

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



third quarter 2013



Vol. 12 No. 3

2013

Highlights for the third quarter of 2013

	3Q-13	change from	
		2Q-13	3Q-12
Labor force	219,777 residents	▲	▲
Residents employed	208,547	▲	▲
Unemployment rate	5.1%	▲	▼
New residential permitted units	1,220 units	▲	▲
Permitted residential conversions, remodels and additions	174 buildings \$ 25.2 million	■	▲
Permitted non-residential conversions, remodels and additions	178 buildings \$ 63.8 million	▲	▼
Residential units demolished	51 units	▲	▲
Rental vacancy rate	1.9 %	▼	▲
Average rent in inflation-adjusted dollars	\$ 1,041	▲	▲
Residential units sold	1,340 units	▲	▲
Traditional	301 units	▼	▼
Lender-mediated			
Median sale price of residential units	\$ 219,900	▼	▲
Traditional			
Lender-mediated	\$ 96,000	▼	▼
Foreclosures	195	▼	▼
Condemned and vacant buildings	606	▼	▼
Minneapolis CBD office vacancy rate	16.7 %	■	▲
Minneapolis CBD retail vacancy rate	11.6 %	▼	▼

Highlights for the first quarter of 2013 – Jobs and wages

	1Q-13	4Q-12	1Q-12
Number of jobs	296,909 employees	▼	▲
Wages in inflation-adjusted dollars	\$ 1,358	▲	▲

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third quarter 2013

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Economic indicators

- Employment grew at a slightly slower rate than the labor force this past quarter. The resulting unemployment rate is higher than the previous quarter at 5.1%. In comparison with the same quarter last year, over 3,400 more city residents were working.
- As of the first quarter 2013 there were 296,909 jobs in Minneapolis, more than 4,000 (1.4 percent) fewer than the previous quarter, and nearly 8,000 more (2.7 percent) than the same quarter of the previous year.
- During the last 12-month period, the metro and state added jobs, at a pace of 2.0 and 1.9 percent respectively.
- Average inflation adjusted wages for first quarter 2013 were up 0.9 percent from the same period a year before. Inflation adjusted wages in the metro and state fell at rates of -0.9 and -0.8 percent respectively during the same period.

Labor force

During the second quarter 400 people (a 0.2 percent increase) joined the labor force, while 135 additional residents (a 0.1 percent increase) were working. As a result, the unemployment rate increased from 5.0 percent in the second quarter of 2013 to 5.1 percent in the third quarter of 2013.

The metro area experienced a decrease in the labor force and an increase in employment. This resulted in a decrease in the unemployment rate from the previous quarter to 4.8 percent.

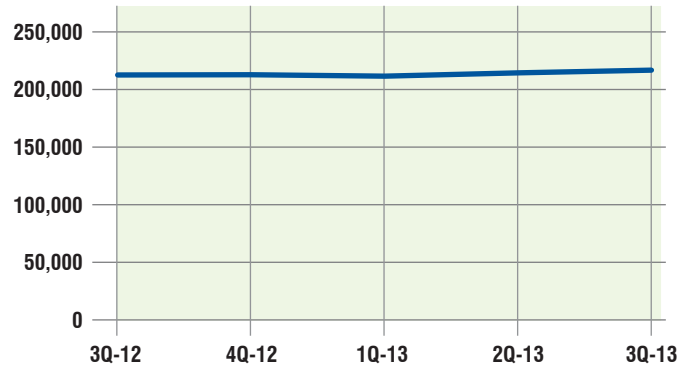
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis					
Labor Force	218,184	216,753	215,868	219,377	219,777
Employment	205,104	205,365	204,542	208,412	208,547
Unemployment rate	6.0%	5.3%	5.2%	5.0%	5.1%
Metro area					
Labor Force	1,631,197	1,623,066	1,620,025	1,641,577	1,641,111
Employment	1,538,827	1,540,779	1,532,804	1,561,805	1,562,813
Unemployment rate	5.7%	5.1%	5.4%	4.9%	4.8%

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

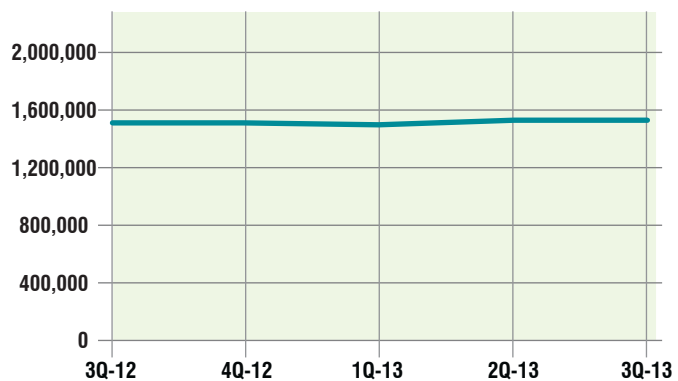
* For metro area definition, see [page 12](#).

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

	1Q-2012	2Q-2012	3Q-2012	4Q-2012	1Q-2013	Change from 1Q-12 - 1Q-13
Total, All Industries	288,990	297,296	299,306	301,044	296,909	(4,135)
Construction	4,777	5,375	5,869	5,407	5,045	(362)
Manufacturing	13,402	13,597	13,717	13,504	13,063	(441)
Utilities	2,798	2,841	2,856	2,803	2,844	41
Wholesale Trade	8,233	8,441	8,598	8,516	8,752	236
Retail Trade	13,359	15,039	14,827	14,542	13,801	(741)
Transportation and Warehousing	6,841	6,778	6,677	6,756	6,685	(71)
Information	10,511	10,496	10,556	10,682	10,555	(127)
Finance and Insurance	27,057	27,035	27,132	27,051	27,021	(30)
Real Estate and Rental and Leasing	9,034	9,154	9,304	9,305	9,293	(12)
Professional and Technical Services	31,946	32,393	32,761	33,006	33,234	228
Management of Companies and Enterprises	18,342	18,845	19,393	19,743	19,893	150
Administrative and Waste Services	14,955	15,973	16,278	15,955	13,830	(2,125)
Educational Services	30,307	30,331	28,836	31,380	31,374	(6)
Health Care and Social Assistance	49,206	49,572	50,358	51,671	52,348	677
Arts, Entertainment, and Recreation	4,663	5,437	5,304	4,638	4,791	153
Accommodation and Food Services	22,384	23,974	24,188	24,390	23,054	(1,336)
Other Services, Ex. Public Admin	9,422	9,944	9,672	9,735	9,379	(356)
Public Administration	11,530	11,786	12,716	11,769	11,767	(2)

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 first quarter 2013, the number of jobs located in Minneapolis was 296,909, a 1.4 percent decrease from the previous quarter. In comparison with the same quarter in 2012, the number of jobs increased by 2.7 percent (approximately 8,000 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 – 1st quarter 2012 to 1st quarter 2013

Sectors which gained the most jobs:

- **Construction** grew by **268 jobs**, a **5.6 percent** increase.
- **Wholesale Trade** grew by **519 jobs**, a **6.3 percent** increase.
- **Management of Companies and Enterprises** grew by **1,551 jobs**, a **8.5 percent** increase.
- **Health Care and Social Assistance** grew by **3,142 jobs**, a **6.4 percent** increase.

Sectors which experienced greatest job losses:

- **Manufacturing** lost **339 jobs**, a **2.5 percent** decrease.
- **Transportation and Warehousing** lost **156 jobs**, a **2.3 percent** decrease.
- **Administrative and Waste Services** lost **1,125 jobs**, a **7.5 percent** decrease.

Quarter to quarter change – 4th quarter 2012 to 1st quarter 2013

Sectors which gained the most jobs:

- **Health Care and Social Assistance** grew by **677 jobs**, a **1.3 percent** increase.
- **Wholesale Trade** grew by **236 jobs**, a **2.8 percent** increase.
- **Arts, Entertainment, and Recreation** grew by **153 jobs**, a **3.3 percent** increase.

Sectors which experienced greatest job losses:

- **Construction** lost **362 jobs**, a **6.7 percent** decrease.
- **Manufacturing** lost **441 jobs**, a **3.3 percent** decrease.
- **Retail Trade** lost **741 jobs**, a **5.1 percent** decrease.
- **Administrative and Waste Services** lost **2,125 jobs**, a **13.3 percent** decrease.
- **Accommodation and Food Services** lost **1,336 jobs**, a **5.5 percent** decrease.

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 2.7 percent, more than the 2.0 and 1.9 percent increased experienced at the metro area and state level.

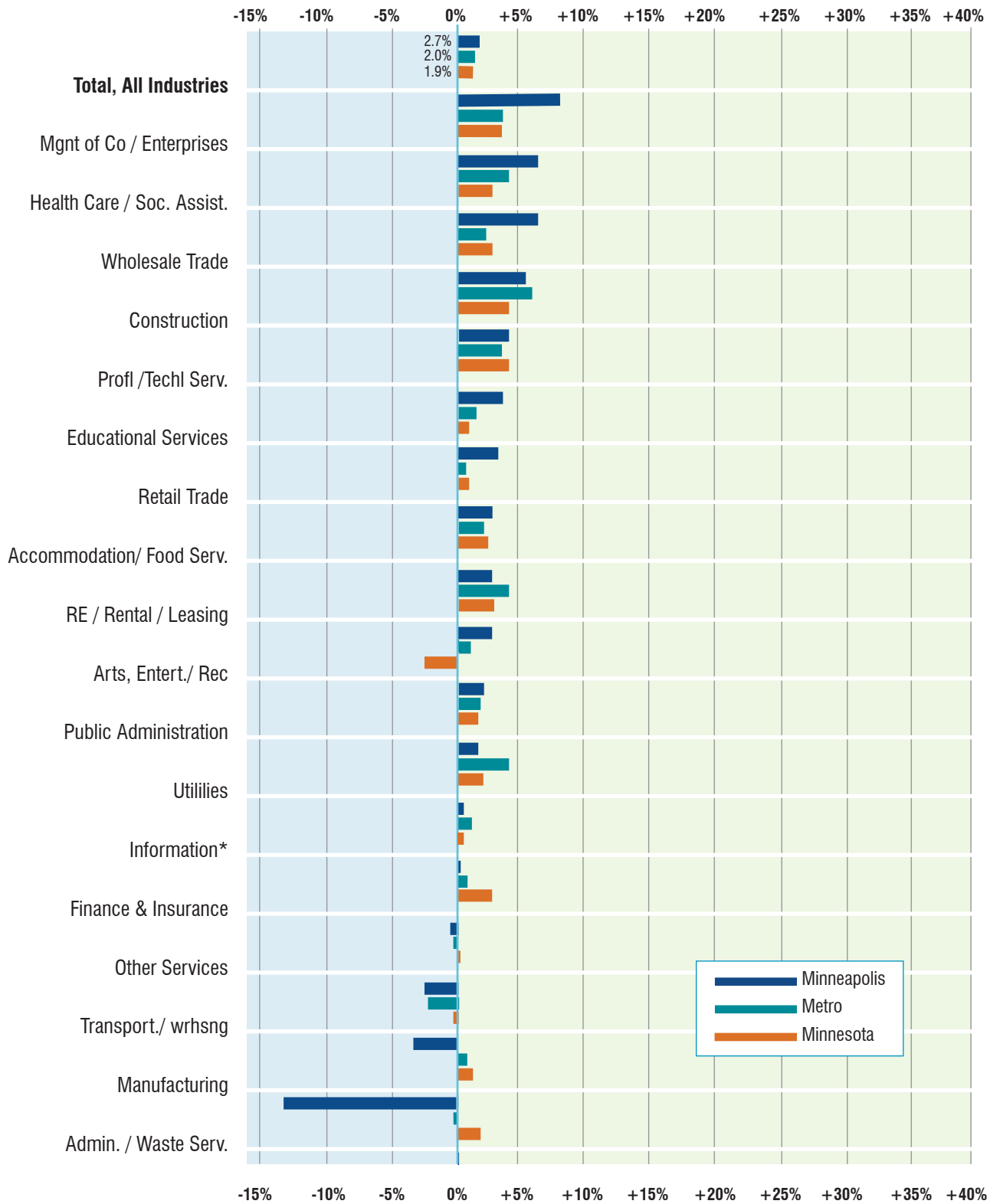
Of the sectors **posting growth** over this period, **Management of Companies and Enterprises** was the fastest growing sector in the city at over 8.5 percent, while it grew at a slower rate in the metro area and the state. In addition to management of companies, health care and wholesale trade industries grew in the city faster than in either the metro or state.

Of the economic sectors **losing jobs** in the city, **manufacturing, finance and insurance**, and **administrative and waste services** decreased in the city, but grew or held steady in the metro and state.

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

Jobs

Figure 3: **JOBS** –1Q-12 to 1Q-13
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 first quarter of 2013 was **\$1,358**, a **3.0 percent** increase in non-adjusted dollars from the previous year, and a **0.9 percent** increase when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Finance and Insurance** saw the highest average weekly wages increase at **226 dollars (7.7 percent)**. The highest percentage wage increase occurred in the **Wholesale Trade** sector at **8.2 percent (110 dollars)**.

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

	1Q-2012	2Q-2012	3Q-2012	4Q-2012	1Q-2013	Change from 1Q-12 - 1Q-13
Total, All Industries	\$ 1,319	\$ 1,152	\$ 1,150	\$ 1,276	\$ 1,358	\$ 39
Construction	\$ 1,143	\$ 1,206	\$ 1,129	\$ 1,194	\$ 1,141	\$ (2)
Manufacturing	\$ 1,175	\$ 1,103	\$ 1,098	\$ 1,355	\$ 1,116	\$ (59)
Utilities	\$ 2,643	\$ 1,628	\$ 1,572	\$ 1,807	\$ 2,424	\$ (219)
Wholesale Trade	\$ 1,339	\$ 1,215	\$ 1,204	\$ 1,406	\$ 1,449	\$ 110
Retail Trade	\$ 537	\$ 481	\$ 503	\$ 516	\$ 532	\$ (5)
Transportation and Warehousing	\$ 1,014	\$ 915	\$ 984	\$ 962	\$ 1,029	\$ 15
Information	\$ 1,402	\$ 1,312	\$ 1,276	\$ 1,357	\$ 1,494	\$ 92
Finance and Insurance	\$ 2,925	\$ 1,734	\$ 1,737	\$ 2,069	\$ 3,151	\$ 226
Real Estate and Rental and Leasing	\$ 2,223	\$ 1,239	\$ 1,417	\$ 1,369	\$ 2,161	\$ (62)
Professional and Technical Services	\$ 1,678	\$ 1,683	\$ 1,685	\$ 2,231	\$ 1,683	\$ 5
Management of Companies and Enterprises	\$ 2,213	\$ 1,993	\$ 1,963	\$ 1,801	\$ 2,308	\$ 95
Administrative and Waste Services	\$ 680	\$ 636	\$ 659	\$ 696	\$ 693	\$ 13
Educational Services	\$ 1,012	\$ 1,133	\$ 1,082	\$ 1,188	\$ 1,055	\$ 43
Health Care and Social Assistance	\$ 938	\$ 950	\$ 934	\$ 991	\$ 947	\$ 9
Arts, Entertainment, and Recreation	\$ 915	\$ 1,378	\$ 1,389	\$ 1,046	\$ 917	\$ 2
Accommodation and Food Services	\$ 386	\$ 384	\$ 387	\$ 399	\$ 382	\$ (4)
Other Services, Ex. Public Admin	\$ 608	\$ 586	\$ 618	\$ 657	\$ 606	\$ (2)
Public Administration	\$ 1,278	\$ 1,223	\$ 1,162	\$ 1,269	\$ 1,260	\$ (18)

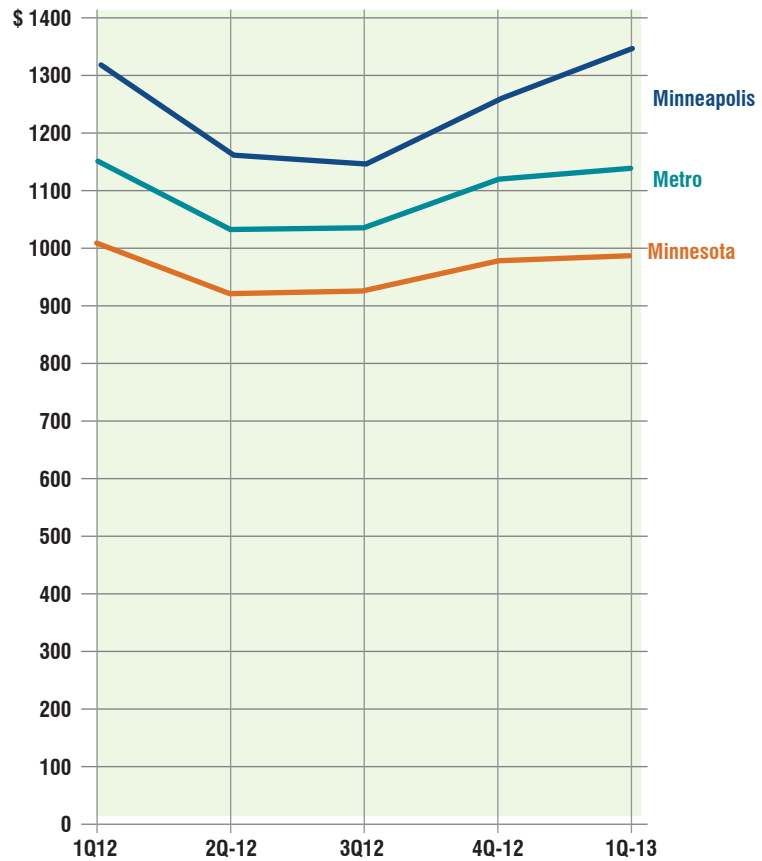
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

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. When compared to the same quarter last year, average weekly wages in *inflation-adjusted* dollars rose in the city while wages dropped in both the metro area and state.

Figure 4: **AVERAGE WEEKLY WAGES – 1Q-12 to 1Q-13**
in inflation-adjusted dollars



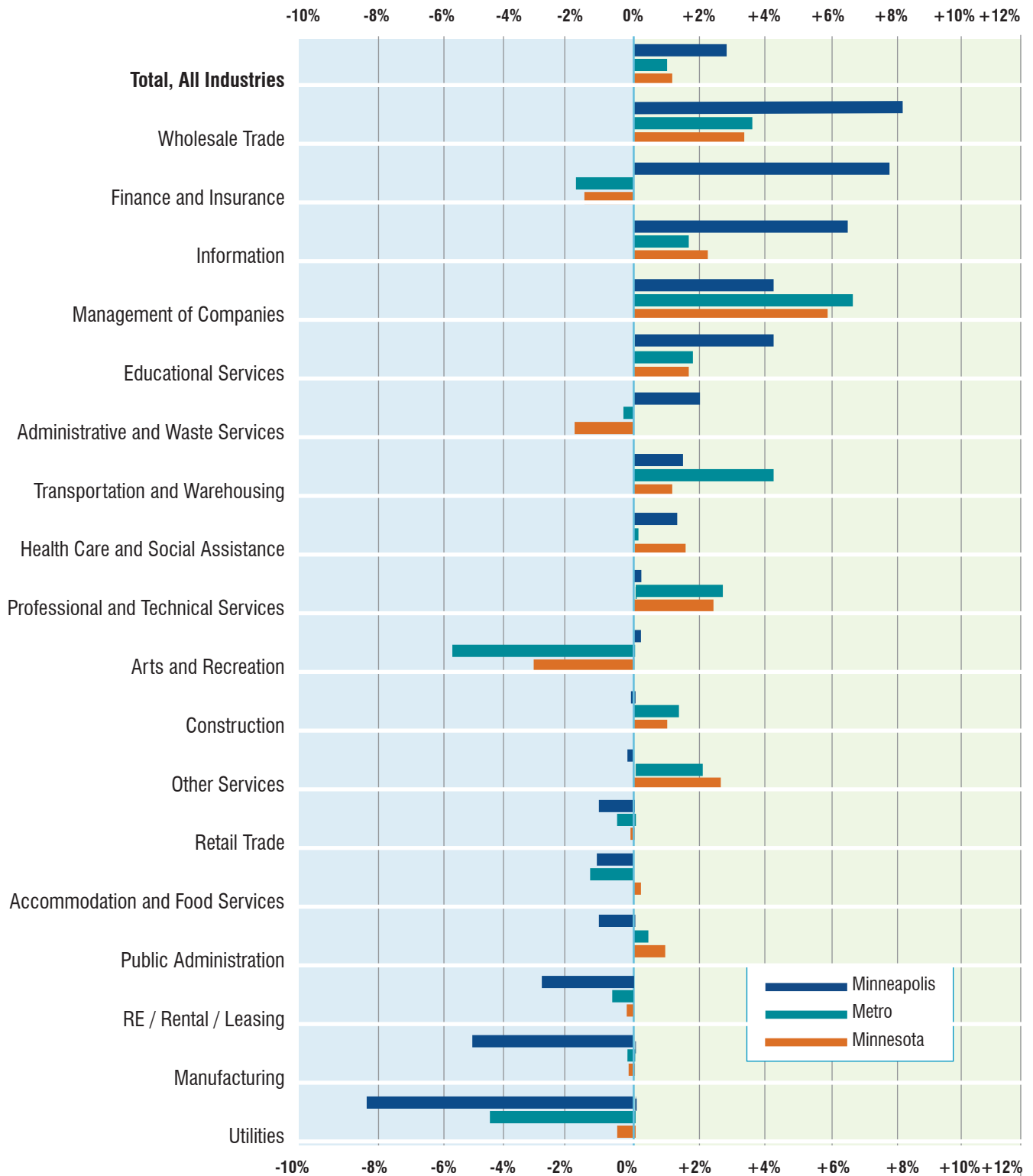
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13	\$ change 1Q-12 to 1Q-13	% change 1Q-12 to 1Q-13
Minneapolis	\$ 1,346	\$ 1,176	\$ 1,168	\$ 1,295	\$ 1,358	\$ 12	0.9%
Metro area	\$ 1,162	\$ 1,042	\$ 1,045	\$ 1,129	\$ 1,152	(\$ 10)	-0.9%
Minnesota	\$ 1,009	\$ 925	\$ 926	\$ 997	\$ 1,005	(\$ 4)	-0.4%

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

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

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –1Q-12 to 1Q-13
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 industry sectors tracked for this report saw average non-adjusted weekly wages increase in Minneapolis this quarter.

Wholesale Trade, Finance and Insurance, and Information sectors 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, construction, and public administration** industry wages grew at a faster pace in the metro area and state than in Minneapolis.

- **Wholesale Trade** saw the largest increase in wages in Minneapolis with **8.2 percent** growth, while wages for the industry rose at rates of **3.4 and 3.2 percent** respectively in the metro area and state.

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

- **1,220 new construction residential units** were permitted this quarter, most of them rental units in multifamily buildings, although the number of single family permits increased again to the highest total for a quarter since 2007 with **46 permits** issued.
- The city permitted **87.8 percent** more multifamily units this quarter than last quarter, and **2.1 percent** more permits than were issued in the same quarter of 2012.
- Twenty-seven residential and commercial projects valued at least \$1 million were permitted this quarter, totaling \$280.3 million. The largest single project was a new 317- unit, 6 story apartment building called The Marshall.

New construction

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

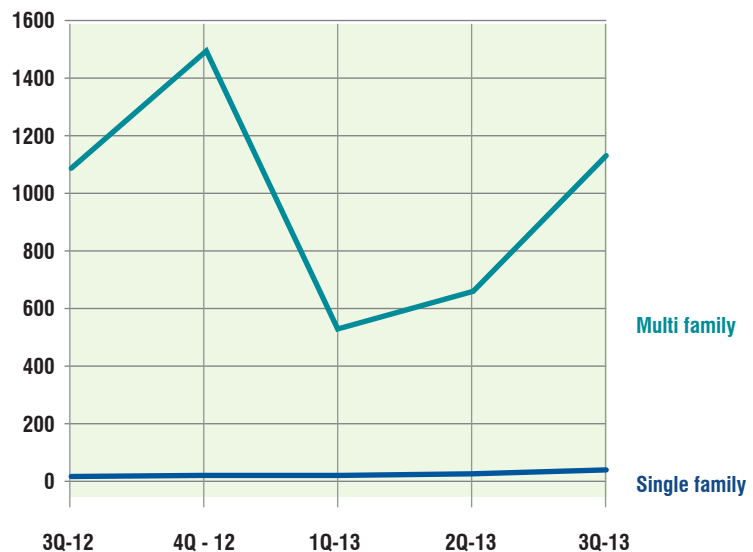
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Single-family					
City	21	24	22	33	46
Metro area	1,422	1,262	1,059	1,665	1,720
Multifamily					
City	1,150	1,508	487	625	1,174
Metro area	1,691	2,634	497	832	1,903
Total Units					
City	1,171	1,532	509	658	1,220
Metro area*	3,113	3,896	1,556	2,497	3,623

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

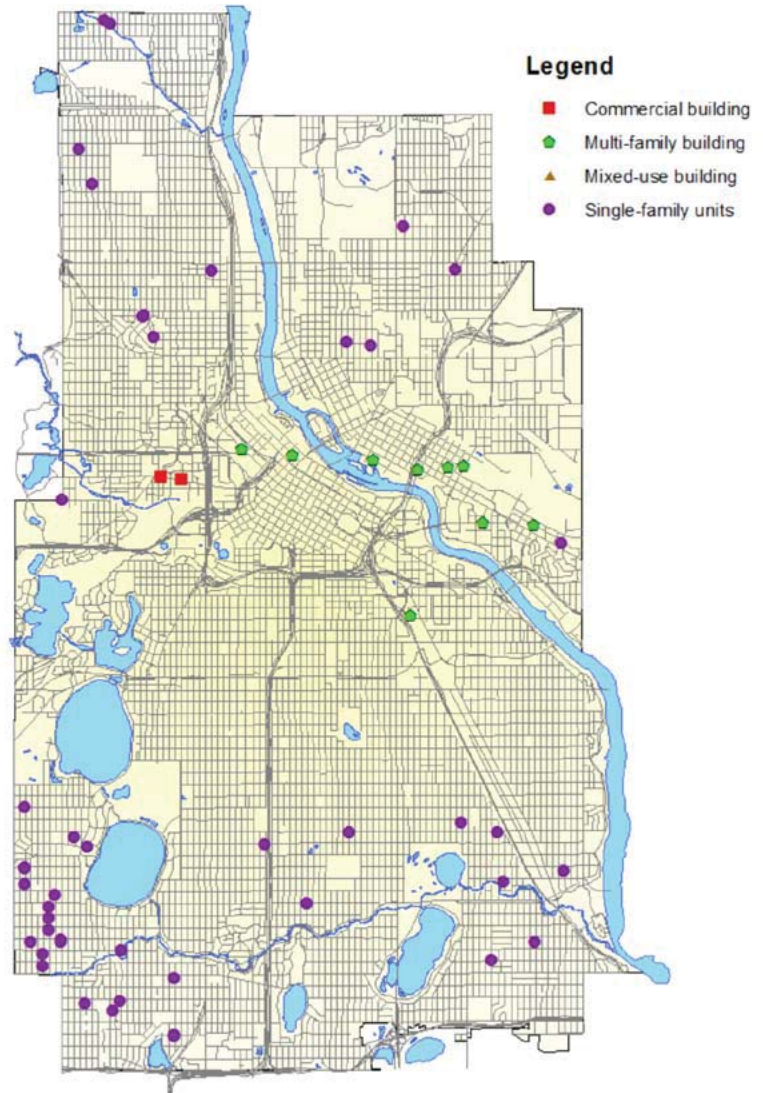
New construction

Forty-six single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. Ten new multi-family buildings totaling 1,174 units were also permitted this quarter, most of them located near Downtown and University of Minnesota.

Two new non-residential buildings were also permitted, both on Glenwood Avenue in the North Sector.

Map 1: NEW CONSTRUCTION PERMITS – 3Q-13

Source: Minneapolis CPED



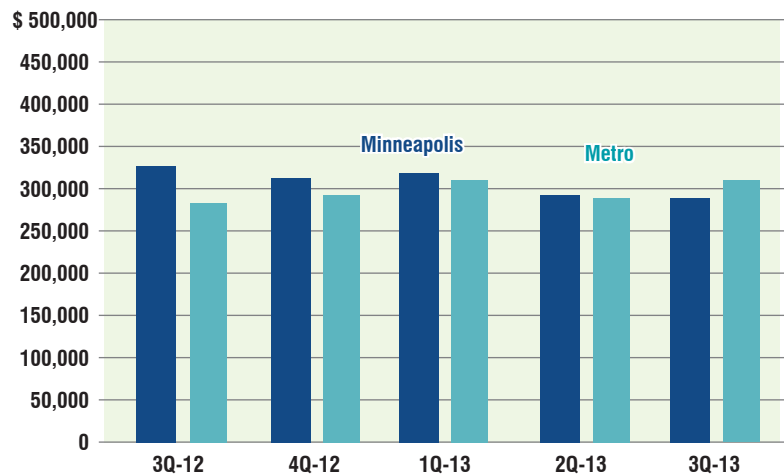
Cost of residential construction

The forty-six new single-family homes permitted this quarter had estimated construction costs ranging from \$137,000 to \$960,000, with a median of \$287,819.

The average single-family construction cost in the city decreased by 2.2 percent this quarter in comparison with last quarter, and decreased 10.3 percent compared with the same quarter last year. In the metro area permitted work increased in value by 3.5 percent over the previous quarter and increased 10.0 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in both the city and metro from the previous quarter while costs increased when compared to the same quarter last year.

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



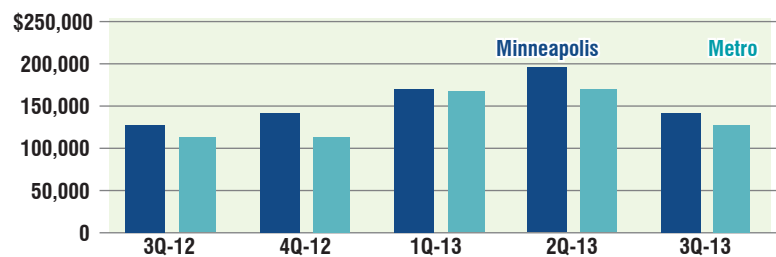
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	\$ 323,310	\$ 310,675	\$ 314,971	\$ 296,341	\$ 289,921
Metro area	\$ 277,800	\$ 298,970	\$ 303,261	\$ 295,165	\$ 305,517

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	\$ 124,285	\$ 141,456	\$ 161,739	\$ 190,674	\$ 146,171
Metro area	\$ 119,944	\$ 120,911	\$ 160,705	\$ 151,448	\$ 135,280

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 saw the same number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter, but the overall value of those permits decreased.

Commercial permit numbers were up when compared to the previous quarter, while the value of those permits decreased.

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

	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Remodels					
Number of buildings	166	158	122	170	167
Total Value	\$28,342,503	\$52,359,744	\$13,879,186	\$27,775,695	\$22,976,086
Conversions and additions²					
Number of buildings	5	7	5	4	7
Net number of units	259	386	-3	0	0
Total value	\$5,230,523	\$46,997,482	\$1,689,000	\$9,092,809	\$2,186,020
Total Residential¹					
Number of buildings	171	165	127	174	174
Value	\$33,573,026	\$99,357,226	\$15,568,186	\$36,868,504	\$25,162,106
Total non-residential¹					
Number of buildings ³	150	141	150	156	178
Value	\$98,747,731	\$41,099,298	\$102,497,433	\$75,028,318	\$63,817,628

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.

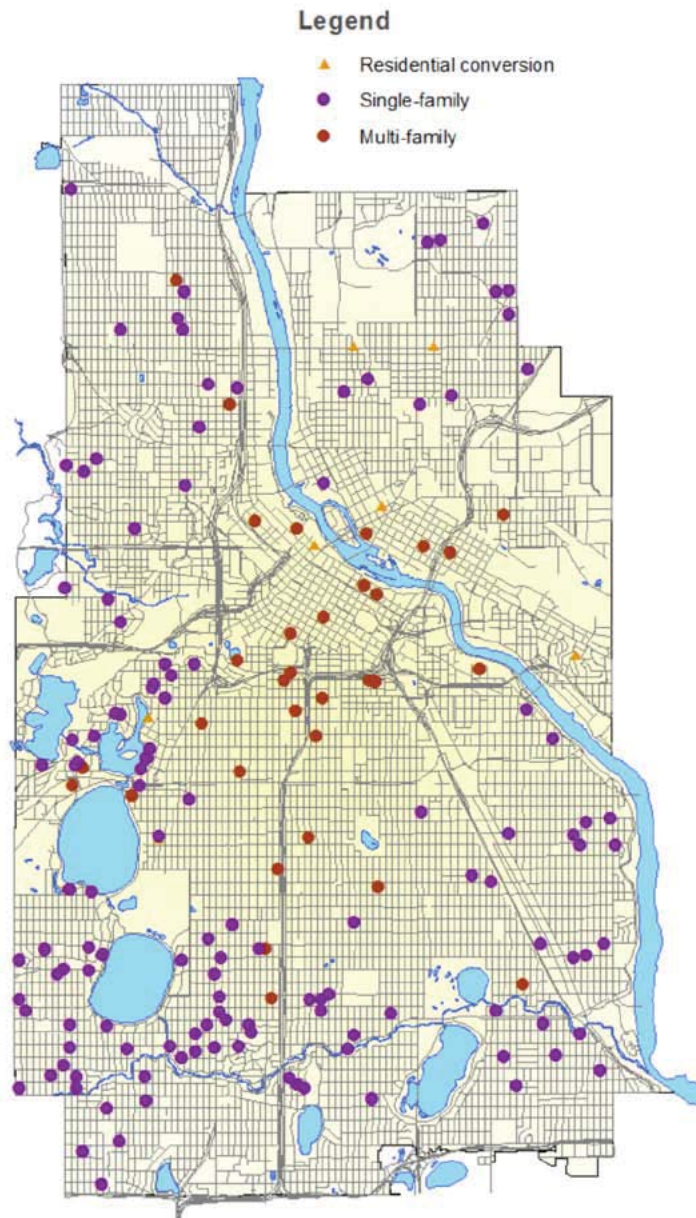
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Approximately **three-quarters** of residential remodeling permits valued over \$50,000 in the second quarter were attributed to single-family dwellings. These permits accounted for approximately **75 percent** of the residential remodel permit value in the city as well.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 3Q-13**
projects \$50,000 +

Source: Minneapolis CPED

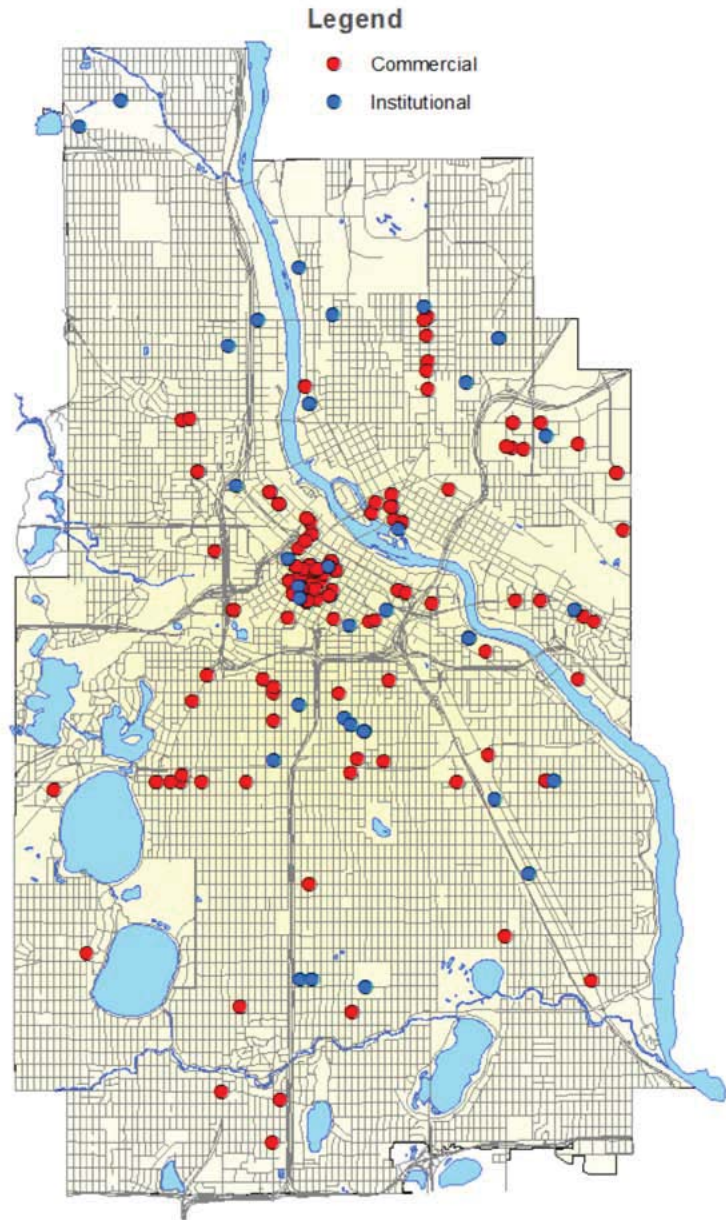


Conversions, remodels & additions

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

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

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the third quarter of 2013. The dollar amounts only reflect projected construction cost (not land acquisition or soft costs) for permits issued.

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

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
The Marshall: New 317-unit, 6-story apartment building	1313 5th St SE	Marcy Holmes	\$ 56,494,761	
Junction Flats: New 182-unit, 6-story apartment building	643 5th St N	North Loop	\$ 42,064,147	●
The Bridges: New 210-unit, 11-story apartment building	928 University Ave SE	Marcy Holmes	\$ 34,424,887	●
New 3-story building for counseling center	1100 Glenwood Ave	Sumner-Glenwood	\$ 31,447,385	●
Metro Park East: New 194-unit apartment project consisting of 3 separate 5-story buildings	2635 4th St SE	Prospect Park-East River Road	\$ 28,495,047	
The Cooperage: New 60-unit, 4-story senior apartment building	2304 Snelling Ave	Seward	\$ 17,772,039	●
Velo Apartments: New 106-unit, 6-story apartment building	115 2nd St N	North Loop	\$ 11,892,900	●
The 700 on Washington: New 98-unit, 6-story apartment building	700 Washington Ave SE	University of Minnesota	\$ 11,443,571	
New 1-story office building	1307 Glenwood Ave	Harrison	\$ 6,800,000	●
Pillsbury A Mill Redevelopment: Prep work for conversion of structure to 158-unit apartment building	401 Main St SE	Marcy Holmes	\$ 6,000,000	●
Interior remodel for Hennepin County Human Services building	1001 Plymouth Ave N	Near-North	\$ 3,917,376	
Mechanical improvements	2600 10th Ave S	Midtown Phillips	\$ 3,539,537	
Remodel of commercial buildings for artisan food production facility	1401 Marshall St Ne	Sheridan	\$ 3,439,260	
Office tenant improvements	917 Nicollet Mall	Downtown West	\$ 3,402,531	
Office building remodel	106 Washington Ave N	North Loop	\$ 2,545,000	
Office building remodel	800 Washington Ave N	North Loop	\$ 2,440,846	
Office building remodel	701 4th Ave S	Downtown West	\$ 1,887,000	
New 12-unit apartment building	629 15th Ave Se	Marcy Holmes	\$ 1,700,000	
Office building remodel	330 2nd Ave S	Downtown West	\$ 1,674,603	
Conversion of vacant building to 22-unit apartment building	115 5th St NE	Nicollet Island-East Bank	\$ 1,235,200	●
Commercial roof replacement	2600 10th Ave S	Midtown Phillips	\$ 1,186,927	
Single-family dwelling remodel and addition	4315 Fremont Ave S	East Harriet	\$ 1,180,000	
Office building remodel	800 Lasalle Ave	Downtown West	\$ 1,083,168	
Restaurant and brewhouse remodel	701 Washington Ave N	North Loop	\$ 1,064,926	
Office building remodel	315 27th Ave SE	Prospect Park-East River Road	\$ 1,061,482	
Hospital lab remodel	2600 10th Ave S	Midtown Phillips	\$ 1,044,000	
Target Center concession stand remodel	600 1st Ave N	North Loop	\$ 1,018,821	

Source: Minneapolis CPED

* Includes more than one permit at one address

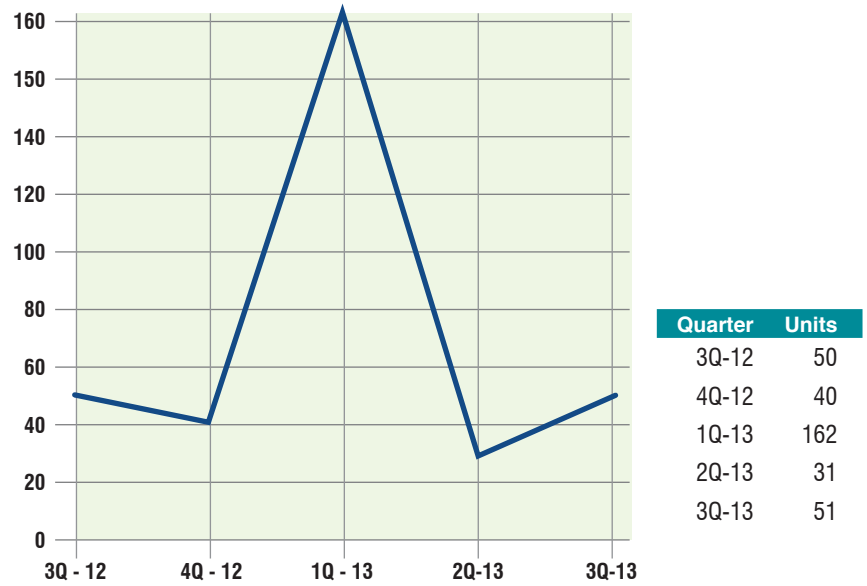
¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement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

Demolitions

Residential demolitions increase this quarter when compared to the previous quarter, as well as when compared to the same quarter from 2012.

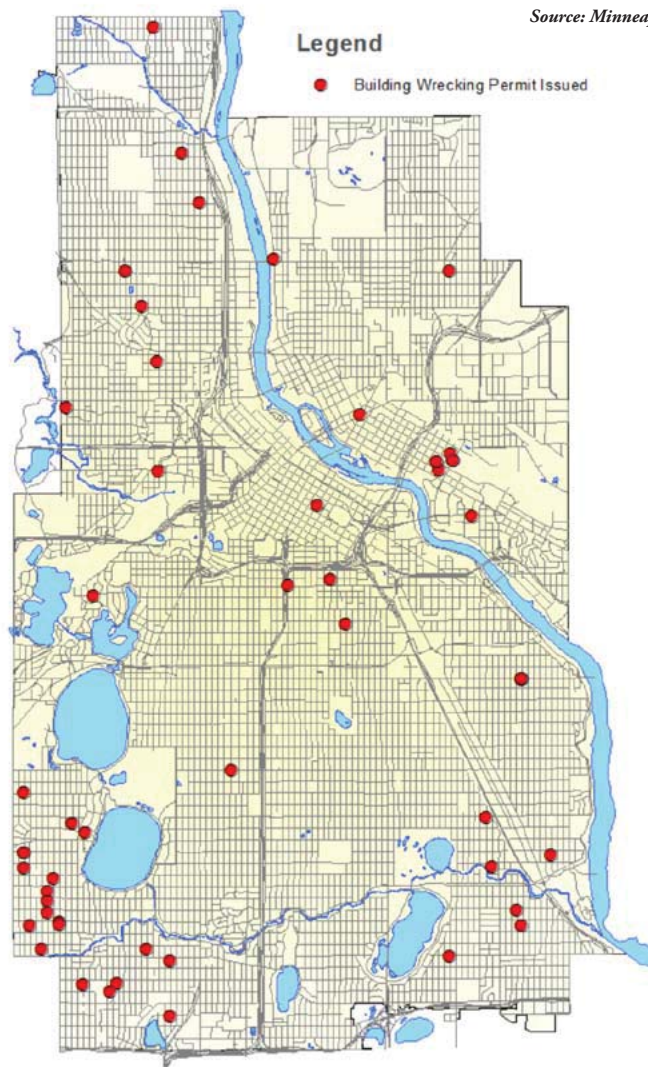
Demolitions continue to be focused in the southwest sector of the city as sites are prepped for the construction of new single-family dwellings.

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



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –3Q-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 decreased from 2.2 percent in the second quarter of 2013 to 1.9 percent in the third quarter of 2013.
- The number of traditional housing sales increased by 27.3 percent over the same quarter last year, while lender-mediated sales decreased by 24.8 percent. Average prices on traditional housing sales decreased by 2.3 percent from the previous quarter, and increased 2.8 percent over the same quarter last year.
- The number of condemned, boarded and vacant buildings in the city decreased to 606, the lowest quarterly total since the second quarter of 2007.
- Foreclosure sales also continue to decline, by 9.7 percent from the previous quarter, and 50.9 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 13.9 percent and 16.8 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 11.6 percent to 33.6 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 decreased this quarter from 2.2 percent last quarter to 1.9 percent. In the metro area, the vacancy rate was 2.5 percent, a modest increase from last quarter's observed 2.3 percent vacancy rate.

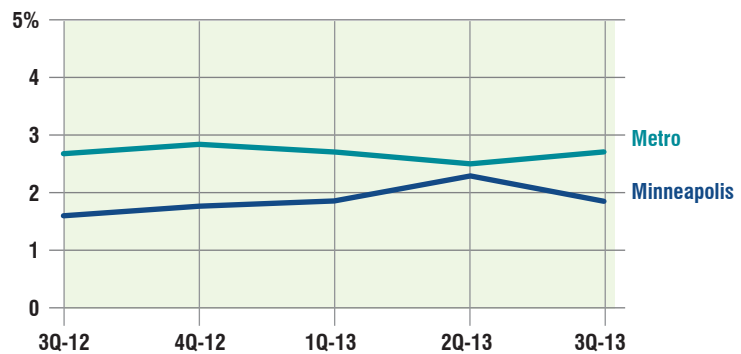
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis					
Units surveyed	16,183	16,831	16,483	16,923	17,500
Vacant units	263	296	312	368	332
Average rent	\$ 995	\$ 1,006	\$ 1,017	\$ 1,037	\$ 1,041
Vacancy rate	1.6%	1.8%	1.9%	2.2%	1.9%
Metro area					
Units surveyed	111,204	115,974	112,383	114,715	117,356
Vacant units	2,977	3,353	3,091	2,675	2,897
Average rent	\$ 951	\$ 957	\$ 966	\$ 979	\$ 984
Vacancy rate	2.7%	2.9%	2.8%	2.3%	2.5%

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](#)

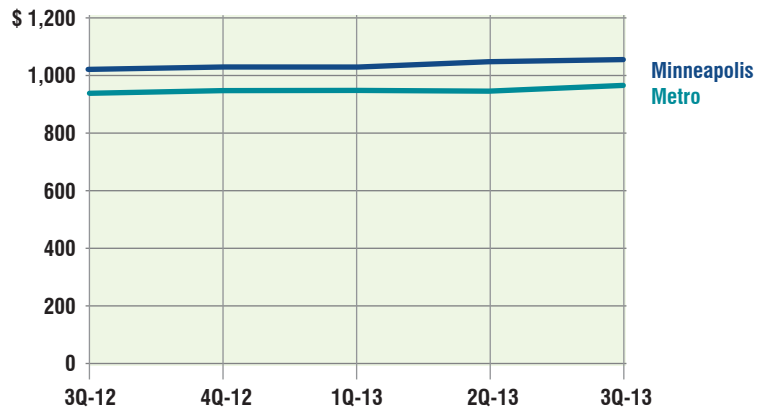
Apartment vacancy rates & average rents

At \$1,041, Minneapolis average rent in *inflation-adjusted* dollars increased slightly when compared to both last quarter and the same quarter of last year. In the metro area average rent was \$984, increasing slightly from both the previous quarter over the previous year.

The vacancy rate rose in Downtown, Southwest, and north sectors from last quarter, and decreased in South and East. Compared to the same quarter last year the vacancy rate rose in all sectors except for East. The largest change from year to year occurred in Downtown, where the vacancy rate increased from 1.7 percent in the third quarter of 2012, up to 3.3 percent in the third quarter of 2013.

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

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



In inflation-adjusted dollars

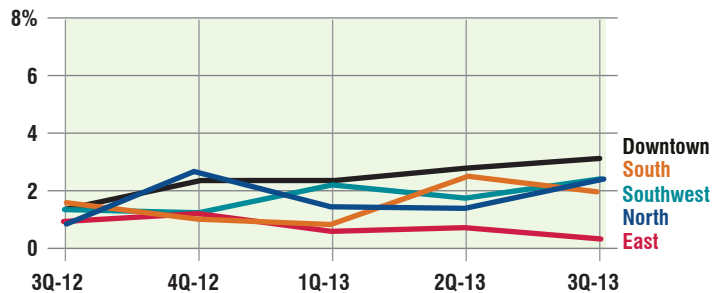
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	\$ 1,015	\$ 1,027	\$ 1,029	\$ 1,035	\$ 1,041
Metro area	\$ 970	\$ 977	\$ 977	\$ 977	\$ 984

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Downtown	1.7%	2.2%	2.2%	3.0%	3.3%
Southwest	1.6%	1.5%	2.1%	1.9%	2.2%
North	1.1%	2.8%	1.7%	1.7%	2.2%
South	1.8%	1.6%	1.5%	2.7%	2.0%
East	1.5%	1.7%	1.2%	1.4%	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

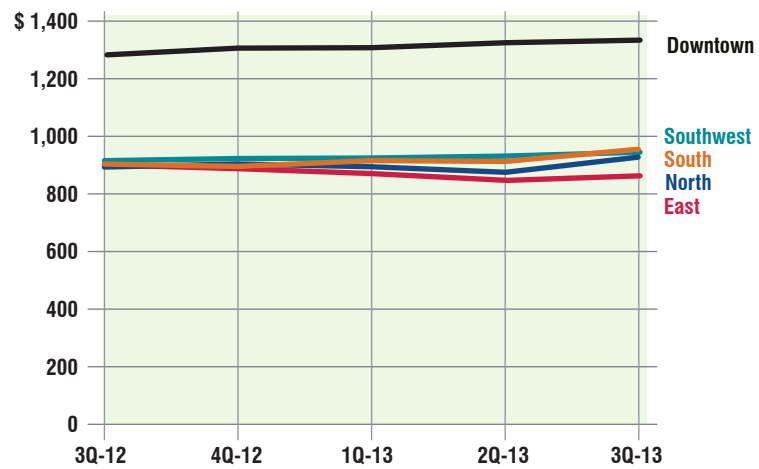
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average rents increased over the previous quarter in all sectors of the city. On a year to year basis, rents increased the most in Downtown Minneapolis (4.7 percent, or 61 dollars), followed by South (4.6 percent, or approximately 41 dollars), and North (4.4 percent, or 40 dollars).

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

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Downtown	\$ 1,282	\$ 1,312	\$ 1,318	\$ 1,338	\$ 1,343
Southwest	\$ 917	\$ 922	\$ 923	\$ 926	\$ 927
North	\$ 889	\$ 893	\$ 884	\$ 877	\$ 929
South	\$ 901	\$ 921	\$ 920	\$ 936	\$ 942
East	\$ 902	\$ 899	\$ 877	\$ 855	\$ 883

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 two-bedroom and three-bedroom apartment types, held steady for one-bedrooms, and decreased to essentially zero vacancy for studio apartments.

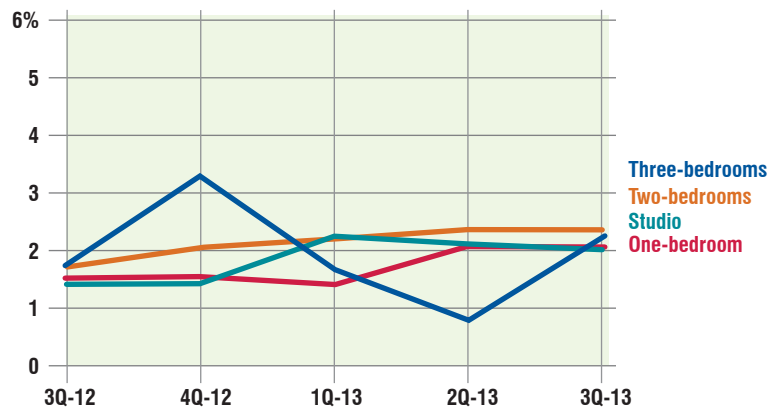
In comparison with the third quarter of 2012, vacancy rates increased for all apartment types except for studios.

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

Average rents increased from a year ago in *inflation-adjusted* dollars for all unit types.

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

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

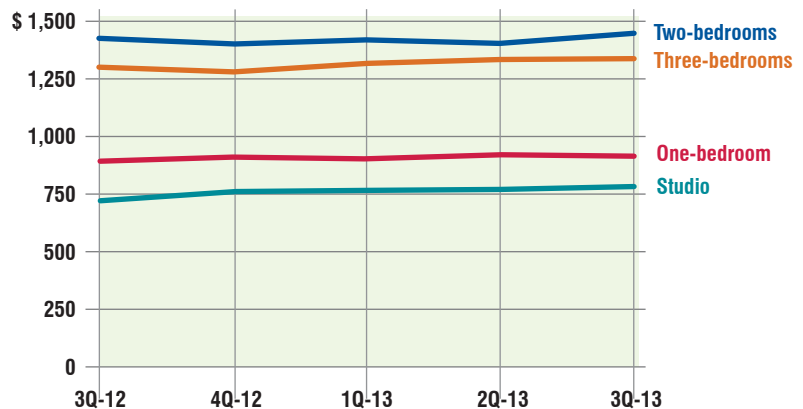


	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Studio	1.5%	1.5%	2.2%	2.1%	0.0%
One-bedroom	1.6%	1.6%	1.5%	2.0%	2.0%
Two-bedroom	1.7%	2.1%	2.2%	2.4%	2.5%
Three-bedroom	1.7%	3.4%	1.7%	0.9%	2.2%

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

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Studio	\$ 746	\$ 750	\$ 754	\$ 757	\$ 757
One-bedroom	\$ 933	\$ 953	\$ 953	\$ 959	\$ 962
Two-bedroom	\$ 1,294	\$ 1,264	\$ 1,304	\$ 1,321	\$ 1,335
Three-bedroom	\$ 1,434	\$ 1,418	\$ 1,434	\$ 1,421	\$ 1,446

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.

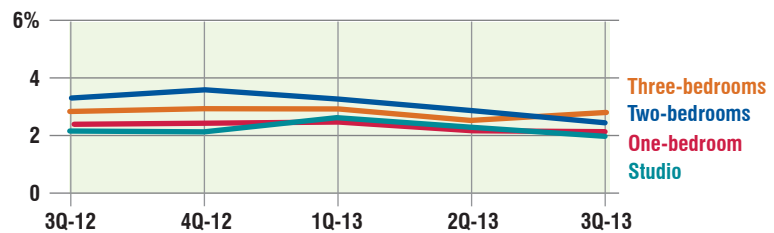
Apartment vacancy rates & average rents

In the metro area vacancy rates decreased for studio and three-bedroom apartments, held steady for one-bedrooms, and increased for two-bedroom units when compared to the previous quarter.

Compared with the third quarter of 2012, vacancy rates were down or held steady for all unit types in the metro area.

Average rents in *inflation-adjusted* dollars in the metro increased slightly for all types of apartments since the previous quarter – posting increases of no more than 0.8 percent. In comparison with third quarter of 2012, average rents also increased for all apartment types.

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



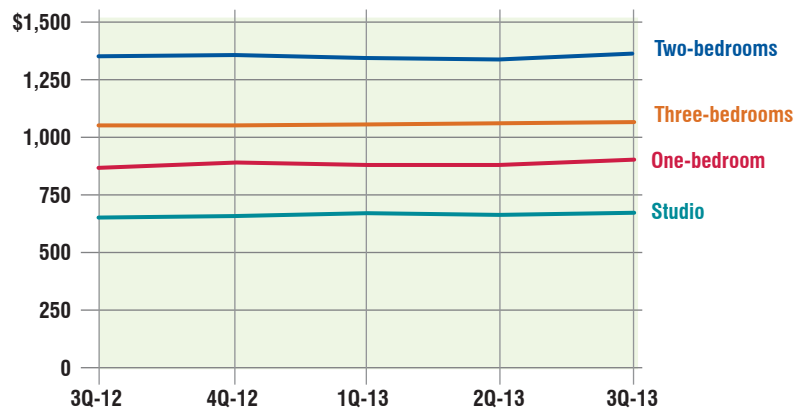
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Studio	2.2%	2.2%	2.8%	2.3%	2.0%
One-bedroom	2.4%	2.6%	2.4%	2.2%	2.2%
Two-bedroom	2.8%	3.1%	3.0%	2.4%	2.8%
Three-bedroom	3.3%	3.8%	3.1%	2.7%	2.5%

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Studio	\$ 724	\$ 731	\$ 735	\$ 735	\$ 738
One-bedroom	\$ 845	\$ 854	\$ 853	\$ 853	\$ 859
Two-bedroom	\$ 1,054	\$ 1,059	\$ 1,060	\$ 1,061	\$ 1,066
Three-bedroom	\$ 1,335	\$ 1,351	\$ 1,347	\$ 1,344	\$ 1,352

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](#)

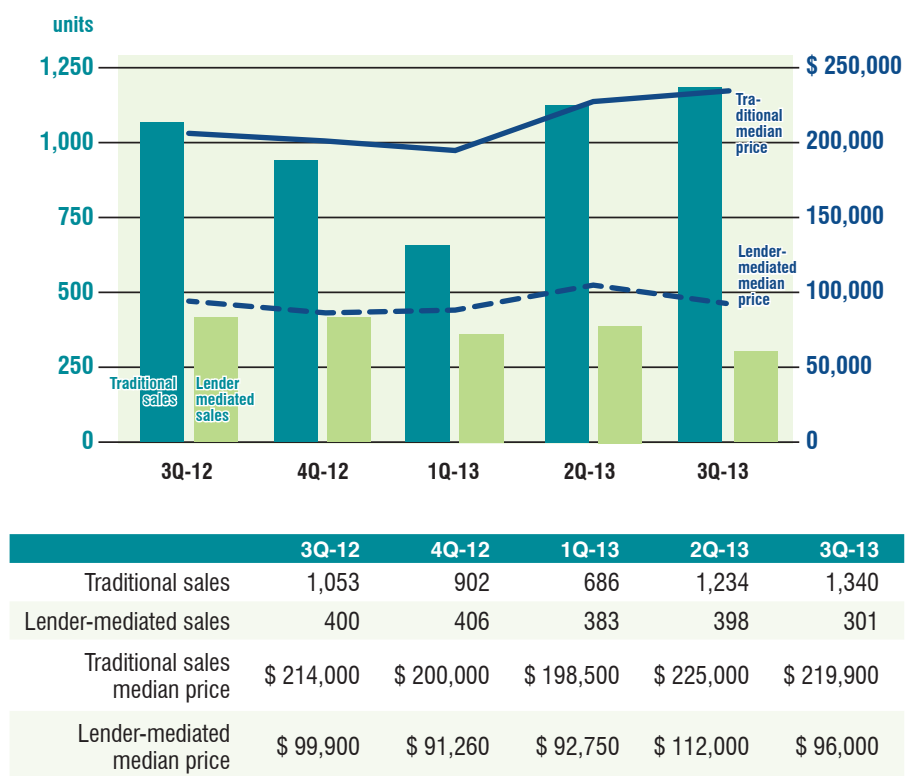
Residential sales

Overall sale of housing units increased slightly from the previous quarter. This included an increase in traditional sales (8.6 percent increase) and a decrease in lender-mediated sales (24.4 percent decrease). Median prices for the quarter decreased for both traditional sales and lender-mediated sales. The median price of traditional sales in Minneapolis (\$219,000) fell slightly behind that of the region (\$224,000).

Over a twelve-month period, the number of traditional housing sales increased by 27.3 percent, while lender-mediated sales decreased by 24.8 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (2.8 percent) and decreased for lender-mediated sales (3.9 percent). This quarter lender-mediated sales including foreclosures were 18 percent of all housing sales in the city, while they accounted for 28 percent of sales in the same quarter of the previous year.

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

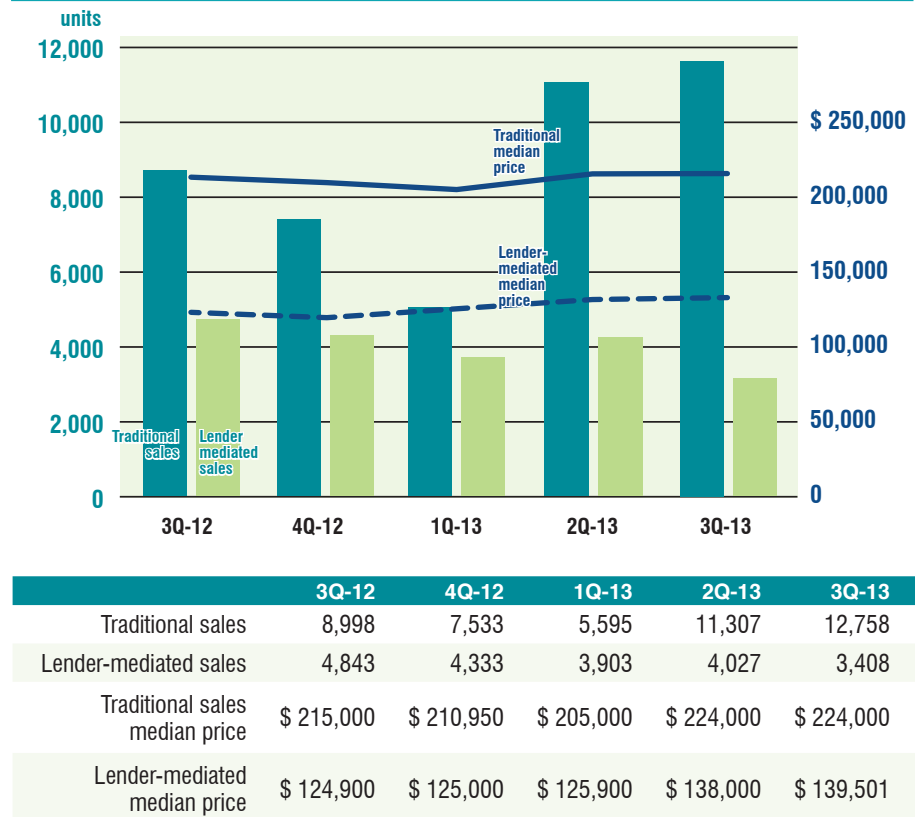


Source: *Minneapolis Area Association of Realtors (MAAR)*

Residential sales

In the metro area sales were up from the previous quarter by 5.4 percent. Traditional sales increased 12.8 percent, while lender-mediated sales declined by 15.4 percent. Median sale prices held steady for traditional sales, and decreased by 1.1 percent for lender-mediated 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.

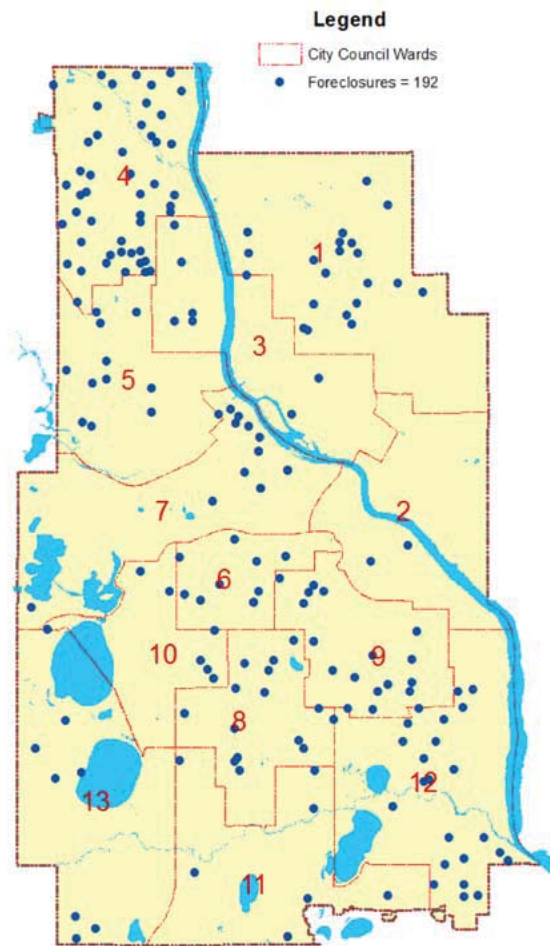
For metro area definition, see [page 41](#)

Foreclosures

This quarter 195 properties were sold at public auction, 9.7 percent fewer than the previous quarter, and 50.9 percent fewer than third quarter of 2012. This is the lowest count recorded since Minneapolis Trends began reporting foreclosures in 2006. Wards 1, 4, and 12 accounted for 49 percent of total foreclosures in the city, with Ward 4 accounting for 26 percent of the total.

MAP 5: PROPERTIES FORECLOSED – 3Q-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

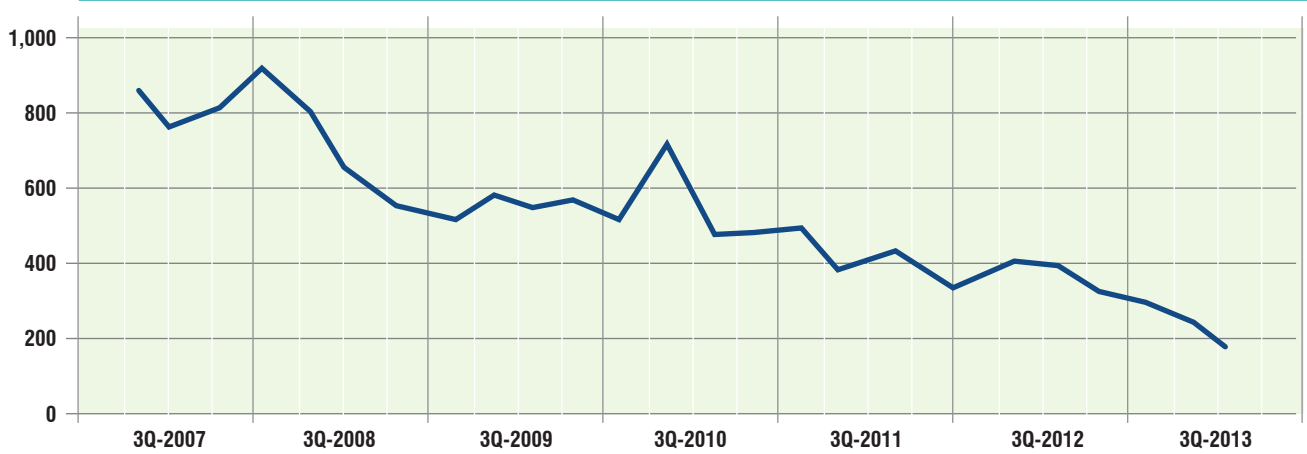
Ward	3Q-12		4Q-12		1Q-13		2Q-13		3Q-13	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	31	8%	31	10%	26	8%	18	8%	21	11%
2	9	2%	8	2%	7	2%	2	1%	2	1%
3	26	7%	28	9%	22	7%	12	6%	7	4%
4	91	23%	67	21%	68	22%	55	25%	50	26%
5	62	16%	33	10%	43	14%	25	12%	11	6%
6	10	3%	21	7%	16	5%	7	3%	10	5%
7	9	2%	14	4%	12	4%	6	3%	15	8%
8	42	11%	33	10%	27	9%	28	13%	14	7%
9	26	7%	23	7%	22	7%	19	9%	16	8%
10	16	4%	9	3%	10	3%	6	3%	10	5%
11	21	5%	20	6%	19	6%	14	6%	7	4%
12	42	11%	25	8%	28	9%	15	7%	25	13%
13	12	3%	10	3%	11	4%	9	4%	7	4%
Total	397	100%	322	100%	311	100%	216	100%	195	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 <http://www4.co.hennepin.mn.us/webforeclosure/>

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 16 percent lower than at the end of third quarter of 2012. The number of condemned buildings dropped by 9.8 percent compared to third quarter last year, while the number of vacant but not condemned buildings decreased 20.7 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

Source: Minneapolis CPED

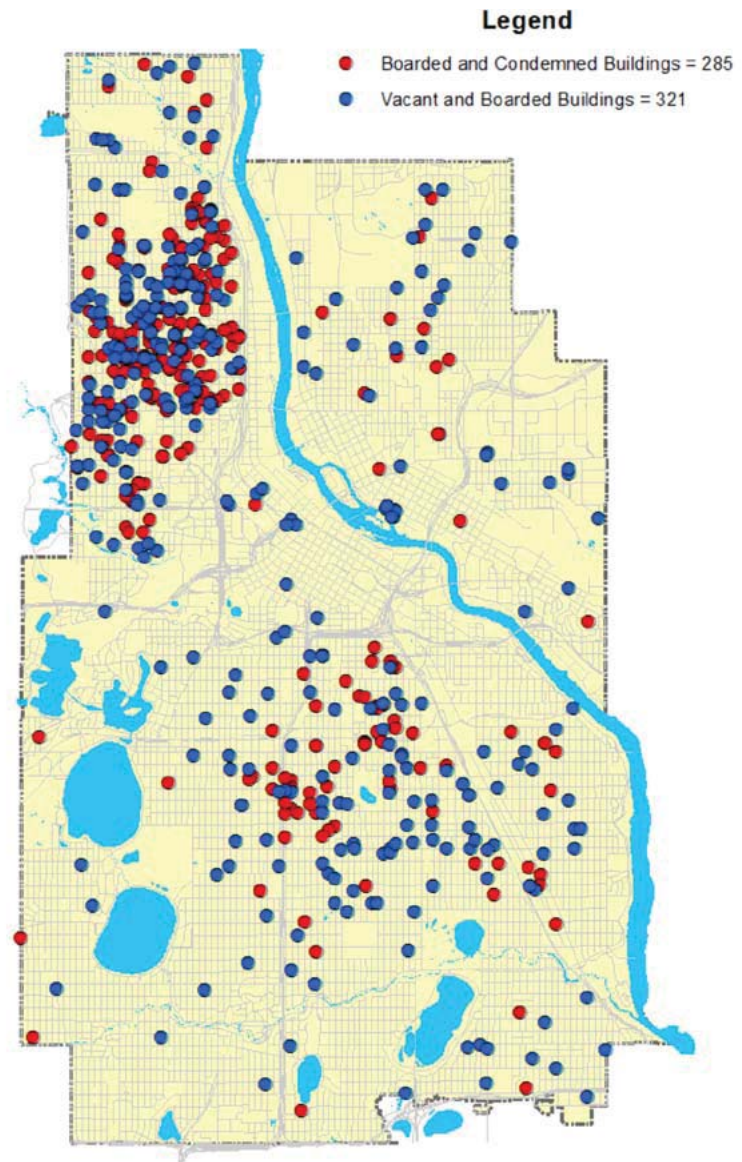


Table 10: CONDEMNED AND VACANT BUILDINGS – Minneapolis as of the end of quarter

	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Boarded and condemned buildings	316	303	304	287	285
Vacant but not condemned	405	386	386	344	321
Total	721	686	686	631	606

Source: Minneapolis CPED

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

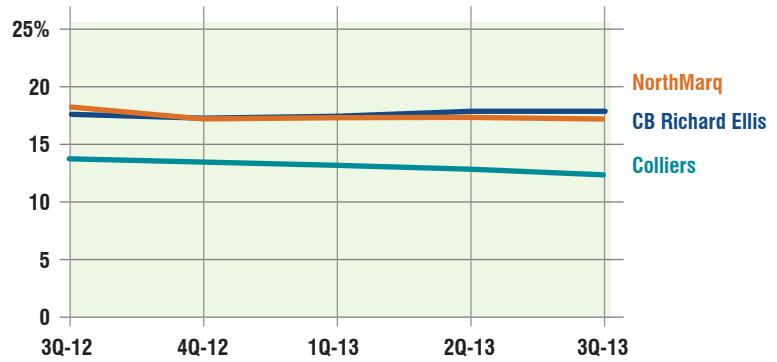
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 13.9 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 17.5 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

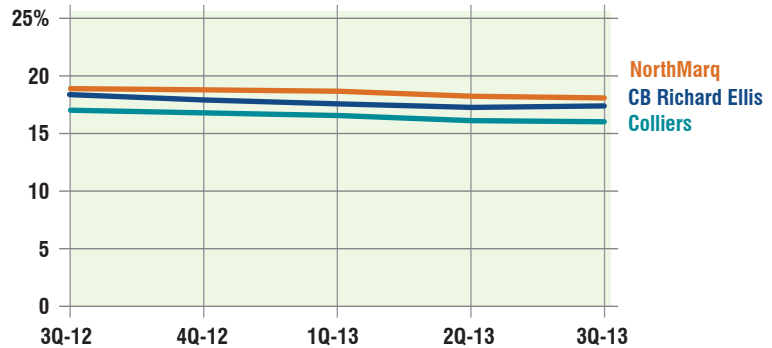


	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13
CB Richard Ellis	16.2%	16.3%	16.4%	16.7%	16.7%
Colliers	14.6%	14.5%	14.3%	14.2%	13.9%
NorthMarq	16.1%	16.1%	16.1%	16.8%	16.8%

Sources: CB Richard Ellis, Colliers and NorthMarq

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

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



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

Sources: CB Richard Ellis, Colliers and NorthMarq

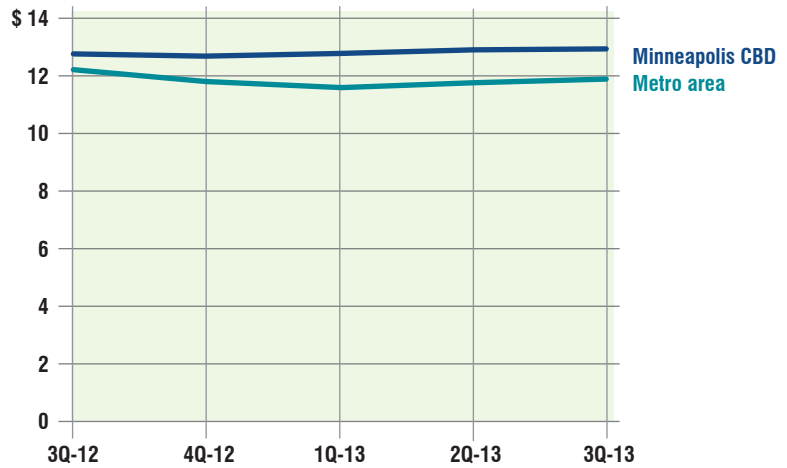
See explanation of sources on [page 42](#)

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 third quarter of 2012. In the metro area rates were also up for the quarter but down when compared to the same quarter last year.

Between the second and third quarter in Downtown Minneapolis the rate of growth in occupied office space increased, while still being negative overall. The metro area experienced a decreased absorption rate in the third quarter of 2013.

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

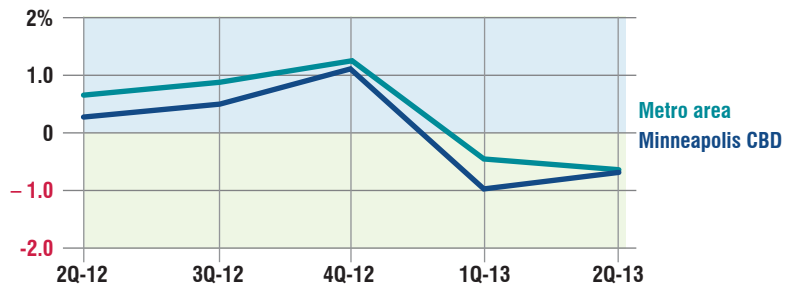


	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis CBD	\$ 12.52	\$ 12.46	\$ 12.55	\$ 12.63	\$ 12.71
Metro area	\$ 12.08	\$ 11.91	\$ 11.86	\$ 11.92	\$ 11.98

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis CBD	0.2%	-0.1%	1.1%	-1.0%	-0.5%
Metro area	0.6%	0.9%	1.3%	-0.4%	-0.5%

Source: CB Richard Ellis

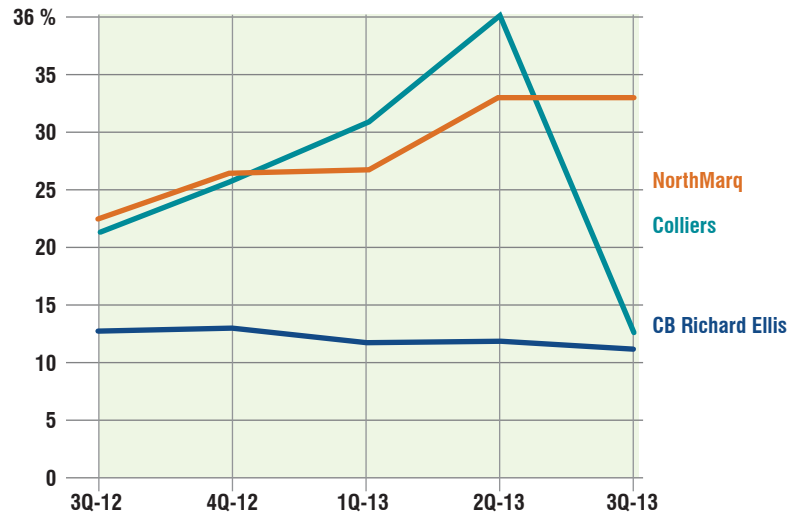
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.6 and 33.6 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. Colliers adjusted their reporting based on similar information for this quarter. 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 5.7 percent to 7.8 percent, with decreases reported over the last quarter from two of the three real estate firms referenced.

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

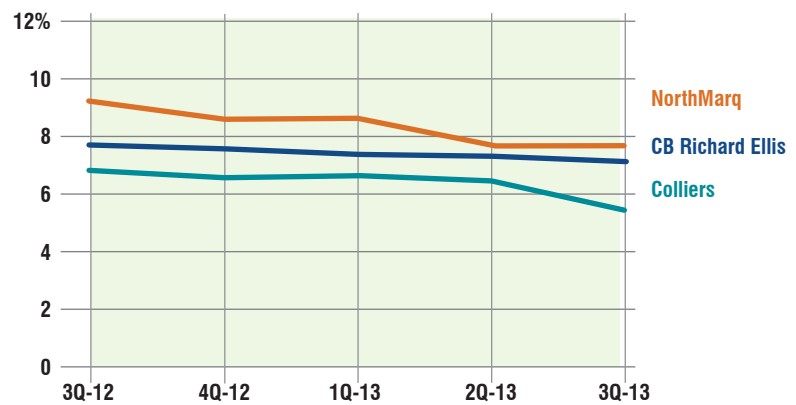


	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13
CB Richard Ellis	13.3%	13.6%	12.0%	12.2%	11.6%
Colliers	21.3%	25.6%	32.6%	36.1%	13.3%
NorthMarq	21.7%	26.8%	26.8%	33.6%	33.6%

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



	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13
CB Richard Ellis	7.8%	7.7%	7.5%	7.4%	7.3%
Colliers	6.4%	6.2%	6.4%	6.2%	5.7%
Northmarq	8.9%	8.3%	8.3%	7.8%	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.

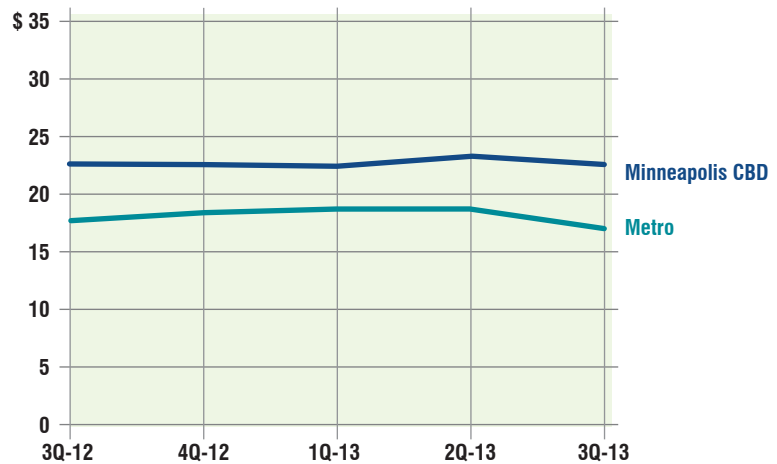
Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) decreased since last quarter and was steady when compared to the same quarter last year.

In the metro area, average asking lease price also decreased over the previous quarter, and fell below asking prices from the same quarter in previous year. The gap in asking prices between the Minneapolis CBD and the rest of the region increased slightly, standing at 30.5 percent at the end of the third quarter of 2013.

Occupied retail space in the Minneapolis central business district (CBD) increased slightly this quarter as the market continues to react to the loss of space in Block E and Gaviidae Common.

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

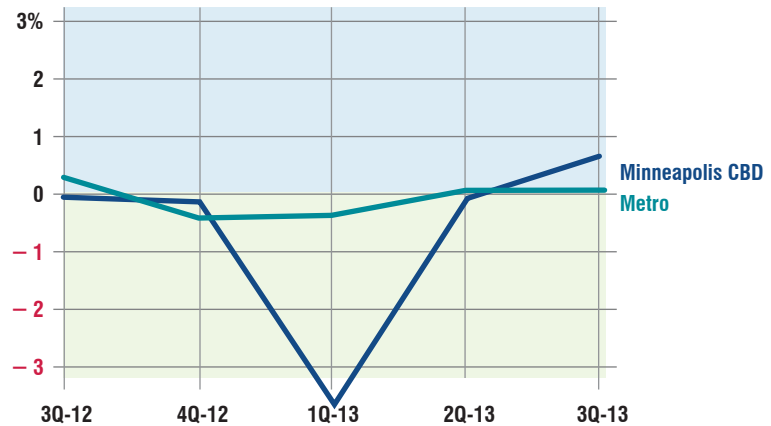


	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis CBD	\$22.53	\$22.53	\$22.49	\$22.85	\$22.53
Metro area	\$17.87	\$18.29	\$18.33	\$18.41	\$17.26

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



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

Source: CB Richard Ellis

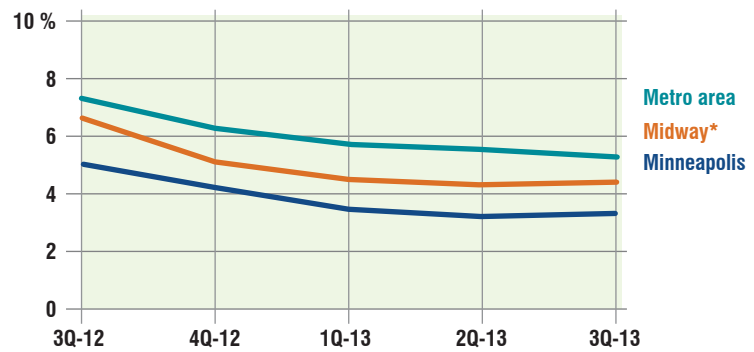
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate increased over the previous quarter in both the Minneapolis and Midway areas, while decreasing in the Metro as a whole.

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

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



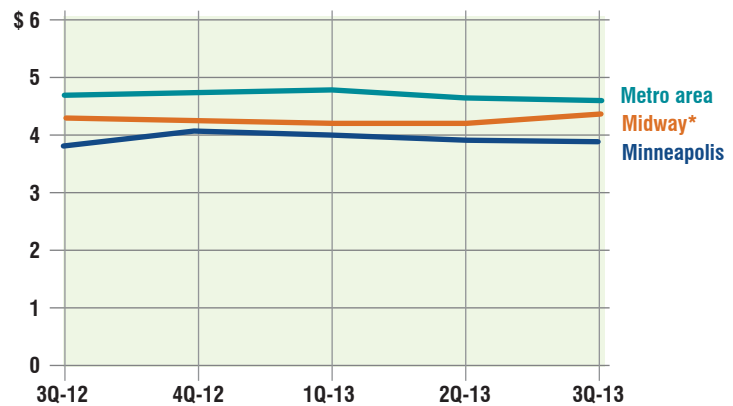
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	5.0%	4.1%	3.4%	3.2%	3.4%
Midway*	6.8%	5.3%	4.6%	4.4%	4.5%
Metro area	7.2%	6.2%	5.9%	5.8%	5.6%

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



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	\$ 3.98	\$ 4.02	\$ 4.00	\$ 3.95	\$ 3.95
Midway*	\$ 4.12	\$ 4.09	\$ 4.05	\$ 4.05	\$ 4.13
Metro area	\$ 4.61	\$ 4.65	\$ 4.72	\$ 4.57	\$ 4.55

Source: CB Richard Ellis

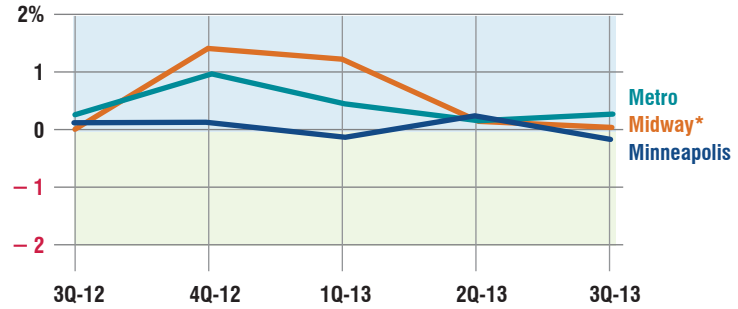
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

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

Industrial space

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

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



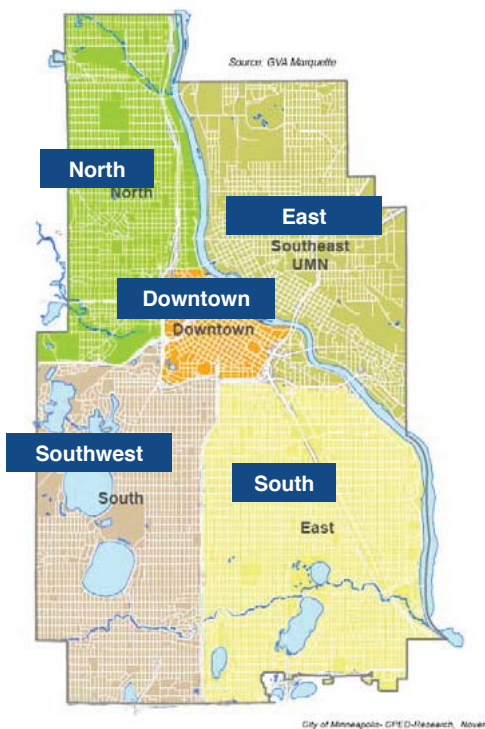
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis	0.1%	0.2%	-0.1%	0.3%	-0.2%
Midway*	0.0%	1.6%	1.3%	0.2%	0.1%
Metro area	0.3%	1.0%	0.4%	0.2%	0.3%

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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