

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



third quarter 2015

Highlights for the third quarter of 2015

	3Q-15	change from	
		2Q-15	3Q-14
Labor force	231,758 residents	▼	▲
Residents employed	223,641	▼	▲
Unemployment rate	3.5%	▼	▼
New residential permitted units	337 units	▼	▼
Permitted residential conversions, remodels and additions	188 buildings \$ 27.7 million	▼	▲
Permitted non-residential conversions, remodels and additions	201 buildings \$ 152.0 million	▼	▼
Residential units demolished	36 units	▼	▼
Rental vacancy rate	2.2 %	▼	▲
Average rent in inflation-adjusted dollars	\$ 1,238	▲	▲
Residential units sold	1593 units	▼	▲
Traditional	116 units	▼	▼
Lender-mediated			
Median sale price of residential units			
Traditional	\$ 231,700	▼	▲
Lender-mediated	\$ 112,500	▼	▼
Foreclosures	101	▼	▼
Condemned and vacant buildings	535	▲	▼
Minneapolis CBD office vacancy rate	13.8 %	▲	▼
Minneapolis CBD retail vacancy rate	12.5 %	▲	▲

Highlights for the first quarter of 2015 – Jobs and wages

	1Q-15	4Q-14	1Q-14
Number of jobs	309,091 employees	▼	▲
Wages in inflation-adjusted dollars	\$ 1,445	▲	▲

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third quarter 2015

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Economic indicators

- Average employment decreased at a slower pace than the labor force over the past quarter, resulting in a decrease in the unemployment rate to 3.5%. In comparison with the same quarter last year, approximately 12,000 more city residents were working.
- As of the first quarter 2015 there were 309,091 jobs in Minneapolis. This constitutes a decrease of 1.0 percent over the previous quarter, and 9,559 more jobs (3.2 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at similar rates; 2.1 and 1.9 percent respectively.
- Average inflation adjusted wages for the first quarter of 2015 were up 4.2 percent from the same period a year before. Inflation adjusted wages rose 5.2 percent in the metro area and 4.8 percent at the state level during the same period.

Labor force

During the third quarter 311 residents (a 0.1 percent decrease) left the labor force; while 100 fewer residents were working. As a result, the unemployment rate decreased from 3.6 percent in the second quarter of 2015 to 3.5 percent in the third quarter of 2015.

The metro area experienced similar changes in the labor force and employment. This resulted in a decrease in the unemployment rate to 3.4 percent down from 3.5 percent in the previous quarter.

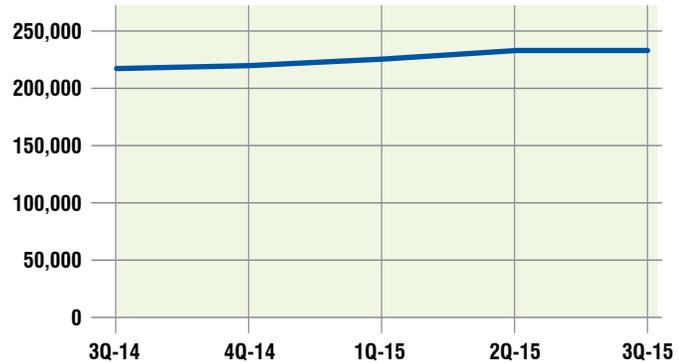
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis					
Labor Force	221,106	219,419	228,015	232,068	231,758
Employment	211,845	212,338	219,604	223,741	223,641
Unemployment rate	4.2%	3.2%	3.7%	3.6%	3.5%
Metro area					
Labor Force	1,650,304	1,640,123	1,639,615	1,664,591	1,661,645
Employment	1,585,722	1,589,413	1,576,802	1,606,398	1,605,620
Unemployment rate	3.9%	3.1%	3.8%	3.5%	3.4%

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

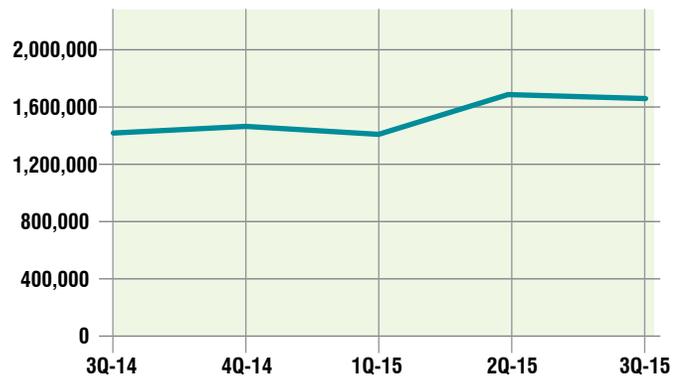
* For metro area definition, see [page 12](#).

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-2014	2Q-2014	3Q-2014	4Q-2014	1Q-2015	Change from 1Q-14 - 1Q-15
Total, All Industries	299,532	308,700	311,415	312,218	309,091	9,559
Construction	5,313	5,984	6,414	6,091	5,670	357
Manufacturing	12,927	13,168	13,198	13,192	13,335	408
Utilities	2,758	2,807	2,857	2,832	2,855	97
Wholesale Trade	8,353	8,509	8,452	8,386	8,210	(143)
Retail Trade	14,073	15,647	15,310	14,841	14,165	92
Transportation and Warehousing	6,866	6,804	6,474	6,826	6,604	(262)
Information	10,877	11,158	11,387	11,359	11,497	620
Finance and Insurance	26,322	26,425	26,856	27,149	27,494	1,172
Real Estate and Rental and Leasing	8,737	8,764	8,649	8,519	8,446	(291)
Professional and Technical Services	34,158	34,708	35,482	35,560	35,549	1,391
Management of Companies and Enterprises	19,191	18,211	18,329	17,944	18,716	(475)
Administrative and Waste Services	13,932	15,034	16,213	15,960	15,165	1,233
Educational Services	31,372	31,338	30,058	32,523	32,267	895
Health Care and Social Assistance	54,726	55,688	55,566	56,623	56,264	1,538
Arts, Entertainment, and Recreation	4,794	5,741	5,917	5,037	5,086	292
Accommodation and Food Services	23,337	25,856	26,826	26,201	25,028	1,691
Other Services, Ex. Public Admin	9,509	10,134	10,073	10,189	9,923	414
Public Administration	12,118	12,498	13,166	12,822	12,627	509

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 the first quarter 2015, the number of jobs located in Minneapolis was 309,091, a 1.0 percent decline from the previous quarter. In comparison with the same quarter in 2014, the number of jobs increased by 3.2 percent (9,559 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 2014 to 1st quarter 2015

Sectors which gained the most jobs:

- **Administrative and Waste Services** grew by **1,233 jobs**, an **8.9 percent** increase.
- **Accommodation and Food Services** grew by **1,691 jobs**, a **7.2 percent** increase.
- **Construction** grew by **357 jobs**, a **6.7 percent** increase.

Sectors which experienced greatest job losses:

- **Transportation and Warehousing** lost **262 jobs**, a **3.8 percent** decrease.
- **Real Estate, Rental, and Leasing** lost **291 jobs**, a **3.3 percent** decrease.
- **Management of Companies and Enterprises** lost **475 jobs**, a **2.5 percent** decrease.

Quarter to quarter change – 4th quarter 2014 to 1st quarter 2015

Sectors which gained the most jobs:

- **Management of Companies and Enterprises** grew by **772 jobs**, a **4.3 percent** increase.
- **Finance and Insurance** grew by **345 jobs**, a **1.3 percent** increase.
- **Information** grew by **138 jobs**, a **1.2 percent** increase.

Sectors which experienced greatest job losses:

- **Construction** lost **421 jobs**, a **6.9 percent** decrease.
- **Administrative and Waste Services** lost **795 jobs**, a **5.0 percent** decrease.
- **Retail Trade** lost **676 jobs**, a **4.6 percent** decrease.

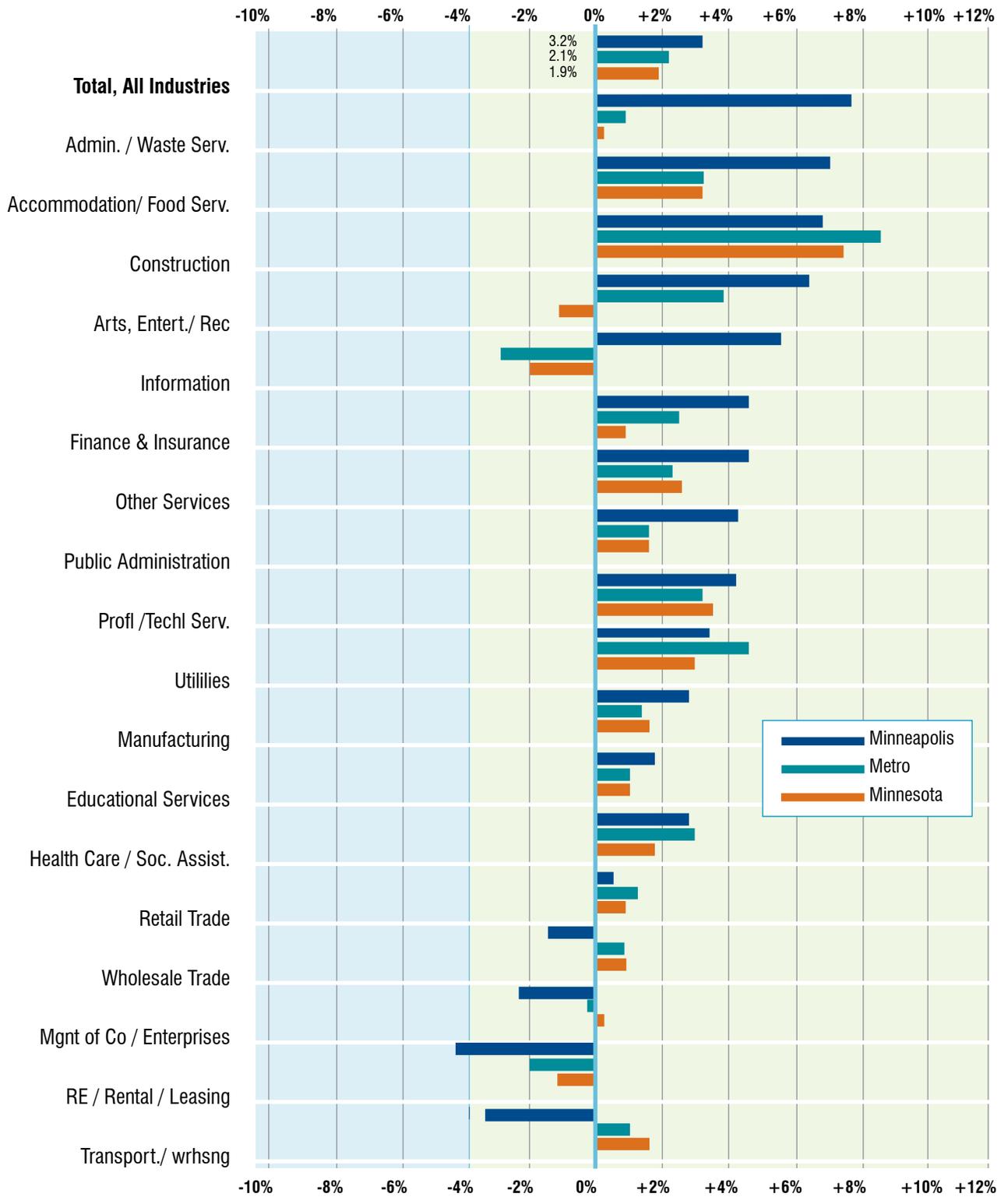
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 3.2 percent over the previous twelve months while the metro area grew at a 2.1 percent rate and the state added jobs at a rate of 1.9 percent.

Of the sectors **posting growth** over this period, **Administrative and Waste Services** was the fastest growing sector in the city at **8.9 percent**, while the industry saw modest growth at the Metro level and job losses at the state level. **Accommodation and Food Services** and **Construction** sectors also grew over the past year; at rates of **7.2 percent** and **6.7 percent** respectively.

Of the economic sectors **losing jobs** in the city, **Transportation and Warehousing** and **Real Estate, Rental, and Leasing** saw the greatest declines.

Jobs

Figure 3: **JOBS** –1Q-14 to 1Q-15
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 2014 was **\$1,445**, a **3.1 percent** increase in non-adjusted dollars from the previous year, and a **4.0 percent** increase when accounting for inflation.

All but two sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Management of Companies and Enterprises** saw the highest average weekly wages increase at **329 dollars (14.5 percent)**.

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

	1Q-2014	2Q-2014	3Q-2014	4Q-2014	1Q-2015	Change from 1Q-14 - 1Q-15
Total, All Industries	\$ 1,401	\$ 1,202	\$ 1,190	\$ 1,329	\$ 1,445	\$ 44
Construction	\$ 1,268	\$ 1,185	\$ 1,163	\$ 1,338	\$ 1,287	\$ 19
Manufacturing	\$ 1,186	\$ 1,134	\$ 1,088	\$ 1,249	\$ 1,190	\$ 4
Utilities	\$ 2,733	\$ 1,795	\$ 1,712	\$ 1,903	\$ 2,748	\$ 15
Wholesale Trade	\$ 1,559	\$ 1,377	\$ 1,464	\$ 1,770	\$ 1,606	\$ 47
Retail Trade	\$ 562	\$ 493	\$ 527	\$ 552	\$ 563	\$ 1
Transportation and Warehousing	\$ 1,033	\$ 933	\$ 975	\$ 939	\$ 1,013	\$ (20)
Information	\$ 1,530	\$ 1,379	\$ 1,356	\$ 1,414	\$ 1,581	\$ 51
Finance and Insurance	\$ 3,357	\$ 1,925	\$ 1,878	\$ 2,163	\$ 3,503	\$ 146
Real Estate and Rental and Leasing	\$ 2,424	\$ 1,297	\$ 1,462	\$ 1,528	\$ 2,577	\$ 153
Professional and Technical Services	\$ 1,759	\$ 1,847	\$ 1,768	\$ 2,291	\$ 1,772	\$ 13
Management of Companies and Enterprises	\$ 2,267	\$ 1,900	\$ 1,971	\$ 2,017	\$ 2,596	\$ 329
Administrative and Waste Services	\$ 698	\$ 668	\$ 677	\$ 730	\$ 700	\$ 2
Educational Services	\$ 1,084	\$ 1,229	\$ 1,112	\$ 1,241	\$ 1,098	\$ 14
Health Care and Social Assistance	\$ 966	\$ 954	\$ 951	\$ 1,030	\$ 983	\$ 17
Arts, Entertainment, and Recreation	\$ 876	\$ 1,387	\$ 1,407	\$ 1,040	\$ 885	\$ 9
Accommodation and Food Services	\$ 393	\$ 394	\$ 409	\$ 419	\$ 408	\$ 15
Other Services, Ex. Public Admin	\$ 631	\$ 640	\$ 643	\$ 664	\$ 667	\$ 36
Public Administration	\$ 1,321	\$ 1,225	\$ 1,259	\$ 1,285	\$ 1,354	\$ 33

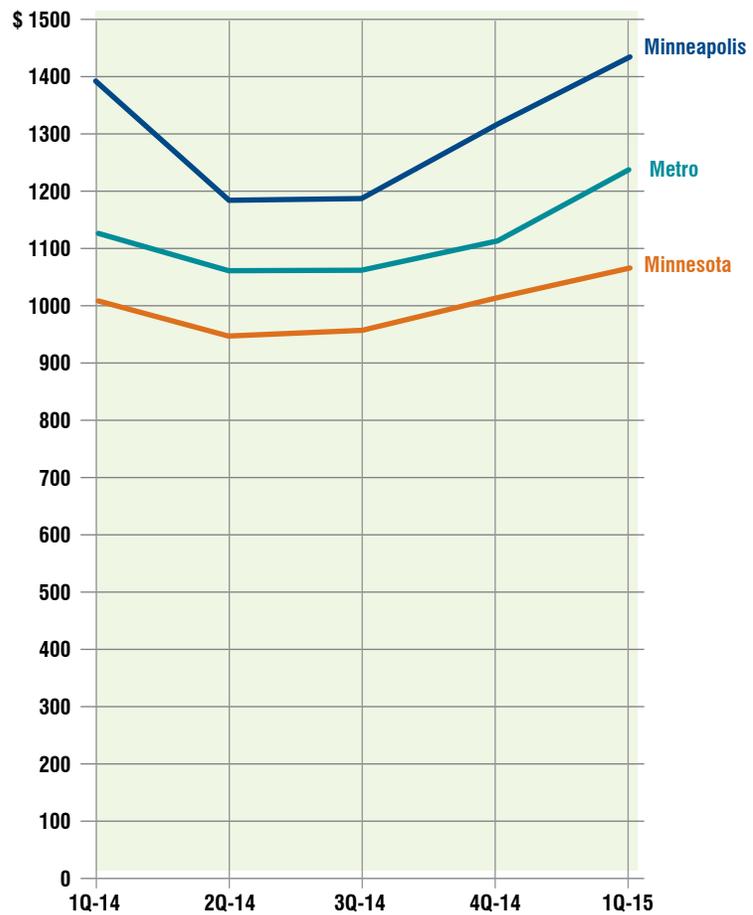
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

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, metro, and state geographies.

Figure 4: **AVERAGE WEEKLY WAGES** –4Q-14 to 1Q-15
in inflation-adjusted dollars



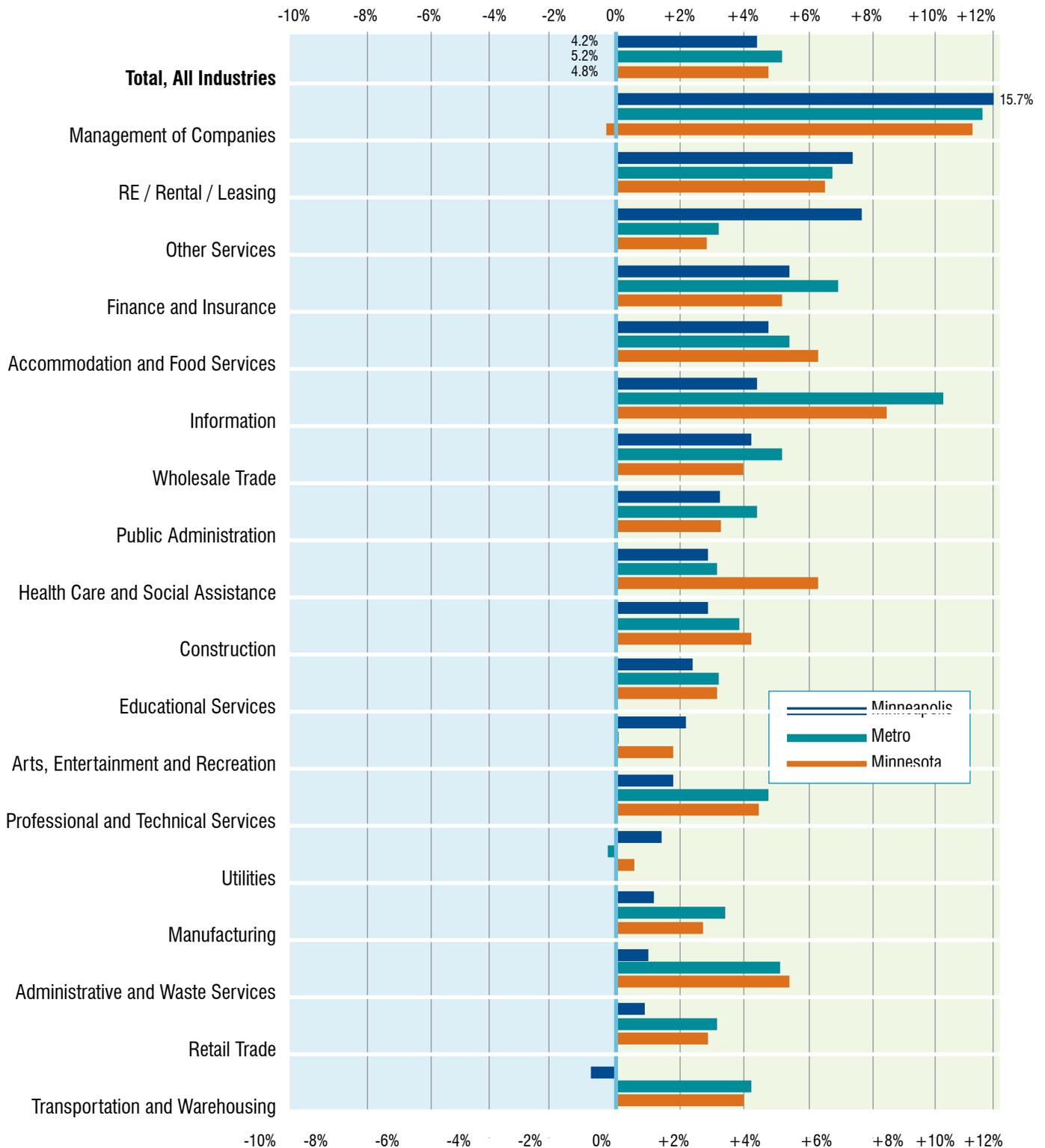
	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15	\$ change 1Q-14 to 1Q-15	% change 1Q-14 to 1Q-15
Minneapolis	\$1,387	\$1,190	\$1,175	\$1,329	\$1,445	\$58	4.2%
Metro area	\$1,180	\$1,050	\$1,061	\$1,149	\$1,241	\$61	5.2%
Minnesota	\$1,029	\$940	\$957	\$1,014	\$1,078	\$49	4.8%

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

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

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –1Q-14 to 1Q-15
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

All but one sector tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Management of Companies and Enterprises** saw the largest percentage increases over the previous year. In the metro and state geographies, the job sector experiencing the greatest wage growth was also **Management of Companies and Enterprises**.

- **Management of Companies and Enterprises** saw the largest increase in inflation adjusted wages in Minneapolis with **15.7 percent** growth, while wages for the industry increased at a rate of 11.8 percent in the metro and 11.2 percent at the state level.

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

- **337 new construction residential units** were permitted this quarter; a decrease from the previous quarter and from the same quarter of the previous year.
- The city permitted **31.2 percent** fewer multifamily units this quarter than last quarter, and **21.2 percent** fewer permits than were issued in the same quarter of 2014.
- Twenty-seven residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$193.3 million. The largest single project included permits for a new condo building at 516 8th Street South.

New construction

Minneapolis city permitting of single-family units increased over the previous quarter and when compared to the same quarter in 2014. Permitting of multi-family units decreased over the previous quarter and decreased when compared to the same quarter in 2014. New residential unit permitting activity in the metro area increased over the previous quarter and decreased when compared to the same quarter last year.

Figure 6 shows the last five quarters of new 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.

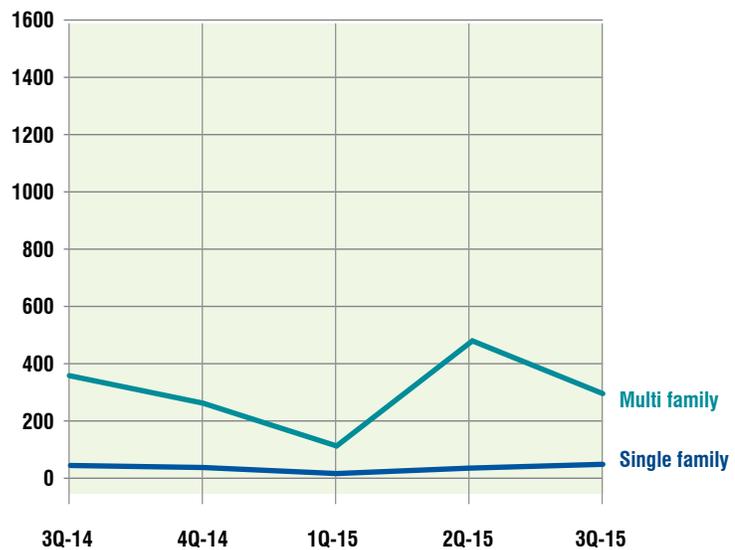
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Single-family					
City	31	43	24	29	39
Metro area	1,610	1,308	1,033	1,507	1,453
Multifamily					
City	378	232	95	433	298
Metro area	1,499	866	431	1,292	1,423
Total Units					
City	409	275	119	462	337
Metro area*	3,109	2,174	1,464	2,799	2,876

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**



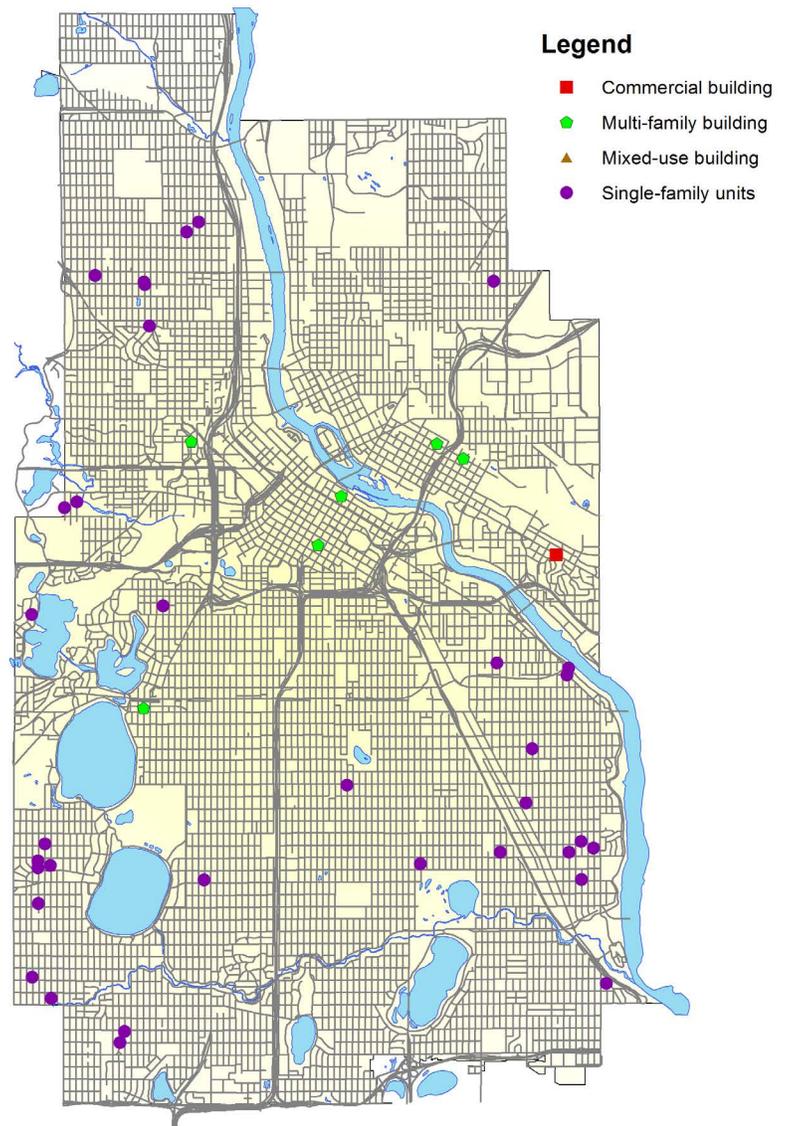
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Thirty-nine single-family dwellings were permitted, most of them in the southern half of the city, west of Lake Harriet, and the Longfellow Community. Six new multi-family building totaling 298 units were also permitted this quarter. On the commercial side, a new hotel in the University of Minnesota area obtained permits.

Map 1: NEW CONSTRUCTION PERMITS – 3Q-15

Source: Minneapolis CPED



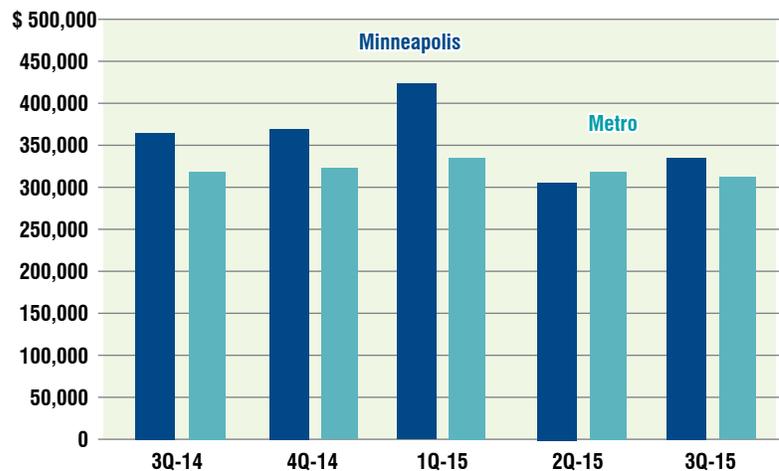
Cost of residential construction

The thirty-nine new single-family homes permitted this quarter had estimated construction costs ranging from \$179,000 to \$897,885 with a median of \$271,739.

The average single-family construction cost in the city increased by 12.1 percent this quarter in comparison with last quarter, and decreased 5.9 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 2.0 percent over the previous quarter and decreased 0.8 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units increased in Minneapolis and decreased in the metro from the previous quarter. Construction costs as a whole also increased in Minneapolis and decreased in the metro when compared to the same quarter from the previous year.

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

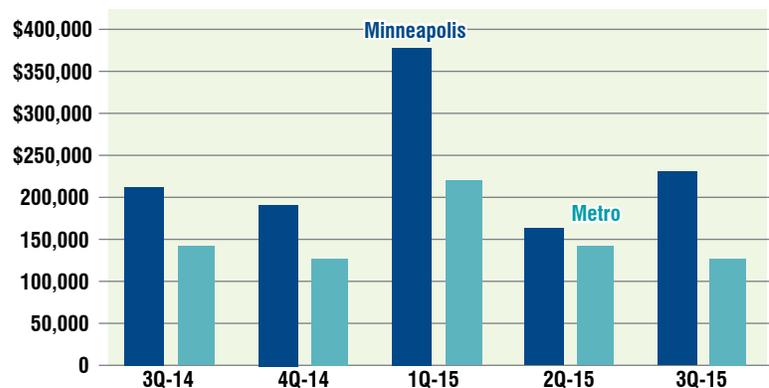


	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	\$ 362,830	\$ 364,257	\$ 423,117	\$ 304,458	\$ 341,429
Metro area	\$ 312,243	\$ 328,641	\$ 334,530	\$ 315,997	\$ 309,647

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-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	\$ 212,947	\$ 183,028	\$ 384,888	\$ 151,237	\$ 235,918
Metro area	\$ 146,243	\$ 138,461	\$ 220,558	\$ 149,944	\$ 133,897

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 a decrease in the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter.

Commercial permit numbers and overall value were down when compared to the previous quarter while overall value was up and overall permits issued were down when compared to the same quarter from the previous year.

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

	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Remodels					
Number of buildings	162	166	135	134	199
Total Value	\$ 31,829,146	\$ 25,864,908	\$ 27,951,480	\$ 39,889,008	\$ 55,055,400
Conversions and additions²					
Number of buildings	13	18	10	9	24
Net number of units	63	5	11	-3	159
Total value	\$ 9,301,359	\$ 3,721,007	\$ 2,258,282	\$ 207,286	\$ 26,007,819
Total Residential¹					
Number of buildings	175	184	145	143	223
Value	\$ 41,130,505	\$ 29,585,915	\$ 30,209,762	\$ 40,096,294	\$ 81,063,219
Total non-residential¹					
Number of buildings ³	189	206	165	174	221
Value	\$ 83,855,306	\$ 124,221,140	\$ 59,300,341	\$ 108,378,632	\$ 258,917,219

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.

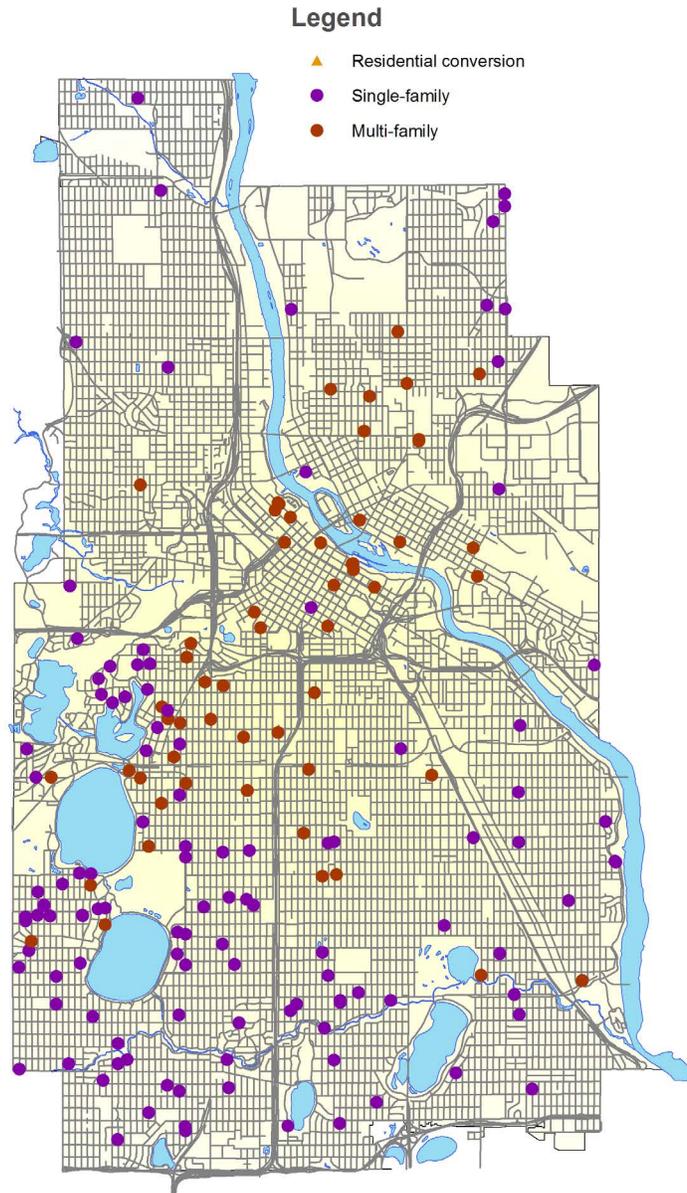
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Residential projects were a mix of renovations of single- and multi-family properties scattered throughout the City, with single-family concentrations in the South and Southwest sectors and multi-family projects concentrated in and near Downtown.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 3Q-15**
projects \$50,000 +

Source: Minneapolis CPED

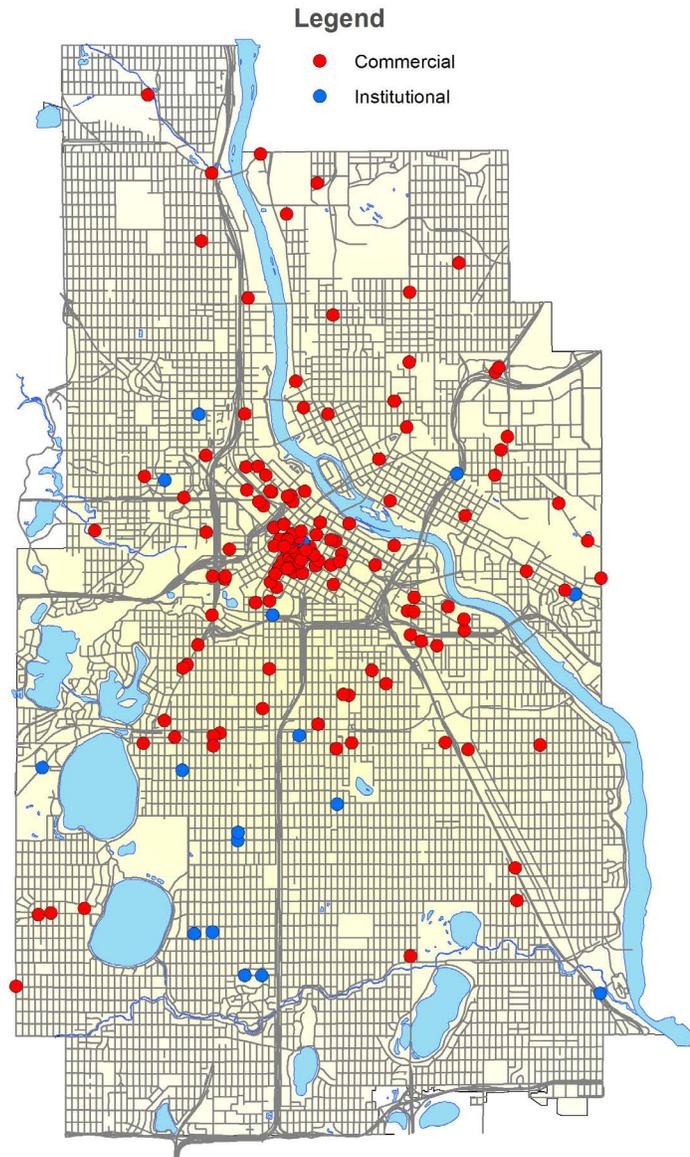


Conversions, remodels & additions

Non-residential remodel permits in the first quarter were again concentrated in the downtown sector of the city, with a relative even distribution of permits throughout the rest of the city.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 3Q-15**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the second quarter of 2015. The dollar amounts only

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

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

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

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
New 17 story 113 unit condo building	516 8th St S	Elliot Park	\$ 38,746,656.00	●
Interior build out of 290 room hotel	12 6th St S	Downtown West	\$ 32,318,521.00	
151 unit senior apartment and memory care facility	428 2nd St S	Downtown West	\$ 22,152,285.00	
Remodel of existing historic building into a 123 room hotel	300 Washington Ave N	Northloop	\$ 20,300,000.00	
Interior build out of all floors of new office building	401 Nicollet Mall	Downtown West	\$ 11,868,000.00	
Hotel addition of 110 rooms	300 Washington Ave S	Downtown West	\$ 10,709,553.00	
New 5 story 117 room hotel	2812 University Ave Se	Prospect Pk/E River Rd	\$ 9,732,000.00	
New 6 story 45 unit apartment building	2902 Irving Ave S	East Isles	\$ 8,647,486.00	
Remodel of nursing home	804 2nd St Ne	St Anthony West	\$ 4,816,850.00	
New 4 story 33 unit apartment building	725 8th St SE	Marcy-Holmes	\$ 3,300,000.00	
Building demolition, addition, and store remodel	2551 Central Ave NE	Audubon Park	\$ 3,236,563.00	
Remodel of existing labor and delivery patient rooms	2414 7th St S	Cedar Rside/West Bank	\$ 3,174,232.00	
Museum addition	1750 Hennepin Ave	Lowry Hill	\$ 2,615,476.00	
Clinic addition	902 26th St E	Midtown Phillips	\$ 2,492,735.00	
Tenant remodel	111 9th St S	Downtown West	\$ 2,272,198.00	
Restaurant tenant build out	600 Hennepin Ave	Downtown West	\$ 2,260,697.00	
Tenant remodel	900 Nicollet Mall	Downtown West	\$ 2,094,536.00	
Transit equipment storage facility	1919 24th St E	Seward	\$ 1,425,000.00	
Cafeteria build out	524 5th St N	Northloop	\$ 1,394,400.00	
Tenant remodel	500 3rd St N	Northloop	\$ 1,360,500.00	
Convention Center remodel	132 16th St E	Loring Park	\$ 1,300,000.00	
Tenant remodel	900 Nicollet Mall	Downtown West	\$ 1,286,070.00	
Tenant remodel	900 Nicollet Mall	Downtown West	\$ 1,248,807.00	
Clinic remodel	730 8th St S	Elliot Park	\$ 1,228,000.00	
School remodel	1723 Bryant Ave N	Near North	\$ 1,200,000.00	
School remodel	201 49th St W	Tangletown	\$ 1,093,470.00	
Residential remodel	521 2nd St SE	Marcy-Holmes	\$ 1,012,138.00	

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 decreased this quarter when compared to the previous quarter and decreased when compared to the same quarter from 2014.

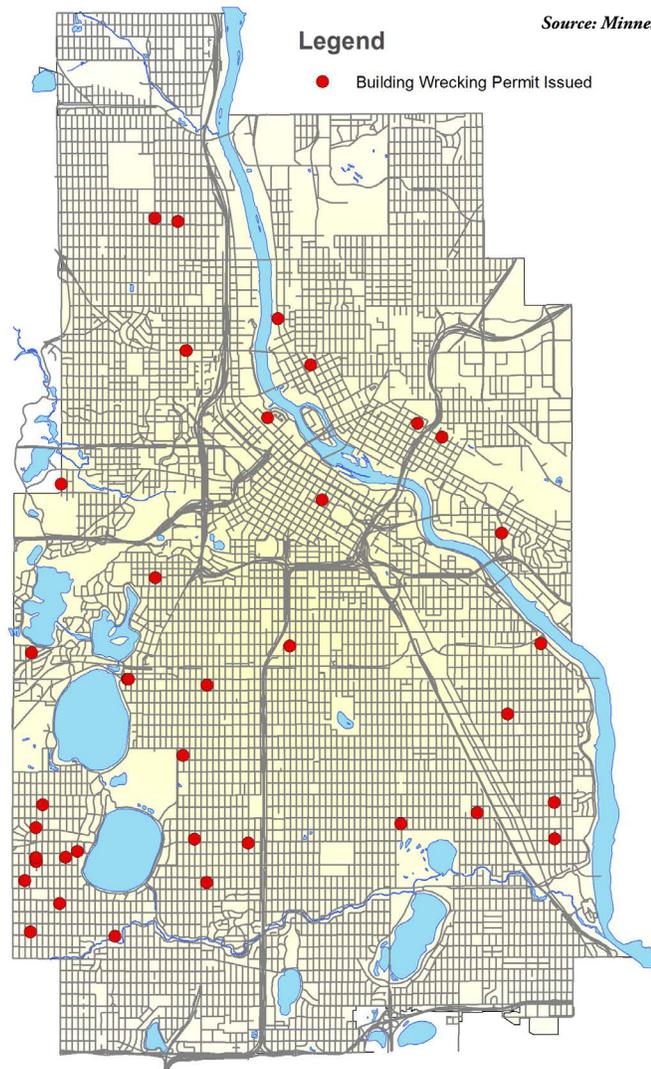
Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

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



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –3Q-15



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 to 2.2 percent in the third quarter of 2015 after increasing to 4.6 percent in the second quarter of 2015. The vacancy rate is up slightly from the 2.1 percent rate seen in the third quarter of 2014.
- The number of traditional housing sales increased by 8.3 percent over the same quarter last year, while lender-mediated sales decreased by 32.9 percent. Average prices on traditional housing sales decreased by 1.4 percent from the previous quarter, and increased 3.9 percent over the same quarter last year.
- Foreclosure sales decreased by 7.3 percent from the previous quarter, and decreased by 42.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 13.2 percent and 15.6 percent this quarter, depending on the firm reporting. Reported retail vacancies in the CBD ranged from 12.5 percent to 20.1 percent.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis decreased to 2.2 percent. The metro area vacancy rate decreased this quarter to 2.3 percent.

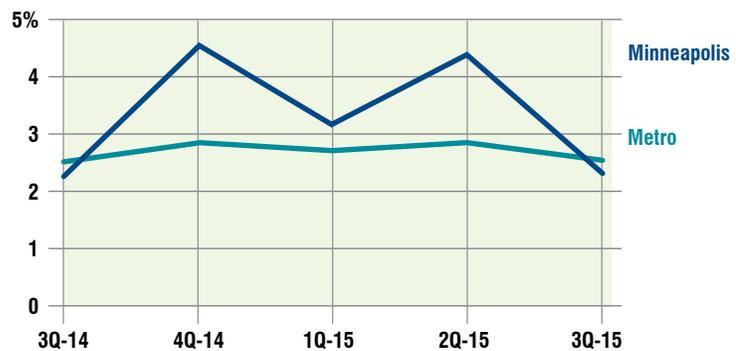
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis					
Units surveyed	19,179	20,622	21,681	20,884	21,068
Vacant units	404	969	666	954	551
Average rent	\$ 1,105	\$ 1,160	\$ 1,133	\$ 1,228	\$ 1,238
Vacancy rate	2.1%	4.7%	3.1%	4.6%	2.2%
Metro area					
Units surveyed	123,503	124,172	126,381	120,668	127,793
Vacant units	3,025	3,629	3,359	3,440	2,905
Average rent	\$ 1,007	\$ 1,021	\$ 1,018	\$ 1,055	\$ 1,053
Vacancy rate	2.4%	2.9%	2.7%	2.9%	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 \$1,238, Minneapolis average rent in inflation-adjusted dollars increased when compared to the previous quarter and when compared to the same quarter of last year. In the metro area average rent was \$1,053, a slight decrease from the previous quarter and an increase when compared to the same quarter of the previous year.

The vacancy rate fell in the Downtown, North, Southwest, and East sectors over the last quarter, while it rose in the South sector. Compared to the same quarter last year the vacancy rate fell in the South, East, North, and Southwest sectors, while falling in the Downtown sector. The largest change from year to year occurred in North, where the vacancy rate decreased from 3.3 percent in the third quarter of 2014, down to 1.4 percent in the third quarter of 2015.

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

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



In inflation-adjusted dollars

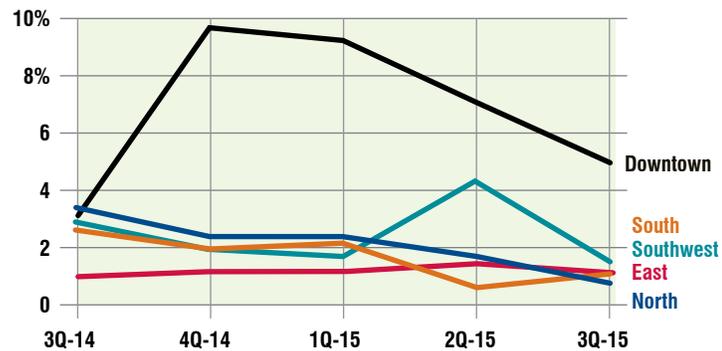
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	\$ 1,118	\$ 1,163	\$ 1,136	\$ 1,228	\$ 1,238
Metro area	\$ 1,009	\$ 1,024	\$ 1,018	\$ 1,055	\$ 1,053

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-14	4Q-14	1Q-15	2Q-15	3Q-15
Downtown	3.1%	9.8%	8.8%	7.0%	4.4%
Southwest	2.7%	2.0%	1.8%	4.1%	1.8%
North	3.3%	2.2%	2.2%	1.9%	1.4%
South	2.0%	2.1%	2.0%	0.8%	1.5%
East	1.6%	1.6%	1.8%	1.7%	1.5%

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

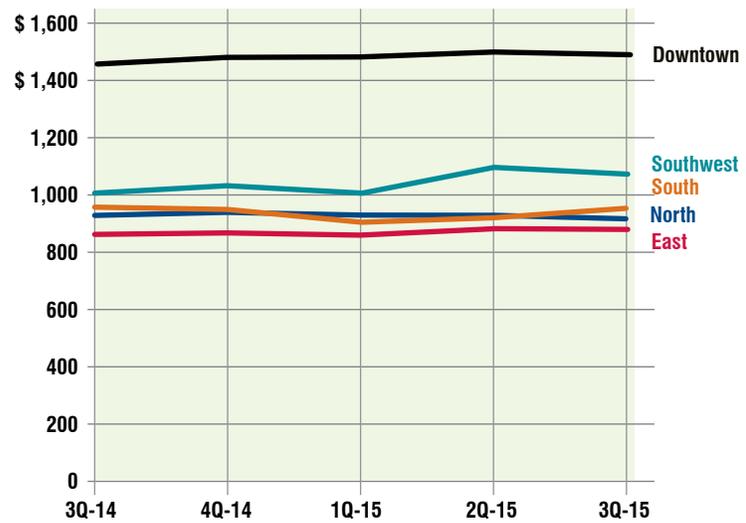
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average inflation adjusted rents decreased over the previous quarter in all sectors except for South. On a year to year basis, rents increased the most in Southwest Minneapolis (13.8 percent, or 140 dollars), followed by the Downtown sector (5.0 percent, or approximately 72 dollars).

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

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



	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Downtown	\$ 1,439	\$ 1,512	\$ 1,508	\$ 1,519	\$ 1,511
Southwest	\$ 1,010	\$ 1,056	\$ 1,011	\$ 1,160	\$ 1,150
North	\$ 950	\$ 960	\$ 957	\$ 958	\$ 949
South	\$ 961	\$ 961	\$ 932	\$ 954	\$ 963
East	\$ 895	\$ 896	\$ 894	\$ 917	\$ 912

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](#).

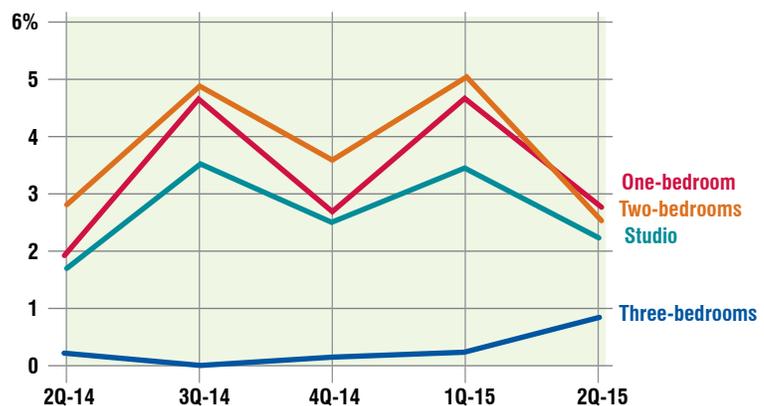
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates decreased for all apartment types except three-bedroom units. In comparison with the same quarter from the previous year, vacancy rates increased for all apartment types except for two-bedroom apartments.

Average rents in *inflation-adjusted dollars* decreased for all apartment types when compared to the previous quarter. Rents for all unit types increased when compared to the same quarter from the previous year.

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

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

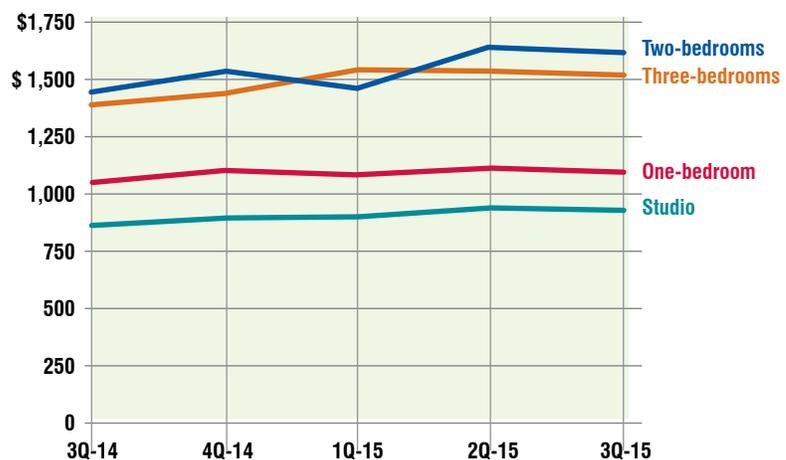


	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Studio	1.7%	3.6%	2.6%	3.4%	2.2%
One-bedroom	1.9%	4.7%	2.8%	4.6%	2.8%
Two-bedroom	2.9%	4.9%	3.8%	5.0%	2.6%
Three-bedroom	0.4%	0.0%	0.4%	0.4%	0.9%

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

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



	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Studio	\$ 813	\$ 842	\$ 842	\$ 869	\$ 866
One-bedroom	\$ 1,026	\$ 1,073	\$ 1,039	\$ 1,120	\$ 1,112
Two-bedroom	\$ 1,458	\$ 1,529	\$ 1,489	\$ 1,627	\$ 1,617
Three-bedroom	\$ 1,431	\$ 1,447	\$ 1,539	\$ 1,520	\$ 1,509

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.)

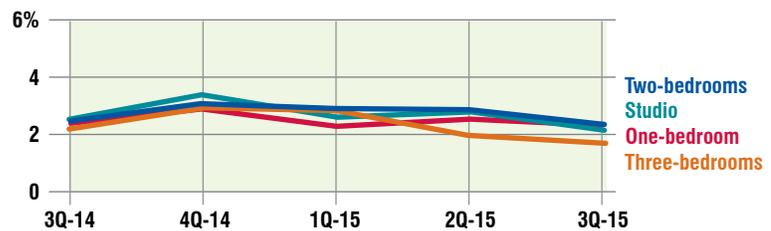
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates decreased for all unit types when compared to the previous quarter. Two-bedroom unit types saw a decrease in vacancy, while all other unit types saw an increase in vacancy when compared to the same quarter from the previous year.

Average rents in *inflation-adjusted dollars* in the metro decreased for all unit types when compared to the previous quarter. When compared to the same quarter from the previous year all unit types saw rents increase..

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



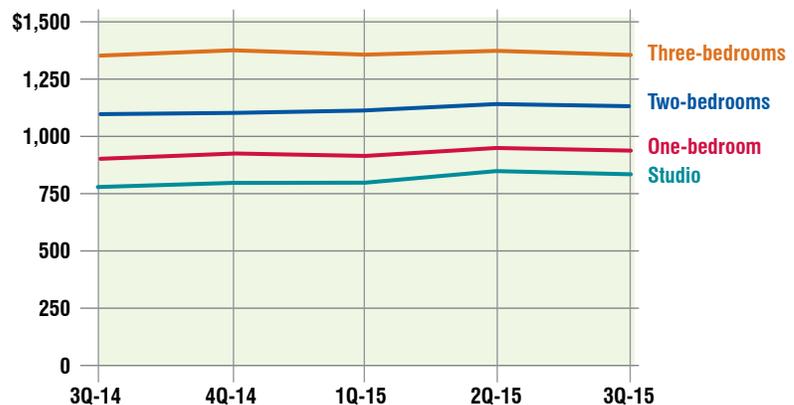
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Studio	2.5%	3.3%	2.5%	2.7%	2.1%
One-bedroom	2.3%	2.7%	2.4%	2.6%	2.3%
Two-bedroom	2.5%	2.8%	2.7%	2.7%	2.3%
Three-bedroom	2.4%	2.7%	2.7%	2.0%	1.8%

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

Recorded data for the last month of the quarter

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

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



	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Studio	\$ 781	\$ 797	\$ 804	\$ 821	\$ 818
One-bedroom	\$ 895	\$ 911	\$ 901	\$ 929	\$ 926
Two-bedroom	\$ 1,103	\$ 1,111	\$ 1,114	\$ 1,138	\$ 1,132
Three-bedroom	\$ 1,365	\$ 1,380	\$ 1,365	\$ 1,385	\$ 1,382

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](#)

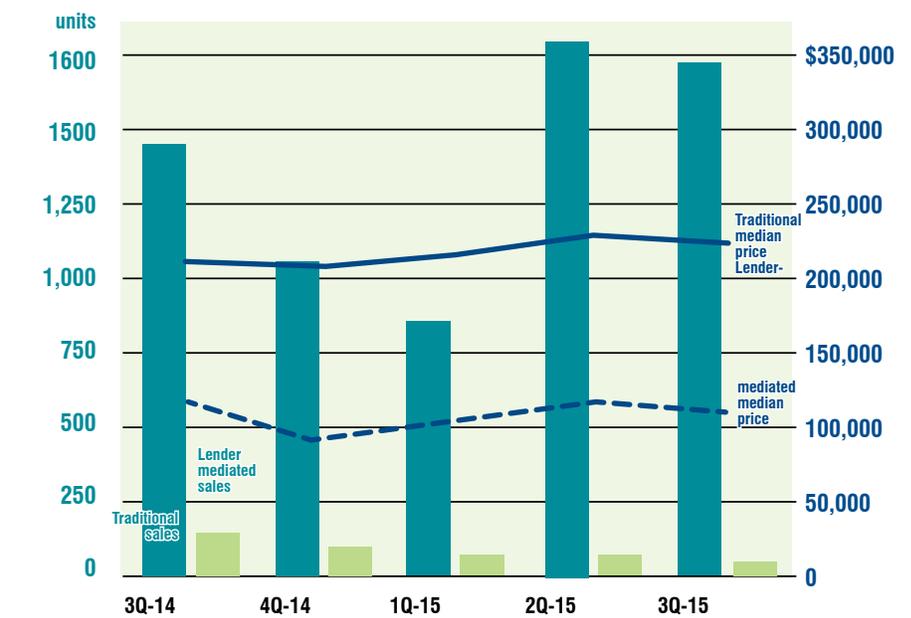
Residential sales

Overall sale of housing units decreased from the previous quarter. This included a decrease in traditional sales (2.3 percent) and a decrease in lender-mediated sales (18.3 percent). Median prices for the quarter decreased for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$231,700) remained ahead of the regional median sale price (\$230,000) this quarter.

Over a twelve-month period, the number of traditional housing sales increased by 8.3 percent, while lender-mediated sales decreased by 32.9 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (3.9 percent) and decreased for lender-mediated sales (9.6 percent). This quarter lender-mediated sales including foreclosures were 7 percent of all housing sales in the city, while they accounted for 11 percent of sales in the same quarter of the previous year.

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



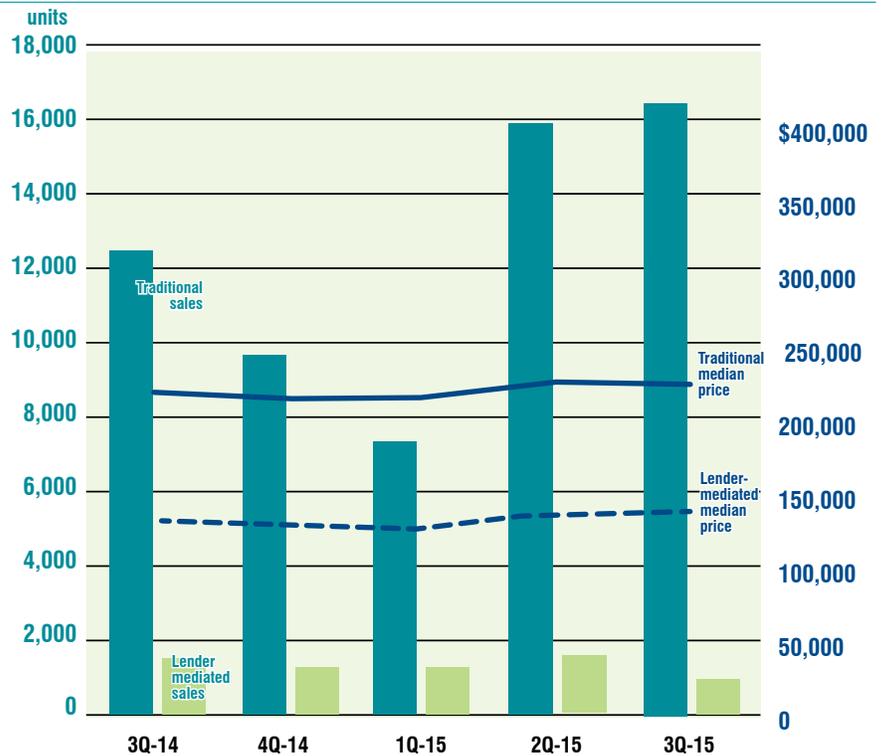
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Traditional sales	1,471	1,031	787	1,630	1,593
Lender-mediated sales	173	157	141	142	116
Traditional sales median price	\$ 222,940	\$ 215,000	\$ 227,500	\$ 234,900	\$ 231,700
Lender-mediated median price	\$ 124,500	\$ 90,000	\$ 105,500	\$ 124,700	\$ 112,500

Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were up from the previous quarter by 0.9 percent, while lender-mediated sales decreased by 16.7 percent. Median sale prices for traditional sales decreased by 0.4 percent while lender-mediated median sale prices increased by 1.3 percent.

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



	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Traditional sales	13,379	9,752	7,344	15,963	16,113
Lender-mediated sales	1,813	1,587	1,566	1,669	1,391
Traditional sales median price	\$ 224,900	\$ 219,625	\$ 220,800	\$ 230,900	\$ 230,000
Lender-mediated median price	\$ 145,000	\$ 141,000	\$ 140,000	\$ 146,000	\$ 147,950

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

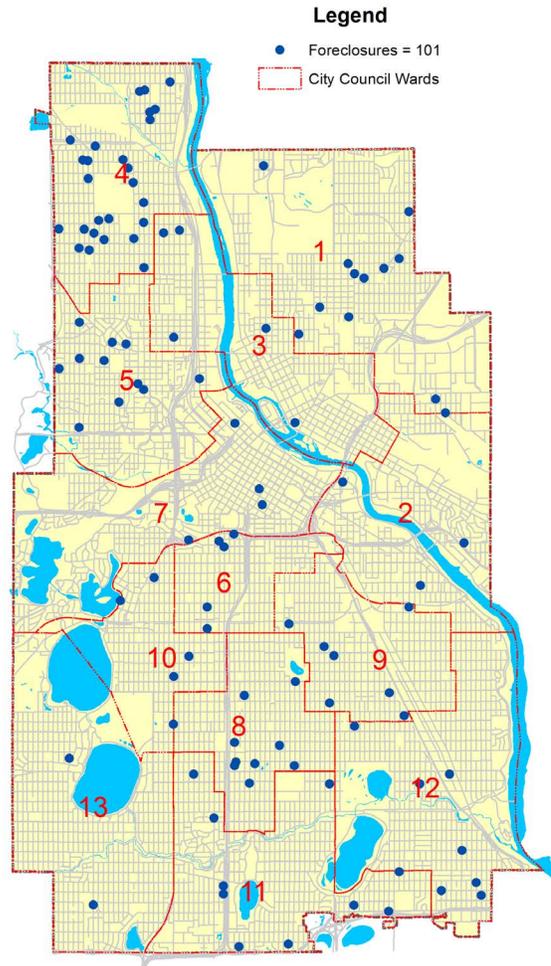
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

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

Foreclosures

This quarter 101 properties were sold at public auction, 7.3 percent fewer than the previous quarter, and 42.3 percent fewer than the third quarter of 2014.

MAP 5: PROPERTIES FORECLOSED – 3Q-15
by wards



Source: Hennepin County

Data on foreclosures downloaded as of April 2014. 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-14		4Q-14		1Q-15		2Q-15		3Q-15	
	Number	Percent								
1	15	9%	7	5%	16	10%	11	10%	12	7%
2	2	1%	4	3%	9	6%	5	5%	4	2%
3	5	3%	6	4%	8	5%	3	3%	3	2%
4	46	26%	45	30%	48	30%	28	26%	29	17%
5	24	14%	25	17%	21	13%	16	15%	12	7%
6	5	3%	2	1%	7	4%	3	3%	3	2%
7	9	5%	6	4%	8	5%	3	3%	4	2%
8	13	7%	10	7%	7	4%	13	12%	11	6%
9	16	9%	13	9%	6	4%	6	6%	5	3%
10	5	3%	5	3%	4	2%	2	2%	3	2%
11	9	5%	5	3%	5	3%	3	3%	10	6%
12	18	10%	20	13%	12	7%	12	11%	3	2%
13	8	5%	2	1%	10	6%	4	4%	2	1%
Total	175	100%	150	100%	161	100%	109	100%	101	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

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



Source: Hennepin County

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city increased slightly from the last quarter to 535, which was 9.3 percent lower than at the end of the third quarter of 2014. The number of condemned buildings fell by 7.1 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased by 11.4 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*

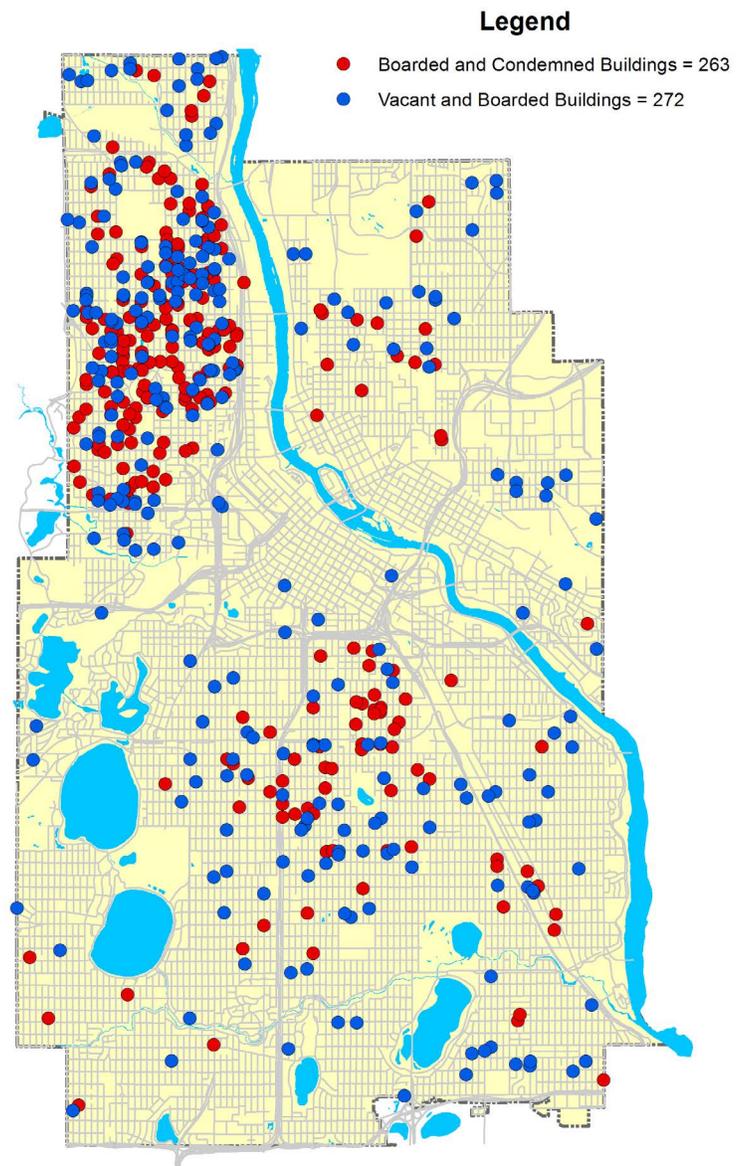


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of the quarter

	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Boarded and condemned buildings	283	271	273	259	263
Vacant but not condemned	307	297	283	272	272
Total	590	568	556	531	535

Source: *Minneapolis CPED*

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

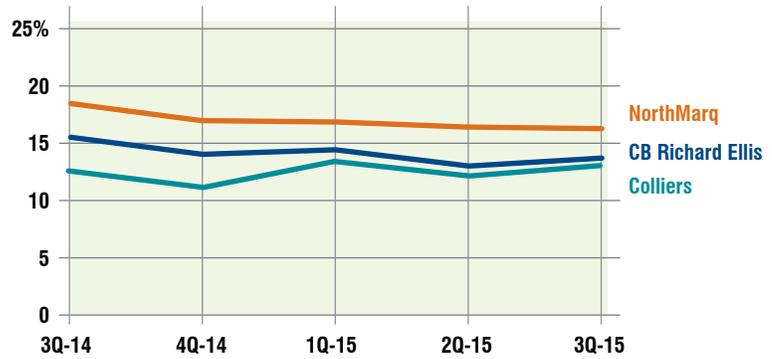
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 13.2 percent and 15.6 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 14.1 percent and 16.4 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.

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

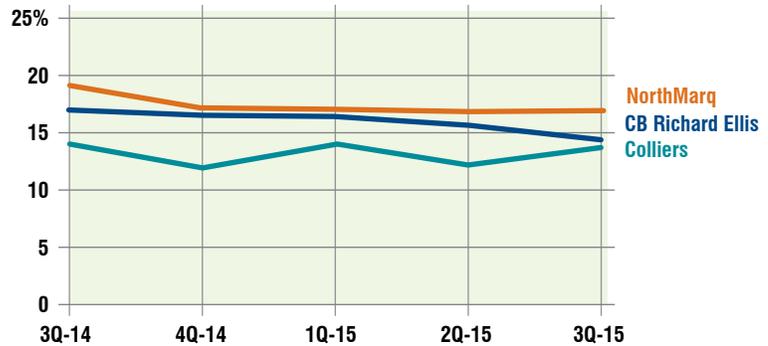


	3Q 14	4Q 14	1Q 15	2Q 15	3Q 15
CB Richard Ellis	15.1%	14.4%	14.6%	13.3%	13.8%
Colliers	12.7%	10.5%	14.0%	12.9%	13.2%
NorthMarq	17.2%	15.9%	15.9%	15.6%	15.6%

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 14	4Q 14	1Q 15	2Q 15	3Q 15
CB Richard Ellis	16.8%	16.1%	16.0%	15.3%	14.8%
Colliers	14.2%	12.2%	14.6%	12.5%	14.1%
NorthMarq	17.4%	16.6%	16.6%	16.4%	16.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

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

Office space

When compared to the previous quarter the average asking lease rate per square foot in the Minneapolis central business district (CBD) fell slightly while in the metro area rents increased. When compared to the previous year rents in the Minneapolis CBD are up 1.2 percent.

Compared to the previous quarter the rate of growth in occupied office space in both Downtown Minneapolis and the Metro area as a whole decreased. The CBD saw a decrease in occupied space of 130,000 square feet when compared to the previous quarter, and an additional 1,662,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous year.

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

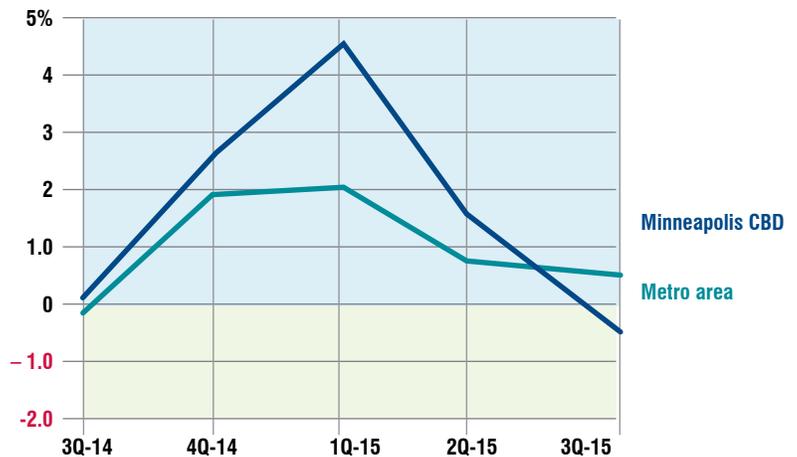


	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis CBD	\$ 14.42	\$ 14.77	\$ 14.77	\$ 14.73	\$ 14.59
Metro area	\$ 13.20	\$ 13.32	\$ 13.29	\$ 13.43	\$ 13.63

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-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis CBD	0.1%	2.6%	4.5%	1.6%	-0.6%
Metro area	-0.1%	1.9%	2.0%	0.8%	0.6%

Source: CB Richard Ellis

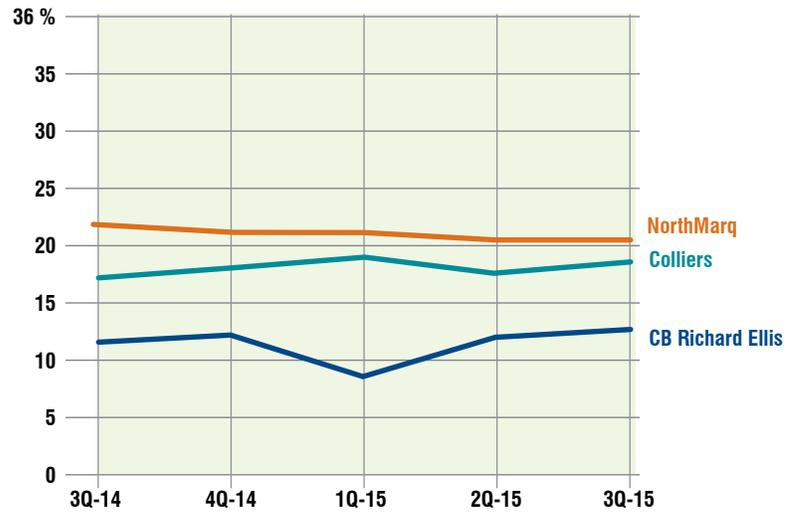
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.5 and 20.1 percent. 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 by each reporting firm.

The metro area vacancy rate this quarter ranged from 4.3 percent to 7.3 percent.

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

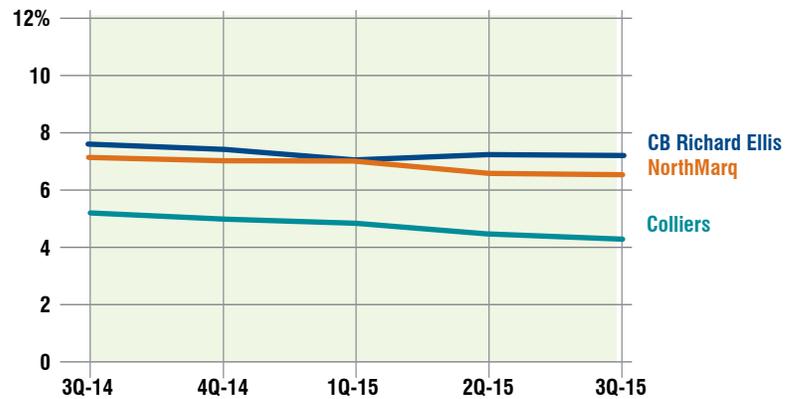


	3Q 14	4Q 14	1Q 15	2Q 15	3Q 15
CB Richard Ellis	10.9%	11.7%	8.2%	11.8%	12.5%
Colliers	16.5%	NA	19.1%	16.2%	17.4%
NorthMarq	21.6%	21.1%	21.1%	20.1%	20.1%

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 14	4Q 14	1Q 15	2Q 15	3Q 15
CB Richard Ellis	7.8%	7.5%	7.1%	7.3%	7.2%
Colliers	5.5%	4.9%	4.8%	4.4%	4.3%
Northmarq	7.2%	7.1%	7.1%	6.6%	6.6%

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.

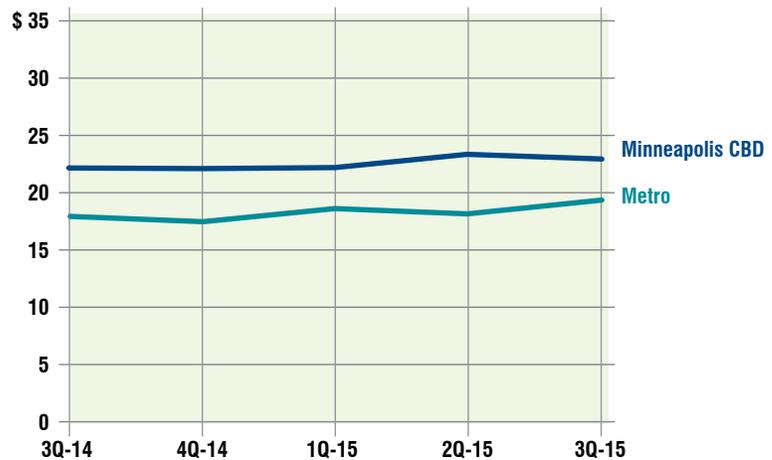
Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) decreased when compared to the previous quarter's numbers and increased when compared to the third quarter of 2014.

In the metro area, average asking lease price increased over the previous quarter and when compared to the third quarter of 2014.

The Minneapolis central business district (CBD) and the metro area experienced an increase in growth rates in occupied retail space when compared to the previous quarter. The CBD gained 35,700 square feet of occupied retail space over the previous quarter, and lost 15,000 square feet of occupied space when compared to the same quarter in 2014.

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

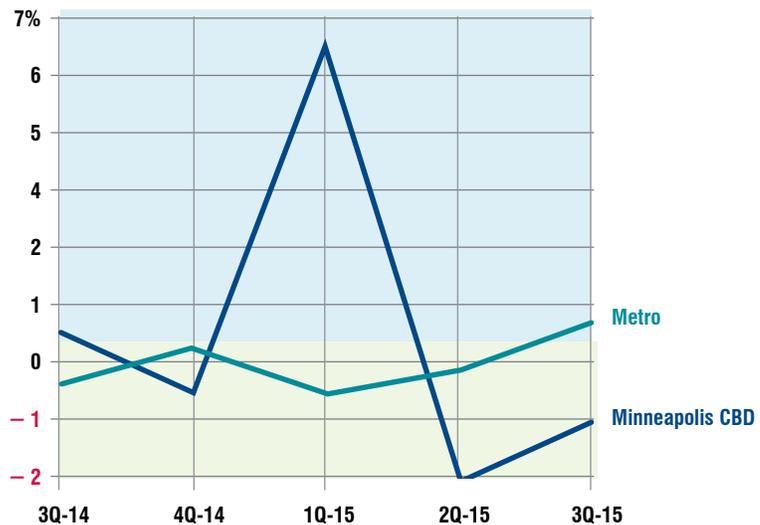


	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis CBD	\$22.53	\$22.53	\$22.53	\$24.54	\$24.41
Metro area	\$17.46	\$17.23	\$17.85	\$17.77	\$17.99

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-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis CBD	0.1%	-0.9%	6.3%	-2.9%	-0.8%
Metro area	-0.5%	0.3%	-0.7%	-0.1%	0.8%

Source: CB Richard Ellis

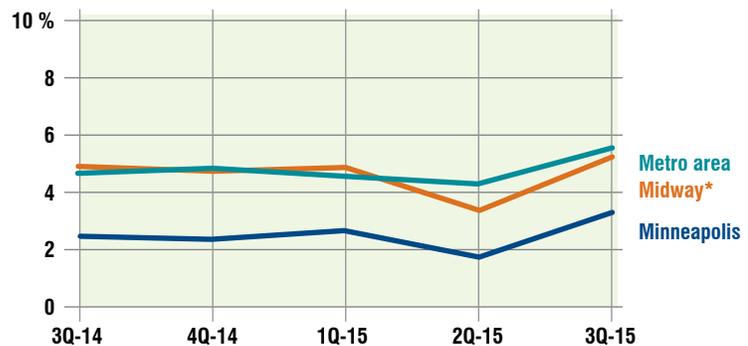
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate increased over the previous quarter in all geographies. Vacancy rates fell in the Midway area when compared to the previous year, while increasing in Minneapolis and the metro area overall.

The average asking lease price for industrial space decreased in the Minneapolis and Midway areas while increasing in the metro area overall when compared to the previous quarter. Asking lease rates were also down in Minneapolis and the Midway area and up in the metro area when compared to the same quarter from the previous year.

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



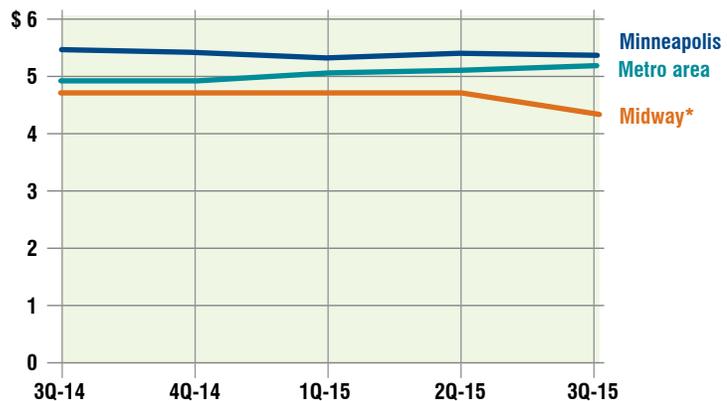
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	2.3%	2.2%	2.6%	1.9%	3.6%
Midway*	5.3%	5.2%	5.4%	3.8%	5.1%
Metro area	5.2%	5.3%	5.2%	5.0%	5.5%

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-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	\$5.44	\$5.40	\$5.38	\$5.43	\$5.36
Midway*	\$4.73	\$4.75	\$4.73	\$4.75	\$4.27
Metro area	\$4.99	\$4.98	\$5.07	\$5.11	\$5.19

Source: CB Richard Ellis

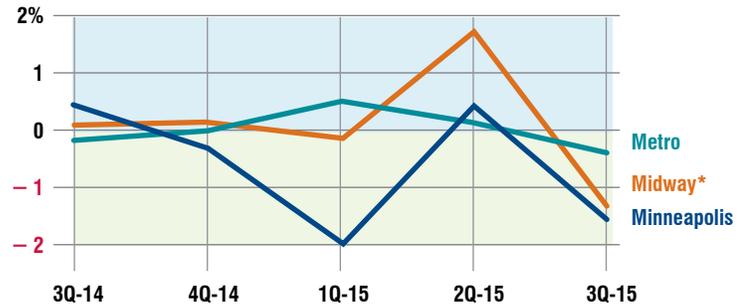
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

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

Industrial space

Industrial absorption rates decreased in all geographies when compared to the previous quarter and when compared to the same quarter from the previous year.

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



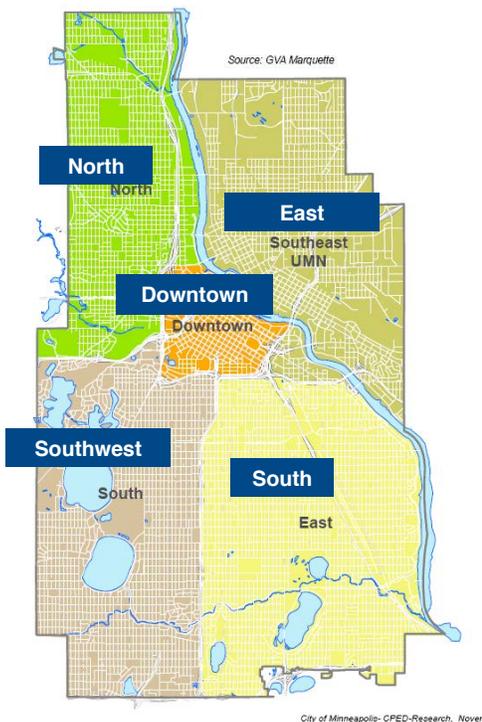
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15
Minneapolis	0.5%	-0.4%	-2.0%	0.7%	-1.7%
Midway*	0.1%	0.1%	-0.1%	1.7%	-1.4%
Metro area	-0.2%	0.0%	0.7%	0.2%	-0.4%

Source: CB Richard Ellis

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

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

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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