Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis

third quarter 2014

Highlights for the third quarter of 2014

	3Q-14	change from 2Q-14	change from 3Q-13
Labor force	221,106 residents	▲	▲
Residents employed	211,845	▲	▲
Unemployment rate	4.2%	▼	▼
New residential permitted units	409 units	▼	▼
Permitted residential conversions, remodels and additions	184 buildings $ 29.6 million	▲ ▼	▲ ▲
Permitted non-residential conversions, remodels and additions	206 buildings $ 124.2 million	▲ ▲	▲ ▲
Residential units demolished	56 units	—	▲
Rental vacancy rate	2.1 %	▼	▲
Average rent in inflation-adjusted dollars	$ 1,105	▼	▲
Residential units sold Traditional Lender-mediated	1,471 units 173 units	▲ ▼	▲ ▼
Median sale price of residential units Traditional Lender-mediated	$ 224,940 $ 124,500	▼ ▲	▲ ▲
Foreclosures	175	▲	▼
Condemned and vacant buildings	590	▲	▼
Minneapolis CBD office vacancy rate	15.1 %	▼	▼
Minneapolis CBD retail vacancy rate	10.9 %	▼	▼

Highlights for the first quarter of 2014 – Jobs and wages

	1Q-14	4Q-13	1Q-13
Number of jobs	299,532 employees	▼	▲
Wages in inflation-adjusted dollars	$ 1,401	▲	▲

City of Minneapolis
Department of Community Planning & Economic Development - CPED

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Minneapolis Trends

third quarter 2014

Contents

Economic indicators **3**

Labor force 4

Jobs 5

Wages 8

Definitions & sources 12

Development indicators **13**

New construction 14

Cost of residential construction 15

Conversions, remodels, and additions 16

Major construction projects 20

Demolitions 21

Definitions & sources 22

Housing stock & the real estate market **24**

Apartment vacancy rates & average rents 25

Residential sales 30

Foreclosures 32

Condemned & vacant buildings 34

Office space 35

Retail space 37

Industrial space 39

Definitions & sources 41

Economic indicators

- Average employment and labor force numbers increased over the past quarter, with employment growth outpacing the rate of labor force growth. The resulting unemployment rate is lower than the previous quarter at 4.2%. In comparison with the same quarter last year, over 3,000 more city residents were working.
- As of the first quarter 2014 there were 299,532 jobs in Minneapolis, a decrease of 2.0 percent over the previous quarter, and 2,500 more (0.9 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 pace of 0.9 and 1.0 percent respectively.
- Average inflation adjusted wages for the first quarter 2014 were up 1.7 percent from the same period a year before. Inflation adjusted wages in the metro area rose 2.0 percent while rising 1.3 percent at the state level during the same period.

Labor force

During the third quarter 1,221 residents (a 0.6 percent increase) joined the labor force; while over 1,414 more residents (a 0.7 percent increase) were working. As a result, the unemployment rate fell from 4.3 percent in the second quarter of 2014 to 4.2 percent in the third quarter of 2014.

The metro area also experienced an increase in the labor force accompanied by a larger increase in employment. This resulted in a decrease in the unemployment rate to 3.9 percent down from 4.1 percent in the previous quarter.

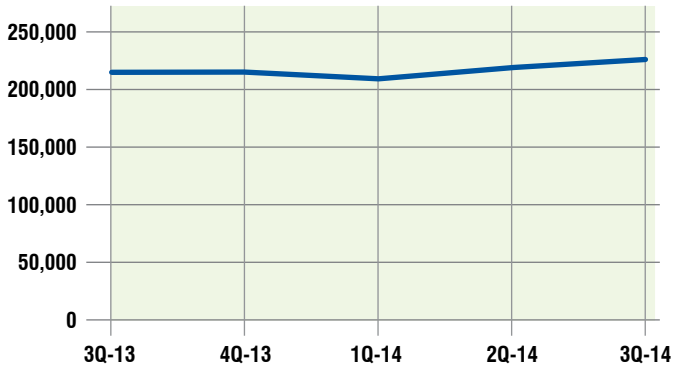
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis					
Labor Force	219,777	218,076	217,389	219,885	221,106
Employment	208,547	208,608	207,067	210,431	211,845
Unemployment rate	5.1%	4.3%	4.7%	4.3%	4.2%
Metro area					
Labor Force	1,641,111	1,629,810	1,628,191	1,643,297	1,650,304
Employment	1,562,813	1,561,940	1,549,957	1,575,135	1,585,722
Unemployment rate	4.8%	4.1%	4.8%	4.1%	3.9%

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

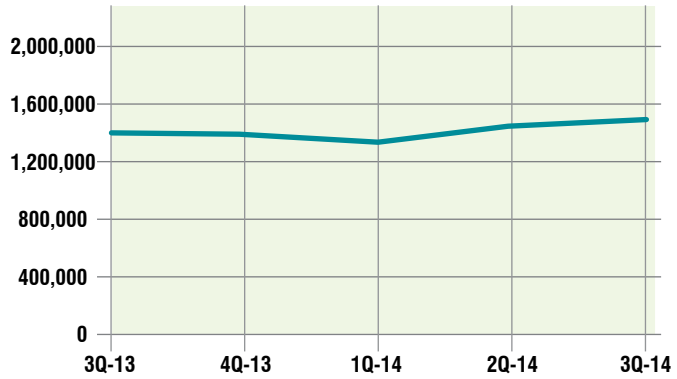
* For metro area definition, see page 12.

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** – Minneapolis[1]

	1Q-2013	2Q-2013	3Q-2013	4Q-2013	1Q-2014	Change from 1Q-13 - 1Q-14
Total, All Industries	296,999	302,839	305,275	305,655	299,532	2,533
Construction	5,061	5,490	6,145	5,860	5,313	252
Manufacturing	13,124	13,043	13,130	13,131	12,927	(197)
Utilities	2,844	2,879	2,913	2,845	2,758	(86)
Wholesale Trade	8,646	8,719	8,844	8,780	8,353	(293)
Retail Trade	13,845	15,102	15,138	14,871	14,073	228
Transportation and Warehousing	6,697	6,596	6,458	6,772	6,866	169
Information	9,363	9,264	10,721	10,740	10,877	1,514
Finance and Insurance	26,828	26,631	26,598	26,492	26,322	(506)
Real Estate and Rental and Leasing	9,389	9,297	9,241	8,962	8,737	(652)
Professional and Technical Services	33,244	33,441	33,737	33,849	34,158	914
Management of Companies and Enterprises	19,936	20,056	20,295	20,152	19,191	(745)
Administrative and Waste Services	13,802	14,718	15,099	14,833	13,932	130
Educational Services	31,373	31,406	29,356	31,596	31,372	(1)
Health Care and Social Assistance	52,434	53,433	54,369	55,232	54,726	2,292
Arts, Entertainment, and Recreation	4,798	5,385	5,329	4,667	4,794	(4)
Accommodation and Food Services	23,032	24,243	24,907	24,785	23,337	305
Other Services, Ex. Public Admin	9,410	9,739	9,768	9,664	9,509	99
Public Administration	11,767	11,928	13,031	12,245	12,118	351

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 first quarter 2014, the number of jobs located in Minneapolis was 299,532, a 2.0 percent decrease from the previous quarter. In comparison with the same quarter in 2013, the number of jobs increased by 0.9 percent (approximately 2,500 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 – 1st quarter 2013 to 1st quarter 2014

Sectors which gained the most jobs:

- **Information** grew by **1,514 jobs**, a **16.4 percent** increase.
- **Construction** grew by **252 job**s, a **5.0 percent** increase.
- **Health Care and Social Assistance** grew by **2,292 jobs**, a **4.4 percent** increase.

Sectors which experienced greatest job losses:

- **Manufacturing** lost **197 jobs**, a **1.5 percent** decrease.
- **Real Estate, Rental, and Leasing** lost **652 jobs**, a **6.9 percent** decrease.
- **Wholesale Trade** lost **293 jobs**, a **3.4 percent** decrease.

Quarter to quarter change – 4th quarter 2013 to 1st quarter 2014

Sectors which gained the most jobs:

- **Transportation and Warehousing** grew by **94 jobs**, a **1.4 percent** increase.
- **Information** grew by **137 jobs**, a **1.3 percent** increase.
- **Professional and Technical Servcies** grew by **309 jobs**, a **0.9 percent** increase.

Sectors which experienced greatest job losses:

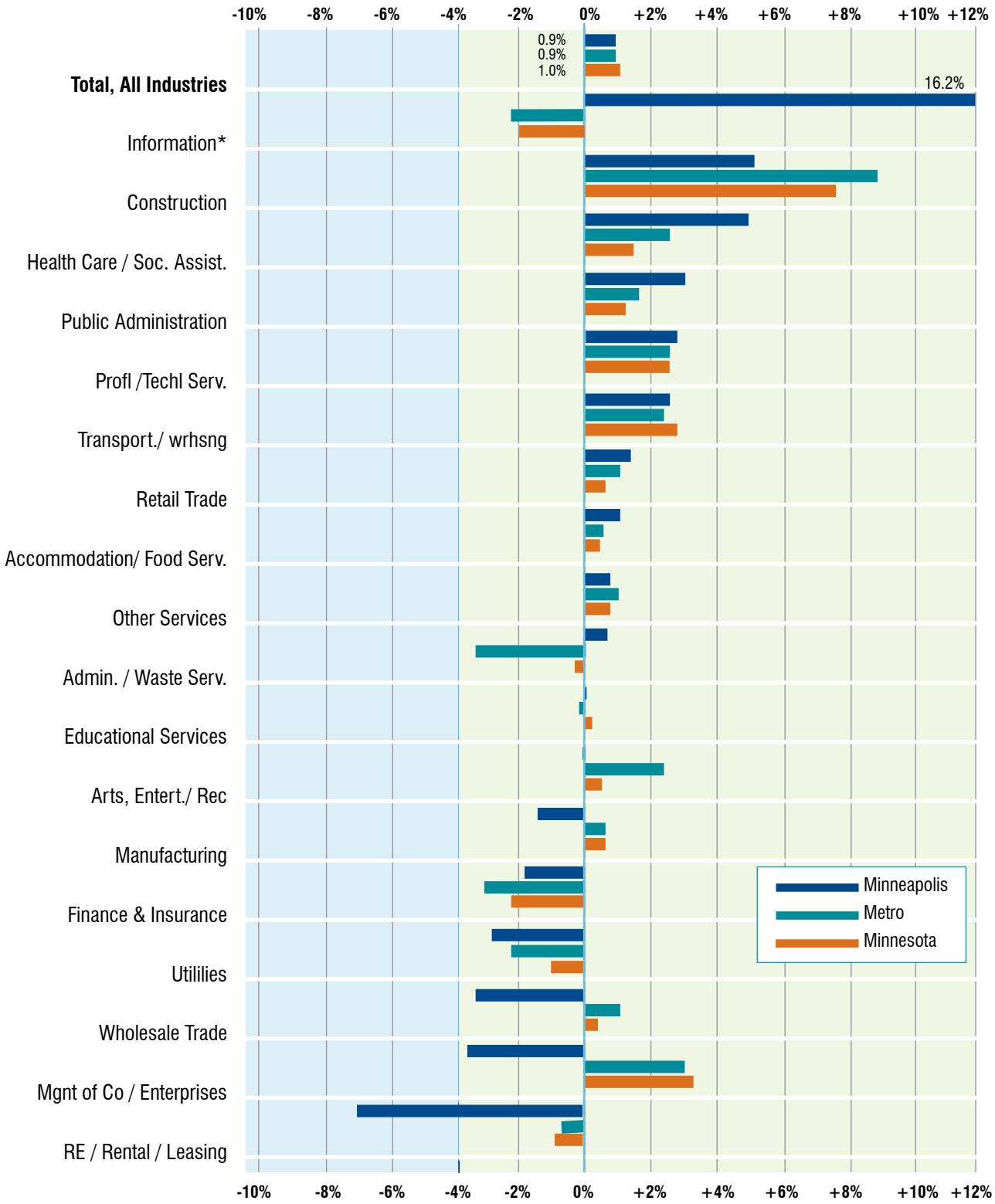
- **Construction** lost **547 jobs**, a **9.3 percent** decrease.
- **Administrative and Waste Services** lost **901 jobs**, a **6.1 percent decrease**.
- **Accommodation and Food Services** lost **1,448 jobs**, a **5.8 percent** decrease.

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 0.9 percent over the previous twelve months while the metro area and state added jobs at a rate of 0.9 and 1.0 percent respectively.

Of the sectors **posting growth** over this period, Information was the fastest growing sector in the city at **16.4 percent**, while the industry saw job losses in both the Metro and state. In addition to health care, **Construction and Health Case** sectors grew at rates of **5.0 percent** and **4.4 percent** respectively over the previous twelve months.

Of the economic sectors **losing jobs** in the city, **Wholesale Trade, Real Estate, Rental, and Leasing**, and **Management of Companies** saw the greatest declines.

Figure 3: **JOBS** –1Q-13 to 1Q-14
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 first quarter of 2014 was **$1,401**, a **3.2 percent** increase in non-adjusted dollars from the previous year, and a **1.7 percent** increase when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Utilities** saw the highest average weekly wages increase at **309 dollars** (**12.7 percent**).

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis[1]
in current dollars

	1Q-2013	2Q-2013	3Q-2013	4Q-2013	1Q-2014	Change from 1Q-13 - 1Q-14
Total, All Industries	**$ 1,358**	**$ 1,206**	**$ 1,169**	**$ 1,282**	**$ 1,401**	**$ 43**
Construction	$ 1,141	$ 1,222	$ 1,094	$ 1,252	$ 1,268	$ 127
Manufacturing	$ 1,116	$ 1,097	$ 1,048	$ 1,220	$ 1,186	$ 70
Utilities	$ 2,424	$ 1,777	$ 1,691	$ 1,898	$ 2,733	$ 309
Wholesale Trade	$ 1,449	$ 1,337	$ 1,335	$ 1,514	$ 1,559	$ 110
Retail Trade	$ 532	$ 497	$ 516	$ 539	$ 562	$ 30
Transportation and Warehousing	$ 1,029	$ 927	$ 977	$ 961	$ 1,033	$ 4
Information	$ 1,494	NA	$ 1,316	$ 1,407	$ 1,530	$ 36
Finance and Insurance	$ 3,151	$ 1,838	$ 1,850	$ 2,097	$ 3,357	$ 206
Real Estate and Rental and Leasing	$ 2,161	$ 1,368	$ 1,465	$ 1,470	$ 2,424	$ 263
Professional and Technical Services	$ 1,683	$ 1,719	$ 1,693	$ 2,227	$ 1,759	$ 76
Management of Companies and Enterprises	$ 2,308	$ 2,283	$ 1,962	$ 1,769	$ 2,267	$ (41)
Administrative and Waste Services	$ 693	$ 657	$ 692	$ 725	$ 698	$ 5
Educational Services	$ 1,055	$ 1,181	$ 1,102	$ 1,218	$ 1,084	$ 29
Health Care and Social Assistance	$ 947	$ 951	$ 928	$ 988	$ 966	$ 19
Arts, Entertainment, and Recreation	$ 917	$ 1,318	$ 1,286	$ 1,076	$ 876	$ (41)
Accommodation and Food Services	$ 382	$ 388	$ 402	$ 405	$ 393	$ 11
Other Services, Ex. Public Admin	$ 606	$ 609	$ 618	$ 649	$ 631	$ 25
Public Administration	$ 1,260	$ 1,227	$ 1,186	$ 1,235	$ 1,321	$ 61

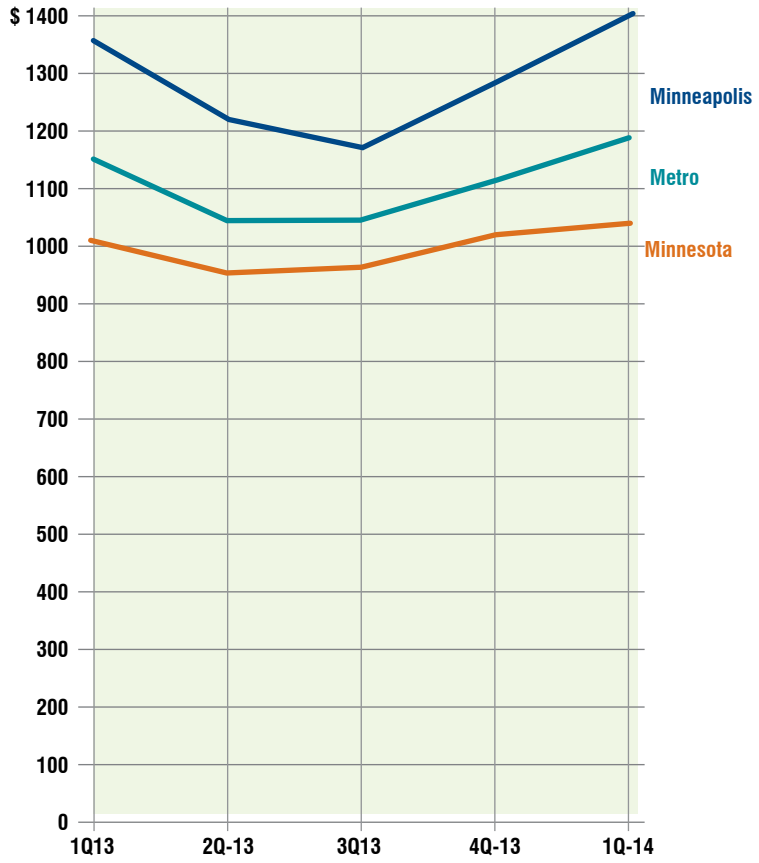
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

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.

Figure 4: **AVERAGE WEEKLY WAGES** –1Q-13 to 1Q-14
in inflation-adjusted dollars

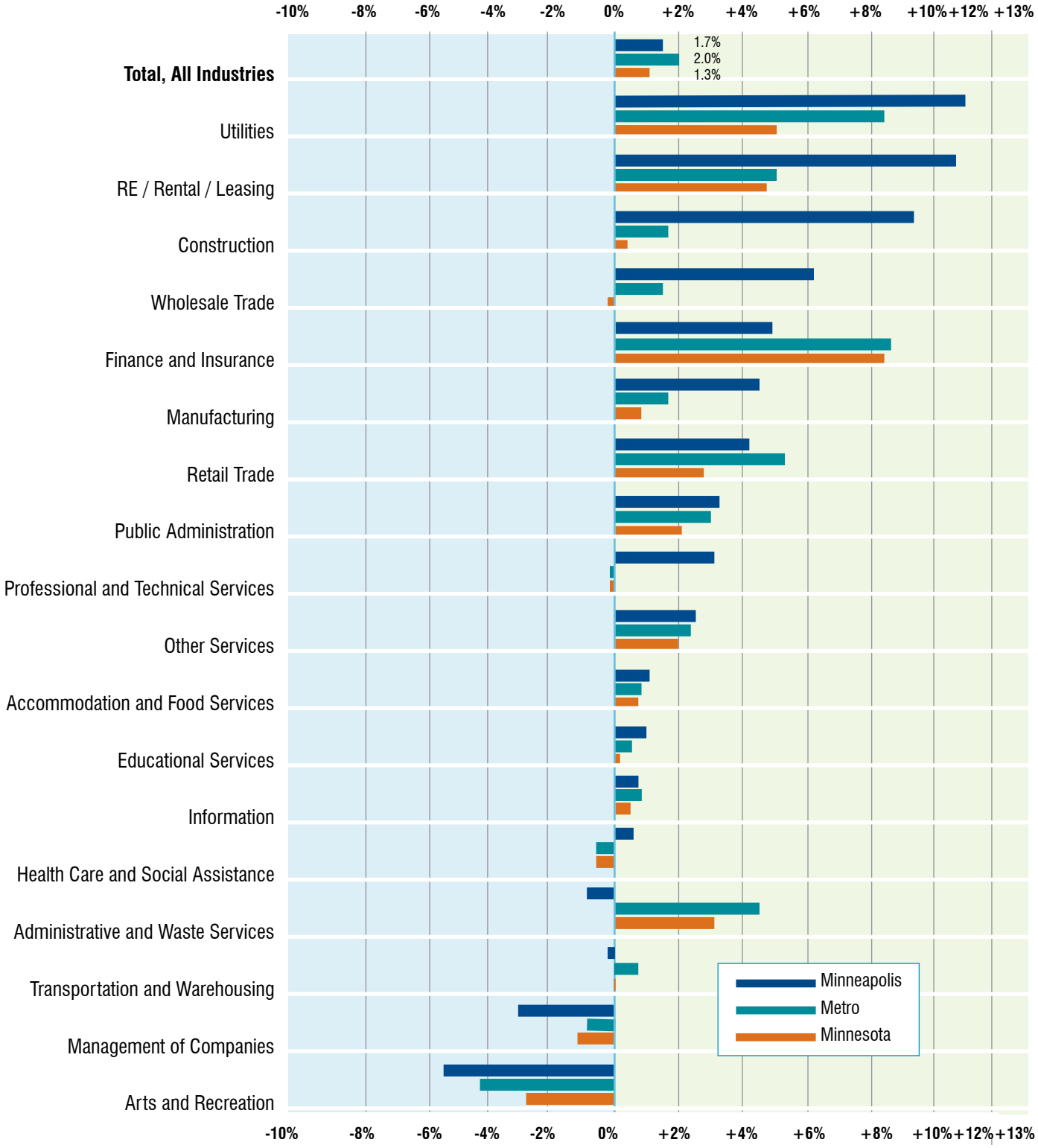


	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14	$ change 1Q-13 to 1Q-14	% change 1Q-13 to 1Q-14
Minneapolis	$ 1,378	$ 1,223	$ 1,182	$ 1,297	$1,401	$ 23	1.7%
Metro area	$ 1,169	$ 1,053	$ 1,066	$ 1,103	$ 1,192	$ 23	2.0%
Minnesota	$ 1,023	$ 948	$ 957	$ 1,007	$ 1,036	$ 13	1.3%

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

For conversion factors, see *page 12*

Figure 5: **AVERAGE WEEKLY WAGES** –1Q-13 to 1Q-14
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

A majority of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Utilities and Real Estate, Rental, and Leasing** sectors saw the largest percentage increases over the previous year. In the metro and state geographies, job sectors experiencing the greatest wage growth were **Utilities and Finance and Insurance**.

- **Utilities** saw the largest increase in inflation adjusted wages in Minneapolis with **11.1 percent** growth, while wages for the industry increased at rates of **8.3 and 4.7 percent** respectively in the metro area and state.

Definitions & sources

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 third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and 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

- **409 new construction residential units** were permitted this quarter, most of them rental units in multifamily buildings, although the number of single family permits remained strong at **31 permits** issued.
- The city permitted **51.8 percent** fewer multifamily units this quarter than last quarter, and **66.5 percent** fewer permits than were issued in the same quarter of 2013.
- Forty residential and commercial permits valued at least $1 million were issued this quarter, totaling $372.2 million. The largest single project included permits for two new office buildings for Wells Fargo in downtown.

New construction

Minneapolis city permitting of single-family units increased over the previous quarter and decreased when compared to the same quarter in 2013, while permitting of multi-family units decreased over the previous quarter and the same quarter in 2013. New residential unit permitting activity in the metro area increased over the previous quarter and decreased 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**

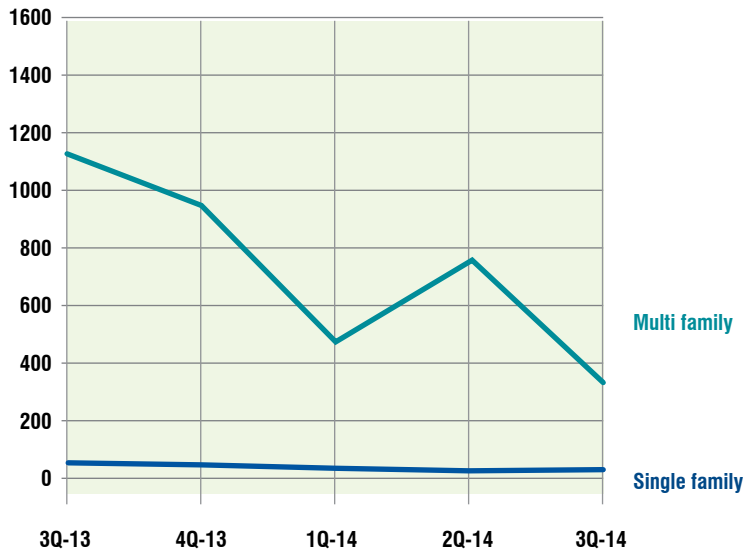
	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Single-family					
City	46	45	37	27	31
Metro area	1,720	1,412	958	1,428	1,610
Multifamily					
City	1,174	890	437	784	378
Metro area	1,903	1,449	770	1,470	1,499
Total Units					
City	1,220	935	474	811	409
Metro area*	3,623	2,861	1,728	2,898	3,109

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 undereported by counties in the metro area.

For metro area definition, see page 12

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED** – Minneapolis



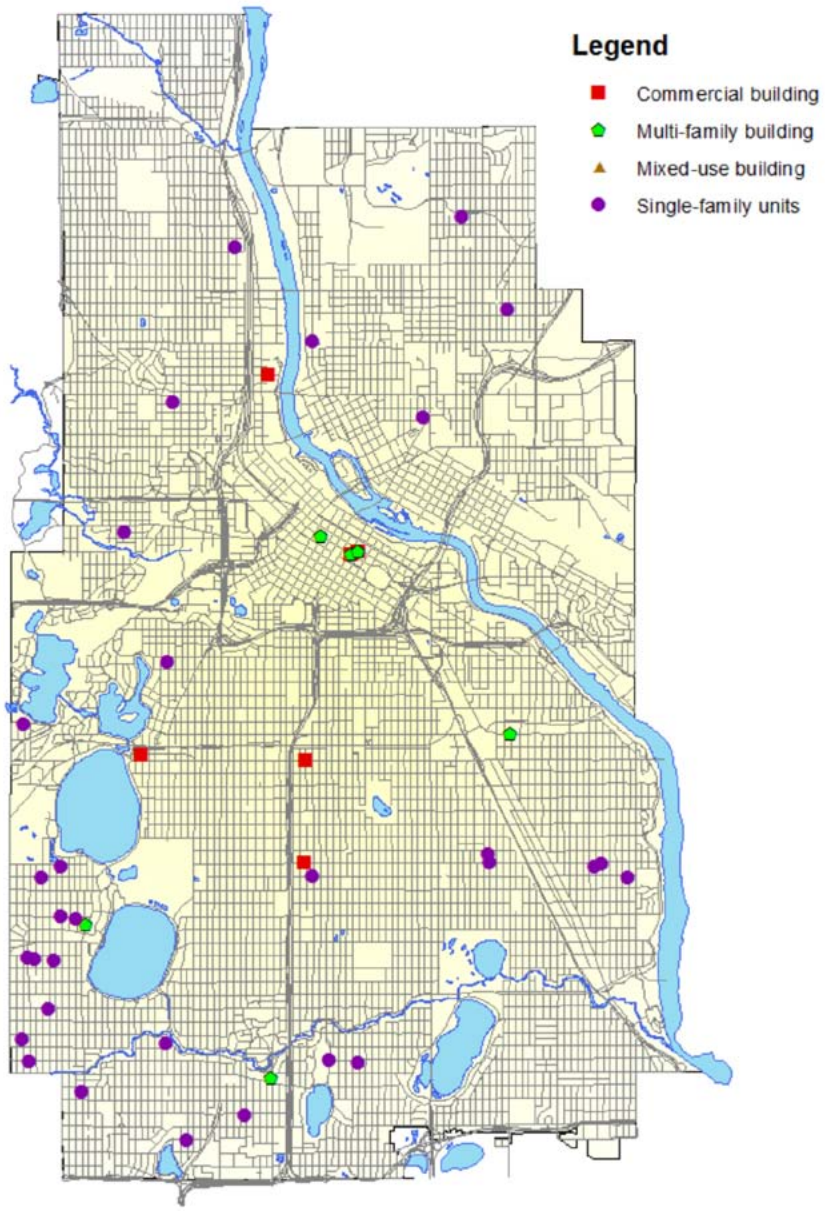
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Thirty-one single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun – also a number of new single-family units were permitted in the Longfellow area in the south sector of the city. Seven new multi-family buildings totaling 378 units were also permitted this quarter.

Map 1: **NEW CONSTRUCTION PERMITS** – 3Q-14

Source: Minneapolis CPED



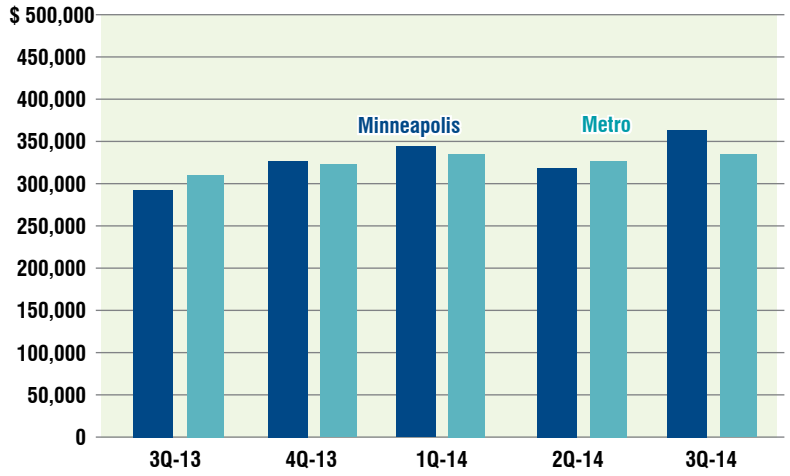
Cost of residential construction

The thirty-one new single-family homes permitted this quarter had estimated construction costs ranging from $170,000 to $1,280,000 with a median of $328,969.

The average single-family construction cost in the city increased by 16.3 percent this quarter in comparison with last quarter, and increased 25.1 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 3.3 percent over the previous quarter and increased 2.2 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 while increasing in both geographies when compared to the same quarter from the previous year.

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

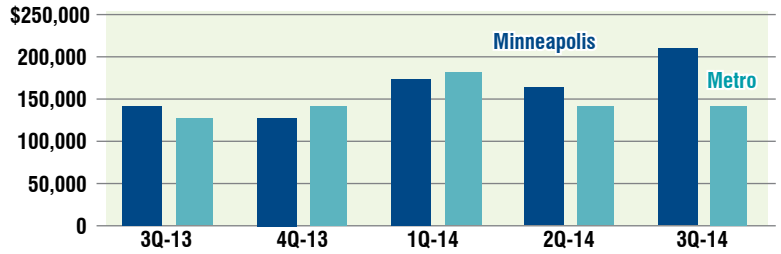


	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	$ 289,921	$ 329,671	$ 341,409	$ 311,999	$ 362,830
Metro area	$ 305,517	$ 329,477	$ 334,031	$ 323,010	$ 312,243

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	$ 146,171	$ 136,490	$ 166,541	$ 158,446	$ 212,947
Metro area	$ 135,280	$ 145,736	$ 176,751	$ 147,566	$ 146,243

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 an increase 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 also up when compared to the previous quarter and the same quarter from the previous year.

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

	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Remodels					
Number of buildings	167	115	100	162	166
Total Value	$ 22,976,086	$ 19,966,647	$ 9,480,414	$ 31,829,146	$ 25,864,908
Conversions and additions[2]					
Number of buildings	7	13	7	13	18
Net number of units	19	274	-7	63	5
Total value	$ 2,186,020	$ 82,807,806	$ 196,000	$ 9,301,359	$ 3,721,007
Total Residential[1]					
Number of buildings	174	128	107	175	184
Value	$ 25,162,106	$ 102,774,453	$ 9,676,414	$ 41,130,505	$ 29,585,915
Total non-residential[1]					
Number of buildings[3]	178	165	134	189	206
Value	$ 63,817,628	$ 60,963,468	$ 69,067,513	$ 83,855,306	$ 124,221,140

Source: Minneapolis CPED

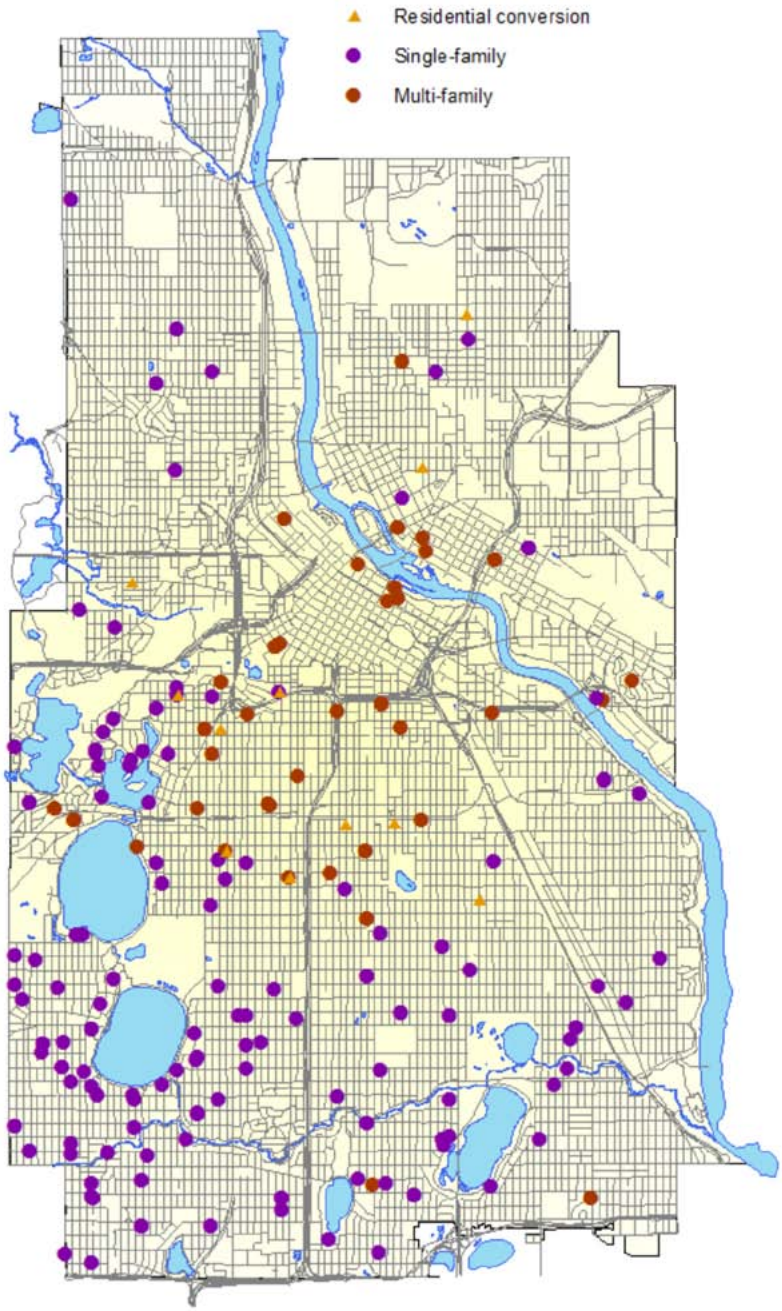
1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.
2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential 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 around the lakes in the South and Southwest sectors.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS** – 3Q-14
projects $50,000 +

Source: Minneapolis CPED

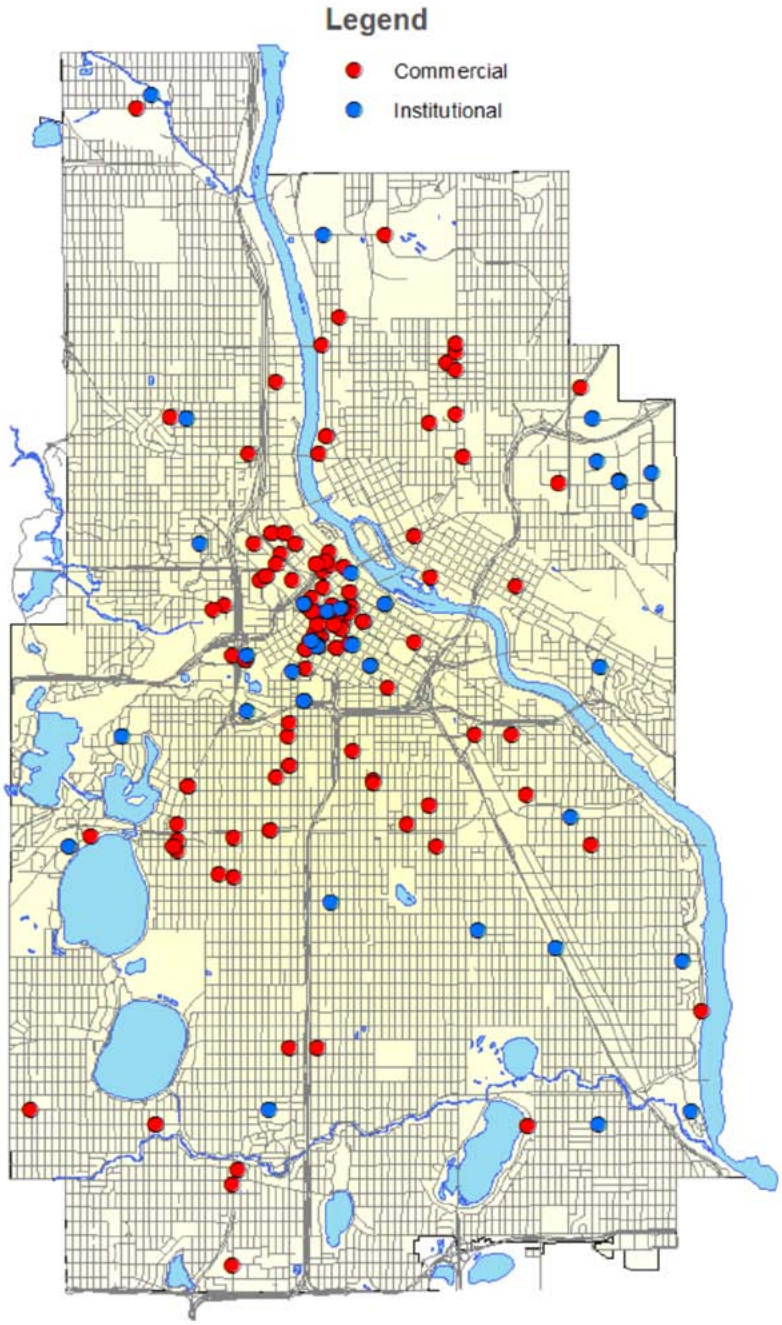


Conversions, remodels & additions

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

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION** – 3Q-14
projects $50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the third quarter of 2014. 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 $	CPED Involvement [1]
Wells Fargo new office tower	530 4th St S	Downtown West	$ 87,647,428	●
Wells Fargo new office tower	329 Portland Ave	Downtown East	$ 87,261,468	●
New 30 story 262 unit residential building	400 Marquette Ave	Downtown West	$ 58,260,409	
Renovation of Block E	600 Hennepin Ave	Downtown West	$ 13,382,877	●
Wells Fargo new office tower	530 4th St S	Downtown West	$ 11,500,000	●
Wells Fargo new office tower	329 Portland Ave	Downtown East	$ 11,500,000	●
Renovation of Block E	600 Hennepin Ave	Downtown West	$ 9,135,265	●
Office remodel	225 6th St S	Downtown West	$ 7,946,815	
Office remodel	1101 3rd St S	Downtown East	$ 7,200,000	
Office and warehouse addition	15 West Broadway	Near-North	$ 6,800,000	
New 4 story 45 unit residential building	5426 Nicollet Ave	Tangletown	$ 6,500,000	
New 28 unit residential building	530 4th St S	Downtown West	$ 5,588,012	●
New 32 unit Residential building	329 Portland Ave	Downtown East	$ 5,588,012	●
New grocery store and offices	317 38th St E	Bryant	$ 4,734,490	●
Renovation of Block E	600 Hennepin Ave	Downtown West	$ 4,139,287	●
Former school board headquarters remodel	807 Broadway St Ne	Logan Park	$ 4,042,195	
New 3 story mixed use building	2915 James Ave S	East Isles	$ 3,700,295	
Office remodel	45 5th St S	Downtown West	$ 2,542,000	
Target Center remodel	600 1st Ave N	Downtown West	$ 2,500,000	
Bus Maintenance facility remodel	3106 Nicollet Ave	Lyndale	$ 2,400,000	
Conversion of grocery to commercial kitchen, market, and café	2412 Nicollet Ave	Whittier	$ 2,363,950	
Office remodel	100 5th St S	Downtown West	$ 2,254,500	
Conversion of auto dealership to Walgreens	5424 Lyndale Ave S	Kenny	$ 2,150,000	
Residential remodel	5640 34th Ave S	Wenonah	$ 2,121,449	
Demolition and alteration to building in preparation for conversion to residential use	22 27th Ave Se	Prospect Park - East River Road	$ 1,700,000	
Office remodel	501 Nicollet Mall	Downtown West	$ 1,501,237	
Replace roof	1130 Nicollet Mall	Downtown West	$ 1,400,000	
Clinic renovation	2525 Chicago Ave	Midtown Phillips	$ 1,387,000	
Office remodel	2601 Franklin Ave E	Seward	$ 1,386,248	
Office remodel	300 Border Ave N	North Loop	$ 1,375,888	
School remodel	66 Malcolm Ave Se	Prospect Park - East River Rd	$ 1,357,884	
New 3 unit residential building	4255 Sheridan Ave S	Linden Hills	$ 1,345,939	
Tenant improvement to office/warehouse building	2633 Minnehaha Ave	Longfellow, Seward	$ 1,300,000	
New single family residence	3901 Abbott Ave S	Linden Hills	$ 1,280,000	
Office remodel	800 Nicollet Mall	Downtown West	$ 1,204,170	
Replace roof	80 8th St S	Downtown West	$ 1,200,000	
Surly Brewery interior buildout	3171 5th St Se	Prospect Park - East River Rd	$ 1,145,693	
Replace roof	1701 49th Ave N	Humboldt Industrial Area	$ 1,113,000	
Convention center improvements	132 16th St E	Loring Park	$ 1,099,475	
Restaurant buildout	1608 Harmon Pl	Loring Park	$ 1,098,749	

* Includes more than one permit at one address

1 Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

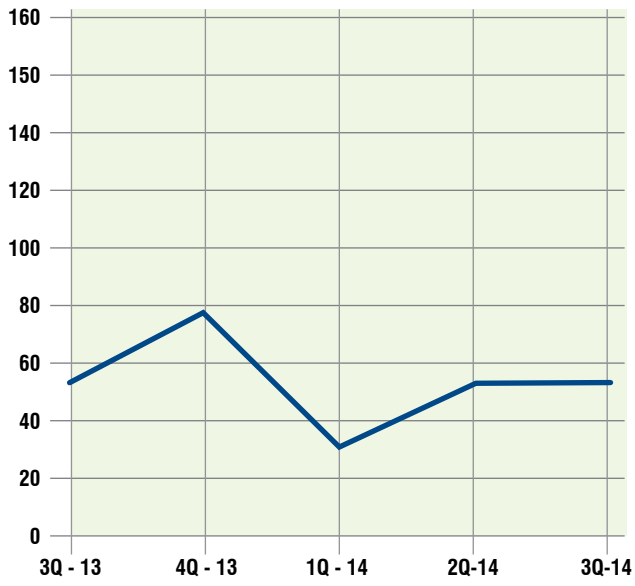
Source: Minneapolis CPED

Demolitions

Residential demolitions held steady this quarter when compared to the previous quarter, and increased when compared to the same quarter from 2013.

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

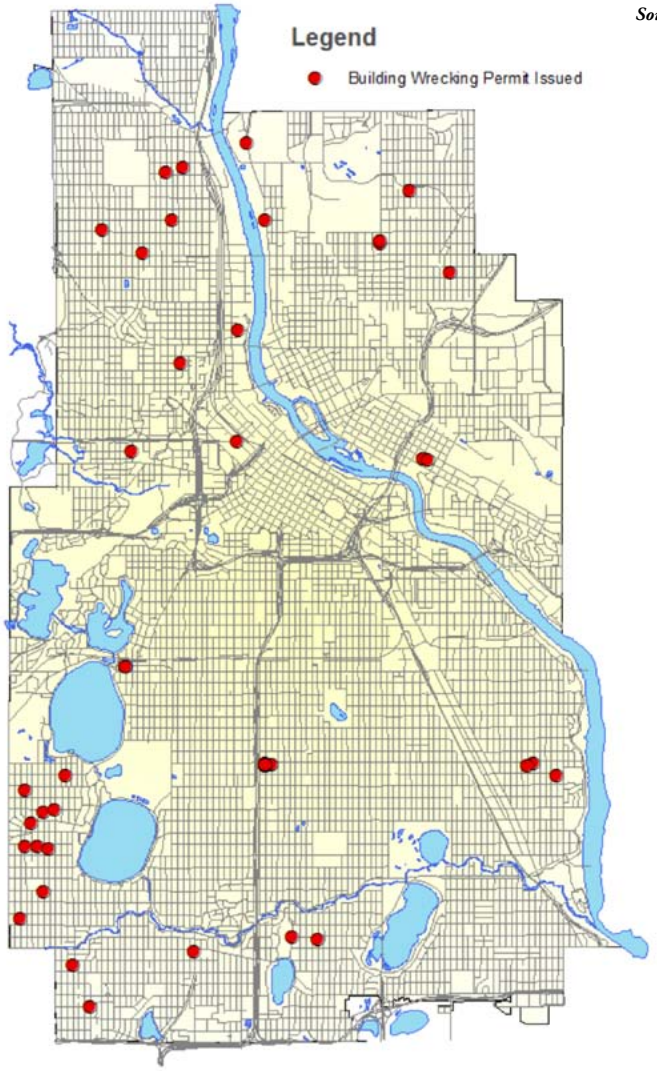


Quarter	Units
3Q-13	51
4Q-13	80
1Q-14	32
2Q-14	56
3Q-14	56

Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –3Q-14

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 fell to 2.1 percent in the third quarter of 2014 after rising to 3.5 in the second quarter. The vacancy rate remains up from the 1.9 percent rate in the third quarter of 2013.
- The number of traditional housing sales increased by 9.8 percent over the same quarter last year, while lender-mediated sales decreased by 42.5 percent. Average prices on traditional housing sales decreased by 4.3 percent from the previous quarter, and increased 1.4 percent over the same quarter last year.
- Foreclosure sales increased by 22.4 percent from the previous quarter, and decreased by 10.3 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 17.2 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 10.9 percent to 21.6 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 fell to 2.1 percent. The metro area vacancy rate also dropped this quarter to 2.4 percent.

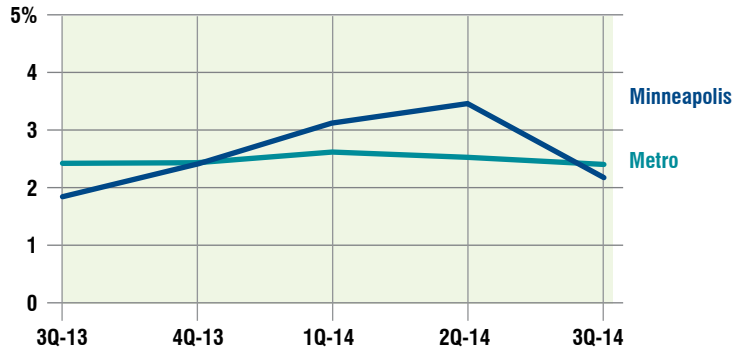
Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis					
Units surveyed	17,500	18,174	18,510	18,381	19,179
Vacant units	332	455	589	644	404
Average rent	$ 1,041	$ 1,098	$ 1,095	$ 1,118	$ 1,105
Vacancy rate	1.9%	2.5%	3.2%	3.5%	2.1%
Metro area					
Units surveyed	117,356	115,632	117,434	114,496	123,503
Vacant units	2,897	2,932	3,214	2,986	3,025
Average rent	$ 984	$ 981	$ 1,000	$ 1,004	$ 1,007
Vacancy rate	2.5%	2.5%	2.7%	2.6%	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
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

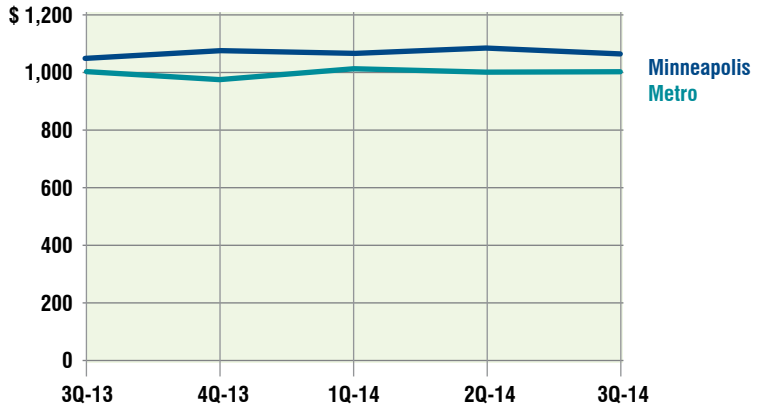
Apartment vacancy rates & average rents

At $1,105, Minneapolis average rent in inflation-adjusted dollars decreased when compared to the previous quarter and increased when compared to the same quarter of last year. In the metro area average rent was $1,007, an increase from the previous quarter and a decrease when compared to the same quarter of the previous year.

The vacancy rate fell in the Downtown, North, and South sectors over the last quarter, and rose in the Southwest and East sectors. Compared to the same quarter last year the vacancy rate rose in the Southwest, North, and East sectors, while falling slightly in the Downtown sector. The vacancy rate held steady in the South sector. The largest change from year to year occurred in East, where the vacancy rate increased from 0.9 percent in the third quarter of 2013, up to 1.6 percent in the third quarter of 2014.

* For conversion factors, see page 41.

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



In inflation-adjusted dollars

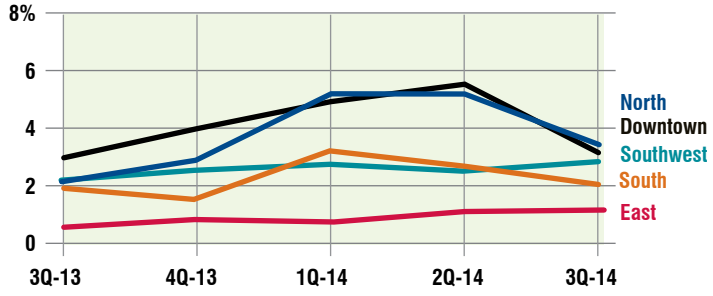
	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	$ 1,071	$ 1,129	$ 1,108	$ 1,132	$ 1,105
Metro area	$ 1,012	$ 993	$ 1,012	$ 1,004	$ 1,007

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Downtown	3.3%	4.0%	5.0%	5.7%	3.1%
Southwest	2.2%	2.5%	2.7%	2.5%	2.7%
North	2.2%	2.7%	5.6%	5.6%	3.3%
South	2.0%	1.8%	3.2%	2.6%	2.0%
East	0.9%	1.2%	0.8%	1.5%	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

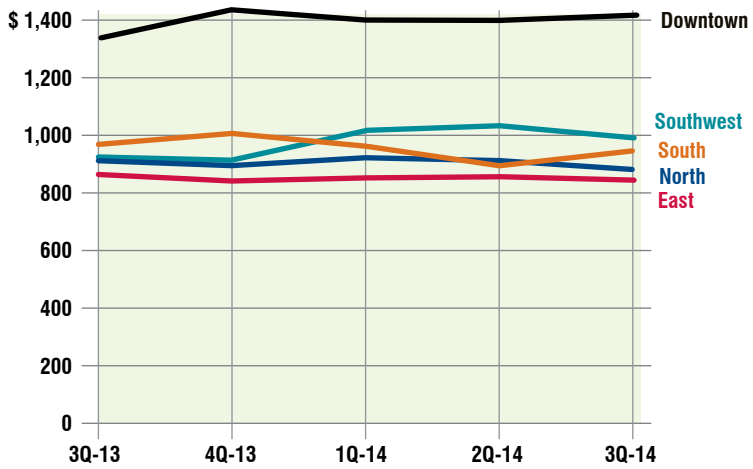
* For sector definitions, see page 41.

Apartment vacancy rates & average rents

Average inflation adjusted rents decreased over the previous quarter in the Southwest, North, and East sectors of the city, while rising in the South and Downtown sectors. On a year to year basis, rents increased the most in Southwest Minneapolis (4.7 percent, or 44 dollars), followed by Downtown (2.9 percent, or approximately 41 dollars).

* For conversion factors, see page 42.

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Downtown	$ 1,381	$ 1,442	$ 1,415	$ 1,418	$ 1,422
Southwest	$ 954	$ 951	$ 1,007	$ 1,033	$ 998
North	$ 956	$ 949	$ 955	$ 951	$ 939
South	$ 969	$ 1,002	$ 954	$ 923	$ 949
East	$ 908	$ 866	$ 867	$ 895	$ 884

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.

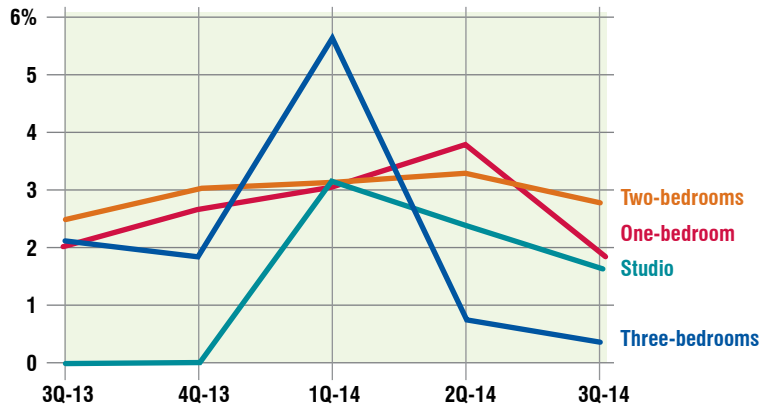
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates fell for all apartment types. In comparison with the same quarter from the previous year, vacancy rates rose for studio and two-bedroom apartment types while falling for one- and three-bedroom apartment.

Average rents in *inflation-adjusted dollars* fell for all unit types when compared to the previous quarter. Rents for all unit types except for three-bedrooms 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

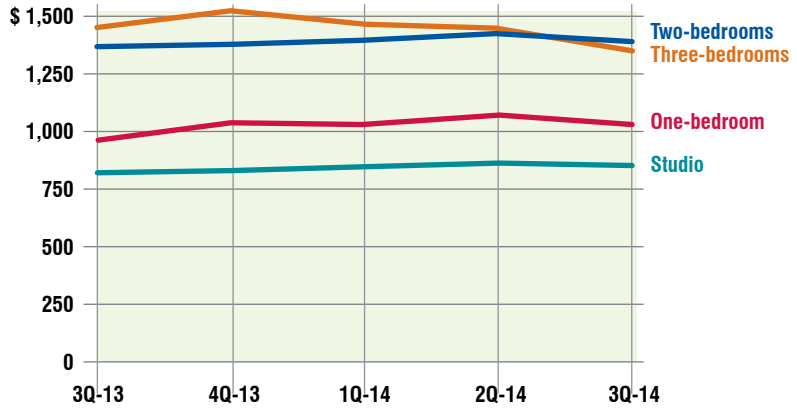


	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Studio	0.0%	0.0%	3.1%	2.4%	1.7%
One-bedroom	2.0%	2.7%	3.0%	3.8%	1.9%
Two-bedroom	2.5%	3.0%	3.2%	3.4%	2.9%
Three-bedroom	2.2%	1.9%	5.5%	0.9%	0.4%

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Studio	$ 779	$ 797	$ 800	$ 817	$ 803
One-bedroom	$ 990	$ 1,029	$ 1,015	$ 1,039	$ 1,014
Two-bedroom	$ 1,373	$ 1,444	$ 1,447	$ 1,467	$ 1,440
Three-bedroom	$ 1,487	$ 1,533	$ 1,486	$ 1,463	$ 1,414

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.)

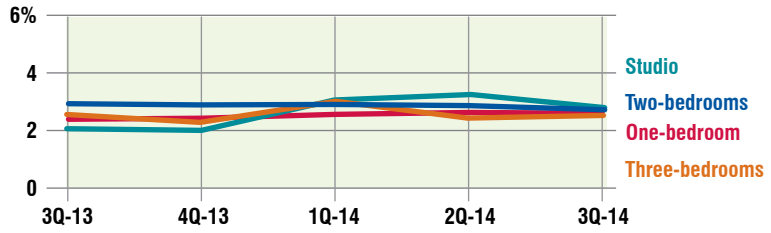
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates increased three-bedroom units while falling for all other apartment types. Studio and one-bedrooms saw an increase in vacancy when compared to the same quarter from the previous year, while two- and three-bedrooms experienced a decrease in vacancy.

Average rents in *inflation-adjusted dollars* in the metro fell for one-, two-, and three-bedroom apartments while rising slightly for studio units compared to the previous quarter. When compared to the same quarter from the previous year one-bedroom apartments saw a rent increase, while two- and three-bedroom apartment types saw rents decrease; studio apartments saw no change in rent.

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



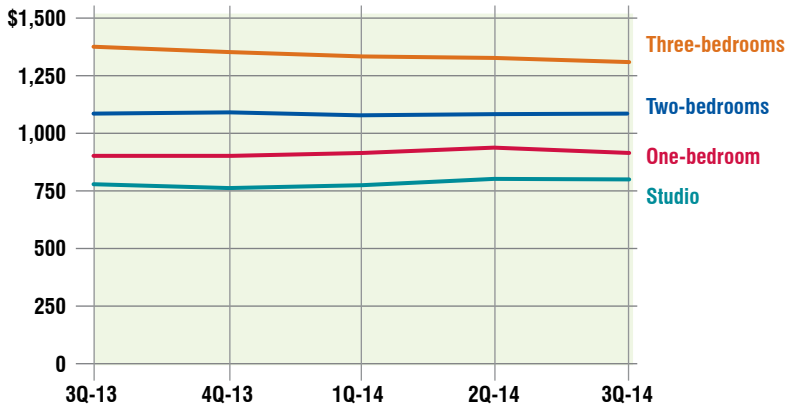
	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Studio	2.0%	2.0%	3.0%	3.3%	2.5%
One-bedroom	2.2%	2.3%	2.5%	2.6%	2.3%
Two-bedroom	2.8%	2.8%	2.8%	2.6%	2.5%
Three-bedroom	2.5%	2.4%	3.0%	2.3%	2.4%

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

For metro area definition, see *page 41*

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Studio	$ 759	$ 761	$ 768	$ 771	$ 772
One-bedroom	$ 884	$ 885	$ 886	$ 893	$ 884
Two-bedroom	$ 1,096	$ 1,100	$ 1,096	$ 1,099	$ 1,090
Three-bedroom	$ 1,391	$ 1,373	$ 1,360	$ 1,360	$ 1,349

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*

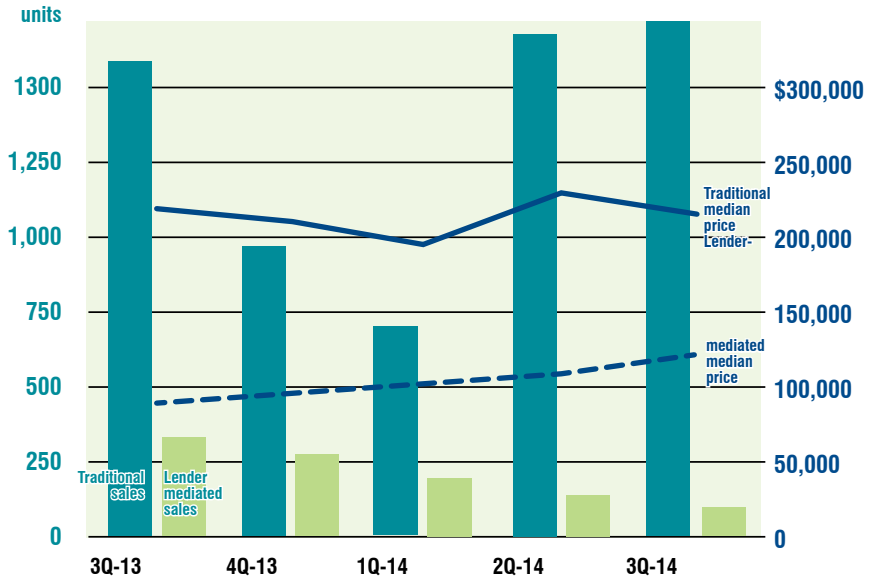
Residential sales

Overall sale of housing units increased from the previous quarter. This included an increase in traditional sales (3.8 percent increase) and a decrease in lender-mediated sales (20.6 percent decrease). Median prices for the quarter fell for traditional sales and rose for lender-mediated sales. The median price of traditional sales in Minneapolis ($222,940) fell slightly behind the regional median sale price ($224,900).

Over a twelve-month period, the number of traditional housing sales increased by 9.8 percent, while lender-mediated sales decreased by 42.5 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (1.4 percent) and for lender-mediated sales (29.7 percent). This quarter lender-mediated sales including foreclosures were 11 percent of all housing sales in the city, while they accounted for 18 percent of sales in the same quarter of the previous year.

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



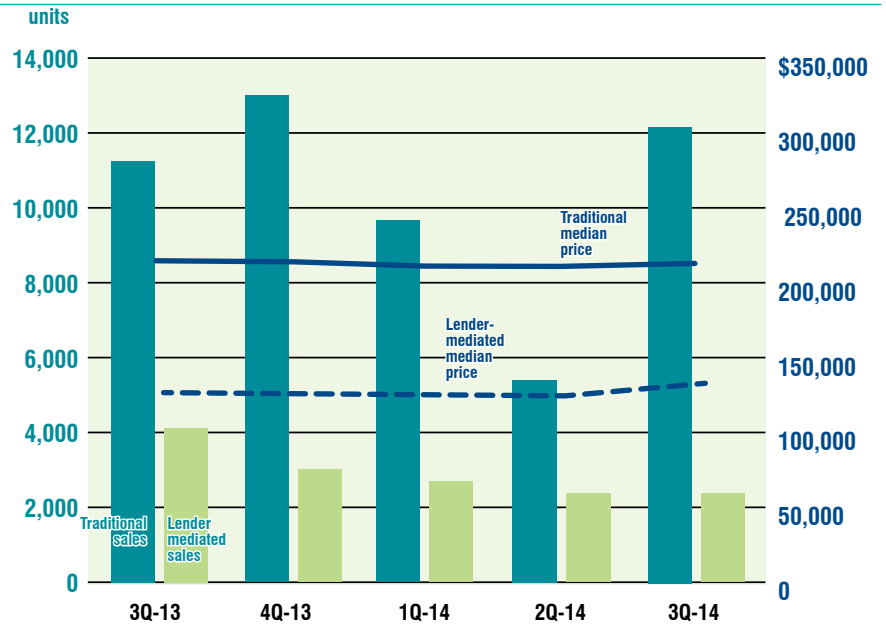
	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Traditional sales	1,340	974	739	1,417	1,471
Lender-mediated sales	301	252	235	218	173
Traditional sales median price	$ 219,900	$ 209,000	$ 199,820	$233,000	$ 222,940
Lender-mediated median price	$ 96,000	$ 98,250	$ 100,401	$ 115,000	$ 124,500

Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were up from the previous quarter by 10.5 percent, while lender-mediated sales declined by 22.3 percent. Median sale prices for traditional sales and lender-mediated sales rose by 0.4 and 3.9 percent respectively.

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Traditional sales	12,758	9,251	5,885	12,104	13,379
Lender-mediated sales	3,408	2,622	2,389	2,334	1,813
Traditional sales median price	$ 224,000	$ 216,700	$ 213,150	$ 224,864	$ 224,900
Lender-mediated median price	$ 139,501	$ 135,000	$ 135,000	$ 144,900	$ 145,000

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.

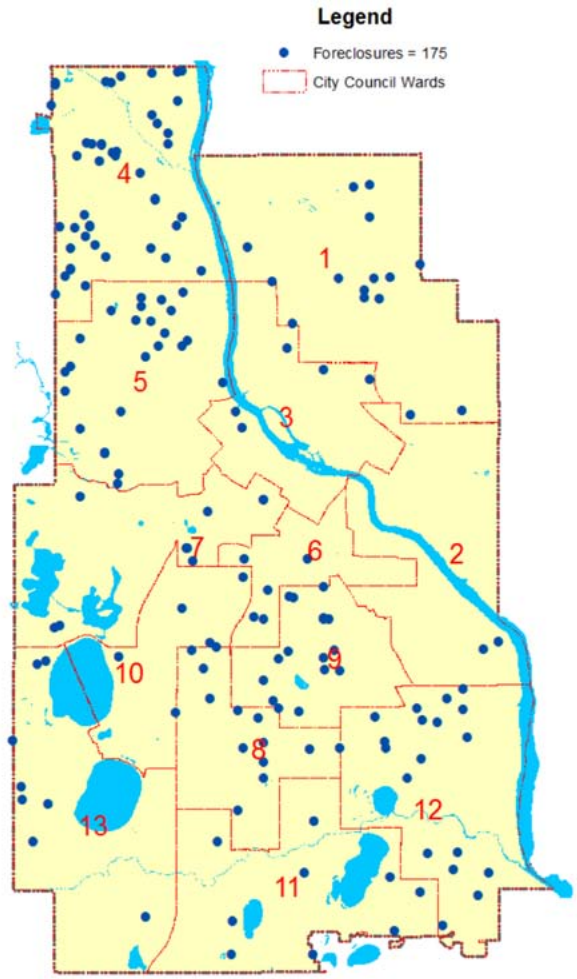
For metro area definition, see *page 41*

Foreclosures

This quarter 175 properties were sold at public auction, 22.4 more than the previous quarter, and 10.3 percent fewer than the third quarter of 2013.

MAP 5: PROPERTIES FORECLOSED – 3Q-14
by wards

Source: Hennepin County



Data on foreclosures downloaded as of January 2014. 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

	3Q-13		4Q-13		1Q-14		2Q-14		3Q-14	
Ward	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
1	21	11%	10	6%	22	13%	8	6%	15	9%
2	2	1%	1	1%	4	2%	4	3%	2	1%
3	7	4%	13	8%	4	2%	10	7%	5	3%
4	50	26%	26	16%	38	22%	29	20%	46	26%
5	11	6%	23	14%	24	14%	22	15%	24	14%
6	10	5%	3	2%	6	3%	4	3%	5	3%
7	15	8%	11	7%	7	4%	6	4%	9	5%
8	14	7%	16	10%	12	7%	12	8%	13	7%
9	16	8%	17	11%	18	10%	10	7%	16	9%
10	10	5%	5	3%	6	3%	6	4%	5	3%
11	7	4%	11	7%	9	5%	9	6%	9	5%
12	25	13%	17	11%	19	11%	18	13%	18	10%
13	7	4%	7	4%	4	2%	5	3%	8	5%
Total	**195**	**100%**	**160**	**100%**	**173**	**100%**	**143**	**100%**	**175**	**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/

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units

Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city increased from the last quarter to 590, which was 2.6 percent lower than at the end of the third quarter of 2013. The number of condemned buildings fell by 0.7 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased 4.4 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

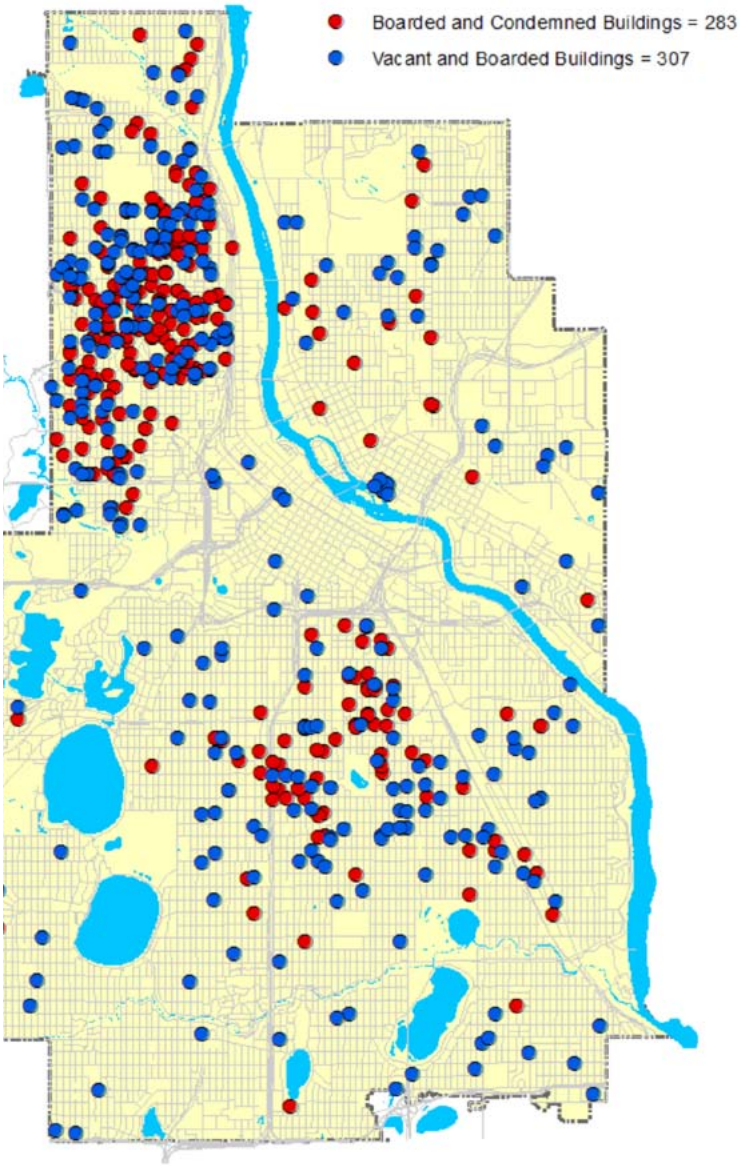


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Boarded and condemned buildings	285	283	294	297	283
Vacant but not condemned	321	275	293	286	307
Total	606	558	587	583	590

Source: Minneapolis CPED

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

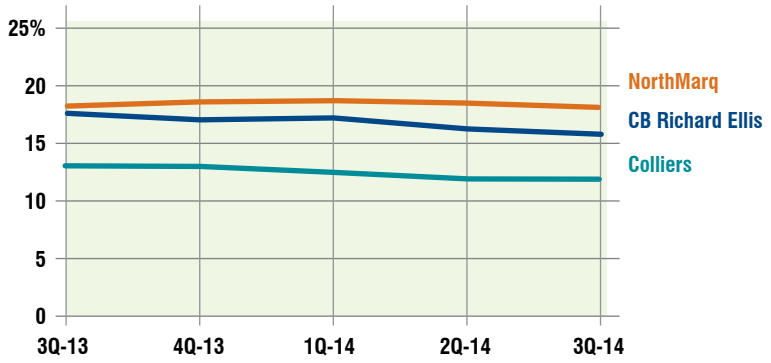
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 12.7 percent and 17.2 percent according to the above 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 14.2 percent and 17.4 percent, according to the above 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

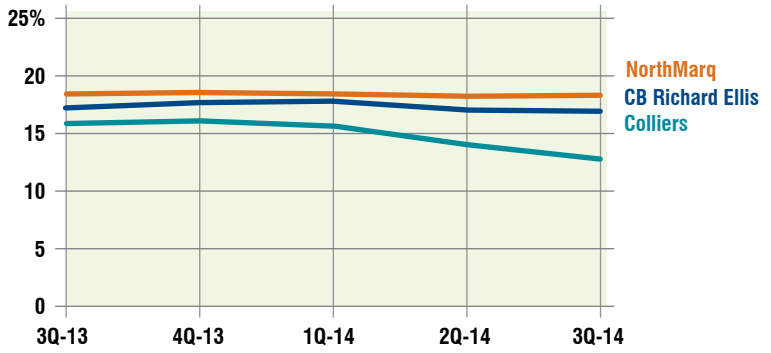


	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14
CB Richard Ellis	16.7%	16.3%	16.4%	15.3%	15.1%
Colliers	13.9%	13.9%	13.3%	12.7%	12.7%
NorthMarq	16.8%	17.4%	17.4%	17.2%	17.2%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on page 42

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



	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14
CB Richard Ellis	17.1%	17.3%	17.3%	16.8%	16.8%
Colliers	15.4%	15.6%	15.3%	14.7%	14.2%
NorthMarq	17.5%	17.4%	17.4%	17.4%	17.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

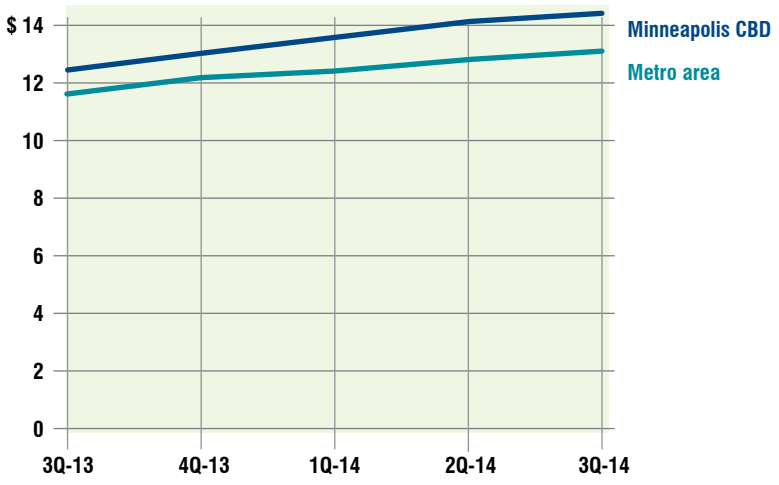
See explanation of sources onpage 42

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) and the metro area continues to rise. The change constitutes a 13.5% rise in asking rent prices for office space in the CBD when compared to the previous year.

Between the second and third quarter in Downtown Minneapolis the rate of growth in occupied office space increased while the rate of growth decreased in the metro area as a whole. An additional 24,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and an additional 842,000 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

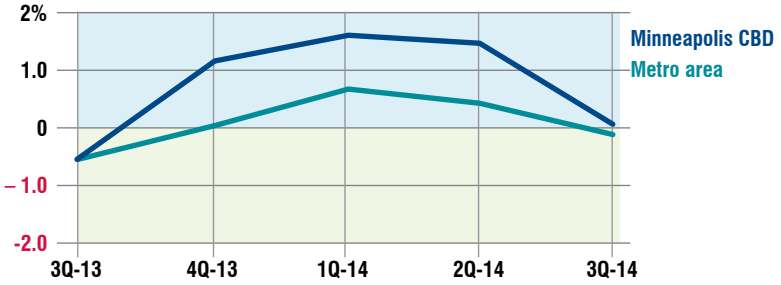


	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis CBD	$ 12.71	$ 13.43	$ 13.98	$ 14.15	$ 14.42
Metro area	$ 11.98	$ 12.33	$ 12.68	$ 13.10	$ 13.20

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis CBD	-0.5%	1.1%	1.6%	1.5%	0.1%
Metro area	-0.5%	0.1%	0.6%	0.4%	-0.1%

Source: CB Richard Ellis

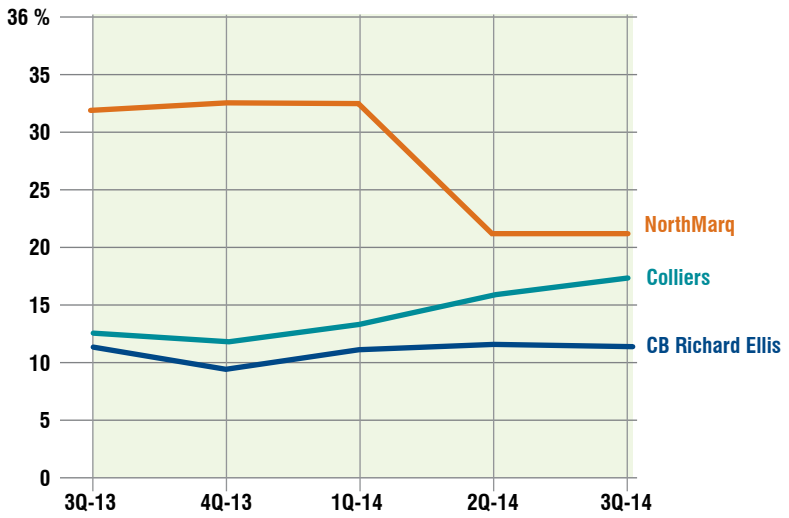
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 10.9 and 21.6 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.

The metro area vacancy rate this quarter ranged from 5.5 percent to 7.8 percent.

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

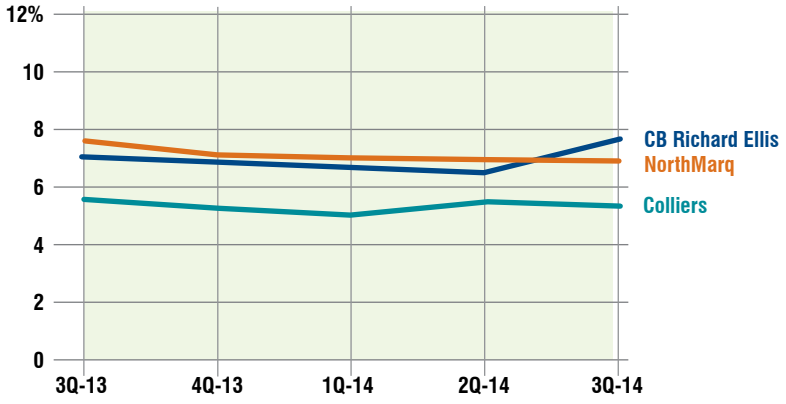


	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14
CB Richard Ellis	11.6%	No data	9.9%	11.0%	10.9%
Colliers	13.3%	12.8%	14.4%	15.3%	16.5%
NorthMarq	33.6%	34.1%	34.1%	21.6%	21.6%

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



	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14
CB Richard Ellis	7.3%	No data	7.0%	6.7%	7.8%
Colliers	5.7%	5.4%	5.2%	5.7%	5.5%
Northmarq	7.8%	7.2%	7.2%	7.2%	7.2%

Sources: CB Richard Ellis, Colliers and NorthMarq

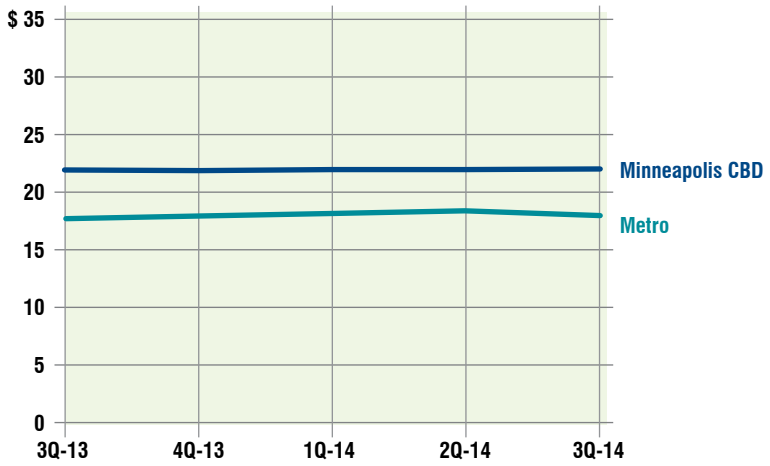
CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) held steady compared to the previous quarter's numbers and when compared to the same quarter last year.

In the metro area, average asking lease price decreased over the most recent available reported numbers, and rose slightly from the same quarter in the previous year.

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

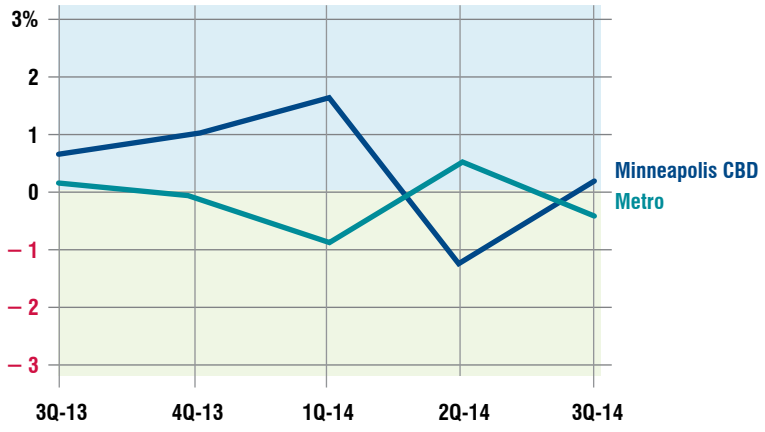


	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis CBD	$ 22.53	No data	$ 22.53	$ 22.53	$ 22.53
Metro area	$ 17.26	No data	$ 17.35	$ 17.59	$ 17.46

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis CBD	0.7%	No data	1.9%	-1.2%	0.1%
Metro area	0.1%	No data	-0.8%	0.3%	-0.5%

Source: CB Richard Ellis

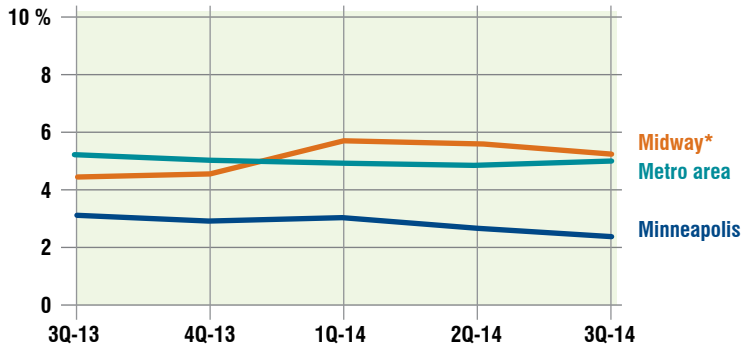
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

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

The average asking lease price for industrial space held steady in the Midway and Minneapolis areas, while it fell in the Metro area overall when compared to the previous quarter. Asking lease rates were up across all geographies when compared to the same quarter from the previous year.

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



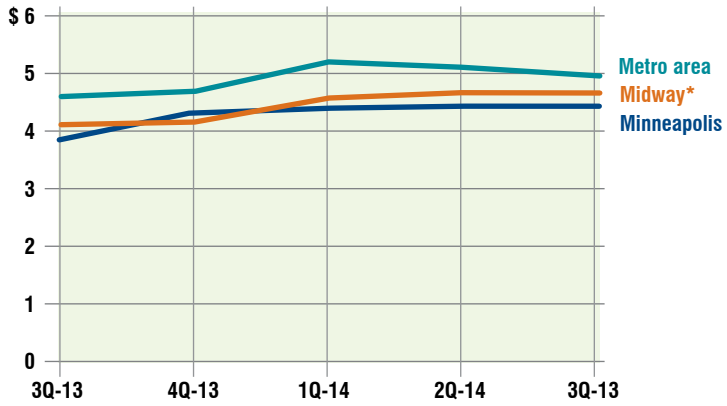
	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	3.4%	3.0%	3.2%	2.8%	2.3%
Midway*	4.5%	4.6%	5.8%	5.7%	5.3%
Metro area	5.6%	5.2%	5.0%	5.0%	5.2%

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	$ 3.95	$ 4.31	$ 4.54	$ 4.54	$ 4.54
Midway*	$ 4.13	$ 4.17	$ 4.67	$ 4.73	$ 4.73
Metro area	$ 4.55	$ 4.73	$ 5.10	$ 5.03	$ 4.99

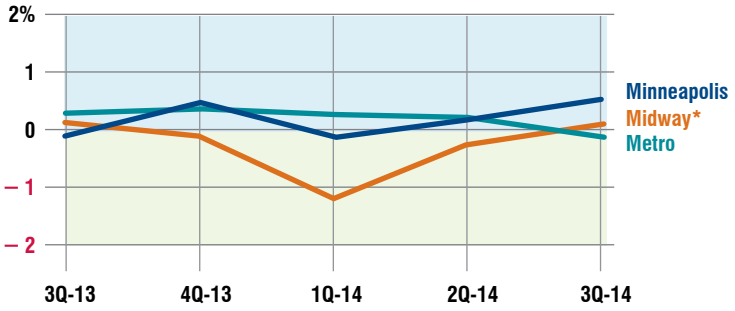
Source: CB Richard Ellis

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 increased in Minneapolis and the Midway area, while decreasing in the metro area when compared to the previous quarter.

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



	3Q-13	4Q-13	1Q-14	2Q-14	3Q-14
Minneapolis	-0.2%	0.4%	-0.2%	0.2%	0.5%
Midway*	0.1%	-0.1%	-1.3%	-0.3%	0.1%
Metro area	0.3%	0.4%	0.3%	0.3%	-0.2%

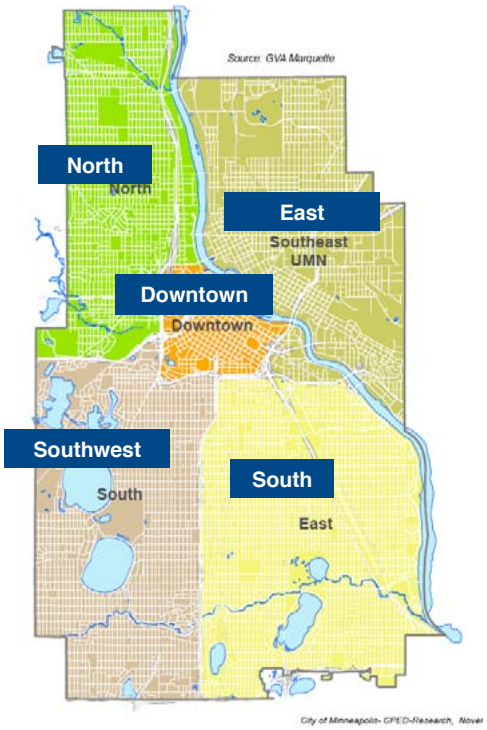
Source: CB Richard Ellis

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).

Minneapolis
City of Lakes

Minneapolis Community Planning & Economic Development

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