

# Minneapolis Trends

*A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis*



fourth quarter 2014



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

Vol. 12 No. 4

2014

## Highlights for the fourth quarter of 2014

	4Q-14	change from	
		3Q-14	4Q-13
Labor force	219,419 residents	▼	▲
Residents employed	212,338	▲	▲
Unemployment rate	3.2%	▼	▼
New residential permitted units	275 units	▼	▼
Permitted residential conversions, remodels and additions	145 buildings \$ 30.2 million	▼ ▲	▲ ▼
Permitted non-residential conversions, remodels and additions	165 buildings \$ 59.3 million	▼ ▼	— ▼
Residential units demolished	90 units	▲	▲
Rental vacancy rate	4.7 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,160	▲	▲
Residential units sold	1,031 units	▼	▲
Traditional	157 units	▼	▼
Lender-mediated			
Median sale price of residential units			
Traditional	\$ 215,000	▼	▲
Lender-mediated	\$ 90,000	▼	▼
Foreclosures	150	▼	▼
Condemned and vacant buildings	568	▼	▲
Minneapolis CBD office vacancy rate	14.4 %	▼	▼
Minneapolis CBD retail vacancy rate	11.7 %	▲	▲

## Highlights for the second quarter of 2014 – Jobs and wages

	2Q-14	1Q-14	2Q-13
Number of jobs	308,700 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,202	▼	▼

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fourth quarter 2014

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## Economic indicators

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- Average employment increased while the labor force decreased over the past quarter, resulting in a significant drop in the unemployment rate to 3.2%. In comparison with the same quarter last year, over 3,700 more city residents were working.
- As of the second quarter 2014 there were 308,700 jobs in Minneapolis – the highest number seen since the fourth quarter of 2000. This constitutes an increase of 3.1 percent over the previous quarter, and 5,800 more jobs (1.9 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 1.5 percent.
- Average inflation adjusted wages for the first quarter 2014 were down 1.7 percent from the same period a year before. Inflation adjusted wages in the metro area rose 0.5 percent and 0.4 percent at the state level during the same period.

## Labor force

During the fourth quarter 1,687 residents (a 0.8 percent decrease) left the labor force; while 493 more residents (a 0.2 percent increase) were working. As a result, the unemployment rate fell from 4.2 percent in the third quarter of 2014 to 3.2 percent in the fourth quarter of 2014.

The metro area also experienced a decrease in the labor force accompanied by an increase in employment. This resulted in a decrease in the unemployment rate to 3.1 percent down from 3.9 percent in the previous quarter.

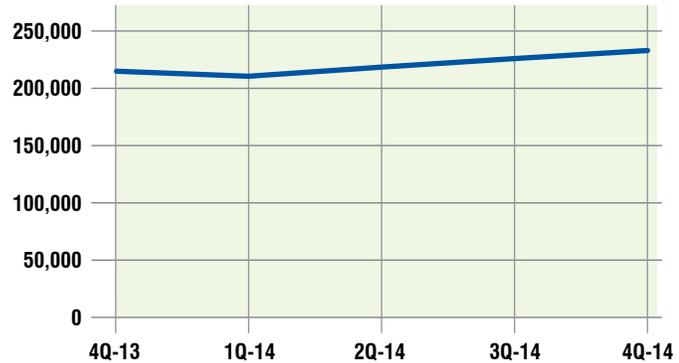
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
not seasonally adjusted

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
<b>Minneapolis</b>					
Labor Force	218,076	217,389	219,885	221,106	219,419
Employment	208,608	207,067	210,431	211,845	212,338
Unemployment rate	4.3%	4.7%	4.3%	4.2%	3.2%
<b>Metro area</b>					
Labor Force	1,629,810	1,628,191	1,643,297	1,650,304	1,640,123
Employment	1,561,940	1,549,957	1,575,135	1,585,722	1,589,413
Unemployment rate	4.1%	4.8%	4.1%	3.9%	3.1%

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

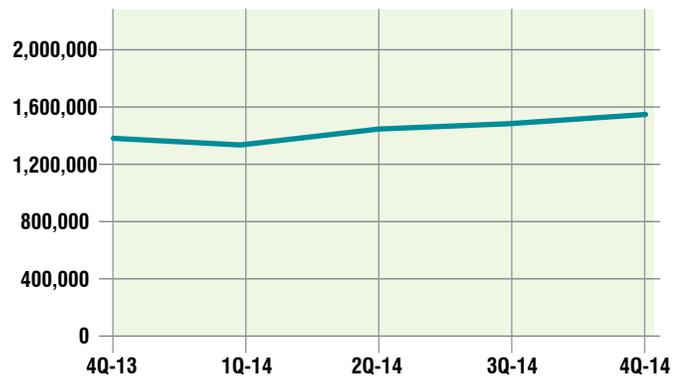
\* For metro area definition, see [page 12](#).

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<sup>1</sup>

	2Q-2013	3Q-2013	4Q-2013	1Q-2014	2Q-2014	Change from 2Q-13 - 2Q-14
Total, All Industries	302,839	305,275	305,655	299,532	308,700	5,861
Construction	5,490	6,145	5,860	5,313	5,984	494
Manufacturing	13,043	13,130	13,131	12,927	13,168	125
Utilities	2,879	2,913	2,845	2,758	2,807	(72)
Wholesale Trade	8,719	8,844	8,780	8,353	8,509	(210)
Retail Trade	15,102	15,138	14,871	14,073	15,647	545
Transportation and Warehousing	6,596	6,458	6,772	6,866	6,804	208
Information	9,264	10,721	10,740	10,877	11,158	1,894
Finance and Insurance	26,631	26,598	26,492	26,322	26,425	(206)
Real Estate and Rental and Leasing	9,297	9,241	8,962	8,737	8,764	(533)
Professional and Technical Services	33,441	33,737	33,849	34,158	34,708	1,267
Management of Companies and Enterprises	20,056	20,295	20,152	19,191	18,211	(1,845)
Administrative and Waste Services	14,718	15,099	14,833	13,932	15,034	316
Educational Services	31,406	29,356	31,596	31,372	31,338	(68)
Health Care and Social Assistance	53,433	54,369	55,232	54,726	55,688	2,255
Arts, Entertainment, and Recreation	5,385	5,329	4,667	4,794	5,741	356
Accommodation and Food Services	24,243	24,907	24,785	23,337	25,856	1,613
Other Services, Ex. Public Admin	9,739	9,768	9,664	9,509	10,134	395
Public Administration	11,928	13,031	12,245	12,118	12,498	570

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

<sup>1</sup> 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 second quarter 2014, the number of jobs located in Minneapolis was 308,700, a 3.1 percent increase from the previous quarter. In comparison with the same quarter in 2013, the number of jobs increased by 1.9 percent (5,861 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 – 2nd quarter 2013 to 2nd quarter 2014

#### Sectors which gained the most jobs:

- **Information** grew by **1,894 jobs**, a **20.4 percent** increase.
- **Construction** grew by **494 jobs**, a **9.0 percent** increase.
- **Accommodation and Food Services** grew by **1,613 jobs**, a **6.7 percent** increase.

#### Sectors which experienced greatest job losses:

- **Utilities** lost **72 jobs**, a **2.5 percent** decrease.
- **Real Estate, Rental, and Leasing** lost **533 jobs**, a **5.7 percent** decrease.
- **Management of Companies and Enterprises** lost **1,845 jobs**, a **9.2 percent** decrease.

### Quarter to quarter change – 1st quarter 2014 to 2nd quarter 2014

#### Sectors which gained the most jobs:

- **Arts, Entertainment, and Recreation** grew by **947 jobs**, a **19.8 percent** increase.
- **Construction** grew by **671 jobs**, a **12.6 percent** increase.
- **Retail Trade** grew by **1,574 jobs**, a **11.2 percent** increase.

#### Sectors which experienced greatest job losses:

- **Management of Companies and Enterprises** lost **980 jobs**, a **5.1 percent** decrease.
- **Transportation and Warehousing** lost **62 jobs**, a **0.9 percent** decrease.
- **Educational Services** lost **34 jobs**, a **0.1 percent** decrease.

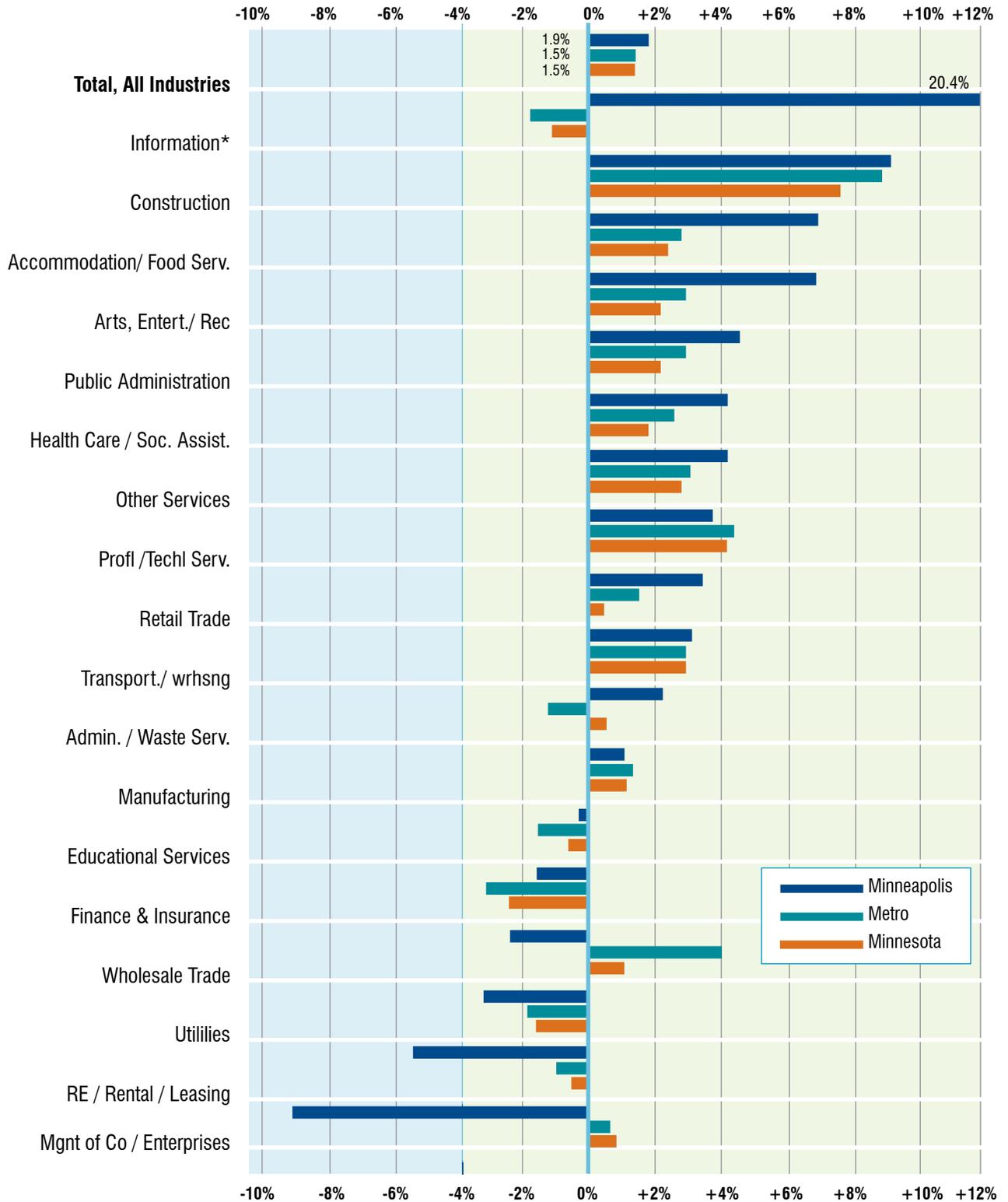
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 1.9 percent over the previous twelve months while the metro area and state both added jobs at a rate of 1.5 percent.

Of the sectors **posting growth** over this period, **Information** was the fastest growing sector in the city at **20.4 percent**, while the industry saw job losses in both the Metro and state. In addition to Information, **Construction** and **Accommodation and Food Service** sectors grew at rates of **9.0 percent** and **6.7 percent** respectively over the previous twelve months.

Of the economic sectors **losing jobs** in the city, **Management of Companies** and **Enterprise and Transportation** and **Warehousing** saw the greatest declines.

# Jobs

Figure 3: **JOBS** –2Q-13 to 2Q-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 second quarter of 2014 was **\$1,202**, a **0.3 percent** decrease in non-adjusted dollars from the previous year, and a **1.7 percent** decrease when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Arts, Entertainment, and Recreation** saw the highest average weekly wages increase at **\$69 (5.2 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis<sup>1</sup>  
in current dollars

	2Q-2013	3Q-2013	4Q-2013	1Q-2014	2Q-2014	Change from 2Q-13 - 2Q-14
<b>Total, All Industries</b>	<b>\$ 1,206</b>	<b>\$ 1,169</b>	<b>\$ 1,282</b>	<b>\$ 1,401</b>	<b>\$ 1,202</b>	<b>\$ (4)</b>
Construction	\$ 1,222	\$ 1,094	\$ 1,252	\$ 1,268	\$ 1,185	\$ (37)
Manufacturing	\$ 1,097	\$ 1,048	\$ 1,220	\$ 1,186	\$ 1,134	\$ 37
Utilities	\$ 1,777	\$ 1,691	\$ 1,898	\$ 2,733	\$ 1,795	\$ 18
Wholesale Trade	\$ 1,337	\$ 1,335	\$ 1,514	\$ 1,559	\$ 1,377	\$ 40
Retail Trade	\$ 497	\$ 516	\$ 539	\$ 562	\$ 493	\$ (4)
Transportation and Warehousing	\$ 927	\$ 977	\$ 961	\$ 1,033	\$ 933	\$ 6
Information	NA	\$ 1,316	\$ 1,407	\$ 1,530	\$ 1,379	NA
Finance and Insurance	\$ 1,838	\$ 1,850	\$ 2,097	\$ 3,357	\$ 1,925	\$ 87
Real Estate and Rental and Leasing	\$ 1,368	\$ 1,465	\$ 1,470	\$ 2,424	\$ 1,297	\$ (71)
Professional and Technical Services	\$ 1,719	\$ 1,693	\$ 2,227	\$ 1,759	\$ 1,847	\$ 128
Management of Companies and Enterprises	\$ 2,283	\$ 1,962	\$ 1,769	\$ 2,267	\$ 1,900	\$ (383)
Administrative and Waste Services	\$ 657	\$ 692	\$ 725	\$ 698	\$ 668	\$ 11
Educational Services	\$ 1,181	\$ 1,102	\$ 1,218	\$ 1,084	\$ 1,229	\$ 48
Health Care and Social Assistance	\$ 951	\$ 928	\$ 988	\$ 966	\$ 954	\$ 3
Arts, Entertainment, and Recreation	\$ 1,318	\$ 1,286	\$ 1,076	\$ 876	\$ 1,387	\$ 69
Accommodation and Food Services	\$ 388	\$ 402	\$ 405	\$ 393	\$ 394	\$ 6
Other Services, Ex. Public Admin	\$ 609	\$ 618	\$ 649	\$ 631	\$ 640	\$ 31
Public Administration	\$ 1,227	\$ 1,186	\$ 1,235	\$ 1,321	\$ 1,225	\$ (2)

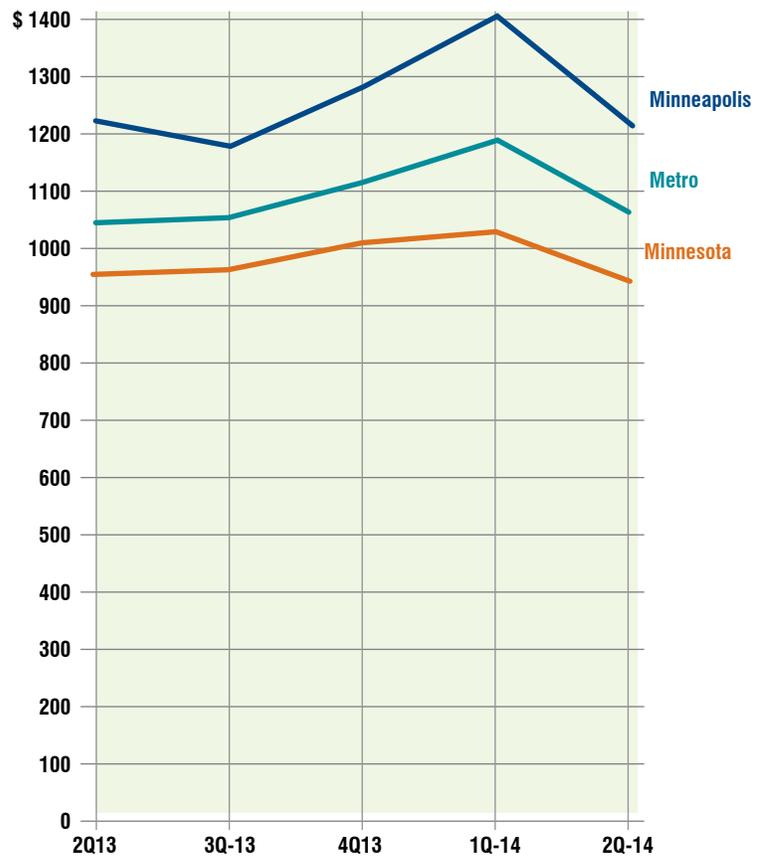
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

<sup>1</sup> 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 fell in the city, and rose at the metro and state geographies.

Figure 4: **AVERAGE WEEKLY WAGES** –2Q-13 to 2Q-14  
in inflation-adjusted dollars



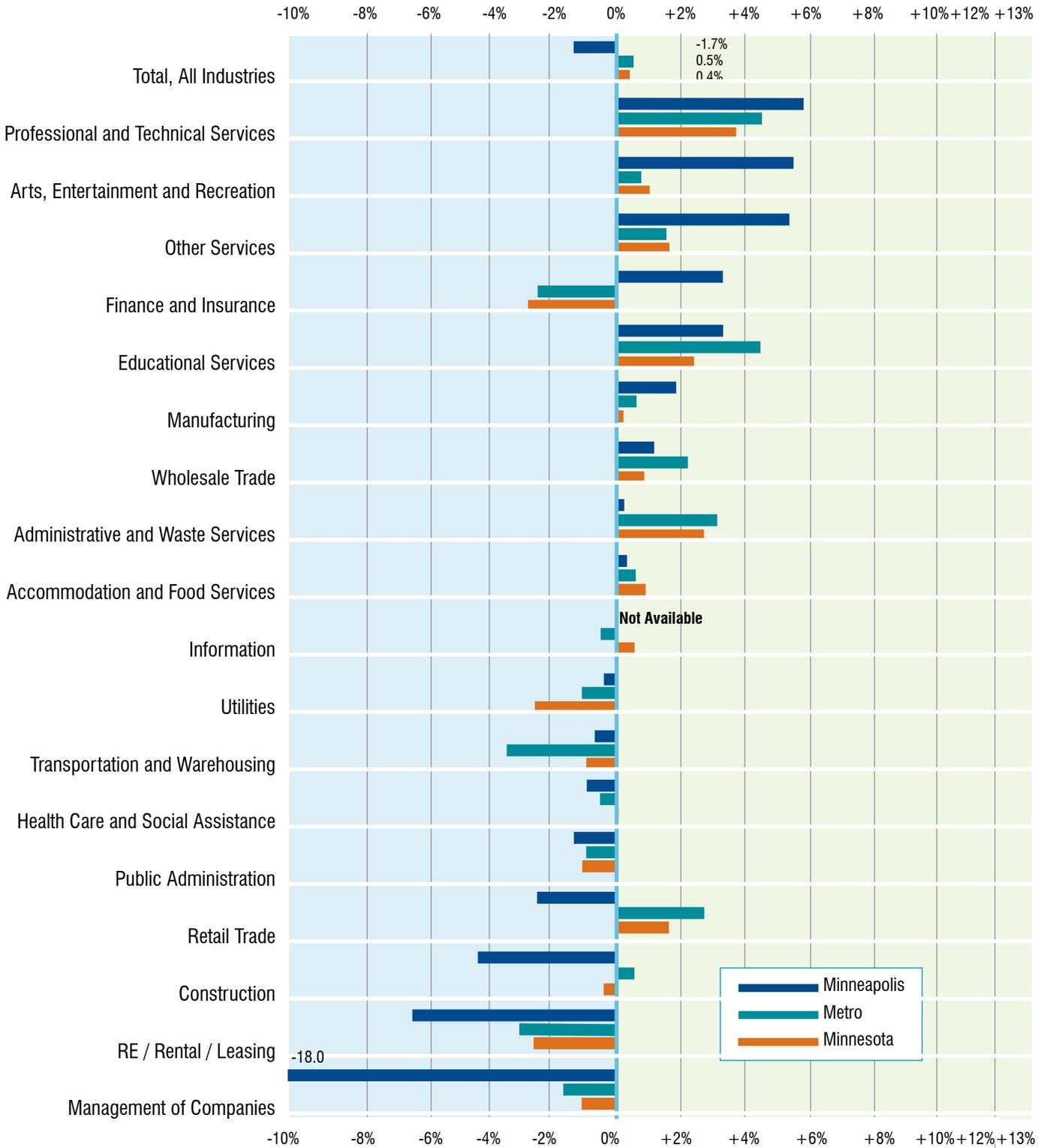
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14	\$ change 2Q-13 to 2Q-14	% change 2Q-13 to 2Q-14
Minneapolis	\$ 1,223	\$ 1,182	\$ 1,297	\$ 1,401	\$ 1,202	\$ (21)	-1.7%
Metro area	\$ 1,053	\$ 1,066	\$ 1,103	\$ 1,192	\$ 1,061	\$ 8	0.8%
Minnesota	\$ 943	\$ 952	\$ 1,001	\$ 1,037	\$ 947	\$ 4	0.4%

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

For conversion factors, see [page 12](#)

# Wages

Figure 5: **AVERAGE WEEKLY WAGES** –2Q-13 to 2Q-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

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Approximately half of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Professional and Technical Services** saw the largest percentage increases over the previous year. In the metro and state geographies, job sectors experiencing the greatest wage growth were **Educational Services** and **Professional and Technical Services**. Data on the **Information** sector was not available for this quarter.

- **Professional and Technical Services** saw the largest increase in inflation adjusted wages in Minneapolis with **5.9 percent** growth, while wages for the industry increased at rates of 4.3 and 3.9 percent respectively in the metro area and state.

**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

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- 275 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 43 permits issued.
- The city permitted 32.8 percent fewer multifamily units this quarter than last quarter, and 70.6 percent fewer permits than were issued in the same quarter of 2013.
- Twenty-five residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$642.8 million. The largest single project included permits for the Viking's Stadium.

## 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 also decreased over the previous quarter and the same quarter in 2013. New residential unit permitting activity in the metro area decreased over the previous quarter and 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.

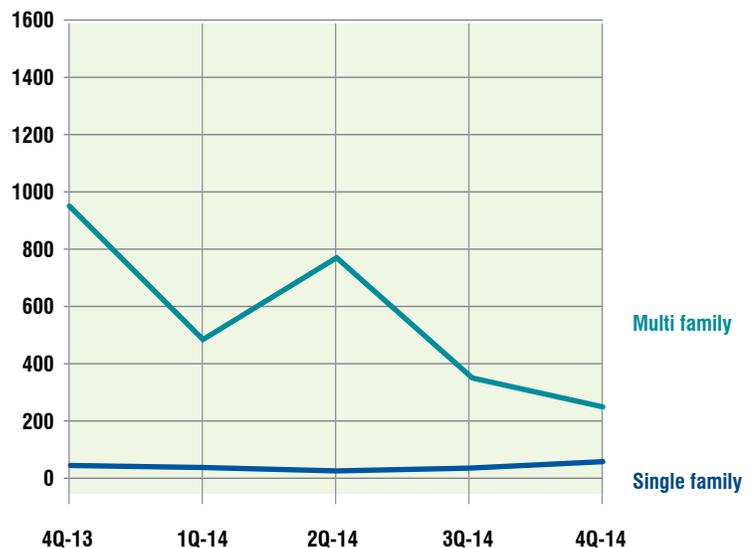
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
<b>Single-family</b>					
City	45	37	27	31	43
Metro area	1,412	958	1,428	1,610	1,308
<b>Multifamily</b>					
City	890	437	784	378	232
Metro area	1,449	770	1,470	1,499	866
<b>Total Units</b>					
City	935	474	811	409	275
Metro area*	2,861	1,728	2,898	3,109	2,174

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 underreported by counties in the metro area. For metro area definition, see [page 12](#)

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



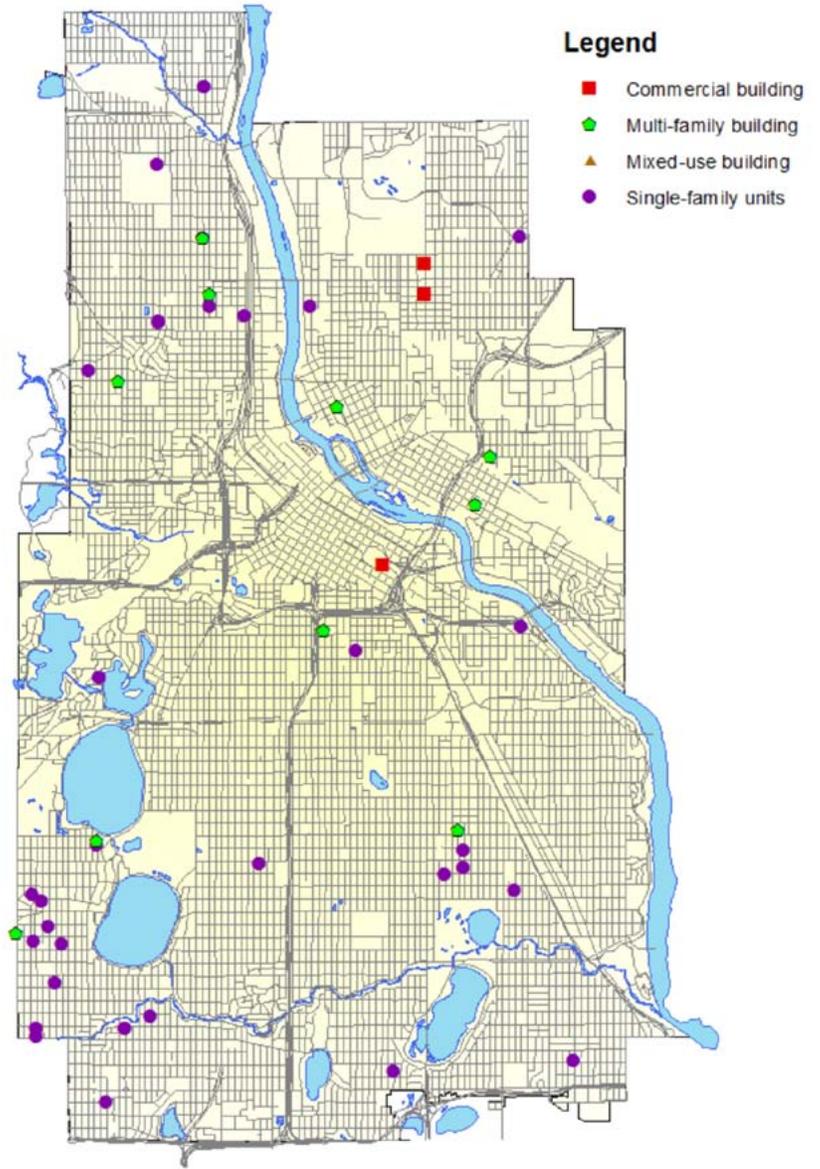
Source: U.S. Census Bureau, and Minneapolis CPED

## New construction

Forty-three single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. Four new multi-family buildings totaling 232 units were also permitted this quarter.

Map 1: **NEW CONSTRUCTION PERMITS – 4Q-14**

Source: Minneapolis CPED



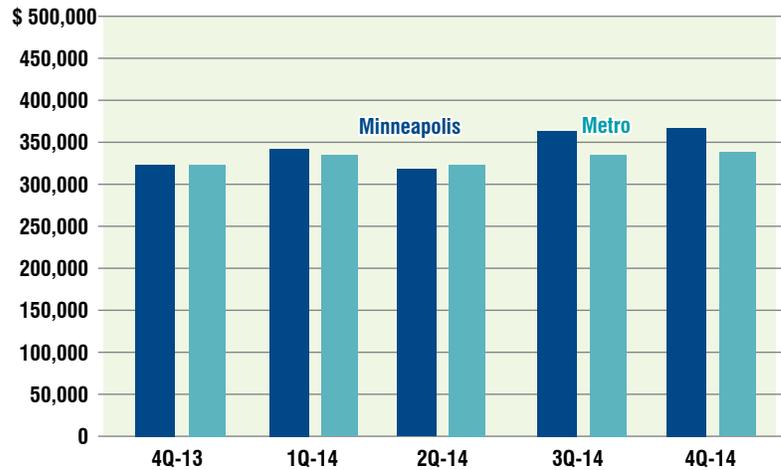
## Cost of residential construction

The forty-three new single-family homes permitted this quarter had estimated construction costs ranging from \$185,000 to \$1,880,000 with a median of \$300,072.

The average single-family construction cost in the city increased by 0.4 percent this quarter in comparison with last quarter, and increased 10.5 percent compared with the same quarter last year. In the metro area permitted single-family construction cost increased by 5.3 percent over the previous quarter and decreased 0.3 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and in the metro from the previous quarter. Construction costs in Minneapolis increased when compared to the same quarter from the previous year, while costs decreased in the metro as a whole.

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

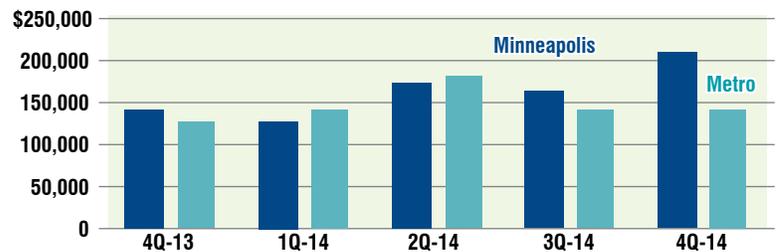


	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	\$ 329,671	\$ 341,409	\$ 311,999	\$ 362,830	\$ 364,257
Metro area	\$ 329,477	\$ 334,031	\$ 323,010	\$ 312,243	\$ 328,641

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	\$ 136,490	\$ 166,541	\$ 158,446	\$ 212,947	\$ 183,028
Metro area	\$ 145,736	\$ 176,751	\$ 147,566	\$ 146,243	\$ 138,461

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 a decrease 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 down when compared to the previous quarter and the same quarter from the previous year.

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

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
<b>Remodels</b>					
Number of buildings	115	100	162	166	135
Total Value	\$ 19,966,647	\$ 9,480,414	\$ 31,829,146	\$ 25,864,908	\$ 27,951,480
<b>Conversions and additions<sup>2</sup></b>					
Number of buildings	13	7	13	18	10
Net number of units	274	-7	63	5	11
Total value	\$ 82,807,806	\$ 196,000	\$ 9,301,359	\$ 3,721,007	\$ 2,258,282
<b>Total Residential<sup>1</sup></b>					
Number of buildings	128	107	175	184	145
Value	\$ 102,774,453	\$ 9,676,414	\$ 41,130,505	\$ 29,585,915	\$ 30,209,762
<b>Total non-residential<sup>1</sup></b>					
Number of buildings <sup>3</sup>	165	134	189	206	165
Value	\$ 60,963,468	\$ 69,067,513	\$ 83,855,306	\$ 124,221,140	\$ 59,300,341

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.

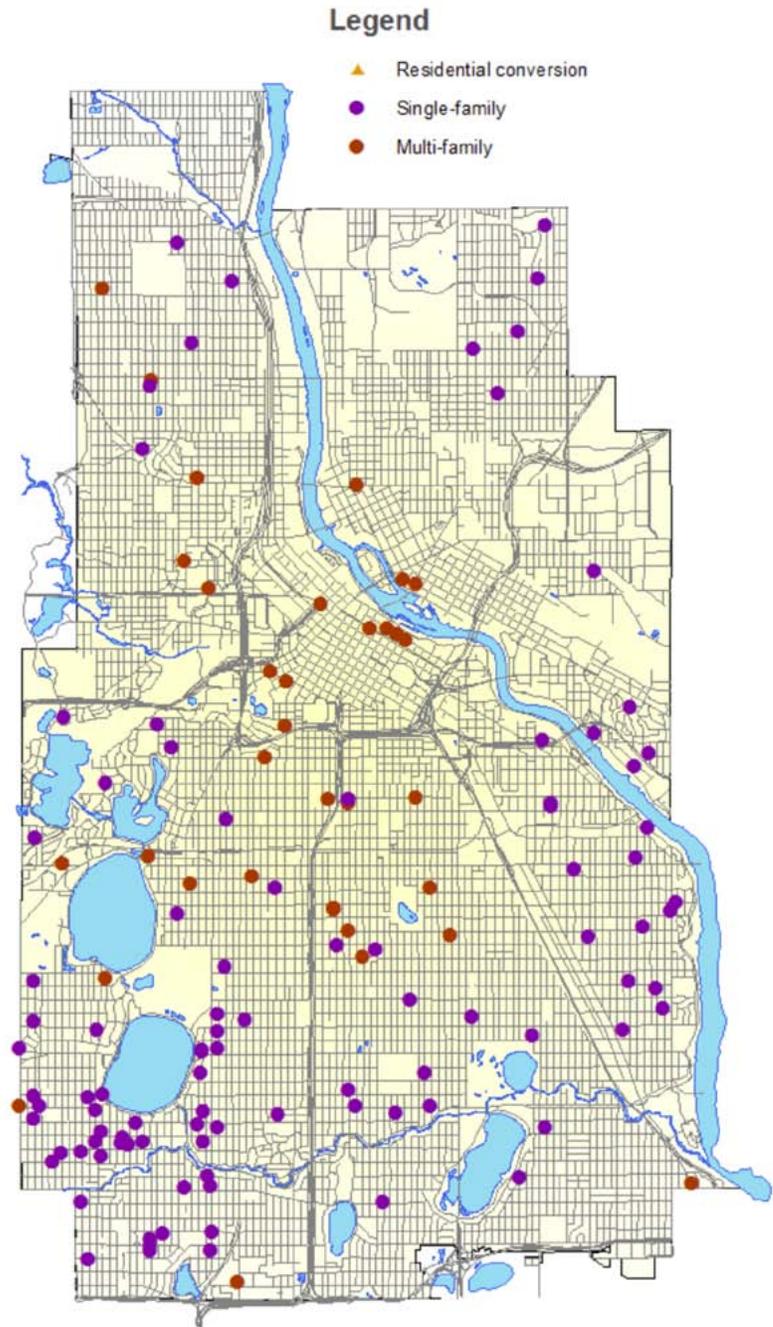
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

## Conversions, remodels & additions

Residential projects were largely renovations of single family properties scattered throughout the City, with concentrations in the South and Southwest sectors.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 4Q-14**  
projects \$50,000 +

Source: Minneapolis CPED

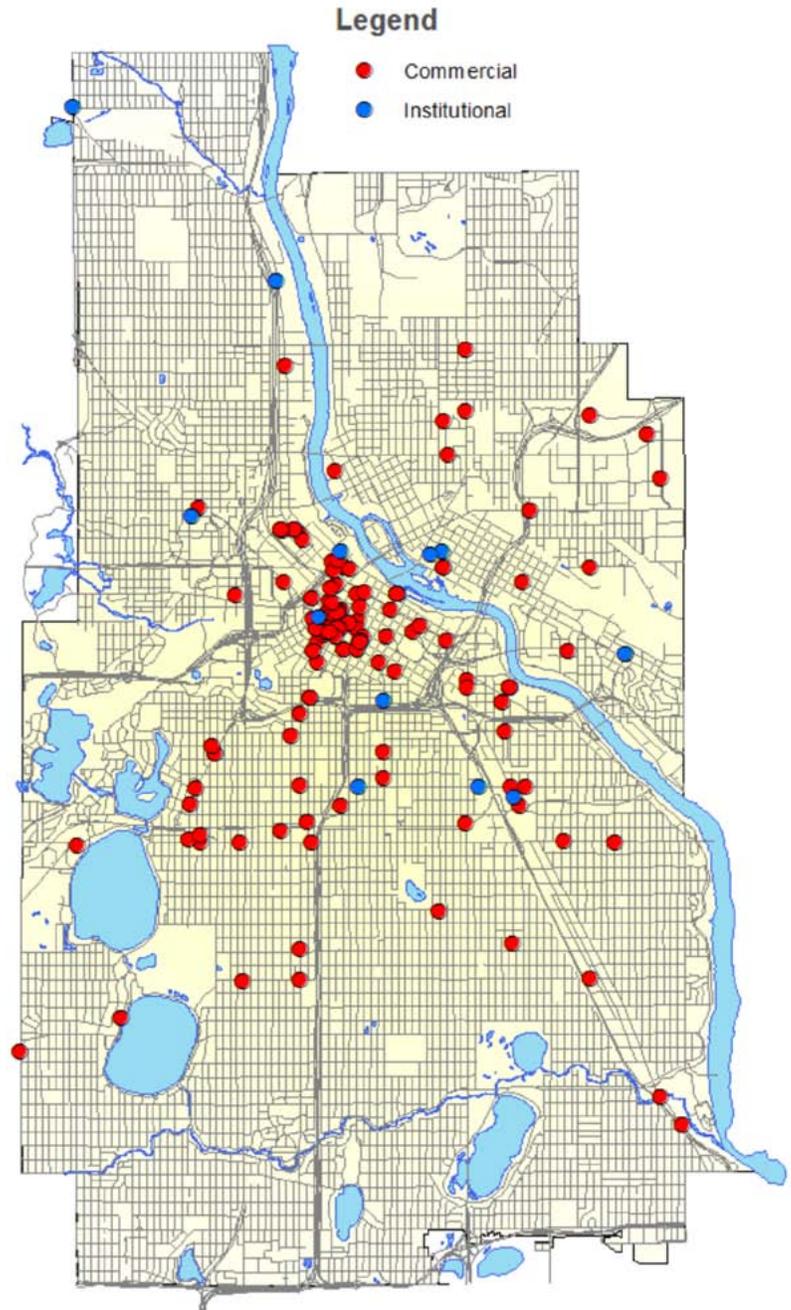


## Conversions, remodels & additions

Non-residential remodel permits in the fourth 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 Hennepin Avenue.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 4Q-14**  
projects \$50,000 +

Source: Minneapolis CPED



## Major construction projects

The following list shows major projects permitted in Minneapolis in the fourth 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 <sup>1</sup>
Viking's Stadium	500 11th Ave S	Downtown East	\$ 552,382,124	
New 4 story 90 unit residential building	1920 Portland Ave	Ventura Village	\$ 21,488,461	
Interior remodel to apartment tower	2523 Portland Ave	Phillips West	\$ 9,231,651	
New 6 story 66 unit residential building	1227 4th St SE	Marcy Holmes	\$ 8,280,490	
New 45 unit residential building	2201 Golden Valley Rd	Willard-Hay	\$ 7,695,527	
Office remodel	501 Nicollet Mall	Downtown West	\$ 6,295,203	
Remodel of mixed use building including daycare and 8 residential units	401 7th St N	North Loop	\$ 4,999,592	
New 3 story 31 unit residential building	4529 France Ave S	Linden Hills	\$ 4,997,938	
Hospital remodel	507 23rd Ave S	Cedar Riverside	\$ 2,874,313	
New Walgreens	2610 Central Ave NE	Holland	\$ 2,575,500	
New clinic	2301 Central Ave NE	Windom Park	\$ 2,504,527	
Office remodel	300 2nd St SE	Marcy Holmes	\$ 2,398,376	
Revision of plans to senior care living building to increase unit count	512 2nd St S	Downtown West	\$ 2,130,182	●
New Single family dwelling	2552 West Lake Of The Isles Pkwy	Kenwood	\$ 1,880,000	
New Single family dwelling	3817 Sheridan Ave S	Linden Hills	\$ 1,457,050	
Single family home remodel	4533 Fremont Ave S	East Harriet	\$ 1,438,125	
Office remodel	501 Nicollet Mall	Downtown West	\$ 1,289,438	
Hospital remodel	2525 Chicago Ave	Midtown Phillips	\$ 1,224,354	
Manufacturing facility expansion	1201 Plymouth Ave N	Near-North	\$ 1,158,000	
Renovations to tennis facility at Rev. Dr. Martin Luther King Jr. Park	4005 Nicollet Ave	King Field	\$ 1,126,691	
Hospital remodel	507 23rd Ave S	Cedar Riverside	\$ 1,094,695	
Hospital remodel	914 8th St S	Elliot Park	\$ 1,093,900	
Restaurant remodel	1320 Lake St W	Lowry Hill East	\$ 1,079,333	
Office remodel	80 8th St S	Downtown West	\$ 1,067,714	
New Single family dwelling	3836 Sheridan Ave S	Linden Hills	\$ 1,016,570	

\* Includes more than one permit at one address

<sup>1</sup> 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 increased this quarter when compared to the previous quarter and when compared to the same quarter from 2013.

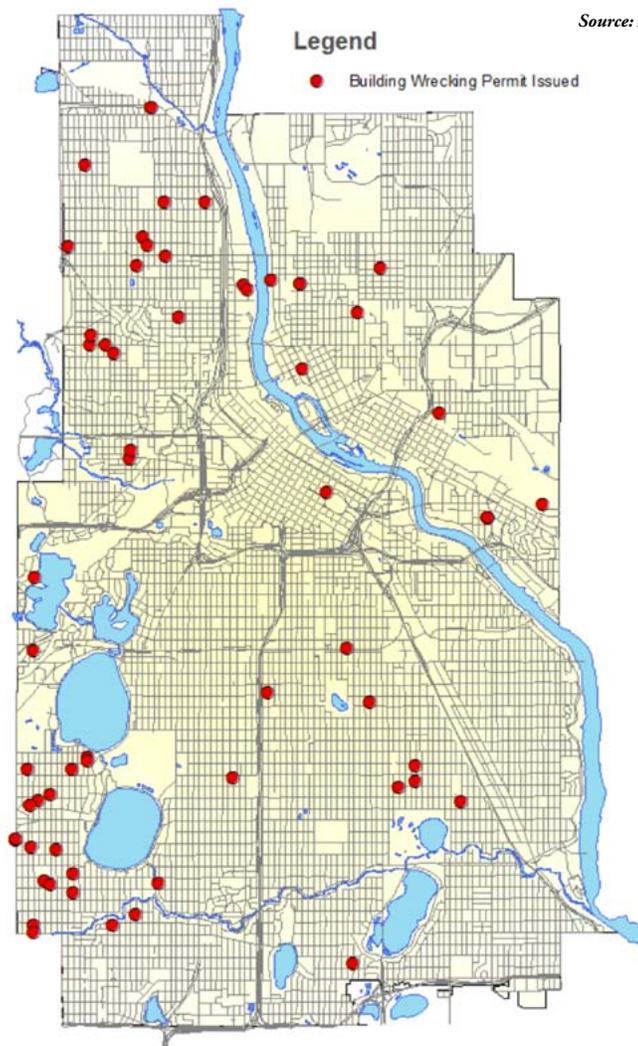
Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

Figure 9: **RESIDENTIAL UNITS DEMOLISHED** – Minneapolis



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –4Q-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

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- The average apartment vacancy rate in Minneapolis increased to 4.7 percent in the fourth quarter of 2014 after falling to 2.1 percent in the third quarter of 2014. The vacancy rate is also up from the 2.5 percent rate seen in the fourth quarter of 2013.
- The number of traditional housing sales increased by 5.9 percent over the same quarter last year, while lender-mediated sales decreased by 37.7 percent. Average prices on traditional housing sales decreased by 3.6 percent from the previous quarter, and increased 2.9 percent over the same quarter last year.
- Foreclosure sales decreased by 14.3 percent from the previous quarter, and decreased by 6.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 10.5 percent and 15.9 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 11.7 percent to 21.1 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 increased to 4.7 percent. The metro area vacancy rate also rose this quarter to 2.9 percent.

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

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
<b>Minneapolis</b>					
Units surveyed	18,174	18,510	18,381	19,179	20,622
Vacant units	455	589	644	404	969
Average rent	\$ 1,098	\$ 1,095	\$ 1,118	\$ 1,105	\$ 1,160
Vacancy rate	2.5%	3.2%	3.5%	2.1%	4.7%
<b>Metro area</b>					
Units surveyed	115,632	117,434	114,496	123,503	124,172
Vacant units	2,932	3,214	2,986	3,025	3,629
Average rent	\$ 981	\$ 1,000	\$ 1,004	\$ 1,007	\$ 1,021
Vacancy rate	2.5%	2.7%	2.6%	2.4%	2.9%

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](#)

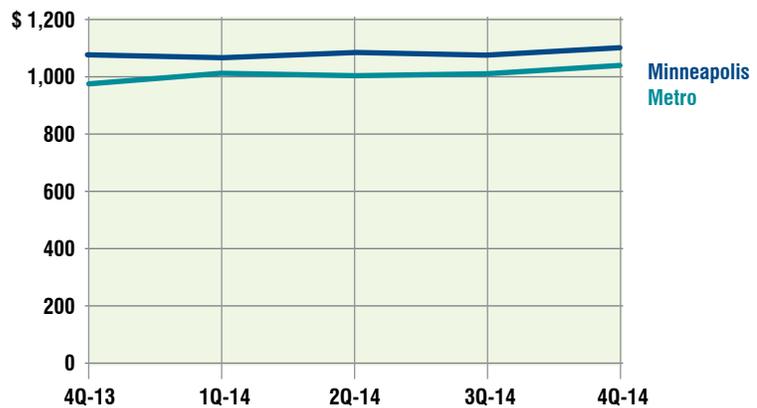
## Apartment vacancy rates & average rents

At \$1,160, Minneapolis average rent in inflation-adjusted dollars increased when compared to the previous quarter and when compared to the same quarter of last year. In the metro area average rent was \$1,021, an increase from the previous quarter and when compared to the same quarter of the previous year.

The vacancy rate fell in the Southwest, North, and East sectors over the last quarter, and rose in the South and Downtown sectors. Compared to the same quarter last year the vacancy rate rose in the Downtown, South, and East sectors, while falling in the Southwest and North sectors. The largest change from year to year occurred in Downtown, where the vacancy rate increased from 4.0 percent in the fourth quarter of 2013, up to 9.8 percent in the fourth quarter of 2014.

\* For conversion factors, see [page 41](#).

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



In inflation-adjusted dollars

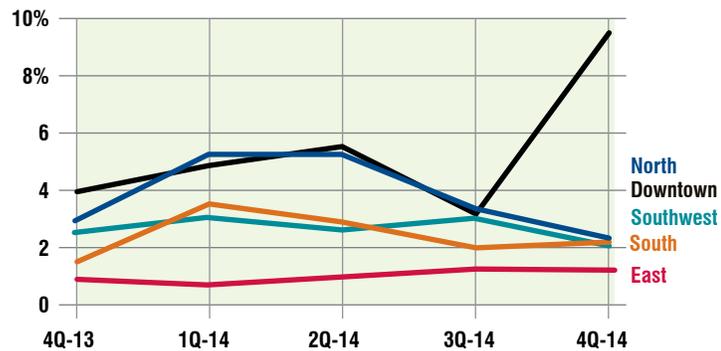
	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	\$ 1,126	\$ 1,105	\$ 1,128	\$ 1,105	\$ 1,160
Metro area	\$ 990	\$ 1,009	\$ 1,004	\$ 1,007	\$ 1,021

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Downtown	4.0%	5.0%	5.7%	3.1%	9.8%
Southwest	2.5%	2.7%	2.5%	2.7%	2.0%
North	2.7%	5.6%	5.6%	3.3%	2.2%
South	1.8%	3.2%	2.6%	2.0%	2.1%
East	1.2%	0.8%	1.5%	1.6%	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

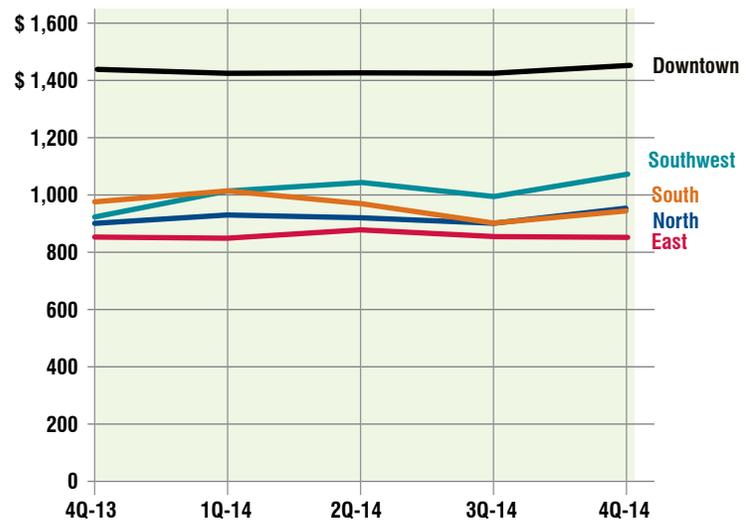
\* For sector definitions, see [page 41](#).

## Apartment vacancy rates & average rents

Average inflation adjusted rents increased over the previous quarter all sectors except South where rents held steady. On a year to year basis, rents increased the most in Southwest Minneapolis (9.9 percent, or 94 dollars), followed by Downtown (3.9 percent, or approximately 56 dollars).

\* For conversion factors, see [page 42](#).

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Downtown	\$ 1,438	\$ 1,411	\$ 1,414	\$ 1,422	\$ 1,494
Southwest	\$ 949	\$ 1,004	\$ 1,029	\$ 998	\$ 1,043
North	\$ 947	\$ 952	\$ 948	\$ 939	\$ 948
South	\$ 999	\$ 951	\$ 920	\$ 949	\$ 949
East	\$ 864	\$ 864	\$ 892	\$ 884	\$ 885

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 increased for all apartment types except three-bedroom units. In comparison with the same quarter from the previous year, vacancy rates again rose for all apartment types except for three-bedroom apartments.

Average rents in *inflation-adjusted dollars* increased 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

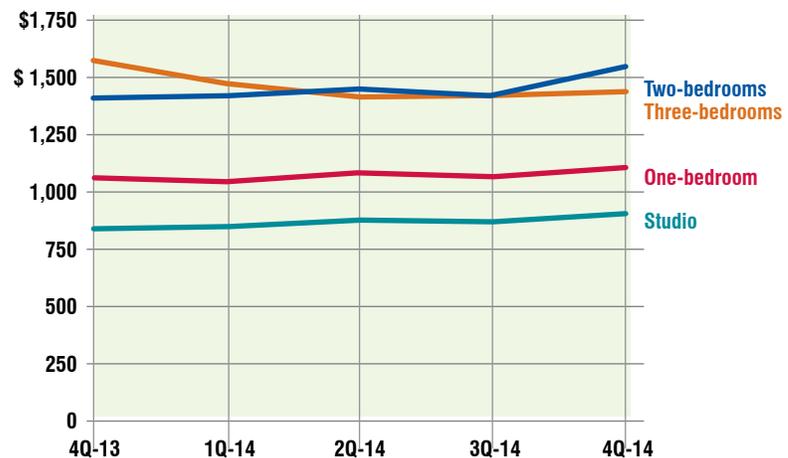


	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Studio	0.0%	3.1%	2.4%	1.7%	3.6%
One-bedroom	2.7%	3.0%	3.8%	1.9%	4.7%
Two-bedroom	3.0%	3.2%	3.4%	2.9%	4.9%
Three-bedroom	1.9%	5.5%	0.9%	0.4%	0.0%

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Studio	\$ 795	\$ 797	\$ 814	\$ 803	\$ 832
One-bedroom	\$ 1,026	\$ 1,012	\$ 1,036	\$ 1,014	\$ 1,060
Two-bedroom	\$ 1,440	\$ 1,442	\$ 1,462	\$ 1,440	\$ 1,511
Three-bedroom	\$ 1,528	\$ 1,482	\$ 1,458	\$ 1,414	\$ 1,430

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.)

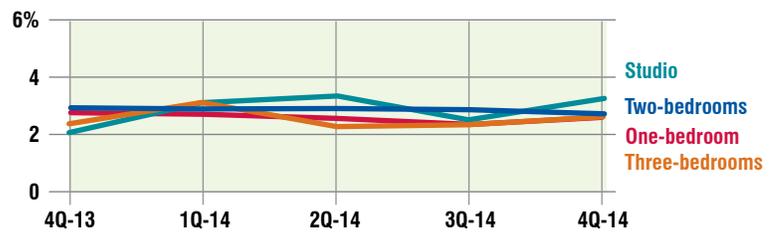
Recorded data for the last month of the quarter.

## Apartment vacancy rates & average rents

In the metro area vacancy rates increased for all unit types when compared to the previous quarter. All unit types experienced an increase in vacancy when compared to the same quarter from the previous year except for two-bedroom unit types where vacancy held steady.

Average rents in *inflation-adjusted dollars* in the metro increased for all unit types when compared to the previous quarter. When compared to the same quarter from the previous year all unit types except three-bedroom apartments saw rents increase.

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



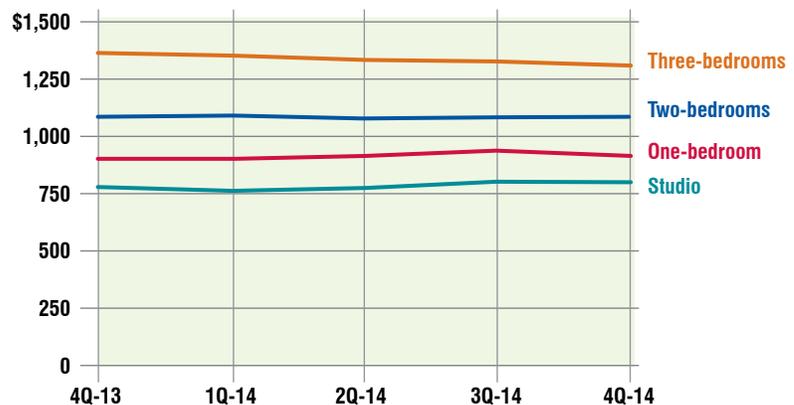
	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Studio	2.0%	3.0%	3.3%	2.5%	3.3%
One-bedroom	2.3%	2.5%	2.6%	2.3%	2.7%
Two-bedroom	2.8%	2.8%	2.6%	2.5%	2.8%
Three-bedroom	2.4%	3.0%	2.3%	2.4%	2.7%

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Studio	\$ 759	\$ 766	\$ 769	\$ 772	\$ 787
One-bedroom	\$ 882	\$ 883	\$ 890	\$ 884	\$ 900
Two-bedroom	\$ 1,096	\$ 1,093	\$ 1,096	\$ 1,090	\$ 1,098
Three-bedroom	\$ 1,369	\$ 1,355	\$ 1,355	\$ 1,349	\$ 1,363

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](#)

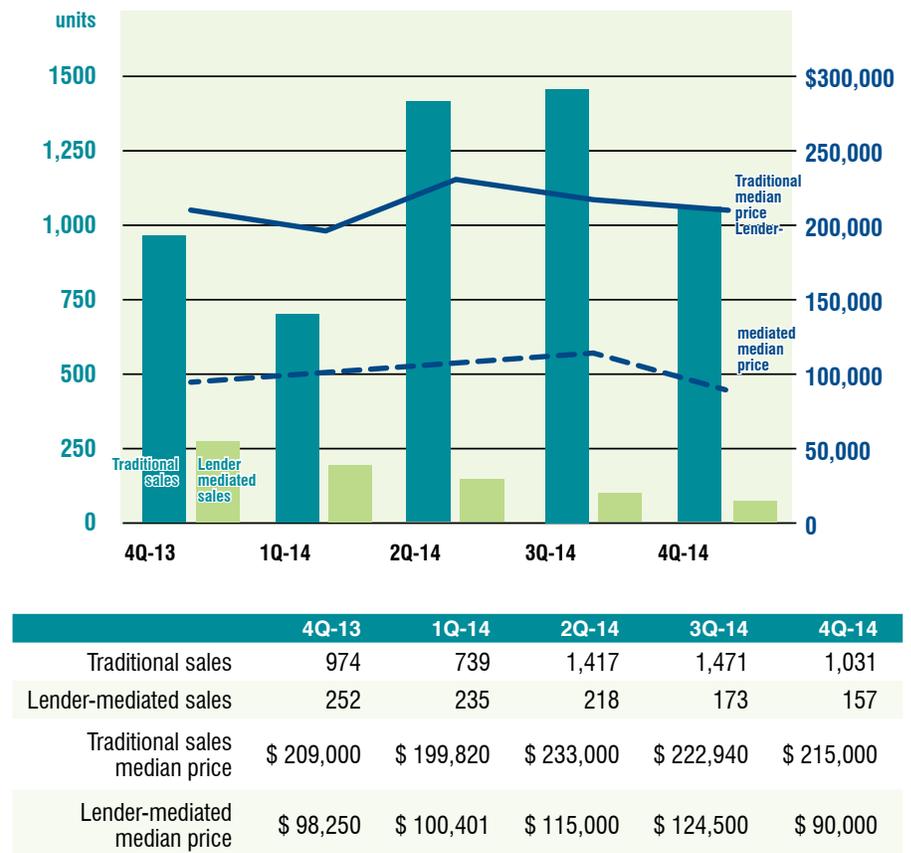
## Residential sales

Overall sale of housing units decreased from the previous quarter. This included a decrease in traditional sales (29.9 percent increase) and a decrease in lender-mediated sales (9.2 percent decrease). Median prices for the quarter fell for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$215,000) continues to lag slightly behind the regional median sale price (\$219,625).

Over a twelve-month period, the number of traditional housing sales increased by 5.9 percent, while lender-mediated sales decreased by 37.7 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (2.9 percent) and decreased for lender-mediated sales (8.4 percent). This quarter lender-mediated sales including foreclosures were 13 percent of all housing sales in the city, while they accounted for 21 percent of sales in the same quarter of the previous year.

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

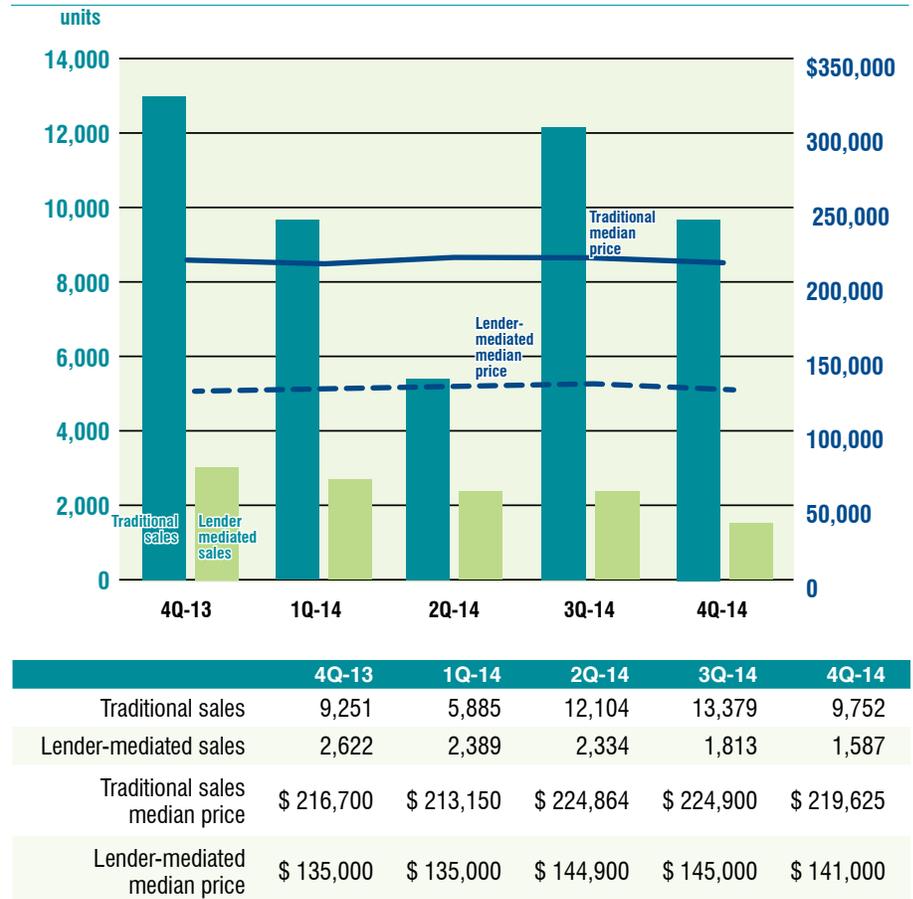


Source: Minneapolis Area Association of Realtors (MAAR)

## Residential sales

In the metro area traditional sales were down from the previous quarter by 27.1 percent, while lender-mediated sales declined by 12.5 percent. Median sale prices for traditional sales rose by 5.4 percent while lender-mediated median sale prices decreased by 39.5 percent.

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



Source: *Minneapolis Area Association of Realtors (MAAR)*

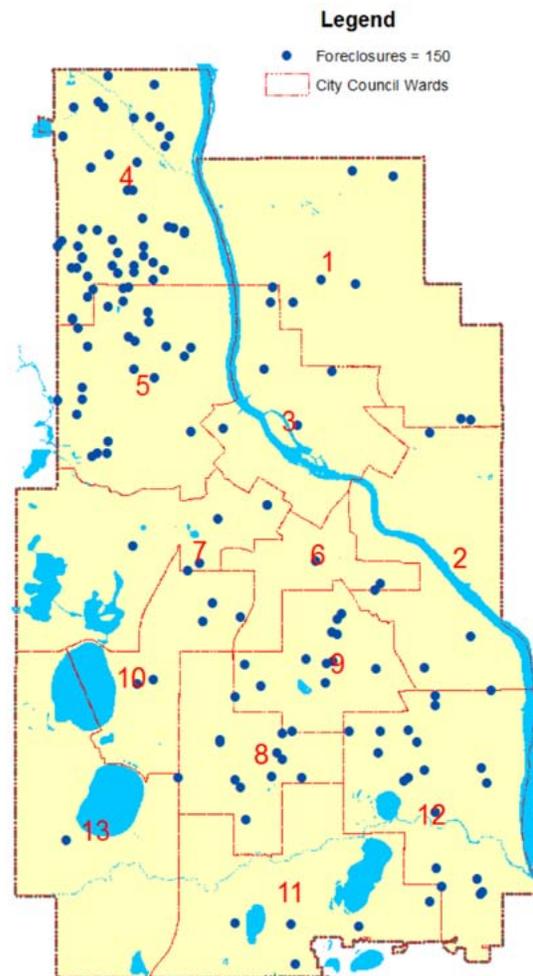
\* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

## Foreclosures

This quarter 150 properties were sold at public auction, 14.3 percent fewer than the previous quarter, and 6.3 percent fewer than the fourth quarter of 2013.

**MAP 5: PROPERTIES FORECLOSED – 4Q-14**  
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2015. 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

Ward	4Q-13		1Q-14		2Q-14		3Q-14		4Q-14	
	Number	Percent								
1	10	6%	22	13%	8	6%	15	10%	7	5%
2	1	1%	4	2%	4	3%	2	1%	4	3%
3	13	8%	4	2%	10	7%	5	3%	6	4%
4	26	16%	38	22%	29	20%	46	32%	45	30%
5	23	14%	24	14%	22	15%	24	17%	25	17%
6	3	2%	6	3%	4	3%	5	3%	2	1%
7	11	7%	7	4%	6	4%	9	6%	6	4%
8	16	10%	12	7%	12	8%	13	9%	10	7%
9	17	11%	18	10%	10	7%	16	11%	13	9%
10	5	3%	6	3%	6	4%	5	3%	5	3%
11	11	7%	9	5%	9	6%	9	6%	5	3%
12	17	11%	19	11%	18	13%	18	13%	20	13%
13	7	4%	4	2%	5	3%	8	6%	2	1%
<b>Total</b>	<b>160</b>	<b>100%</b>	<b>173</b>	<b>100%</b>	<b>143</b>	<b>100%</b>	<b>175</b>	<b>122%</b>	<b>150</b>	<b>100%</b>

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/>

# Foreclosures

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 decreased from the last quarter to 568, which was 1.8 percent higher than at the end of the fourth quarter of 2013. The number of condemned buildings fell by 4.2 percent compared to the same quarter last year, while the number of vacant but not condemned buildings increased by 8.0 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

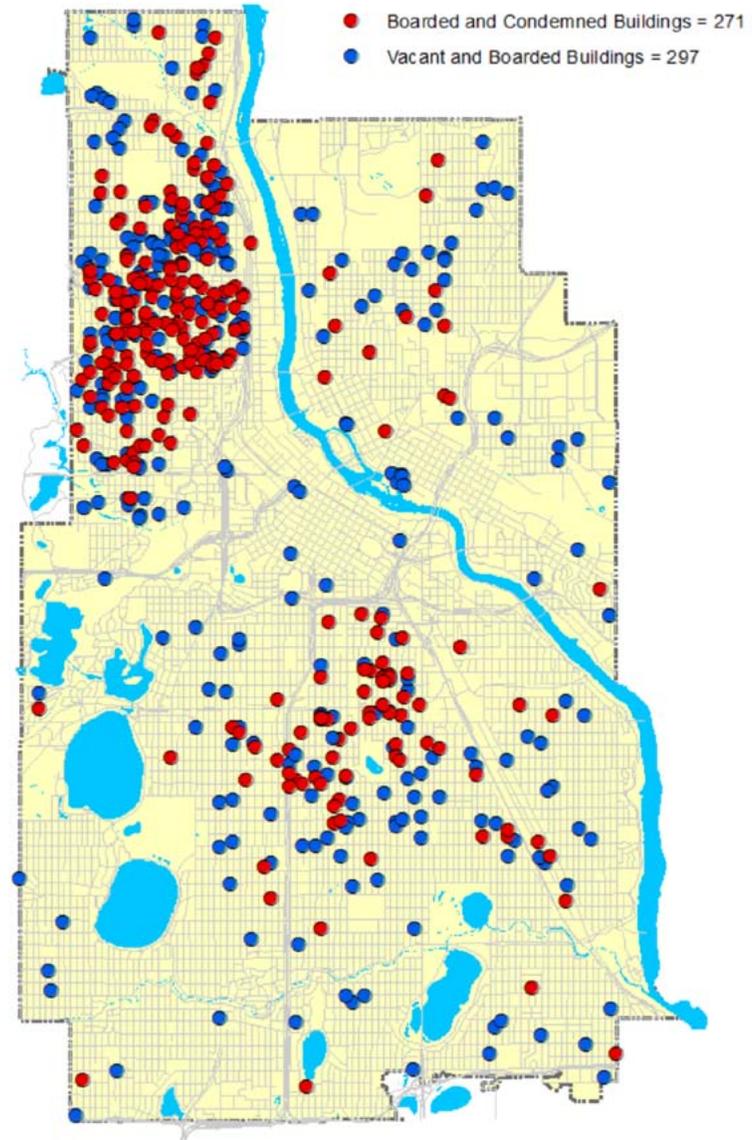


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis  
as of the end of quarter

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Boarded and condemned buildings	283	294	297	283	271
Vacant but not condemned	275	293	286	307	297
Total	558	587	583	590	568

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 10.5 percent and 15.9 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 12.2 percent and 16.6 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

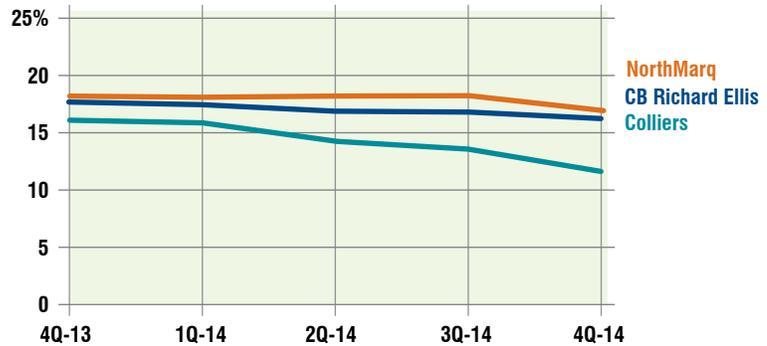


	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14
CB Richard Ellis	16.3%	16.4%	15.3%	15.1%	14.4%
Colliers	13.9%	13.3%	12.7%	12.7%	10.5%
NorthMarq	17.4%	17.4%	17.2%	17.2%	15.9%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

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



	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14
CB Richard Ellis	17.3%	17.3%	16.8%	16.8%	16.1%
Colliers	15.6%	15.3%	14.7%	14.2%	12.2%
NorthMarq	17.4%	17.4%	17.4%	17.4%	16.6%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 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 10.0% rise in asking rent prices for office space in the CBD when compared to the previous year.

Between the third and fourth quarter in the rate of growth in occupied office space increased in both Downtown Minneapolis and the metro area as a whole. An additional 524,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and an additional 1,154,000 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

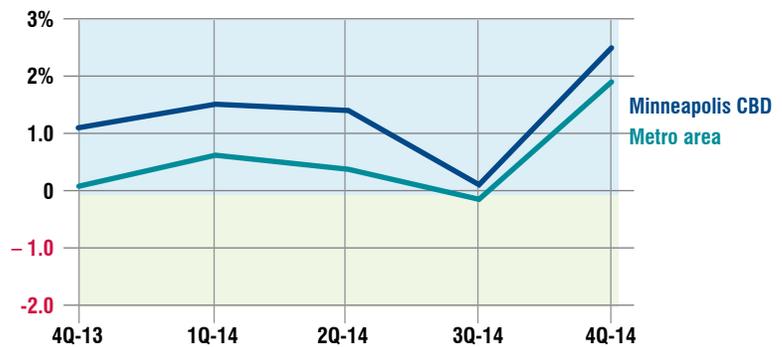


	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis CBD	\$ 13.43	\$ 13.98	\$ 14.15	\$ 14.42	\$ 14.77
Metro area	\$ 12.33	\$ 12.68	\$ 13.10	\$ 13.20	\$ 13.32

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis CBD	1.1%	1.6%	1.5%	0.1%	2.6%
Metro area	0.1%	0.6%	0.4%	-0.1%	1.9%

Source: CB Richard Ellis

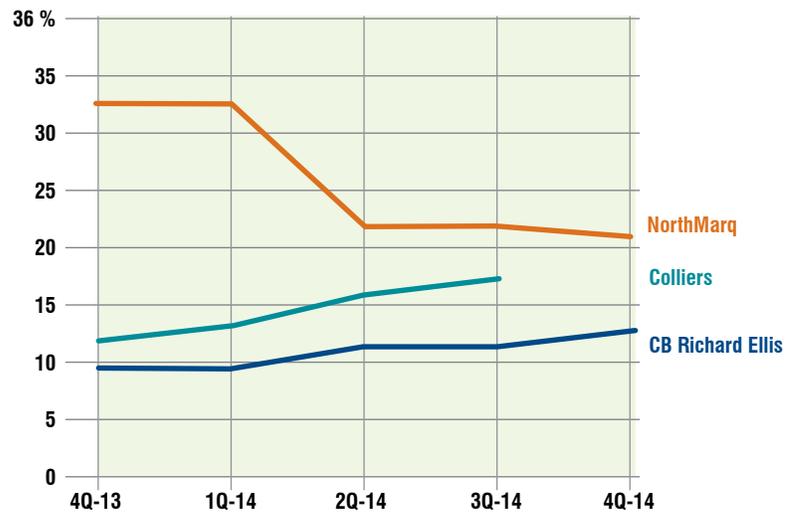
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

## Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.7 and 21.1 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 7.1 percent to 7.5 percent.

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

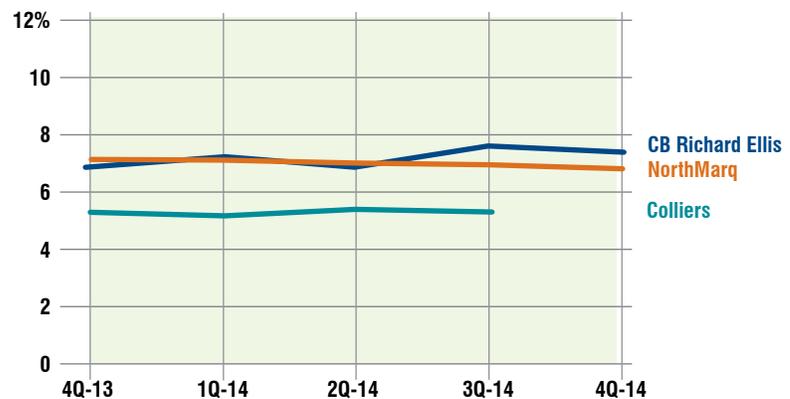


	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14
CB Richard Ellis	No data	9.9%	11.0%	10.9%	11.7%
Colliers	12.8%	14.4%	15.3%	16.5%	No data
NorthMarq	34.1%	34.1%	21.6%	21.6%	21.1%

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	No data	7.0%	6.7%	7.8%	7.5%
Colliers	5.4%	5.2%	5.7%	5.5%	No data
Northmarq	7.2%	7.2%	7.2%	7.2%	7.1%

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.

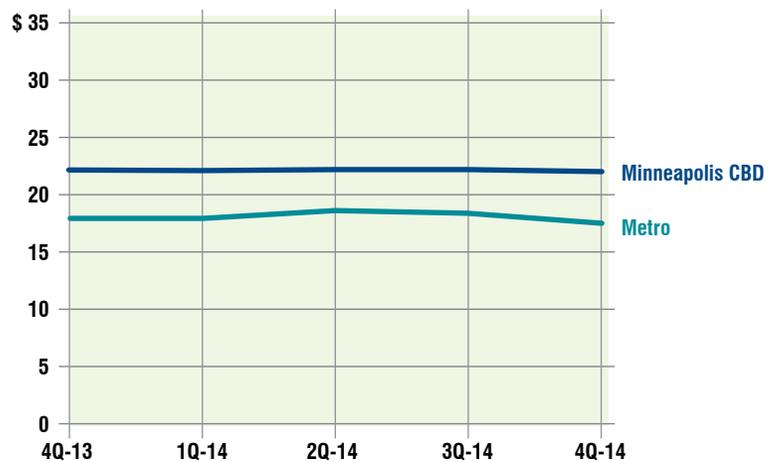
## Retail space

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 third quarter of 2013.

In the metro area, average asking lease price decreased over the most recent available reported numbers, and also when compared to the third quarter of 2013.

Occupied retail space in the Minneapolis central business district (CBD) decreased this quarter while occupied retail space in the metro area increased.

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis CBD	No data	\$ 22.53	\$ 22.53	\$ 22.53	\$ 22.53
Metro area	No data	\$ 17.35	\$ 17.59	\$ 17.46	\$ 17.23

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	No data	1.9%	-1.2%	0.1%	-0.9%
Metro area	No data	-0.8%	0.3%	-0.5%	0.3%

Source: CB Richard Ellis

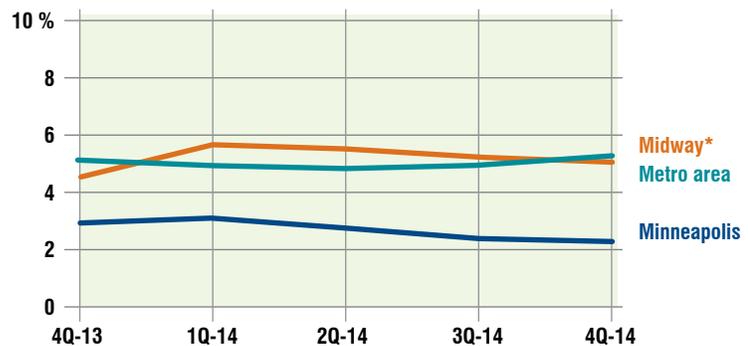
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

## 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 area, while it fell in Minneapolis and 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



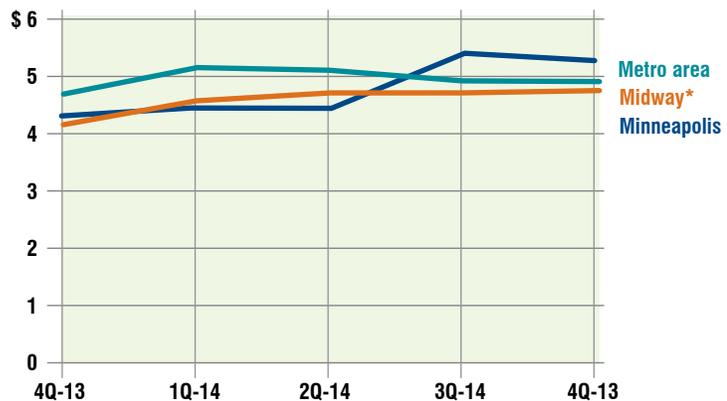
	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	3.0%	3.2%	2.8%	2.3%	2.2%
Midway*	4.6%	5.8%	5.7%	5.3%	5.2%
Metro area	5.2%	5.0%	5.0%	5.2%	5.3%

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



	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	\$ 4.31	\$ 4.54	\$ 4.54	\$ 5.44	\$ 5.40
Midway*	\$ 4.17	\$ 4.67	\$ 4.73	\$ 4.73	\$ 4.75
Metro area	\$ 4.73	\$ 5.10	\$ 5.03	\$ 4.99	\$ 4.98

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 decreased in Minneapolis, held steady in the Midway area, and increased in the metro area overall when compared to the previous quarter.

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



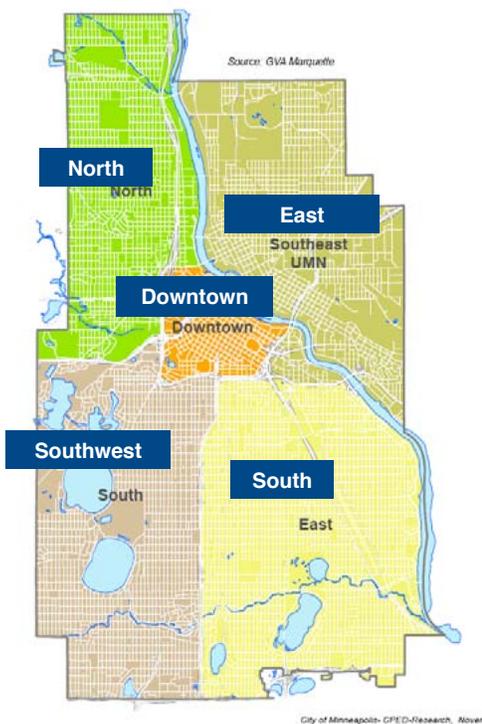
	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
Minneapolis	0.4%	-0.2%	0.2%	0.5%	-0.4%
Midway*	-0.1%	-1.3%	-0.3%	0.1%	0.1%
Metro area	0.4%	0.3%	0.3%	-0.2%	0.0%

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 Community Planning & Economic Development

### Long Range Planning

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