

MINNEAPOLIS OFFICE MARKET

Yardi® Matrix

Market Analysis

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Stability in the Twin Cities



The Minneapolis-St. Paul office market continued to perform well in 2018. Competition for modern office space was tight, with demand bolstered primarily by businesses operating in the medical, financial and professional services sectors. Investment activity was strong, with sales volume reaching \$1.4 billion in 2018, up 29% compared to the previous year.

Minneapolis-St. Paul has a tight labor market that relies primarily on education, health services and manufacturing. The metro saw moderate employment growth in its office-using sectors during the 12 months ending in November, adding 6,600 office jobs. The professional and business services sector drove growth, gaining 4,100 jobs.

With younger employees preferring highly amenitized areas around Minneapolis' core, co-working has seen a boost in activity, leading specialized companies to expand in the area. WeWork, for instance, doubled its office space at the recently completed MoZaic East. Meanwhile, with the Southwest Light Rail Transit project approved at the end of 2018, the Southwest submarket is expected to attract more business.

Limited new deliveries in the CBD since 2017 have led to a number of companies looking elsewhere for space. But that's set to change. While 2018 was another slow year for construction, with 770,000 square feet completed across the Twin Cities, January saw some 1.3 million square feet under construction, 1 million of it in the Minneapolis CBD.