year ago in inflation-adjusted dollars for studio, one- and two-bedroom unit types, while three-bedroom apartments experienced a slight decline in rent.

* For conversion factors, see [page 42](#).

Figure 14: **RENTAL VACANCY RATE – Minneapolis**
in percent by apartment type

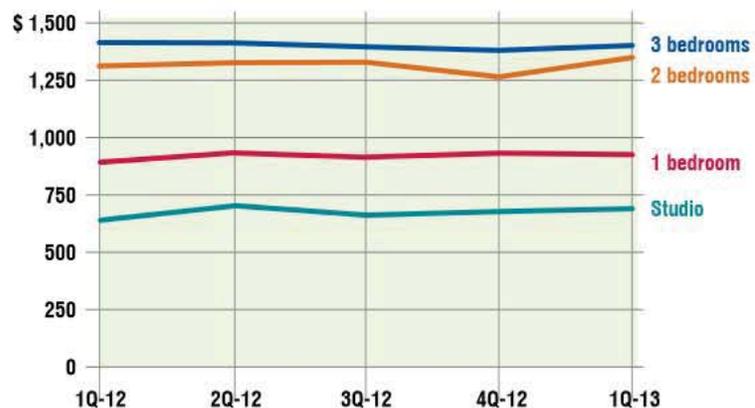


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	2.0%	1.7%	1.5%	1.5%	2.2%
One-bedroom	2.0%	2.0%	1.6%	1.6%	1.5%
Two-bedroom	1.3%	1.6%	1.7%	2.1%	2.2%
Three-bedroom	1.8%	2.1%	1.7%	3.4%	1.7%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT – Minneapolis**
in inflation-adjusted dollars by apartment type



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	\$ 702	\$ 746	\$ 737	\$ 741	\$ 746
One-bedroom	\$ 916	\$ 943	\$ 923	\$ 942	\$ 942
Two-bedroom	\$ 1,282	\$ 1,300	\$ 1,280	\$ 1,250	\$ 1,289
Three-bedroom	\$ 1,421	\$ 1,429	\$ 1,418	\$ 1,403	\$ 1,418

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

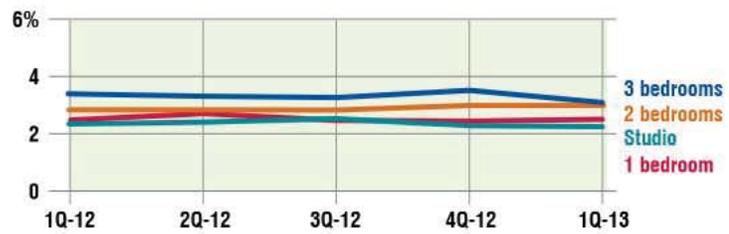
Apartment vacancy rates & average rents

In the metro area vacancy rates decreased in all unit types except for studio apartments, where the vacancy rate increased slightly.

Compared with the first quarter of 2012, vacancy rates for studio and two-bedroom apartment types increased while one- and three-bedroom vacancy rates declined for the first quarter of 2013.

Average rents in inflation-adjusted dollars in the metro area essentially held flat for all types of apartments since the previous quarter – posting changes of less than 0.6 percent. In comparison with first quarter of 2012, average rents increased for all apartment types.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area in percent by apartment type



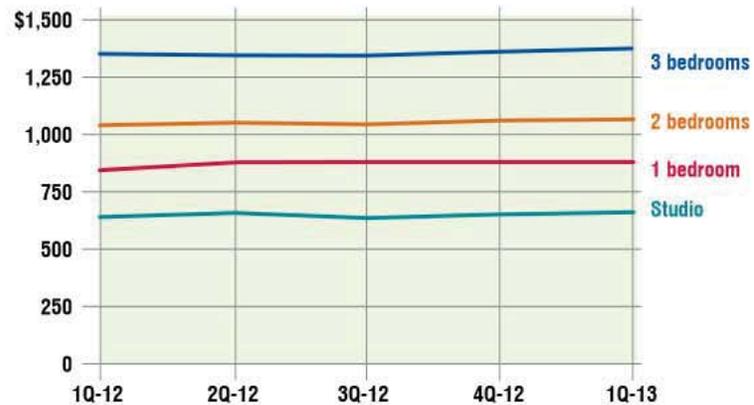
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	2.6%	2.7%	2.2%	2.2%	2.8%
One-bedroom	2.7%	2.4%	2.4%	2.6%	2.4%
Two-bedroom	2.9%	2.9%	2.8%	3.1%	3.0%
Three-bedroom	3.4%	3.3%	3.3%	3.8%	3.1%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area in inflation-adjusted dollars by apartment type



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	\$ 700	\$ 722	\$ 716	\$ 723	\$ 727
One-bedroom	\$ 827	\$ 842	\$ 835	\$ 844	\$ 843
Two-bedroom	\$ 1,034	\$ 1,044	\$ 1,042	\$ 1,047	\$ 1,048
Three-bedroom	\$ 1,318	\$ 1,319	\$ 1,320	\$ 1,336	\$ 1,332

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

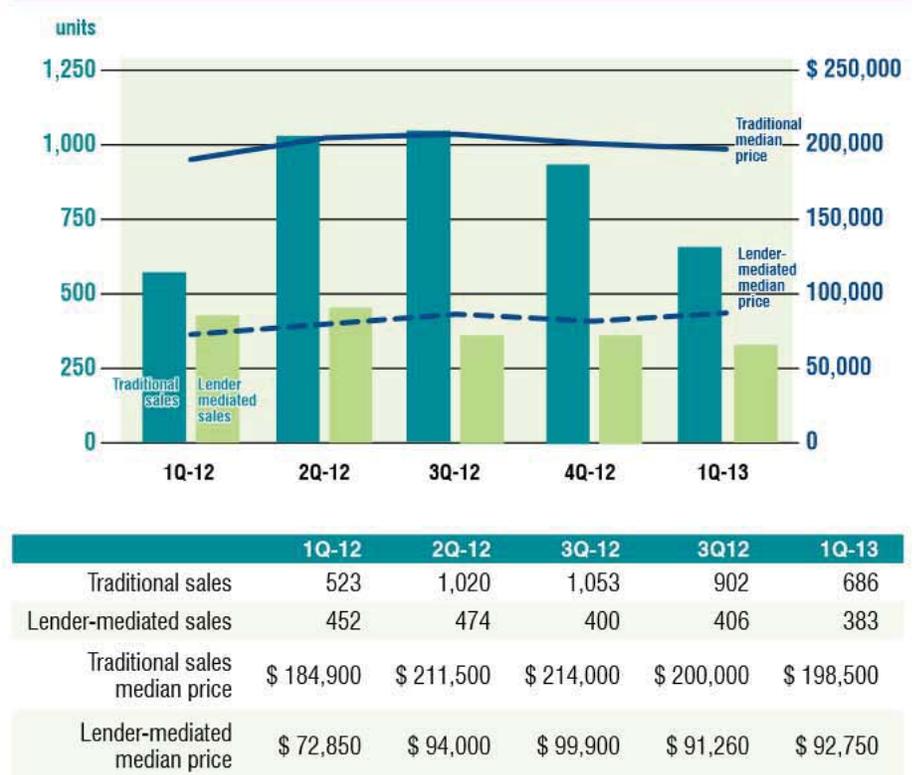
Residential sales

Overall housing sales slowed by 18 percent over the previous quarter. This included a reduction in both traditional and lender-mediated sales. Average prices in the quarter decreased slightly for both traditional sales, while lender-mediated sales experienced a slight price increase. The median price of traditional sales in Minneapolis (\$198,500) remains slightly below that of the region (\$205,000).

Over a twelve-month period, the number of traditional housing sales increased by over 30 percent, while lender-mediated sales decreased by more than 15 percent, reflecting the declining number of distressed properties in the market.

Median sale prices increased for traditional as well as for lender-mediated sales: 7.4 percent for traditional sales and 27.3 percent for lender-mediated sales. This quarter lender-mediated sales including foreclosures were 36 percent of all housing sales in the city, while they accounted for 46 percent of sales in the first quarter of 2012.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE**— Minneapolis

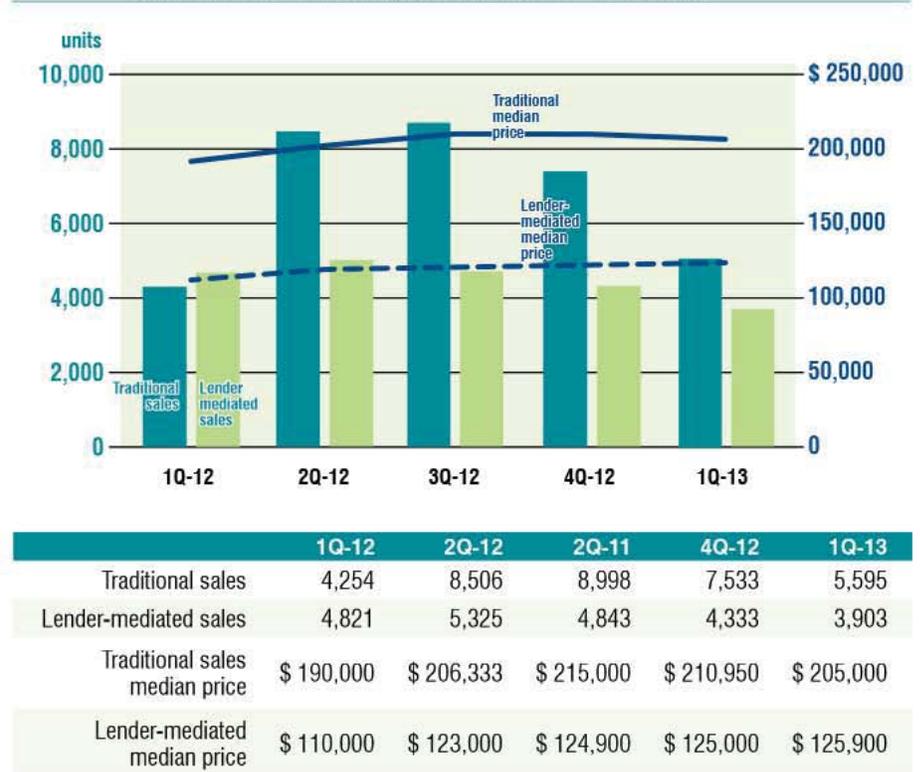


Source: *Minneapolis Area Association of Realtors (MAAR)*

Residential sales

In the metro area sales were down from the previous quarter by 20 percent. The median price for traditional sales was down slightly, about 3 percent. In comparison with the same quarter the previous year, the total number of sales was up. Traditional sales increased about 31 percent, similar to the city, but lender-mediated sales actually declined by about 19 percent. Prices for both categories increased, 7.9 percent for lender-mediated sales and 14.5 percent for traditional sales.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

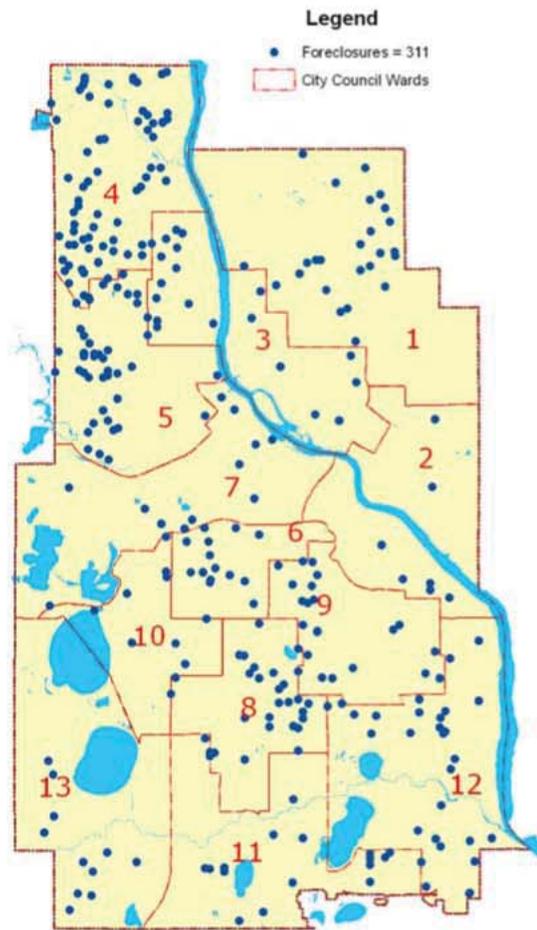
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 311 properties were sold at public auction, 3.4 percent fewer than the previous quarter, and 8.3 percent fewer than first quarter 2012. Wards 1, 4, 5, and 8 accounted for more than 50 percent of total foreclosures in the city, with Ward 4 accounting for more than 20 percent of the total.

MAP 5: PROPERTIES FORECLOSED – 4Q-12
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2013. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

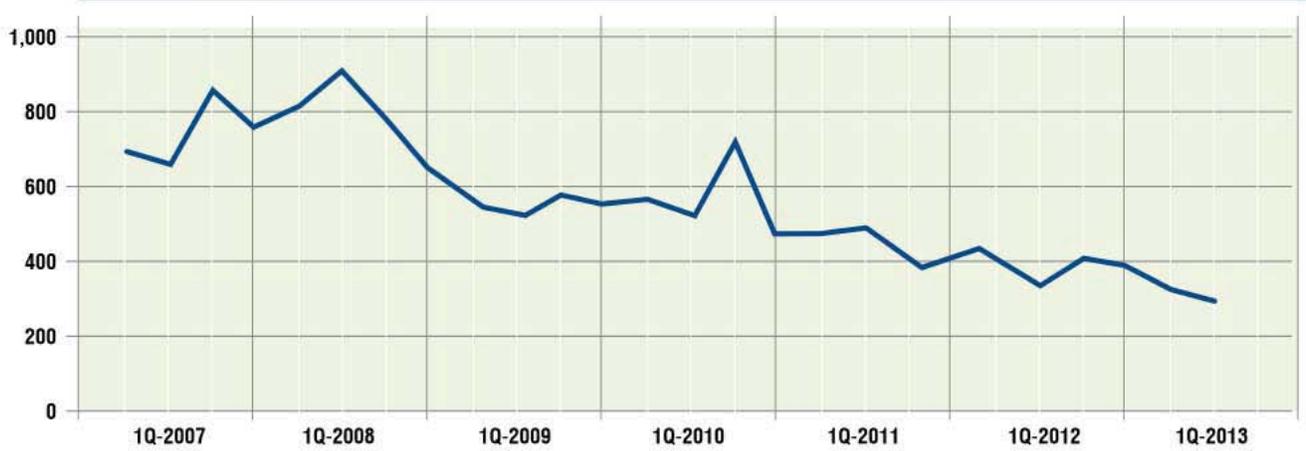
Ward	1Q-12		2Q-12		3Q-12		4Q-12		1Q-13	
	Number	Percent								
1	18	5%	37	9%	31	8%	31	10%	26	8%
2	8	2%	5	1%	9	2%	8	2%	7	2%
3	39	12%	30	7%	26	7%	28	9%	22	7%
4	56	17%	83	20%	91	23%	67	21%	68	22%
5	38	11%	42	10%	62	16%	33	10%	43	14%
6	22	6%	18	4%	10	3%	21	7%	16	5%
7	12	4%	34	8%	9	2%	14	4%	12	4%
8	37	11%	38	9%	42	11%	33	10%	27	9%
9	41	12%	31	8%	26	7%	23	7%	22	7%
10	13	4%	11	3%	16	4%	9	3%	10	3%
11	15	4%	22	5%	21	5%	20	6%	19	6%
12	31	9%	34	8%	42	11%	25	8%	28	9%
13	9	3%	20	5%	12	3%	10	3%	11	4%
Total	339	100%	405	100%	397	100%	322	100%	311	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at.

Foreclosures

Foreclosures continued their steady decline since peaking in 2008. This quarter represents a new low foreclosure count since before the housing crisis started.

Figure 20: **RESIDENTIAL FORECLOSURES – Minneapolis**
in units



Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city held steady from the last quarter, and was nearly 15 percent lower than at the end of first quarter 2012.

The number of condemned buildings dropped by 13.1 percent compared to first quarter last year, while the number of vacant but not condemned buildings decreased 15.5 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS** – as of the end of September 2012

Source: *Minneapolis CPED*

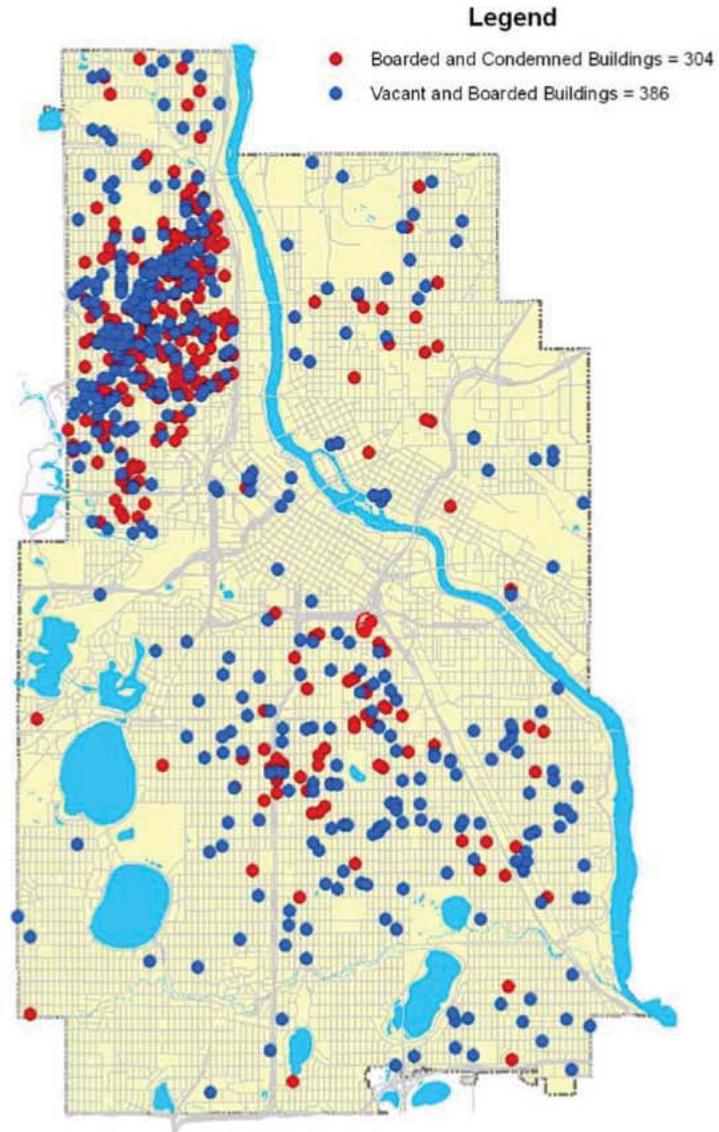


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Boarded and condemned buildings	350	329	316	303	304
Vacant but not condemned	457	442	405	386	386
Total	807	771	721	686	686

Source: *Minneapolis CPED*

Note: About 98 percent of the buildings in the table are residential.

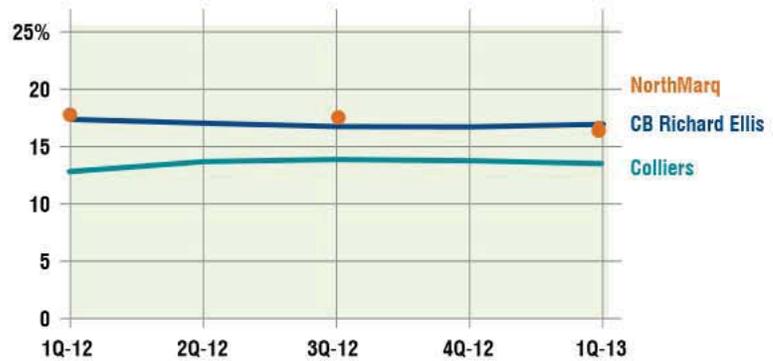
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 14.3 percent and 16.4 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain large blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 16 percent and 18 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties, which were already experiencing short supply.

Figure 21: **OFFICE SPACE VACANCY RATE** – Minneapolis CBD
in percent

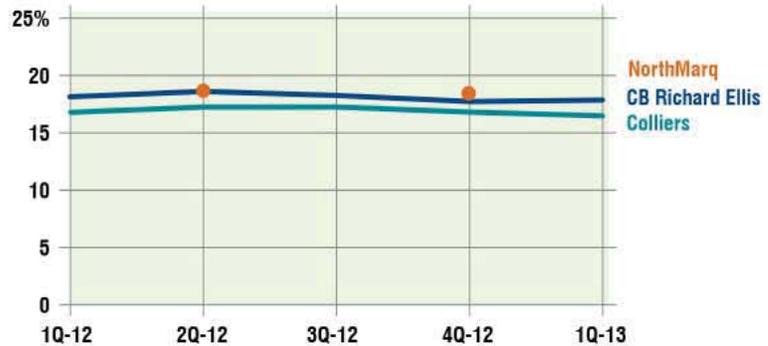


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	16.7%	16.6%	16.2%	16.3%	16.4%
Colliers	12.9%	14.5%	14.6%	14.5%	14.3%
NorthMarq	17.0%	17.0%	16.1%	16.1%	16.1%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE** – Metro area
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	19.0%	18.2%	17.6%	17.1%	17.0%
Colliers	15.9%	16.5%	16.5%	16.1%	16.0%
NorthMarq	18.6%	18.6%	18.0%	18.0%	18.0%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) increased slightly this quarter, and was also higher than the first quarter of 2012. In the metro area rates were down for the quarter, but up over the same quarter last year.

Between the third and fourth quarter Downtown Minneapolis the rate of growth in occupied office space increase over the previous quarter. The metro area saw the absorption of approximately 700,000 square feet of office space in the first quarter of 2013, with 200,000 of that space located in the Minneapolis CBD.

Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year

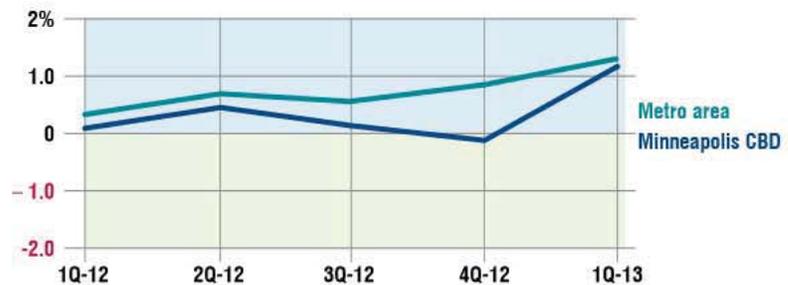


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis CBD	\$ 12.43	\$ 12.51	\$ 12.52	\$ 12.46	\$ 12.55
Metro area	\$ 11.77	\$ 11.47	\$ 12.08	\$ 11.91	\$ 11.86

Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE** – rate of growth
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis CBD	0.1%	0.6%	0.2%	-0.1%	1.1%
Metro area	0.4%	0.8%	0.6%	0.9%	1.3%

Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.0 and 32.6 percent. Block E and Gaviidae Common were removed from the CBRE reporting as the future programming of those spaces are unknown or substantially not retail focused. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done.

The metro area vacancy rate this quarter ranged from 6.4 percent to 8.3 percent, with both slight decreases and increases reported over the last quarter from each of the real estate firms quoted.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent

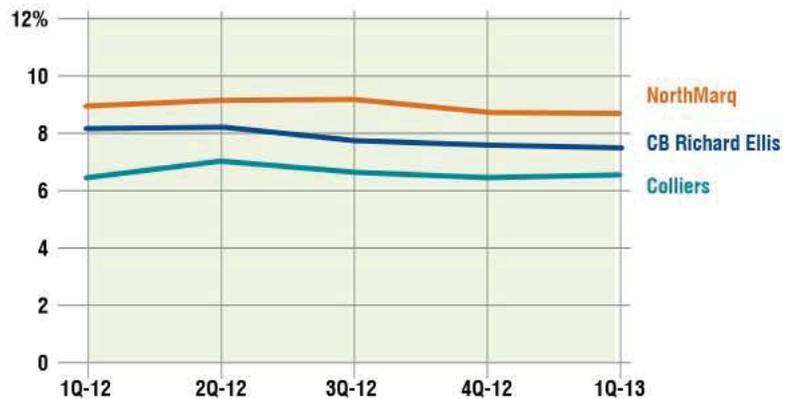


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	13.3%	13.3%	13.3%	13.6%	12.0%
Colliers	20.3%	24.4%	21.3%	25.6%	32.6%
NorthMarq	23.9%	21.7%	21.7%	26.8%	26.8%

Sources: CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	8.1%	8.1%	7.8%	7.7%	7.5%
Colliers	6.2%	7.0%	6.4%	6.2%	6.4%
Northmarq	8.4%	8.9%	8.9%	8.3%	8.3%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

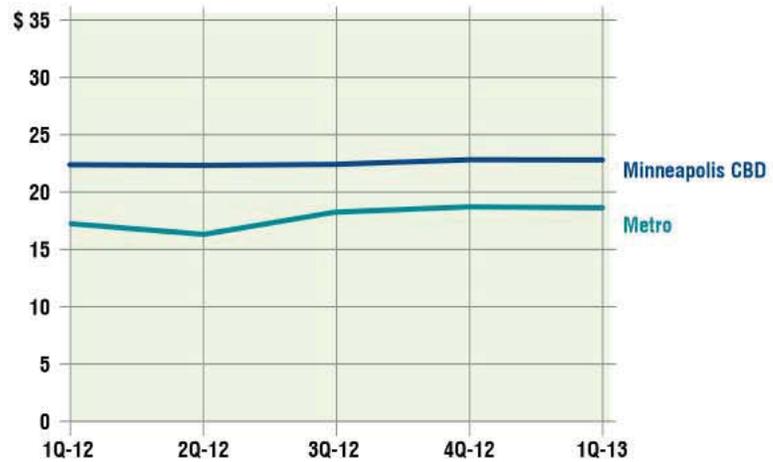
Retail space

Average asking lease price per square foot remained steady in the Minneapolis central business district (CBD) since last quarter and was slightly up over the same quarter last year.

In the metro area, average asking lease price increased over 8 percent from the same quarter last year, holding mostly steady from the previous quarter. The gap in asking prices between the Minneapolis CBD and the rest of the region decreased slightly, standing at about 23 percent at the end of the first quarter 2013.

Occupied retail space in the Minneapolis central business district (CBD) dropped dramatically in the first quarter of 2013. This is mostly a reflection of a change in methodology by the reporting firm – both Block E and Gaviidae Common were removed from calculation this quarter.

Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year

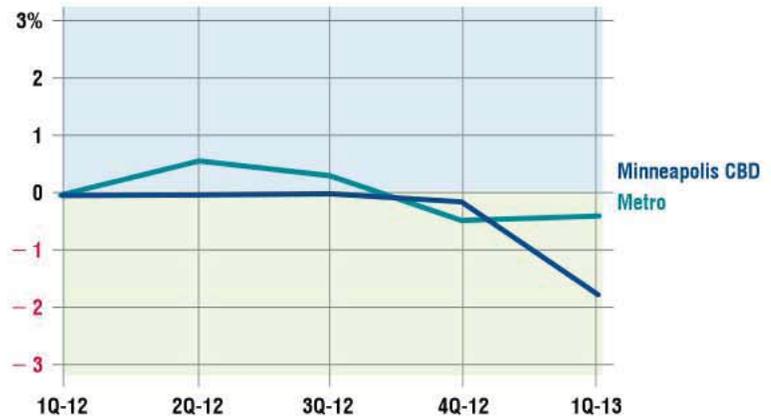


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis CBD	\$22.09	\$22.09	\$22.53	\$22.53	\$22.49
Metro area	\$16.91	\$15.99	\$17.87	\$18.29	\$18.33

Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis CBD	0.0%	0.0%	0.0%	-0.3%	-19.5%
Metro area	0.0%	0.7%	0.3%	-0.6%	-0.5%

Source: CB Richard Ellis

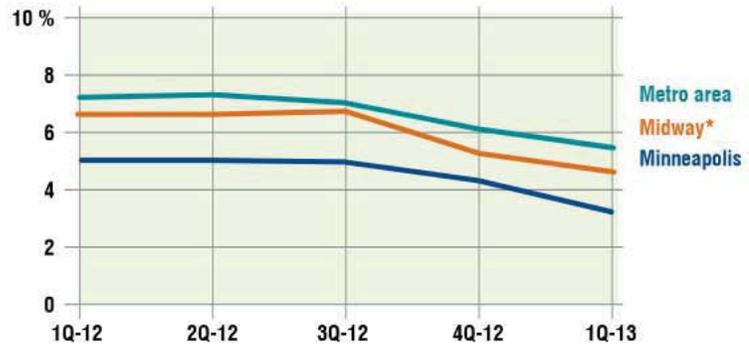
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space direct vacancy rate (not including sublease space) declined in all reported geographies for the second consecutive quarter. The vacancy rates were down from first quarter the previous year for all three areas as well.

The average asking lease price for industrial space decreased in Minneapolis and Midway from the previous quarter, while asking price in the Metro area increased slightly.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



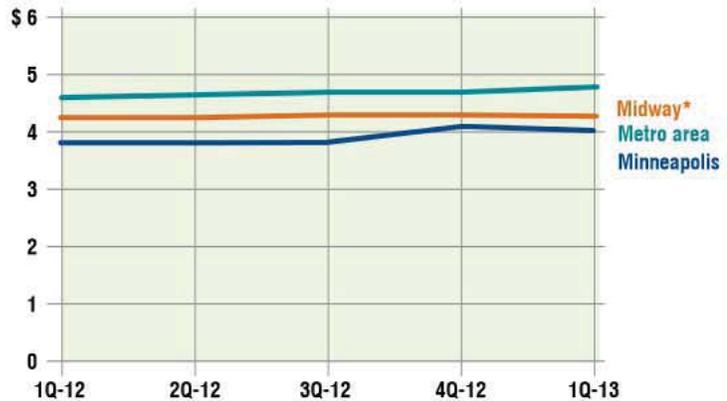
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	5.1%	5.1%	5.0%	4.1%	3.4%
Midway*	6.4%	6.6%	6.7%	5.3%	4.6%
Metro area	7.1%	7.2%	7.0%	6.0%	5.8%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$3.96	\$3.96	\$3.98	\$4.02	\$4.00
Midway*	\$4.09	\$4.10	\$4.12	\$4.09	\$4.05
Metro area	\$4.54	\$4.59	\$4.61	\$4.65	\$4.72

Source: CB Richard Ellis

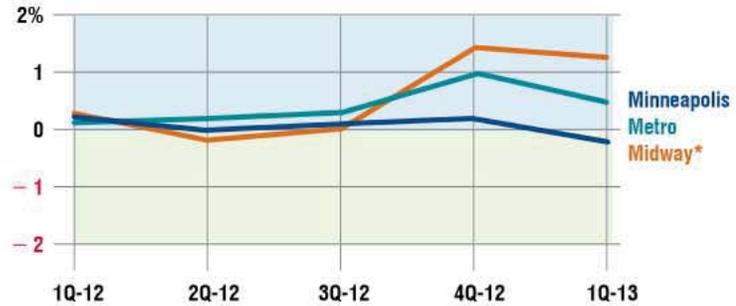
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Growth in occupied industrial space continues this quarter in some geographies, but at a slower rate than the previous quarter. Minneapolis was the exception to the pattern of growth with a slight decline in occupied space, while Midway and the Metro area continued to grow at a modest pace.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	0.2%	0.0%	0.1%	0.2%	-0.1%
Midway*	0.3%	-0.3%	0.0%	1.6%	1.3%
Metro area	0.1%	0.2%	0.3%	1.0%	0.4%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.



- ❑ **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- ❑ **City areas:** For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below. Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- ❑ **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- ❑ **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- ❑ **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- ❑ **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- ❑ **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption

of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- ▣ **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- ▣ **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- ▣ **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys. Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (inflation-adjusted) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size "class A" (more than 1.5 million people).



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