

**An Update on Commercial Real Estate Market Conditions
Minnetonka, MN**

August 2018



Marquette Advisors File #18023

PREPARED FOR:

Ms. Alisha Gray
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

PREPARED BY:



Minneapolis Office: 80 South 8th Street, Suite 900, Minneapolis, MN 55402

Phone: 612-335-8888; Fax: 612-334-3022

Seattle Office: 2723 California Avenue SW, Seattle, WA 98116

Phone: 425-392-7482; Fax: 425-392-7330

New York Office: 1325 Avenue of the Americas, 28th Floor, New York 10019

Phone: 202-331-0226; Fax: 612-344-3022



August 24, 2018

Alisha Gray
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

R.E.: An Update on Commercial Real Estate Market Conditions – Minnetonka, MN

Marquette Advisors File # 18023

Dear Ms. Alisha Gray:

We are pleased to present our Commercial Real Estate Market Assessment for the City of Minnetonka, MN. The report is divided into three sections: Industrial, Office, and Retail. Each section provides an overview of Minnetonka's inventory of each given property type. Historical vacancy rates, absorption detail, and rental rates are examined, as well as recent construction trends. Analytics are focused on the City of Minnetonka, drawing comparisons to the competitive submarket(s) and the Twin Cities Metro Area as a whole. The Appendix contains an inventory and key metrics for all Minnetonka industrial, office, and retail properties.

Thank you again for the opportunity to assist you in evaluating real estate market conditions in Minnetonka. We remain available to answer any questions you might have and look forward to working with you again soon.

Sincerely,

MARQUETTE ADVISORS

A handwritten signature in black ink that reads "Brent Wittenberg".

Brent E. Wittenberg, CRE
Vice President

Marquette Advisors Offices:

Minneapolis Office: 80 South 8th Street, Suite 900, Minneapolis, MN 55402
Phone: 612-335-8888; Fax: 612-334-3022
Seattle Office: 2723 California Avenue SW, Seattle, WA 98116
Phone: 425-392-7482; Fax: 425-392-7330
New York Office: 1325 Avenue of the Americas, 28th Floor, New York 10019
Phone: 202-331-0226; Fax: 612-344-3022

INTRODUCTION

STUDY IMPETUS

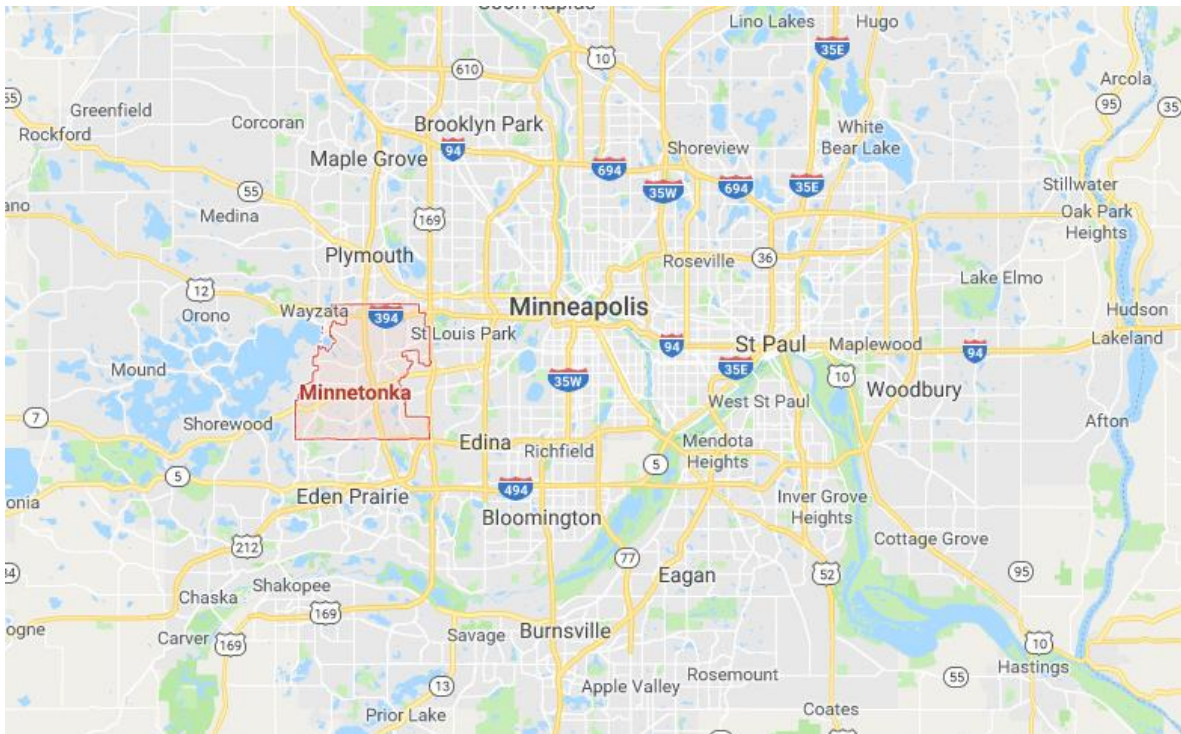
The City of Minnetonka ("City"), related to the ongoing update of its Comprehensive Plan, retained Marquette Advisors to provide an assessment of retail, office and industrial real estate market conditions in the community. The Scope of Work for this engagement is summarized as follows:

- Consultant will summarize current market conditions in Minnetonka (within the context of the relevant southwest metro market, and Twin Cities metro area as a whole) in terms of current supply, occupancy rates, and market rental rates.
- Consultant will evaluate employment statistics (current base by industry) and forecasted employment, with a discussion of growth industries, declining industries (perhaps) and how this relates to the current and future demand /supply of commercial (office and industrial) space.
- Consultant will incorporate an analysis of retail sales & consumer expenditures, to facilitate an assessment of potential demand for retail space in Minnetonka in the future.
- Importantly, Consultant will interview commercial brokers in each area (office, retail and industrial) and note types of "in-demand" space currently and in the future, with an assessment of whether Minnetonka has a sufficient supply (overall square footage) of space, and how the space available matches up with commercial property needs in the future.

LOCATION & CONTEXT

The City of Minnetonka is a second-ring suburb in the Minneapolis-St. Paul Metro Area, located west of Minneapolis. The City borders Plymouth (north), St. Louis Park and Edina (east), Eden Prairie (south), and several small, Lake Minnetonka communities (west). Below is a snapshot of the City's location within the metro area.

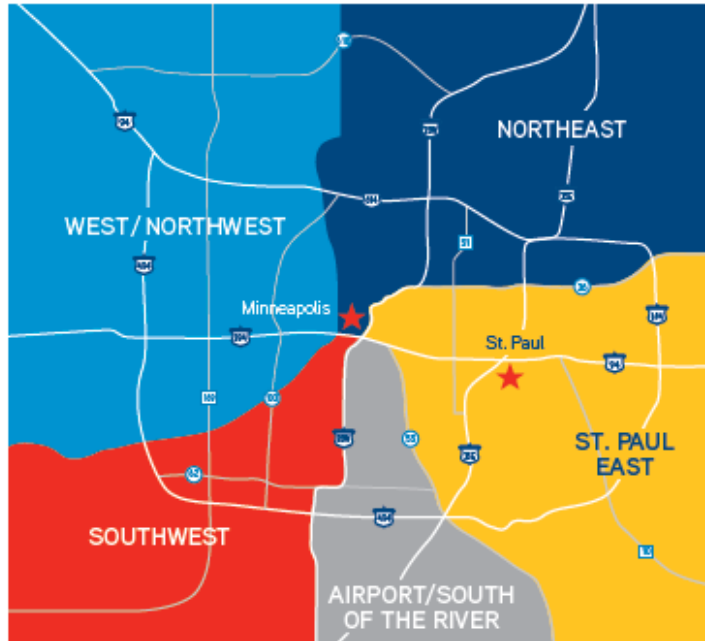
Regional Context



For purposes of this analysis, we provide an overview of commercial real estate market conditions specific to the City of Minnetonka, drawing comparisons to the relevant metro-area submarkets and the Twin Cities Metro Area (7 counties) as a whole. Primary data sources include the MN Commercial Association of Realtors (MN-CAR) and Colliers International.

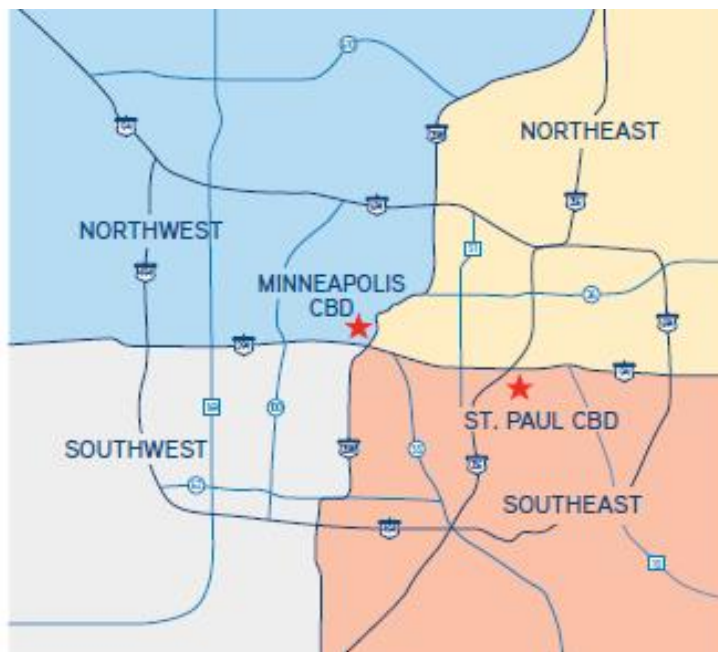
Maps depicting the Twin Cities commercial real estate submarkets are provided on the following page. Most of Minnetonka is in the ***“West/Northwest” industrial and office submarket***, as defined by Colliers in their reporting. The southern portion of Minnetonka is within the ***“Southwest” submarket***. Industrial and Office submarkets are identically defined and tracked by Colliers, while Retail submarkets are defined somewhat differently. Minnetonka lies partly in both in the ***“Northwest” and “Southwest” retail submarkets***.

Industrial & Office Submarkets Twin Cities Metro Area



Source: Colliers International

Retail Submarkets Twin Cities Metro Area



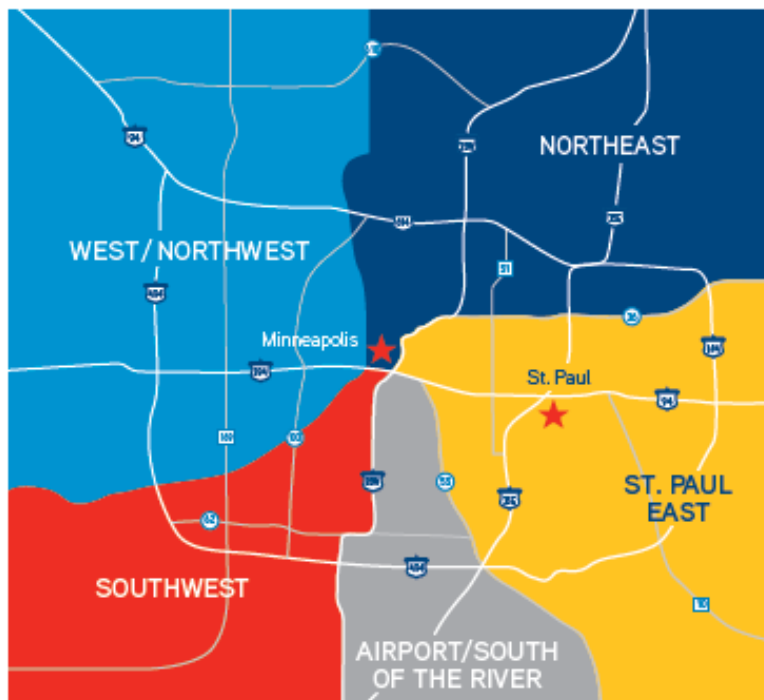
Source: Colliers International

**MINNETONKA
INDUSTRIAL REAL ESTATE
MARKET CONDITIONS**

INDUSTRIAL MARKET

In this section we present a summary of industrial real estate market conditions, including inventory, vacancy rates, absorption (demand), rental rates, and potential (re)development opportunities. Below is the Colliers-defined industrial submarket map. The City of Minnetonka lies mostly within the West/Northwest submarket. The southern portion of the city is within the Southwest submarket. We begin with a brief overview of market conditions for the metro area, followed by a discussion of the industrial real estate market in Minnetonka.

MSP INDUSTRIAL SUBMARKETS



Twin Cities Industrial Market

The Twin Cities industrial market comprises 1,640 multi-tenant buildings and **140.7 million square feet (“sf”) of space**. Per Colliers, this inventory is said to not include single-tenant buildings, owner-occupied buildings, medical buildings, government buildings, or small buildings with <20,000 square feet. However, we are aware that several single-tenant and owner-occupied buildings are, in fact, included in the overall numbers, particularly as buildings tracked within the Colliers and MN-CAR databases have changed ownership and/or tenancy over several years.

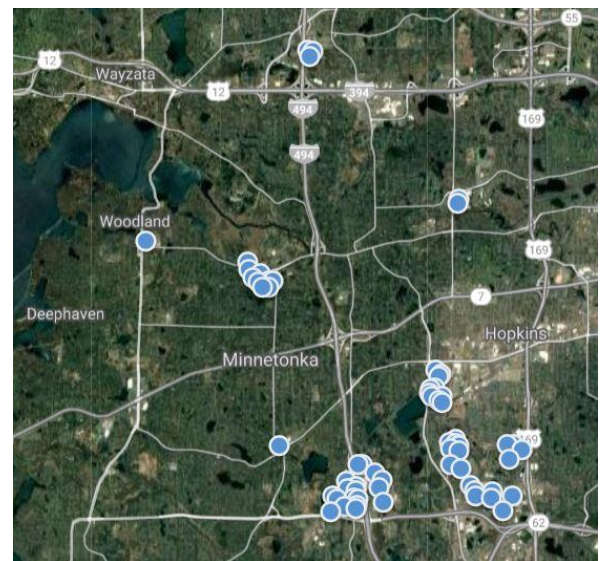
- **Vacancy** ó In commercial real estate, market participants and analysts generally consider a 7% to 10% vacancy rate to reflect a balanced market. A lower vacancy rate could indicate temporary under-supply, while a higher vacancy rate likely reflects over-supply.

The Twin Cities industrial vacancy rate as of year-end 2017 was **6.6%**. The largest, and best performing, industrial property type has been office warehouse with a 4.7% vacancy rate as of 2017. Bulk warehouse vacancy hovers around 8.3% and office showroom (flex) has remained steady at 9.6% over the past few years.

- **Absorption (Demand)** ó The Twin Cities industrial market absorbed 2.4 million sf of space in 2017. Over the past 7 years, industrial absorption has been positive. Forecasts anticipate the industrial market to remain well-positioned into 2019, as the economy remains strong and e-commerce companies continue to need industrial space.
- **Construction** – Construction has remained steady the past few years, with 1.1 million sf of year-to-date completions, and another 1.75 million sf to be delivered by year end (2018), totaling 2.85 million sf for the year. With absorption lagging slightly behind this anticipated supply increase, the Twin Cities could see a slight upward adjustment in vacancy over the next 12-24 months. However, vacancy is expected to remain <10% as this new space is absorbed. Supply and demand remain generally in balance in the Twin Cities industrial market.
- **Rental Rates** ó Rental rates have seen modest growth in 2018, due to limited availability of available space. With low vacancy and consistent demand, industrial owners have been able to incorporate rent increases over time. Meanwhile, new construction also increases rental rate averages in the market, as new space commands higher rents compared to older properties. Overall, the average asking rate in the Twin Cities was calculated at **\$4.86 per square foot (“psf”)** for warehouse and **\$9.01 psf for office space in an office/warehouse format**. The primary determinant of industrial rates is typically building age and quality, along with location. Operators prefer convenient in/out access to major freeways.

Minnetonka Industrial Market

Minnetonka has a relatively shallow supply of industrial real estate, with approximately **3.7 million sf**, comprising less than 2.7% the metro area market. The aerial at right displays 72 Minnetonka industrial buildings, as listed on the MNCAR database. Most of Minnetonka’s industrial inventory consists of office/warehouse and office showroom buildings. Most were built during the 1970s and 1980s. The City’s most recently constructed industrial buildings were part of the Carlson complex, located in the Northeast quadrant of I-394 and I-494. The map on the following page provides an overview of the seven primary industrial areas in Minnetonka. In addition to these areas, there are several single-tenant and/or owner-occupied buildings scattered along Hwy 7 and Excelsior Blvd., but most are under 20,000 sf.



Primary Industrial Areas in Minnetonka

Smaller Industrial Areas

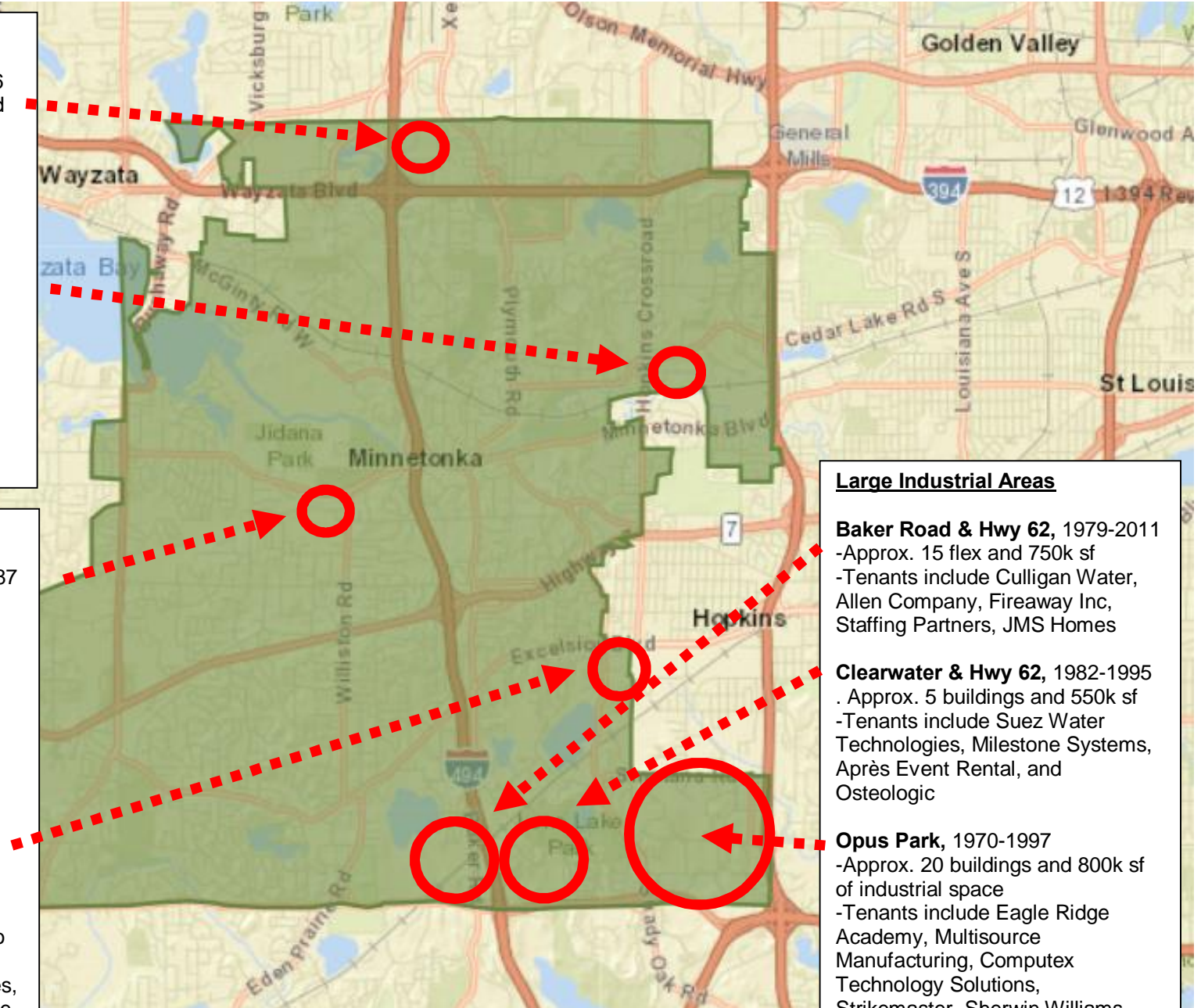
Carlson Business Center, 1996
 -Approx. 10 flex buildings located in Plymouth and Minnetonka
 -Tenants include Evereve Warehouse, Datatrend Technologies, CSM Bakery Solutions, etc.

Hedberg Industrial Area, 1980
 -Approx. 5 multi-tenant flex buildings located near Hopkins Crossroads & Minnetonka Blvd
 -Self-storage buildings nearby
 -Tenants include Lava Design, Breathable Baby, Auto Shades, Midwest Supply of MN, CrossFit Minnetonka, etc.

Mid-Size Industrial Areas

Mtka Blvd & Williston, 1969-1987
 -Approx. 13 flex, lab, and office warehouse buildings
 -Abbott (formerly St. Jude) has 4 buildings and recently renewed lease for another 10 years
 -Other tenants include 2nd Shade Furniture, DL& Die Cutting, TgB Brands, Lind Electronics, Nature Works, Fusion Pet Boarding, etc.

Encore Park, 1974-1983
 -Approx. 11 office industrial buildings near Shady Oak Road and K-Tel Drive, many owner-occupied industrial buildings lie to the east in Hopkins
 -Tenants include Wildlife Sciences, ICF Foodshelf, Rainbow TreeCare, Silliker Laboratories, IMRIS, etc.



Large Industrial Areas

Baker Road & Hwy 62, 1979-2011
 -Approx. 15 flex and 750k sf
 -Tenants include Culligan Water, Allen Company, Fireaway Inc, Staffing Partners, JMS Homes

Clearwater & Hwy 62, 1982-1995
 . Approx. 5 buildings and 550k sf
 -Tenants include Suez Water Technologies, Milestone Systems, Après Event Rental, and Osteologic

Opus Park, 1970-1997
 -Approx. 20 buildings and 800k sf of industrial space
 -Tenants include Eagle Ridge Academy, Multisource Manufacturing, Computex Technology Solutions, Strikemaster, Sherwin Williams, American Fish & Seafood, Opportunity Partners

Carlson Business Center

- Built in 1996
- Ackerberg ownership, Colliers managed, well-maintained and branded.
- Approximately 13 flex buildings located in Plymouth and Minnetonka; only 3 within Minnetonka totaling 240,000 square feet.
- 8.4% vacant with 20,000 square feet available in Minnetonka.
- Tenants include Evereve Warehouse, Datatrend Technologies, CSM Bakery Solutions, Halo, Freudenberg Medical, Bright Horizons, and more.

Hedberg Industrial Area

- Built in 1980
- Ackerberg ownership, Colliers managed, well-maintained and branded.
- Approximately 5 multi-tenant flex buildings located near Hopkins Crossroads & Minnetonka Blvd totaling 130,000 square feet.
- 7.7% vacant; 10,000 available square feet.
- Tenants include Lava Design, Breathable Baby, Auto Shades, Midwest Supply of MN, CrossFit Minnetonka.
- Several self-storage buildings are also located nearby.

Minnetonka Boulevard & Williston Road

- Built 1969-1987
- Only 2.3% vacant, or 15,000 available square feet
- Approximately 13 flex, lab and office warehouse buildings totaling 655,000 square feet.
- Abbott (formerly St. Jude) occupies 4 buildings (278,000 sf) and recently renewed lease for another 10 years
- Other tenants within the various buildings include 2nd Shade Furniture, DL&S Die Cutting, TgB Brands, Lind Electronics, Nature Works, Fusion Pet Boarding, and others.

Encore Park – Shady Oak Road & K-Tel Drive

- Built 1974-1983
- Approximately 11 office industrial buildings in 530,000 square feet; this industrial area continues into older, Hopkins industrial space to the east.
- 10.7% vacancy rate, with 56,000 square feet available.
- The area feels aged, with rents well below the Twin Cities average.
- Tenants include Wildlife Sciences, ICF Foodshelf, Rainbow TreeCare, Silliker Laboratories, IMRIS, and others.

Baker Road & Highway 62

- Mostly built 1979-1988; three buildings are newer.
- Approximately 15 flex buildings and 750,000 square feet.
- 15.6% vacancy rate, or 117,00 available space.
- Tenants include Culligan Water, Allen Company, Fireaway Inc, Staffing Partners, JMS Homes, Anchor Block Company, Applied Thermal Products, and others.

Clearwater Road & Hwy 62,

- Built 1982-1995
- Approximately 6 buildings and 622,000 square feet.
- 22.5% vacancy rate, or 140,000 available square feet.
- Tenants include Suez Water Technologies, Milestone Systems, Après Event Rental, Electrosonic, and Osteologic.

Opus Park - Shady Oak Road & Hwy 62

- Built between 1970-1997
- Approximately 20 buildings and 800,000 square feet of industrial space
- 3.5% vacancy rate, or 27,000 available square feet
- Industrial is interspersed with office buildings throughout the Opus Park campus; several buildings have been repurposed to be used as charter schools; many buildings are set to be demolished for multifamily developments
- Tenants include Eagle Ridge Academy, Multisource Manufacturing, Computex Technology Solutions, Strikemaster, Sherwin Williams, American Fish & Seafood, Opportunity Partners, and others.

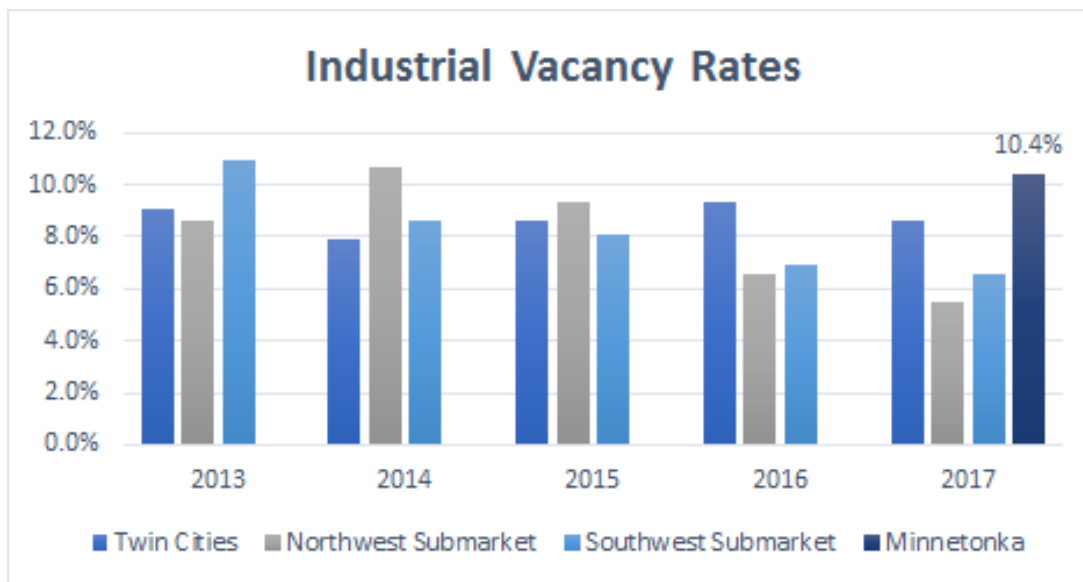
Industrial Market Conditions By Sub-Market 2015-2017 (year end)

Source: Colliers, Multi-tenant properties over 20,000 sq. ft.

	2015				2016				2017			
	Inventory	Vacancy	Vacancy %	Absorption	Inventory	Vacancy	Vacancy %	Absorption	Inventory	Vacancy	Vacancy %	Absorption
West/Northwest Market												
Bulk Warehouse	12,655,215	1,465,135	11.6%	314,802	12,574,560	1,611,879	12.8%	434,971	13,043,845	1,600,260	12.3%	376,399
Office Warehouse	21,457,571	1,303,242	6.1%	432,723	21,023,980	1,287,237	6.1%	(100,277)	20,905,710	1,077,977	5.2%	244,673
Office Showroom	5,751,061	661,923	11.5%	-34,402	5,799,061	759,615	13.1%	(49,692)	5,799,061	741,865	12.8%	17,750
Total	39,863,847	3,430,300	8.6%	713,123	39,397,601	3,658,731	9.3%	285,002	39,748,616	3,420,102	8.6%	638,822
Southwest Market												
Bulk Warehouse	7,439,941	948,568	12.7%	1,187,478	7,506,811	563,416	7.5%	132,157	8,004,300	358,213	4.5%	747,300
Office Warehouse	14,668,458	1,002,278	6.8%	198,555	14,547,366	703,307	4.8%	256,415	14,579,046	582,911	4.0%	67,231
Office Showroom	7,158,237	779,588	10.9%	-28,547	7,158,237	663,099	9.3%	116,489	7,158,237	703,947	9.8%	(100,772)
Total	29,266,636	2,730,434	9.3%	1,357,486	29,212,414	1,929,822	6.6%	505,061	29,741,583	1,645,071	5.5%	713,759
Twin Cities Metro Area												
Bulk Warehouse	39,762,426	3,813,748	9.6%	1,419,831	40,623,717	3,369,591	8.3%	1,323,662	42,584,540	3,569,466	8.4%	1,734,789
Office Warehouse	75,230,339	4,855,853	6.5%	1,341,755	75,653,772	4,038,134	5.3%	970,678	75,532,290	3,577,461	4.7%	668,483
Office Showroom	23,181,542	2,475,255	10.7%	197,226	22,553,571	2,185,304	9.7%	337,951	22,607,139	2,161,871	9.6%	(36,491)
Total	138,174,307	11,144,856	8.1%	2,958,812	138,831,060	9,593,029	6.9%	2,632,291	140,723,969	9,308,798	6.6%	2,366,781

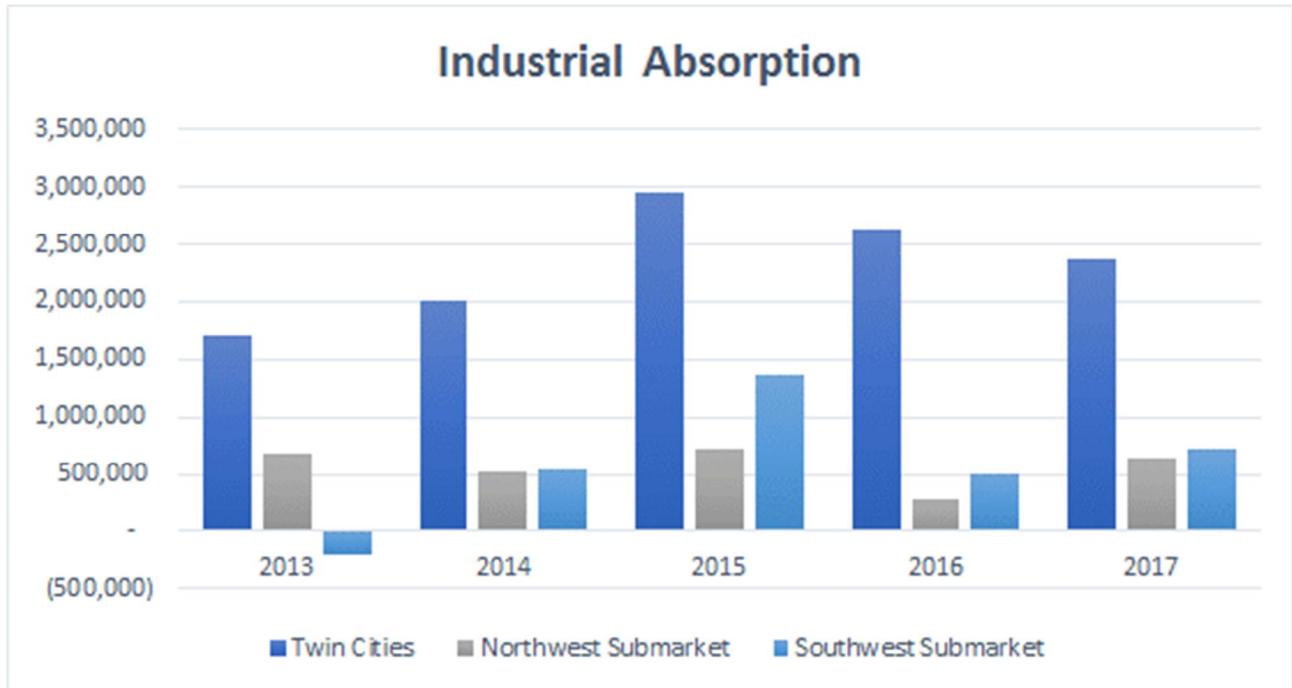
Vacancy – Minnetonka’s current industrial vacancy rate is **10.4%**, with approximately 387,000 sf out of 3.7 million sf being vacant at this time. The 10.4% vacancy rate is somewhat higher than the overall Twin Cities market (6.6%), as well as the Northwest (8.6%) and Southwest (5.5%) submarkets. Without having historical vacancy data available for Minnetonka, it is difficult to know if this is a short-term or chronic situation. Interviews with industrial brokers indicated that Minnetonka industrial vacancy has trended about in line, or slightly higher when compared to the Northwest and Southwest submarkets. The Minnetonka vacancy rate has a tendency to ramp up for a period of time when large industrial users vacate a building or buildings in the city. Re-tenanting of these spaces can be prolonged in some cases, depending on the building and location. Minnetonka is not known, particularly, for its industrial space or locations, as a number of large users have shown a preference for sites with better freeway access, particularly bulk warehouse users. Contributing to the current elevated vacancy rate in Minnetonka is a 75,000-sf vacancy at 12,500 Whitewater, which Nestle vacated about a year ago. This property is situated in the I-494/Hwy 62 area, which is more well populated with medical and office uses.

Minnetonka has a well-established retail market and office base, but is not particularly known for its industrial space. To the north, Plymouth, Brooklyn Park and Rogers in the Northwest submarket have defined industrial areas. To the south, Eden Prairie is known for the Golden Triangle and Shakopee has an ever-expanding bulk warehouse market. Minnetonka falls somewhere in the middle, with small pockets of industrial space primarily consisting of office showroom. We believe the current vacancy rate is a fair snapshot of Minnetonka’s industrial market.



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Twin Cities	9.1%	7.9%	8.6%	9.3%	8.6%
Northwest Submarket	8.6%	10.7%	9.3%	6.6%	5.5%
Southwest Submarket	10.9%	8.6%	8.1%	6.9%	6.6%
Minnetonka	n/a	n/a	n/a	n/a	10.4%

Absorption Trends – Absorption information for Minnetonka doesn't exist, because historical occupancy information isn't available at the city level. However, it is safe to assume that absorption has been positive for the past few years, consistent with the regional trend. The Twin Cities industrial market has seen positive absorption since 2011, peaking in 2015 with absorption at nearly three million square feet. The top performing submarket, in terms of absorption, tends to vary by year but is largely driven by new construction on the periphery. Most years, the Northwest and Southwest submarkets represent their fair share of absorption, but it does appear 2016 was a down year.



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Twin Cities	1,714,435	2,011,292	2,958,812	2,632,291	2,366,781
Northwest Submarket	684,398	529,362	713,123	285,002	638,822
Southwest Submarket	(193,289)	545,735	1,357,486	505,061	713,759

Industrial Rental Rates – The table below displays office and warehouse rates (in an industrial office/warehouse environment) for Northwest industrial, Southwest industrial, and the overall Twin Cities market. Rates average \$8.99 (office), \$4.89 (warehouse) in the West/Northwest submarket and are slightly higher in the Southwest submarket, at \$9.05 (office), \$5.03 (warehouse). Rents here are generally in line with the metro area average, and have been over the past several years.

Industrial rates increases have been generally modest over much of the past decade, save for a few exceptions. Exceptions include office showroom rates in the Northwest – specifically, this is mostly increases in Plymouth’s flex market. Bulk Warehouse rates in the Southwest submarket have also increased dramatically – this is most likely the effect of several new distribution buildings which have opened in Shakopee. It is difficult to push flex office rates too high, since as an alternative, tenants can move into Class B suburban office buildings for only slightly higher rates. Because industrial rates aren’t increasing nearly as much compared to other property types, industrial land is oftentimes redeveloped. We anticipate this will be the case in some parts of Minnetonka, such as the Opus Park, where former industrial use is shifting to multifamily and mixed-use.

Industrial Rental Rate Trends, 2013-2017 (year end)

Source: Colliers, Multi-tenant properties over 20,000 sq. ft.

Submarket	Q4 2013		Q4 2014		Q4 2015		Q4 2016		Q4 2017			% Increase (Decrease) 2013-2017	
	Office	WH	Office	WH	Office	WH	Office	WH	Office	WH	Operating Expenses	Office	WH
West/Northwest Market													
Bulk Warehouse	\$9.14 - \$4.37		\$9.07 - \$4.48		\$9.84 - \$4.66		\$9.66 - \$4.59		\$8.98 - \$4.63		\$2.71	(1.8%)	5.9%
Office Warehouse	\$8.62 - \$4.91		\$8.93 - \$4.77		\$8.88 - \$4.71		\$8.80 - \$4.69		\$8.62 - \$4.88		\$3.35	0.0%	(0.6%)
Office Showroom	\$9.29 - \$4.91		\$9.35 - \$4.98		\$9.50 - \$5.01		\$9.59 - \$5.11		\$9.66 - \$5.13		\$4.06	4.0%	4.5%
Total	\$8.86 - \$4.80		\$9.05 - \$4.77		\$9.10 - \$4.48		\$9.19 - \$4.78		\$8.99 - \$4.89		\$3.44	1.5%	1.9%
Southwest Market													
Bulk Warehouse	\$8.82 - \$4.31		\$9.42 - \$5.08		\$7.93 - \$4.23		\$9.86 - \$4.42		\$8.91 - \$4.76		\$3.02	1.0%	10.4%
Office Warehouse	\$8.94 - \$5.04		\$9.24 - \$5.33		\$9.32 - \$4.82		\$9.42 - \$4.80		\$8.77 - \$5.01		\$3.76	(1.9%)	(0.6%)
Office Showroom	\$9.51 - \$5.45		\$9.40 - \$5.09		\$9.89 - \$5.41		\$10.01 - \$5.13		\$9.38 - \$5.13		\$4.52	(1.4%)	(5.9%)
Total	\$9.17 - \$5.15		\$9.32 - \$5.20		\$9.44 - \$5.01		\$9.71 - \$4.89		\$9.05 - \$5.03		\$4.00	(1.3%)	(2.3%)
Twin Cities Metro Area													
Bulk Warehouse	\$8.80 - \$4.37		\$9.13 - \$4.62		\$9.18 - \$4.82		\$9.25 - \$4.51		\$8.34 - \$4.67		\$2.63	(5.2%)	6.9%
Office Warehouse	\$8.68 - \$4.84		\$8.97 - \$4.86		\$9.20 - \$4.73		\$9.17 - \$4.71		\$8.84 - \$4.91		\$3.37	1.8%	1.4%
Office Showroom	\$9.35 - \$5.10		\$9.44 - \$4.93		\$9.63 - \$5.08		\$9.82 - \$4.99		\$9.50 - \$5.05		\$4.27	1.6%	(1.0%)
Total	\$8.90 - \$4.84		\$9.13 - \$4.85		\$9.34 - \$4.82		\$9.39 - \$4.77		\$8.97 - \$4.91		\$3.55	0.8%	1.4%

Note: All rates & operating expenses summarized here are based on advertised rents for available spaces.

Potential (Re)Development – Minnetonka is not a prime candidate for new industrial development. The vacancy rate is slightly higher than the immediate submarkets and the Twin Cities average, and the city doesn't have one strong, well-located and well-established industrial area. That said, many of the City's industrial areas should function just fine for many decades at the Carlson Complex, Cedar 73, and the Williston/Minnetonka Boulevard area. Opus Park, Minnetonka's largest industrial area based on square footage, is slowly being redeveloped into institutional and residential uses, as its land value is too high for continued industrial use. Nearby, Encore Park could be another potential area for redevelopment. The site is near downtown Hopkins, Shady Oak Lake, the future Southwest light rail line, and many residential areas. The highest and best use is probably medium-density residential, mixed-use, and/or senior housing.

Key Conclusions - Minnetonka Industrial Currently, Minnetonka's industrial market seems to be functioning well, with supply & demand generally in balance and most buildings experiencing modest rent increases. Minnetonka is not particularly well known as an industrial market, particularly with respect to large warehouse users, who have shown a preference for more prominent industrial locations and large warehouse spaces in emerging third-ring suburban locations such as Shakopee and Rogers, where more land is available (and land costs are lower). The economy is doing well and many small businesses, typically those located in industrial flex spaces, are feeling confident. In 5-10 years, we expect the Minnetonka industrial market to pare down somewhat, with more industrial properties converted to alternate uses. An example presently is the Opus Park, where industrial sites are being converted to multifamily and mixed use. Office market conditions in Minnetonka (and most suburbs) aren't strong enough to warrant conversion of industrial to office, although there could be a ramp up in this trend over the longer term (5-10+ years out). Current office demand is flocking to the central city, as downtown areas are popular with employers. That said, suburbs with strong demographics and labor force such as Minnetonka, could be well positioned for new office development and conversion or repositioning of industrial assets to office use over time. The Baker Road, Whitewater Road, and Highway 62 area will be one to keep a close eye on. The vacancy rates here are well into the double digits (13% and 22%) despite significant improvements to many of the properties. Perhaps these areas are not as well-desired as they were during the 1980s and 1990s. It is difficult to imagine these subdivisions being repurposed for other uses; perhaps some form of business assistance could be used to help attract new tenants into these areas.

**MINNETONKA
OFFICE MARKET CONDITIONS**

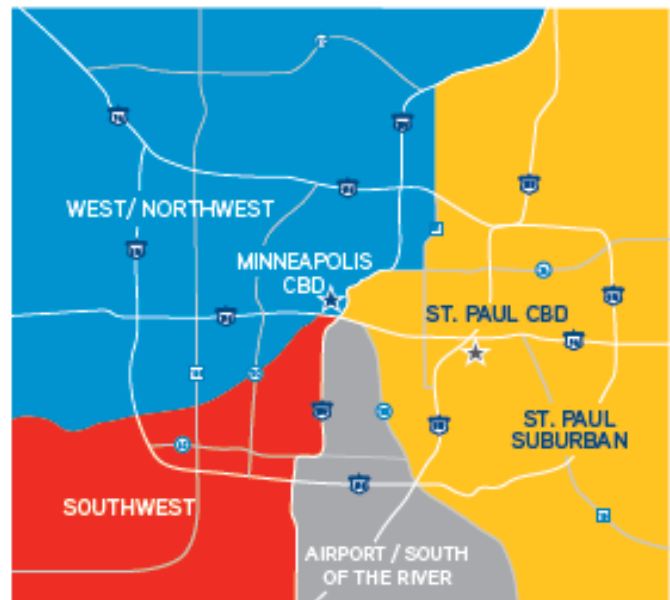
OFFICE MARKET

In this section we present a summary of historical and current office market conditions. Again, we begin with an overview of key metrics for the metro area as a whole. This is followed by a review of data for Minnetonka and the relevant submarkets. At right is the Colliers-defined office submarket map for the Twin Cities metro area.

Twin Cities Office Market

The Twin Cities office market, as measured by the local Colliers research team, consists of **822 multi-tenant buildings and 84.8 million sf** of office space.

MSP OFFICE SUBMARKETS

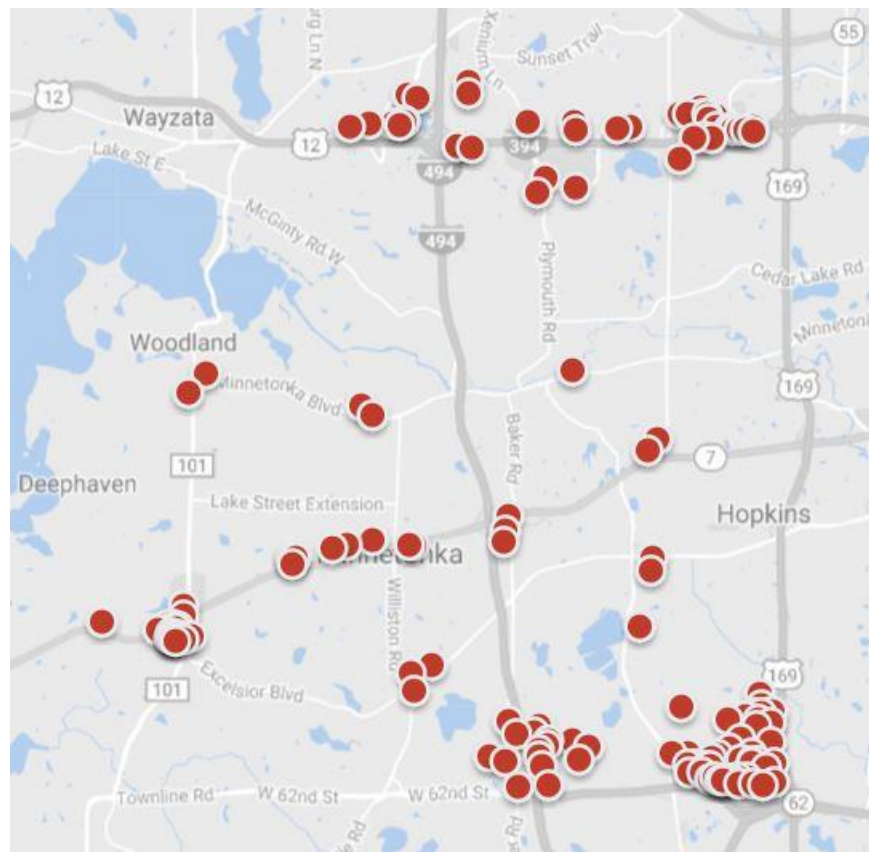


- **Vacancy** - The overall vacancy rate as of year-end 2017 was **14.2%**. The best performing submarket, in terms of vacancy, as of mid-year 2018 is the Northwest at 11.3% vacancy. Overall, Class C product has the lowest vacancy rate, but it also accounts for only 10 percent of the inventory.
- **Absorption (Demand)** ó The office market absorbed 407,000 sf through the first half of 2018. This is a notable increase from the previous two years, when we saw negative absorption. Most recently, the Downtown Minneapolis and Southwest submarkets have experienced the strongest demand and absorbed the most space.
- **Construction** – Construction peaked in 2016 & 2018, with approximately 1.6 million sf of new product delivering each year. Projects currently under construction include Mozaic II (Uptown Mpls), Thor Building (North Mpls), and the Prime Therapeutics Headquarters (Egan).
- **Rental Rates** ó Rental rates have seen significant growth recently, due to improving demand and a strong economy. Meanwhile, many office tenants are working harder to create an attractive work environment for their employees, given the low unemployment rate and very competitive labor market conditions. Overall, the average asking rate was \$15.13 psf as of 2017 year-end. The average asking rent has increase by 24% over the last five years.

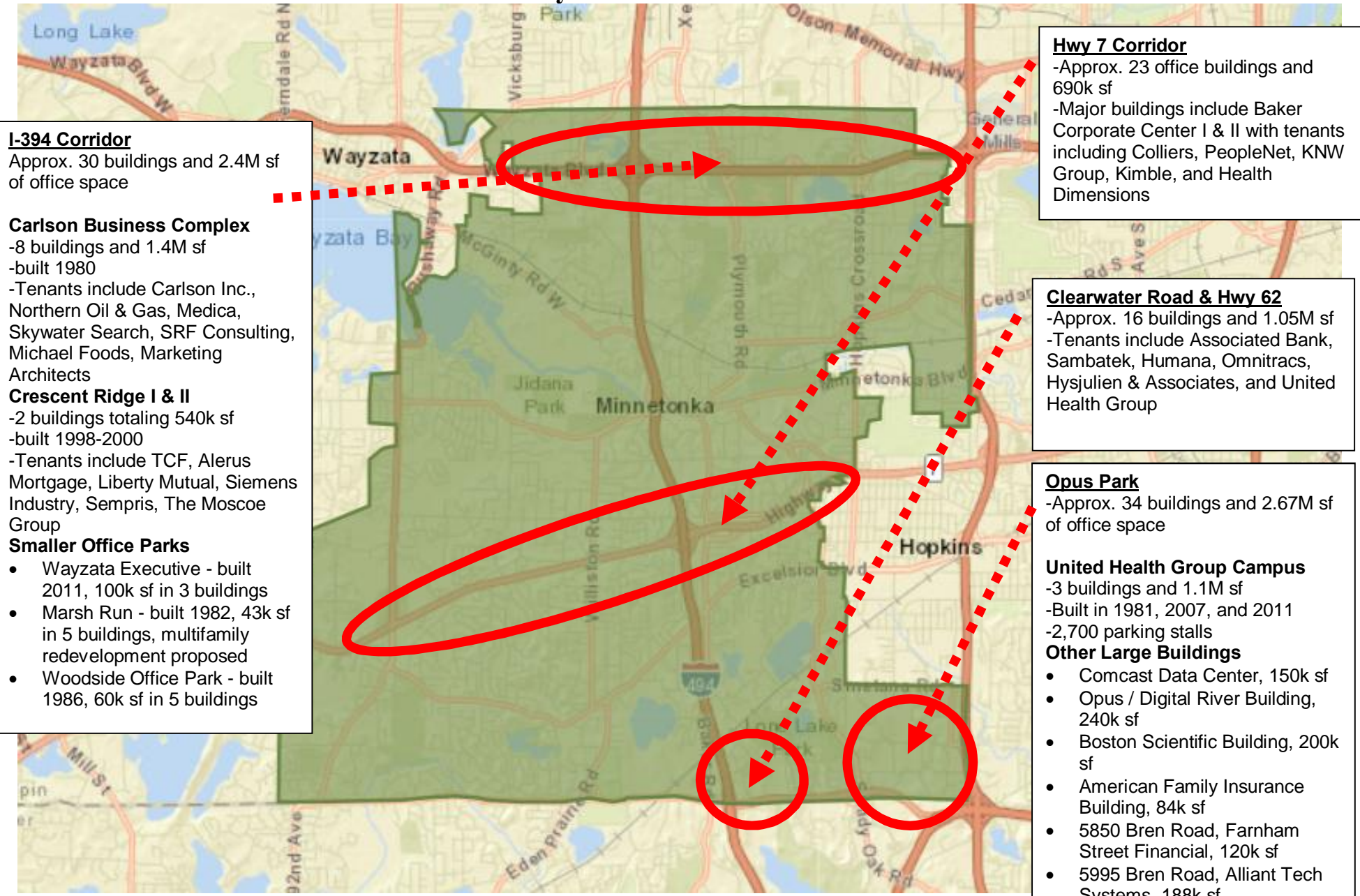
Minnetonka Office Market

Compared to industrial, Minnetonka has a much more substantial office inventory. The city features approximately **6.85 million sf** of multi-tenant office space, comprising approximately 8.1% the metro area market. The aerial map below displays 112 Minnetonka office buildings as listed on the Minnesota Commercial Association of Realtors (MNCAR) database. Minnetonka's office inventory was primarily built between 1960-2000. Several developers have attempted to build new office space over the past two decades, but the market hasn't demanded additional speculative space. The City's most recently constructed office buildings are two, 10-story United Health Group office buildings, built in 2007 and 2011. Note these are owner/user buildings and therefore not included in the multi-tenant inventory or vacancy stats reported herein.

Below and on the following page is an overview of the three primary office areas of Minnetonka. In addition to these areas there are several single-tenant and/or owner-occupied smaller buildings scattered along Minnetonka Boulevard, Highway 7, and Excelsior Boulevard - most are under 20,000 square feet.



Primary Minnetonka Office Areas



I-394 Corridor

Approx. 30 buildings and 2.4M sf of office space

Carlson Business Complex

-8 buildings and 1.4M sf
 -built 1980
 -Tenants include Carlson Inc., Northern Oil & Gas, Medica, Skywater Search, SRF Consulting, Michael Foods, Marketing Architects

Crescent Ridge I & II

-2 buildings totaling 540k sf
 -built 1998-2000
 -Tenants include TCF, Alerus Mortgage, Liberty Mutual, Siemens Industry, Sempris, The Moscoe Group

Smaller Office Parks

- Wayzata Executive - built 2011, 100k sf in 3 buildings
- Marsh Run - built 1982, 43k sf in 5 buildings, multifamily redevelopment proposed
- Woodside Office Park - built 1986, 60k sf in 5 buildings

Hwy 7 Corridor

-Approx. 23 office buildings and 690k sf
 -Major buildings include Baker Corporate Center I & II with tenants including Colliers, PeopleNet, KNW Group, Kimble, and Health Dimensions

Clearwater Road & Hwy 62

-Approx. 16 buildings and 1.05M sf
 -Tenants include Associated Bank, Sambatek, Humana, Omnitrac, Hysjulien & Associates, and United Health Group

Opus Park

-Approx. 34 buildings and 2.67M sf of office space

United Health Group Campus

-3 buildings and 1.1M sf
 -Built in 1981, 2007, and 2011
 -2,700 parking stalls

Other Large Buildings

- Comcast Data Center, 150k sf
- Opus / Digital River Building, 240k sf
- Boston Scientific Building, 200k sf
- American Family Insurance Building, 84k sf
- 5850 Bren Road, Farnham Street Financial, 120k sf
- 5995 Bren Road, Alliant Tech Systems, 188k sf

I-394 Corridor, Minnetonka Portion

This corridor contains approximately 30 buildings and 2.4 million sf of space. The vacancy rate for the Minnetonka portion of the corridor is 15.3%, with 267,000 sf available.

Carlson Office Buildings

- Built 1989-2001
- Approximately 1.4 million square feet between 8 office buildings located in Plymouth and Minnetonka.
- Similar to the corridor, all Carlson buildings are 15.5% vacant.
- Tenants include Carlson Inc, Northern Oil and Gas, Medica, Skywater Search, SRF Consulting, Michael Food, and Marketing Architects.

Crescent Ridge I & II

- Built 1998-2000
- Two buildings totaling 540,000 square feet.
- Approximately 12.2% vacancy rate with 66,000 of available square feet.
- Tenants include TCF, Alerus Mortgage, Liberty Mutual, Siemens Industry, Sempris, The Moscoe Group

Smaller Office Parks

- Wayzata Executive I, II, III ó Three buildings totaling 100,000 square feet; built in 2011.
- March Run ó Five Buildings total 43,000 square feet; built 1982. Recently, this land has been slated for redevelopment and Doran companies has proposed a multifamily project.
- Woodside Office Park ó Five buildings totaling 60,000 square feet; built in 1986. One recent building constructed in 1998.

Highway 7 Corridor, Minnetonka Portion

This corridor contains approximately 23 buildings and 690,000 square feet of space. The vacancy rate for this corridor is quite low at 3.9%, with only 27,000 square feet of available space.

Baker Corporate Center I & II

- First building built 1975, second building built 2008
- Two buildings total 315,000 square feet.
- Only one 9,000 square foot suite available.
- Tenants include Colliers, PeopleNet, KNW Group, Kimble, and Health Dimensions.

Clearwater Road & Hwy 62

This area contains approximately 16 buildings with 1.05 million square feet. The vacancy rate is 20.9%, with 218,000 square feet available. Tenants include Associated Bank, Sambatek, Humana, Omnitrac, Hysjulien & Associates, and United Health Group.

Opus Park Office Area

This area contains approximately 34 buildings with 2.67 million square feet. The vacancy rate is only 3.9% with 275,000 of available space.

United Health Group Campus

- Three buildings total 1.1M square feet
- Headquarters built in 1981, two other buildings constructed in 2007 and 2011

Other Large Opus Park Office Buildings

- Comcast Data Center - 150k sf
- Opus/Digital River Building - 240k sf
- Boston Scientific Building - 200k sf
- American Family Insurance Building - 84k sf
- Farnham Street Financial, 5850 Bren Road - 120k sf
- Alliant Tech Systems, 5995 Bren Road - 188k sf

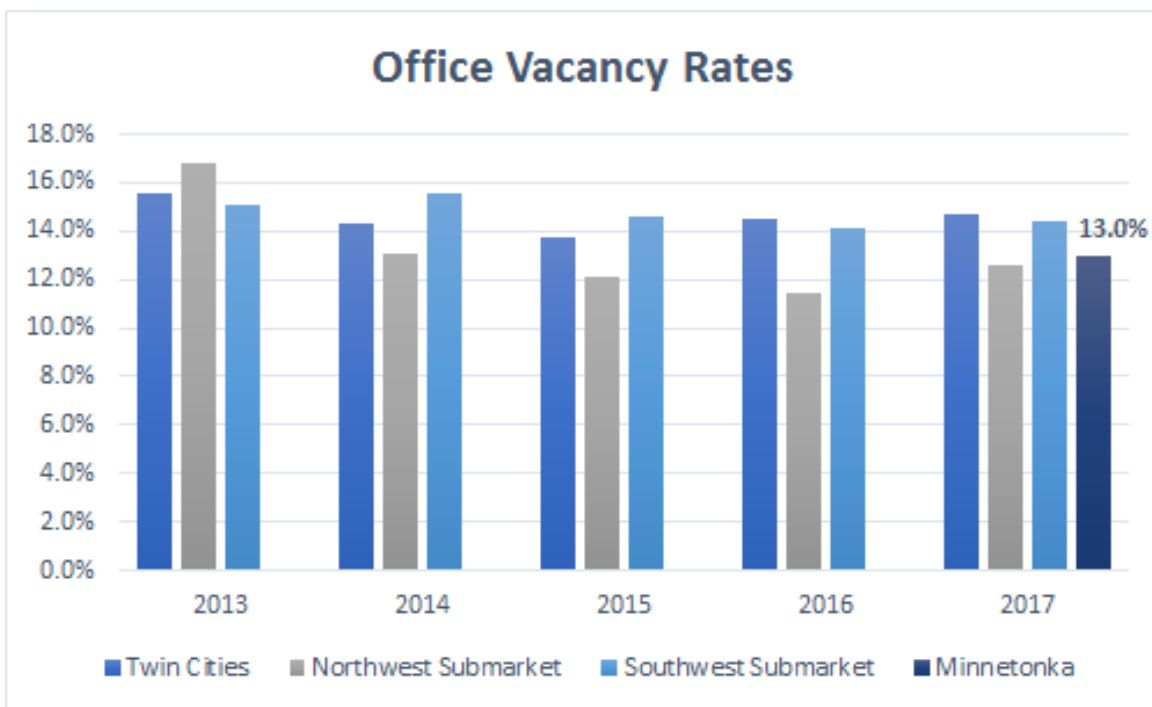
Office Market Conditions by Submarket, 2015-2017 (year end)

Source: Colliers, Multi-tenant properties over 20,000 sq. ft.

Submarket/Class	2015					2016					2017				
	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of inventory	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of inventory	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of inventory
Northwest															
A	5,089,479	446,696	8.8%	97,584	1.9%	5,066,479	546,343	10.8%	-99,647	-2.0%	5,099,479	554,169	10.9%	-7,826	-0.2%
B	5,822,021	961,971	16.5%	113,777	2.0%	6,567,839	841,723	12.8%	318,768	4.9%	6,196,550	982,491	15.9%	-140,768	-2.3%
C	2,046,520	154,714	7.6%	5,824	0.3%	2,057,208	171,293	8.3%	-24,876	-1.2%	2,057,208	141,972	6.9%	45,424	2.2%
Total	12,958,020	1,563,381	12.1%	217,185	1.7%	13,691,526	1,559,359	11.4%	194,245	1.4%	13,353,237	1,678,632	12.6%	-103,170	-0.8%
Southwest															
A	9,473,512	1,101,288	11.6%	161,335	1.7%	9,265,525	1,302,148	14.1%	-184,360	-2.0%	9,211,074	1,326,987	14.4%	-29,449	-0.3%
B	6,162,426	1,228,633	19.9%	-4,171	-0.1%	6,236,128	914,509	14.7%	-18,790	-0.3%	6,176,050	943,001	15.3%	9,480	0.2%
C	851,675	81,271	9.5%	54,283	6.4%	870,251	89,209	10.3%	-7,938	-0.9%	870,251	78,504	9.0%	10,705	1.2%
Total	16,487,613	2,411,192	14.6%	211,447	1.3%	16,371,904	2,305,866	14.1%	-211,088	-1.3%	16,257,375	2,348,492	14.4%	-9,264	-0.1%
Twin Cities Metro Area															
A	34,732,892	4,453,007	12.8%	357,725	1.0%	35,090,345	5,020,101	14.3%	-182,038	-0.5%	35,449,152	4,756,137	13.4%	336,329	0.9%
B	37,220,883	5,782,706	15.5%	577,941	1.6%	39,611,115	5,958,753	15.0%	-199,784	-0.5%	40,434,327	6,788,029	16.8%	-665,616	-1.6%
C	10,724,807	1,122,888	10.5%	90,023	0.8%	9,117,121	1,146,088	12.6%	-39,556	-0.4%	8,969,703	945,613	10.5%	254,579	2.8%
Total	82,678,582	11,358,601	13.7%	1,025,689	1.2%	83,818,581	12,124,942	14.5%	-421,378	-0.5%	84,853,182	12,489,779	14.7%	-74,708	-0.1%

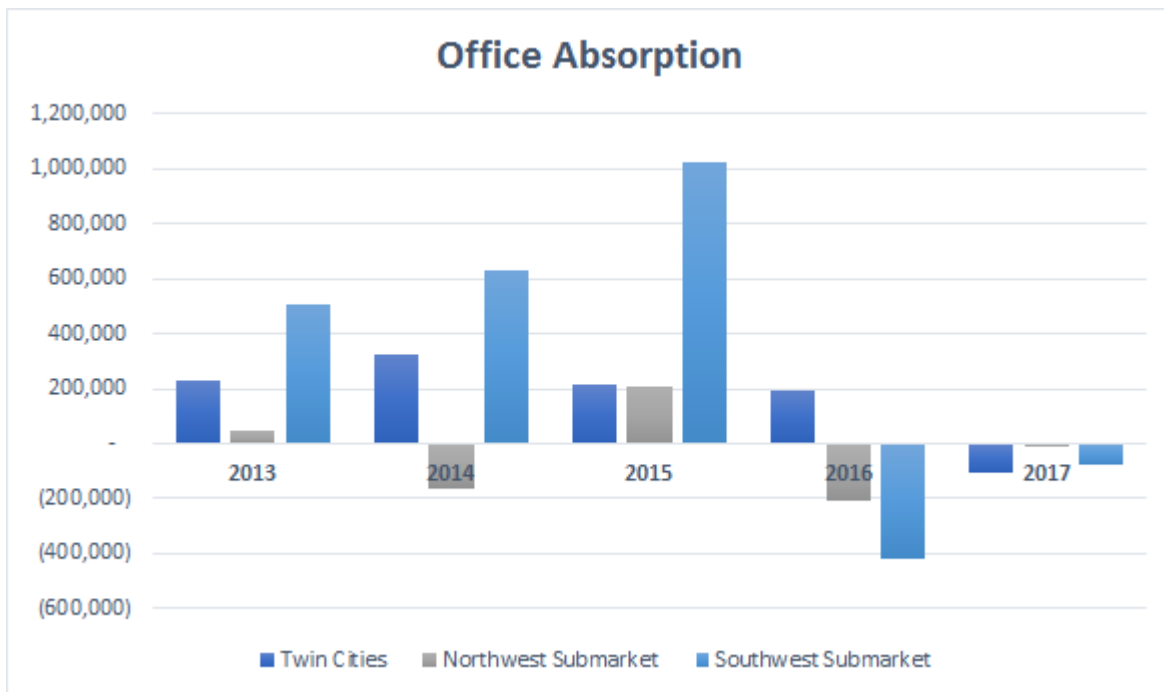
Vacancy – Minnetonka’s current office vacancy rate is **13.0%**, with approximately 891,000 square feet of available space. This vacancy rate is slightly lower than the overall Twin Cities market, which was 14.7%. Almost 24% of the total vacant space in Minnetonka is located in the Clearwater Road and Hwy 62 area. Another 24% of current vacant space is within the Carlson Complex. The single-largest vacancy is located at 5101 Shady Oak Road, otherwise known as Shady Oak Corporate Center. This building has struggled to find a suitable office tenant for nearly ten years; buildings and/or sites such as should be evaluated for redevelopment and possible change in land use.

We don’t expect the Minnetonka vacancy rate to fall much lower. Developers are keeping a close eye on market demand and tenant prospects, as they are anxious to build new office product here. So far, however, the market has not demanded the space. In some cases, companies are trending toward investment in their technology and employees, more so than their real estate. Many companies are downsizing their square footage per employee. Some companies are moving to recently renovated Class B buildings, spending significant amounts on build out of new, open-concept floorplans. This type of environment has found favor with some office users who place high value on efficiency in their space and collaboration by employees.



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Twin Cities	15.6%	14.3%	13.7%	14.5%	14.7%
Northwest Submarket	16.8%	13.1%	12.1%	11.4%	12.6%
Southwest Submarket	15.1%	15.6%	14.6%	14.1%	14.4%
Minnetonka					13.0%

Absorption Trends – Office absorption has picked up, but is generally focused in the Downtown Minneapolis submarket, as this area has been popular both with businesses and employers. Recent Twin Cities absorption has been largely driven by a few new construction projects in downtown Minneapolis ó the Wells Fargo buildings and the Be the Match headquarters. Wells Fargo consolidated over 30 leases in various downtown buildings. United Health Group did the same about ten years ago, when it built the two additional buildings near its Minnetonka headquarters; the company continues to add so many employees that it has begun to leasing space in addition to its Minnetonka headquarters buildings (some is in fact located in downtown Minneapolis). According to our research and interviews, Twin Cities office absorption is expected to decrease or remain steady over the next few years or so. While the economy is doing well, many employers are simply downsizing the space required per employee due to digitization, telecommuting options, and elimination of the “private office.” Low unemployment and a highly competitive labor market are also challenging Twin Cities employers who wish to expand and hire workers. Expansion is very difficult in a market where unemployment has been consistently very low (2.8% as of this writing).



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Twin Cities	228,196	324,881	217,185	194,245	(103,170)
Northwest Submarket	50,568	(165,016)	211,447	(211,088)	(9,264)
Southwest Submarket	503,756	628,090	1,025,689	(421,378)	(74,708)

Rental Rates – The table below displays office rental rates for the Downtown Mpls, Northwest and Southwest submarkets, and the overall Twin Cities office market. Overall, office rates have risen significantly over the last five years. Keep in mind, rates analyzed here are based on asking rent for available space and therefore do not reflect in place rents for occupied spaces. These numbers oftentimes tend to skew higher because large chunks of available space will include speculative new construction and/or remodeled space. Notably, all three submarkets (Northwest, Southwest, and Downtown Minneapolis) have higher rents than the Twin Cities market average. This reflects both the quality of the office stock in these areas, the demand for space, and quality tenant profile.

For quite some time, Class A office rates within the Northwest submarket (including Carlson Towers, Crescent Ridge, and the Colonnade) were higher than downtown Minneapolis. This has changed over the last five years, as many firms have migrated from suburban locations to Downtown office space. A primary reason for this migration is to remain competitive in both retaining current employees and recruiting new workers. Another reason this continues to occur is because rental rates are not significantly different, within the Class A space. The Downtown-suburban rent gap is much more pronounced when comparing Class B and C spaces.

Twin Cities Office Rental Rates, 2013-2017 (year end)

Source: Colliers, Multi-tenant properties over 20,000 sq. ft.

Submarket/Class	Q4 2013 Asking Net Rate	Q4 2014 Asking Net Rate	Q4 2015 Asking Net Rate	Q4 2016 Asking Net Rate	Q4 2017 Asking Net Rate	Q4 2017 Operating Expenses	Q4 2017 Asking Gross Rate	Net Rent % Increase (Decrease) 2013-2017
Minneapolis CBD								
A	\$16.61	\$17.37	\$17.31	\$18.23	\$19.20	\$13.91	\$33.11	15.6%
B	\$11.53	\$12.88	\$13.63	\$14.35	\$16.50	\$9.55	\$26.05	43.1%
C	\$10.45	\$10.85	\$13.07	\$13.15	\$13.68	\$8.66	\$22.34	30.9%
Total	\$12.23	\$13.17	\$14.41	\$15.12	\$16.83	\$10.68	\$27.51	37.6%
Northwest Metro								
A	\$14.97	\$16.13	\$17.60	\$18.45	\$18.49	\$13.16	\$31.65	23.5%
B	\$11.83	\$12.22	\$12.81	\$13.30	\$14.67	\$10.29	\$24.96	24.0%
C	\$7.89	\$8.39	\$9.95	\$9.49	\$9.53	\$7.42	\$16.95	20.8%
Total	\$12.29	\$13.10	\$13.90	\$14.53	\$15.40	\$10.79	\$26.19	25.3%
Southwest Metro								
A	\$14.47	\$15.05	\$15.84	\$15.97	\$16.87	\$12.64	\$29.51	16.6%
B	\$11.61	\$11.60	\$12.46	\$12.14	\$13.92	\$10.33	\$24.25	19.9%
C	\$10.30	\$10.17	\$12.00	\$9.25	\$9.11	\$7.84	\$16.95	(11.6%)
Total	\$13.01	\$13.35	\$14.16	\$14.02	\$15.37	\$11.30	\$26.67	18.1%
Twin Cities Metro Area								
A	\$14.41	\$15.01	\$15.84	\$16.00	\$16.99	\$12.53	\$29.52	17.9%
B	\$11.45	\$11.72	\$12.54	\$12.84	\$14.50	\$9.74	\$24.24	26.6%
C	\$9.67	\$9.80	\$10.64	\$10.65	\$11.03	\$8.23	\$19.26	14.1%
Total	\$12.18	\$12.58	\$13.48	\$13.76	\$15.13	\$10.49	\$25.62	24.2%

Note: All Asking Rates shown are based on advertised rates for available spaces

Potential (Re)Development – Office developers like Minnetonka because it is well-located, with good access to I-494, I-394 and US 169. Locations here provide convenient access to downtown Minneapolis. Parking costs are also considerably lower here compared to the central city. Businesses appreciate Minnetonka due to a wide variety of factors, including connectivity and very strong demographics. There are three primary office sites in Minnetonka that developers have (or had) been contemplating for a new office tower opportunity. They include:

1. 801 Carlson ó This site has been available since the 1990s, as the Carlson Complex was being developed. Artis REIT and Ryan Companies have pitched a 317,000 square foot tower, which would be connected to the 701 Tower via a parking ramp. They would need a lead tenant and/or strong market demand indicating they could fill speculative space. Neither have come to fruition, as the Carlson Towers have a 30% vacancy rate (in terms of available space).
2. Crest Ridge ó Opus has been marketing this site, located on the south side of Hopkins Crossroad and I-394, since 2007. Without a lead tenant or sufficient office demand, they explored other opportunities. A medical office building with Hennepin Healthcare didn't culminate, so the sight is now being repurposed for senior housing. Therefore, this office site is no longer available.
3. Baker Corporate Center III ó Welsh owns this site, directly south from Baker Corporate Center I and II. With approximately six acres, the site could easily accommodate another four-story, 200,000 square foot building. There is currently no demand but could become an opportunity in the future.

Key Conclusions – Office Market ó Minnetonka's office market, like much of the Twin Cities, is doing better than it has for nearly ten years. Still, we don't expect much new development activity here in the next 5 years, but perhaps in 10-15 years a new office building might be developed along the I-394 strip. Like the industrial market, it will be important to keep an eye on the area surrounding Clearwater Road and Highway 62. This market could see an uptick in vacancy, as it appears to be a less desirable area than other office locations throughout Minnetonka. Another trend to watch for is the upgrade/investment in older Class B/C office buildings in Minnetonka. The current trend has firms migrating toward Downtown Minneapolis. However, we expect a longer-term improvement in demand for office space in Minnetonka and other west suburbs. Office users (many of them) are price sensitive, and the full occupancy cost of Downtown Minneapolis (inclusive of parking and commuting) is substantial. Over time, we expect more office users will seek more affordable suburban office environments. However, to be competitive, this will require investment in build-out and upgrades to a substantial stock of older, somewhat dated buildings in Minnetonka which have seen minimal investment over several years.

**MINNETONKA
RETAIL REAL ESTATE
MARKET CONDITIONS**

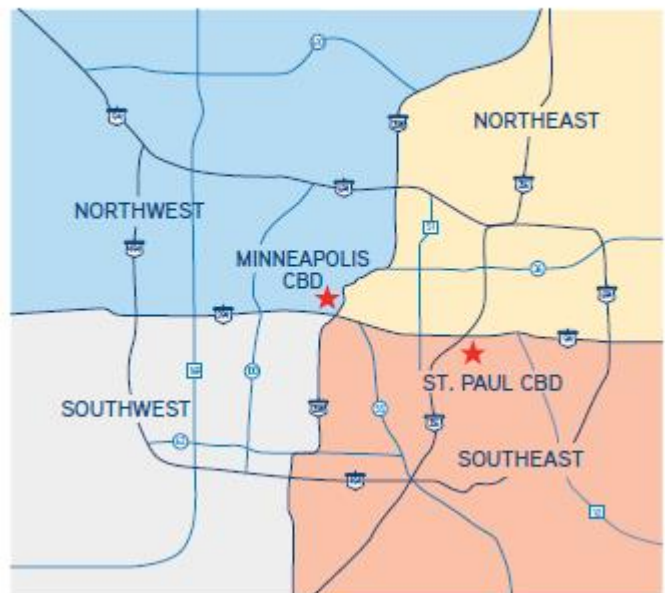
RETAIL MARKET

In this section we present a summary of retail real estate market conditions, first for the metro area, and then for Minnetonka and its relevant submarket. At right is the Colliers-defined retail submarket map for the Twin Cities. Minnetonka retail lies mostly in the Southwest submarket, but also has considerable inventory in the Northwest submarket, north of I-394.

Twin Cities Retail Market

The Twin Cities retail market comprises **1,090 buildings (centers) and 80.4 million square feet** of space. This inventory includes Outlet Malls, Regional Malls, Community Centers, Neighborhood Centers, and Mixed-Use Retail space.

MSP Retail Submarket Map

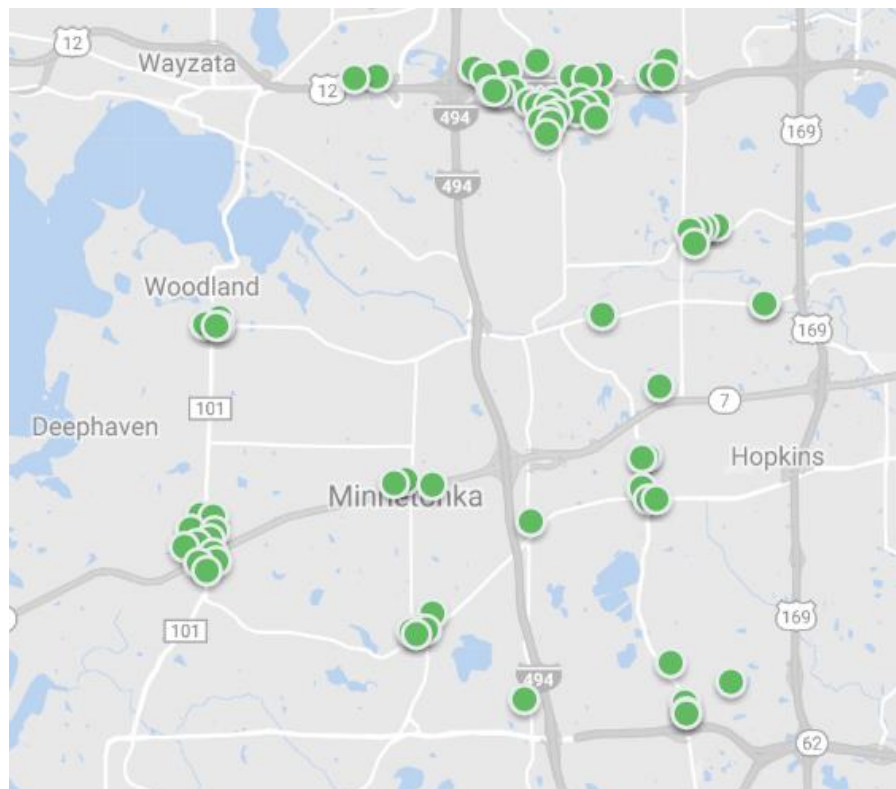


- **Vacancy** - The Twin Cities retail vacancy rate as of year-end 2017 was **5.8%**. This vacancy rate is considerably lower than many metro areas in the U.S., which have experienced challenges related to e-commerce and bankruptcies by large-format retailers. Within the Twin Cities, most submarkets are performing well, in terms of occupancy. An exception is the Minneapolis CBD, which has struggled with a double-digit vacancy rate for the past couple years. Still, even within the CBD submarket, much of this vacancy is focused on Nicollet, as we find strong demand in the North Loop area, which has attracted a number of upscale boutiques, pubs and restaurant concepts in recent years, following the influx of large numbers of new apartment residents.
- **Absorption (Demand)** - The retail market experienced negative absorption in 2017, totaling -33,434 square feet last year. This is a notable change in the trend from recent years. Between 2013 and 2016 metro area net absorption averaged more than 667,000 sf per year.
- **Construction** - Currently no major multi-tenant retail centers are under construction in the metro area. Grocery and related in-line developments continue, as HyVee continues to expand in the Twin Cities market, along with smaller grocery concepts such as Aldi and Fresh Thyme Farmers Market. A small amount of street-level commercial space is also being constructed with mixed-use apartment buildings in both urban and suburban locations. City Place in Woodbury and Tamarack Village are expanding their footprints, while the former Macys in Downtown Minneapolis will be adding a Food Hall to its redevelopment, known as "The Dayton Project."

- **Rental Rates** ó Retail rental rates are very specific and primarily based on the tenant's national exposure and credit-worthiness. For instance, Starbucks pays well over \$40 per square foot, while local hardware stores oftentimes pay \$6 - \$10 per square foot. Most retail asking rates are published as "negotiable" making it hard to analyze historical trends. However, it is worth noting that retail rates have dramatically increased over the past decade, to levels that may be unsustainable.

Minnetonka Retail Real Estate

The map below displays 49 Minnetonka retail buildings as listed on the Minnesota Commercial Association of Realtors' (MNCAR) database. This primarily includes Regional Malls, Community Centers, and Neighborhood Centers. Any building under 10,000 square feet, gas stations, car dealerships, and other specialty services have been excluded from the sampling. Minnetonka contains approximately **3.2 million sf** of shopping center space, comprising approximately 5% of the Twin Cities total inventory. Most of Minnetonka's retail centers were built between 1970 and 1995. Minnetonka Crossing is the most recently constructed retail complex, located at Shady Oak Road, near Opus Park. Otherwise, additional retail space has been added on the ground floor of 1700 Residences (apartment complex near Ridgedale) and the stand-alone Goodwill Store located along Wayzata Boulevard. Ridgedale Center anchors the west-metro retail market, with 1.1 million total sf. Ridgedale Center and the I-394 retail corridor make up approximately 60% of the City's retail portfolio.



Primary Minnetonka Retail Areas

Ridgedale Area

Ridgedale Mall, 1975

- 4 anchor tenants include Nordstrom, Macys, JCPennys, and Sears
- 121 additional tenant spaces in 334k sf

I-394 Community Centers

Listed from West to East

- Festival Center . built in 1990, 123k sf, 51% vacant
- Ridgehaven Mall - built in 1981 with 140k sf, 6% vacant, attached to Target Store with Lunds Byerlys as an anchor tenant
- Ridge Square . built in 1980, two buildings with 122k sf, 18% vacant
- Bonaventure . built in 1978, 2-story building located on Ridgedale Mall outlot, fully-occupied
- Office Depot Plaza . built in 1994, anchored by Whole Foods, fully-occupied but Office Depot is looking to shed 15k sf
- Ridgeview Plaza . built in 1990, 69k sf, anchored by PGA Superstore, fully-occupied
- Westridge Plaza . built in 1996, 185k sf, anchored by Dicks Sporting Goods and Traders Joes

Smaller Retail Nodes

Cedar Lake Rd & Mtka Blvd

- approx. 76k sf in 4 buildings

Mtka Blvd & Hwy 7

- approx. 112k sf at Country Village Shopping Center

Mtka Blvd & Plymouth Rd

- approx. 11k sf in 4 buildings

Mtka Blvd & Hwy 101

- approx. 100k sf in 5 buildings

Excelsior Blvd & Eden Prairie Rd

- approx. 70k sf in 3 buildings

Shady Oak Rd & Hwy 62

- approx. 134k sf in 6 buildings

Hwy 7 & 101

7-Hi Shopping Center

-built in 2001

-186k sf, including Target

Westwind Plaza

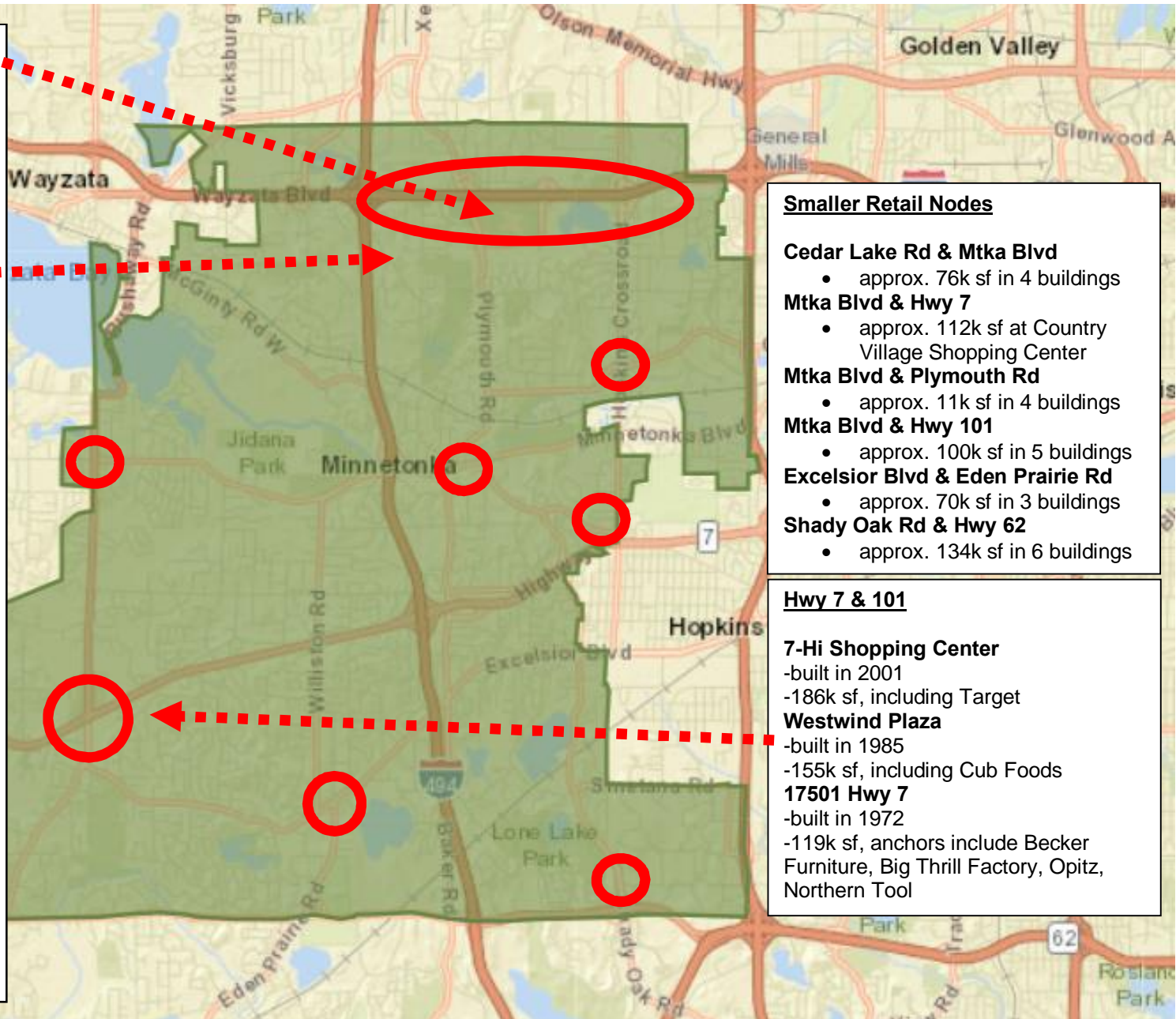
-built in 1985

-155k sf, including Cub Foods

17501 Hwy 7

-built in 1972

-119k sf, anchors include Becker Furniture, Big Thrill Factory, Opitz, Northern Tool



Ridgedale Mall and Surrounding Area

This area contains approximately 18 buildings and 1.9 million square feet of retail space. The vacancy rate is 9.2%, excluding Ridgedale Mall.

Community Centers along I-394

Listed from West to East

- **Ridgedale Festival Center**
 - Built in 1990
 - 123,000 square feet, 51% vacant due to Toys R Us/Babies R Us bankruptcy
 - Major tenants are Pure Hockey, Menø Wearhouse
- **Ridgehaven Mall**
 - Built in 1981
 - 140,000 square feet (excluding attached Target), 6% vacant
 - Anchors include Lundø & Byerlyø, Barnes & Noble, and Ulta
- **Ridge Square**
 - Built in 1980
 - Two buildings with 122,000 square feet, 18% vacant
- **Bonaventure**
 - Built in 1978
 - 2-story building located on Ridgedale Mall outlot
 - 48,000 square feet, fully-occupied
- **Office Depot Plaza**
 - Built in 1994, anchored by Whole Foods
 - Fully-occupied, but Office Depot is looking to shed 15,000 square feet
- **Ridgeview Plaza**
 - Built in 1990
 - 69,000 square feet, fully-occupied
 - Anchored by PGA Superstore & West Marine
- **Westridge Plaza**
 - Built in 1996
 - 185,000 square feet, 1% vacant
 - Anchored by Dicks Sporting Goods, Traders Joes, Michaels, Staples, and Bed Bath & Beyond

Ridgedale Mall

- Constructed in 1975
- Total mall square footage is 1,144,973 square feet
- Four anchor tenants include Nordstrom, Macys, JCPenney, and Sears
- 121 additional tenant spaces in 334,000 square feet (excluding anchor stores)
- Exact vacancy is unknown, but research indicates there are 13 vacant tenant spaces
- Successful regional mall, primary shopping destination in the west metro area

Hwy-7 Corridor, Minnetonka Portion

This intersection contains approximately 6 buildings and 536,000 square feet of retail space. The vacancy rate for this corridor is 0.0%.

7-Hi Shopping Center

- Built in 2001
- 186,000 square feet including the Super Target

Westwind Plaza

- Built in 1985
- 155,000 square feet in two buildings
- Anchored by Cub Foods

17501 Highway 7

- Built in 1972, 155,000 square feet
- Former K-Mart, repositioned to include Becker Furniture, Big Thrill Factory, Opitz, and North Tool

Smaller Retail Areas throughout Minnetonka

Cedar Lake Road & Minnetonka Boulevard

- Approximately 76,000 square feet in 4 buildings
- Crossroads Deli and Lonespur Grill are longstanding neighborhood favorites

Minnetonka Boulevard & Highway 7

- Approximately 112,000 square feet at Country Village Shopping complex
- Anchored by Lundø & Byerlyø grocery store and Pier 1
- 15,000 sf vacancy here (former Hancock Fabric); but said to be leased to a fitness tenant

Minnetonka Boulevard & Plymouth Road

- Approximately 11,000 square feet in 4 buildings
- Peoples Organic, Station Pizzeria, and Dairy Queen

Minnetonka Boulevard & Highway 101

- Approximately 100,000 square feet in 5 buildings
- Lakewinds Coop recently expanded due to great popularity

Excelsior Boulevard & Eden Prairie Road

- Approximately 70,000 square feet in 3 buildings
- Glen Lake Village includes Lundø & Byerlyø grocery store

Shady Oak Road & Highway 7

- Approximately 134,000 square feet in 6 buildings
- Shopping Centers include Sundial Center, Excelsior Plaza, and Minnetonka Crossing

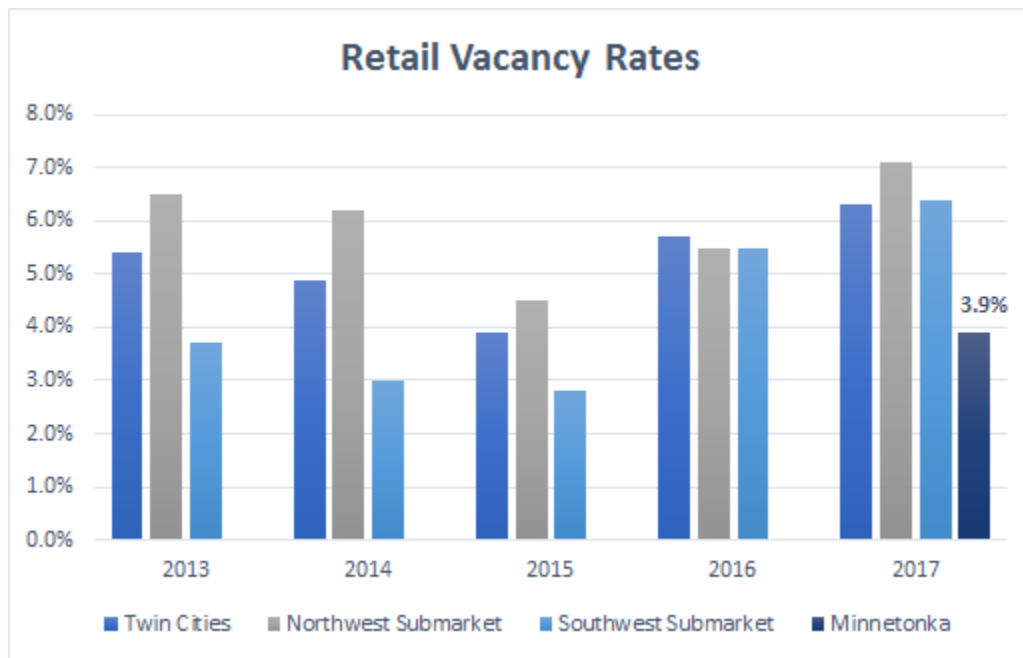
Retail Market Conditions by Submarket, 2015-2017 (year end)

Data Source: Colliers - Multi-tenant retail centers over 30,000

Submarket/Class	2015					2016					2017				
	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of Inventory	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of Inventory	Inventory	Vacancy	Vacancy %	Absorption	Absorption as % of Inventory
Northwest Metro															
Neighborhood Center	8,235,487	427,467	5.2%	120,308	1.5%	9,372,974	629,954	6.7%	99,681	1.1%	9,104,589	874,480	9.6%	(120,373)	-1.3%
Community Center	6,344,566	385,429	6.1%	8,896	0.1%	5,707,514	379,901	6.7%	63,313	1.1%	5,495,812	306,236	5.6%	34,072	0.6%
Outlet Mall	430,000	0	0.0%	0	0.0%	430,000	0	0.0%	0	0.0%	430,000	0	0.0%	0	0.0%
Regional Center	4,557,671	73,624	1.6%	79,435	1.7%	3,900,369	60,056	1.5%	33,106	0.8%	3,900,369	169,706	4.4%	(90,050)	-2.3%
Total	19,567,724	886,520	4.5%	208,639	1.1%	19,410,857	1,069,911	5.5%	196,100	1.0%	18,930,770	1,350,422	7.1%	(176,351)	-0.9%
Southwest Metro															
Neighborhood Center	5,914,101	312,489	5.3%	133,089	2.3%	6,691,323	432,197	6.5%	165,811	2.5%	6,836,669	481,332	7.0%	53,826	0.8%
Community Center	3,096,190	69,824	2.3%	(44,195)	-1.4%	3,550,912	170,797	4.8%	36,951	1.0%	3,550,912	178,859	5.0%	(8,062)	-0.2%
Regional Center	5,934,679	34,895	0.6%	50,865	0.9%	5,934,679	289,516	4.9%	(210,073)	-3.5%	5,934,679	381,613	6.4%	(71,856)	-1.2%
Total	14,944,970	417,208	2.8%	139,759	0.9%	16,176,914	892,510	5.5%	(7,311)	0.0%	16,322,260	1,041,804	6.4%	(26,092)	-0.2%
Twin Cities Metro Area															
Minneapolis CBD	980,041	156,639	16.0%	5,176	0.5%	980,041	168,526	17.2%	(50,039)	-5.1%	960,984	93,053	9.7%	75,473	7.9%
Neighborhood Center	25,003,267	1,364,090	5.5%	770,458	3.1%	28,398,975	2,129,813	7.5%	203,389	0.7%	30,115,759	2,573,893	8.5%	(39,353)	-0.1%
Community Center	17,673,067	707,567	4.0%	199,267	1.1%	18,082,571	998,667	5.5%	282,726	1.6%	18,524,398	901,822	4.9%	118,988	0.6%
Outlet Mall	839,000	0	0.0%	0	0.0%	839,000	0	0.0%	0	0.0%	839,000	4,968	0.6%	(4,968)	-0.6%
Regional Center	19,460,718	281,455	1.4%	136,340	0.7%	18,764,327	529,738	2.8%	(184,197)	-1.0%	18,764,327	753,153	4.0%	(183,574)	-1.0%
Total	63,956,093	2,509,751	3.9%	1,111,241	1.7%	67,064,914	3,826,744	5.7%	251,879	0.4%	69,204,468	4,326,889	6.3%	(33,434)	0.0%

Vacancy – Minnetonka retail centers continue to perform very well. Shopping centers here are generally maintaining a low vacancy rate. Minnetonka’s current retail vacancy rate is **3.9%**, with approximately 124,000 square feet of available retail space. This excludes the small amount of available space within Ridgedale Center, because the exact square footage and/or number of available storefronts here is unknown. The vacant former Toys R Us space accounts for nearly early half of the available retail space in Minnetonka.

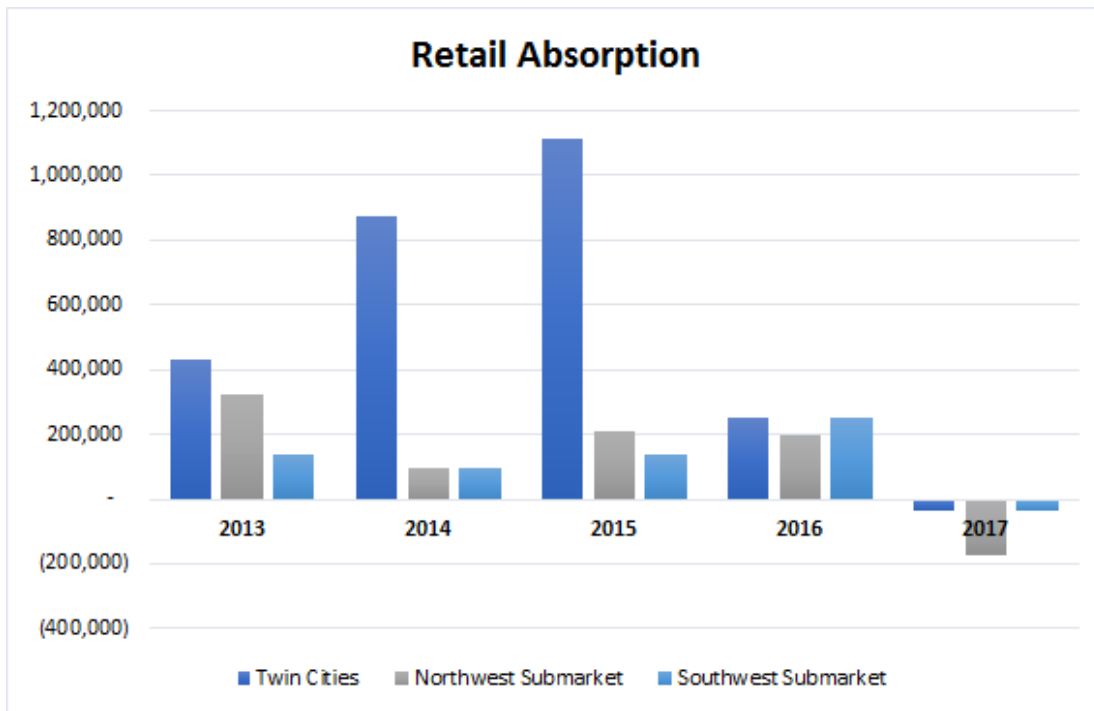
We do not anticipate any substantial vacancy issues within the City of Minnetonka in the near future, aside from JCPenney and Sears at Ridgedale. Most likely these two anchor stores will close within the next five years, at which time General Growth Properties will need to work with the City and potentially other developers to re-tenant, reinvent or redevelop these large spaces. Southdale Mall is converting a JCPenney to a Lifetime Fitness Center. Other malls have subdivided former anchor spaces into marketable smaller spaces, re-tenanting with smaller retail store formats and/or entertainment concepts.



	2013	2014	2015	2016	2017
Twin Cities	5.4%	4.9%	3.9%	5.7%	6.3%
Northwest Submarket	6.5%	6.2%	4.5%	5.5%	7.1%
Southwest Submarket	3.7%	3.0%	2.8%	5.5%	6.4%
Minnetonka					3.9%

Absorption Trends – Consistent with national trends, retail absorption was doing very well post-recession but hit a decline in 2017 with the onset of retail bankruptcies and the “Amazon effect.” The Twin Cities saw the absorption of nearly 2 million square feet in 2014 and 2015, with the addition of City Place and Central Park Commons retail centers in Woodbury. Many vacant big box spaces (as a result of Sports Authority’s bankruptcy and Sears/Kmart store closures) were subsequently filled during this time with expanding concepts such as Xperience Fitness and Burlington Coat Factory.

Minnetonka hasn’t been somewhat isolated from major store closures, with few exceptions. So far, Ridgedale’s JCPenney and Sears stores continue to operate. While a highly competitive grocery market environment is unfolding throughout the Twin Cities, with the roll out of HyVee stores and proliferation of new smaller concepts Aldi and Fresh Thyme, Minnetonka has been somewhat isolated from this trend. Notably, Cub Foods and the city’s three Lund’s & Byerly’s grocery stores are not located near any of the new Twin Cities HyVee stores. Recent retail bankruptcies have only affected Ridgedale Festival Center in Minnetonka, which lost Toys R Us earlier this year and Total Hockey two years ago. Pure Hockey has since replaced Total Hockey. It will be important to continue to monitor big box complexes along the north side of I-394, in particular. The access to these Community Centers is inferior and some of the larger store formats in this area underperform other locations, and thus these centers are somewhat at risk in terms of future vacancy.



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Twin Cities	431,134	872,912	1,111,241	251,879	(33,434)
Northwest Submarket	322,661	97,479	208,639	196,100	(176,351)
Southwest Submarket	137,008	97,779	139,759	251,879	(26,092)

Retail Rental Rates – As mentioned previously, retail rates vary greatly, depending on tenant creditworthiness and national exposure. For instance, the 60,000 square foot space left by Toys R Us at the Festival Center doesn't list an asking price. Three available spaces in the entire City of Minnetonka currently list asking rates. This includes two small, strip retail spaces near Cedar Lake Road and Minnetonka Boulevard list \$14.00 and \$9.50 per square foot net. A small vacancy at Glen Lake Village lists an asking rate of \$22.00 per square foot net. The end negotiated rental rate is often determined in part by the length of the lease term and negotiated tenant improvement costs and allowances.

Potential (Re)Development – There are very few, if any land sites available for new retail development in the city. Minnetonka's retail space can increase only through redevelopment, infill development (e.g. retail infill in current parking lots), by the addition of street-level retail within mixed-use residential developments, and/or the addition of pad sites and small strip retail centers on underutilized parking lots. For instance, Ridgeview Plaza has been advertising outlot space in the southeast portion of its parking lot for nearly two years. The space is large enough for a 3,000 square foot drive-thru or restaurant. Thus far, there has been little interest. Many developers and national retailers are waiting to see what will happen with the outlots, parking and possible redevelopment of Sear's and/or JCPenney areas at Ridgedale Center. Like Southdale Center, there are several possibilities to develop additional real estate on the underutilized parking areas. We concur with the city's plans for this area, incorporating major infrastructure investment, improved pedestrian connections, added park/green space, and added development density and multi-use infill and redevelopment activity incorporating housing and commercial uses. We advise, however, that future plans take into account market realities and the challenges inherent to vertical mixed-use development. Residential and commercial access and parking requirements can become problematic and conflicting. Meanwhile, commercial development must demonstrate viability on a stand-alone basis, as the incorporation of same-site residential is not sufficient to support adjoining retail.

Key Conclusions – Retail Market ó The Minnetonka retail market is quite strong. Ridgedale Center maintains a high occupancy level and has made considerable investment over time. Meanwhile, grocery-anchored retail continues to perform very well in Minnetonka. The community benefits from very strong demographics and good highway exposure. Because the national retail market is beginning to plateau and many real estate professionals fear there will be an onset of several store closures, major new development will probably not happen for a few years. Ridgedale Center will mostly be affected by Sear's and/or JCPenney closure, while centers north of I-394 will wrestle with access issues and poor store performance (in some, but not all cases). The City of Minnetonka should think about positioning the Ridgedale trade area as an "experiential destination" This means in addition to the new restaurants, some other forms of entertainment should be vetted as part of redevelopment analytics ó whether it be bowling, bars, virtual reality/gaming concepts, or an amusement center.

APPENDIX:
Minnetonka Commercial Property Data

**Minnnetonka Industrial Properties
August 2018**

Area	Property	Type	Total SF	Available SF	Base Rents		Expenses	Year Built	Owner
					Office	Warehouse			
I-394	Carlson Business Center I	Office Warehouse	54,707	-				1996	WPT Industrial
I-394	Carlson Business Center II	Office Warehouse	91,618	11,868				1996	WPT Industrial
I-394	Carlson Business Center III	Office Warehouse	91,549	7,892	\$11.00	\$5.00	\$4.63	1996	WPT Industrial
Cedar Lake Rd	Cedar 73 Business Center I	Flex	33,961	-				1980	Ackerberg Group
Cedar Lake Rd	Cedar 73 Business Center II	Flex	18,037	-				1980	Ackerberg Group
Cedar Lake Rd	Cedar 73 Business Center III	Flex	27,889	6,344	\$8.50	\$4.50		1980	Ackerberg Group
Cedar Lake Rd	Cedar 73 Business Center IV	Flex	29,134	3,840	\$8.50	\$4.50		1980	Ackerberg Group
Cedar Lake Rd	Cedar 73 Business Center V	Flex	21,745	-				1980	Ackerberg Group
Mtka Blvd & Williston	15350 Minnetonka Blvd	Flex	5,888	-				1987	
Mtka Blvd & Williston	3700-3790 Williston Road	Flex	174,965	-				1975	
Mtka Blvd & Williston	14851 Deveau Place	Flex	39,386	-				1984	
Mtka Blvd & Williston	14901 Deveau Place	Flex	63,713	-				1986	
Mtka Blvd & Williston	15100-15102 Mtka Industrial Road	Flex	76,174	2,021	\$8.00	\$4.00	\$1.75	1969	
Mtka Blvd & Williston	MINCO 300	Flex	67,523	11,922	\$8.50	\$4.50	\$3.11	1971	
Mtka Blvd & Williston	MINCO 400	Flex	36,734	1,600	\$8.50	\$4.50	\$3.11	1971	
Mtka Blvd & Williston	15101 Mtka Industrial Road	Manufacturing	52,616	-				1973	
Mtka Blvd & Williston	14850 Deveau Place	Flex	34,590	-				1983	
Mtka Blvd & Williston	3792 Williston Road	Flex	39,851	-				1984	
Mtka Blvd & Williston	152225-15305 Mtka Blvd	Flex	63,731	-				1997	
Baker Rd & 62	13600 County Road 62	Office Warehouse	69,984	-				1996	Goebel Fixtures
Baker Rd & 62	Sky Ridge Business Center & Nature Preserve	Flex	16,746	-				2011	Bailey Properties
Baker Rd & 62	Sky Ridge Business Center & Nature Preserve	Office Warehouse	48,474	-				1987	Bailey Properties
Baker Rd & 62	6150 Baker Road	Self-Storage	89,100	-				1996	
Baker Rd & 62	6031-6035 Culligan Way	Office Warehouse	35,150	20,561	\$9.50	\$4.75	\$3.61	1985	
Baker Rd & 62	6030 Culligan Way	Office Warehouse	29,555	-				1979	
Baker Rd & 62	6020-6024 Culligan Way	Office Warehouse	25,860	-				1979	
Baker Rd & 62	6001 Culligan Way	Office Warehouse	63,533	-				1979	
Baker Rd & 62	5900 Baker Road	Flex	30,120	25,855				1988	
Baker Rd & 62	Baker Tech I	Flex	104,492	-				1985	
Baker Rd & 62	Baker Tech II	Flex	38,557	9,066	\$11.00	\$5.50	\$4.81	1985	
Baker Rd & 62	Baker Tech III	Flex	26,601	8,718	\$11.00	\$5.50	\$4.81	1985	
Baker Rd & 62	Baker Tech IV	Flex	72,330	10,515	\$11.00	\$5.50	\$4.81	1985	
Baker Rd & 62	Baker Tech V	Flex	54,529	500	\$11.00	\$5.50	\$4.81	1985	
Baker Rd & 62	6035-6037 Baker Road	Flex	44,125	42,000	\$9.00	\$4.75	\$3.50	1982	
Clearwater & 62	Rowland Pond I	Flex	51,013	-				1988	
Clearwater & 62	Rowland Pond II	Flex	68,703	19,683	\$10.00	\$5.00	\$5.14	1988	
Clearwater & 62	6040 Clearwater Drive	Flex	267,574	-				1982	
Clearwater & 62	Minnnetonka Corp Center	Flex	94,561	40,787	\$9.50	\$4.50	\$4.28	1984	
Clearwater & 62	Whitewater Corp Center	Office Warehouse	75,785	75,785	\$10.00	\$5.00	\$3.36	1995	
Clearwater & 62	Whitewater Plaza	Flex	64,420	4,011	\$10.00	\$5.00	\$3.36	1984	
Encore Park	11400 47th West Street		26,079	-				1961	Sierra Corp
Encore Park	11301 47th West Street		26,120	-				1961	Sierra Corp
Encore Park	11401 47th West Street		30,000	-				1975	Sierra Corp
Encore Park	Encore Park I	Flex	64,219	10,000				1978	
Encore Park	Encore Park II	Flex	31,676	-				1978	
Encore Park	Encore Park III	Flex	30,944	-				1978	
Encore Park	Encore Park 11A	Office Warehouse	55,452	-				1983	
Encore Park	Encore Park 11B	Office Warehouse	52,331	4,910				1983	
Encore Park	Encore Park 11C	Office Warehouse	44,922	-				1982	
Encore Park	Encore Park 11D	Office Warehouse	28,271	5,057	\$8.75	\$4.50	\$3.03	1982	
Encore Park	Encore Park Building A	Office Warehouse	70,540	21,909	\$8.50	\$4.50	\$2.38	1974	
Encore Park	Encore Park Building B	Office Warehouse	70,800	15,000	\$8.50	\$4.50	\$2.38	1974	
Opus Park	11011 Smetana Road	Office Warehouse	27,681	-				1996	

**Minnetonka Industrial Properties
August 2018**

Area	Property	Type	Total SF	Available SF	Base Rents		Expenses	Year Built	Owner
					Office	Warehouse			
Opus Park	5421 Feltl Road	Flex	27,268	3,410				1997	
Opus Park	5435 Feltl Road	Flex	14,728	-				1992	
Opus Park	5420 Feltl Road	Flex	18,866	-				1985	
Opus Park	5450 Feltl Road	Flex	93,763	-				1985	
Opus Park	5600 Feltl Road	Flex	25,000	-				1978	
Opus Park	11140 Bren Road	Manufacturing	60,600	-				1978	
Opus Park	11111 Bren Road West	Office Warehouse	210,414	-				1977	
Opus Park	5451 Smetana Drive	Office Warehouse	15,720	-				1978	
Opus Park	5400 Opportunity Court	Office Warehouse	17,190	-				1978	
Opus Park	5401 Opportunity Court	Office Warehouse	53,902	-				1968	
Opus Park	5501 Opportunity Court	Flex	36,094	-				1966	
Opus Park	5550 Smetana Drive	Flex	32,176	-				1970	
Opus Park	RMC Corporate Center	Flex	24,142	24,142				1984	
Opus Park	10601 Red Circle Drive	Office Warehouse	10,000	-				1977	
Opus Park	CSI Technologies	Office Warehouse	30,872	-				1996	
Opus Park	Minnetonka East Business Center	Flex	25,200	-					
Opus Park	10300 Bren Road East	Office Warehouse	50,082	-				1981	
Opus Park	6120 Blue Circle Drive	Office Warehouse	8,597	-				1975	
Opus Park	6020 Blue Circle Drive	Office Warehouse	9,764	-				1975	
Minnetonka Total Industrial			3,718,436	387,396					
				10.4%					

**Minnetonka Office Centers
August 2018**

Area	Property	Address	Class	Stories	Total SF	Available SF	Base Rent	Expenses	Year Built	Parking	Owner
394 Corridor	Wayzata Executive Park I, II, III		B	3	100,430	16,093	\$16.00		2001		
394 Corridor	Twelve Oaks Center		C	2	7,200				2007		
394 Corridor	100 Parkers Lake Rd		B	1	18,053	-			1985	73	
394 Corridor	1 Carlson Parkway		A	2	81,558	2,153	\$15.50	N/A			Tonkawa Inc.
394 Corridor	2 Carlson Parkway		A	4	130,124	22,904	\$16.75	N/A			Tonkawa Inc.
394 Corridor	301 Carlson		A	5	224,240	-			2001	310	Medica Health Plans
394 Corridor	401 Carlson		A	5	228,080	-			2001	400	Medica Health Plans
394 Corridor	601 Tower		A	14	288,458	64,294	\$23.00	\$16.00	1989	1908	Artis REIT
394 Corridor	701 Tower		A	14	334,392	123,621	\$23.00	\$16.00	1989	1908	Carlson Companies
394 Corridor	Carlson East I		B	3	67,346	-	\$0.00		1996	205	Carlson Companies
394 Corridor	Carlson East II		B	3	83,355	8,881	\$15.50		1998	205	Weidner
394 Corridor	Ridgeview Office Center		B	4	59,380	44,357	\$23.00		1983	210	
394 Corridor	12400 Wayzata Blvd		B	3	55,213	-			1975		
394 Corridor	Ridge Plaza		B	3	56,109	-			1973		
394 Corridor	11650-11856 Wayzata Blvd	Marsh Run - 5 Office Buildings	C	2	43,554	18,558	\$9.00		1982		
394 Corridor	Crescent Ridge I		A	8	270,864	27,113	\$19.00		1998		
394 Corridor	Crescent Ridge II		A	8	270,864	38,950	\$19.00		2000		
394 Corridor	10500 Wayzata Blvd		Medical	1	7,648	-			1941		
394 Corridor	10550 Wayzata Blvd	Woodside Office Park - Building 1	C	1	12,285	-			1986		
394 Corridor	10560 Wayzata Blvd	Woodside Office Park - Building 2	C	1	7,307	-			1987		
394 Corridor	10520 Wayzata Blvd	Woodside Office Park - Building 3	C	1	6,452	-			1987		
394 Corridor	10580 Wayzata Blvd	Woodside Office Park - Building 4	C	1	1,480	-			1988		0.153462787
394 Corridor	10590 Wayzata Blvd	Woodside Office Park - Building 5	C	3	32,196	-			1998		
Mtka Blvd	12401 Mtka Blvd			2	4,376	-			1963	20	
Mtka Blvd	15119 Mtka Blvd			2	1,954	-			1954		
Mtka Blvd	15320 Mtka Blvd			2	11,755	1,973			1973	50	
Mtka Blvd	3318 Groveland School Rd			1	1,695	-			1932	medical	
Mtka Blvd	3514 County Rd 101			1	4,573	-			1948		
Hwy 7	11320 Mtka Mills Rd			2	11,203	-			1986	29	
Hwy 7	11500 State Hwy 7			2	10,192	960	\$18.50	\$0.00	1985	gross	
Hwy 7	4300 Baker Rd			2	5,658	5,658	\$12.50		1984		
Hwy 7	Baker Road Corporate Center II	4350 Baker Rd		4	107,100	9,966	\$18.00	\$13.80	2008		
Hwy 7	Baker Road Corporate Center I	4400 Baker Rd		4	208,000	-			1975		
Hwy 7	14451 State Hwy 7			2	17,800	-			1999	70	
Hwy 7	14525 State Hwy 7			3	59,844	7,603	\$14.50		1980	225	
Hwy 7	15012 State Hwy 7			1	2,757	-			1987		
Hwy 7	Minnetonka Medical Center			2	60,000	-			2014		
Hwy 7	16180-16200 State Hwy 7			1	11,064	1,444	\$15.00		1980	85	
Hwy 7	5125 Country Road 101			3	32,581	-			1998	132	
Hwy 7	17600 State Hwy 7			1	5,794	-			1966		
Hwy 7	17601 State Hwy 7			2	6,490	-			1978	22	
Hwy 7	5130 County Road 101			2	63,624	-			1984	267	
Hwy 7	5101 Thimsen Avenue			2	10,966	1,657	\$20.00	\$0.00	1982	gross	
Hwy 7	17717 State Hwy 7			2	6,984	-			1968	110	
Hwy 7	17800 Hutchins Drive			2	2,338	-			1953	10	
Hwy 7	17821 State Hwy 7			2	18,210	-			1978	74	medical
Hwy 7	18001 State Hwy 7			2	6,400	-			1962		
Hwy 7	17705 Hutchins Drive			2	16,494	-			1981	55	
Hwy 7	17724 Old Excelsior Road			1	5,188	-			1948		
Hwy 7	17809 Hutchins Drive			1	9,324	-			1979	60	
Hwy 7	7 Hi Office Campus	17736-17800 Old Excelsior Road		1	12,215	-			1984-1987	51	
Excelsior Blvd	11303 Excelsior Blvd			1	4,400	-			1910		
Excelsior Blvd	11300 47th Street West			1	2,692	-			1955		
Excelsior Blvd	14214 Excelsior Blvd			1	2,500	-			1957		
Excelsior Blvd	14550 Excelsior Blvd			2	14,920	1,470			1991		
Excelsior Blvd	5509 Eden Prairie Road			1	5,070	-			1968	24	
Whitewater Area	5754 Baker Road	MN River Bluffs LRT Building		1	20,000	-					
Whitewater Area	5755 Baker Road			2	9,612	-					

**Minnetonka Office Centers
August 2018**

Area	Property	Address	Class	Stories	Total SF	Available SF	Base Rent	Expenses	Year Built	Parking	Owner
Whitewater Area	5800 Country Road 60			1	10,920						
Whitewater Area	5900 Culligan Way			1	5,500						
Whitewater Area	6133 Baker Road			2	8,475					30	
Whitewater Area	6050 Clearwater Drive				25,749				1994		
Whitewater Area	6000 Clearwater Drive	Minnetonka Corporate Campus I		4	90,215	-			1987		Associated Bank
Whitewater Area	12900 Whitewater Drive	Minnetonka Corporate Campus III		3	79,788	4,024	\$14.50	\$9.58	1986		Ryan Companies
Whitewater Area	12800 Whitewater Drive	Minnetonka Corporate Campus II		3	81,971	11,962	\$14.50	\$10.82	1987	225	Ryan Companies
Whitewater Area	12700 Whitewater Drive		A	6	152,220	-			1997	659	
Whitewater Area	12600 Whitewater Drive		A	2	88,219	53,774			1997	257	
Whitewater Area	5801 Clearwater Drive			2	178,528	-					Feldbaum Family
Whitewater Area	12501 Whitewater Drive	Whitewater Office Center I		4	102,908	98,044	\$14.00	\$9.84	1984	332	Ryan Companies
Whitewater Area	12701 Whitewater Drive	Whitewater Office Center II		4	106,132	16,328	\$14.00	\$8.96	1984	332	Ryan Companies
Whitewater Area	12301 Whitewater Drive	Whitewater Business Center		2	72,246	34,228	\$12.00		1985	356	
Whitewater Area	5900 Rowland Road			1	12,716	-			1993	70	Nesbit Holdings
Shady Oak Area	5101 Shady Oak Road	Shady Oak Lake Corporate Center		4	226,609	185,538	\$11.00	\$8.23	1977		
Shady Oak Area	11100 Bren Road			1	20,572	6,673			1980		0.208917154
Shady Oak Area	5500 Opportunity Court			1	112,526	-					
Shady Oak Area	9800 East Bren Road	Gateway Financial Center		4	70,184	-			1984		
Shady Oak Area	557 Smetana Drive			1	19,750	-			1997		
Shady Oak Area	5620 Smetana Drive			3	37,625	-			1981		
Shady Oak Area	5640 Smetana Drive			3	38,065	-			1981		
Shady Oak Area	5720 Smetana Drive	Brenwood I		4	56,776	38,434	\$12.00	\$9.34	1980		
Shady Oak Area	5700 Smetana Drive	Brenwood II		4	56,776	38,817	\$12.00	\$9.40	1980		
Shady Oak Area	5605 Green Circle Drive			2	56,671	-			1981	185	
Shady Oak Area	10350 Bren Road West			4	241,277	-			1998		
Shady Oak Area	9900 Bren Road	United Health Group HQ I & II		10	321,029	-			1981	1400	
Shady Oak Area	5850 Opus Parkway	Pondview Plaza		3	120,478	-			1997	55	
Shady Oak Area	5995 Opus Parkway			5	188,170	-			1988	622	
Shady Oak Area	9700 Health Care Lane			10	350,000	-			2007	650	
Shady Oak Area	9800 Health Care Lane			10	350,000	-			2001	650	
Shady Oak Area	9705 Data Park			3	150,030	-			1977		Comcast
Shady Oak Area	611 Blue Circle Drive			1	25,269	-			1994		Electro Sensors
Shady Oak Area	10201 Bren Road East			1	19,600	-			1974		
Shady Oak Area	6110 Blue Circle Drive			2	34,339	5,232	\$9.00	\$5.17	1975	120	
Shady Oak Area	6130 Blue Circle Drive			2	27,160	-	\$10.00		1977		
Shady Oak Area	6026 Blue Circle Drive			1	7,760	-			1975	8	
Shady Oak Area	6024 Blue Circle Drive			1	6,088	-			1975		
Shady Oak Area	6012 Blue Circle Drive			1	3,972	-			1975		
Shady Oak Area	6010 Blue Circle Drive			1	4,244	-			1975		
Shady Oak Area	6117 Blue Circle Drive			1	10,500	-			1978		
Shady Oak Area	6113 Blue Circle Drive	Oak Hill Business Center		1	10,000	-			1978		
Shady Oak Area	10225 Yellow Circle Drive			2	37,500	-			1979		
Shady Oak Area	10237 Yellow Circle Drive			2	12,600	-			1979		
Shady Oak Area	10249 Yellow Circle Drive			2	12,600	-			1979	48	
Shady Oak Area	10261 Yellow Circle Drive			2	10,748	-			1979	53	
Shady Oak Area	10273 Yellow Circle Drive			2	12,894	-			1979	50	
Shady Oak Area	10285 Yellow Circle Drive			2	10,850	-			1979		
Shady Oak Area	10297 Yellow Circle Drive			2	11,116	-			1979		
Minnetonka Total Office Area					6,849,726	890,709					
						13.0%					

**Minnnetonka Retail Centers
August 2018**

Area	Property	Type	Total SF	Available SF	Base Rent	Expenses	Year Built	Owner	Major Tenants
I-394	Westridge Market	Community Center	185,424	1,354			1996	CSM Corp	Dicks Sporting, BedBathBeyond, Trader Joes, Staples, Michaels
I-394	Ridgeview Plaza	Community Center	68,576	-			1992	CSM Corp	PGASuperstore
I-394	Office Depot Plaza	Community Center	65,449	-			1994		WholeFoods, Office Depot
I-394	13520-13580 Wayzata Blvd	Neighborhood Center	43,516	-			1988	Sear Imported Auto	NorthMemorial Clinic, CarpetKing
I-394	13820 Wayzata Blvd	Stand-Alone	19,688	-			2016		Goodwill
I-394	Ridgedale Festival Center	Community Center	122,788	62,814			1990		Total Wine, Pure Hockey, Men's Warehouse
I-394	Westdale Center	Neighborhood Center	25,815	-			1967		Wayzata Pet Hospital, Bukhara Indian Bistro
I-394	13879 Ridgedale Drive	Neighborhood Center	12,310				1988		
I-394	13727 Ridgedale Drive	Stand-Alone	23,364				1982		Slumberland
I-394	13701 Wayzata Blvd	Neighborhood Center	31,644				1984		
I-394	13513 Wayzata Blvd	Stand-Alone	60,956				1981		Best Buy
I-394	Ridgehaven Mall	Community Center	141,010	8,331			1981		Lunds Byerlys, Barnes & Noble
I-394	Ridge Square North	Neighborhood Center	83,000	10,760			1982		
I-394	Ridge Square South	Neighborhood Center	39,570	11,070			1980		
I-394	1700 Plymouth Road	Neighborhood Center	26,966				2017		
I-394	Ridgedale Plaza	Neighborhood Center	17,286				1976		Bank of America, Caribou, ATT
I-394	Bonaventure Mall	Neighborhood Center	48,359				1978	CSM Corp	
I-394	Ridgedale Mall - Main Mall	Regional Center	334,033				1975	General Growth	
I-394	Ridgedale Mall - Sears	Regional Center	117,001				1974	General Growth	
I-394	Ridgedale Mall - JC Pennys - plus outlots	Regional Center	146,554				1974	JC Pennys	
I-394	Ridgedale Mall - Macys - plus outlots	Regional Center	202,163				1974	Macys	
I-394	Ridgedale Mall - Nordstrom - just store	Regional Center	128,395				2016	Nordstrom	
Cedar Lake & Mtka Blvd	Cedar Hills I		11,829				1988		
Cedar Lake & Mtka Blvd	Cedar Hills II		21,623		\$14.00		1988		
Cedar Lake & Mtka Blvd	10800 Greenbriar Road		21,037	3,584	\$9.50		1986		
Cedar Lake & Mtka Blvd	11100 Cedar Lake Road		22,120				1975		
Mtka Blvd	10015-10029 Minnetonka Road		13,641				1977		
Mtka Blvd	3200 Oak Ridge Road	Stand-Alone	12,880				2001		
Mtka Blvd	Country Village Shopping Center		111,915	24,488			1969		
Mtka Blvd	Sterling Center		14,383				1960		
Mtka Blvd	17603 Minnetonka Boulevard		17,730				1946		
Mtka Blvd	17507 Minnetonka Boulevard		25,293				1966		
Mtka Blvd	17501 Minnetonka Boulevard		17,793				1976		Lakewinds
Hwy 7 & 101	7-Hi Shopping Center		233,654				1972		
Hwy 7 & 101	Westwind Plaza		87,933				1985		
Hwy 7 & 101	Cub Foods	Stand-Alone	67,359				1984		
Hwy 7 & 101	Shoppes on 101		14,274				1992		
Hwy 7 & 101	17501 State Hwy 7		119,004				1972		Becker Furniture, Optix, Big Thrill Factory, Northern Tool
Hwy 7 & 101	5000 Country Road 101	Stand-Alone	13,408				1971		Ace Hardware
Hwy 7	14900 Hwy 7		10,800				1979		
Hwy 7	14401 State Hwy 7		13,506				1978		
Shady Oak Area	4303-4307 Shady Oak		10,834				1957		
Shady Oak Area	4312-4336 Shady Oak		12,463				1951		
Shady Oak Area	Excelsior Plaza		28,440				1960		
Shady Oak Area	11525 Excelsior Blvd		23,373				1958		
Shady Oak Area	Sundial Shopping Center		24,030				1986		
Shady Oak Area	Minnetonka Crossing		34,666				2012		Yum Bakery, Caribou Coffe
Shady Oak Area	Merchandise Mart		232,666				1977		
Excelsior & EP Road	Glen Lake Village		36,370	1,240	\$22.00		1982		Lunds Byerlys, Dragon Jade
	Total Minnetonka Retail		3,196,891	123,641					3.9%