

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



second quarter 2013



Vol. 12 No. 2

2013

Highlights for the second quarter of 2013

	2Q-13	change from	
		1Q-13	2Q-12
Labor force	219,377 residents	▲	▲
Residents employed	208,412	▲	▲
Unemployment rate	5%	▼	▼
New residential permitted units	658 units	▲	▲
Permitted residential conversions, remodels and additions	174 buildings \$ 38.9 million	▲	▲
Permitted non-residential conversions, remodels and additions	156 buildings \$ 75 million	▼	▲
Residential units demolished	31 units	▼	▼
Rental vacancy rate	2.2 %	▲	▲
Average rent in inflation-adjusted dollars	\$1,037	▲	▼
Residential units sold	1,234 units	▲	▲
Traditional	398 units	▲	▼
Lender-mediated			
Median sale price of residential units	\$225,000	▲	▲
Traditional			
Lender-mediated	\$112,000	▲	▲
Foreclosures	216	▼	▼
Condemned and vacant buildings	634	▼	▼
Minneapolis CBD office vacancy rate	16.7 %	▲	▲
Minneapolis CBD retail vacancy rate	12.2 %	▲	▼

Highlights for the fourth quarter of 2012 – Jobs and wages

	4Q-12	3Q-12	4Q-11
Number of jobs	301,044 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,276	▲	▲

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second quarter 2013

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Economic indicators

- Employment grew at a slightly faster rate than the labor force this past quarter. The resulting unemployment rate is lower than the previous quarter at 5.0%. In comparison with the same quarter last year, over 3,800 more city residents were working.
- As of fourth quarter 2012 there were 301,044 jobs in Minneapolis, about 1,700 (0.6 percent) more than the previous quarter, and about 10,500 more (3.6 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs, but at a slower pace of 1.5 and 1.6 percent respectively.
- Average real wages for third quarter 2012 were up 2.5 percent from the same period a year before. Real wages in the metro and state also rose at rates of 3.8 and 3.2 percent respectively.

Labor force

During the second quarter about 3,500 people (a 1.6 percent increase) joined the labor force, while 3,800 additional residents (1.9 percent) were working. As a result, the unemployment rate decreased from 5.2 percent in the first quarter of 2013 to 5.0 percent in the second quarter of 2013.

Similarly, the metro area experienced both an increase in both the labor force and employment. However, the labor force grew more slowly than in Minneapolis resulting in an unemployment rate of 4.9 percent, down from 5.4 percent over the previous quarter.

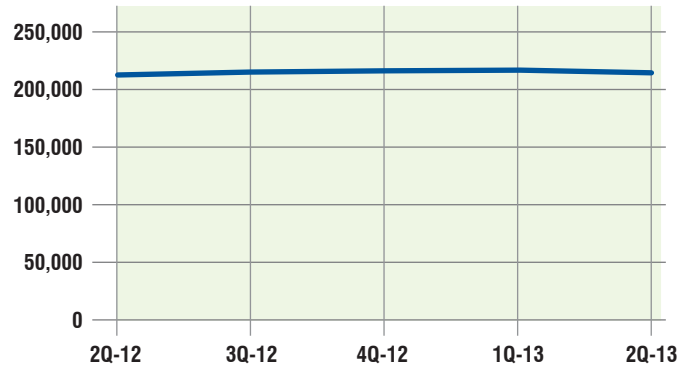
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis					
Labor Force	216,175	218,184	216,753	215,868	219,377
Employment	204,338	205,104	205,365	204,542	208,412
Unemployment rate	5.5%	6.0%	5.3%	5.2%	5.0%
Metro area					
Labor Force	1,619,305	1,631,197	1,623,066	1,620,025	1,641,577
Employment	1,533,079	1,538,827	1,540,779	1,532,804	1,561,805
Unemployment rate	5.3%	5.7%	5.1%	5.4%	4.9%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

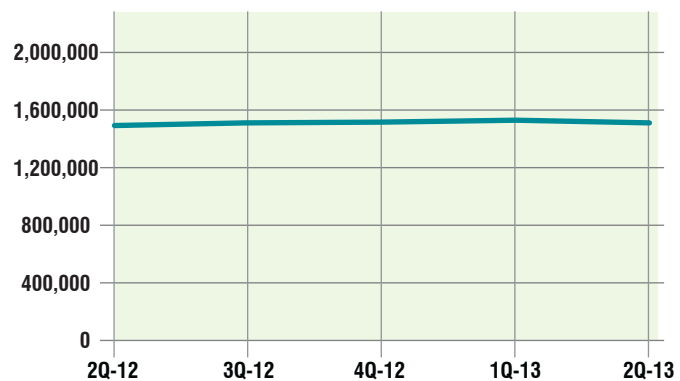
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT – Minneapolis**
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT – Metro area***
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	4Q-2011	1Q-2012	2Q-2012	3Q-2012	4Q-2012	Change from 4Q-11 - 4Q-12
Total, All Industries	290,546	288,990	297,296	299,306	301,044	10,498
Construction	5,792	4,777	5,375	5,869	5,407	(385)
Manufacturing	13,907	13,402	13,597	13,717	13,504	(403)
Utilities	2,976	2,798	2,841	2,856	2,803	(173)
Wholesale Trade	8,625	8,233	8,441	8,598	8,516	(109)
Retail Trade	14,583	13,359	15,039	14,827	14,542	(41)
Transportation and Warehousing	7,023	6,841	6,778	6,677	6,756	(267)
Information	10,757	10,511	10,496	10,556	10,682	(75)
Finance and Insurance	27,863	27,057	27,035	27,132	27,051	(812)
Real Estate and Rental and Leasing	6,293	9,034	9,154	9,304	9,305	3,012
Professional and Technical Services	32,078	31,946	32,393	32,761	33,006	928
Management of Companies and Enterprises	18,423	18,342	18,845	19,393	19,743	1,320
Administrative and Waste Services	14,211	14,955	15,973	16,278	15,955	1,744
Educational Services	30,285	30,307	30,331	28,836	31,380	1,095
Health Care and Social Assistance	49,049	49,206	49,572	50,358	51,671	2,622
Arts, Entertainment, and Recreation	4,631	4,663	5,437	5,304	4,638	7
Accommodation and Food Services	22,836	22,384	23,974	24,188	24,390	1,554
Other Services, Ex. Public Admin	9,470	9,422	9,944	9,672	9,735	265
Public Administration	11,557	11,530	11,786	12,716	11,769	212

Source: *Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages*

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of fourth quarter 2013, the number of jobs located in Minneapolis was 301,044, a 0.6 percent increase over the previous quarter. In comparison with the same quarter in 2011, the number of jobs increased by 3.6 percent (about 10,500 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 4th quarter 2011 to 4th quarter 2012

On a year - to - year basis sectors that gained significant numbers of jobs were the following:

Sectors which gained the most net jobs:

- **Real estate and rental services** gained about **3,000 net jobs (48 percent)**.
- **Administrative and waste services** added over **1,700 net jobs (12.3 percent)**.
- **Health care and social assistance** grew by more than **2,600 net jobs (5.3 percent)**.
- **Accommodation and food services** added over **1,500 net jobs (6.8 percent)**.
- **Education** gained approximately **1,000 net jobs (3.6 percent)**.
- **Management of companies** added approximately **1,300 net jobs (7.2 percent)**.
- **Professional and technical services** added about **900 net jobs (2.9 percent)**.

Sectors which experienced job losses:

- **Construction** lost **385 net jobs (-6.6 percent)**.
- **Manufacturing** lost about **400 net jobs (-2.9 percent)**.
- **Finance and insurance** cut slightly more than **800 net jobs (-2.9 percent)**.
- **Utilities** decreased by **173 net jobs (-5.8 percent)**.

Quarter to quarter change – 3rd quarter 2012 to 4th quarter 2012

Sectors which gained the most net jobs:

Educational Services gained over **2,500 net jobs (8.8 percent growth)**.

Management of companies gained about **350 net jobs (1.8 percent growth)**.

Sectors which experienced job losses:

- **Construction** lost about **450 net jobs (-7.9 percent)**.
- **Arts, Entertainment and Recreation** lost **666 net jobs (-12.6 percent)**.
- **Public Administration** lost **947 net jobs (-7.4 percent)**.

As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 3.6 percent, more than the 1.5 and 1.6 percent increased experienced at the metro area and state level.

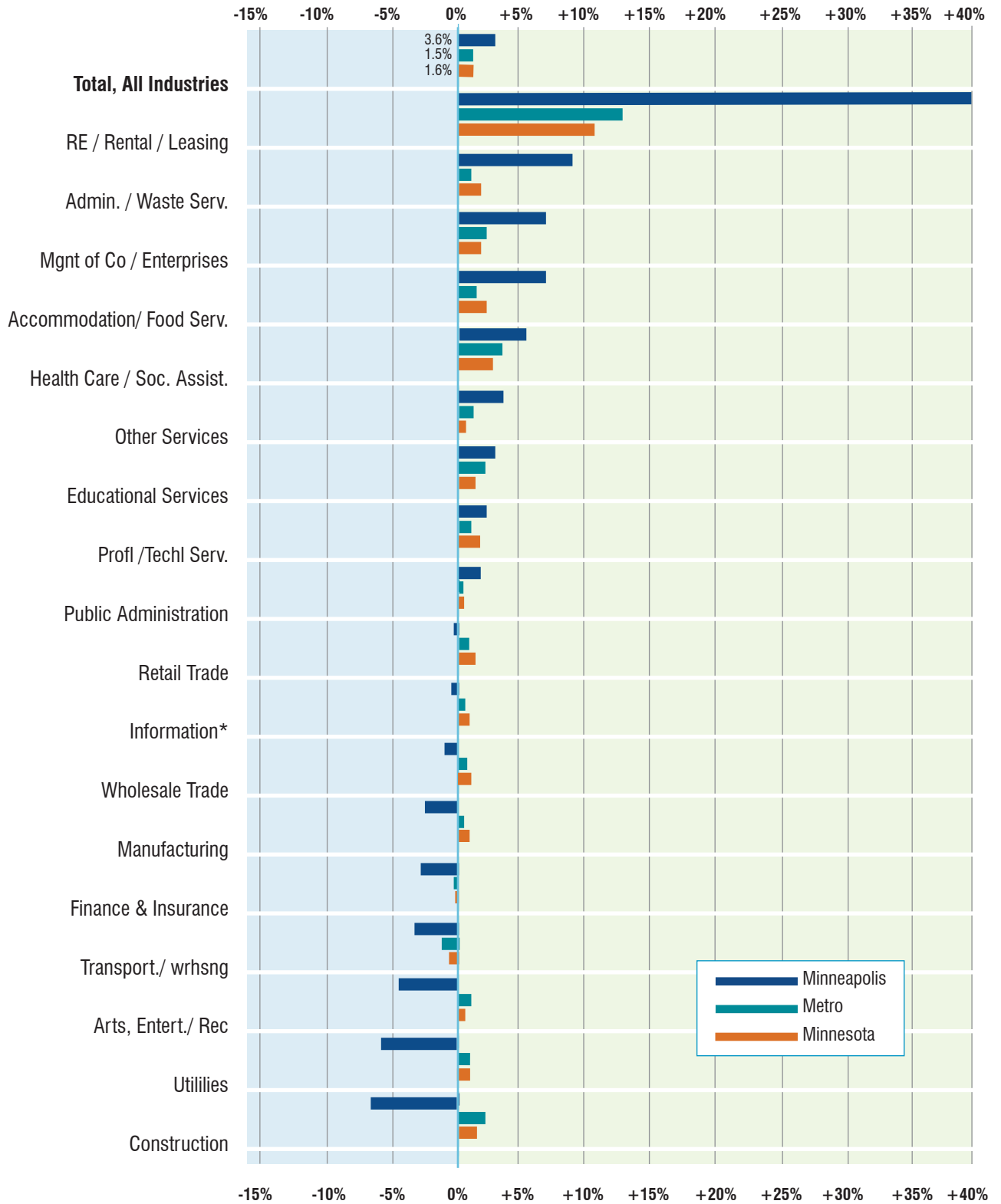
Of the sectors **posting growth** over this period, **Real estate** was the fastest growing sector in the city at over 48 percent, while it grew at a slower rate in the metro area and the state. In addition to real estate, **administrative services, accommodation and food services, health care, educational services, professional and technical services, public administration, and management of companies** grew in the city faster than in either the metro or state.

Of the economic sectors **losing jobs** in the city, **manufacturing, wholesale trade, retail trade, construction, utilities, arts entertainment and recreation, and information** decreased in the city, but grew in the metro or state. This last sector posted a decrease of 5.7 percent in the city, and an increase of 2.5 and 2.8 percent in the metro area and state.

In **transportation/warehousing**, jobs decreased in all three geographic areas.

Jobs

Figure 3: **JOBS** –4Q-11 to 4Q-12
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low
For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the fourth quarter of 2012 was \$1,276, a 4.2 percent increase in nominal dollars from the previous year, and a 2.5 percent increase when accounting for inflation.

The majority of sectors saw a weekly wage increase in nominal dollars over the previous year. **Finance and insurance** saw the highest nominal average weekly wages increase at **200 dollars (10.7 percent)**. The highest percentage wage increase occurred in the arts, entertainment, and recreation sector at **17.4 percent**.

Average weekly real wages increased the most from a year earlier in **Management of Companies and Enterprises (13 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	4Q-2011	1Q-2012	2Q-2012	3Q-2012	4Q-2012	Change from 4Q-11 - 4Q-12
Total, All Industries	\$ 1,224	\$ 1,319	\$ 1,152	\$ 1,150	\$ 1,276	\$ 52
Construction	\$ 1,177	\$ 1,143	\$ 1,206	\$ 1,129	\$ 1,194	\$ 17
Manufacturing	\$ 1,200	\$ 1,175	\$ 1,103	\$ 1,098	\$ 1,355	\$ 155
Utilities	\$ 1,656	\$ 2,643	\$ 1,628	\$ 1,572	\$ 1,807	\$ 151
Wholesale Trade	\$ 1,458	\$ 1,339	\$ 1,215	\$ 1,204	\$ 1,406	\$(52)
Retail Trade	\$ 518	\$ 537	\$ 481	\$ 503	\$ 516	\$(2)
Transportation and Warehousing	\$ 955	\$ 1,014	\$ 915	\$ 984	\$ 962	\$ 7
Information	\$ 1,380	\$ 1,402	\$ 1,312	\$ 1,276	\$ 1,357	\$(23)
Finance and Insurance	\$ 1,869	\$ 2,925	\$ 1,734	\$ 1,737	\$ 2,069	\$ 200
Real Estate and Rental and Leasing	\$ 1,364	\$ 2,223	\$ 1,239	\$ 1,417	\$ 1,369	\$ 5
Professional and Technical Services	\$ 2,138	\$ 1,678	\$ 1,683	\$ 1,685	\$ 2,231	\$ 93
Management of Companies and Enterprises	\$ 1,627	\$ 2,213	\$ 1,993	\$ 1,963	\$ 1,801	\$ 174
Administrative and Waste Services	\$ 722	\$ 680	\$ 636	\$ 659	\$ 696	\$(26)
Educational Services	\$ 1,105	\$ 1,012	\$ 1,133	\$ 1,082	\$ 1,188	\$ 83
Health Care and Social Assistance	\$ 995	\$ 938	\$ 950	\$ 934	\$ 991	\$(4)
Arts, Entertainment, and Recreation	\$ 891	\$ 915	\$ 1,378	\$ 1,389	\$ 1,046	\$ 155
Accommodation and Food Services	\$ 388	\$ 386	\$ 384	\$ 387	\$ 399	\$ 11
Other Services, Ex. Public Admin	\$ 629	\$ 608	\$ 586	\$ 618	\$ 657	\$ 28
Public Administration	\$ 1,285	\$ 1,278	\$ 1,223	\$ 1,162	\$ 1,269	\$(16)

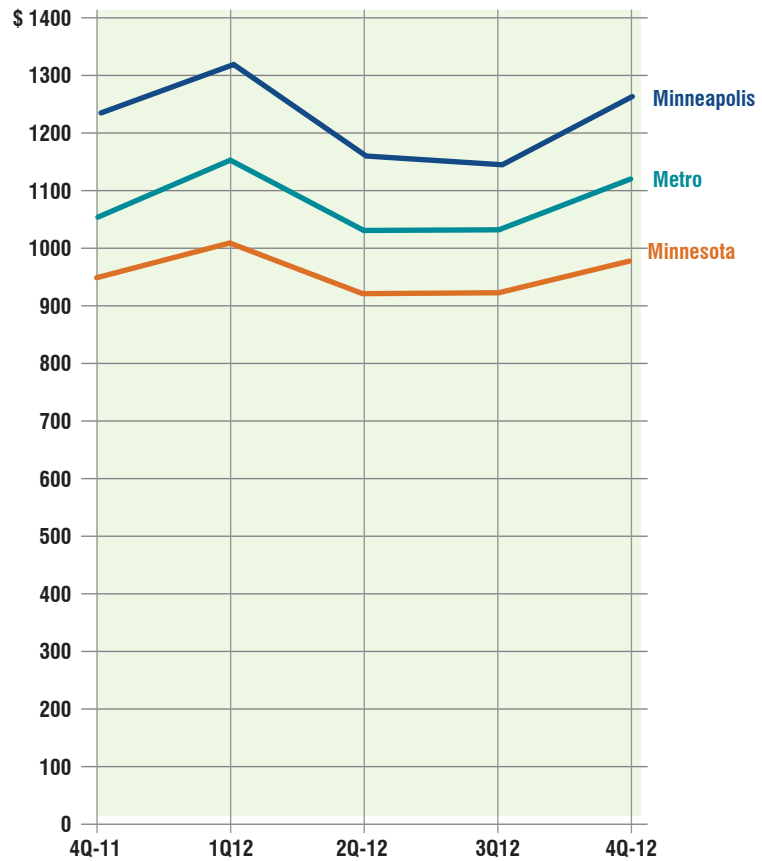
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. This quarter, average weekly wages in inflation-adjusted dollars rose in the city at a slightly slower pace than either the metro area or state.

Figure 4: **AVERAGE WEEKLY WAGES – 4Q-11 to 4Q-12**
in inflation-adjusted dollars



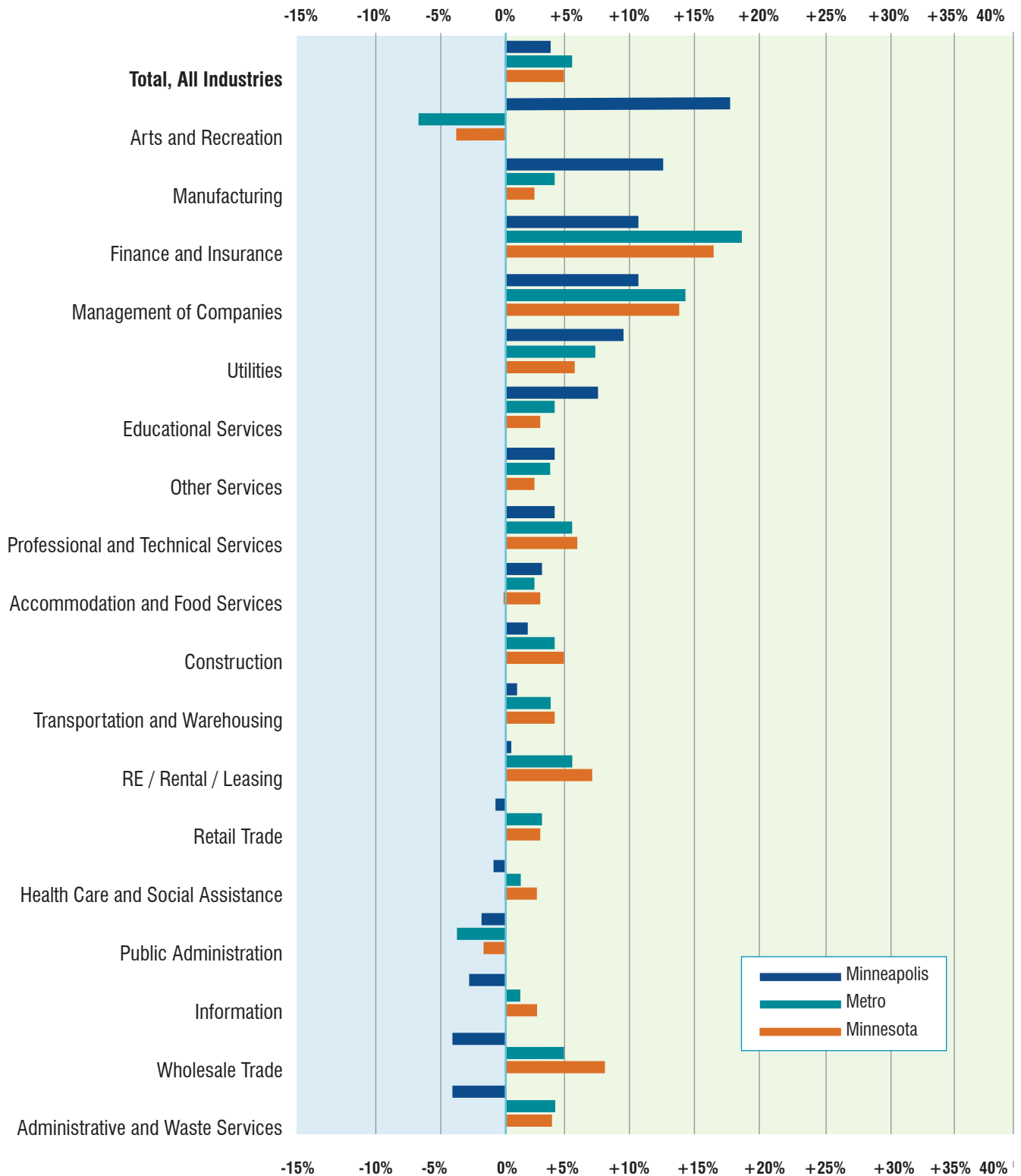
	4Q-11	1Q-12	2Q-12	3Q-12	4Q-12	\$ change 4Q-11 to 4Q-12	% change 4Q-11 to 4Q-12
Minneapolis	\$1,245	\$1,326	\$1,158	\$1,150	\$1,276	\$31	2.5%
Metro area	\$1,072	\$1,145	\$1,026	\$1,029	\$1,112	\$40	3.8%
Minnesota	\$963	\$1,005	\$921	\$923	\$993	\$30	3.2%

Source: *Minnesota Department of Employment and Economic Development (DEED)*

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –4Q-11 to 4Q-12
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)
Minneapolis industries are sorted from high to low.
For metro area definition, see [page 12](#)

Wages

Most economic sectors tracked for this report saw average real weekly wages increase in Minneapolis this quarter. **Arts, entertainment, and recreation, manufacturing, and finance and insurance** saw the largest percentage increases over the previous year. In the metro and state geographies average weekly wages also increased in most sectors, as shown in Figure 5 above. Of sectors experiencing the greatest growth, **management of companies** and **finance and insurance** industry wages grew at a faster pace in the metro area and state than in Minneapolis.

- **Arts, entertainment, and recreation** saw the largest increase in wages in Minneapolis with **17.4 percent** growth, while wages for the industry fell in the metro area and state.

Definitions & sources

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (inflation-adjusted) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- 658 new construction residential units were permitted this quarter, most of them rental units in multifamily buildings, although the 33 single family permits issued were the most for a quarter since 2007.
- The city permitted **28 percent** more multifamily units this quarter than last quarter, and over four times the number of permits issued in the same quarter of 2012. Minneapolis accounted for **75 percent** of the permitted multiple family units in the metro.
- Twenty-eight residential and commercial projects valued at least \$1 million were permitted this quarter, totaling \$318.5 million. The largest single project was a new 165- unit, 12 story condo building called Stonebridge Lofts.

New construction

Minneapolis city permitting of single- and multi-family units increased, both over the previous quarter and the same quarter in 2012.

Permitting activity in the metro area also increased over the previous quarter and the same quarter last year.

Figure 6 shows the last five quarters of residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

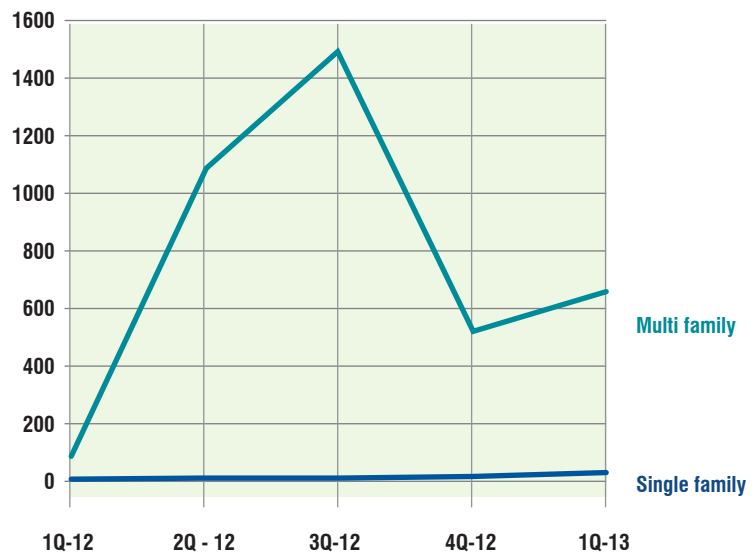
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Single-family					
City	20	21	24	22	33
Metro area	1,318	1,422	1,262	1,059	1,665
Multifamily					
City	121	1,150	1,508	487	625
Metro area	555	1,691	2,634	497	832
Total Units					
City	141	1,171	1,532	509	658
Metro area*	1,873	3,113	3,896	1,556	2,497

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area. For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



Source: U.S. Census Bureau, and Minneapolis CPED

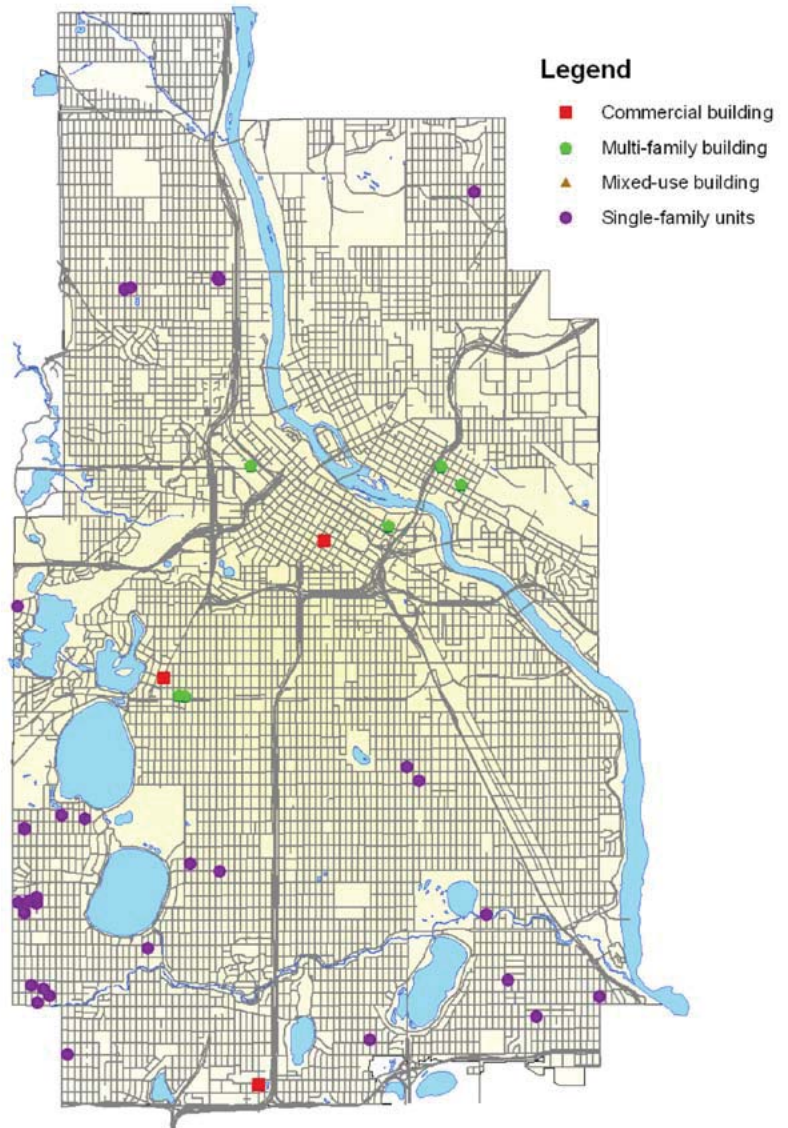
New construction

The thirty-three new single-family homes permitted this quarter had estimated construction costs ranging from \$194,000 to \$918,000, with a median of \$335,000.

The average single-family construction cost in the city decreased by 5.9 percent this quarter in comparison with last quarter, and increased 16.1 percent compared with the same quarter last year. In the metro area permitted work decreased in value by 2.7 percent over the previous quarter and increased 1.9 percent compared with the same quarter last year.

Map 1: NEW CONSTRUCTION PERMITS – 2Q-13

Source: Minneapolis CPED



Cost of residential construction

Thirty-three single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. Five new multi-family buildings totaling 625 units were also permitted this quarter.

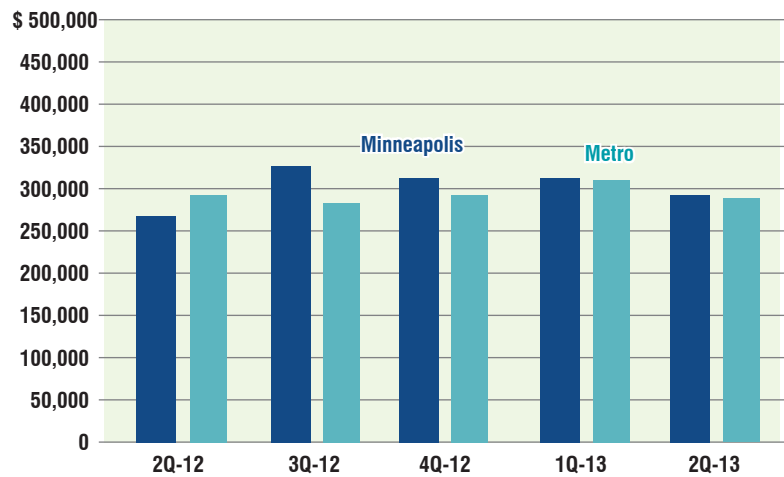
Several non-residential buildings were also permitted, including retail structures on Nicollet and Hennepin Avenues in the Southwest portion of the city.

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The average single-family construction cost in the city decreased by 5.9 percent this quarter in comparison with last quarter, and increased 16.1 percent compared with the same quarter last year. In the metro area permitted work decreased in value by 2.7 percent over the previous quarter and increased 1.9 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units increased in the city from last quarter as well as from a year ago. In the metro, construction costs also increased over the same time periods.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit

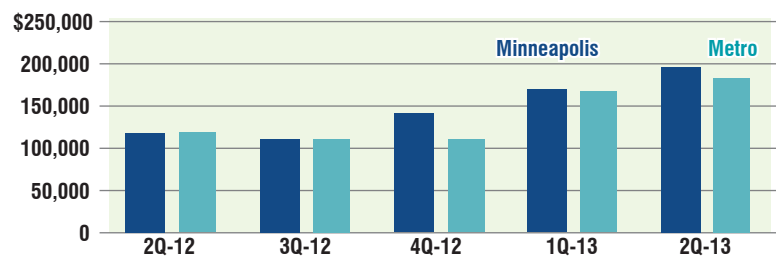


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	\$ 255,347	\$ 323,310	\$ 310,675	\$ 314,971	\$ 296,341
Metro area	\$ 289,662	\$ 277,800	\$ 298,970	\$ 303,261	\$ 295,165

Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	\$126,603	\$124,285	\$141,456	\$161,739	\$190,674
Metro area	\$126,276	\$119,944	\$120,911	\$160,705	\$151,448

Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City experienced an **increase** in residential remodeling, conversion and addition projects with a value of \$50,000 or more this quarter, but a decrease in non-residential permitting value.

This resulted in an overall slightly lower permit value this quarter compared to the previous quarter, as well as a decrease in value when compared to the same quarter from the previous year.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Remodels					
Number of buildings	141	171	165	127	174
Value	\$ 47,063,000	\$ 33,573,026	\$ 99,357,226	\$ 15,568,186	\$ 36,868,504
Conversions and additions²					
Number of buildings					
Net number of units	132	166	158	122	
Value	\$ 18,634,700	\$ 28,342,503	\$ 52,359,744	\$ 13,879,186	\$ 27,775,695
Total Residential¹					
Number of buildings	9	5	7	5	4
Total value	\$ 28,428,300	\$ 5,230,523	\$ 46,997,482	\$ 1,689,000	\$ 9,092,809
Total non-residential¹					
Number of buildings ³					
Value	\$ 121,716,400	\$ 98,747,731	\$ 41,099,298	\$ 102,497,433	\$ 75,028,318

Source: Minneapolis CPED

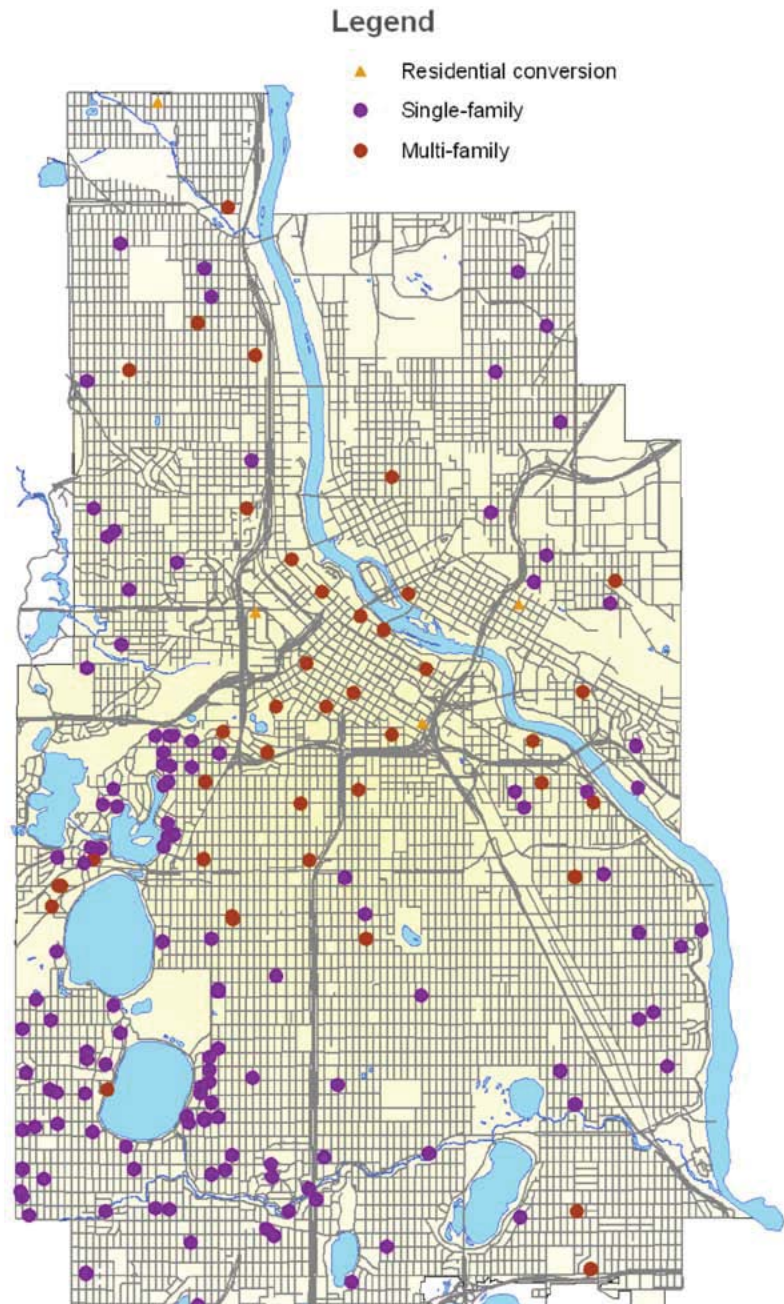
- 1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.
- 2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.
- 3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

About **three quarters** of residential remodeling permits valued over \$50,000 in the second quarter were attributed to single-family dwellings. These permits accounted for about **55 percent** of the residential remodel permit value in the city. Most of the remaining **45 percent** of residential remodel permit value can be attributed to multi-family properties.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 2Q-13**
projects \$50,000 +

Source: Minneapolis CPED

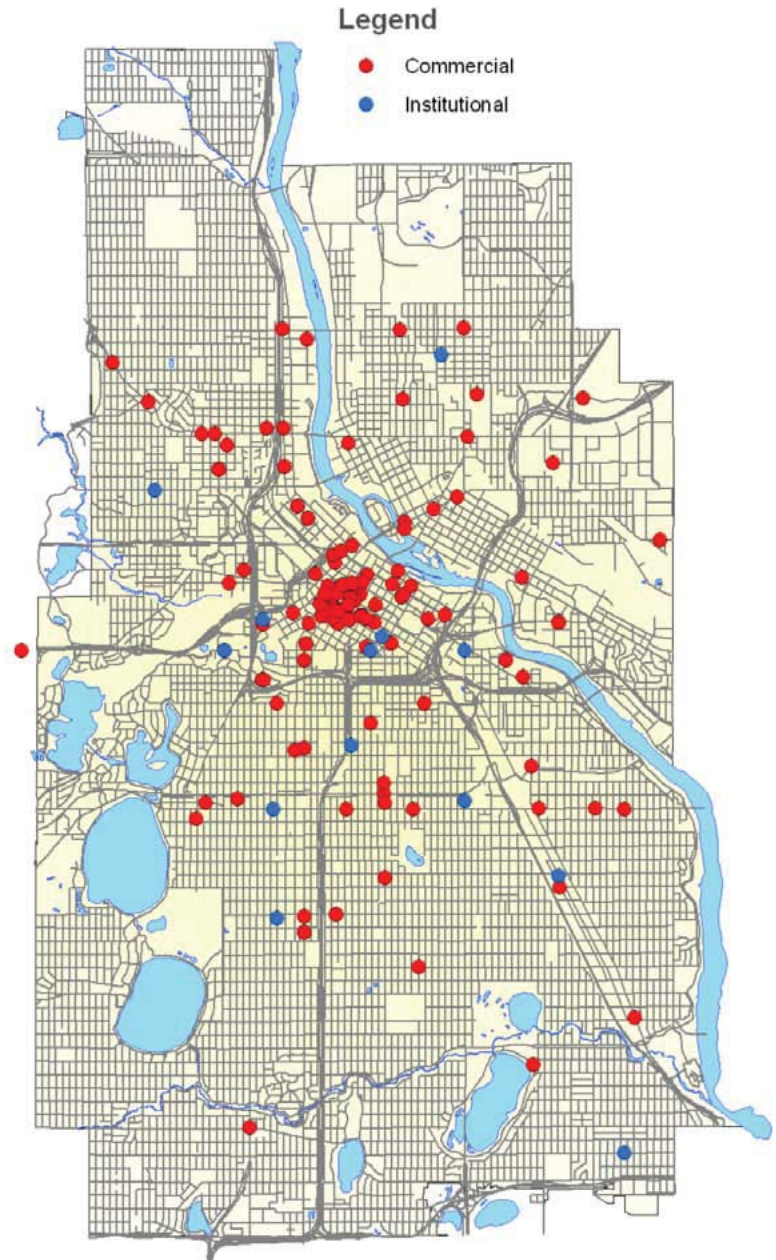


Conversions, remodels & additions

Non-residential remodel permits in the second quarter were concentrated in the downtown sector of the city, with additional concentrations along commercial corridors in the city such as Lake Street and West Broadway Avenue.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION** – 2Q-13
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the second quarter of 2013. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued that quarter. The highest cost

projects included several new apartment buildings, office remodels, and maintenance projects.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
Stonebridge Lofts: New 165-unit, 12 story condo building	110 12th Ave S	Downtown East	\$ 94,497,937	
New 219-unit, 6 story apartment building	2828 Dupont Ave S	Lowry Hill East	\$ 71,172,090	
New 153-unit, 6 story apartment building	2828 Emerson Ave S	Lowry Hill East	\$ 49,168,873	
The Interchange: Multi-modal transit hub and public plaza	528 7th St N	North Loop	\$ 36,245,672	●
New 78-unit, 6 story apartment building	600 5th St N	North Loop	\$ 10,337,944	
Blake School: Renovation of lab space	411 Kenwood Pkwy	Lowry Hill	\$ 7,532,297	
Conversion of office space to 56-unit apartment building	730 Hennepin Ave	Downtown West	\$ 7,103,339	
HCMC: Reroof	730 8th St S	Downtown West	\$ 5,255,740	
New two-story retail sales building	6023 Nicollet Ave	Windom	\$ 4,219,252	
Tenant improvement for office space	704 4th Ave S	Downtown West	\$ 3,253,599	
Parking ramp repair	255 2nd Ave S	Downtown West	\$ 2,526,712	
Tenant improvement for office space	50 6th St S	Downtown West	\$ 2,500,000	
Tenant improvement for office space	800 Nicollet Mall	Downtown West	\$ 2,200,000	
Exterior maintenance of existing condo building	3131 Excelsior Blvd	Cedar Isles Dean	\$ 2,107,812	
Building renovation of 1st through 5th floors	701 Washington Ave N	North Loop	\$ 2,060,535	
Renovation of dorm rooms	916 15th St E	Elliot Park	\$ 1,900,000	
Tenant improvement for office space	900 2nd Ave S	Downtown West	\$ 1,862,910	
Tenant improvement for office space	200 5th St S	Downtown West	\$ 1,830,638	
Remodel building for community dining, meeting room, food shelf, and offices	3808 Nicollet Ave	Kingfield	\$ 1,830,209	
Framing permit for 6 story apartment building	1313 5th St Se	Marcy Holmes	\$ 1,800,000	
Convert existing warehouse to offices, photo studios, and storage	501 Royalston Ave N	North Loop	\$ 1,689,470	
New 10-unit, 3 story apartment building	525 10th Ave SE	Marcy Holmes	\$ 1,414,324	
Parking ramp repair	618 2nd Ave S	Downtown West	\$ 1,368,764	
Interior remodel and utility work	700 22nd Ave NE	Holland	\$ 1,325,074	
Tenant improvement for office space	900 Nicollet Mall	Downtown West	\$ 1,217,600	
Roof replacement	1500 Emerson Ave S	Lowry Hill	\$ 1,051,550	
Tenant improvement for office space	310 38th St E	Bryant	\$ 1,033,000	

Source: Minneapolis CPED

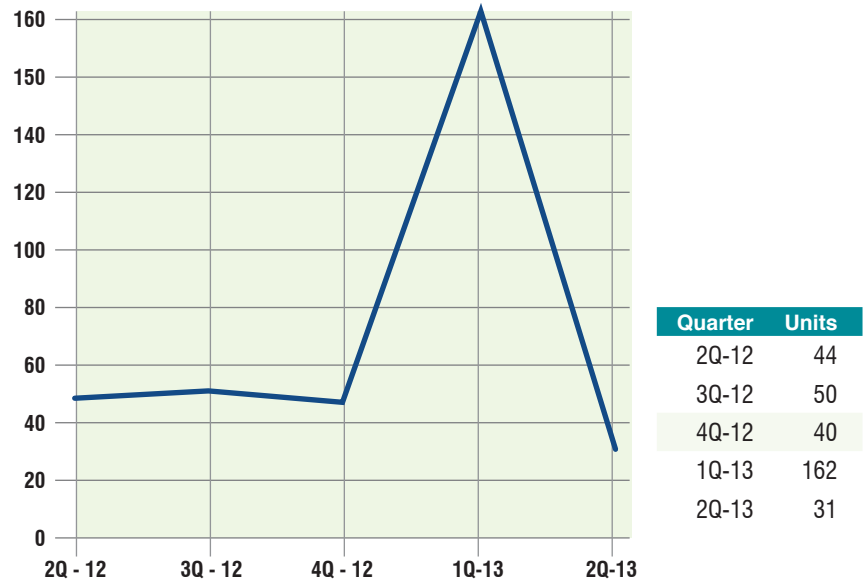
* Includes more than one permit at one address

¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

Residential demolitions returned to a more typical level in the second quarter of 2013, after an increase in the previous quarter that was attributed to the demolition of an apartment building.

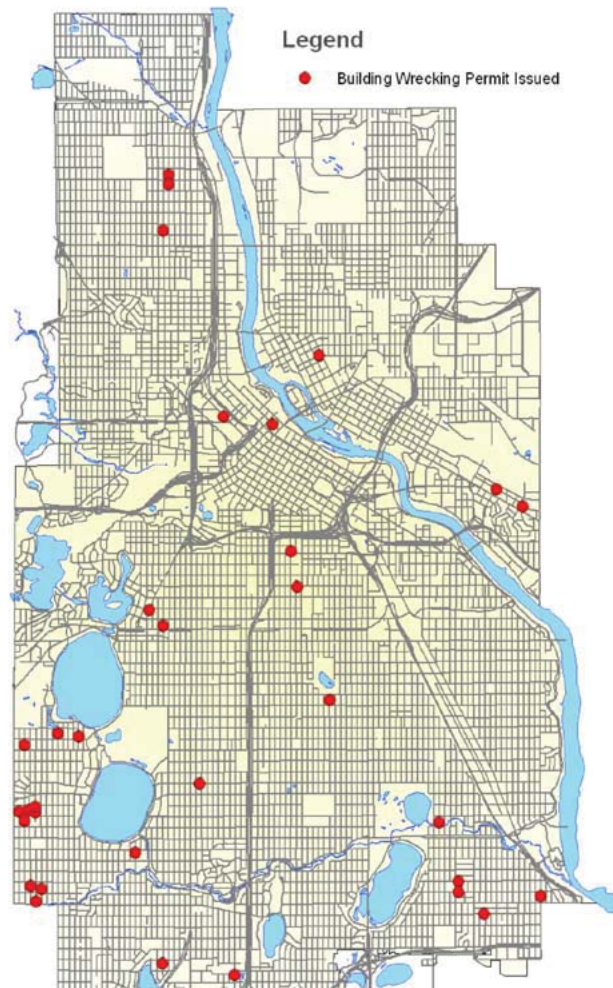
Figure 9: **RESIDENTIAL UNITS DEMOLISHED** – Minneapolis



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –1Q-13

Source: Minneapolis CPED



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 Regulatory Services 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 1.9 percent in the first quarter of 2013 to 2.2 percent in the second quarter of 2013.
- The number of traditional housing sales increased by 21 percent over the same quarter last year, while lender-mediated sales decreased by 16 percent. Average prices on traditional housing sales increased 13.4 percent from the previous quarter, and 6.4 percent from the same quarter last year.
- The number of condemned, boarded and vacant buildings in the city decreased to 631, the lowest quarterly total since the second quarter of 2007.
- Foreclosure sales also continue to decline, by 30.5 percent from the previous quarter, and 46.7 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 14.2 percent and 16.8 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 12.2 percent to 36.1 percent – the large discrepancy is explained by differences in reporting method by firm.

Apartment vacancy rates & average rents

The Minneapolis vacancy rate for multifamily rental housing increased this quarter from 1.9 percent last quarter to 2.2 percent. In the metro area, the vacancy rate was 2.3 percent, a sharp decline from last quarter's observed 2.8 percent vacancy rate.

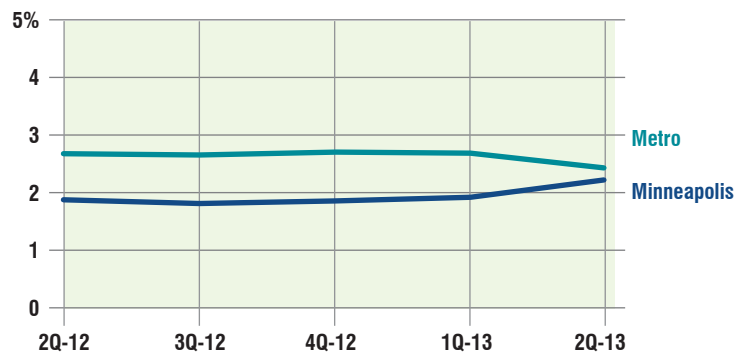
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis					
Units surveyed	15,130	16,183	16,831	16,483	16,923
Vacant units	275	263	296	312	368
Average rent	\$ 1,011	\$ 995	\$ 1,006	1,017	\$ 1,037
Vacancy rate	1.8%	1.6%	1.8%	1.9%	2.2%
Metro area					
Units surveyed	107,822	111,204	115,974	112,383	114,715
Vacant units	2,919	2,977	3,353	3,091	2,675
Average rent	\$ 951	\$ 951	\$ 957	\$ 966	\$ 979
Vacancy rate	2.7%	2.7%	2.9%	2.8%	2.3%

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](#)

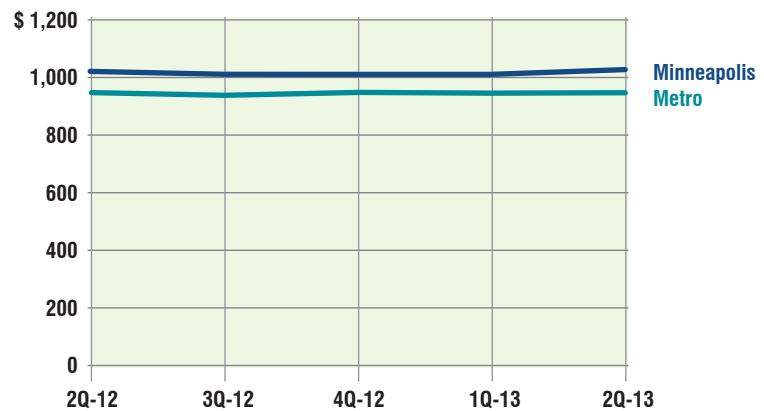
Apartment vacancy rates & average rents

At \$1,037, Minneapolis average rent in inflation-adjusted dollars increased slightly when compared to last quarter, and actually decreased when compared to the same quarter of last year. In the metro area average rent was \$979, again holding steady from the previous quarter and increasing slightly over the previous year.

The vacancy rate rose in Downtown, South, and East sectors from last quarter, held steady in North, and decreased in Southwest. Compared to the same quarter last year the vacancy rate rose in Downtown, while East and Southwest remained unchanged. South and North sectors experienced a modest decline in vacancy from year to year. The largest change from year to year occurred in Downtown, where the vacancy rate increased from 1.7 percent in the second quarter of 2012, up to 3.0 percent in the second quarter of 2013.

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

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



In inflation-adjusted dollars

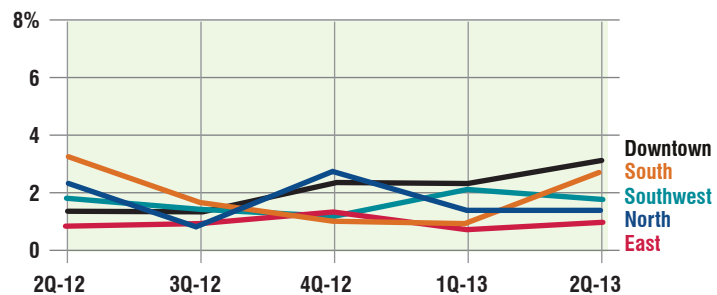
	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	\$ 1,039	\$ 1,017	\$ 1,029	\$ 1,030	\$ 1,037
Metro area	\$ 977	\$ 972	\$ 979	\$ 979	\$ 979

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Downtown	1.7%	1.7%	2.2%	2.2%	3.0%
Southwest	1.9%	1.6%	1.5%	2.1%	1.9%
North	2.2%	1.1%	2.8%	1.7%	1.7%
South	3.1%	1.8%	1.6%	1.5%	2.7%
East	1.4%	1.5%	1.7%	1.2%	1.4%

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](#).

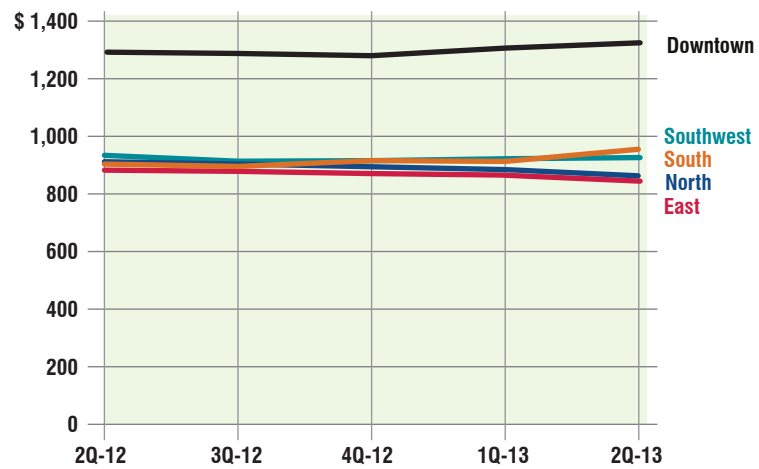
Apartment vacancy rates & average rents

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

On a year to year basis, rents increased the most in Downtown Minneapolis (3.0 percent, or 39 dollars), followed by South (about 1.3 percent, or approximately 12 dollars). The remaining sectors experienced inflation adjusted declines in rent over the previous twelve months.

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

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Downtown	\$ 1,301	\$ 1,284	\$ 1,314	\$ 1,320	\$ 1,340
Southwest	\$ 943	\$ 919	\$ 924	\$ 925	\$ 928
North	\$ 893	\$ 891	\$ 894	\$ 885	\$ 878
South	\$ 926	\$ 902	\$ 923	\$ 922	\$ 938
East	\$ 900	\$ 903	\$ 900	\$ 878	\$ 856

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

When compared to the previous quarter, vacancy rates increased for one-bedroom and two-bedroom apartment types while studio and three-bedroom vacancy rates decreased.

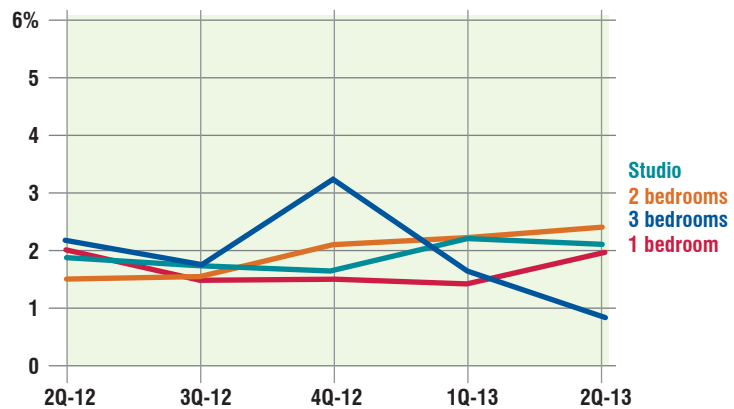
In comparison with the second quarter of 2012, vacancy rates were lower for three-bedroom apartment types, but higher for studio and two-bedroom units. The vacancy rate for one-bedroom units remained flat.

Average rents in *inflation-adjusted* dollars increased this quarter for studio, one- and two-bedroom unit types. Rents for three-bedroom apartments decreased 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 decline in rent.

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

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

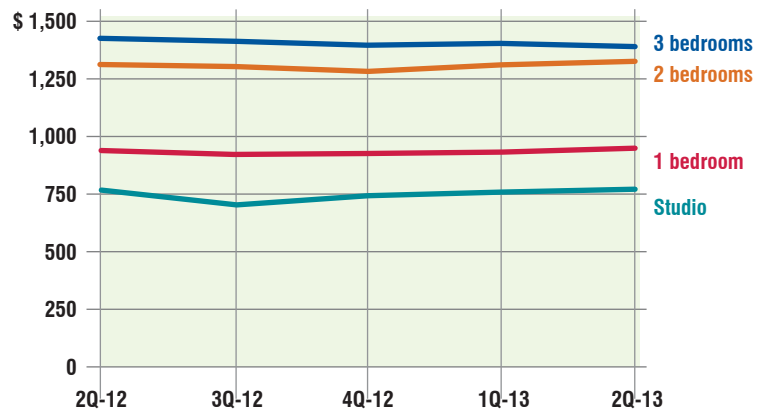


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Studio	1.7%	1.5%	1.5%	2.2%	2.1%
One-bedroom	2.0%	1.6%	1.6%	1.5%	2.0%
Two-bedroom	1.6%	1.7%	2.1%	2.2%	2.4%
Three-bedroom	2.1%	1.7%	3.4%	1.7%	0.9%

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Studio	\$ 756	\$ 747	\$ 751	\$ 756	\$ 758
One-bedroom	\$ 955	\$ 935	\$ 954	\$ 954	\$ 961
Two-bedroom	\$ 1,317	\$ 1,297	\$ 1,266	\$ 1,306	\$ 1,323
Three-bedroom	\$ 1,447	\$ 1,437	\$ 1,421	\$ 1,437	\$ 1,423

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.

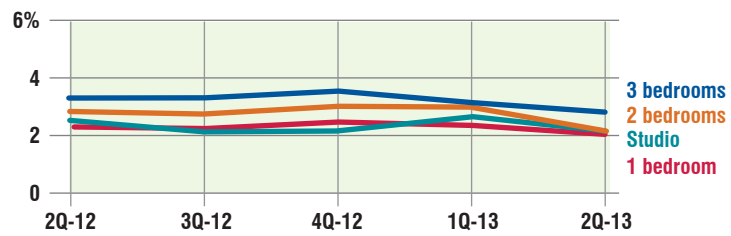
Apartment vacancy rates & average rents

In the metro area vacancy rates decreased in all unit types when compared to the previous quarter.

Compared with the second quarter of 2012, vacancy rates were also down for all unit types in the metro area.

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 0.3 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



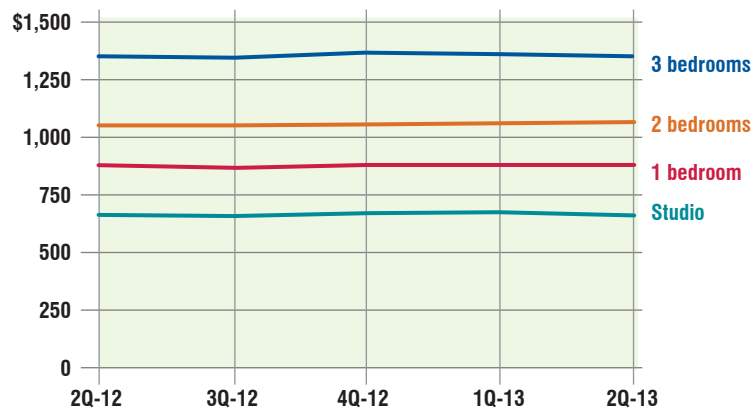
	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Studio	2.7%	2.2%	2.2%	2.8%	2.3%
One-bedroom	2.4%	2.4%	2.6%	2.4%	2.2%
Two-bedroom	2.9%	2.8%	3.1%	3.0%	2.4%
Three-bedroom	3.3%	3.3%	3.8%	3.1%	2.7%

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

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

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Studio	\$ 731	\$ 725	\$ 732	\$ 737	\$ 736
One-bedroom	\$ 853	\$ 846	\$ 855	\$ 854	\$ 854
Two-bedroom	\$ 1,058	\$ 1,056	\$ 1,061	\$ 1,062	\$ 1,063
Three-bedroom	\$ 1,336	\$ 1,338	\$ 1,353	\$ 1,349	\$ 1,346

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

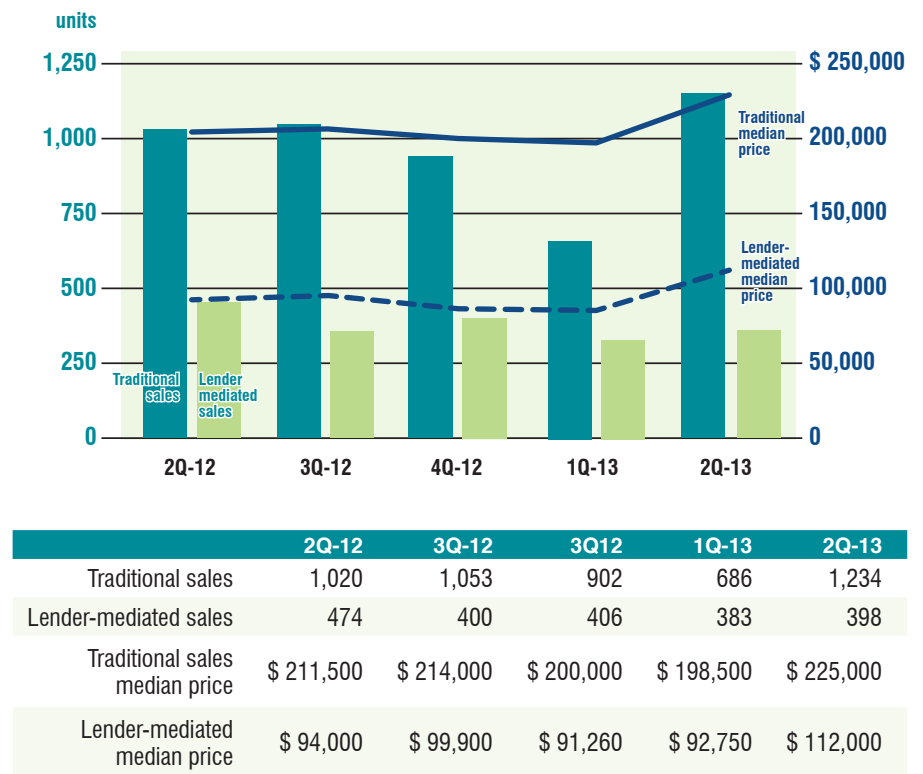
For metro area definition, see [page 41](#)

Residential sales

Overall sale of housing units increased over 50 percent from the previous quarter. This included an increase in both traditional (79.9 percent increase) and lender-mediated sales (3.9 percent increase). Average prices for the quarter increased for both traditional sales and lender-mediated sales. The median price of traditional sales in Minneapolis (\$225,000) moved slightly ahead of the region (\$224,000).

Median sale prices increased for traditional as well as for lender-mediated sales: 6.4 percent for traditional sales and 19.1 percent for lender-mediated sales. This quarter lender-mediated sales including foreclosures were 24 percent of all housing sales in the city, while they accounted for 32 percent of sales in the second quarter of 2012.

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

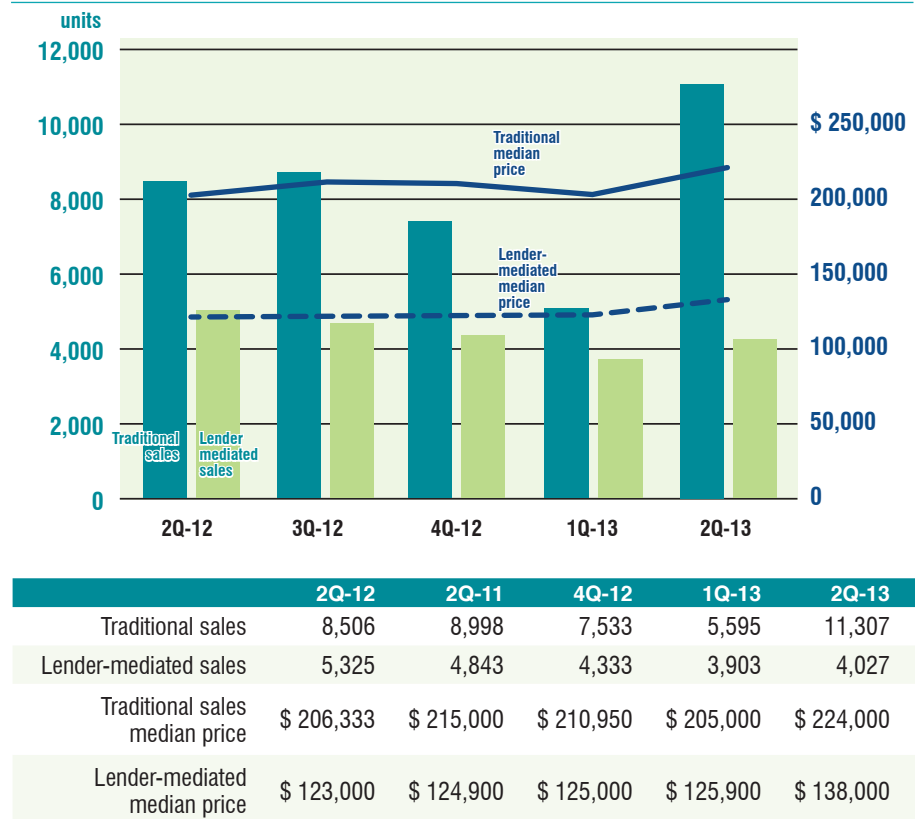


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area sales were up from the previous quarter by over 60 percent. Traditional sales increased over 100 percent, while lender-mediated sales declined by about 3.2 percent. Prices for both categories increased, 9.3 percent for lender-mediated sales and 9.6 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)*

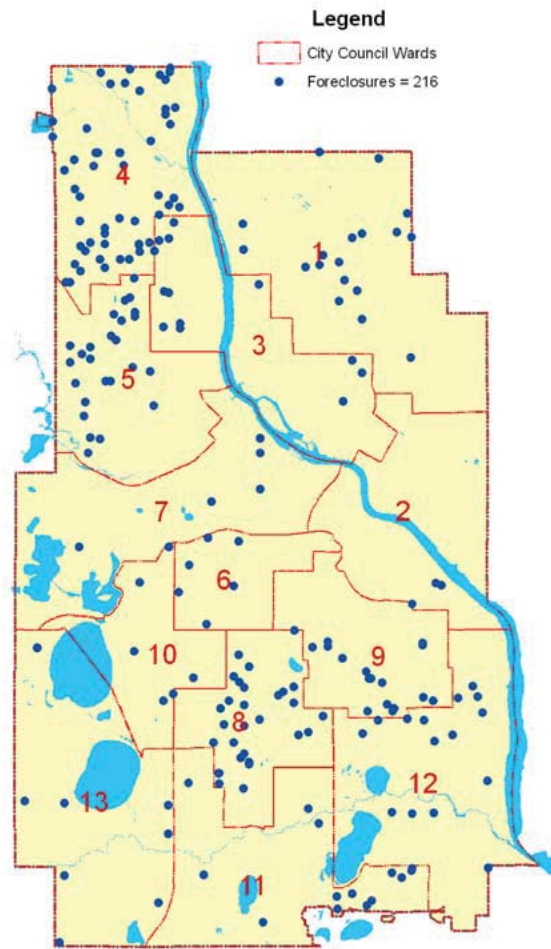
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

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

Foreclosures

This quarter 216 properties were sold at public auction, 30.5 percent fewer than the previous quarter, and 46.7 percent fewer than second quarter 2012. This is lowest count recorded since Minneapolis Trends began reporting foreclosures in 2006. Wards 4, 5, 8, and 9 accounted for more than 50 percent of total foreclosures in the city, with Ward 4 accounting for about 25 percent of the total.

MAP 5: PROPERTIES FORECLOSED – 1Q-13
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

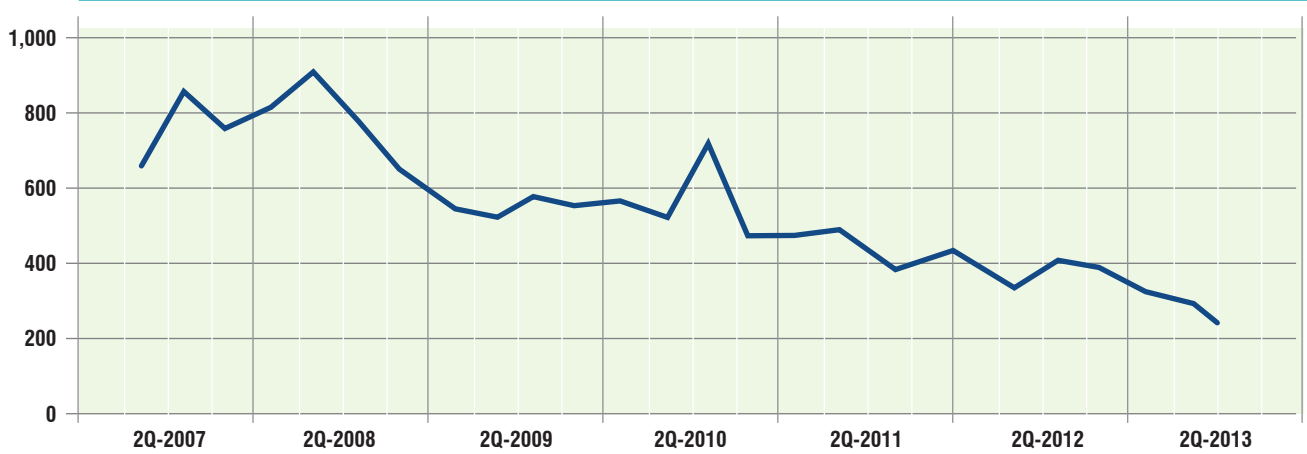
Ward	2Q-12		3Q-12		4Q-12		1Q-13		2Q-13	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	37	9%	31	8%	31	10%	26	8%	18	8%
2	5	1%	9	2%	8	2%	7	2%	2	1%
3	30	7%	26	7%	28	9%	22	7%	12	6%
4	83	20%	91	23%	67	21%	68	22%	55	25%
5	42	10%	62	16%	33	10%	43	14%	25	12%
6	18	4%	10	3%	21	7%	16	5%	7	3%
7	34	8%	9	2%	14	4%	12	4%	6	3%
8	38	9%	42	11%	33	10%	27	9%	28	13%
9	31	8%	26	7%	23	7%	22	7%	19	9%
10	11	3%	16	4%	9	3%	10	3%	6	3%
11	22	5%	21	5%	20	6%	19	6%	14	6%
12	34	8%	42	11%	25	8%	28	9%	15	7%
13	20	5%	12	3%	10	3%	11	4%	9	4%
Total	405	100%	397	100%	322	100%	311	100%	216	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 decreased from the last quarter, and was over 18 percent lower than at the end of second quarter 2012. The number of condemned buildings dropped by 12.8 percent compared to second quarter last year, while the number of vacant but not condemned buildings decreased 22.2 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 December 2012

Source: Minneapolis CPED

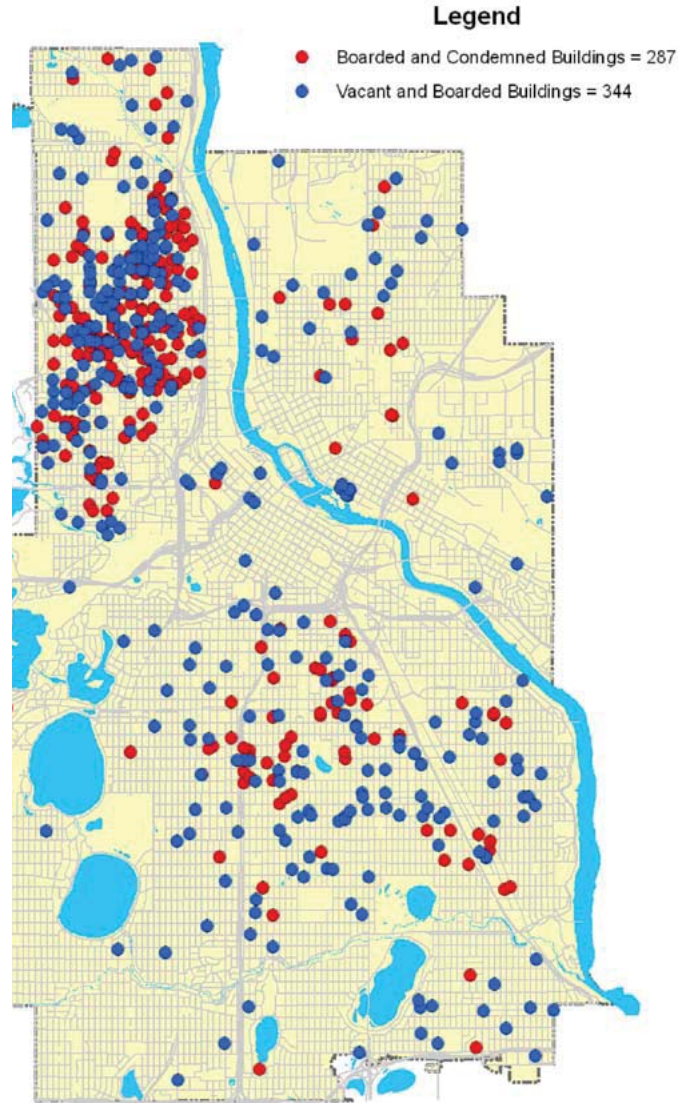


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis as of the end of quarter

	2Q-12	3Q-12	4Q-12	1Q-13	1Q-13
Boarded and condemned buildings	329	316	303	304	287
Vacant but not condemned	442	405	386	386	344
Total	771	721	686	687	631

Source: Minneapolis CPED

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

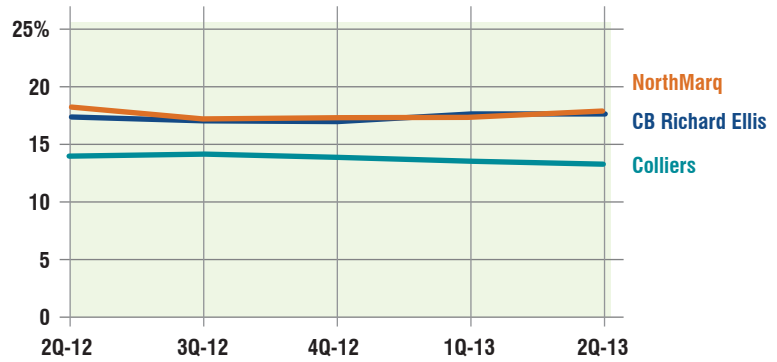
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 14.2 percent and 16.8 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 15.4 percent and 17.0 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

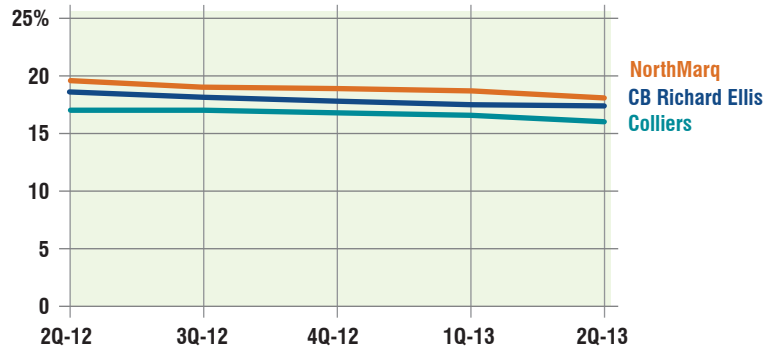


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
CB Richard Ellis	16.6%	16.2%	16.3%	16.4%	16.7%
Colliers	14.5%	14.6%	14.5%	14.3%	14.2%
NorthMarq	17.0%	16.1%	16.1%	16.1%	16.8%

Sources: CB Richard Ellis, Colliers and NorthMarq

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

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
CB Richard Ellis	18.2%	17.6%	17.1%	17.0%	17.0%
Colliers	16.5%	16.5%	16.1%	16.0%	15.4%
NorthMarq	18.6%	18.0%	18.0%	18.0%	17.5%

Sources: CB Richard Ellis, Colliers and NorthMarq

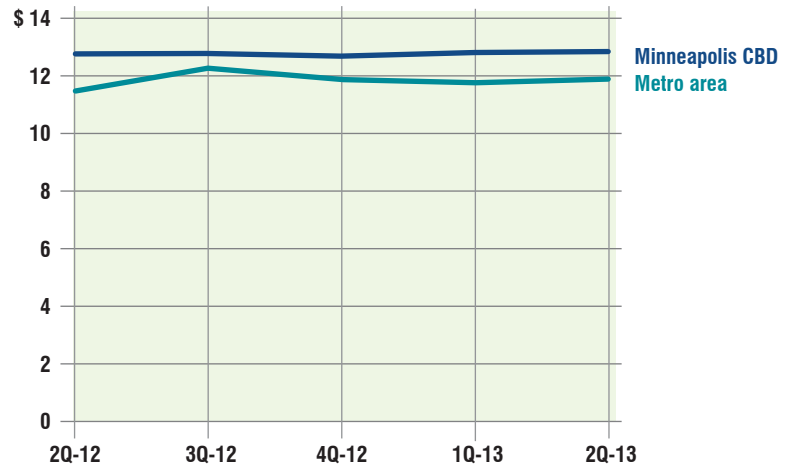
See explanation of sources on [page 42](#)

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 second quarter of 2012. In the metro area rates were also up for the quarter as well as the same quarter last year.

Between the first and second quarter in Downtown Minneapolis the rate of growth in occupied office space decreased. The metro area also experienced a negative absorption rate in the second quarter of 2013.

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

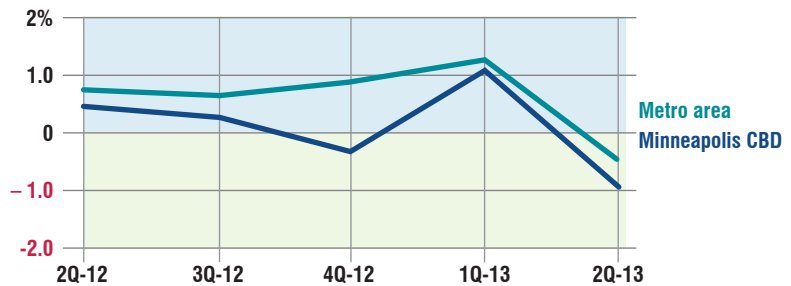


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis CBD	\$ 12.51	\$ 12.52	\$ 12.46	\$ 12.55	\$ 12.63
Metro area	\$ 11.47	\$ 12.08	\$ 11.91	\$ 11.86	\$ 11.92

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis CBD	0.6%	0.2%	-0.1%	1.1%	-1.0%
Metro area	0.8%	0.6%	0.9%	1.3%	-0.4%

Source: CB Richard Ellis

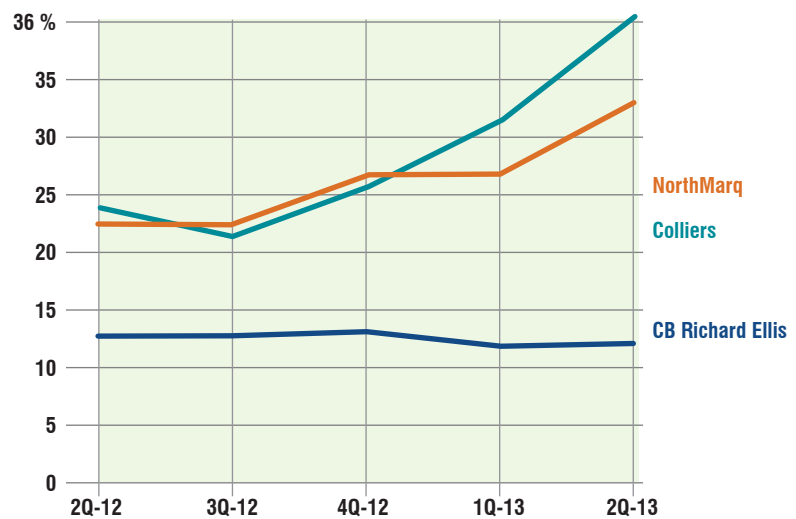
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.2 and 36.1 percent. Block E and Gaviidae Common were removed from the CBRE reporting in the first quarter of 2013 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 6.2 percent to 7.8 percent, with decreases reported over the last quarter from each of the real estate firms referenced.

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

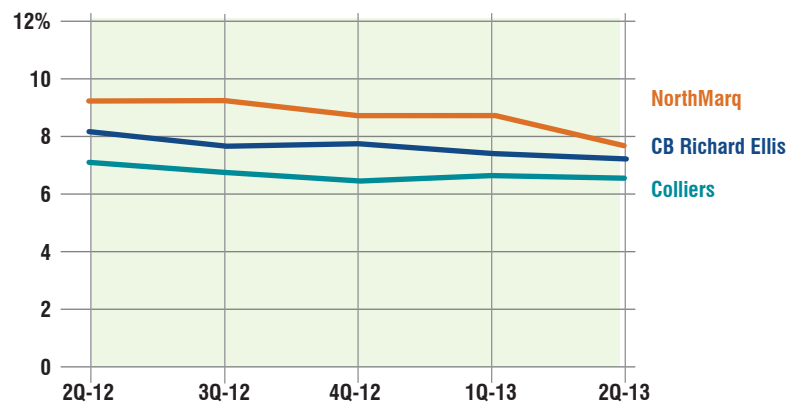


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
CB Richard Ellis	13.3%	13.3%	13.6%	12.0%	12.2%
Colliers	24.4%	21.3%	25.6%	32.6%	36.1%
NorthMarq	21.7%	21.7%	26.8%	26.8%	33.6%

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
CB Richard Ellis	8.1%	7.8%	7.7%	7.5%	7.4%
Colliers	7.0%	6.4%	6.2%	6.4%	6.2%
Northmarq	8.9%	8.9%	8.3%	8.3%	7.8%

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.

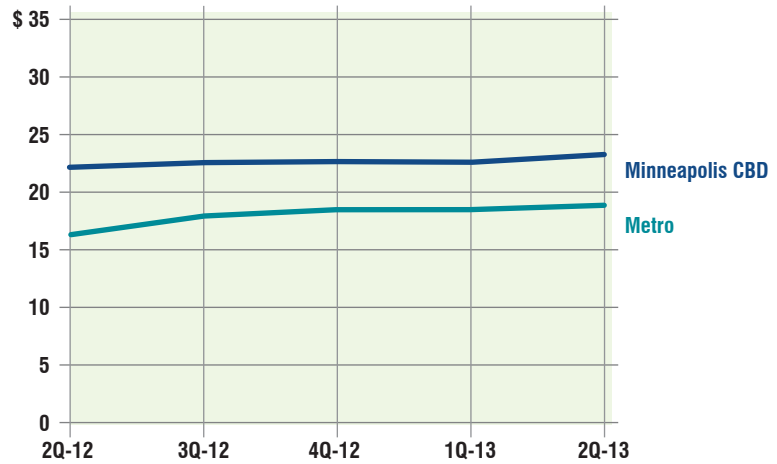
Retail space

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

In the metro area, average asking lease price also increased over the previous quarter, and maintaining a dramatic increase over the previous year. The gap in asking prices between the Minneapolis CBD and the rest of the region increased slightly, standing at about 24 percent at the end of the first quarter 2013.

Occupied retail space in the Minneapolis central business district (CBD) leveled off this quarter after the dramatic loss experienced in the first quarter of 2013, which was mostly a reflection of a change in methodology by the reporting firm – both Block E and Gaviidae Common were removed from calculation last quarter.

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

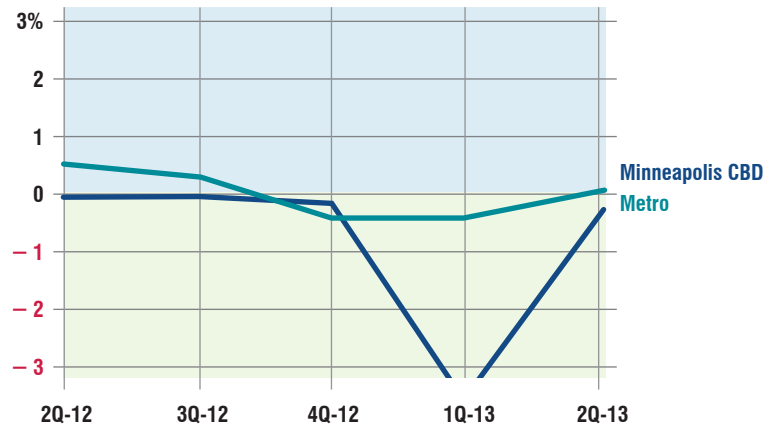


	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis CBD	\$ 22.09	\$ 22.53	\$ 22.53	\$ 22.49	\$ 22.85
Metro area	\$ 15.99	\$ 17.87	\$ 18.29	\$ 18.33	\$ 18.41

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis CBD	0.0%	0.0%	-0.3%	-19.5%	-0.2%
Metro area	0.7%	0.3%	-0.6%	-0.5%	0.1%

Source: CB Richard Ellis

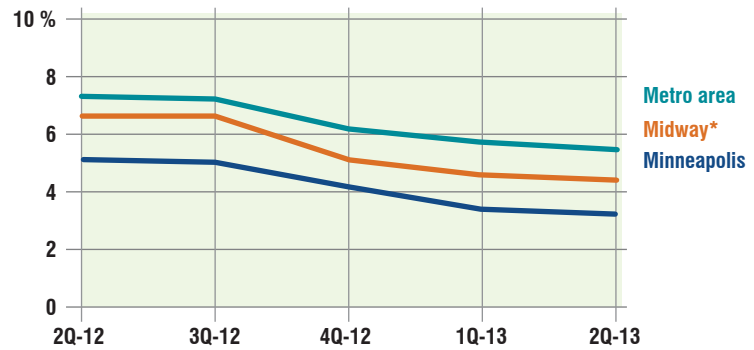
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate declined in all reported geographies for the third consecutive quarter. The vacancy rates were down from same quarter the previous year for all three areas as well.

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

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



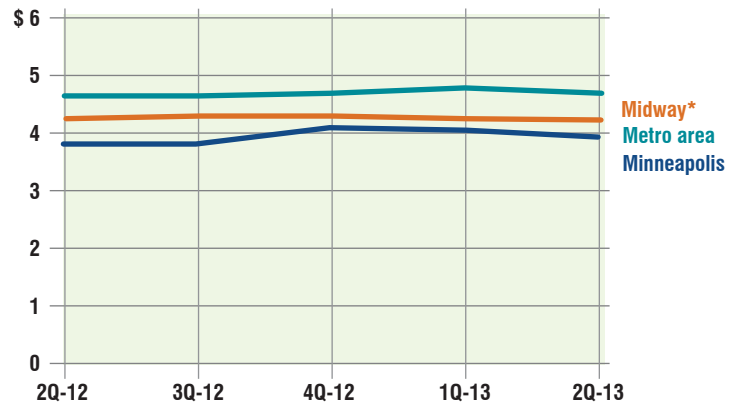
	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	5.1%	5.0%	4.1%	3.4%	3.2%
Midway*	6.8%	6.8%	5.3%	4.6%	4.4%
Metro area	7.4%	7.2%	6.2%	5.9%	5.8%

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



	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	\$ 3.96	\$ 3.98	\$ 4.02	\$ 4.00	\$ 3.95
Midway*	\$ 4.10	\$ 4.12	\$ 4.09	\$ 4.05	\$ 4.05
Metro area	\$ 4.59	\$ 4.61	\$ 4.65	\$ 4.72	\$ 4.57

Source: CB Richard Ellis

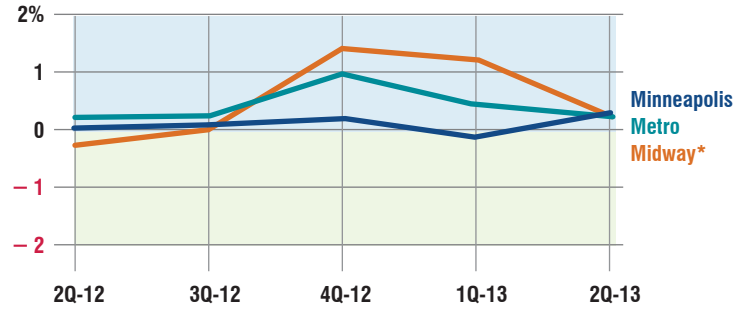
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

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

Industrial space

Industrial absorption rates increased in the Minneapolis and Midway areas this quarter, while absorption slowed in the Metro area.

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



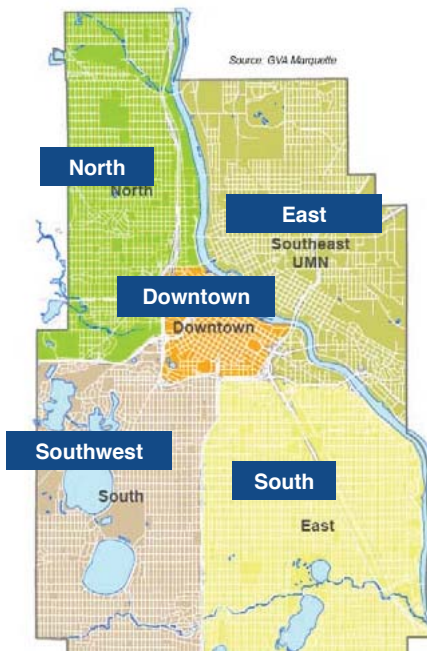
	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Minneapolis	0.0%	0.1%	0.2%	-0.1%	0.3%
Midway*	-0.3%	0.0%	1.6%	1.3%	0.2%
Metro area	0.2%	0.3%	1.0%	0.4%	0.2%

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.

Definitions & sources



- **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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