MINNEAPOLIS/ST. PAUL
MARKET OVERVIEW

The Twin Cities is one of the top-performing markets in the nation to work, shop and live.
The “Twin Cities” of Minneapolis and St. Paul comprise a growing and vibrant metropolis with a diverse economic base, skilled labor pool and abundance of cultural and recreational opportunities that make it one of the most important commercial centers in the United States.

Twin Cities is the dominant financial, manufacturing, distribution and transportation center between Chicago and Seattle, which also makes it a singular magnet for regional talent unlike coastal metropolises in close proximities.

“No other place mixes affordability, opportunity, and wealth so well.”
— The Atlantic, The Miracle of Minneapolis 2015

A DIVERSE & RESILIENT ECONOMY

The Twin Cities represents a broad range of industries. The employment base does not rely on any single industry, drawing its strength from a remarkably diverse business base and an economy that is “knowledge-based, globalized, entrepreneurial, IT-driven and innovation-based,” according to Forbes. Such diversity enables this market to better weather recessions and economic downturns.

No single industry accounts for more than 20% of the total employment in the Twin Cities.
— MN DEED 2016

LABOR FORCE MIX IS CONSISTENTLY SOLID
AREA OVERVIEW

MARKET HIGHLIGHTS

More FORTUNE 500 companies (17) per capita than any other US metro region
— Forbes 2016

Strong work ethic & entrepreneurial spirit provide a 3.8% unemployment rate, lowest in the nation for MSA’s over 1 million

Trend setting neighborhoods making the global map — North Loop ranks as a TOP 25 destination in the world
— Fodor’s 2016

6th most inventive city worldwide... it’s the birthplace of gamechangers like the pacemaker and supercomputer
— Bloomberg Businessweek 2009

ANCHORS THE NINTH FEDERAL RESERVE

Minneapolis is the head of the Ninth U.S. Federal Reserve District and serves as this district’s commercial center. Comprised of Minnesota, Montana, North Dakota, South Dakota, western Wisconsin, and the Upper Peninsula of Michigan, this region is an important global oil/energy player.

THE LAY OF THE LAND

THE STATE

#1 STATE FOR BUSINESS
— CNBC

THE TWIN CITIES

The Twin Cities is located on the Mississippi River, encompassing 6,046 square miles and 13 counties.

Grown from a geographically strategic location

The birthplace of Twin Cities’ economy began in the 1800s when companies like the forerunners of Pillsbury and General Mills sprang up along the St. Anthony Falls, the only major waterfall on the Mississippi River and ideal for water-powered mills.
The Greater MSP region is a hub for thriving companies. These companies attract international recognition every year for their innovation, sustainability, ethical leadership, brand value and corporate citizenship. The region boasts the highest per capita concentration of Fortune 500 public company headquarters in the U.S. with 17 firms based here. The largest private U.S. company, Cargill, is based in Minneapolis along with numerous other multi-billion-dollar private firms.

“With 17 Fortune 500 Companies, Minneapolis has the highest concentration of Fortune 500 per capita nationally”
— Fortune 2016

The Greater MSP region is a hub for thriving companies. These companies attract international recognition every year for their innovation, sustainability, ethical leadership, brand value and corporate citizenship. The region boasts the highest per capita concentration of Fortune 500 public company headquarters in the U.S. with 17 firms based here. The largest private U.S. company, Cargill, is based in Minneapolis along with numerous other multi-billion-dollar private firms.

NATION’S LEADING MEDICAL TECHNOLOGY MARKET

Known as “Medical Alley,” Minnesota leads in the medical technology sector, ranking #1 in medical employment, led by home-grown companies such as Medtronic, 3M and St. Jude in the manufacturing sector. The renowned Mayo Clinic and the University of Minnesota are among local organizations that provide world-class healthcare services and research, while innovative healthcare financial companies such as UnitedHealth Group and Prime Therapeutics provide cost-effective delivery solutions.

HEADQUARTERED IN GREATER MSP

FORTUNE 500 COMPANIES

<table>
<thead>
<tr>
<th>RANK</th>
<th>COMPANY</th>
<th>FORTUNE 500 RANKING</th>
<th>REVENUE (in billions)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>UnitedHealth Group</td>
<td>6</td>
<td>$157.1</td>
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<tr>
<td>2</td>
<td>Target Corporation</td>
<td>38</td>
<td>$73.7</td>
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<tr>
<td>3</td>
<td>Best Buy</td>
<td>71</td>
<td>$39.7</td>
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<td>4</td>
<td>CHS</td>
<td>84</td>
<td>$34.5</td>
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<tr>
<td>5</td>
<td>3M</td>
<td>93</td>
<td>$30.2</td>
</tr>
<tr>
<td>6</td>
<td>U.S. Bancorp</td>
<td>131</td>
<td>$21.4</td>
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<tr>
<td>7</td>
<td>Supervalu</td>
<td>160</td>
<td>$17.8</td>
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<tr>
<td>8</td>
<td>General Mills</td>
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<td>9</td>
<td>Ecolab</td>
<td>206</td>
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</tr>
<tr>
<td>10</td>
<td>C.H. Robinson Worldwide</td>
<td>208</td>
<td>$13.4</td>
</tr>
<tr>
<td>11</td>
<td>Land O’ Lakes</td>
<td>215</td>
<td>$13.1</td>
</tr>
<tr>
<td>12</td>
<td>Ameriprise Financial</td>
<td>232</td>
<td>$12.2</td>
</tr>
<tr>
<td>13</td>
<td>Xcel Energy</td>
<td>257</td>
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<tr>
<td>14</td>
<td>Hormel Foods</td>
<td>304</td>
<td>$9.2</td>
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<tr>
<td>15</td>
<td>The Mosaic Company</td>
<td>316</td>
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<tr>
<td>16</td>
<td>Thrivent Financial</td>
<td>318</td>
<td>$8.7</td>
</tr>
<tr>
<td>17</td>
<td>St. Jude Medical</td>
<td>465</td>
<td>$5.5</td>
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FORBES LARGEST PRIVATE COMPANIES

<table>
<thead>
<tr>
<th>RANK</th>
<th>COMPANY</th>
<th>INDUSTRY</th>
<th>REVENUE (in billions)</th>
<th>EMPLOYEES</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Cargill</td>
<td>Farm Products</td>
<td>$120.4</td>
<td>153,000</td>
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<tr>
<td>88</td>
<td>Carlson</td>
<td>Hotels, Restaurants, &amp; Leisure</td>
<td>$4.6</td>
<td>110,000</td>
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<tr>
<td>115</td>
<td>M.A. Mortenson</td>
<td>Construction</td>
<td>$3.7</td>
<td>2,500</td>
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<tr>
<td>133</td>
<td>Holiday Companies</td>
<td>Convenience Stores &amp; Gas Stations</td>
<td>$3.2</td>
<td>6,000</td>
</tr>
<tr>
<td>136</td>
<td>Rosen’s Diversified</td>
<td>Food, Drink, &amp; Tobacco</td>
<td>$3.2</td>
<td>4,000</td>
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<tr>
<td>154</td>
<td>Schwan Food</td>
<td>Food, Drink, &amp; Tobacco</td>
<td>$3.0</td>
<td>14,000</td>
</tr>
<tr>
<td>188</td>
<td>Andersen</td>
<td>Construction</td>
<td>$2.4</td>
<td>9,000</td>
</tr>
<tr>
<td>223</td>
<td>Taylor</td>
<td>Media</td>
<td>$2.0</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Minneapolis-based Cargill earned the top spot on Forbes’ annual list of America’s largest private companies for most of the last decade. Forbes’ 2016 list of privately held giants includes eight Minnesota firms, six based in the Greater MSP metro area.
Minneapolis’s Central Business District features world-class daytime and evening amenities including restaurants, theaters, shopping and professional sports teams. Its central, accessible location makes it the preferred location for corporate headquarters, financial services firms and law firms.

The CBD is home to the world’s largest Skyway System, which links most of downtown Minneapolis through a seven mile indoor series of walkways and bridges.

Key downtown attractions include Target Center, Target Field, the Hennepin Avenue arts and cultural district, the vibrant restaurant scene, North Loop neighborhood, Nicollet Mall, and the new US Bank Stadium.

**UPCOMING MAJOR MINNEAPOLIS EVENTS**

2016: RYDER CUP

2016: X GAMES

2018: SUPERBOWL LII

2019: FINAL FOUR

2023: WORLD’S FAIR

**2025 PLAN: DOWNTOWN MINNEAPOLIS**

In 2011, the Minneapolis Downtown Council, the city’s business association for the CBD, announced its objectives for the city’s next 15 years. The plan’s initiatives stem from creating a “thriving, livable, connected, green, exciting and welcoming” Minneapolis through these action items:

- **Double Minneapolis’ residential population** to 70,000 and emphasize offices on the north end of Nicollet Mall

- Invest in an arts and entertainment district between Nicollet, Hennepin, and First avenues, attracting **5 million visitors** annually

- Build the **Viking’s US Bank Stadium**, renovate **Target Center**, and create a **public transportation hub** in the new sports district
Downtown St. Paul is a place where businesses prosper and workers and residents enjoy an unparalleled quality of life, creating a vibrancy of its own. Its urban fabric of corporate headquarters and retail, arts and entertainment, parks and history creates a unique global city on a livable scale.

The historic Capital city is building towards the future. 18,000 new jobs and nine new office buildings have been added in downtown St. Paul in the past 11 years — an investment equaling more than $650 million in construction costs alone. More than 72,000 workers are employed by nearly 1,200 companies, creating a workforce that maintains a sharp focus on current and emerging business needs.

The number of housing units in Downtown St. Paul has spiked more than 20 percent in just five years. The Metropolitan Council expects the downtown population to pass 14,000 by 2020 — **that’s an 80 percent increase.**

Major attractions in Downtown St. Paul include Xcel Energy Center (Home of the Minnesota Wild), Ordway Centre for Performing Arts, Science Museum of Minnesota, CHS Field (home of the St. Paul Saints) and the Minnesota Children’s Museum; and events like the St. Paul Winter Carnival, which has been a tradition in Downtown St. Paul for more than 125 years.
HIGHLY EDUCATED WORKFORCE, STRONG JOB GROWTH

#1 in the nation on Gallup’s Job Creation Index

1.9 MILLION Labor Force

Unemployment rate (3.1%), which is the lowest in the nation

10.5% population growth (from 2000 to 2010) outpacing other urban centers (Boston, Chicago, Los Angeles, New York & San Francisco)

#1 tech job growth home to fast-growing technology-specific companies, e.g., Code 42, SPS Commerce and JAMF Software

Medium household income 7th in the nation with $68,109 for MSAs over 1 million

6th most educated region in the country

3rd highest labor force participation in the nation. Expected to outpace population growth in next decade.


ATTRACTING MILLENNIALS

The Twin Cities is a national magnet for young professionals. Its low unemployment rate, high number of Fortune 500 companies and reasonable cost of living make it an attractive destination for newly minted grads, notes Forbes.

The Twin Cities has the highest employment rate for 19- to 34-year-olds in the country — The Atlantic 2015

Among residents under 35, the Twin Cities place in the Top 10 for highest college-graduation rate, highest median earnings and lowest poverty rate — US Census

Top 10 city for young professionals — Forbes

5th best city for new college grads — Livability 2014
OUTSTANDING LIFESTYLE
The region’s relatively low cost of living contributes to an outstanding quality of life, as do numerous natural and urban amenities as well as the low crime rate, clean air and water, accessibility and access to quality health care.

LOW COST OF LIVING
According to Forbes, Twin Cities is the 5th Most Affordable City in America.

EDUCATION
Minnesota has 13 colleges and universities, 10 community colleges and technical schools, as well as several private schools offering trade and technical training.

SPORTS
Minneapolis is home to six professional sports teams.

With the new US Bank Stadium under construction, the NFL has selected Minneapolis as the host city for the 2018 Superbowl. NCAA has selected the city for the Final Four in 2019.

VOLUNTEERISM

“Twin Cities leads the nation in both volunteerism and civic engagement – two hallmarks of thriving communities.”

— Greater MSP
THE CITY OF LAKES
The metro area boasts more than 1,600 lakes for residents to enjoy sailing, swimming, fishing, skiing and skating. The Twin Cities has one of the most extensive park systems in the U.S., comprising 136,000 acres. The Minneapolis Chain of Lakes Regional Park is the area’s most visited park.

TRANSPORTATION HUB

SKYWAY SYSTEM
Minneapolis is home to the largest Skyway System in the world.

PUBLIC TRANSPORTATION
The most recently completed Light Rail line is already exceeding ridership projects by 25%. Two new light rail lines are currently under development, serving 35 new planned stations.

HIGHWAYS
Three major interstate highway systems serve the Twin Cities: Interstate 94/394 (running east/west), Interstate 494/694 and Interstate 35 (running north/south).

AIR TRAVEL
The MSP International Airport offers non-stop flights to 114 domestic and 20 international markets. MSP ranked 16th in North America based on 33 million passengers on 500,000 flights annually.

ARTS & CULTURE
Other than New York City, the Twin Cities has more theater seats per capita than any other U.S. city. Several internationally acclaimed museums and theaters, call the area home, including the Walker Art Center, the Minneapolis Institute of Art, the Guthrie Theater and Children’s Theater.

SHOPPING
Minneapolis is one of the country’s most popular shopping destinations. Its celebrated Mall of America is the largest shopping and entertainment complex in the nation at 4.2 million sf and boasts 40 million visitors and $2 billion in economic activity annually.

MSP is 3rd Best Domestic Airport in World
— Travel & Leisure 2015
COMPASS is the Twin Cities’ most comprehensive commercial real estate market report. Published bi-annually, COMPASS provides a market recap of the last six months as well as an outlook for the next six months.

CURRENT MARKET OVERVIEW

NAVIGATING THE MINNEAPOLIS/ST. PAUL COMMERCIAL REAL ESTATE MARKET

CURRENT MARKET OVERVIEW

COMPASS is the Twin Cities’ most comprehensive commercial real estate market report. Published bi-annually, COMPASS provides a market recap of the last six months as well as an outlook for the next six months.

SECTOR HIGHLIGHTS

OVERALL MARKET TRENDS

Vacancy Rate Nears Record Low as CRE Market Continues to Stabilize

- **VACANCY RATE**: 9.9%
  Lowest multi-tenant rate across all property types since 2000

- **ABSORPTION**: 1.76 million square feet
  Slight drop from 2015 but market is stabilizing

- **NEW CONSTRUCTION**: 463,000 square feet
  Multi-tenant pace slowing, single-tenant construction grows

SECTOR HIGHLIGHTS

- **INDUSTRIAL**: East metro heats up as vacancy tightens
- **INVESTMENT & CAPITAL MARKETS**: Multi-family and office markets looking for record volumes in 2016
- **OFFICE**: New projects inch closer as rents rise
- **RETAIL**: Vacancy nears all-time market record lows
- **MEDICAL OFFICE**: Users continue to gravitate away from the campus model
- **MULTI-FAMILY**: Focus shifts to suburbs as new units are gobbled up
- **LAND**: Demand rises even more as developers seek next big thing
- **HOTELS**: Market continues to expand with new development on the way

PROJECTIONS FOR REMAINDER OF 2016

- **MORE NEW CAPITAL**: Office and multi-family headed toward record sales volume
- **ABSORPTION**: 600-800,000 sf expected in second half of 2016
- **NEW CONSTRUCTION**: 1.67 msf multi-tenant space to be delivered

VISIT northmarqcompass.com to access the entire Executive Summary and/or sign up for full access to the COMPASS website with Property Type Reports, Submarket Reports and more.
EXPERTLY LOCAL.
Cushman & Wakefield/NorthMarq is the industry leader in providing customized commercial real estate services in the Upper Midwest. The firm operates the Minnesota business of Cushman & Wakefield.

CONFIDENTLY GLOBAL.
Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live.

500 EMPLOYEES
65 FACILITIES / PROPERTY MANAGERS
NEARLY 46 M SF FACILITIES / PROPERTIES UNDER MANAGEMENT
$2.3 Billion AVERAGE ANNUAL TRANSACTION VOLUME
90 TRANSACTION PROFESSIONALS
130 ENGINEERS
#1 BROKERAGE & PROPERTY MANAGEMENT FIRM IN THE TWIN CITIES
43,000 EMPLOYEES
OFFICES IN MORE THAN 60 COUNTRIES
$5 Billion IN REVENUE
$191 Billion IN TRANSACTION VALUE
4.3 Billion SF MANAGED
Confidently Global, Expertly Local.