Market

Trends

Q2 2024

Mpls/St Paul - Retail

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MARKET TRENDS

Q2 2024 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,962,934	▼
Area Unemployment	2.6	▼
U.S. Unemployment	4.0	▲
Retail Jobs	178,900	▲

Source: BLS

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

Market Recap

Total Inventory (sf)	93,546,215
Total # of Bldgs (tracked)	1,929
Absorption	187,083
Vacancy	7.8%
Asking Rate (NNN)	$18.54
Under Construction	591,925

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) decreased 30 basis points to 2.6% for May 2024 from 2.9% for May 2023. The unemployment rate for the US was at 4.0% in May 2024 increasing 30 basis points from last year. State of Minnesota unemployment rate was 2.8%. The Mpls-St Paul MSA saw an decrease in job growth while retail 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 93.5 msf of space in seven metro counties. This region posted 187,000 sf positive absorption for Q2 2024 and brought the YTD to 112,614 sf positive absorption. Multi-tenant properties had 4,600 sf positive absorption this quarter bringing the YTD to 16,800 sf positive absorption. The vacancy rate for the overall market was 7.8% and multi-tenant only properties showed 10.9%. To date there are 27 construction projects throughout the market totaling 591,900 sf.

Market Highlights

At the close of Q2 2024, the market experienced over 412,600 sf of leasing activity from 125 transactions. The Southeast market posted the lowest vacancy rate at 5.9% for all properties while Mpls CBD was the highest at 32.5%. The Northwest market led all markets posting positive absorption of 200,000 sf led by Empire Foods purchasing a property with 181,900 sf The Southwest market posted the most negative absorption of (97,500) sf led by Rypen vacating 85,000 sf. During Q2 2024, 97 properties sold with 1.3 msf totaling $226.9 million. Fourteen properties were delivered YTD with 171,100 sf.

Market Statistics by Property Type

Total

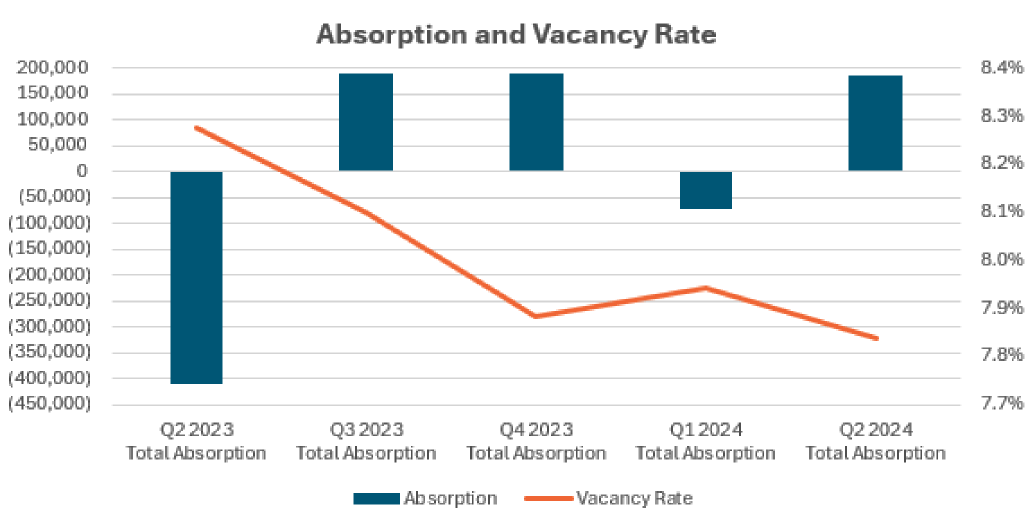
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	68	10,997,485	1,096,304	1,450,961	(66,001)	(36,632)	13.2%
Freestanding/Big Box	600	38,357,799	797,204	1,343,410	181,943	95,181	3.5%
Mixed Use	200	7,238,731	1,375,874	1,494,784	4,224	(12,652)	20.6%
Neighborhood Center	338	19,026,144	1,529,761	1,440,142	7,067	31,227	7.6%
Regional Center	9	7,018,869	991,789	988,785	38,010	17,065	14.1%
Strip Center	714	10,907,187	796,891	613,357	21,840	18,425	5.6%
Grand Total	**1,929**	**93,546,215**	**6,587,823**	**7,331,439**	**187,083**	**112,614**	**7.8%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	68	10,997,485	1,037,362	1,392,019	(66,001)	(51,088)	12.7%
Freestanding/Big Box	600	38,357,799	596,711	1,183,230	181,943	108,681	3.1%
Mixed Use	200	7,238,731	1,298,585	1,432,359	4,224	(4,534)	19.8%
Neighborhood Center	338	19,026,144	1,431,088	1,341,469	6,301	40,029	7.1%
Regional Center	9	7,018,869	991,789	988,785	38,010	17,065	14.1%
Strip Center	714	10,907,187	793,341	608,111	25,390	21,975	5.6%
Grand Total	**1,929**	**93,546,215**	**6,148,876**	**6,945,973**	**189,867**	**132,128**	**7.4%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	68	10,997,485	58,942	58,942	0	14,456	0.5%
Freestanding/Big Box	600	38,357,799	200,493	160,180	0	(13,500)	0.4%
Mixed Use	200	7,238,731	77,289	62,425	0	(8,118)	0.9%
Neighborhood Center	338	19,026,144	98,673	98,673	766	(8,802)	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	714	10,907,187	3,550	5,246	(3,550)	(3,550)	0.0%
Grand Total	**1,929**	**93,546,215**	**438,947**	**385,466**	**(2,784)**	**(19,514)**	**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	64	2,841,074	906,368	1,062,495	11,297	8,102	37.4%
	Strip Center	2	18,520	5,206	5,206	0	0	28.1%
	Subtotal	**69**	**3,280,653**	**911,574**	**1,067,701**	**11,297**	**8,102**	**32.5%**
Northeast	Community Center	23	3,726,040	423,436	460,949	38,080	83,404	12.4%
	Freestanding/Big Box	201	13,172,308	415,725	670,267	0	(13,500)	5.1%
	Mixed Use	23	602,868	59,414	46,258	0	(3,473)	7.7%
	Neighborhood Center	94	5,401,692	483,751	479,358	4,416	7,790	8.9%
	Regional Center	4	2,725,830	350,406	350,406	(11,558)	(20,716)	12.9%
	Strip Center	210	3,276,559	191,348	185,705	12,491	24,713	5.7%
	Subtotal	**555**	**28,905,297**	**1,924,080**	**2,192,943**	**43,429**	**78,218**	**7.6%**
Northwest	Community Center	8	1,331,047	46,113	157,298	0	5,976	11.8%
	Freestanding/Big Box	87	5,625,919	66,942	330,708	181,943	181,943	5.9%
	Mixed Use	22	844,122	41,718	33,870	4,801	6,395	4.0%
	Neighborhood Center	57	3,262,974	181,562	252,988	6,010	9,069	7.8%
	Strip Center	125	1,817,318	191,175	90,274	7,266	12,797	5.0%
	Subtotal	**299**	**12,881,380**	**527,510**	**865,138**	**200,020**	**216,180**	**6.7%**
Saint Paul CBD	Mixed Use	14	539,043	77,113	84,528	0	0	15.7%
	Subtotal	**14**	**539,043**	**77,113**	**84,528**	**0**	**0**	**15.7%**
Southeast	Community Center	20	3,342,689	251,644	463,910	1,607	(28,435)	13.9%
	Freestanding/Big Box	184	12,155,369	243,516	243,516	0	(73,262)	2.0%
	Mixed Use	30	1,004,788	89,749	78,920	(15,167)	(24,826)	7.9%
	Neighborhood Center	110	6,051,601	510,040	385,123	49,391	56,941	6.4%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	211	3,077,399	211,943	180,999	(5,769)	(15,091)	5.9%
	Subtotal	**556**	**26,241,837**	**1,513,266**	**1,558,842**	**30,062**	**(84,673)**	**5.9%**
Southwest	Community Center	13	2,054,657	209,644	233,464	(105,688)	(97,577)	11.4%
	Freestanding/Big Box	95	5,455,141	71,021	71,021	0	0	1.3%
	Mixed Use	29	882,683	96,446	85,506	4,119	2,960	9.7%
	Neighborhood Center	48	2,786,936	190,662	175,796	(50,919)	(40,742)	6.3%
	Regional Center	2	2,087,941	387,464	387,464	50,352	43,719	18.6%
	Strip Center	112	1,796,213	115,573	73,123	4,630	(9,011)	4.1%
	Subtotal	**299**	**15,063,571**	**1,070,810**	**1,026,374**	**(97,506)**	**(100,651)**	**6.8%**
West	Community Center	3	395,409	165,467	135,340	0	0	34.2%
	Freestanding/Big Box	31	1,675,646		27,898	0	0	1.7%
	Mixed Use	18	524,153	105,066	103,207	(826)	(1,810)	19.7%
	Neighborhood Center	29	1,522,941	163,746	146,877	(1,831)	(1,831)	9.6%
	Regional Center	2	1,595,107	47,545	44,541	(784)	(5,938)	2.8%
	Strip Center	54	921,178	81,646	78,050	3,222	5,017	8.5%
	Subtotal	**137**	**6,634,434**	**563,470**	**535,913**	**(219)**	**(4,562)**	**8.1%**
Grand Total		**1,929**	**93,546,215**	**6,587,823**	**7,331,439**	**187,083**	**112,614**	**7.8%**

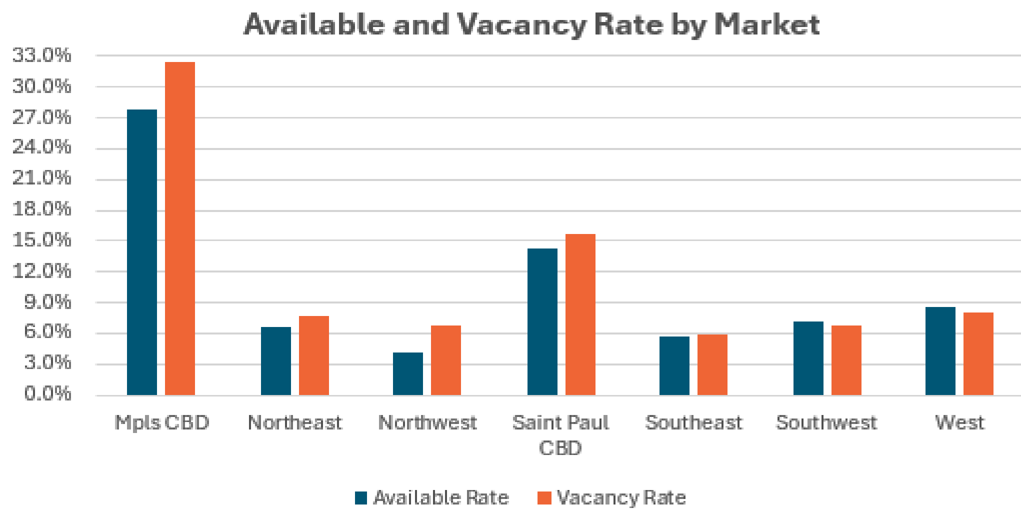
Vacancy Rates

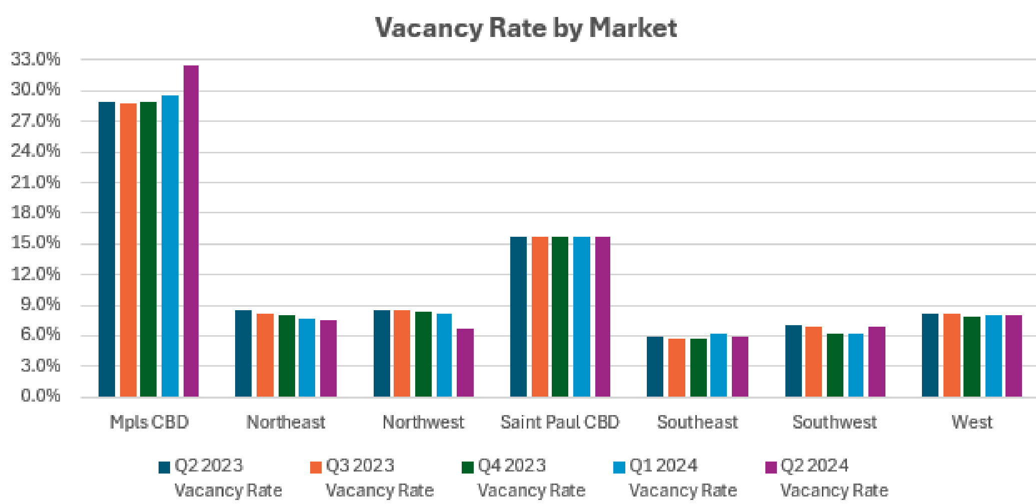
Market	Property Type	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Q4 2023 Vacancy Rate	Q1 2024 Vacancy Rate	Q2 2024 Vacancy Rate
Mpls CBD	Community Center	0.9%	0.0%	0.0%	0.0%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	33.2%	32.9%	33.1%	34.0%	37.4%
	Strip Center	28.1%	28.1%	28.1%	28.1%	28.1%
	Subtotal	**28.9%**	**28.7%**	**28.9%**	**29.6%**	**32.5%**
Northeast	Community Center	13.5%	14.5%	14.6%	13.4%	12.4%
	Freestanding/Big Box	5.4%	4.9%	4.9%	5.1%	5.1%
	Mixed Use	5.9%	5.8%	7.1%	7.7%	7.7%
	Neighborhood Center	11.9%	11.0%	10.0%	8.9%	8.9%
	Regional Center	11.5%	12.4%	12.1%	12.4%	12.9%
	Strip Center	7.0%	6.5%	6.5%	6.0%	5.7%
	Subtotal	**8.4%**	**8.2%**	**8.0%**	**7.7%**	**7.6%**
Northwest	Community Center	12.7%	12.7%	12.3%	11.8%	11.8%
	Freestanding/Big Box	9.1%	9.1%	9.1%	9.1%	5.9%
	Mixed Use	4.7%	5.6%	4.8%	4.6%	4.0%
	Neighborhood Center	8.2%	8.1%	8.0%	7.9%	7.8%
	Strip Center	6.1%	5.5%	5.7%	5.4%	5.0%
	Subtotal	**8.5%**	**8.5%**	**8.4%**	**8.3%**	**6.7%**
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	14.3%	13.9%	13.8%	14.7%	13.9%
	Freestanding/Big Box	1.4%	1.3%	1.2%	2.0%	2.0%
	Mixed Use	7.1%	6.2%	5.5%	6.4%	7.9%
	Neighborhood Center	7.7%	7.5%	7.2%	7.2%	6.4%
	Regional Center	19.7%	33.8%	33.8%	33.8%	33.8%
	Strip Center	6.4%	5.9%	5.4%	5.7%	5.9%
	Subtotal	**6.0%**	**5.8%**	**5.7%**	**6.2%**	**5.9%**
Southwest	Community Center	15.1%	13.6%	6.6%	6.2%	11.4%
	Freestanding/Big Box	1.3%	1.3%	1.3%	1.3%	1.3%
	Mixed Use	9.2%	9.3%	10.0%	10.2%	9.7%
	Neighborhood Center	4.8%	4.7%	4.8%	4.5%	6.3%
	Regional Center	18.5%	19.2%	20.7%	21.0%	18.6%
	Strip Center	3.8%	3.9%	3.6%	4.3%	4.1%
	Subtotal	**7.1%**	**7.0%**	**6.1%**	**6.2%**	**6.8%**
West	Community Center	34.2%	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%	18.8%	19.3%	19.5%	19.7%
	Neighborhood Center	9.5%	9.9%	9.5%	9.5%	9.6%
	Regional Center	3.3%	3.1%	2.4%	2.7%	2.8%
	Strip Center	8.8%	8.6%	8.4%	8.2%	8.5%
	Subtotal	**8.2%**	**8.2%**	**7.9%**	**8.0%**	**8.1%**
Grand Total		**8.3%**	**8.1%**	**7.9%**	**7.9%**	**7.8%**

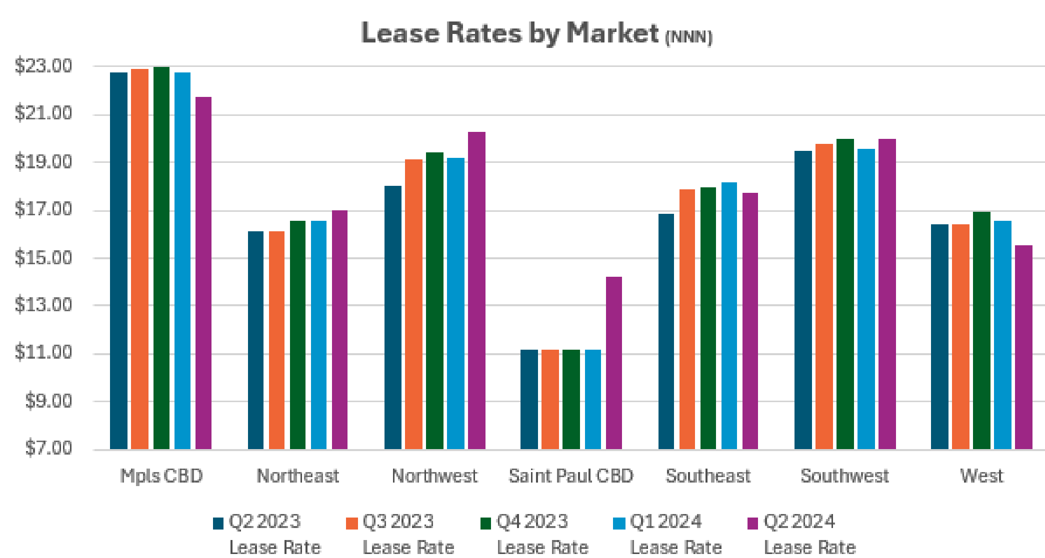
Lease Rates (NNN)

Market	Property Type	Q2 2023 Lease Rate	Q3 2023 Lease Rate	Q4 2023 Lease Rate	Q1 2024 Lease Rate	Q2 2024 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.75	$22.89	$23.03	$22.80	$21.78
	Strip Center					
	Subtotal	**$22.75**	**$22.89**	**$23.03**	**$22.80**	**$21.78**
Northeast	Community Center	$8.00	$8.00	$8.00	$8.00	$8.00
	Freestanding/Big Box	$10.00				
	Mixed Use	$17.25	$17.25	$17.25	$17.25	$17.25
	Neighborhood Center	$11.55	$9.48	$11.42	$11.25	$12.65
	Regional Center					
	Strip Center	$17.85	$17.80	$18.42	$18.42	$19.31
	Subtotal	**$16.13**	**$16.14**	**$16.58**	**$16.55**	**$17.00**
Northwest	Community Center	$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	$13.50	$15.50	$19.00	$19.00	$19.00
	Strip Center	$19.75	$20.60	$20.15	$20.15	$21.33
	Subtotal	**$18.01**	**$19.10**	**$19.39**	**$19.23**	**$20.31**
Saint Paul CBD	Mixed Use	$11.17	$11.17	$11.17	$11.17	$14.25
	Subtotal	**$11.17**	**$11.17**	**$11.17**	**$11.17**	**$14.25**
Southeast	Community Center	$17.00				
	Freestanding/Big Box	$11.00	$11.00	$11.00	$11.00	$11.00
	Mixed Use	$16.50	$16.67	$16.50	$15.63	$15.63
	Neighborhood Center	$14.35	$14.35	$15.17	$15.33	$15.43
	Regional Center					
	Strip Center	$19.22	$21.08	$20.71	$20.99	$20.64
	Subtotal	**$16.84**	**$17.86**	**$17.99**	**$18.15**	**$17.76**
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$15.00	$17.50	$17.50	$17.50	$17.50
	Neighborhood Center	$16.50	$16.50	$16.50	$16.50	$17.67
	Regional Center					
	Strip Center	$21.00	$21.13	$21.71	$20.84	$21.71
	Subtotal	**$19.50**	**$19.75**	**$20.00**	**$19.56**	**$20.00**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use					
	Neighborhood Center	$13.50	$13.50	$14.39	$12.33	$12.33
	Regional Center					
	Strip Center	$20.75	$20.75	$20.75	$20.75	$22.00
	Subtotal	**$16.40**	**$16.40**	**$16.93**	**$16.54**	**$15.56**
Grand Total		**$17.52**	**$18.03**	**$18.40**	**$18.40**	**$18.54**

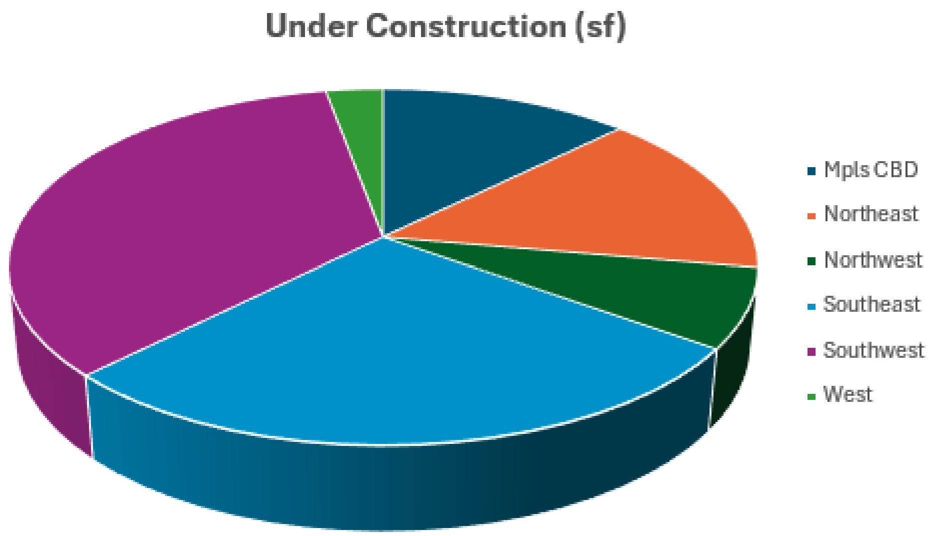
Vacancy and Lease Rates





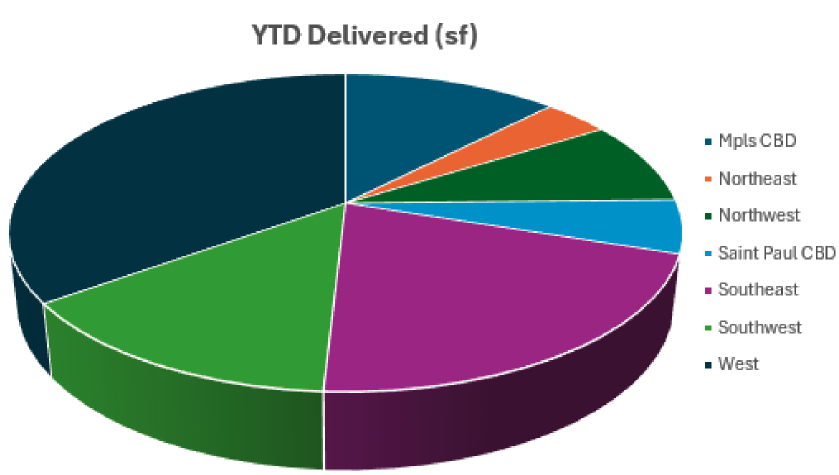


Construction by Market



Market	Bldg (sf)
Mpls CBD	74,891
Northeast	89,278
Northwest	42,500
Southeast	163,451
Southwest	204,705
West	17,100
Grand Total	**591,925**

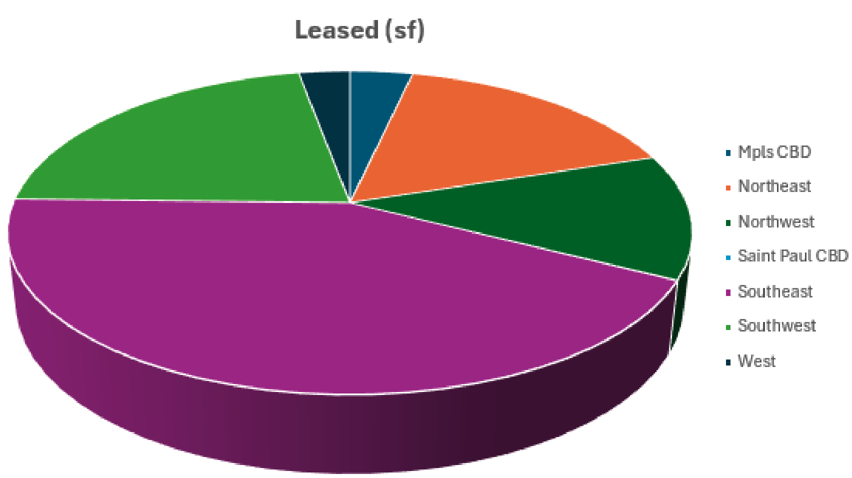
YTD Delivered by Market



Market	Bldg (sf)
Mpls CBD	21,120
Northeast	6,500
Northwest	14,572
Saint Paul CBD	9,250
Southeast	35,604
Southwest	24,300
West	59,782
Grand Total	**171,128**

Leasing Activity

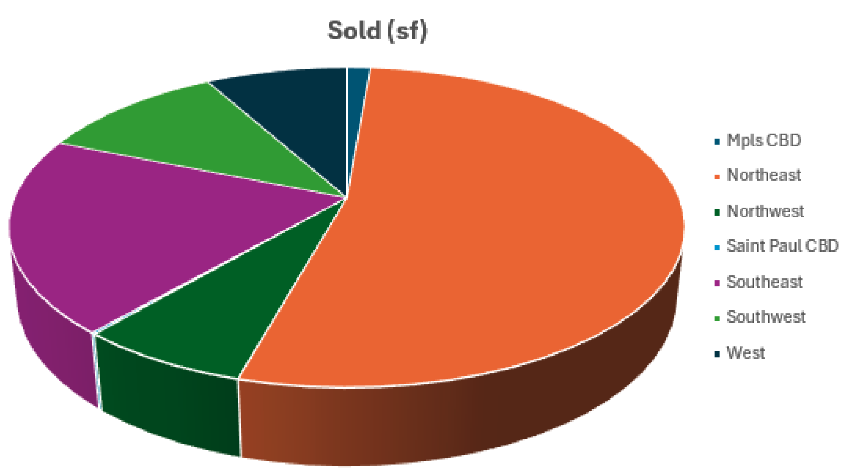
Property	Size (sf)	Market	Tenant	Landlord
Southtown Shopping Center 7831 Southtown Dr	48,820	Southwest	Slumberland Furniture	Kraus-Anderson Inc
Burnsville Marketplace 13901 Aldrich Ave S	31,615	Southeast	Bob's Furniture	JPT Ind Inc
Fischer Marketplace 14880 Florence Trl	30,339	Southeast	Nordstrom Rack	Principal Life Insurance Co
Burnsville Crossings 14240 Plymouth Ave	26,040	Southeast	PetSmart	Yellowbrick II, LLC; DT Dilworth, LLC
17369 Highway 10	14,150	Northwest	Hayden Murphy Equipment Company	MM Properties of Elk River LLC



Market	Leased (sf)
Mpls CBD	14,604
Northeast	68,113
Northwest	51,542
Saint Paul CBD	158
Southeast	176,608
Southwest	89,754
West	11,903
Grand Total	**412,682**

Sales Activity

Property	Price	Market	Buyer	Seller
5900 Stillwater Blvd N	$24,300,000	Northeast	Cornerstone Stillwater Holdings LLC	Raduenz Dealership Properties LLC
Tesla Lake Elmo 9800 Hudson Blvd N	$23,500,000	Northeast	KB Lake Elmo, DST	Drake Motor Partners LE, LLC
Bergen Plaza 7057 10th St N	$23,010,000	Northeast	Hempel Bergen, LLC	IRC Bergen Plaza, L.L.C.
Burnsville Crossings 14240 Plymouth Ave	$7,025,000	Southeast	Yellowbrick II, LLC; DT Dilworth, LLC	IRC Burnsville Crossing, L.L.C.
12109 Main Street	$6,600,000	Northwest	Todd W. Hanson	Red Maple, LLC



Market	Sold (sf)
Mpls CBD	17,439
Northeast	685,511
Northwest	90,083
Saint Paul CBD	2,000
Southeast	255,235
Southwest	138,953
West	104,675
Grand Total	**1,293,896**

Methodology

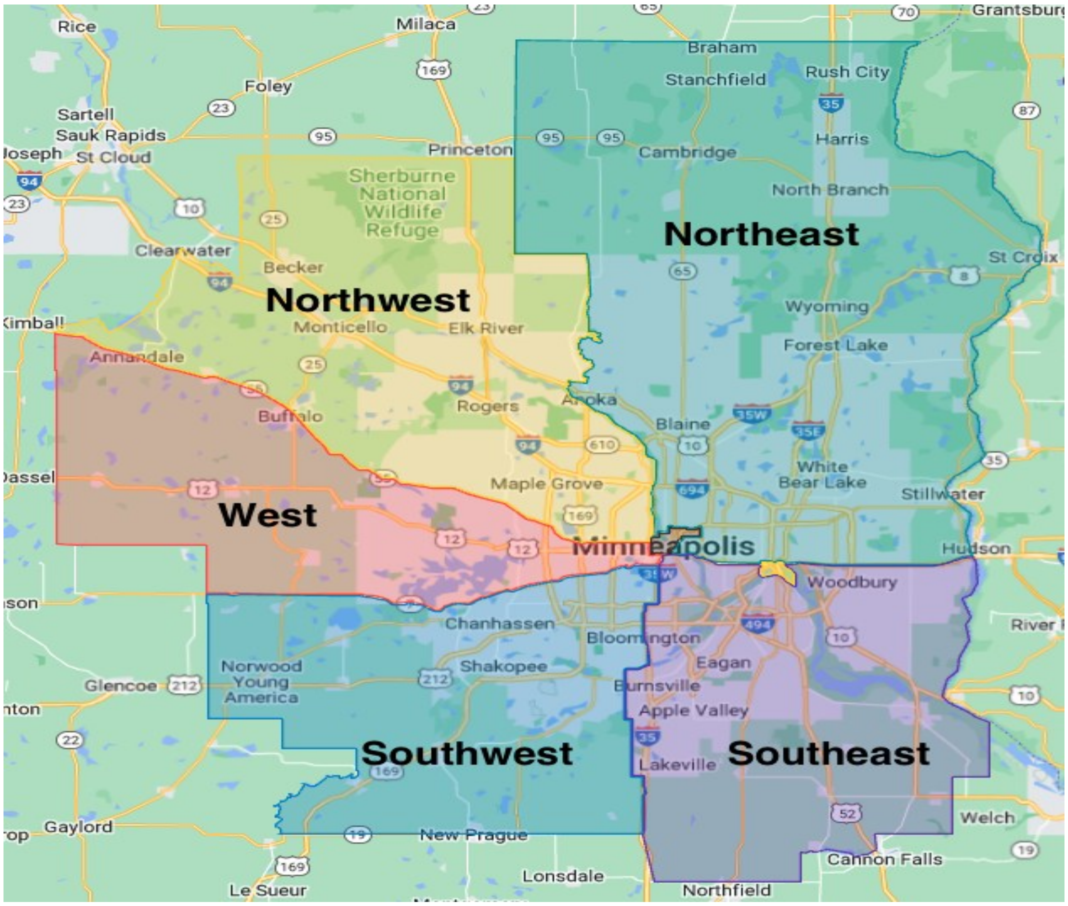
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties 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.

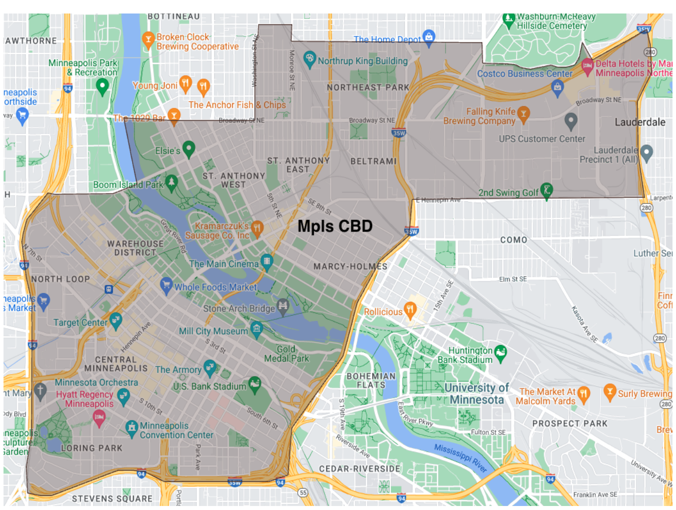
Terminology

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

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