Market

Trends

Q3 2024

Mpls/St Paul - Retail

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MARKET TRENDS

Q3 2024 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,933,767	▼
Area Unemployment	3.9	▲
U.S. Unemployment	4.1	▲
Retail Jobs	195,500	▲

Source: BLS

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

Market Recap

Total Inventory (sf)	93,455,565
Total # of Bldgs (tracked)	1,933
Absorption	297,242
Vacancy	7.5%
Asking Rate (NNN)	$18.55
Under Construction	464,052

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 70 basis points to 3.9% for August 2024 from 3.2% for August 2023. The unemployment rate for the US was at 4.1% in September 2024 increasing 30 basis points from last year. State of Minnesota unemployment rate was 3.3%. The Mpls-St Paul MSA saw an decrease in job growth while retail increased in job growth in leisure and hospitality by 100 during the same period.

Market Overview

The Mpls-St Paul retail market consists of over 93.4 msf of space in seven metro counties. This region posted 297,200 sf positive absorption for Q3 2024 and brought the YTD to 406,000 sf positive absorption. Multi-tenant properties had 115,600 sf positive absorption this quarter bringing the YTD to 129,300 sf positive absorption. The vacancy rate for the overall market was 7.5% and multi-tenant only properties showed 10.8%. To date there are 24 construction projects throughout the market totaling 464,000 sf.

Market Highlights

At the close of Q3 2024, the market experienced over 671,600 sf of leasing activity from 185 transactions. The Northwest market posted the lowest vacancy rate at 4.4% for all properties while Mpls CBD was the highest at 35.0%. All the suburban markets posted 6.4% vacancy rate. The Northeast market led all markets posting positive absorption of 87,900 sf led by Bean and Juice purchasing a property with 35,000 sf. All markets posted positive absorption this quarter. During Q3 2024, 114 properties sold with 1.5 msf totaling $248.6 million. Twenty six properties were delivered YTD with 419,500 sf.

Market Statistics by Property Type

Total

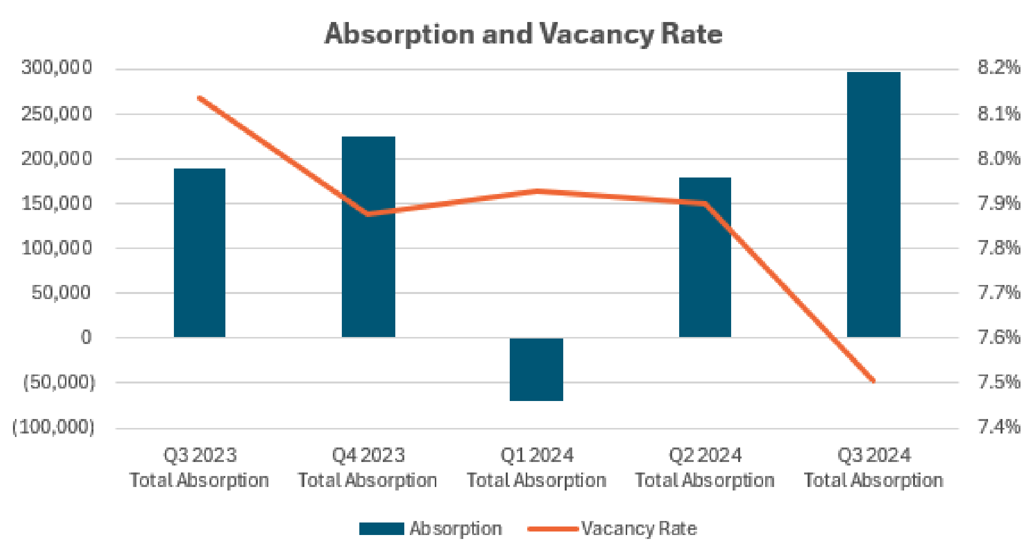
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	68	10,997,485	1,233,989	1,401,930	68,911	25,230	12.7%
Freestanding/Big Box	598	38,238,752	754,328	1,065,765	181,586	276,767	2.8%
Mixed Use	200	7,228,094	1,458,767	1,578,772	29,848	11,378	21.8%
Neighborhood Center	338	18,998,421	1,338,016	1,327,042	113,100	145,472	7.0%
Regional Center	9	7,018,869	1,067,458	1,065,725	(131,434)	(104,369)	15.2%
Strip Center	720	10,973,944	741,806	576,405	35,231	51,674	5.3%
Grand Total	**1,933**	**93,455,565**	**6,594,364**	**7,015,639**	**297,242**	**406,152**	**7.5%**

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	1,124,769	1,347,710	64,189	6,052	12.3%
Freestanding/Big Box	598	38,238,752	566,735	905,585	181,586	290,267	2.4%
Mixed Use	200	7,228,094	1,381,478	1,516,347	29,848	19,496	21.0%
Neighborhood Center	338	18,998,421	1,239,343	1,228,369	113,100	154,274	6.5%
Regional Center	9	7,018,869	1,067,458	1,065,725	(131,434)	(104,369)	15.2%
Strip Center	720	10,973,944	734,910	569,814	36,576	56,569	5.2%
Grand Total	**1,933**	**93,455,565**	**6,114,693**	**6,633,550**	**293,865**	**422,289**	**7.1%**

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	109,220	54,220	4,722	19,178	0.5%
Freestanding/Big Box	598	38,238,752	187,593	160,180	0	(13,500)	0.4%
Mixed Use	200	7,228,094	77,289	62,425	0	(8,118)	0.9%
Neighborhood Center	338	18,998,421	98,673	98,673	0	(8,802)	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	720	10,973,944	6,896	6,591	(1,345)	(4,895)	0.1%
Grand Total	**1,933**	**93,455,565**	**479,671**	**382,089**	**3,377**	**(16,137)**	**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	2,829,817	929,726	1,141,178	7,994	8,396	40.3%
	Strip Center	2	18,520	2,269	2,269	2,937	2,937	12.3%
	Subtotal	**69**	**3,269,396**	**931,995**	**1,143,447**	**10,931**	**11,333**	**35.0%**
Northeast	Community Center	23	3,726,040	439,331	446,774	28,568	110,410	12.0%
	Freestanding/Big Box	199	13,100,809	382,335	670,267	0	(13,500)	5.1%
	Mixed Use	23	602,868	50,351	41,127	3,249	1,658	6.8%
	Neighborhood Center	95	5,465,191	426,546	431,058	48,300	57,235	7.9%
	Regional Center	4	2,725,830	293,062	293,062	2,850	(7,866)	10.8%
	Strip Center	212	3,293,807	165,299	176,762	4,967	27,698	5.4%
	Subtotal	**556**	**28,914,545**	**1,756,924**	**2,059,050**	**87,934**	**175,635**	**7.1%**
Northwest	Community Center	8	1,331,047	33,113	144,298	13,000	18,976	10.8%
	Freestanding/Big Box	84	5,322,566	59,992	28,159	41,990	223,933	0.5%
	Mixed Use	22	844,122	23,250	35,230	(1,360)	5,035	4.2%
	Neighborhood Center	57	3,262,974	163,370	242,296	10,692	19,761	7.4%
	Strip Center	128	1,857,489	182,571	105,284	(7,938)	4,859	5.7%
	Subtotal	**299**	**12,618,198**	**462,296**	**555,267**	**56,384**	**272,564**	**4.4%**
Saint Paul CBD	Mixed Use	14	539,043	163,808	97,433	0	0	18.1%
	Subtotal	**14**	**539,043**	**163,808**	**97,433**	**0**	**0**	**18.1%**
Southeast	Community Center	20	3,342,689	307,931	504,043	(40,133)	(68,568)	15.1%
	Freestanding/Big Box	185	12,230,969	243,516	240,956	2,560	(70,702)	2.0%
	Mixed Use	30	1,005,408	90,525	81,071	13,985	(10,841)	8.1%
	Neighborhood Center	110	6,051,601	472,444	352,798	32,325	89,266	5.8%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	211	3,077,399	213,730	155,748	26,355	11,264	5.1%
	Subtotal	**557**	**26,318,057**	**1,534,520**	**1,540,990**	**35,092**	**(49,581)**	**5.9%**
Southwest	Community Center	13	2,054,657	290,475	171,475	67,476	(35,588)	8.3%
	Freestanding/Big Box	97	5,634,848	68,485	98,485	137,036	137,036	1.7%
	Mixed Use	29	882,683	99,683	86,462	(956)	2,004	9.8%
	Neighborhood Center	47	2,695,714	126,345	163,823	11,973	(28,769)	6.1%
	Regional Center	2	2,087,941	530,338	530,338	(142,874)	(99,155)	25.4%
	Strip Center	113	1,805,551	98,584	60,585	6,617	(2,394)	3.4%
	Subtotal	**301**	**15,161,394**	**1,213,910**	**1,111,168**	**79,272**	**(26,866)**	**7.3%**
West	Community Center	3	395,409	163,139	135,340	0	0	34.2%
	Freestanding/Big Box	31	1,676,144		27,898	0	0	1.7%
	Mixed Use	18	524,153	101,424	96,271	6,936	5,126	18.4%
	Neighborhood Center	29	1,522,941	149,311	137,067	9,810	7,979	9.0%
	Regional Center	2	1,595,107	37,684	35,951	8,590	2,652	2.3%
	Strip Center	54	921,178	79,353	75,757	2,293	7,310	8.2%
	Subtotal	**137**	**6,634,932**	**530,911**	**508,284**	**27,629**	**23,067**	**7.7%**
Suburban Totals	Community Center	67	10,849,842	1,233,989	1,401,930	68,911	25,230	12.9%
	Freestanding/Big Box	596	37,965,336	754,328	1,065,765	181,586	276,767	2.8%
	Mixed Use	122	3,859,234	365,233	340,161	21,854	2,982	8.8%
	Neighborhood Center	338	18,998,421	1,338,016	1,327,042	113,100	145,472	7.0%
	Regional Center	9	7,018,869	1,067,458	1,065,725	(131,434)	(104,369)	15.2%
	Strip Center	718	10,955,424	739,537	574,136	32,294	48,737	5.2%
	Subtotal	**1,850**	**89,647,126**	**5,498,561**	**5,774,759**	**286,311**	**394,819**	**6.4%**
Grand Total		**1,933**	**93,455,565**	**6,594,364**	**7,015,639**	**297,242**	**406,152**	**7.5%**

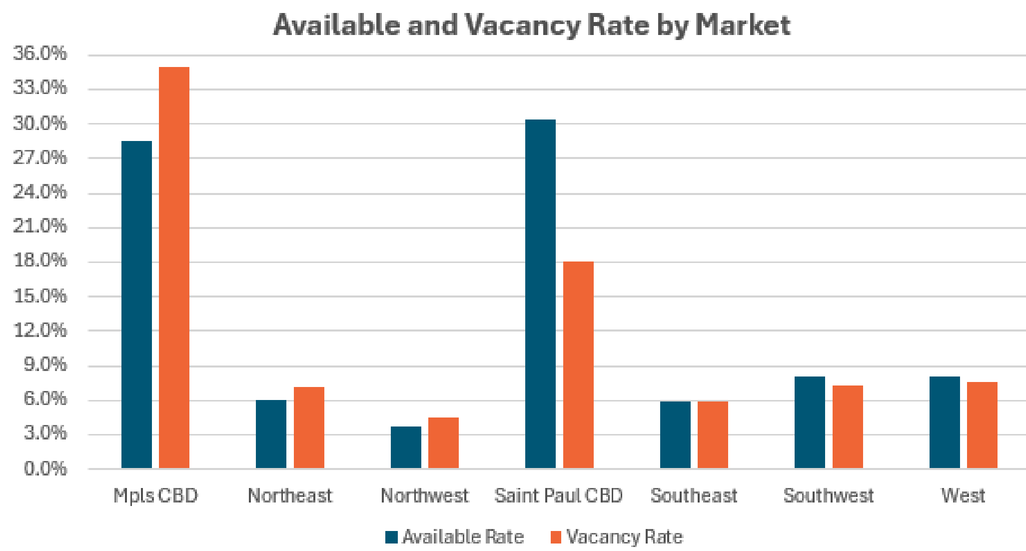
Vacancy Rates

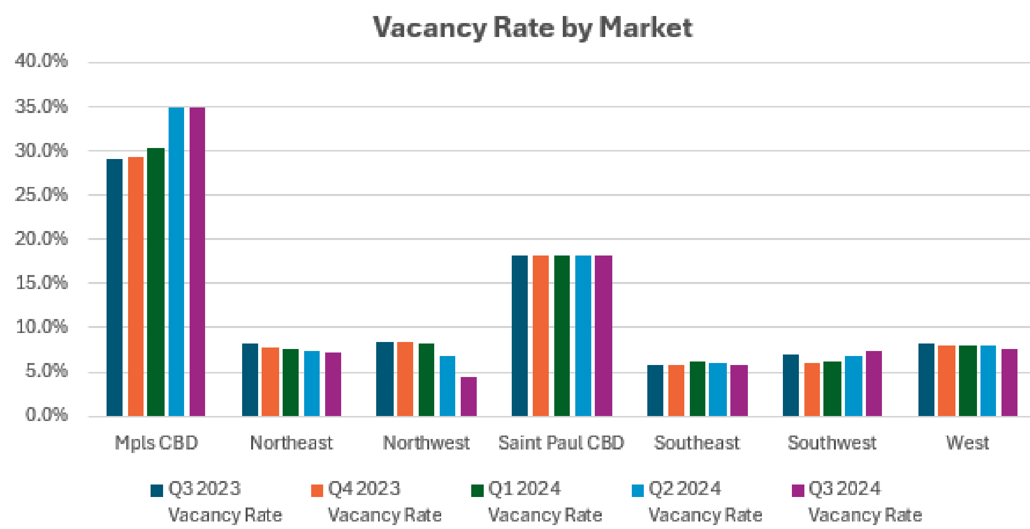
Market	Property Type	Q3 2023 Vacancy Rate	Q4 2023 Vacancy Rate	Q1 2024 Vacancy Rate	Q2 2024 Vacancy Rate	Q3 2024 Vacancy Rate
Mpls CBD	Community Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	33.4%	33.6%	34.9%	40.2%	40.3%
	Strip Center	28.1%	28.1%	28.1%	28.1%	12.3%
	Subtotal	**29.1%**	**29.3%**	**30.2%**	**34.9%**	**35.0%**
Northeast	Community Center	14.9%	15.0%	13.7%	12.8%	12.0%
	Freestanding/Big Box	4.9%	4.9%	5.1%	5.1%	5.1%
	Mixed Use	5.8%	7.1%	7.7%	7.4%	6.8%
	Neighborhood Center	10.8%	9.9%	8.7%	8.8%	7.9%
	Regional Center	12.4%	10.5%	10.4%	10.9%	10.8%
	Strip Center	6.4%	6.3%	5.9%	5.5%	5.4%
	Subtotal	**8.2%**	**7.9%**	**7.6%**	**7.4%**	**7.1%**
Northwest	Community Center	12.7%	12.3%	11.8%	11.8%	10.8%
	Freestanding/Big Box	9.1%	9.1%	9.1%	5.9%	0.5%
	Mixed Use	5.6%	4.8%	4.6%	4.0%	4.2%
	Neighborhood Center	8.1%	8.0%	7.9%	7.8%	7.4%
	Strip Center	5.4%	5.6%	5.3%	4.9%	5.7%
	Subtotal	**8.5%**	**8.4%**	**8.3%**	**6.7%**	**4.4%**
Saint Paul CBD	Mixed Use	18.1%	18.1%	18.1%	18.1%	18.1%
	Subtotal	**18.1%**	**18.1%**	**18.1%**	**18.1%**	**18.1%**
Southeast	Community Center	13.9%	13.8%	14.7%	13.9%	15.1%
	Freestanding/Big Box	1.3%	1.2%	2.0%	2.0%	2.0%
	Mixed Use	7.8%	7.2%	8.1%	9.5%	8.1%
	Neighborhood Center	7.5%	7.2%	7.2%	6.4%	5.8%
	Regional Center	33.8%	33.8%	33.8%	33.8%	33.8%
	Strip Center	5.9%	5.4%	5.7%	5.9%	5.1%
	Subtotal	**5.8%**	**5.7%**	**6.3%**	**6.0%**	**5.9%**
Southwest	Community Center	13.6%	6.6%	6.2%	11.6%	8.3%
	Freestanding/Big Box	1.3%	1.3%	1.3%	1.3%	1.7%
	Mixed Use	9.3%	10.0%	10.2%	9.7%	9.8%
	Neighborhood Center	4.7%	4.9%	4.5%	6.5%	6.1%
	Regional Center	19.2%	20.7%	21.0%	18.6%	25.4%
	Strip Center	3.6%	3.3%	4.0%	3.7%	3.4%
	Subtotal	**6.9%**	**6.1%**	**6.1%**	**6.8%**	**7.3%**
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	18.8%	19.3%	19.5%	19.7%	18.4%
	Neighborhood Center	9.9%	9.5%	9.5%	9.6%	9.0%
	Regional Center	3.1%	2.4%	2.7%	2.8%	2.3%
	Strip Center	8.6%	8.4%	8.2%	8.5%	8.2%
	Subtotal	**8.2%**	**7.9%**	**8.0%**	**8.1%**	**7.7%**
Suburban Totals	Community Center	14.7%	13.4%	13.1%	13.6%	12.9%
	Freestanding/Big Box	3.7%	3.7%	4.0%	3.5%	2.8%
	Mixed Use	8.9%	9.0%	9.3%	9.4%	8.8%
	Neighborhood Center	8.4%	8.0%	7.6%	7.6%	7.0%
	Regional Center	14.2%	13.7%	13.9%	13.3%	15.2%
	Strip Center	5.8%	5.6%	5.6%	5.5%	5.2%
	Subtotal	**7.3%**	**7.0%**	**7.1%**	**6.9%**	**6.4%**
Grand Total		**8.1%**	**7.9%**	**7.9%**	**7.9%**	**7.5%**

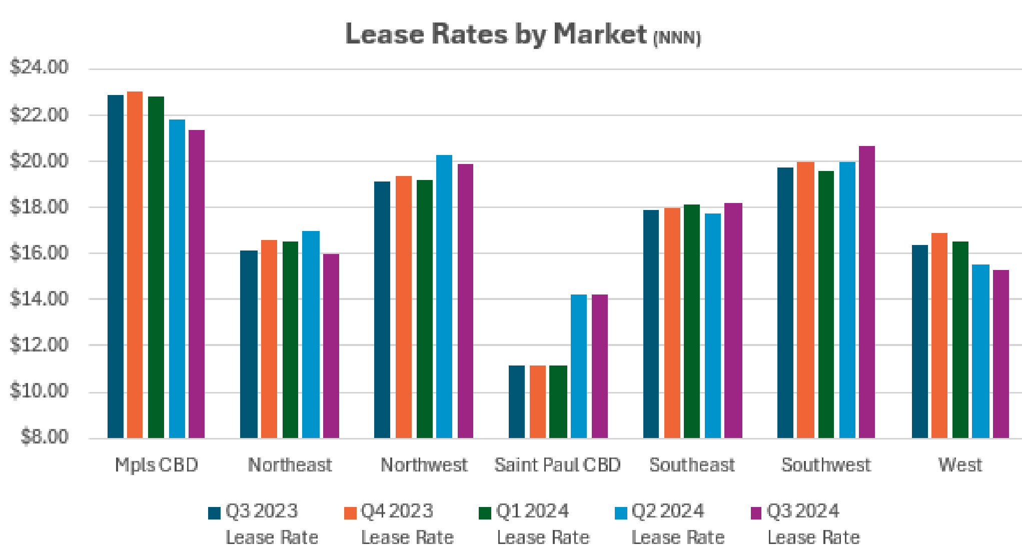
Lease Rates (NNN)

Market	Property Type	Q3 2023 Lease Rate	Q4 2023 Lease Rate	Q1 2024 Lease Rate	Q2 2024 Lease Rate	Q3 2024 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.89	$23.03	$22.80	$21.78	$21.34
	Strip Center					
	Subtotal	**$22.89**	**$23.03**	**$22.80**	**$21.78**	**$21.34**
Northeast	Community Center	$8.00	$8.00	$8.00	$8.00	$8.00
	Freestanding/Big Box					
	Mixed Use	$17.25	$17.25	$17.25	$17.25	$17.25
	Neighborhood Center	$9.48	$11.42	$11.25	$12.65	$11.63
	Regional Center					
	Strip Center	$17.80	$18.42	$18.42	$19.31	$18.39
	Subtotal	**$16.14**	**$16.58**	**$16.55**	**$17.00**	**$15.99**
Northwest	Community Center	$15.00	$15.00	$15.00		
	Freestanding/Big Box					
	Mixed Use	$15.00	$15.00	$15.00	$15.00	$15.00
	Neighborhood Center	$15.50	$19.00	$19.00	$19.00	$17.00
	Strip Center	$20.60	$20.15	$20.15	$21.33	$21.11
	Subtotal	**$19.10**	**$19.39**	**$19.23**	**$20.31**	**$19.92**
Saint Paul CBD	Mixed Use	$11.17	$11.17	$11.17	$14.25	$14.25
	Subtotal	**$11.17**	**$11.17**	**$11.17**	**$14.25**	**$14.25**
Southeast	Community Center					
	Freestanding/Big Box	$11.00	$11.00	$11.00	$11.00	$11.00
	Mixed Use	$16.67	$16.50	$15.63	$15.63	$16.68
	Neighborhood Center	$14.35	$15.17	$15.33	$15.43	$14.83
	Regional Center					
	Strip Center	$21.08	$20.71	$20.99	$20.64	$21.65
	Subtotal	**$17.86**	**$17.99**	**$18.15**	**$17.76**	**$18.18**
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$17.50	$17.50	$17.50	$17.50	$17.50
	Neighborhood Center	$16.50	$16.50	$16.50	$17.67	$16.50
	Regional Center					
	Strip Center	$21.13	$21.71	$20.84	$21.71	$22.50
	Subtotal	**$19.75**	**$20.00**	**$19.56**	**$20.00**	**$20.67**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use					
	Neighborhood Center	$13.50	$14.39	$12.33	$12.33	$12.00
	Regional Center					
	Strip Center	$20.75	$20.75	$20.75	$22.00	$22.00
	Subtotal	**$16.40**	**$16.93**	**$16.54**	**$15.56**	**$15.33**
Grand Total		**$18.03**	**$18.40**	**$18.40**	**$18.54**	**$18.55**

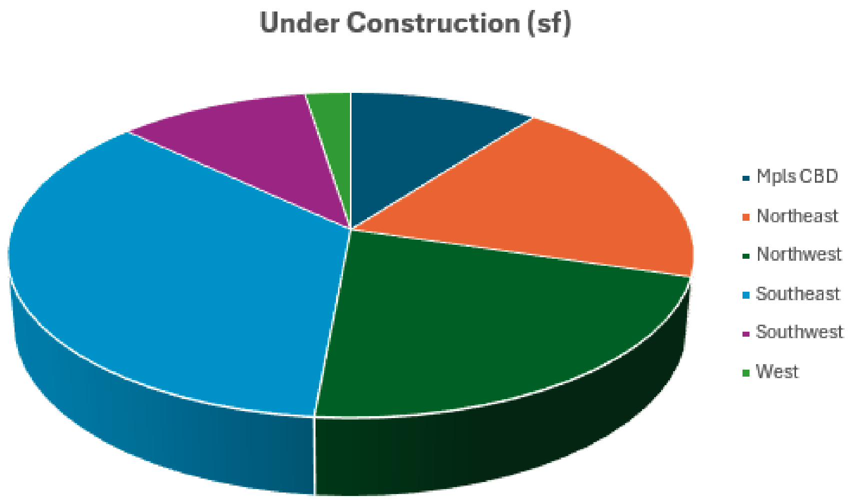
Vacancy and Lease Rates





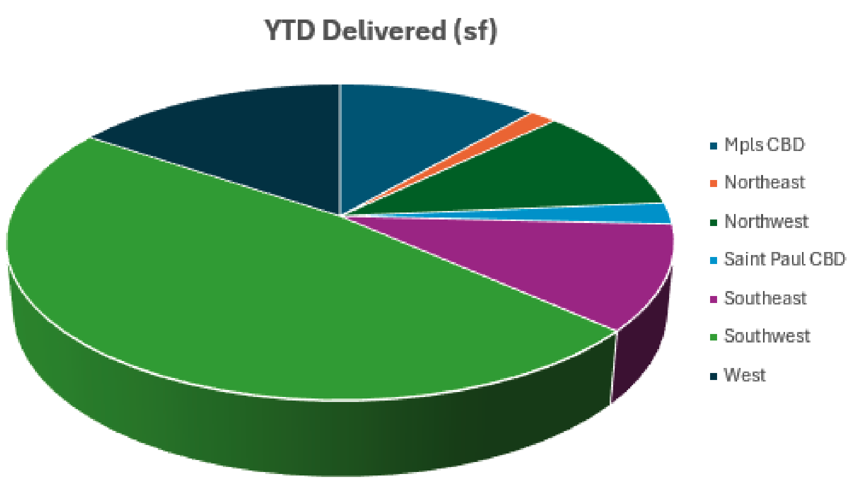


Construction by Market



Market	Bldg (sf)
Mpls CBD	48,120
Northeast	89,278
Northwest	101,378
Southeast	164,848
Southwest	48,828
West	11,600
Grand Total	**464,052**

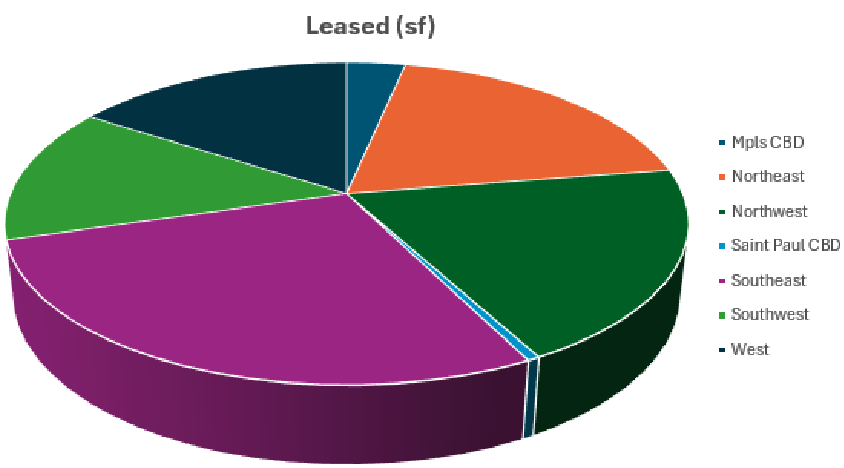
YTD Delivered by Market



Market	Bldg (sf)
Mpls CBD	47,520
Northeast	6,500
Northwest	44,989
Saint Paul CBD	9,250
Southeast	45,231
Southwest	200,800
West	65,282
Grand Total	**419,572**

Leasing Activity

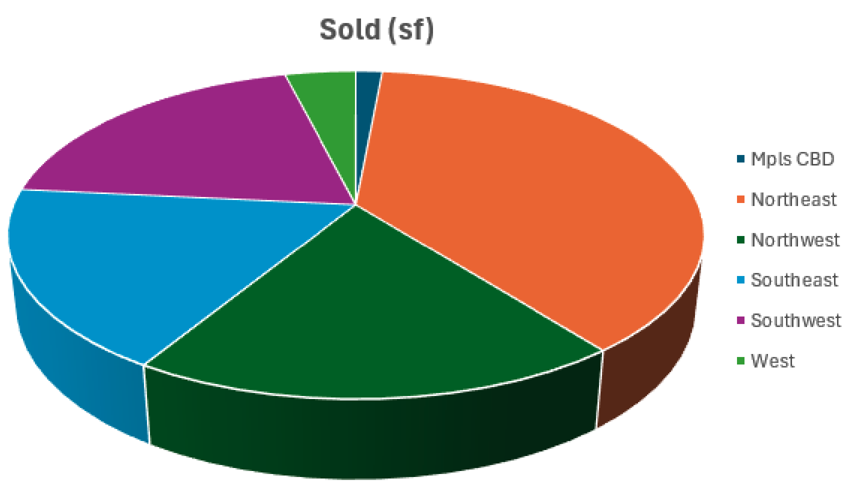
Property	Size (sf)	Market	Tenant	Landlord
The Shops at West End 5370 West 16th St	52,000	West	Cub Foods	MSP West End LLC
17625 Kenrick Ave	20,567	Southeast	Salvation Army	Dawft Lakeville GW LLC
Rosemount Market Square 3400 150th St W	19,286	Southeast	Planet Fitness	Rosemount Properties LLC
Yorktown Mall 3301 S Hazelton Rd	18,965	Southwest	Planet Fitness	Vulcan Properties
Penn Lowry Crossing 3110 Penn Ave N	18,076	Northwest	Colonial Market	Penn-Lowry Crossing LLC



Market	Leased (sf)
Mpls CBD	22,327
Northeast	128,908
Northwest	131,219
Saint Paul CBD	3,350
Southeast	187,229
Southwest	91,930
West	106,638
Grand Total	**671,601**

Sales Activity

Property	Price	Market	Buyer	Seller
Rue de France 7101 France Ave S	$26,401,470	Southwest	Rue De France Station LLC	Sun Life Assurance Company of Canada (U.S.)
Spirit Place at Brandtjen Farm 16150 Pilot Knob Rd	$20,776,030	Southeast	Hurd HV Lakeville, LLC	Hy-Vee Inc
Fountain Place 12573 Castlemoor Dr	$19,000,000	Southwest	EP Fountain Place 2024, LLC	Sun Life Assurance Company of Canada (U.S.)
3651 Highway 61 N	$18,000,000	Northeast	WBL Auto Real Estate, LLC	Tousley Ford Inc
5621 - 5695 Duluth St	$8,400,000	Northwest	Spring Gate Properties LLC	Olympik Spring Gate LLC



Market	Sold (sf)
Mpls CBD	22,099
Northeast	570,953
Northwest	289,929
Southeast	268,253
Southwest	293,240
West	59,227
Grand Total	**1,503,701**

Methodology

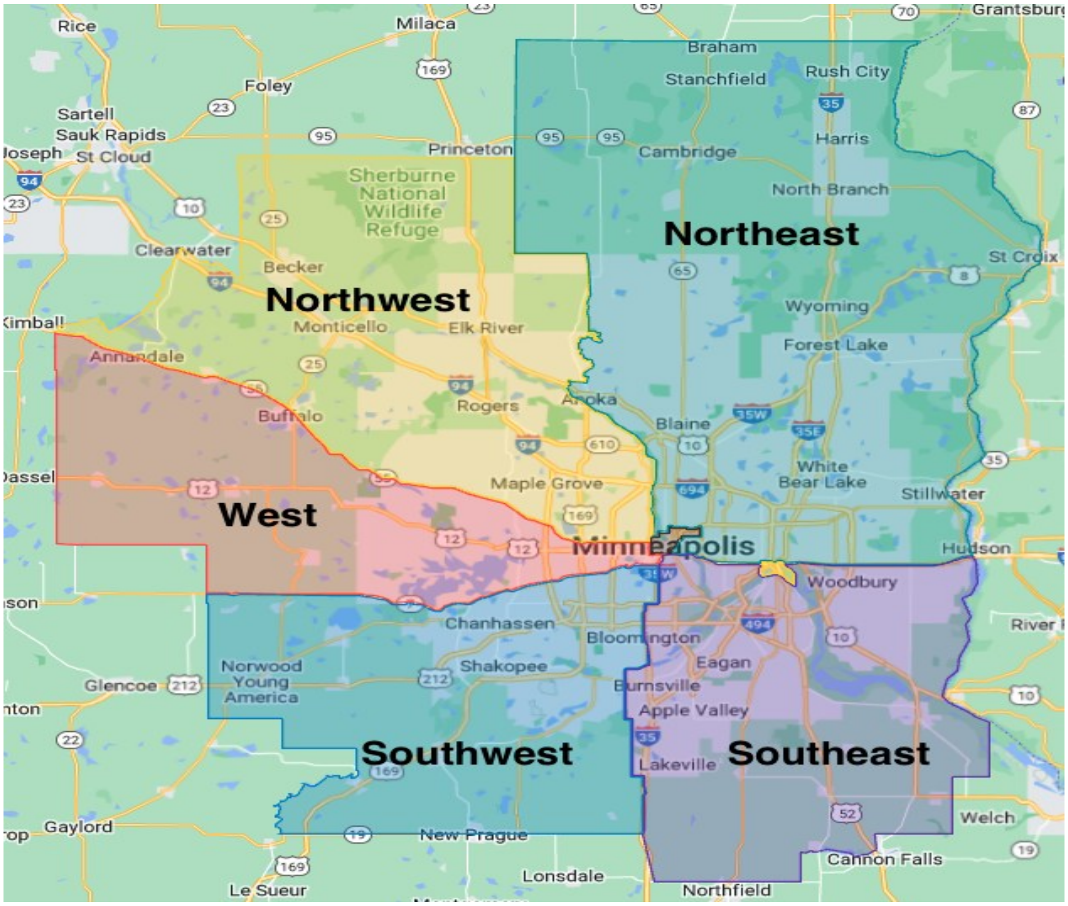
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties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

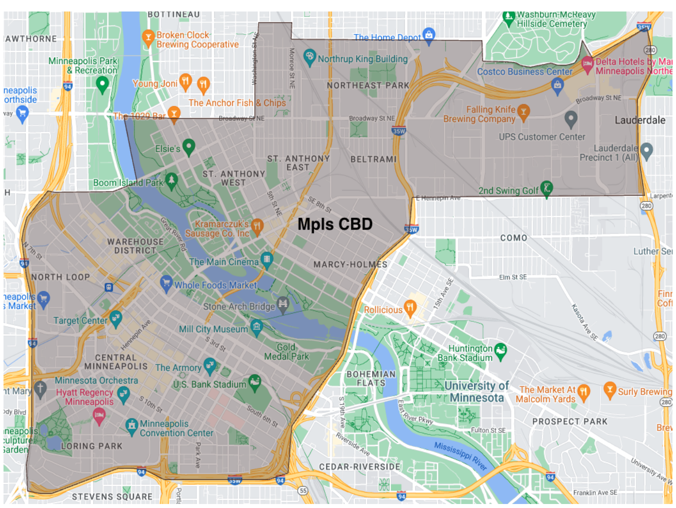
Terminology

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

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	Mary Lindell		Sara Martin
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