

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



first quarter 2016

Highlights for the first quarter of 2016

	1Q-16	change from	
		4Q-15	1Q-15
Labor force	233,994 residents	▲	▲
Residents employed	226,108	▲	▲
Unemployment rate	3.4%	▲	▼
New residential permitted units	276 units	▼	▲
Permitted residential conversions, remodels and additions	169 buildings \$ 60.3 million	▼	▲
Permitted non-residential conversions, remodels and additions	170 buildings \$ 87.5 million	▲	▼
Residential units demolished	17 units	▼	▼
Rental vacancy rate	4.0 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,241	▲	▲
Residential units sold			
Traditional	800 units	▼	▲
Lender-mediated	150 units	▲	▲
Median sale price of residential units			
Traditional	\$228,700	▲	▲
Lender-mediated	\$110,583	▲	▲
Foreclosures	101	▼	▼
Condemned and vacant buildings	530	▼	▼
Minneapolis CBD office vacancy rate	13.7 %	▲	▼
Minneapolis CBD retail vacancy rate	12.1 %	▼	▲

Highlights for the third quarter of 2015 – Jobs and wages

	3Q-15	2Q-15	3Q-14
Number of jobs	317,794 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,207	▼	▲

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first quarter 2016

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Economic indicators

- Average employment increased at a slower rate than the labor force over the past quarter, resulting in an increase in the unemployment rate to 3.4%. In comparison with the same quarter last year, over 6,000 more city residents were working.
- As of the third quarter 2015 there were 317,794 jobs in Minneapolis – the highest number seen since the fourth quarter of 2000. This constitutes an increase of 0.2 percent over the previous quarter, and 6,379 more jobs (2.0 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at a similar rate of 1.6%.
- Average inflation adjusted wages for the third quarter 2015 were up 1.6 percent from the same period a year before. Inflation adjusted wages in the metro area rose 2.5 percent and 3.0 percent at the state level during the same period.

Labor force

During the first quarter 4,632 residents (a 2.0 percent increase) joined the labor force; while 3,172 more residents (a 1.4 percent increase) were working. As a result, the unemployment rate increased from 2.8 percent in the fourth quarter of 2015 to 3.4 percent in the first quarter of 2016.

The metro area experienced a similar increase in the labor force accompanied by a smaller increase in employment. This resulted in an increase in the unemployment rate to 3.7 percent from 2.8 percent in the previous quarter.

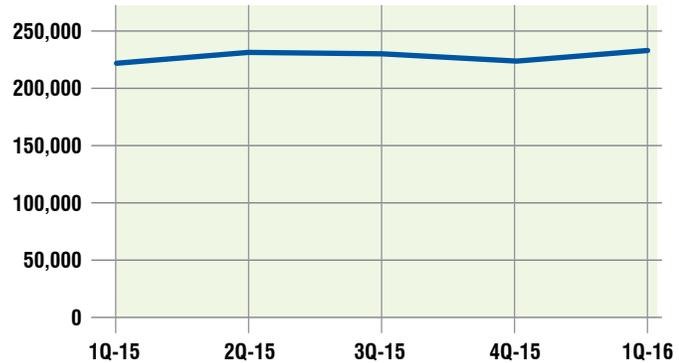
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis					
Labor Force	228,015	232,068	231,758	229,362	233,994
Employment	219,604	223,741	223,641	222,937	226,108
Unemployment rate	3.7%	3.6%	3.5%	2.8%	3.4%
Metro area					
Labor Force	1,639,615	1,664,591	1,661,645	1,648,188	1,674,196
Employment	1,576,802	1,606,398	1,605,620	1,601,414	1,612,616
Unemployment rate	3.8%	3.5%	3.4%	2.8%	3.7%

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

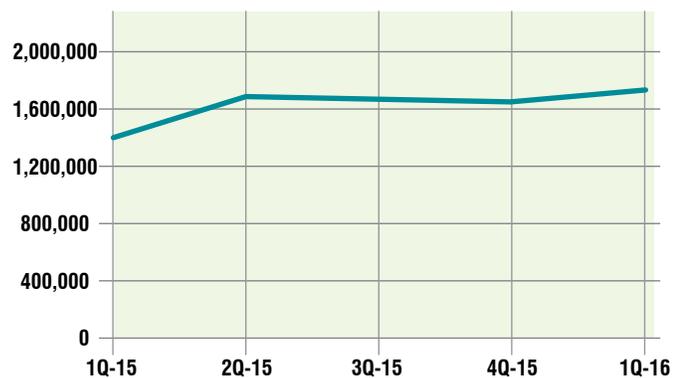
* For metro area definition, see [page 12](#).

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

	3Q-2014	4Q-2014	1Q-2015	2Q-2015	3Q-2015	Change from 3Q-14 - 3Q-15
Total, All Industries	311,415	312,218	309,091	317,076	317,794	6,379
Construction	6,414	6,091	5,670	6,449	6,966	552
Manufacturing	13,198	13,192	13,335	13,462	13,479	281
Utilities	2,857	2,832	2,855	2,910	2,915	58
Wholesale Trade	8,452	8,386	8,210	8,323	8,446	(6)
Retail Trade	15,310	14,841	14,165	15,595	15,663	353
Transportation and Warehousing	6,474	6,826	6,604	6,398	6,226	(248)
Information	11,387	11,359	11,497	11,450	11,545	158
Finance and Insurance	26,856	27,149	27,494	27,519	28,024	1,168
Real Estate and Rental and Leasing	8,649	8,519	8,446	8,705	8,994	345
Professional and Technical Services	35,482	35,560	35,549	36,059	36,514	1,032
Management of Companies and Enterprises	18,329	17,944	18,716	18,184	16,981	(1,348)
Administrative and Waste Services	16,213	15,960	15,165	16,050	16,238	25
Educational Services	30,058	32,523	32,267	32,334	30,881	823
Health Care and Social Assistance	55,566	56,623	56,264	57,121	57,536	1,970
Arts, Entertainment, and Recreation	5,917	5,037	5,086	5,953	6,129	212
Accommodation and Food Services	26,826	26,201	25,028	26,942	27,324	498
Other Services, Ex. Public Admin	10,073	10,189	9,923	10,360	10,223	150
Public Administration	13,166	12,822	12,627	13,033	13,535	369

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 third quarter 2015, the number of jobs located in Minneapolis was 317,794, a 0.2 percent increase from the previous quarter. In comparison with the same quarter in 2014, the number of jobs increased by 2.0 percent (6,379 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 – 3rd quarter 2014 to 3rd quarter 2015

Sectors which gained the most jobs:

- **Construction** grew by **552 jobs**, a **8.6 percent** increase.
- **Finance and Insurance** grew by **1,168 jobs**, a **4.3 percent** increase.
- **Real Estate, Rental, and Leasing** grew by **345 jobs**, a **4.0 percent** increase.

Sectors which experienced greatest job losses:

- **Management of Companies and Enterprises** lost **1,348 jobs**, a **7.4 percent** decrease.
- **Transportation and Warehousing** lost **248 jobs**, a **3.8 percent** decrease.
- **Wholesale Trade** lost **6 jobs**, a **0.1 percent** decrease.

2nd quarter 2015 to 3rd quarter 2015

Sectors which gained the most jobs:

- **Construction** grew by **552 jobs**, an **8.0 percent** increase.
- **Public Administration** grew by **502 jobs**, a **3.9 percent** increase.
- **Real Estate, Rental, and Leasing** grew by **289 jobs**, a **3.3 percent** increase.

Sectors which experienced greatest job losses:

- **Management of Companies and Enterprises** lost **1,203 jobs**, a **6.6 percent** decrease.
- **Educational Services** lost **1,453 jobs**, a **4.5 percent** decrease.
- **Transportation and Warehousing** lost **172 jobs**, a **2.7 percent** decrease.

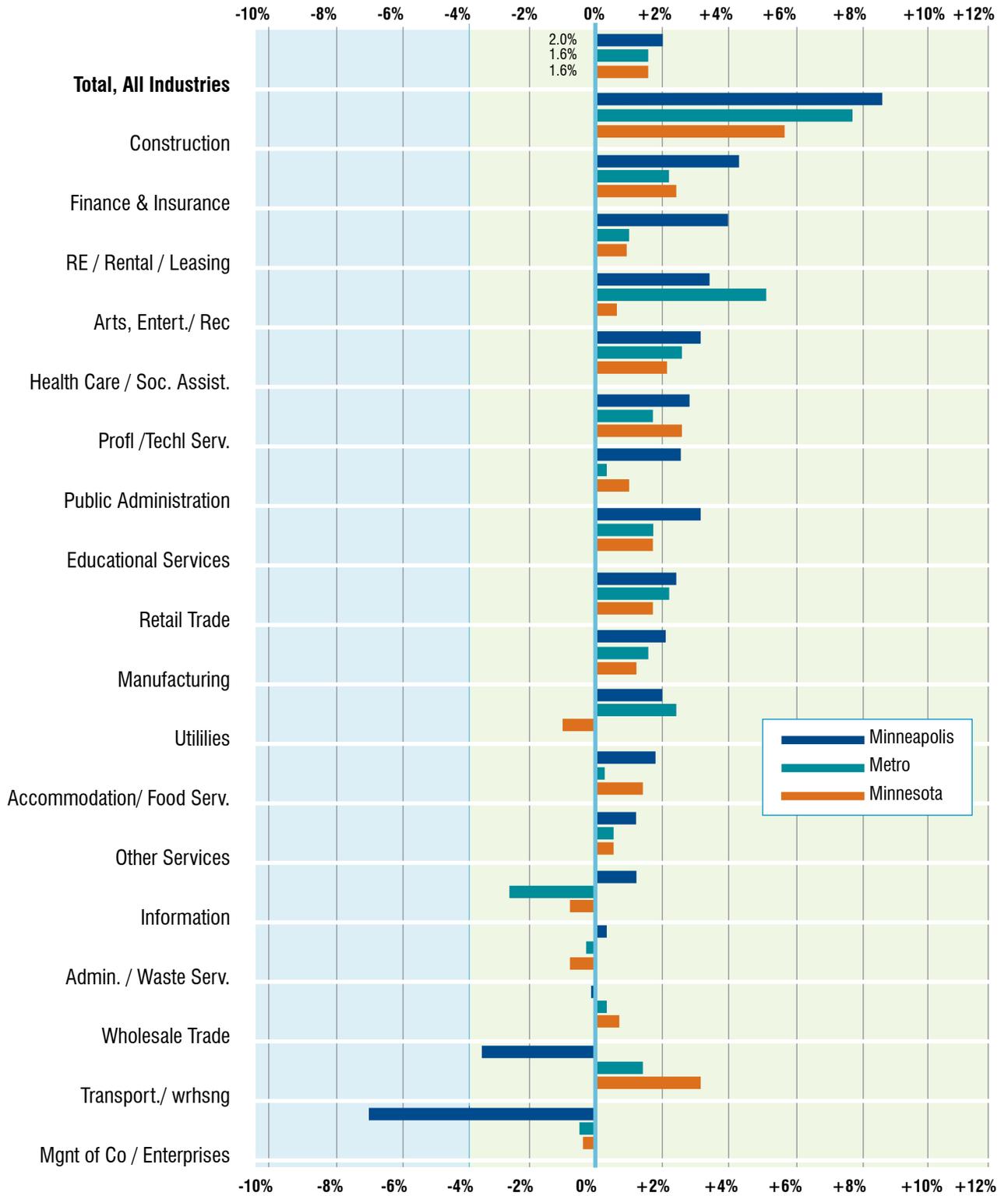
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 2.0 percent over the previous twelve months while the metro area and state's job base increased at a 1.6 percent rate.

Of the sectors **posting growth** over this period, **Construction** was the fastest growing sector in the city at **8.6 percent**, while the industry saw similar growth in both the metro and state. In addition to Information, **Finance and Insurance** and **Real Estate, Rental, and Leasing** sectors grew at rates of **4.3 percent** and **4.0 percent** respectively over the previous twelve months.

Of the economic sectors **losing jobs** in the city, **Management of Companies and Enterprise** and **Transportation and Warehousing** saw the greatest declines.

Jobs

Figure 3: **JOBS** –3Q-14 to 3Q-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 third quarter of 2014 was **\$1,190**, a **1.8 percent increase** in non-adjusted dollars from the previous year, and a **0.4 percent** increase when accounting for inflation.

All but three sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Arts, Entertainment, and Recreation** saw the highest average weekly wages increase at **114 dollars (8.1 percent)**.

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

	3Q-2014	4Q-2014	1Q-2015	2Q-2015	3Q-2015	Change from 3Q-14 - 3Q-15
Total, All Industries	\$ 1,190	\$ 1,329	\$ 1,445	\$ 1,255	\$ 1,207	\$ 17
Construction	\$ 1,163	\$ 1,338	\$ 1,287	\$ 1,247	\$ 1,192	\$ 29
Manufacturing	\$ 1,088	\$ 1,249	\$ 1,190	\$ 1,141	\$ 1,110	\$ 22
Utilities	\$ 1,712	\$ 1,903	\$ 2,748	\$ 1,884	\$ 1,763	\$ 51
Wholesale Trade	\$ 1,464	\$ 1,770	\$ 1,606	\$ 1,435	\$ 1,509	\$ 45
Retail Trade	\$ 527	\$ 552	\$ 563	\$ 542	\$ 561	\$ 34
Transportation and Warehousing	\$ 975	\$ 939	\$ 1,013	\$ 896	\$ 962	\$ (13)
Information	\$ 1,356	\$ 1,414	\$ 1,581	\$ 1,410	\$ 1,387	\$ 31
Finance and Insurance	\$ 1,878	\$ 2,163	\$ 3,503	\$ 1,936	\$ 1,852	\$ (26)
Real Estate and Rental and Leasing	\$ 1,462	\$ 1,528	\$ 2,577	\$ 1,455	\$ 1,484	\$ 22
Professional and Technical Services	\$ 1,768	\$ 2,291	\$ 1,772	\$ 1,810	\$ 1,794	\$ 26
Management of Companies and Enterprises	\$ 1,971	\$ 2,017	\$ 2,596	\$ 2,544	\$ 1,923	\$ (48)
Administrative and Waste Services	\$ 677	\$ 730	\$ 700	\$ 708	\$ 717	\$ 40
Educational Services	\$ 1,112	\$ 1,241	\$ 1,098	\$ 1,229	\$ 1,133	\$ 21
Health Care and Social Assistance	\$ 951	\$ 1,030	\$ 983	\$ 980	\$ 981	\$ 30
Arts, Entertainment, and Recreation	\$ 1,407	\$ 1,040	\$ 885	\$ 1,343	\$ 1,521	\$ 114
Accommodation and Food Services	\$ 409	\$ 419	\$ 408	\$ 412	\$ 426	\$ 17
Other Services, Ex. Public Admin	\$ 643	\$ 664	\$ 667	\$ 659	\$ 667	\$ 24
Public Administration	\$ 1,259	\$ 1,285	\$ 1,354	\$ 1,241	\$ 1,281	\$ 22

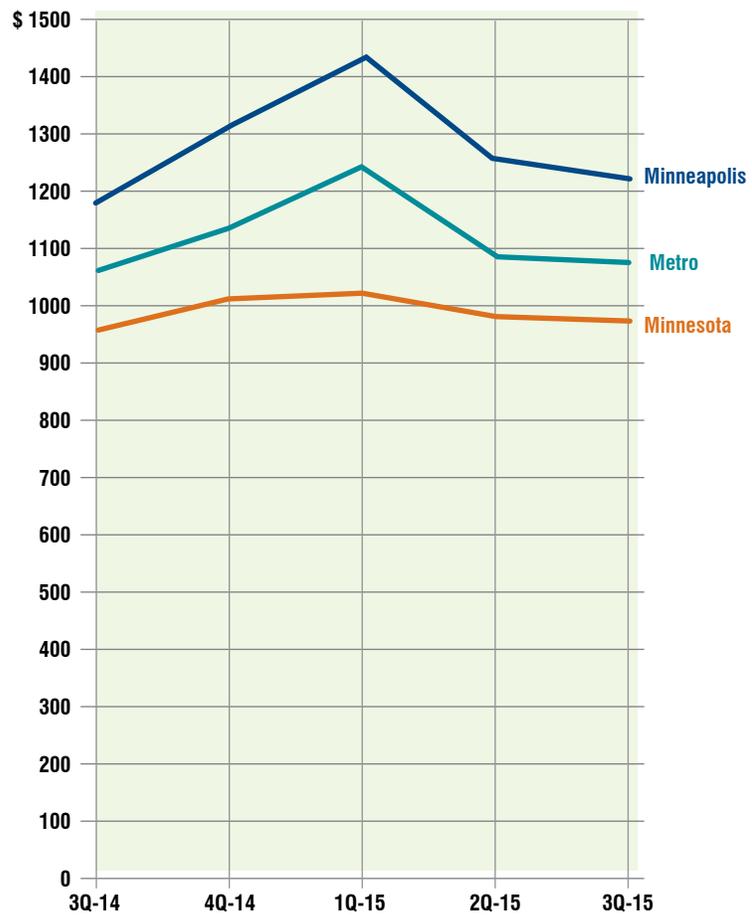
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

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 – 3Q-14 to 3Q-15**
in inflation-adjusted dollars



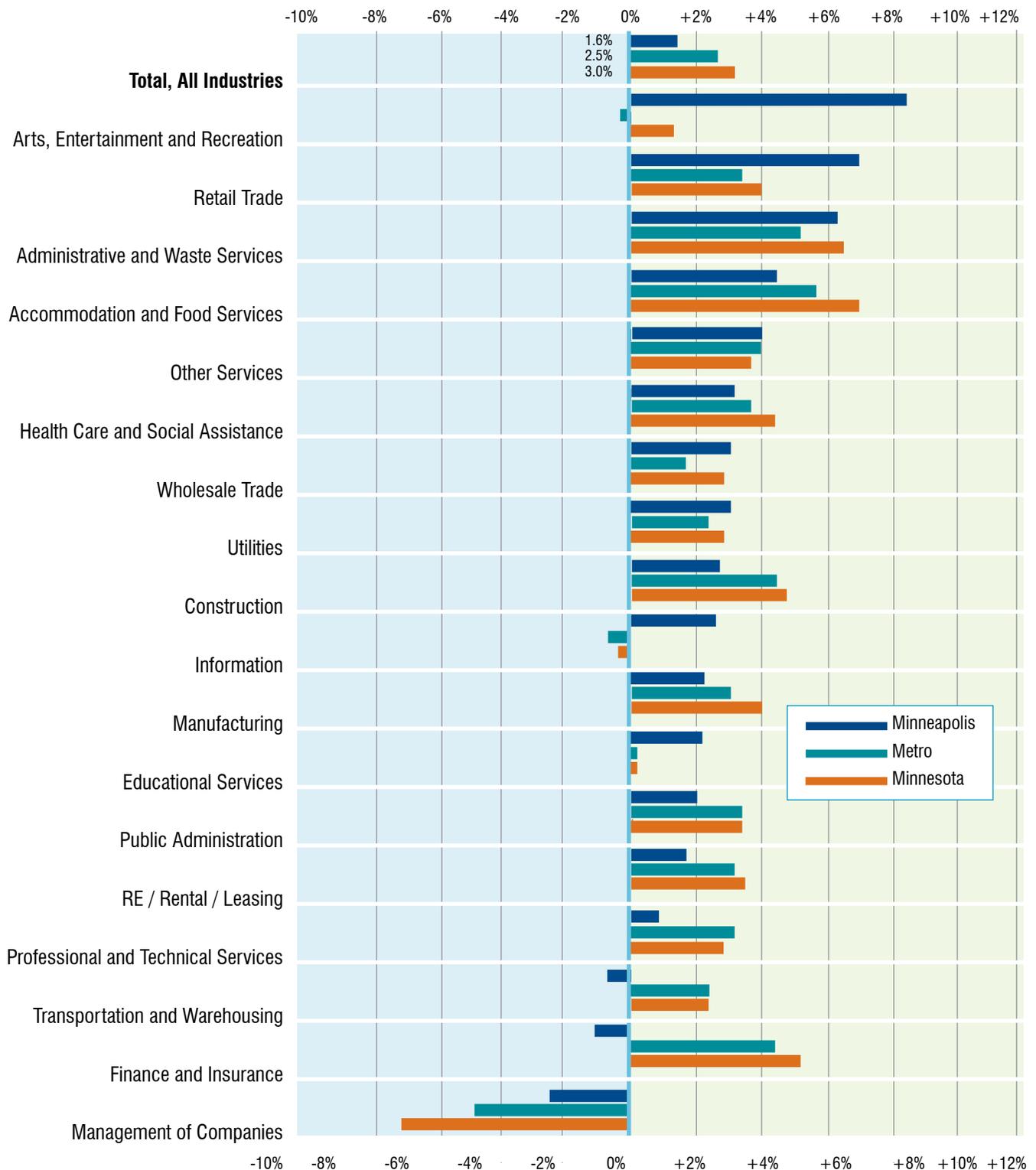
	3Q-14	4Q-14	1Q-15	2Q-15	3Q-15	\$ change 3Q-14 to 3Q-15	% change 3Q-14 to 3Q-15
Minneapolis	\$ 1,187	\$ 1,326	\$ 1,460	\$ 1,268	\$ 1,207	\$ 20	1.6%
Metro area	\$ 1,072	\$ 1,147	\$ 1,254	\$ 1,109	\$ 1,098	\$ 26	2.5%
Minnesota	\$962	\$1,019	\$1,083	\$982	\$ 990	\$ 28	3.0%

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

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

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –3Q-14 to 3Q-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 three of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Arts, Entertainment, and Recreation** saw the largest percentage increases over the previous year. In the metro and state geographies, the job sector experiencing the greatest wage growth was **Accommodation and Food Services**.

- **Arts, Entertainment, and Recreation** saw the largest increase in inflation adjusted wages in Minneapolis with **8.3 percent growth**, while wages for the industry decreased at a rate of 0.1 percent in the metro and increased at a rate of 1.6 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 second quarter of 2015, dollars have been converted with an index reflecting the CPI for the first half of 2015 and previous quarters with 2015 as a base year for Minneapolis, 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

- **276 new construction residential units** were permitted this quarter; more than double the number of units permitted in the first quarter of the previous year.
- The city permitted **51.7 percent** fewer multifamily units this quarter than last quarter, and **131.9 percent** more permits than were issued in the same quarter of 2015.
- Thirty-one residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$222.9 million. The largest single project included permits for an expansion of the Hennepin County Medical Center campus in downtown.

New construction

Minneapolis city permitting of single-family units increased over the previous quarter and when compared to the same quarter in 2015, while permitting of multi-family units decreased over the previous quarter and increased when compared to the same quarter in 2015. New residential unit permitting activity in the metro area increased over the previous quarter and 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.

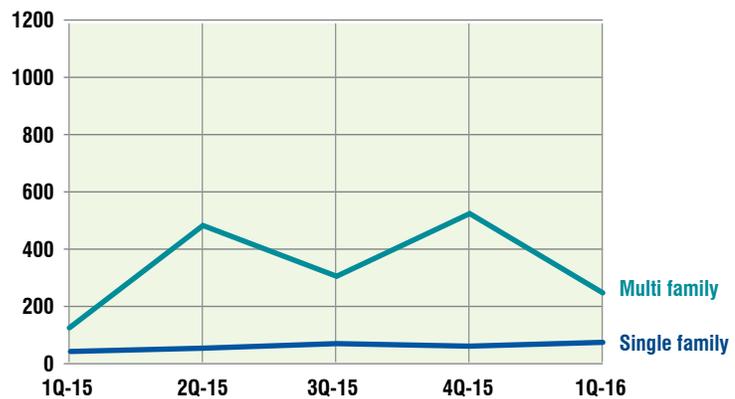
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Single-family					
City	24	29	39	30	42
Metro area	1,033	1,507	1,453	1,263	2,191
Multifamily					
City	95	433	298	541	234
Metro area	431	1,292	1,423	1,410	794
Total Units					
City	119	462	337	571	276
Metro area*	1,464	2,799	2,876	2,673	2,985

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**



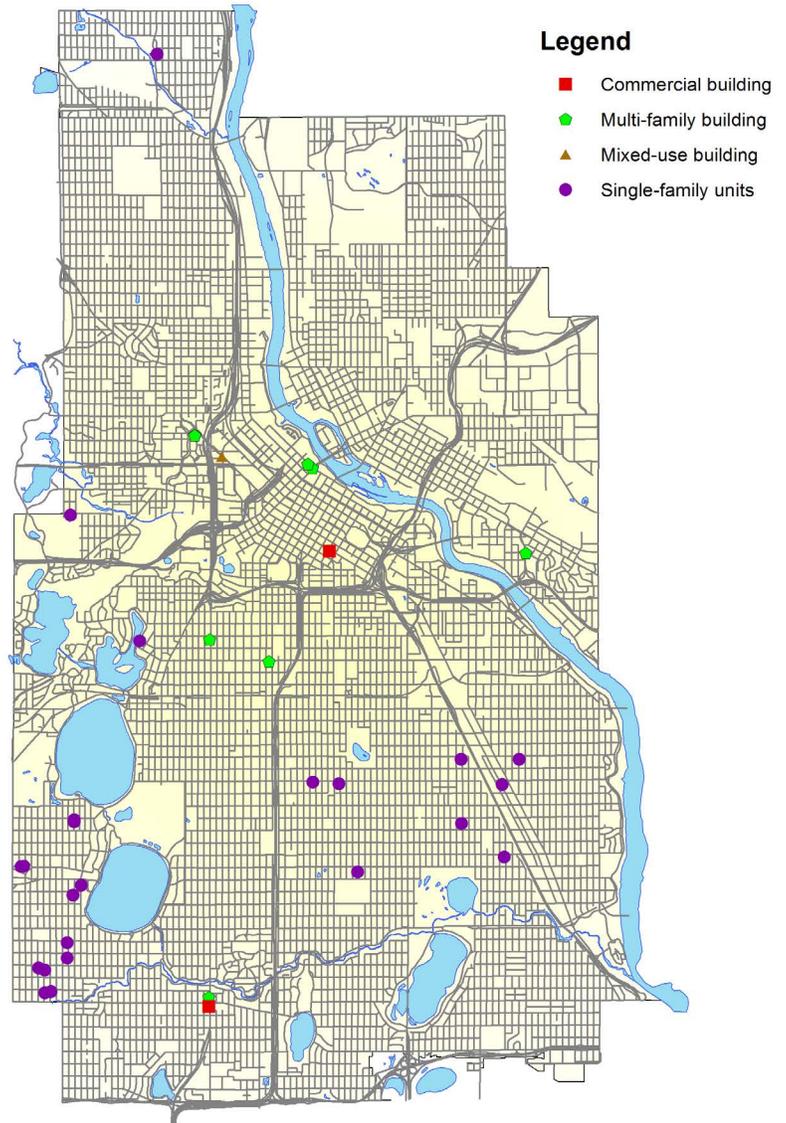
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Forty-two single-family dwellings were permitted, most of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun, as well as a cluster near the Hiawatha corridor. Four new multi-family buildings totaling 234 units were also permitted this quarter. On the commercial side, a new ambulatory outpatient care center on the Hennepin County Medical Center campus received permits this quarter.

Map 1: NEW CONSTRUCTION PERMITS – 1Q-16

Source: Minneapolis CPED



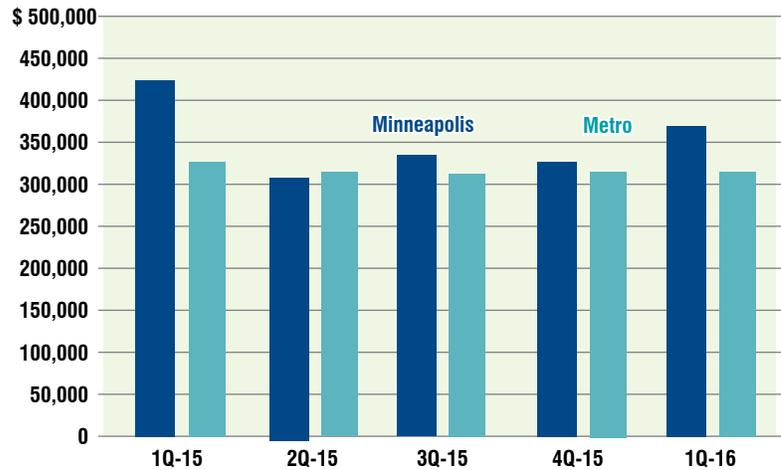
Cost of residential construction

The forty-two new single-family homes permitted this quarter had estimated construction costs ranging from \$185,000 to \$3,150,000 with a median of \$296,825.

The average single-family construction cost in the city increased by 15.4 percent this quarter in comparison with last quarter, and decreased 8.3 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 0.4 percent over the previous quarter and decreased 2.1 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 in Minneapolis and the metro as a whole decreased when compared to the same quarter from the previous year.

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

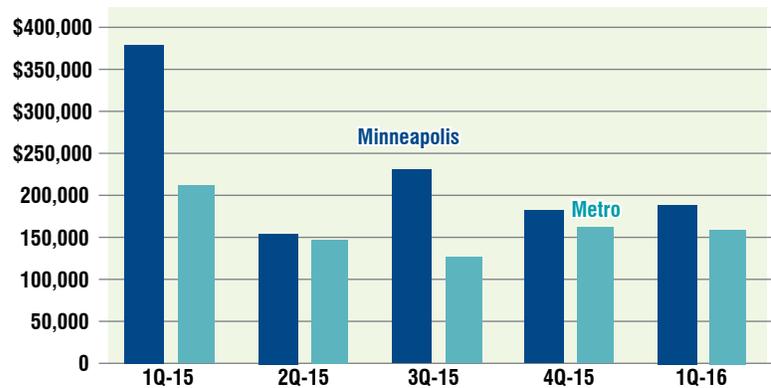


	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	\$ 423,117	\$ 304,458	\$ 341,429	\$ 336,295	\$ 387,930
Metro area	\$ 334,530	\$ 315,997	\$ 309,647	\$ 328,668	\$ 327,389

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	\$ 384,888	\$ 151,237	\$ 235,918	\$ 178,799	\$ 182,019
Metro area	\$ 220,558	\$ 149,944	\$ 133,897	\$ 157,721	\$ 152,222

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 slight 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 up when compared to the previous quarter and down when compared to the same quarter from the previous year.

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

	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Remodels					
Number of buildings	134	199	177	168	156
Total Value	\$ 39,889,008	\$ 55,055,400	\$ 27,281,733	\$ 52,565,393	\$ 59,467,781
Conversions and additions²					
Number of buildings	9	24	11	12	13
Net number of units	-3	159	-12	73	-4
Total value	\$ 207,286	\$ 26,007,819	\$ 392,160	\$ 20,835,000	\$ 885,350
Total Residential¹					
Number of buildings	143	223	188	180	169
Value	\$ 40,096,294	\$ 81,063,219	\$ 27,673,893	\$ 73,400,393	\$ 60,353,131
Total non-residential¹					
Number of buildings ³	174	221	201	148	170
Value	\$ 108,378,632	\$ 258,917,219	\$ 151,974,883	\$ 62,662,540	\$ 87,543,166

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.

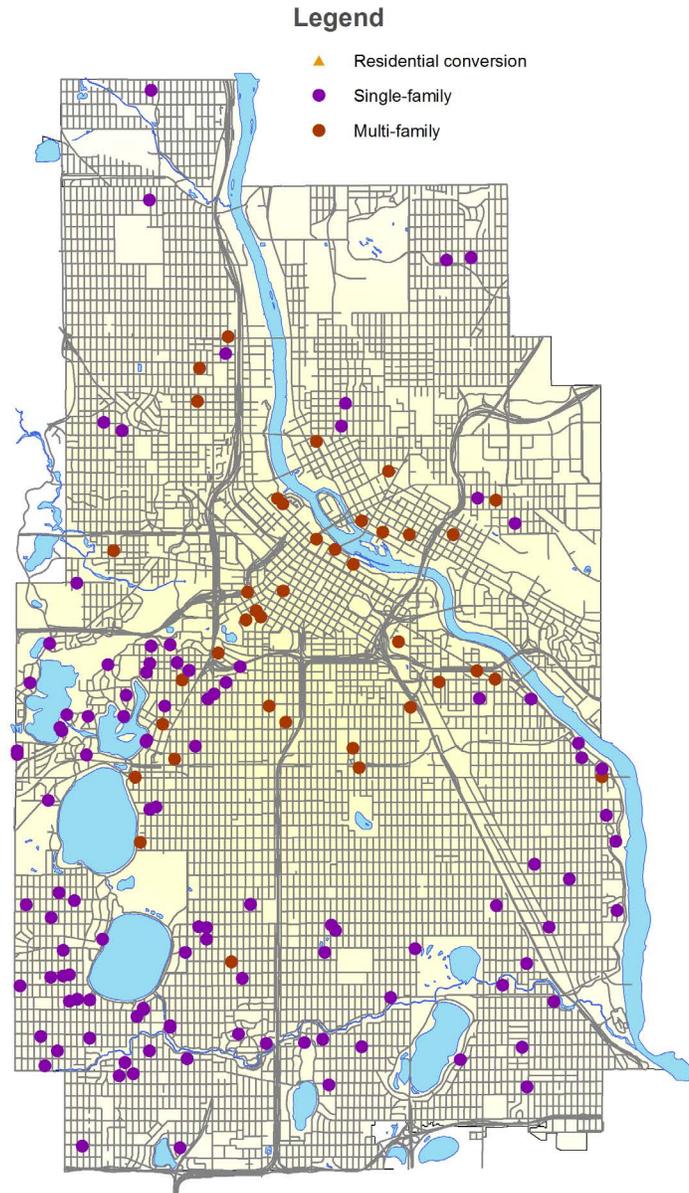
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Residential projects were largely renovations of single family properties scattered throughout the City, with concentrations in the South and Southwest sectors.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 1Q-16**
projects \$50,000 +

Source: Minneapolis CPED

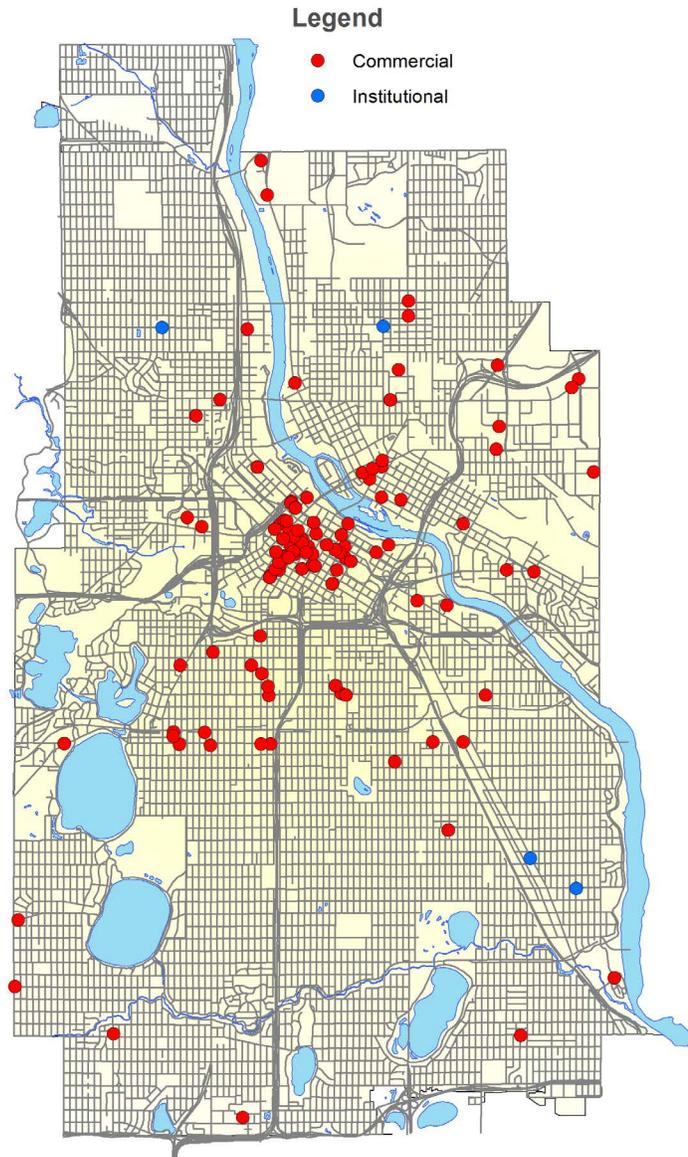


Conversions, remodels & additions

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

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION** – 1Q-16
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the first quarter of 2016. 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 \$
HCMC expansion	715 8th St S	Elliot Park	\$ 56,379,444
New 6-story 156 unit apartment building	100 Hennepin Ave	Northloop	\$ 31,925,920
Apartment building renovation	2515 9th St S	Seward	\$ 17,174,535
Apartment building renovation	2910 Franklin Ave E	Seward	\$ 14,591,092
New 140 room hotel	501 Huron Blvd Se	Prospect Pk/E River Rd	\$ 13,247,357
Addition for education facility	2324 Emerson Ave S	East Isles	\$ 12,647,490
Office Remodel	45 7th St S	Downtown West	\$ 9,448,151
New 5-story 70 unit apartment building	113 26th St E	Whittier	\$ 8,890,000
New climate controlled storage facility	701 7th St N	Northloop	\$ 6,636,083
Residential addition for 32 new sleeping rooms	1600 19th St E	Phillips	\$ 6,127,519
Office Remodel	80 8th St S	Downtown West	\$ 5,855,523
Apartment remodel	1611 6th St S	Cedar Rside/West Bank	\$ 4,076,817
Office Remodel	90 7th St S	Downtown West	\$ 3,600,000
New single family dwelling	2505 East Lake Of The Isles Pkwy	East Isles	\$ 3,150,000
Office Remodel	121 Washington Ave N	Downtown West	\$ 2,574,326
Office Remodel	800 Lasalle Ave	Downtown West	\$ 2,426,656
Remodel grocery store	2105 Lyndale Ave S	Whittier	\$ 2,361,861
Office Remodel	45 8th St S	Downtown West	\$ 2,360,879
Entry addition and elevator	1723 Bryant Ave N	Near North	\$ 2,190,000
HVAC, lighting, and plumbing upgrades	700 22nd Ave Ne	Holland	\$ 1,951,700
Church remodel	1900 Nicollet Ave	Stevens Sq/Loring Hgts	\$ 1,836,717
New 4-unit apartment building	5336 Lyndale Ave S	Lynnhurst	\$ 1,756,400
Kitchen lunchroom remodel	4211 42nd St E	Hiawatha	\$ 1,644,000
Walgreens remodel	501 West Broadway	Near North	\$ 1,453,440
Office Remodel	225 6th St S	Downtown West	\$ 1,359,902
Exterior remodel	2540 3rd Ave S	Whittier	\$ 1,339,901
Remodel for banquet facility	300 2nd St Se	Marcy-Holmes	\$ 1,270,100
Office Remodel	11 6th St S	Downtown West	\$ 1,234,521
Office Remodel	245 Marquette Ave	Downtown West	\$ 1,200,000
Remodel and addition	2429 Nicollet Ave	Whittier	\$ 1,126,651
New 4-unit apartment building	2424 Lyndale Ave S	Lowry Hill East	\$ 1,099,000

* Includes more than one permit at one address

Source: Minneapolis CPED

Demolitions

Residential demolitions decreased this quarter when compared to the previous quarter and when compared to the same quarter from 2015.

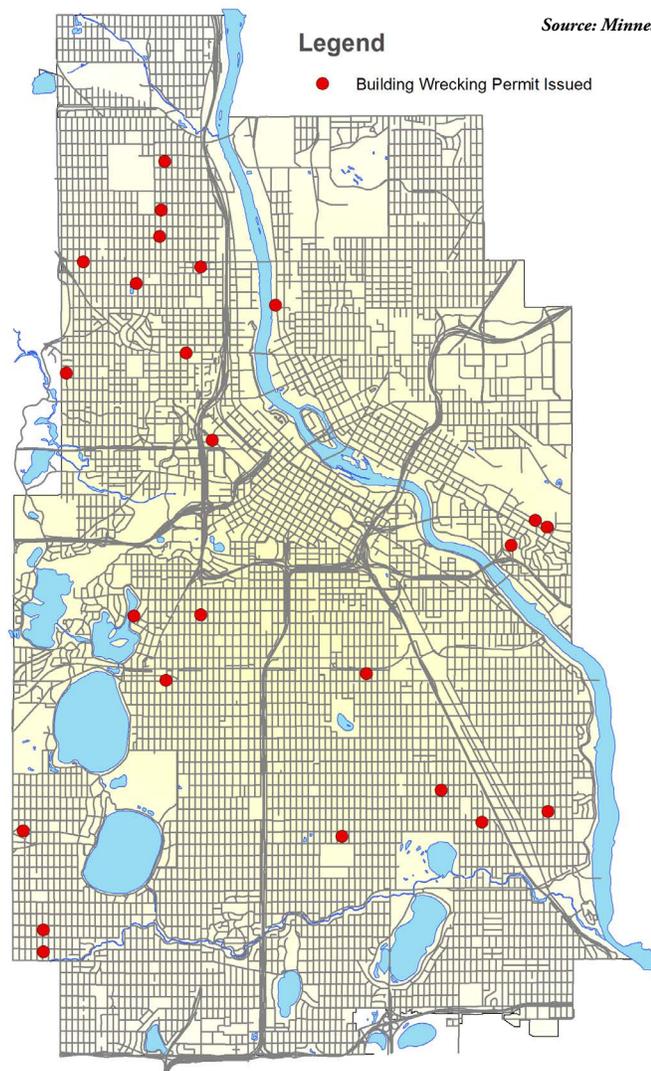
Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

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



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –1Q-16



Source: Minneapolis CPED

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

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

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

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

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

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

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

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

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

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

Map 1 – New buildings

Single-family: means detached dwellings.

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

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

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

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

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

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

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

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

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

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

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

Map 4 – Demolitions

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

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

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis increased to 4.0 percent in the first quarter of 2016 after dropping to 2.5 percent in the fourth quarter of 2015. The vacancy rate is also up from the 3.1 percent rate seen in the first quarter of 2015.
- The number of traditional housing sales increased by 1.7 percent over the same quarter last year, while lender-mediated sales increased by 6.4 percent. Average prices on traditional housing sales increased by 1.7 percent from the previous quarter, and increased 0.5 percent over the same quarter last year.
- Foreclosure sales decreased by 19.2 percent from the previous quarter, and decreased by 37.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 12.7 percent and 15.7 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 12.1 percent to 19.5 percent – the large discrepancy is explained by differences in reporting method by firm.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis increased to 4.0 percent. The metro area vacancy rate increased this quarter to 3.1 percent.

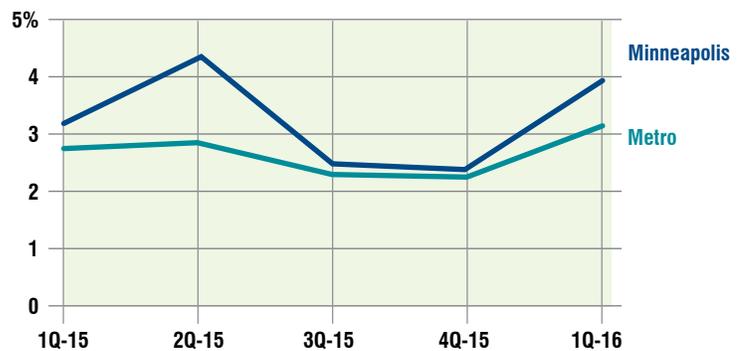
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis					
Units surveyed	21,681	20,884	21,068	21,345	22,366
Vacant units	666	954	551	537	888
Average rent	\$ 1,133	\$ 1,228	\$ 1,238	\$ 1,226	\$ 1,241
Vacancy rate	3.1%	4.6%	2.6%	2.5%	4.0%
Metro area					
Units surveyed	126,381	120,668	127,793	129,029	130,428
Vacant units	3,359	3,440	2,905	2,947	4,048
Average rent	\$ 1,018	\$ 1,055	\$ 1,053	\$ 1,053	\$ 1,072
Vacancy rate	2.7%	2.9%	2.3%	2.3%	3.1%

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

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

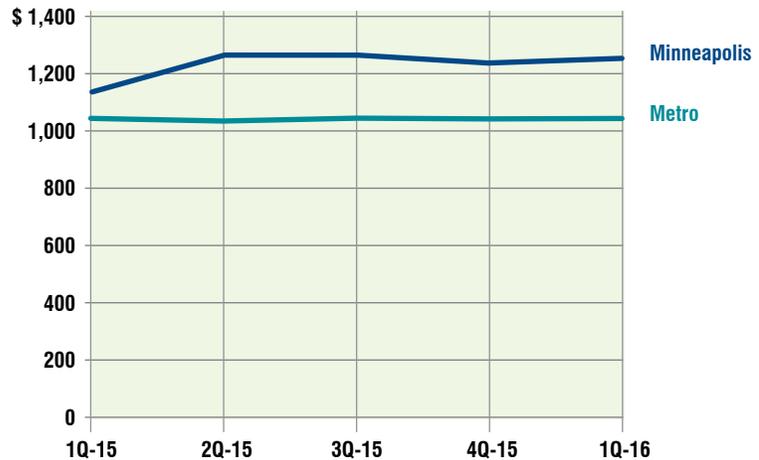
Apartment vacancy rates & average rents

At \$1,241, 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 \$1,072, an increase from the previous quarter and when compared to the same quarter of the previous year.

The vacancy rate increased in the Downtown, East, and Southwest sectors over the last quarter, fell in the South sector, and held steady in the North sector. Compared to the same quarter last year the vacancy rate fell in all sectors except for Southwest. The largest change from year to year occurred in Downtown, where the vacancy rate fell from 8.8 percent in the first quarter of 2015, to 7.1 percent in the first quarter of 2016.

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

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



In inflation-adjusted dollars

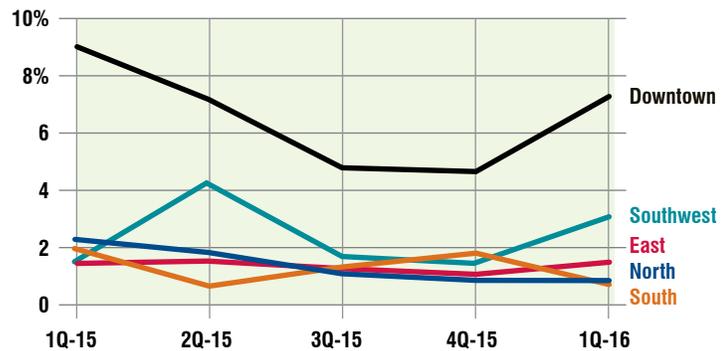
	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	\$ 1,152	\$ 1,249	\$ 1,250	\$ 1,238	\$ 1,241
Metro area	\$ 1,035	\$ 1,073	\$ 1,063	\$ 1,063	\$ 1,072

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

Recorded data for the last month of the quarter

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Downtown	8.8%	7.0%	4.4%	4.2%	7.1%
Southwest	1.8%	4.1%	1.8%	1.5%	2.6%
North	2.2%	1.9%	1.4%	1.1%	1.1%
South	2.0%	0.8%	1.5%	1.9%	0.9%
East	1.8%	1.7%	1.5%	1.4%	1.6%

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

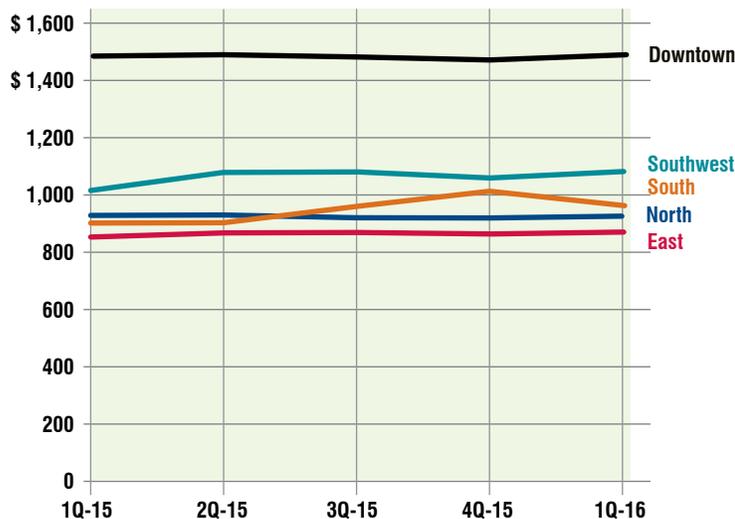
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average *inflation adjusted* rents increased over the previous quarter in the Downtown, East, and South sectors while decreasing in the North and Southwest sectors. On a year to year basis, rents increased the most in Southwest Minneapolis (13.9 percent, or 141 dollars), followed by the Downtown sector (1.7 percent, or approximately 26 dollars).

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Downtown	\$1,518	\$1,518	\$1,526	\$1,505	\$1,544
Southwest	\$1,018	\$1,160	\$1,161	\$1,045	\$1,159
North	\$964	\$958	\$958	\$955	\$953
South	\$939	\$954	\$972	\$1,016	\$951
East	\$900	\$917	\$921	\$895	\$898

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](#).

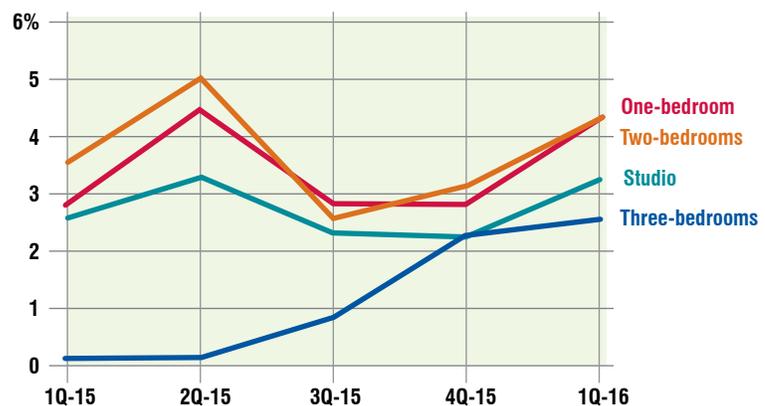
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates increased for all apartment types. In comparison with the same quarter from the previous year, vacancy rates also increased for all apartment types.

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

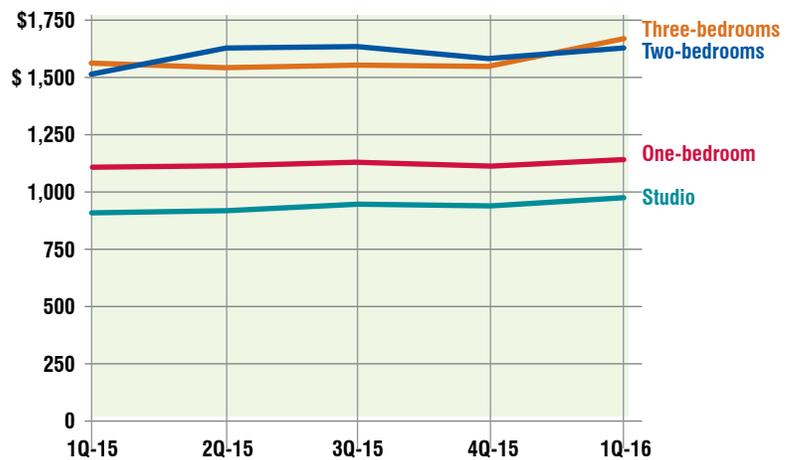


	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Studio	2.6%	3.4%	2.2%	2.1%	3.1%
One-bedroom	2.8%	4.6%	2.8%	2.8%	4.2%
Two-bedroom	3.8%	5.0%	2.6%	3.1%	4.2%
Three-bedroom	0.4%	0.4%	0.9%	2.1%	2.4%

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

Recorded data for the last month of the quarter

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Studio	\$ 848	\$ 869	\$ 874	\$ 872	\$ 891
One-bedroom	\$ 1,046	\$ 1,120	\$ 1,123	\$ 1,102	\$ 1,126
Two-bedroom	\$ 1,500	\$ 1,626	\$ 1,633	\$ 1,571	\$ 1,597
Three-bedroom	\$ 1,550	\$ 1,519	\$ 1,524	\$ 1,527	\$ 1,607

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.)

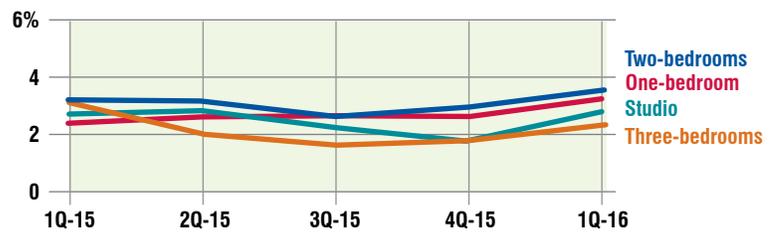
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates increased for all unit types when compared to the previous quarter. All unit types except for three-bedrooms experienced an increase in vacancy when compared to the same quarter from the previous year.

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

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



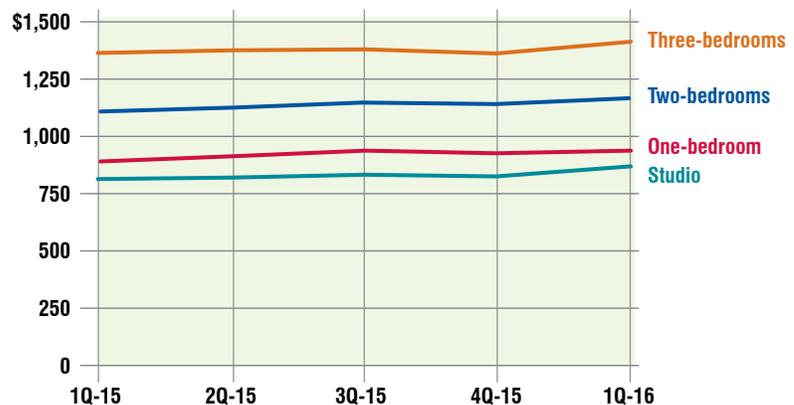
	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Studio	2.5%	2.7%	2.1%	1.9%	2.6%
One-bedroom	2.4%	2.6%	2.3%	2.3%	3.1%
Two-bedroom	2.7%	2.7%	2.3%	2.5%	3.3%
Three-bedroom	2.7%	2.0%	1.8%	1.9%	2.2%

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

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Studio	\$ 810	\$ 821	\$ 826	\$ 822	\$ 844
One-bedroom	\$ 907	\$ 929	\$ 935	\$ 923	\$ 943
Two-bedroom	\$ 1,122	\$ 1,138	\$ 1,143	\$ 1,132	\$ 1,156
Three-bedroom	\$ 1,375	\$ 1,385	\$ 1,395	\$ 1,383	\$ 1,402

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](#)

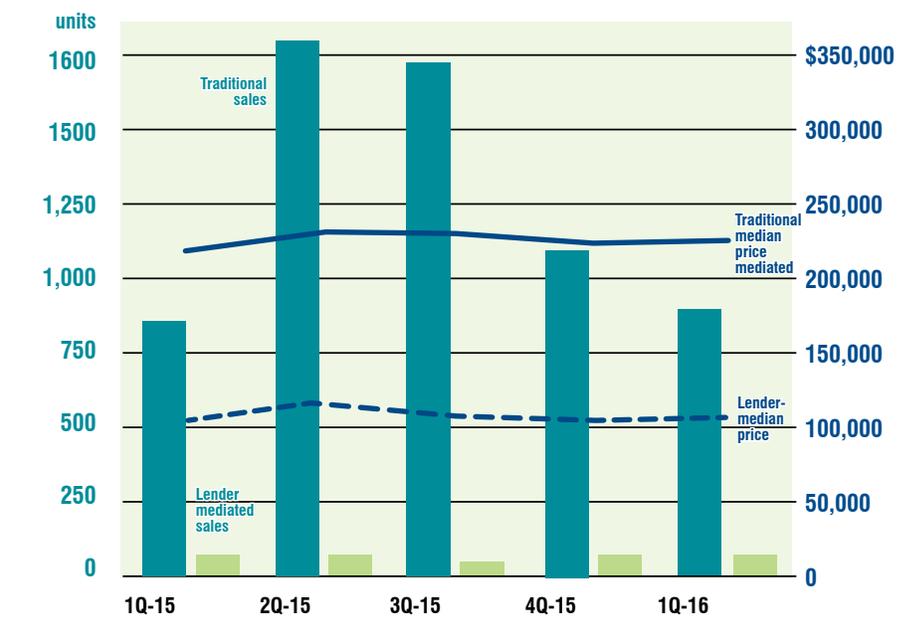
Residential sales

Overall sale of housing units decreased from the previous quarter. This included a decrease in traditional sales (26.7 percent) and an increase in lender-mediated sales (6.4 percent). Median prices for the quarter increased for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$228,700) remains comparable to the regional median sale price (\$228,950) this quarter.

Over a twelve-month period, the number of traditional housing sales increased by 1.7 percent, while lender-mediated sales increased by 6.4 percent.

Median sale prices increased for traditional sales (0.5 percent) and for lender-mediated sales (4.8 percent). This quarter lender-mediated sales including foreclosures were 16 percent of all housing sales in the city, while they accounted for 15 percent of sales in the same quarter of the previous year.

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



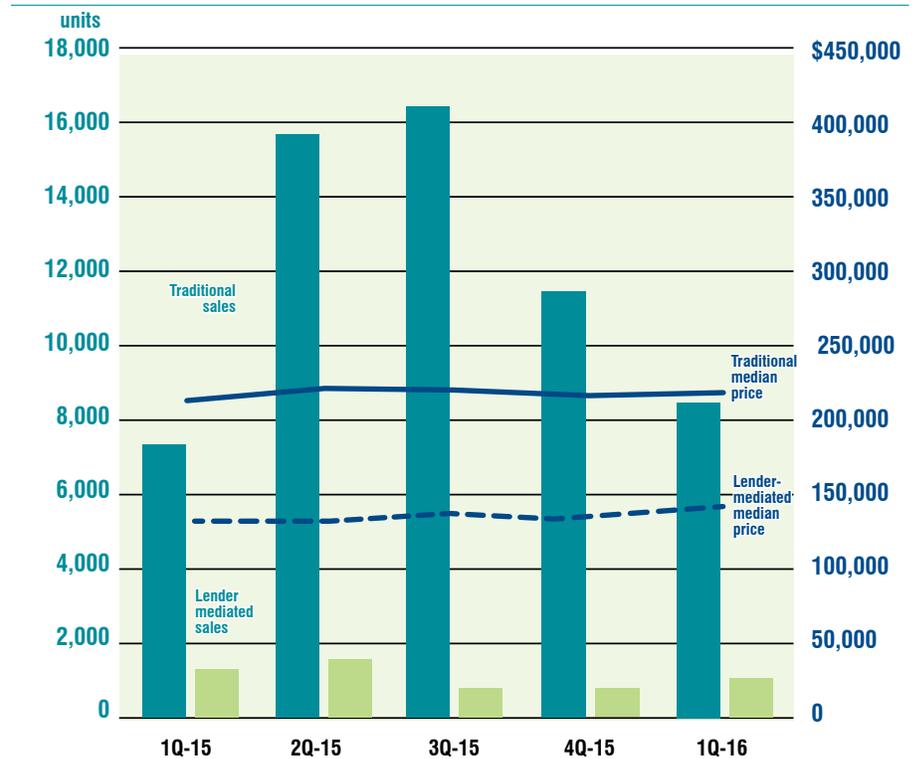
	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Traditional sales	787	1,630	1,593	1,092	800
Lender-mediated sales	141	142	116	141	150
Traditional sales median price	\$ 227,500	\$ 234,900	\$ 231,700	\$ 224,900	\$ 228,700
Lender-mediated median price	\$ 105,500	\$ 124,700	\$ 112,500	\$ 105,000	\$ 110,583

Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were down from the previous quarter by 24.8 percent, while lender-mediated sales increased by 6.3 percent. Median sale prices for traditional sales rose by 1.0 percent while lender-mediated median sale prices increased by 5.3 percent.

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Traditional sales	7,344	15,963	16,113	10,762	8,098
Lender-mediated sales	1,566	1,669	1,391	1,326	1,409
Traditional sales median price	\$ 220,800	\$ 230,900	\$ 230,000	\$ 226,600	\$ 228,950
Lender-mediated median price	\$ 140,000	\$ 146,000	\$ 147,950	\$ 142,000	\$ 149,500

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

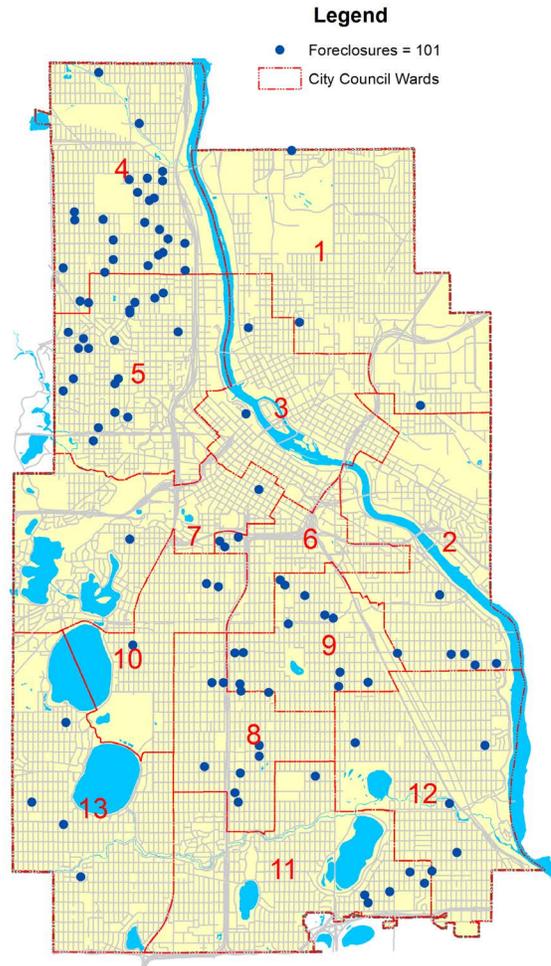
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

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

Foreclosures

This quarter 101 properties were sold at public auction, 19.2 percent fewer than the previous quarter, and 37.3 percent fewer than the first quarter of 2015.

MAP 5: PROPERTIES FORECLOSED – 1Q-16
by wards



Source: Hennepin County

Data on foreclosures downloaded as of April 2015. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

Ward	1Q-15		2Q-15		3Q-15		4Q-15		1Q-16	
	Number	Percent								
1	16	10%	11	10%	12	7%	12	10%	3	3%
2	9	6%	5	5%	4	2%	4	3%	6	6%
3	8	5%	3	3%	3	2%	5	4%	2	2%
4	48	30%	28	26%	29	17%	36	29%	26	26%
5	21	13%	16	15%	12	7%	15	12%	19	19%
6	7	4%	3	3%	3	2%	1	1%	3	3%
7	8	5%	3	3%	4	2%	9	7%	2	2%
8	7	4%	13	12%	11	6%	6	5%	9	9%
9	6	4%	6	6%	5	3%	9	7%	13	13%
10	4	2%	2	2%	3	2%	4	3%	3	3%
11	5	3%	3	3%	10	6%	7	6%	6	6%
12	12	7%	12	11%	3	2%	12	10%	5	5%
13	10	6%	4	4%	2	1%	5	4%	4	4%
Total	161	100%	109	100%	101	100%	125	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 decreased from the last quarter to 530, which was 4.7 percent lower than at the end of the first quarter of 2015. The number of condemned buildings fell by 7.3 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased by 2.1 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

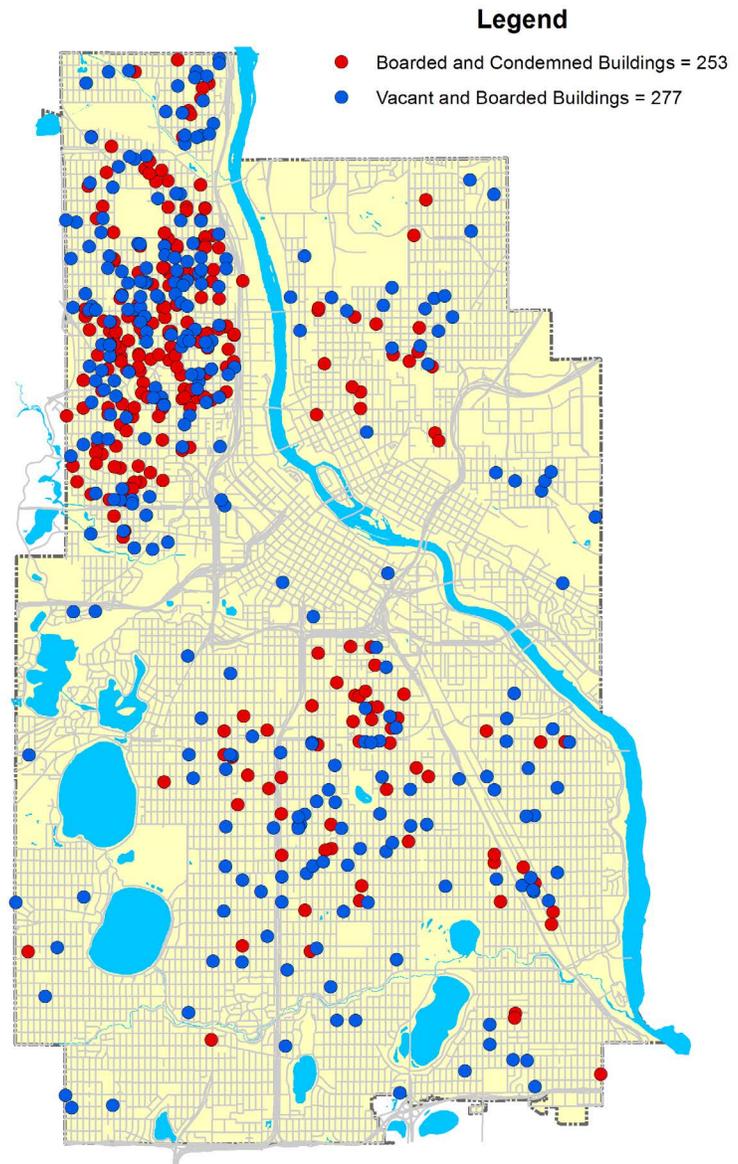


Table 9: CONDEMNED AND VACANT BUILDINGS – Minneapolis as of the end of the quarter

	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Boarded and condemned buildings	273	259	263	258	253
Vacant but not condemned	283	272	272	295	277
Total	556	531	535	553	530

Source: Minneapolis CPED

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

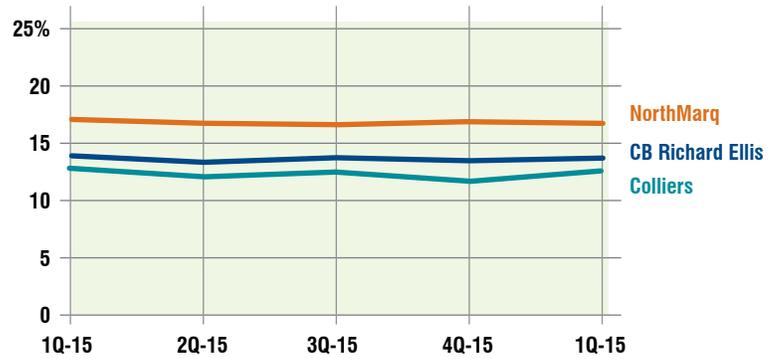
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 12.7 percent and 15.7 percent according to the surveyed 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 13.5 percent and 16.0 percent, according to the surveyed 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

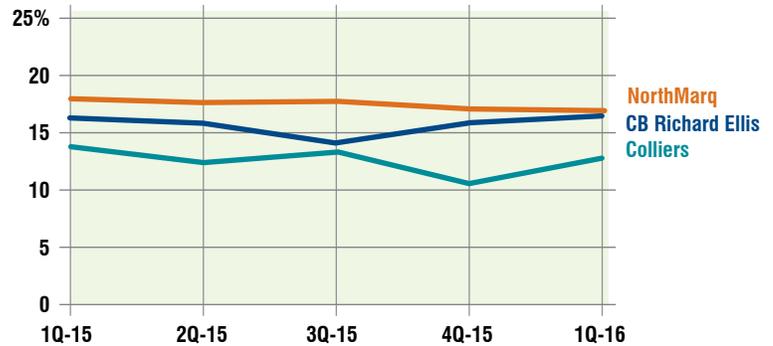


	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
CB Richard Ellis	14.6%	13.3%	13.8%	13.6%	13.7%
Colliers	14.0%	12.9%	13.2%	10.6%	12.7%
NorthMarq	15.9%	15.6%	15.6%	15.7%	15.7%

Sources: CB Richard Ellis, Colliers and NorthMarq

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

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



	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
CB Richard Ellis	16.0%	15.3%	14.8%	15.5%	15.9%
Colliers	14.6%	12.5%	14.1%	10.1%	13.5%
NorthMarq	16.6%	16.4%	16.4%	16.0%	16.0%

Sources: CB Richard Ellis, Colliers and NorthMarq

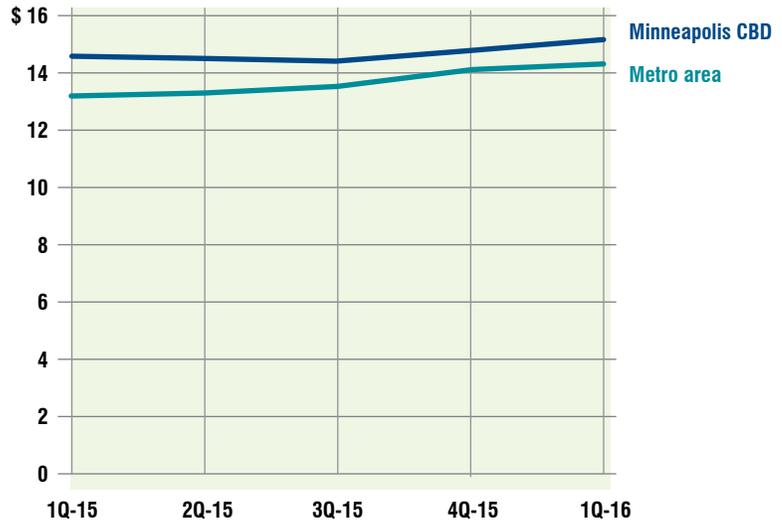
See explanation of sources on [page 42](#)

Office space

When compared to the previous quarter the average asking lease rate per square foot in the Minneapolis central business district (CBD) and the metro area increased. When compared to the previous year rents in the Minneapolis CBD are up 5.5 percent.

Compared to the previous quarter the rate of growth in occupied office space increased in Downtown Minneapolis and held steady in the Metro area as a whole. An additional 277,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and an additional 538,000 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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis CBD	\$ 14.77	\$ 14.73	\$ 14.59	\$ 15.25	\$ 15.58
Metro area	\$ 13.29	\$ 13.43	\$ 13.63	\$ 14.18	\$ 14.27

Source: CB Richard Ellis

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis CBD	4.5%	1.6%	-0.6%	0.2%	1.3%
Metro area	2.0%	0.8%	0.6%	-0.6%	-0.6%

Source: CB Richard Ellis

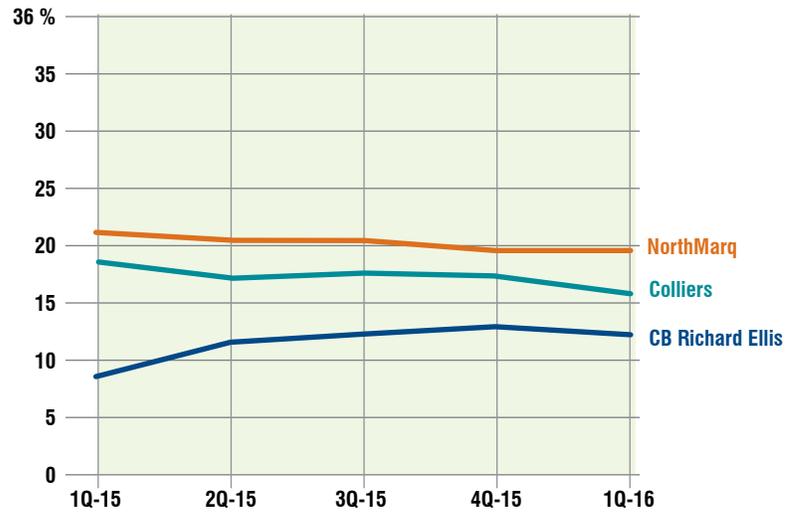
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.1 and 19.5 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 4.4 percent to 7.1 percent.

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

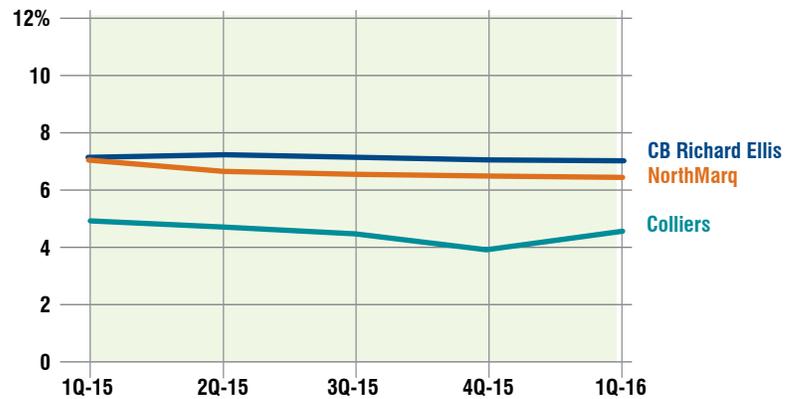


	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
CB Richard Ellis	8.2%	11.8%	12.5%	12.9%	12.1%
Colliers	19.1%	16.2%	17.4%	16.0%	15.3%
NorthMarq	21.1%	20.1%	20.1%	19.5%	19.5%

Sources CB Richard Ellis and NorthMarq

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

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



	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
CB Richard Ellis	7.1%	7.3%	7.2%	7.1%	7.1%
Colliers	4.8%	4.4%	4.3%	3.9%	4.4%
Northmarq	7.1%	6.6%	6.6%	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.

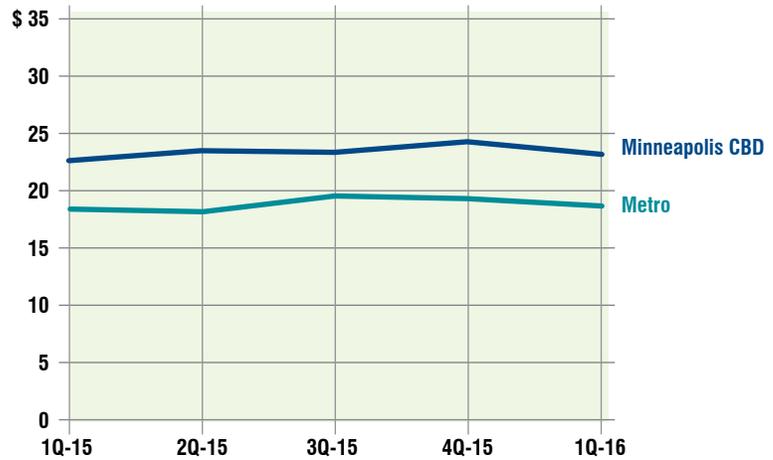
Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) decreased when compared to the previous quarter's numbers and when compared to the first quarter of 2015.

In the metro area, average asking lease price also decreased over the previous quarter and when compared to the first quarter of 2015.

Occupied retail space in the Minneapolis central business district (CBD) increased this quarter while occupied retail space in the metro area was static.

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis CBD	\$ 22.53	\$ 24.54	\$ 24.41	\$ 24.98	\$ 22.39
Metro area	\$ 17.85	\$ 17.77	\$ 17.99	\$ 17.92	\$ 17.78

Source: CB Richard Ellis

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis CBD	6.3%	-2.9%	-0.8%	-0.5%	0.9%
Metro area	-0.7%	-0.1%	0.8%	0.1%	0.0%

Source: CB Richard Ellis

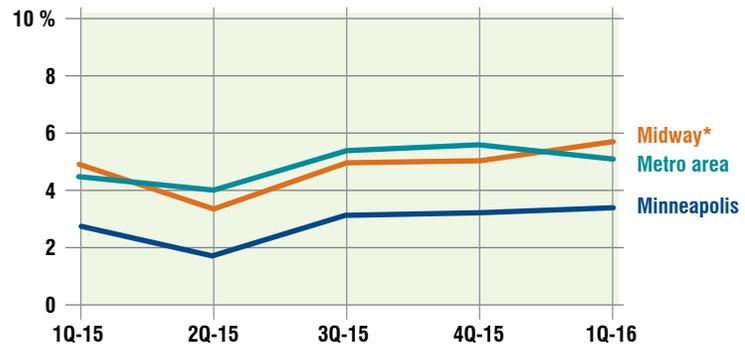
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

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

The average asking lease price for industrial space decreased in Minneapolis while rising in the Midway area and Metro area overall when compared to the previous quarter. Asking lease rates were up in all geographies when compared to the same quarter from the previous year.

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



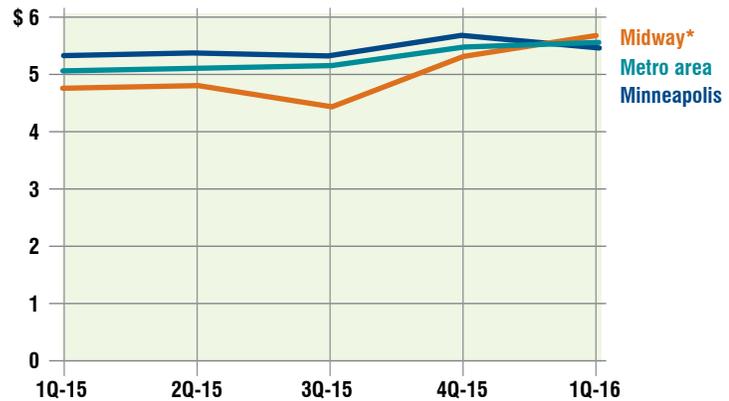
	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	2.6%	1.9%	3.6%	3.7%	3.8%
Midway*	5.4%	3.8%	5.1%	5.0%	5.8%
Metro area	5.2%	5.0%	5.5%	5.6%	5.2%

Source: CB Richard Ellis

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

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

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



	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	\$5.38	\$5.43	\$5.36	\$5.84	\$5.44
Midway*	\$4.73	\$4.75	\$4.27	\$5.47	\$5.54
Metro area	\$5.07	\$5.11	\$5.19	\$5.52	\$5.57

Source: CB Richard Ellis

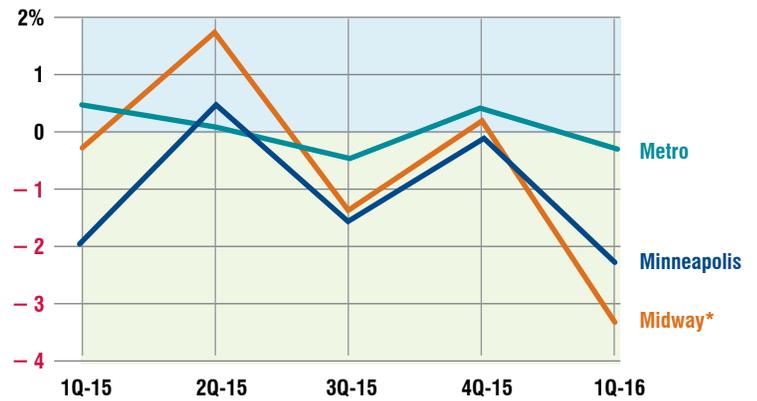
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

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

Industrial space

Industrial absorption rates decreased in all geographies when compared to the previous quarter.

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



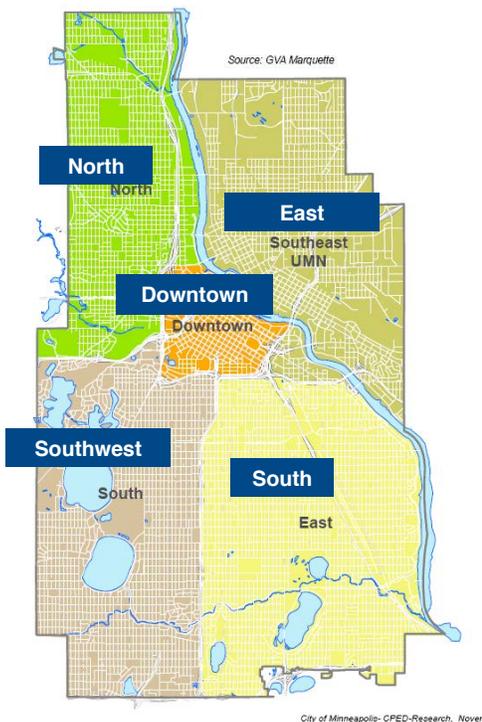
	1Q-15	2Q-15	3Q-15	4Q-15	1Q-16
Minneapolis	-2.0%	0.7%	-1.7%	-0.1%	-2.4%
Midway*	-0.1%	1.7%	-1.4%	0.1%	-3.4%
Metro area	0.7%	0.2%	-0.4%	0.3%	-0.3%

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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