

Compass – Industrial Market Update

Midway Chamber of Commerce, Economic Development Committee

COMPASS

Navigating the Minneapolis/St. Paul Commercial Real Estate Market

INDUSTRIAL MARKET

In new construction, build-to-suit projects are taking precedence over speculative multi-tenant projects. Users are becoming more sophisticated at making build-to-suit projects work for them, with access to more information. This is making it harder for spec builders to launch large projects, so they may shift to smaller ones.

Users still want to be closer to the urban core, thus fueling more in-fill redevelopment projects such as Northern Stacks in Fridley and the Midway Stadium site in St. Paul. At the same time, many industrial users have been showing a reluctance to muster the effort and expense to move to new facilities.

Vacancy Rates by Submarket



INDUSTRIAL	VACANCY & ABSORPTION							
SUBMARKET	TOTAL # OF BLDGS	NRA	VACANT SPACE	% VACANT	% VACANT W/SUBLEASE	2ND HALF '15 ABSORPTION	1ST HALF '16 ABSORPTION	LAST 12 MTHS ABSORPTION
Northeast	386	33,653,055	2,075,598	6.2%	6.4%	165,385	708,462	873,847
Northwest	313	28,449,785	3,247,987	11.4%	12.4%	457,086	(-15,222)	441,864
Southeast	218	17,380,162	1,292,824	7.4%	8.8%	361,466	325,651	687,117
Southwest	291	25,424,140	1,977,109	7.8%	8.2%	1,311,498	327,303	1,638,801
Total Market	1,208	104,907,142	8,593,518	8.2%	8.8%	2,295,435	1,346,194	3,641,629

Source: Cushman & Wakefield/NorthMarq

OUTLOOK

With strong submarkets in the Southeast and Northeast but slower activity in the Northwest and Southwest, the overall absorption for the second half of 2016 is predicted at 550,000 sf.

Landlords in the Southwest and Northwest submarkets are likely to face continuing pressure for concessions.

Construction costs, which have been steadily rising for several years, are expected to continue that trajectory through the rest of the year.

550,000 sf
absorption anticipated
in second half of 2016

700 Emerald Street, St. Paul

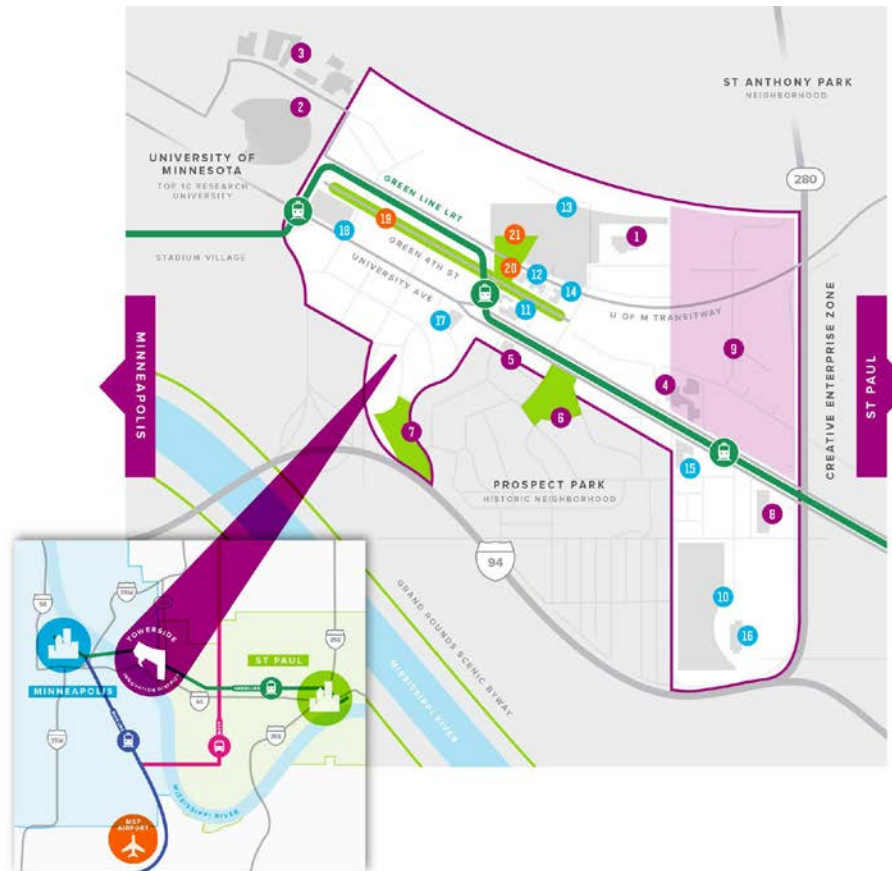
Midway Chamber of Commerce, Economic Development Committee



Google earth

Towerside Innovation District

Midway Chamber of Commerce, Economic Development Committee



- | | | |
|---|---|---|
| WHAT'S HERE <ul style="list-style-type: none"> 1 Surly 2 TCF Bank Stadium 3 Biomedical Discovery District 4 KSTP Hubbard Broadcasting 5 Textile Center 6 Tower Hill Park 7 Luxton Park 8 Court International 9 Westgate Business Area | WHAT'S COMING <ul style="list-style-type: none"> 10 Dominion, Affordable Mixed Residential 11 Harlem Irving, The Rise, Mixed use 12 Prospect Park Properties/Cornerstone, Residential 13 The Wall Companies, Mixed Use 14 Aeon, Affordable Residential 15 Flaherty & Collins, 2700 University, Residential 16 Sunrise Banks Headquarters 17 Prospect Park Properties, Hampton Inn & Suites 18 U of M, United Properties, Joint Venture, Mixed Use | DISTRICT SYSTEMS /PUBLIC REALM <ul style="list-style-type: none"> 19 Green 4th Street 20 Shared Stormwater System 21 Signature Greenspace ○ District Energy System ○ District Parking |
|---|---|---|

Midway Industrial Snapshot

Midway Chamber of Commerce, Economic Development Committee

