Market

Trends

Q1 2024

Mpls/St Paul - Retail

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MARKET TRENDS

Q1 2024 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,955,695	▲
Area Unemployment	3.3	▲
U.S. Unemployment	3.9	▲
Retail Jobs	172,400	▲

Source: BLS

*Employment figures and area unemployment are based on Mpls-St Paul MSA data.

Market Recap

Total Inventory (sf)	93,721,083
Total # of Bldgs (tracked)	1,926
Absorption	(83,718)
Vacancy	8.0%
Asking Rate (NNN)	$18.40
Under Construction	530,077

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 10 basis points to 3.3% for February 2024 from 3.2% for February 2023. The unemployment rate for the US was at 3.9% in February 2024 increasing 30 basis points from last year. State of Minnesota unemployment rate was 2.7%. The Mpls-St Paul MSA saw an increase in job growth and retail also increased in job growth in leisure and hospitality by 1,100 during the same period.

Market Overview

The Mpls-St Paul retail market consists of over 93.7 msf of space in seven metro counties. This region posted (83,700) sf negative absorption for Q1 2024 and brought the YTD to (83,700) sf negative absorption. Multi-tenant properties had 3,000 sf positive absorption this quarter bringing the YTD to 3,000 sf positive absorption. The vacancy rate for the overall market was 8.0% and multi-tenant only properties showed 10.9%. To date there are 26 construction projects throughout the market totaling 530,000 sf.

Market Highlights

At the close of Q1 2024, the market experienced over 353,900 sf of leasing activity from 113 transactions. The Southwest market posted the lowest vacancy rate at 6.2% for all properties while Mpls CBD was the highest at 29.6%. The Northeast market led all markets posting positive absorption of 36,800 sf led by Famous Furniture leasing 27,000 sf. The Southeast market posted the most negative absorption of (114,700) sf led by Kowalski vacating 40,300 sf. During Q1 2024, 85 properties sold with 1.3 msf totaling $310.7 million. Four properties were delivered YTD with 46,300 sf.

Market Statistics by Property Type

Total

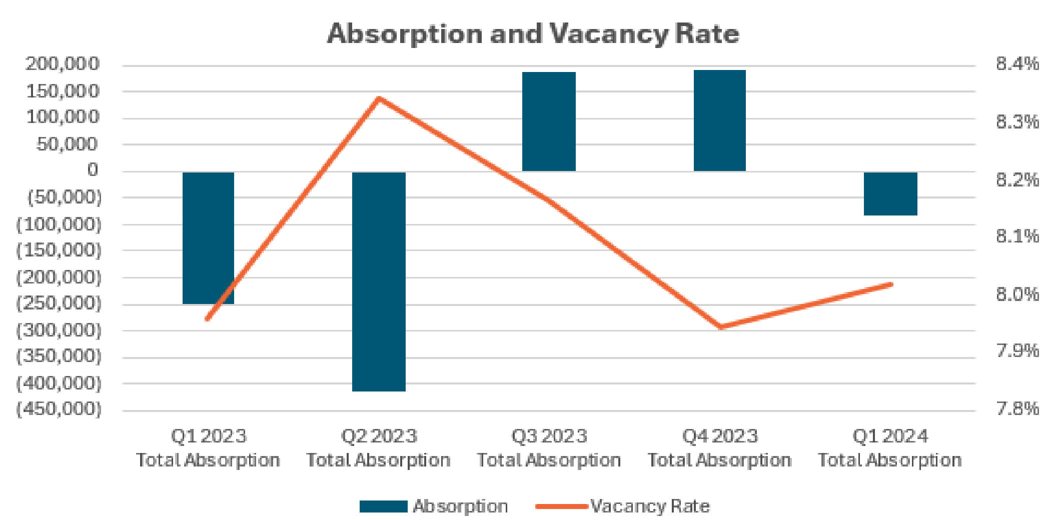
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	69	11,142,095	1,186,616	1,495,249	29,369	29,369	13.4%
Freestanding/Big Box	601	38,373,464	906,829	1,525,353	(86,762)	(86,762)	4.0%
Mixed Use	197	7,189,360	1,098,199	1,390,582	(16,691)	(16,691)	19.3%
Neighborhood Center	338	19,066,076	1,461,070	1,426,319	26,507	26,507	7.5%
Regional Center	9	7,018,869	1,030,099	1,027,095	(21,245)	(21,245)	14.6%
Strip Center	712	10,931,219	791,293	650,055	(14,896)	(14,896)	5.9%
Grand Total	**1,926**	**93,721,083**	**6,474,106**	**7,514,653**	**(83,718)**	**(83,718)**	**8.0%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	69	11,142,095	1,127,674	1,436,307	14,913	14,913	12.9%
Freestanding/Big Box	601	38,373,464	619,936	1,365,173	(73,262)	(73,262)	3.6%
Mixed Use	197	7,189,360	1,042,320	1,349,567	(8,573)	(8,573)	18.8%
Neighborhood Center	338	19,066,076	1,360,431	1,326,880	36,075	36,075	7.0%
Regional Center	9	7,018,869	1,030,099	1,027,095	(21,245)	(21,245)	14.6%
Strip Center	712	10,931,219	791,293	648,359	(14,896)	(14,896)	5.9%
Grand Total	**1,926**	**93,721,083**	**5,971,753**	**7,153,381**	**(66,988)**	**(66,988)**	**7.6%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	69	11,142,095	58,942	58,942	14,456	14,456	0.5%
Freestanding/Big Box	601	38,373,464	286,893	160,180	(13,500)	(13,500)	0.4%
Mixed Use	197	7,189,360	55,879	41,015	(8,118)	(8,118)	0.6%
Neighborhood Center	338	19,066,076	100,639	99,439	(9,568)	(9,568)	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	712	10,931,219		1,696	0	0	0.0%
Grand Total	**1,926**	**93,721,083**	**502,353**	**361,272**	**(16,730)**	**(16,730)**	**0.4%**



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643			0	0	0.0%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	62	2,806,703	641,138	955,276	(3,010)	(3,010)	34.0%
	Strip Center	2	18,520	5,206	5,206	0	0	28.1%
	Subtotal	**67**	**3,246,282**	**646,344**	**960,482**	**(3,010)**	**(3,010)**	**29.6%**
Northeast	Community Center	23	3,726,040	434,250	510,051	45,324	45,324	13.7%
	Freestanding/Big Box	201	13,172,308	417,743	670,267	(13,500)	(13,500)	5.1%
	Mixed Use	23	602,868	60,689	55,758	(3,473)	(3,473)	9.2%
	Neighborhood Center	95	5,459,301	487,266	496,108	5,719	5,719	9.1%
	Regional Center	4	2,725,830	339,148	339,148	(9,458)	(9,458)	12.4%
	Strip Center	210	3,277,823	190,826	200,991	12,222	12,222	6.1%
	Subtotal	**556**	**28,964,170**	**1,929,922**	**2,272,323**	**36,834**	**36,834**	**7.8%**
Northwest	Community Center	8	1,331,047	58,516	157,298	5,976	5,976	11.8%
	Freestanding/Big Box	87	5,625,919	88,149	512,651	0	0	9.1%
	Mixed Use	22	844,122	43,360	38,671	1,594	1,594	4.6%
	Neighborhood Center	57	3,262,974	188,392	258,998	3,059	3,059	7.9%
	Strip Center	125	1,817,318	148,553	109,021	(5,950)	(5,950)	6.0%
	Subtotal	**299**	**12,881,380**	**526,970**	**1,076,639**	**4,679**	**4,679**	**8.4%**
Saint Paul CBD	Mixed Use	14	539,043	91,834	84,528	0	0	15.7%
	Subtotal	**14**	**539,043**	**91,834**	**84,528**	**0**	**0**	**15.7%**
Southeast	Community Center	21	3,487,299	401,817	564,784	(30,042)	(30,042)	16.2%
	Freestanding/Big Box	185	12,171,034	329,916	243,516	(73,262)	(73,262)	2.0%
	Mixed Use	29	989,788	74,582	63,753	(9,659)	(9,659)	6.4%
	Neighborhood Center	109	6,002,651	487,328	401,290	7,552	7,552	6.7%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	210	3,106,649	213,816	178,636	(9,322)	(9,322)	5.8%
	Subtotal	**555**	**26,367,412**	**1,713,833**	**1,658,353**	**(114,733)**	**(114,733)**	**6.3%**
Southwest	Community Center	13	2,054,657	152,776	127,776	8,111	8,111	6.2%
	Freestanding/Big Box	95	5,455,141	71,021	71,021	0	0	1.3%
	Mixed Use	29	882,683	93,350	89,625	(1,159)	(1,159)	10.2%
	Neighborhood Center	48	2,818,209	135,032	124,877	10,177	10,177	4.4%
	Regional Center	2	2,087,941	437,816	437,816	(6,633)	(6,633)	21.0%
	Strip Center	112	1,796,213	155,506	80,003	(13,641)	(13,641)	4.5%
	Subtotal	**299**	**15,094,844**	**1,045,501**	**931,118**	**(3,145)**	**(3,145)**	**6.2%**
West	Community Center	3	395,409	139,257	135,340	0	0	34.2%
	Freestanding/Big Box	31	1,675,646		27,898	0	0	1.7%
	Mixed Use	18	524,153	93,246	102,971	(984)	(984)	19.6%
	Neighborhood Center	29	1,522,941	163,052	145,046	0	0	9.5%
	Regional Center	2	1,595,107	46,761	43,757	(5,154)	(5,154)	2.7%
	Strip Center	53	914,696	77,386	76,198	1,795	1,795	8.3%
	Subtotal	**136**	**6,627,952**	**519,702**	**531,210**	**(4,343)**	**(4,343)**	**8.0%**
Grand Total		**1,926**	**93,721,083**	**6,474,106**	**7,514,653**	**(83,718)**	**(83,718)**	**8.0%**

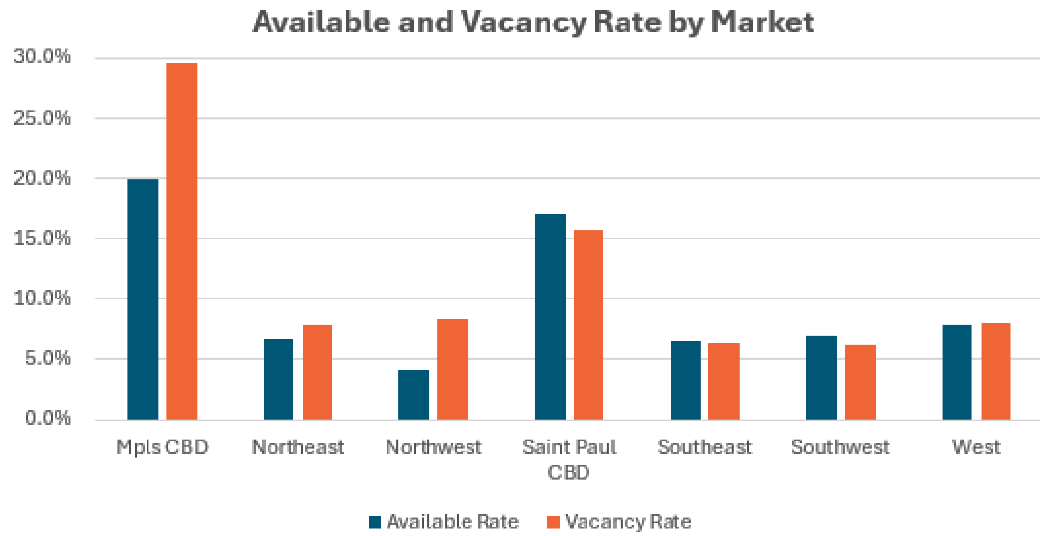
Vacancy Rates

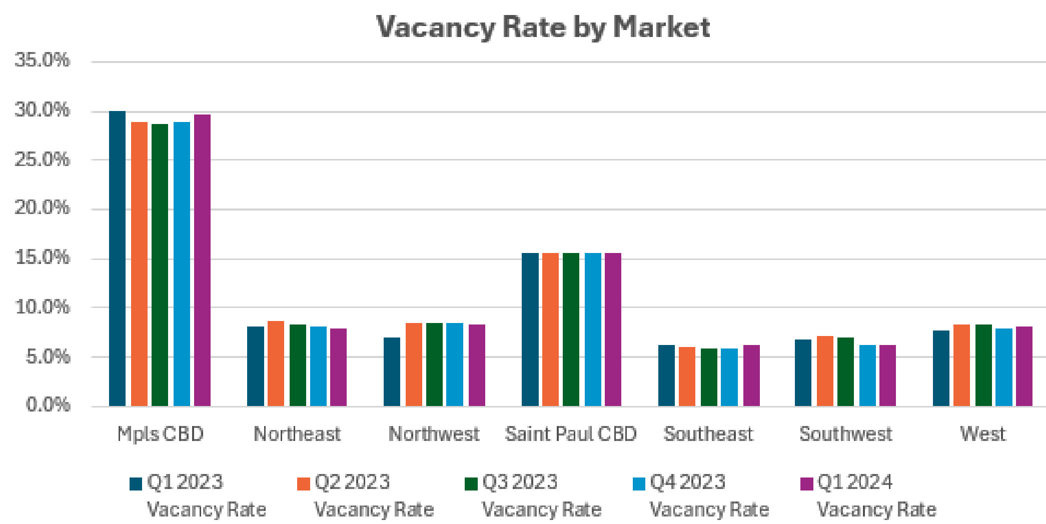
Market	Property Type	Q1 2023 Vacancy Rate	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Q4 2023 Vacancy Rate	Q1 2024 Vacancy Rate
Mpls CBD	Community Center	0.9%	0.9%	0.0%	0.0%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	34.4%	33.2%	32.9%	33.1%	34.0%
	Strip Center	28.1%	28.1%	28.1%	28.1%	28.1%
	Subtotal	**30.0%**	**28.9%**	**28.7%**	**28.9%**	**29.6%**
Northeast	Community Center	12.6%	13.8%	14.8%	14.9%	13.7%
	Freestanding/Big Box	5.2%	5.4%	4.9%	4.9%	5.1%
	Mixed Use	7.9%	7.6%	7.5%	8.7%	9.2%
	Neighborhood Center	12.1%	12.1%	11.2%	10.3%	9.1%
	Regional Center	9.0%	11.5%	12.4%	12.1%	12.4%
	Strip Center	6.9%	7.1%	6.7%	6.6%	6.1%
	Subtotal	**8.1%**	**8.6%**	**8.3%**	**8.1%**	**7.8%**
Northwest	Community Center	11.7%	12.7%	12.7%	12.3%	11.8%
	Freestanding/Big Box	5.7%	9.1%	9.1%	9.1%	9.1%
	Mixed Use	2.7%	4.7%	5.6%	4.8%	4.6%
	Neighborhood Center	8.4%	8.2%	8.1%	8.0%	7.9%
	Strip Center	6.3%	6.1%	5.5%	5.7%	6.0%
	Subtotal	**6.9%**	**8.5%**	**8.5%**	**8.4%**	**8.4%**
Saint Paul CBD	Mixed Use	15.7%	15.7%	15.7%	15.7%	15.7%
	Subtotal	**15.7%**	**15.7%**	**15.7%**	**15.7%**	**15.7%**
Southeast	Community Center	15.0%	15.1%	14.7%	14.7%	16.2%
	Freestanding/Big Box	1.4%	1.4%	1.3%	1.2%	2.0%
	Mixed Use	6.8%	7.1%	6.2%	5.5%	6.4%
	Neighborhood Center	8.0%	7.4%	7.2%	6.8%	6.7%
	Regional Center	19.7%	19.7%	33.8%	33.8%	33.8%
	Strip Center	6.7%	6.6%	6.0%	5.5%	5.8%
	Subtotal	**6.2%**	**6.1%**	**5.9%**	**5.8%**	**6.3%**
Southwest	Community Center	14.2%	15.1%	13.6%	6.6%	6.2%
	Freestanding/Big Box	1.3%	1.3%	1.3%	1.3%	1.3%
	Mixed Use	8.4%	9.2%	9.3%	10.0%	10.2%
	Neighborhood Center	5.0%	4.7%	4.6%	4.8%	4.4%
	Regional Center	16.7%	18.5%	19.2%	20.7%	21.0%
	Strip Center	4.0%	4.0%	4.0%	3.7%	4.5%
	Subtotal	**6.8%**	**7.1%**	**7.0%**	**6.2%**	**6.2%**
West	Community Center	25.6%	34.2%	34.2%	34.2%	34.2%
	Freestanding/Big Box	1.7%	1.7%	1.7%	1.7%	1.7%
	Mixed Use	19.1%	19.2%	18.9%	19.5%	19.6%
	Neighborhood Center	8.6%	9.5%	9.9%	9.5%	9.5%
	Regional Center	4.7%	3.3%	3.1%	2.4%	2.7%
	Strip Center	8.5%	8.9%	8.8%	8.5%	8.3%
	Subtotal	**7.7%**	**8.2%**	**8.2%**	**7.9%**	**8.0%**
Grand Total		**8.0%**	**8.3%**	**8.2%**	**7.9%**	**8.0%**

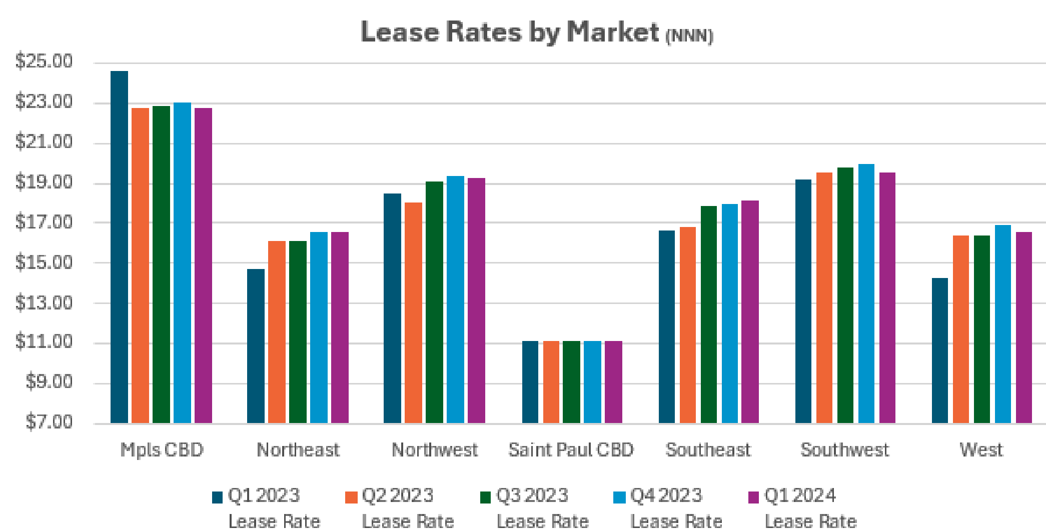
Lease Rates (NNN)

Market	Property Type	Q1 2023 Lease Rate	Q2 2023 Lease Rate	Q3 2023 Lease Rate	Q4 2023 Lease Rate	Q1 2024 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$24.59	$22.75	$22.89	$23.03	$22.80
	Strip Center					
	Subtotal	**$24.59**	**$22.75**	**$22.89**	**$23.03**	**$22.80**
Northeast	Community Center	$8.00	$8.00	$8.00	$8.00	$8.00
	Freestanding/Big Box	$10.00	$10.00			
	Mixed Use	$17.88	$17.25	$17.25	$17.25	$17.25
	Neighborhood Center	$10.82	$11.55	$9.48	$11.42	$11.25
	Regional Center					
	Strip Center	$16.22	$17.85	$17.80	$18.42	$18.42
	Subtotal	**$14.69**	**$16.13**	**$16.14**	**$16.58**	**$16.55**
Northwest	Community Center	$15.00	$15.00	$15.00	$15.00	$15.00
	Freestanding/Big Box					
	Mixed Use	$15.00	$15.00	$15.00	$15.00	$15.00
	Neighborhood Center	$10.75	$13.50	$15.50	$19.00	$19.00
	Strip Center	$20.52	$19.75	$20.60	$20.15	$20.15
	Subtotal	**$18.52**	**$18.01**	**$19.10**	**$19.39**	**$19.23**
Saint Paul CBD	Mixed Use	$11.17	$11.17	$11.17	$11.17	$11.17
	Subtotal	**$11.17**	**$11.17**	**$11.17**	**$11.17**	**$11.17**
Southeast	Community Center	$17.00	$17.00			
	Freestanding/Big Box	$11.00	$11.00	$11.00	$11.00	$11.00
	Mixed Use	$16.67	$16.50	$16.67	$16.50	$15.63
	Neighborhood Center	$14.35	$14.35	$14.35	$15.17	$15.33
	Regional Center					
	Strip Center	$18.66	$19.22	$21.08	$20.71	$20.99
	Subtotal	**$16.67**	**$16.84**	**$17.86**	**$17.99**	**$18.15**
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$15.00	$15.00	$17.50	$17.50	$17.50
	Neighborhood Center	$17.33	$16.50	$16.50	$16.50	$16.50
	Regional Center					
	Strip Center	$20.38	$21.00	$21.13	$21.71	$20.84
	Subtotal	**$19.17**	**$19.50**	**$19.75**	**$20.00**	**$19.56**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use	$9.82				
	Neighborhood Center	$13.17	$13.50	$13.50	$14.39	$12.33
	Regional Center					
	Strip Center	$22.00	$20.75	$20.75	$20.75	$20.75
	Subtotal	**$14.26**	**$16.40**	**$16.40**	**$16.93**	**$16.54**
Grand Total		**$17.54**	**$17.52**	**$18.03**	**$18.40**	**$18.40**

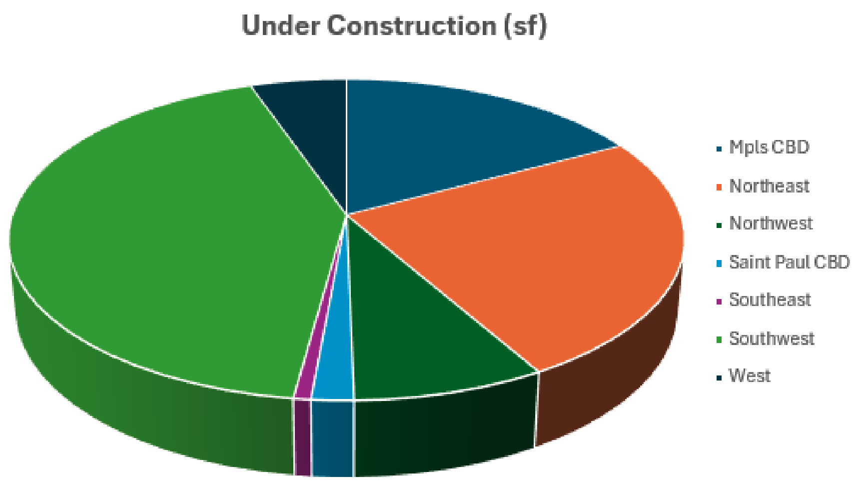
Vacancy and Lease Rates





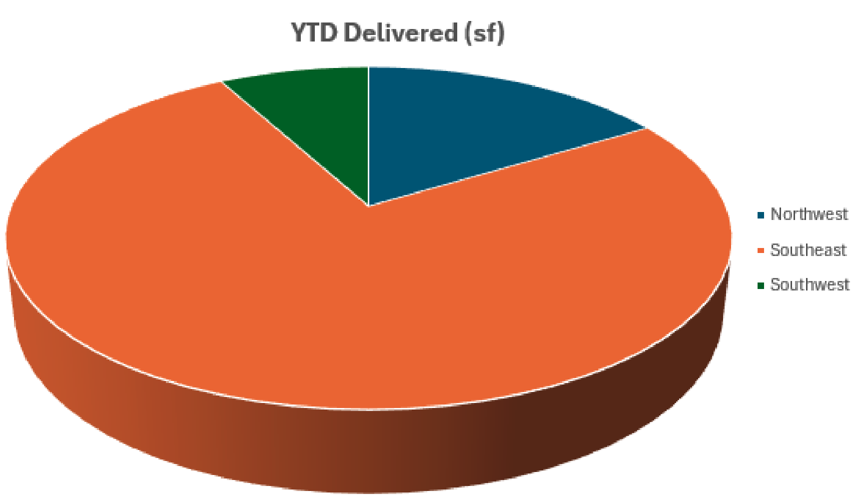


Construction by Market



Market	Bldg (sf)
Mpls CBD	90,891
Northeast	130,100
Northwest	42,428
Saint Paul CBD	9,250
Southeast	3,803
Southwest	225,305
West	28,300
Grand Total	**530,077**

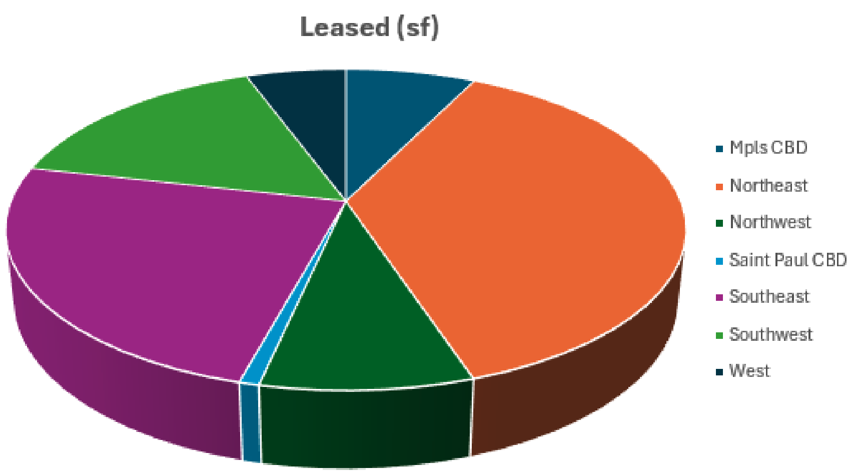
YTD Delivered by Market



Market	Bldg (sf)
Northwest	7,572
Southeast	35,104
Southwest	3,700
Grand Total	**46,376**

Leasing Activity

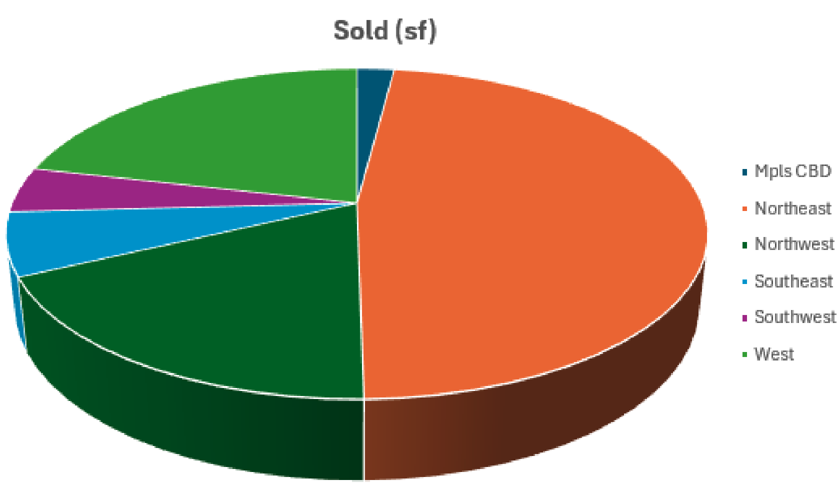
Property	Size (sf)	Market	Tenant	Landlord
Lexington Crossings 125th Ave NE & Lexington Ave NE	45,000	Northeast	Jerry's Foods	Susan Kempf
Northcourt Commons 634 County Rd 10 NE	18,086	Northeast	O'Reilly Auto Parts	Kraus Anderson Inc
Voyager Building 500 Marschall Rd S	14,623	Southwest	Northstar Regional	Little Tree Properties LLC
Rosedale Square 1601 W Cty Rd C	12,831	Northeast	Office Depot	Rosedale Square LLC
North Loop Green 350 N 5th St	10,000	Mpls CBD	Purpose Restaurants (HOPE Breakfast & Salt and Flower)	BIT NLG III Investors LLC



Market	Leased (sf)
Mpls CBD	25,890
Northeast	132,920
Northwest	30,347
Saint Paul CBD	2,848
Southeast	85,886
Southwest	56,118
West	19,918
Grand Total	**353,927**

Sales Activity

Property	Price	Market	Buyer	Seller
Cabelas 20200 Rogers Dr	$41,795,379	Northwest	CF Bass II LLC	SPT Prairie 20200 Rogers Drive, LLC
15802 Wayzata Blvd	$40,310,017	West	Lithia Real Estate INC	TCA RE - Imports, LLC
9191 Wayzata Blvd	$35,050,000	West	Lithia Real Estate, Inc	TCA Real Estate, LLC
2450 Maplewood Dr	$29,050,000	Northeast	Lithia Real Estate, Inc	TCA Real Estate, LLC
700 Ottawa Ave N	$23,700,000	Northwest	KB Golden Valley DST	Drake Motor Partners GV LLC



Market	Sold (sf)
Mpls CBD	28,000
Northeast	651,202
Northwest	248,769
Southeast	84,233
Southwest	60,903
West	292,502
Grand Total	**1,365,609**

Methodology

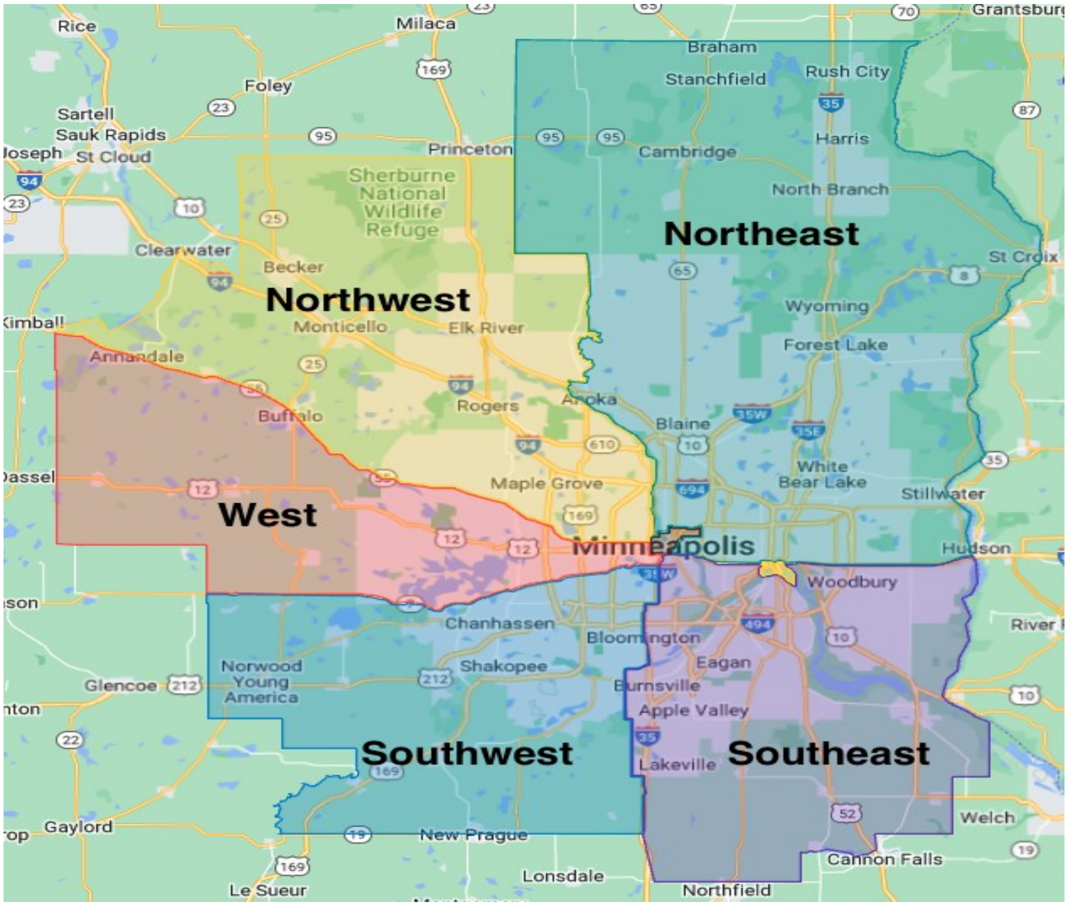
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with less than 15,000 sf of retail space. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on NNN terms.

The Mpls-St Paul tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

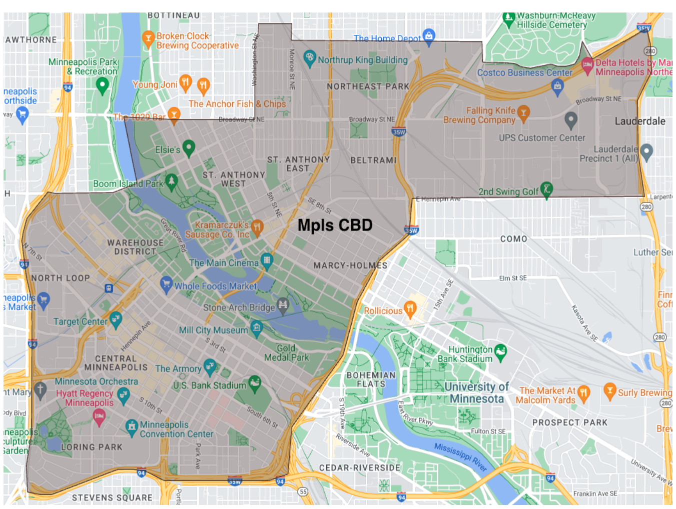
Terminology

Inventory	The total square feet (sf) of existing multi-tenant and single tenant buildings greater than 15,000 sf or are part of a complex that totals greater than 15,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	Space that is offered for lease by a current tenant, or their agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rated expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map



Mpls CBD



St Paul CBD

Images courtesy of Google maps

Advisory Board Members

CBRE	David Daly	JLL	Ted Gonsior
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	Mary Lindell		Zac Hoang
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