



December 31, 2015

MEMORANDUM

To: Mr. Chuck Perry
Perry Rose Companies

FROM: Ms. Mary C. Bujold
Maxfield Research and Consulting, LLC

RE: Technical Memo- Market Analysis-Ford Plant Site, St. Paul, MN

Introduction

This section of the report examines factors related to the current and future demand for various types of real estate uses on the Ford property in the Highland Park neighborhood of St. Paul, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, tenure and type and employment data. The Primary Market Area is shown as an aggregation of census tracts in Minneapolis and St. Paul. A Secondary Market Area applicable to the potential draw for the proposed uses includes Hennepin County, Ramsey County and Dakota County. A tertiary Market Area would encompass the larger seven-county Twin Cities Metropolitan Area. The notoriety of the Ford Site within the Twin Cities Metro Area and its location overlooking the Mississippi River will have varying impacts for specific types of real estate uses.

Market Area Definition

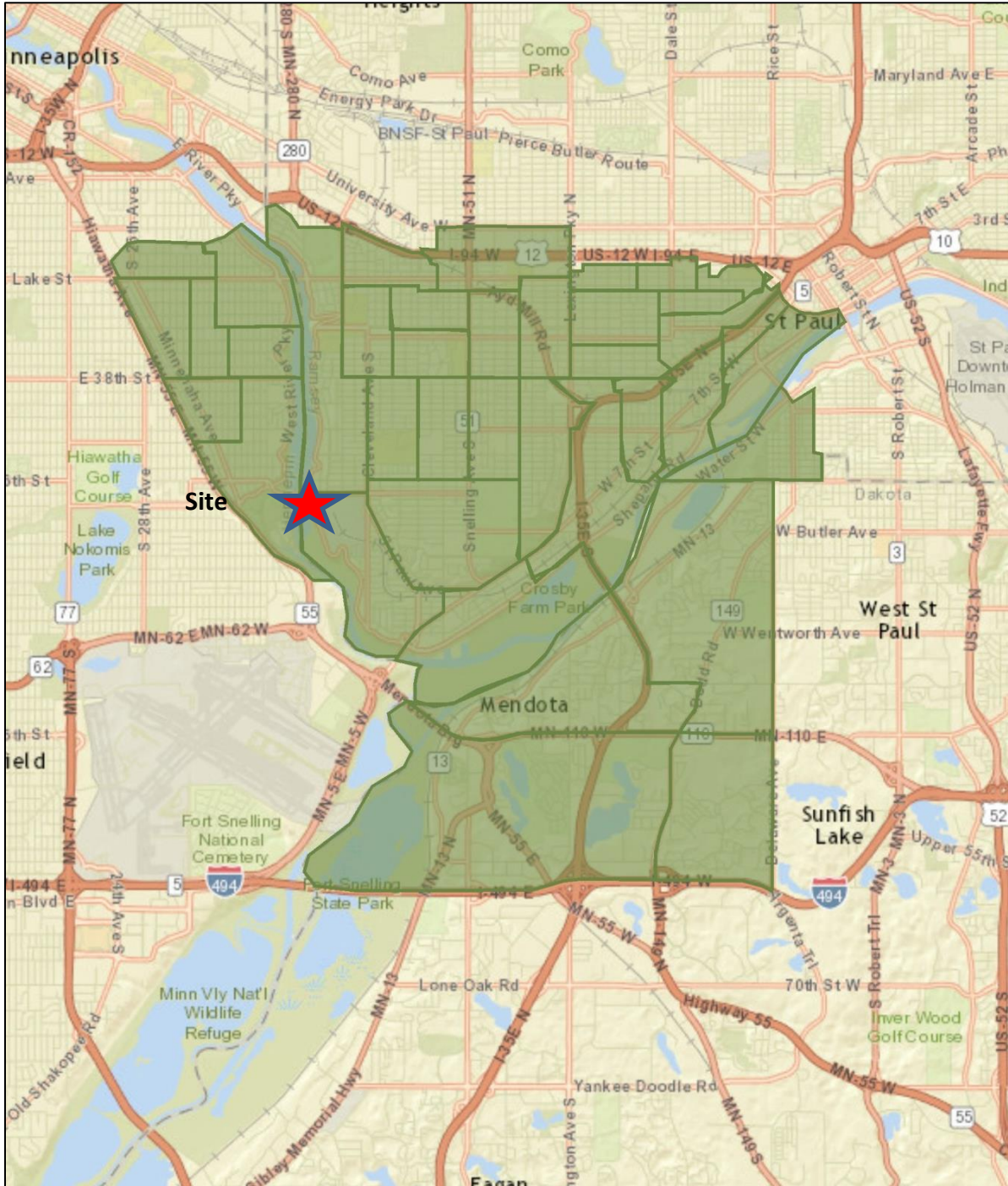
The primary draw area is the geographic area from which residential and commercial retail uses offered on the Site would attract the majority of potential residents; we estimate 70%. This area is defined as an aggregation of census tracts located in Hennepin and Ramsey Counties or specifically within the Cities of Minneapolis and St. Paul. This area is defined as the Primary Market Area (PMA) due to the subject Site's location and accessibility, man-made and geographic barriers, and historic development patterns. The census tracts included in the Primary Market Area are listed below. Twenty-five percent (25%) of demand for residential and commercial retail uses would be drawn from outside of the defined PMA and would come from the Secondary Market Area (SMA). The Secondary Market Area consists of Dakota, Hennepin and Ramsey Counties. The remaining 5% would be drawn from the larger Tertiary Market Area (7-County Twin Cities Area).

Census Tracts included in the Primary Market Area:

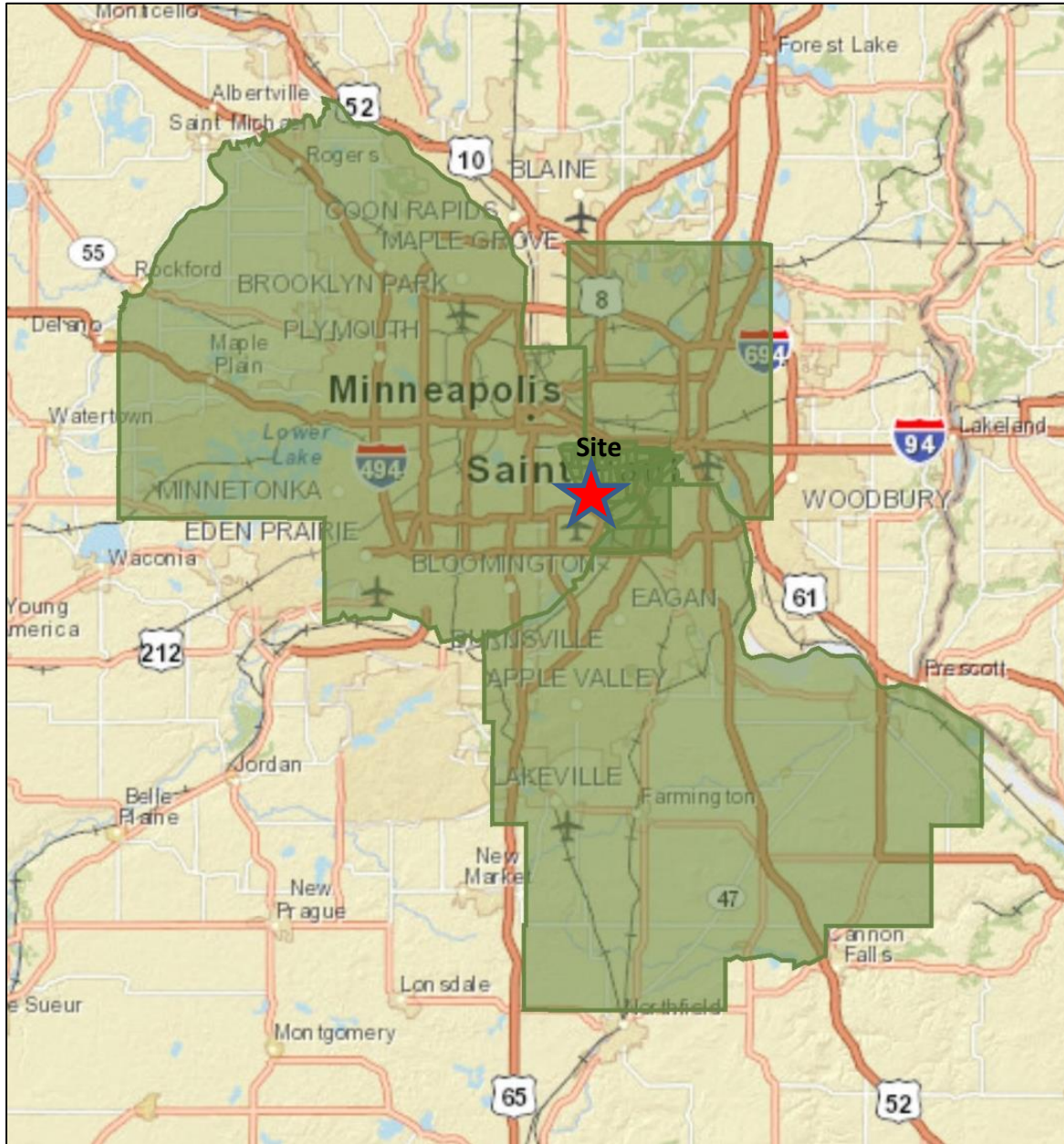
St. Paul Tracts:	Dakota County Tracts:	Minneapolis Tracts:	
333	363	606.03	1074
334	364	606.04	1076
338	365	606.05	1088
339	366	606.06	1089
340	367		1090
349	368		1104
350	369		1105
351	370		
352	375		
353	376.01		
355	376.02		
357	429		
358	430		
359			
360			

The map on the following page displays the Primary Market Area. Secondary and Tertiary Market Area maps are displayed on pages 4 and 5.

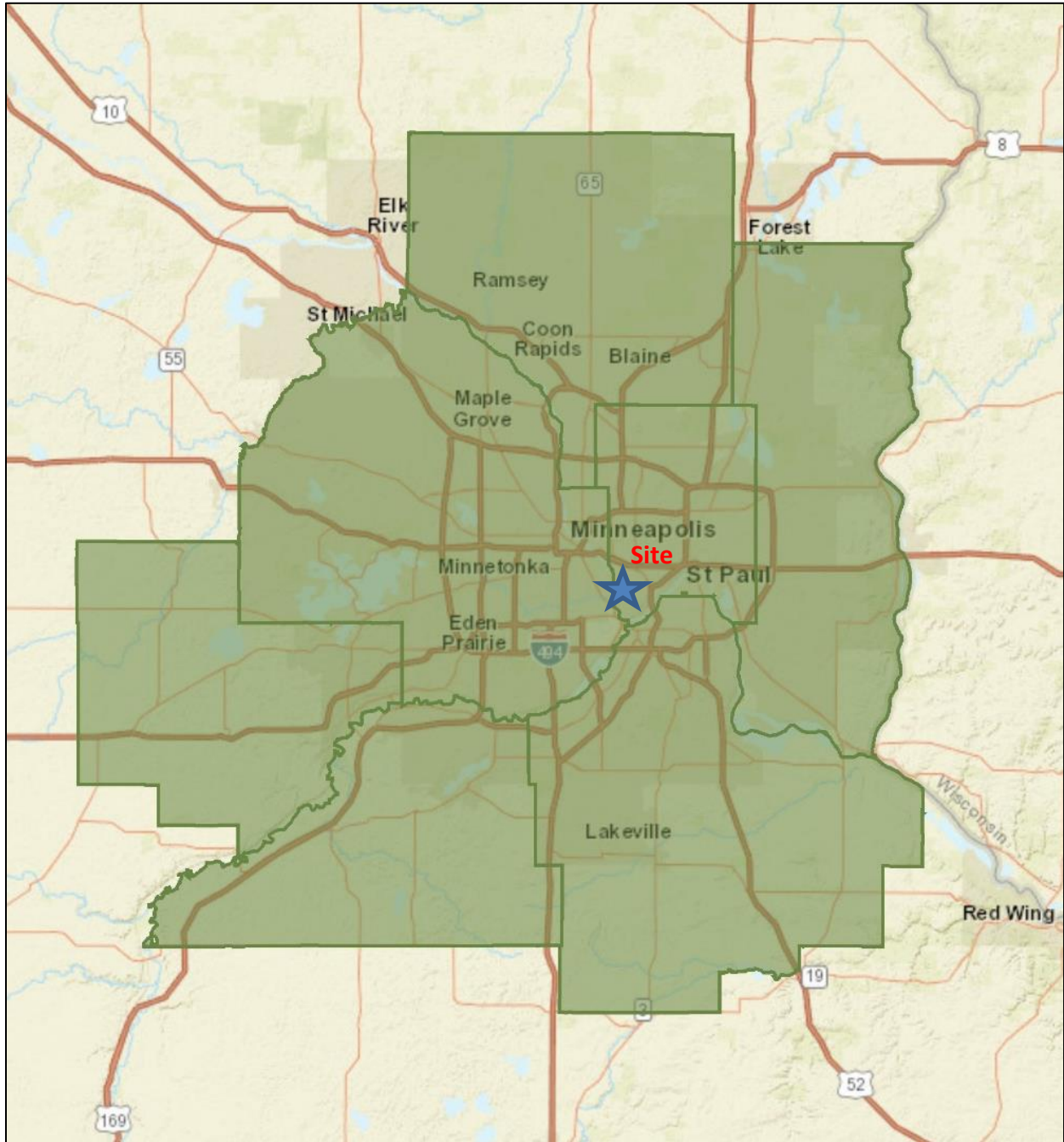
Primary Market Area



Secondary Market Area



Tertiary Market Area (Twin Cities Metro Area-7-County)



Population and Household Growth Trends and Projections

Table 1 presents population and household growth trends from 2000 to 2040. The 2000 and 2010 figures are from the U.S. Census. The 2020 to 2040 figures are from the Metropolitan Council, the Twin Cities regional planning agency and were adjusted by Maxfield Research, based on projected trends in local and regional growth and our knowledge of in-fill development. The 2015 population and household estimates are based on 2014 estimates from ESRI Inc. (a national demographics services provider) and the Metropolitan Council and consider historic and future demographic trends in the Primary Market Area.

The following are highlights from Table 1.

Population Growth

- In 2000, the population of the Primary Market Area (PMA) was 126,596 people. By 2010, the population had decreased modestly to 124,037 people or -2.0%. The decrease is primarily because the area is fully developed and the population is aging, thereby resulting in smaller household sizes. In-fill and redevelopment in the PMA during the 2000s had been sparse. Redevelopment efforts began more earnestly in the late 2000s and have continued into this decade. We anticipate that redevelopment efforts will continue in order to support population and household growth in the central core cities where new development has proven popular, especially with younger households. Due to demographic shifts in the population, household sizes are anticipated to continue to decline.
- As of 2015, the PMA population is estimated to have increased by 1,938 people since the 2010 Census, an increase of 1.6%. By 2020, the PMA is anticipated to add 6,152 people for the decade, a 5.0% increase. By comparison, the City of St. Paul is estimated to have grown at a faster rate between 2010 and 2015, adding 16,240 people (5.7%) but is projected to increase at a slower rate between 2015 and 2020, adding 7,292 people (2.4%). Projected growth between 2015 and 2020 may be too conservative, depending on the sites that are made available for redevelopment and current strong economic conditions.
- Population growth in the PMA is expected to occur at a rate below that of Ramsey County and the Twin Cities Metro Area. However, substantial increases in housing density on redevelopment sites in the PMA (i.e. the Ford Plant site), could cause PMA population and households to increase at a faster rate than the City of St. Paul. Population growth in the City of St. Paul and in Ramsey County is expected to occur at slightly lower rates than growth in the Twin Cities Metro Area.

TABLE 1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS PRIMARY AND SECONDARY MARKET AREAS 2000 to 2040														
	U.S. Census		Estimate	Forecast			Change							
	2000	2010	2015	2020	2030	2040	2000 to 2010		2010 to 2020		2020 to 2030		2030 to 2040	
							No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
POPULATION														
Primary Market Area	126,596	124,037	125,975	130,189	138,000	143,530	-2,559	-2.0%	6,152	5.0%	7,811	6.0%	5,530	4.0%
Secondary Market Area	1,983,139	2,059,617	2,174,760	2,237,380	2,393,995	2,513,695	76,478	3.9%	177,763	8.6%	156,615	7.0%	119,700	5.0%
<i>Ramsey County</i>	<i>511,035</i>	<i>508,640</i>	<i>534,720</i>	<i>548,220</i>	<i>570,610</i>	<i>592,720</i>	-2,395	-0.5%	39,580	7.8%	22,390	4.1%	22,110	3.9%
<i>Twin Cities Metro Area</i>	<i>2,642,062</i>	<i>2,849,567</i>	<i>3,011,780</i>	<i>3,127,660</i>	<i>3,388,950</i>	<i>3,652,060</i>	207,505	7.9%	278,093	9.8%	261,290	8.4%	263,110	7.8%
HOUSEHOLDS														
Primary Market Area	54,538	53,884	55,211	57,311	61,896	65,000	-654	-1.2%	3,427	6.4%	4,585	8.0%	3,104	5.0%
Secondary Market Area	788,516	830,664	875,000	921,900	1,004,870	1,065,160	42,148	5.3%	91,236	11.0%	82,970	9.0%	60,290	6.0%
<i>Ramsey County</i>	<i>201,236</i>	<i>202,691</i>	<i>211,400</i>	<i>223,460</i>	<i>236,090</i>	<i>245,950</i>	1,455	0.7%	20,769	10.2%	12,630	5.7%	9,860	4.2%
<i>Twin Cities Metro Area</i>	<i>1,021,455</i>	<i>1,117,749</i>	<i>1,177,630</i>	<i>1,256,580</i>	<i>1,378,470</i>	<i>1,491,780</i>	96,294	9.4%	138,831	12.4%	121,890	9.7%	113,310	8.2%
PERSONS PER HOUSEHOLD														
Primary Market Area	2.32	2.30	2.28	2.27	2.23	2.21								
Secondary Market Area	2.52	2.48	2.49	2.43	2.38	2.36								
<i>Ramsey County</i>	<i>2.54</i>	<i>2.51</i>	<i>2.53</i>	<i>2.45</i>	<i>2.42</i>	<i>2.41</i>								
<i>Twin Cities Metro Area</i>	<i>2.59</i>	<i>2.55</i>	<i>2.56</i>	<i>2.49</i>	<i>2.46</i>	<i>2.45</i>								
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting, LLC														

- As shown on the table, the population growth rates in the SMA are also projected to be higher than in Ramsey County, but slightly below the growth rates for the Twin Cities Metro Area for the next three decades. This reflects the current level of development that exists in the SMA, but incorporates projected redevelopment and in-fill development which has been strongest in Hennepin County, but has occurred throughout the SMA.

Household Growth

- Because households represent occupied housing units, household growth is generally a strong indicator of demand for residential units as well as for local retail goods and services. In 2000, there were 54,538 households in the PMA and 286,840 households in the City of St. Paul. By 2010, households in the PMA had dropped slightly to 53,884 in the PMA and 285,068 in the City of St. Paul. Again, the modest decrease in households reflected limited in-fill and redevelopment during this period. From 2010 to 2015, the PMA is estimated to have increased by 1,327 households (2.5%).
- The City of St. Paul is estimated to have increased its household base by 7,307 households between 2010 and 2015, a 6.6% increase. Between 2015 and 2020, the City of Saint Paul is projected to add another 6,692 households, a growth rate of 5.7%. These growth rates compare to increases for the Twin Cities Metro Area of 6.9% between 2010 and 2015 and 5.4% between 2015 and 2020.
- The largest increases in households in the PMA are expected among households ages 65 to 74 and ages 35 to 44 over the next five years. In the SMA, the largest increases are projected among households ages 65 to 74 and 35 to 44.

Household Size

- The average household size in the PMA is much lower than the City of St. Paul and the Seven County Metro Area. In 2000, the average household size in the PMA was 2.32. As of 2010, the average household size was 2.30 people per household, but is estimated to have dropped slightly through 2015, to 2.28 people per household. By 2020, it is projected that the average household size in the PMA will fall slightly to 2.27. The smaller household size indicates that the PMA has a large number of households living alone.
- In comparison, the Seven County Metro Area had an average household size of 2.59 in 2000, decreasing to 2.55 in 2010 and which is estimated to have fallen to 2.56 in 2015 and projected to continue to decrease to 2.49 in 2020.

Age Distribution

The age distribution of a community's population helps to assess the types of housing that may be needed and desired. In addition, the age distribution also informs the types of retail goods and services that may be desired based on people's ages. For example, younger people may spend more for clothing, recreation and entertainment, while older people may spend more for gifts, housing, travel, etc. Younger and older people are often attracted to higher density housing located near urban services and entertainment; mid-age people with children traditionally prefer lower-density, single-family homes. As lifestyles shift, a number of mid-age people are also choosing to live in urban neighborhoods and may not be in a traditional family household. Shifts in lifestyles have contributed significantly to absorption of high-density rentals and condominiums in the core central cities.

Table 2 presents the age distribution of the PMA and SMA populations from the 2000 and 2010 Censuses, with estimates for 2015 and projections for 2020, 2030 and 2040. The 2015 estimate and the 2020 to 2040 forecasts were compiled by Maxfield Research, with input from ESRI Inc., and the Minnesota State Demographer's office. All estimates and projections are based on our understanding and knowledge of local market and economic conditions and growth patterns in the Region.

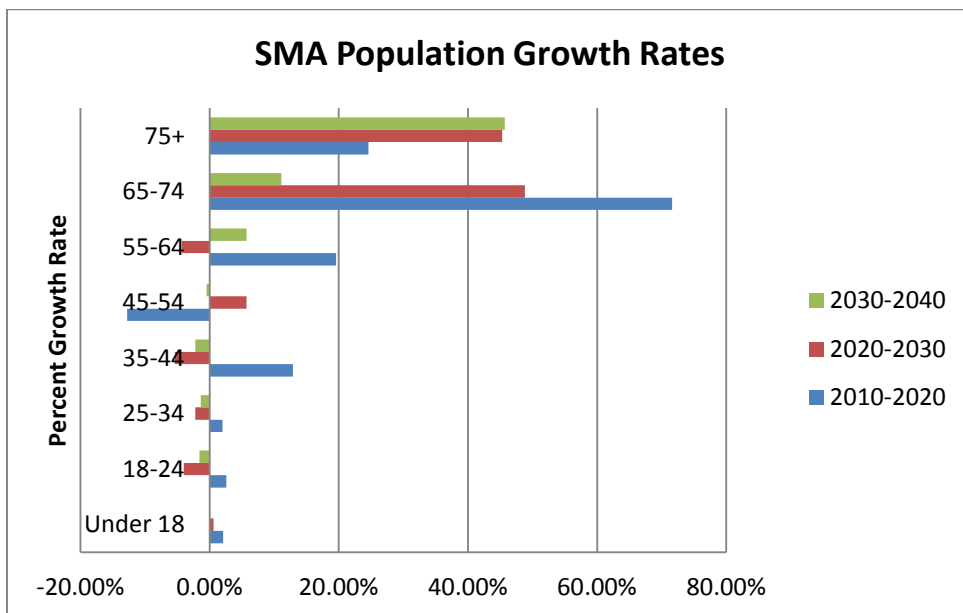
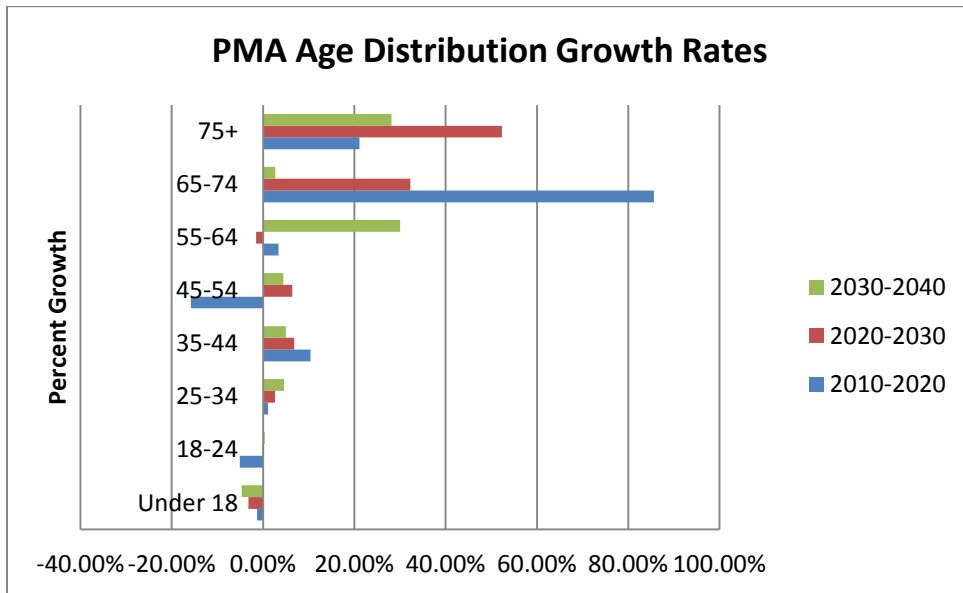
The following are key highlights regarding the age distribution of the PMA and SMA populations.

- The table shows that the Primary Market Area is dominated by a higher proportion of people between the ages of 25 and 44. This reflects a number of young people that work in Minneapolis and St. Paul and choose to reside in areas that are generally close to urban entertainment districts and public transit. As shown on Table 2, 29% of the population in the PMA in 2010 was between the ages of 25 and 44, the primary age group for renters and first-time home buyers. By 2020, this proportion is forecast to remain essentially stable at 28%. In addition to younger people, older people age 65 years or older are anticipated to exhibit very strong increases in the PMA during this decade.
- With the aging of the baby boom generation, the greatest growth (numerically and proportionally) in the Primary Market Area to 2040 is expected to occur among those ages 65 to 74 and 75 years or older, the baby boom generation. Not all of these people will prefer to live in age-restricted housing. We anticipate a wide variety of housing products will be needed to satisfy the potential demand from this age group. However, some may not be able to move or choose their most desired housing if there are not enough buyers to purchase existing homes from those that have occupied them for many years. With a more regional draw for the Ford Plant site, we anticipate however, sufficient interest in the site and in the surrounding neighborhood to support new housing and maintain existing homes.

- By comparison, the SMA and the Seven County Metro Area’s populations have modestly higher proportions of people under age 18 and people between the ages of 35 and 54, indicating more families with children. The SMA and the Seven County Metro Area are expected to see more growth over the long-term in the older age cohorts (55+), but modest decreases among children and teens (under 18) and those currently ages 45 to 54, who will be moving into the 55 to 64 age group over the next ten years. The latter group consists of people considered as “baby busters” since they were born during a period of declining birthrates in the United States.

	U.S. Census		Estimate	Forecasts			Change 2010-2020		Change 2020-2030		Change 2030-2040	
	2000	2010	2015	2020	2030	2040	No.	Pct.	No.	Pct.	No.	Pct.
PRIMARY MARKET AREA												
Under 18	26,322	23,158	22,878	22,861	22,123	21,075	-297	-1.3%	-738	-3.2%	-1,048	-4.7%
18 to 24	15,935	16,998	15,983	16,130	16,110	16,167	-868	-5.1%	-20	-0.1%	57	0.4%
25 to 34	20,848	19,802	20,194	20,023	20,545	21,495	221	1.1%	522	2.6%	950	4.6%
35 to 44	20,605	15,687	15,447	17,312	18,376	19,294	1,625	10.4%	1,064	6.8%	918	5.0%
45 to 54	18,548	17,878	16,346	15,050	16,203	16,913	-2,828	-15.8%	1,153	6.4%	710	4.4%
55 to 64	9,304	16,120	17,350	16,671	16,432	16,486	551	3.4%	-239	-1.5%	54	0.3%
65 to 74	6,822	7,295	10,333	13,543	15,898	16,328	6,248	85.6%	2,355	32.3%	430	2.7%
75 plus	8,212	7,099	7,444	8,599	12,313	15,772	1,500	21.1%	3,714	52.3%	3,459	28.1%
Total	126,596	124,037	125,975	130,189	138,000	143,530	6,152	5.0%	7,811	6.0%	5,530	4.0%
SECONDARY MARKET AREA												
Under 18	502,048	484,898	488,479	495,106	498,000	498,015	10,208	2.1%	2,894	0.6%	15	0.0%
18 to 24	194,951	205,671	219,628	211,025	202,845	199,577	5,354	2.6%	-8,180	-4.0%	-3,268	-1.6%
25 to 34	314,528	318,921	325,921	325,379	318,456	313,879	6,458	2.0%	-6,923	-2.2%	-4,577	-1.4%
35 to 44	340,337	272,149	278,900	307,331	292,660	286,152	35,182	12.9%	-14,671	-5.4%	-6,508	-2.2%
45 to 54	272,631	308,034	292,685	268,682	286,117	284,659	-39,352	-12.8%	17,435	5.7%	-1,458	-0.5%
55 to 64	150,538	238,133	278,186	284,888	274,693	290,274	46,755	19.6%	-10,195	-4.3%	15,581	5.7%
65 to 74	103,305	119,300	165,787	204,764	262,948	292,118	85,464	71.6%	58,184	48.8%	29,170	11.1%
75 plus	104,801	112,511	125,174	140,205	191,156	278,546	27,694	24.6%	50,951	45.3%	87,390	45.7%
Total	1,983,139	2,059,617	2,174,760	2,237,380	2,326,875	2,443,220	177,763	8.6%	89,495	4.0%	116,345	5.0%
TWIN CITIES METRO AREA												
Under 18	697,534	662,821	702,682	714,797	734,568	776,644	51,976	7.8%	19,771	3.0%	42,076	5.7%
18 to 24	244,226	263,462	288,059	277,478	300,659	324,001	14,016	5.3%	23,181	8.8%	23,342	7.8%
25 to 34	411,155	420,311	431,222	438,658	475,305	508,410	18,347	4.4%	36,647	8.7%	33,105	7.0%
35 to 44	469,324	391,324	394,007	435,123	471,474	508,078	43,799	11.2%	36,351	9.3%	36,604	7.8%
45 to 54	363,592	440,753	423,735	389,480	422,018	454,782	-51,273	-11.6%	32,538	7.4%	32,764	7.8%
55 to 64	200,980	326,007	385,199	405,564	429,446	473,563	79,557	24.4%	23,882	7.3%	44,117	10.3%
65 to 74	130,615	163,425	225,923	281,649	325,124	340,668	118,224	72.3%	43,475	26.6%	15,544	4.8%
75 plus	124,630	47,775	160,953	184,911	230,358	265,914	137,136	287.0%	45,447	95.1%	35,556	15.4%
Total	2,642,056	2,715,878	3,011,780	3,127,660	3,388,952	3,652,060	411,782	15.2%	261,292	8.4%	263,108	7.8%

Sources: U.S. Census; ESRI; Metropolitan Council; Maxfield Research & Consulting, LLC



Household Income

Income data is important when considering the ability of households to pay different rent levels. Table 3 presents data on household income by age of householder for the PMA in 2015 and 2020. The data is estimated by ESRI, Inc., a national demographic services firm and adjusted by Maxfield Research to reflect the most current local household estimates and projections. Table 3 shows the number of households and median household income in each

age and income category in 2015 and 2020 for the PMA. Table 4 presents similar information for the SMA. Household incomes have fluctuated over the past decade. Prior to the Recession, household incomes were increasing more rapidly. Post-Recession, income growth moderated. Household incomes are generally keeping modestly ahead of the current inflation rate (about 2.0%) and household incomes in the Twin Cities Metro Area have generally been relatively high.

The following are key points from Tables 3 and 4.

- In 2015, the median household income in the Primary Market Area is estimated to be \$59,140. By 2020, the PMA's median income is projected to climb to \$70,366 (19.0%) or an average annual increase of 3.53%. This is above the average annual rate of inflation which has been about 2.0% for the past several years. The increase in household income is anticipated to be generated by overall increases in income for each age group.
- The table shows that the largest householder segment in the Primary Market Area in 2015 is householders ages 55 to 64, which comprise nearly 20% of the total households in the PMA. This group is followed closely by households ages 25 to 34 with 19.3% of the total household base. Households ages 45 to 54 comprise another 18% of total households in the PMA.
- The 25 to 34 and 35 to 44 age cohorts are typically the primary target markets for rental housing on the Site. These households are generally young professionals and working people, roommates, same sex couples and couples without children. Households ages 45 years or older are likely to be the primary target market for for-sale housing on the subject Site. However, over the past several years in the Twin Cities, the proportion of households in all age groups electing to rent their housing has increased modestly, except for households ages 65 to 74, whose percentage of ownership has increased during this same period. Households age 75 years or older may often elect a housing situation that offers them support services in addition to shelter.
- In 2015, the median household income in the Secondary Market Area is estimated to be \$63,269. By 2020, the SMA's median income is projected to climb to \$75,337 (19.1%) or an average annual increase of 3.55%. This is above the average annual rate of inflation which has been about 2.0% for the past several years.
- The table shows that the largest householder segment in the Secondary Market Area in 2015 is householders ages 45 to 54, which comprise 19.3% of the total households in the SMA. This group is followed closely by households ages 55 to 64 with 19.1% of the total household base. Households ages 25 to 34 comprise another 18% of total households in the SMA.

TABLE 3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2015 & 2020								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2015								
Less than \$15,000	5,910	680	1,319	650	711	1,044	643	863
\$15,000 to \$24,999	4,869	405	983	618	553	828	631	851
\$25,000 to \$34,999	5,067	425	1,154	669	637	736	648	798
\$35,000 to \$49,999	7,375	536	1,787	1,094	901	1,075	1,029	953
\$50,000 to \$74,999	9,582	485	1,972	1,509	1,607	1,700	1,425	884
\$75,000 to \$99,999	7,092	252	1,387	1,367	1,360	1,465	977	284
\$100,000 or more	15,316	290	2,069	2,915	4,052	4,099	1,412	479
Total	55,211	3,073	10,671	8,822	9,821	10,947	6,765	5,112
Median Income	\$59,140	\$35,512	\$50,778	\$72,069	\$82,612	\$76,167	\$55,484	\$35,470
<i>Twin Cities Metro</i>	<i>\$67,795</i>	<i>\$34,820</i>	<i>\$58,146</i>	<i>\$81,972</i>	<i>\$88,167</i>	<i>\$80,649</i>	<i>\$58,179</i>	<i>\$37,464</i>
2020								
Less than \$15,000	5,620	670	1,145	687	593	863	706	956
\$15,000 to \$24,999	3,679	338	694	460	350	467	602	768
\$25,000 to \$34,999	4,276	361	902	570	446	533	672	792
\$35,000 to \$49,999	6,832	498	1,569	1,023	632	887	1,187	1,036
\$50,000 to \$74,999	9,570	512	1,895	1,526	1,265	1,525	1,793	1,054
\$75,000 to \$99,999	8,425	307	1,580	1,657	1,367	1,549	1,536	429
\$100,000 or more	18,909	393	2,645	3,912	4,326	4,569	2,260	804
Total	57,311	3,079	10,430	9,835	8,979	10,393	8,756	5,839
Median Income	\$70,366	\$39,024	\$59,569	\$82,999	\$96,188	\$88,090	\$64,585	\$39,604
<i>Twin Cities Metro</i>	<i>\$78,703</i>	<i>\$37,641</i>	<i>\$68,180</i>	<i>\$92,464</i>	<i>\$99,756</i>	<i>\$93,254</i>	<i>\$69,137</i>	<i>\$42,675</i>
Change 2015 - 2020								
Less than \$15,000	-290	-10	-174	37	-118	-181	63	93
\$15,000 to \$24,999	-1,190	-67	-289	-158	-203	-361	-29	-83
\$25,000 to \$34,999	-791	-64	-252	-99	-191	-203	24	-6
\$35,000 to \$49,999	-543	-38	-218	-71	-269	-188	158	83
\$50,000 to \$74,999	-12	27	-77	17	-342	-175	368	170
\$75,000 to \$99,999	1,333	55	193	290	7	84	559	145
\$100,000 or more	3,593	103	576	997	274	470	848	325
Total	2,100	6	-241	1,013	-842	-554	1,991	727
Median Income	\$11,226	\$3,512	\$8,791	\$10,930	\$13,576	\$11,923	\$9,101	\$4,134

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

TABLE 4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER SECONDARY MARKET AREA 2015 & 2020								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2015								
Less than \$15,000	83,288	9,323	17,607	10,211	10,672	14,530	9,220	11,726
\$15,000 to \$24,999	68,642	5,999	13,366	9,101	7,769	10,840	8,329	13,236
\$25,000 to \$34,999	76,559	5,956	16,774	10,685	9,750	11,009	9,243	13,142
\$35,000 to \$49,999	112,100	6,737	24,062	17,182	15,534	15,517	16,436	16,632
\$50,000 to \$74,999	155,809	6,164	31,065	27,304	28,814	27,071	21,486	13,905
\$75,000 to \$99,999	123,717	3,210	23,851	24,488	26,303	24,429	15,929	5,507
\$100,000 or more	254,885	2,981	32,818	55,610	69,743	63,878	21,762	8,093
Total	875,000	40,370	159,543	154,582	168,585	167,274	102,405	82,241
Median Income	\$63,269	\$32,667	\$54,614	\$77,139	\$84,338	\$78,709	\$56,947	\$36,920
<i>Twin Cities Metro</i>	<i>\$67,795</i>	<i>\$34,820</i>	<i>\$58,146</i>	<i>\$81,972</i>	<i>\$88,167</i>	<i>\$80,649</i>	<i>\$58,179</i>	<i>\$37,464</i>
2020								
Less than \$15,000	81,538	9,583	16,523	10,269	9,021	12,969	10,181	12,992
\$15,000 to \$24,999	53,061	5,052	10,134	7,008	4,964	6,819	7,515	11,569
\$25,000 to \$34,999	65,471	5,360	13,499	9,197	7,022	8,398	9,217	12,778
\$35,000 to \$49,999	104,185	6,407	21,346	16,033	11,556	13,356	17,565	17,922
\$50,000 to \$74,999	153,981	6,581	29,478	27,288	23,038	25,308	25,329	16,958
\$75,000 to \$99,999	145,473	4,002	27,391	29,500	26,143	27,144	23,057	8,236
\$100,000 or more	318,191	3,962	41,286	72,663	73,947	77,285	35,311	13,738
Total	921,900	40,947	159,656	171,959	155,692	171,280	128,174	94,192
Median Income	\$75,337	\$35,799	\$63,222	\$86,756	\$95,234	\$90,655	\$67,514	\$41,792
<i>Twin Cities Metro</i>	<i>\$78,703</i>	<i>\$37,641</i>	<i>\$68,180</i>	<i>\$92,464</i>	<i>\$99,756</i>	<i>\$93,254</i>	<i>\$69,137</i>	<i>\$42,675</i>
Change 2015 - 2020								
Less than \$15,000	-1,750	261	-1,084	58	-1,651	-1,560	961	1,266
\$15,000 to \$24,999	-15,581	-947	-3,232	-2,094	-2,805	-4,022	-814	-1,668
\$25,000 to \$34,999	-11,088	-596	-3,276	-1,488	-2,728	-2,611	-26	-364
\$35,000 to \$49,999	-7,915	-330	-2,715	-1,149	-3,977	-2,161	1,129	1,289
\$50,000 to \$74,999	-1,828	416	-1,587	-16	-5,776	-1,762	3,843	3,053
\$75,000 to \$99,999	21,756	792	3,539	5,012	-160	2,715	7,128	2,729
\$100,000 or more	63,306	981	8,468	17,053	4,204	13,407	13,549	5,644
Total	46,900	578	113	17,377	-12,893	4,006	25,769	11,951
Median Income	\$12,068	\$3,132	\$8,608	\$9,617	\$10,896	\$11,946	\$10,567	\$4,872

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

- The 2015 median income for the 55 to 64 age group in the PMA is \$76,167 and in the SMA is \$78,709.

Household Tenure

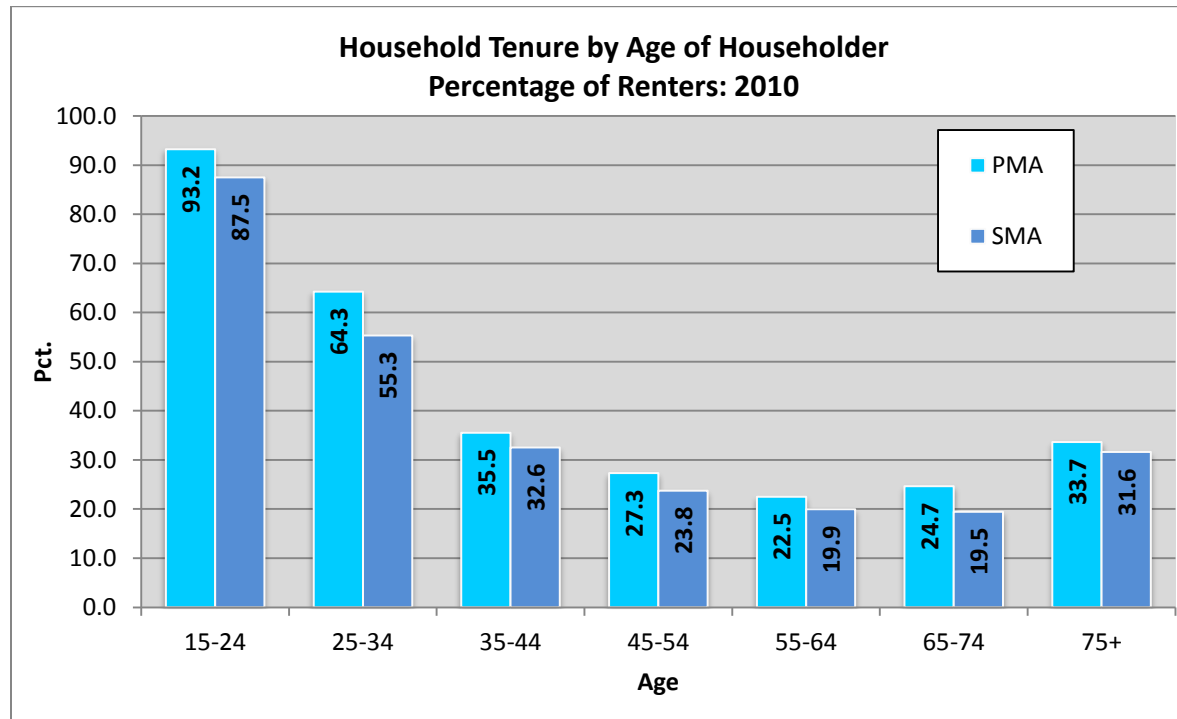
Table 5 shows household tenure by age of householder for the PMA, the SMA and the Twin Cities Metro Area (7-County) as of 2000 and 2010. The data shows the number and percent of renter- and owner-occupied housing units in each of these areas. This information is important to understand households' preferences with respect to renting or owning their housing. Other factors that contribute to these proportions include mortgage interest rates, age of the household and lifestyle considerations, among others. During the early 2000s, there was a trend toward owned housing as mortgage interest rates were very low and credit was plentiful. As the housing market slowed during the recession, multifamily rental units became more popular due to difficulties with obtaining mortgages, high home foreclosures and a general skepticism among young and mid-age households regarding the potential appreciation or depreciation of housing in the short-term.

The following are key points from Table 5.

- Typically, the youngest and oldest households rent their housing in greater proportions than mid-age households. This is exhibited in the Primary Market Area where many of the youngest households rent their housing.
- Due to the recession, nearly every household age cohort increased its proportion of renters. This occurred as a result of several factors including higher home foreclosures, tightening of credit restrictions and concern among younger householders of the long-term appreciation potential of ownership housing.
- Rental rates in the Primary Market Area (39.7%) are higher than the Secondary Market Area at 34.3% and the Seven County Metro Area (30.0%). Among the 25 to 44 age cohorts, the proportion that rents their housing in the PMA is higher than the proportion in that same age group in the SMA. Similarly, the proportion of renters in the PMA in each age category is higher than the proportion in the SMA except for households 85+.
- Between 2000 and 2010, all age cohorts in the PMA increased their proportion of renter households. In the SMA, all age cohorts, except those ages 75 to 84 and 85+ increased their proportion of renter households.

Age		Primary Market Area				Secondary Market Area			
		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	324	8.6	239	6.8	6,675	13.8	5,316	12.5
	Rent	3,458	91.4	3,282	93.2	41,747	86.2	37,275	87.5
	Total	3,782	100.0	3,521	100.0	48,422	100.0	42,591	100.0
25-34	Own	4,639	40.6	3,771	35.7	79,442	49.3	70,457	44.7
	Rent	6,789	59.4	6,780	64.3	81,578	50.7	87,154	55.3
	Total	11,428	100.0	10,551	100.0	161,020	100.0	157,611	100.0
35-44	Own	8,362	69.3	5,804	64.5	142,133	73.7	102,323	67.4
	Rent	3,697	30.7	3,200	35.5	50,624	26.3	49,388	32.6
	Total	12,059	100.0	9,004	100.0	192,757	100.0	151,711	100.0
45-54	Own	8,989	77.9	7,862	72.7	130,294	80.5	136,911	76.2
	Rent	2,543	22.1	2,955	27.3	31,503	19.5	42,658	23.8
	Total	11,532	100.0	10,817	100.0	161,797	100.0	179,569	100.0
55-64	Own	4,567	79.1	7,947	77.5	75,316	82.6	116,806	80.1
	Rent	1,204	20.9	2,312	22.5	15,811	17.4	29,094	19.9
	Total	5,771	100.0	10,259	100.0	91,127	100.0	145,900	100.0
65-74	Own	3,307	75.6	3,635	75.3	53,098	81.2	61,220	80.5
	Rent	1,066	24.4	1,191	24.7	12,308	18.8	14,801	19.5
	Total	4,373	100.0	4,826	100.0	65,406	100.0	76,021	100.0
75-84	Own	2,855	72.2	2,254	69.6	36,397	71.9	38,536	75.0
	Rent	1,097	27.8	984	30.4	14,224	28.1	12,813	25.0
	Total	3,952	100.0	3,238	100.0	50,621	100.0	51,349	100.0
85+	Own	1,002	61.1	1,000	60.0	8,777	50.5	14,308	55.2
	Rent	639	38.9	668	40.0	8,589	49.5	11,604	44.8
	Total	1,641	100.0	1,668	100.0	17,366	100.0	25,912	100.0
TOTAL	Own	34,045	62.4	32,512	60.3	532,132	67.5	545,877	65.7
	Rent	20,493	37.6	21,372	39.7	256,384	32.5	284,787	34.3
	Total	54,538	100.0	53,884	100.0	788,516	100.0	830,664	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



Household Type

Table 6 shows household type trends in the Primary and Secondary Market Areas in 2000 and 2010. This data is important in that it provides information on the types of housing products that may be attractive to various groups. For example, married couple families with children most often prefer single-family homes or townhomes while singles will often opt for a multifamily unit, either rental or for-sale. Empty-nesters and seniors often look for single-level living. The 2000 and 2010 data is from the U.S. Census.

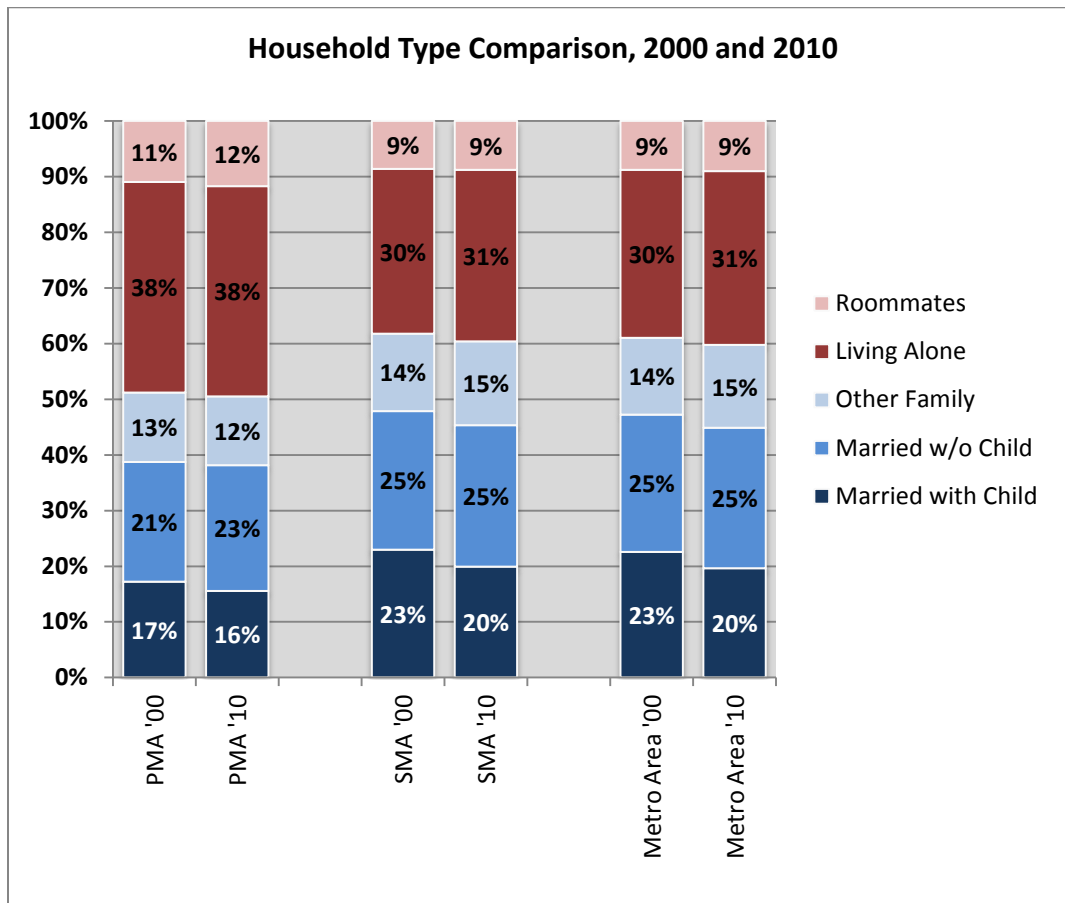
The following are key points from Table 6:

- Households living alone, one of the primary market segments for high density residential units (apartments, townhomes and condominiums), dominates the Primary Market Area's household base and accounted for 38% of all households in the PMA in 2000 and 2010. Total households in the PMA increased modestly from 2000 to 2010. A similar situation was present among SMA households with the number of households also increasing modestly overall in the SMA.

**TABLE 6
HOUSEHOLD TYPE
PRIMARY AND SECONDARY MARKET AREAS
2000 & 2010**

Number of Households	Total HH's		Family Households						Non-Family Households			
	2000	2010	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Primary Market Area	53,626	53,884	11,520	12,163	9,230	8,383	6,713	6,682	20,291	20,349	5,872	6,307
Secondary Market Area	788,516	830,664	194,499	209,373	178,109	163,130	108,722	123,929	237,861	259,608	69,325	74,624
7-County Metro	1,021,454	1,117,749	263,626	290,476	256,655	252,934	137,878	164,086	281,086	319,030	82,209	91,223
Percent of Total												
Primary Market Area	100%	100%	21.5%	22.6%	17.2%	15.6%	12.5%	12.4%	37.8%	37.8%	10.9%	11.7%
Secondary Market Area	100%	100%	24.7%	25.2%	22.6%	19.6%	13.8%	14.9%	30.2%	31.3%	8.8%	9.0%
7-County Metro	100.0	100.0	25.8	26.0	25.1	22.6	13.5	14.7	27.5	28.5	8.0	8.2
Change 2000-2010												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Primary Market Area	258	0.5%	643	5.6%	-847	-9.2%	-31	-0.5%	58	0.3%	435	7.4%
Secondary Market Area	42,148	5.3%	14,874	7.6%	-14,979	-8.4%	15,207	14.0%	21,747	9.1%	5,299	7.6%
7-County Metro	96,295	9.4	26,850	10.2	-3,721	-1.4	26,208	19.0	37,944	13.5	9,014	11.0
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC												

- Much of the household growth occurring between 2000 and 2010 in the PMA and SMA was in married households without children. The number of households that were married without children in the PMA and SMA increased by about 1% between 2000 and 2010, but accounted for approximately 35% of the growth in the SMA, but was more than double the growth in the PMA as other household types decreased during the same period.



- In the Seven County Metro Area, Married Couples without children remained at 25% of the household base while Married Couples with Children shrank to 20% and Other Family and Living Alone each increased by 1%. The Seven County Metro Area gained +96,295 households (+9.4%). Living Alone had the highest numerical growth, gaining 37,944 (13.5%), while Other family households (single-parent households either male or female-headed) had the highest proportional growth, gaining 19% (26,208 households).

Employment Growth Trends

Table 7 shows employment growth trends (number of jobs) and projections from 2000 to 2040. This information was compiled using data published by the Metropolitan Council and the Minnesota Department of Employment and Economic Development. The Metropolitan Council and the Minnesota Department of Employment and Economic Development (MNDEED) provide estimates and forecasts for county subdivisions. Forecasts and estimates are not available for the PMA geographies individually. However, data for parts of Cities using Zip Code boundaries are compiled by MNDEED and were used to estimate the employment base for the PMA.

Employment growth can fuel household and population growth as people generally desire to live near where they work. Long commute times and the redevelopment of core cities have encouraged households to move closer to major employment centers such as Downtown St. Paul and Downtown Minneapolis. The following highlights local employment growth trends for the PMA, the SMA and the Twin Cities Metro Area.

- Employment in the PMA was estimated to be 11,068 as of 2000. The economic recession resulted in a loss of employment in each of the areas shown on the Table. Since 2010, jobs have been increasing throughout the Twin Cities Metro Area and this is reflected in the increased job counts for each of the geographic jurisdictions.
- Job growth is forecast to be moderate in the SMA and the Twin Cities Metro Area as a whole, but with additional redevelopment, is forecast to be higher in the PMA, which experienced a significant job increase post-recession. We anticipate that with the redevelopment of several areas within the PMA that job growth has the potential to increase at a rate that is higher than either the SMA or the Twin Cities.

TABLE 7
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
PRIMARY AND SECONDARY MARKET AREAS
2000 to 2040

	Estimates			Forecasts			Change					
	2000	2010	2015	2020	2030	2040	2010-2020		2020-2030		2030-2040	
							No.	Pct.	No.	Pct.	No.	Pct.
EMPLOYMENT												
PMA	11,068	8,647	11,169	11,727	15,838	18,934	3,080	35.6%	4,111	35.1%	3,096	27.7%
SMA	1,364,893	1,292,218	1,397,145	1,479,450	1,571,600	1,662,420	187,232	14.5%	92,150	6.2%	90,820	6.5%
7-County Metro	1,606,263	1,543,872	1,680,396	1,791,080	1,913,050	2,032,660	247,208	16.0%	121,970	6.8%	119,610	7.1%

Sources: Metropolitan Council, MN DEED, Maxfield Research and Consulting, LLC

HOUSING MARKET ANALYSIS

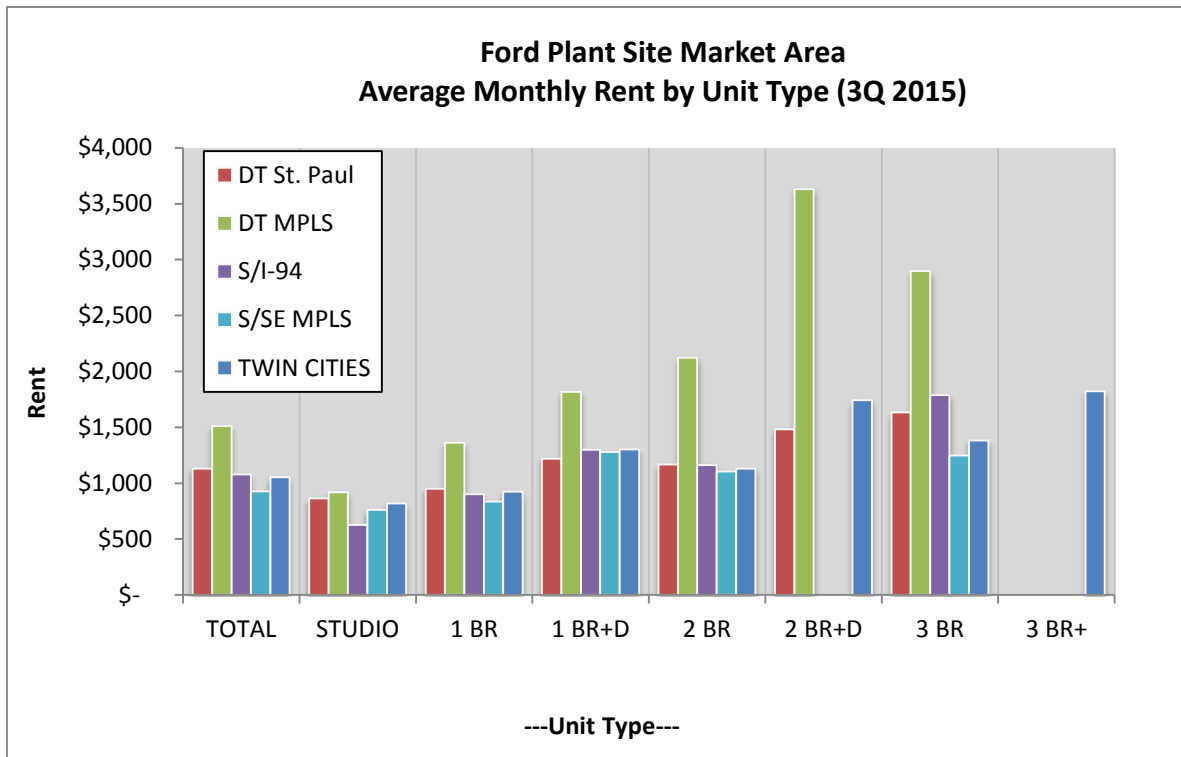
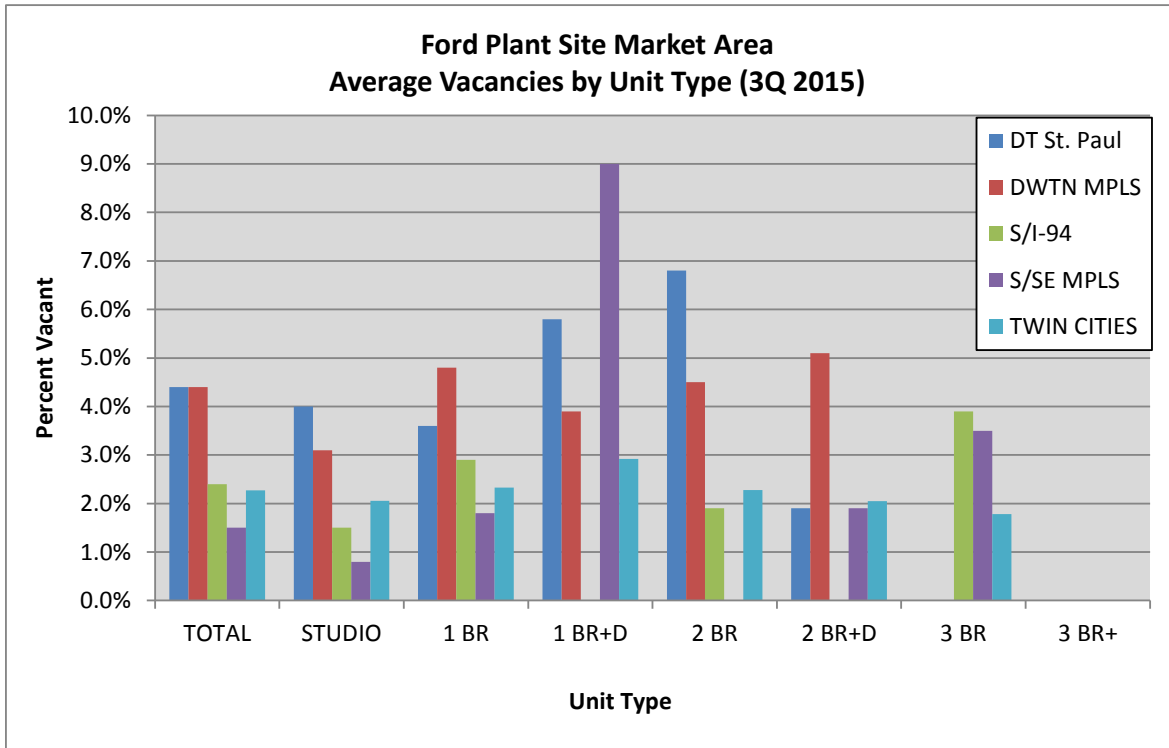
Rental Housing Market Conditions

Table 8 and the accompanying charts present rental housing market conditions for St. Paul south of Interstate 94, South/Southeast Minneapolis, Downtown Minneapolis and Downtown St. Paul. Although prospects for rental housing on the Ford Site in Downtown St. Paul will be drawn from a geographic area that is much larger than this, vacancy rates and monthly rental rates as shown in the table identify the overall current market conditions for rental housing in each of these submarkets. Additional detailed information on new luxury rental properties is provided in a separate table.

Table 8 shows average rents and vacancies for four submarkets in the Twin Cities Metro Area. Information is presented for Downtown St. Paul and Downtown Minneapolis, two submarkets that have experienced increased housing luxury rental housing development over the past five years. In addition, East/Southeast Minneapolis is shown (new rental development along the Blue Line LRT) and St. Paul (south of I-94). New rental housing in St. Paul south of I-94 has primarily occurred along West 7th Street and most recently on Snelling Avenue. Lower rent levels for this submarket reflect the large number of older apartments in this submarket. This does not mean however, a low potential to support higher rent levels that would be commensurate with updated product and a high level of contemporary amenities.

TABLE 8 AVERAGE RENTS/VACANCIES TRENDS FORD SITE SELECTED SUBMARKETS Third Quarter 2014 to Third Quarter 2015									
	Total	Studio	1 BR	1 BR w/ Den	2 BR	2 BR w/ Den	3 BR	3 BR/D or 4BR	Average Increase
DOWNTOWN ST. PAUL									
Q3/2014	Units	2,370	436	1,073	107	476	170	108	--
	No. Vacant	181	53	62	4	26	33	3	--
	Avg. Rent	\$1,347	\$979	\$1,197	\$1,358	\$1,610	\$2,368	\$1,556	12.7%
	Vacancy	7.6%	12.2%	5.8%	3.7%	5.5%	19.4%	2.8%	5.5%
Q3/2015	Units	2,410	378	1,138	190	562	107	35	--
	No. Vacant	107	15	41	11	38	2	0	--
	Avg. Rent	\$1,130	\$864	\$950	\$1,219	\$1,169	\$1,484	\$1,633	3.3%
	Vacancy	4.4%	4.0%	3.6%	5.8%	6.8%	1.9%	0.0%	-3.2%
SOUTH OF I-94 (ST. PAUL)									
Q3/2014	Units	3,363	196	1,496	67	1,398	--	206	--
	No. Vacant	104	4	58	0	35	--	7	--
	Avg. Rent	\$1,019	\$602	\$885	\$1,300	\$1,117	--	\$1,778	-0.5%
	Vacancy	3.1%	2.0%	3.9%	--	2.5%	--	3.4%	0.1%
Q3/2015	Units	3,531	196	1,580	67	1,458	--	230	--
	No. Vacant	84	3	46	0	27	--	8	--
	Avg. Rent	\$1,080	\$627	\$903	\$1,300	\$1,163	--	\$1,789	3.3%
	Vacancy	2.4%	1.5%	2.9%	0.0%	1.9%	--	3.5%	-2.0%
DOWNTOWN MINNEAPOLIS									
Q3/2014	Units	6,451	1,247	3,405	240	1,504	41	14	--
	No. Vacant	203	25	84	16	78	0	0	--
	Avg. Rent	\$1,422	\$859	\$1,290	\$1,706	\$2,090	\$2,896	\$2,942	5.9%
	Vacancy	3.1%	4.8%	2.6%	2.7%	3.4%	6.3%	3.2%	-0.2%
Q3/2015	Units	7,674	1,428	4,007	357	1,792	59	31	0
	No. Vacant	334	44	193	14	80	3	0	0
	Avg. Rent	\$1,511	\$918	\$1,362	\$1,818	\$2,124	\$3,630	\$2,900	6.3%
	Vacancy	4.4%	3.1%	4.8%	3.9%	4.5%	5.1%	0.0%	1.3%
SOUTH/SOUTHEAST MINNEAPOLIS									
Q3/2014	Units	4,635	400	2,558	61	1,477	--	139	--
	No. Vacant	78	8	42	0	28	--	0	--
	Avg. Rent	\$929	\$754	\$816	\$1,206	\$1,045	--	\$1,245	0.1%
	Vacancy	1.7%	2.0%	1.6%	0.0%	1.9%	--	0.0%	0.7%
Q3/2015	Units	4,106	400	2,294	69	1,212	--	131	--
	No. Vacant	62	3	30	0	27	--	2	--
	Avg. Rent	\$928	\$761	\$837	\$1,279	\$1,105	--	\$1,249	2.7%
	Vacancy	1.5%	0.8%	1.3%	0.0%	2.2%	--	1.5%	-0.4%
TWIN CITIES METRO AREA									
Q3/2014	Units	123,503	6,197	54,228	2,607	52,408	1,332	6,420	311
	No. Vacant	3,025	158	1,255	69	1,329	56	151	7
	Avg. Rent	\$935	\$772	\$884	\$1,219	\$1,090	\$1,587	\$1,349	\$1,713
	Vacancy	2.4%	2.5%	2.3%	2.6%	2.5%	4.2%	2.4%	2.3%
Q3/2015	Units	127,682	6,565	56,007	2,979	53,779	1,417	6,619	316
	No. Vacant	2,897	135	1,303	87	1,225	29	118	0
	Avg. Rent	\$1,053	\$818	\$926	\$1,302	\$1,132	\$1,742	\$1,382	\$1,824
	Vacancy	2.3%	2.1%	2.3%	2.9%	2.3%	2.0%	1.8%	0.0%

Sources: GVA Marquette Advisors; Maxfield Research and Consulting, LLC



Rent Levels – New Rental Properties

Tables 9 and 10 show rent levels for new rental buildings in Downtown Minneapolis, Downtown St. Paul and newer mid-rise buildings in Downtown Minneapolis and in St. Paul neighborhoods. Table 9 shows figures for Downtown Minneapolis and Table 10 shows figures for Downtown St. Paul and St. Paul neighborhoods. The tables separate mid-rise from high-rise properties. Proposed rent levels for units on the Ford Plant site are presented in 2016 dollars and divided between units with River views and units without River views that would be located on the interior of the property or facing to the east.

Rent levels for buildings on the Ford Plant site are benchmarked between Downtown St. Paul and Downtown Minneapolis and reflect pricing that is in between pricing for St. Paul and Minneapolis. Rent levels in Minneapolis are higher than those for St. Paul. Downtown Minneapolis has a larger inventory of luxury rentals than Downtown St. Paul, primarily because of Minneapolis' larger employment base and larger size Downtown. New product was developed earlier in Downtown Minneapolis than Downtown St. Paul, but new product continues to be developed in both locations.

New upscale buildings in South/Southeast Minneapolis were primarily developed as a result of redevelopment along the Blue Line LRT that runs between Downtown Minneapolis and the Mall of America.

New upscale buildings in St. Paul south of I-94 have been primarily redevelopment sites. Most of the new properties are located along West 7th Street, Gateway and Victoria Park. A large redevelopment of the former brewery into artist's housing also occurred along with 7th Street, with that product being income-restricted. Two other new buildings shown on the table are Vintage on Selby (Whole Foods-1st Floor) and East River Apartments (corner of Marshall & Otis) near the Mississippi River. East River leased up rapidly.

TABLE 9 SELECTED LUXURY RENTAL DEVELOPMENTS DOWNTOWN MINNEAPOLIS November 2015				
Property	No. of Units	Price Range	Square Feet	Price/Sq. Ft.
STUDIO UNITS				
Mid-Rise				
Latitude 45	75	\$1,260 - \$1,714	472 - 664	\$2.67 - \$2.58
Velo	34	\$1,330 - \$1,430	532 - 565	\$2.50 - \$2.53
222 Hennepin	28	\$1,455 - \$1,695	492 - 575	\$2.96 - \$2.95
Mill and Main	24	\$1,355 - \$1,455	534 - 534	\$2.54 - \$2.72
Third North	75	\$995 - \$1,395	424 - 538	\$2.35 - \$2.59
The Paxon	15	\$1,250 - \$1,450	468 - 532	\$2.67 - \$2.73
Total/Average	251	\$1,298	498	\$2.61
Ford Plant - Water Views	n/a	\$1,250 - \$1,420	495 - 535	\$2.53 - \$2.65
Ford Plant - Interior	n/a	\$1,225 - \$1,395	495 - 535	\$2.47 - \$2.61
High-Rise				
Nic on Fifth	68	\$1,470 - \$1,675	540 - 640	\$2.72 - \$2.62
4 Marq	20	\$1,325 - \$1,395	419 - 419	\$3.16 - \$3.33
LPM	29	\$1,606 - \$1,659	674 - 674	\$2.38 - \$2.46
Total/Average	117	\$1,551	582	\$2.67
ONE-BEDROOM UNITS				
Mid-Rise				
Latitude 45	135	\$1,564 - \$2,009	685 - 744	\$2.28 - \$2.70
Velo	53	\$1,538 - \$1,865	647 - 844	\$2.38 - \$2.21
222 Hennepin	144	\$1,620 - \$2,005	698 - 793	\$2.32 - \$2.53
Mill and Main	111	\$1,280 - \$2,200	557 - 823	\$2.30 - \$2.67
Third North	87	\$1,295 - \$1,675	492 - 734	\$2.63 - \$2.28
The Paxon	100	\$1,585 - \$2,200	610 - 837	\$2.60 - \$2.63
Total/Average	630	\$1,452	592	\$2.45
Ford Plant - Water Views	n/a	\$1,395 - \$1,625	650 - 750	\$2.15 - \$2.17
Ford Plant - Interior	n/a	\$1,325 - \$1,575	650 - 750	\$2.04 - \$2.10
High-Rise				
Nic on Fifth	69	\$1,645 - \$2,195	614 - 727	\$2.68 - \$3.02
4 Marq	149	\$1,350 - \$1,950	593 - 901	\$2.28 - \$2.16
LPM	263	\$1,669 - \$2,251	737 - 958	\$2.26 - \$2.35
Total/Average	481	\$1,858	791	\$2.35
ONE-BEDROOM PLUS DEN UNITS				
Mid-Rise				
Latitude 45	15	\$1,990 - \$2,255	872 - 907	\$2.28 - \$2.49
222 Hennepin	30	\$1,965 - \$2,195	895 - 895	\$2.20 - \$2.45
Third North	11	\$1,525 - \$1,675	681 - 734	\$2.24 - \$2.28
Total/Average	56	\$1,997	857	\$2.33
Ford Plant - Water Views	n/a	\$1,725 - \$1,795	875 - 930	\$1.97 - \$1.93
Ford Plant - Interior	n/a	\$1,675 - \$1,925	875 - 930	\$1.91 - \$2.07
High-Rise				
Nic on Fifth	33	\$1,970 - \$2,100	785 - 797	\$2.51 - \$2.63
4 Marq	15	\$2,000 - \$2,250	868 - 1,000	\$2.30 - \$2.25
Total/Average	48	\$2,063	836	\$2.47
(continued)				

TABLE 9 SELECTED LUXURY RENTAL DEVELOPMENTS DOWNTOWN MINNEAPOLIS November 2015 (continued)				
Property	No. of Units	Price Range	Square Feet	Price/Sq. Ft.
TWO-BEDROOM UNITS				
Mid-Rise				
Latitude 45	65	\$2,470 - \$2,950	1,048 - 1,201	\$2.36 - \$2.46
Velo	19	\$2,350 - \$2,764	1,001 - 1,234	\$2.35 - \$2.24
222 Hennepin	76	\$2,000 - \$3,095	971 - 1,290	\$2.06 - \$2.40
Mill and Main	35	\$2,350 - \$4,050	1,058 - 1,450	\$2.22 - \$2.79
Third North	31	\$2,275 - \$2,495	969 - 1,117	\$2.35 - \$2.23
The Paxon	25	\$2,310 - \$3,115	924 - 1,098	\$2.50 - \$2.84
Total/Average	251	\$2,678	1,122	\$2.39
Ford Plant - Water Views	n/a	\$1,995 - \$2,500	980 - 1,150	\$2.04 - \$2.17
Ford Plant - Interior	n/a	\$1,925 - \$2,300	980 - 1,150	\$1.96 - \$2.00
High-Rise				
Nic on Fifth	71	\$2,495 - \$3,295	1,053 - 1,112	\$2.37 - \$2.96
4 Marq	65	\$2,450 - \$3,150	1,105 - 1,105	\$2.22 - \$2.85
LPM	61	\$2,713 - \$2,902	1,055 - 1,600	\$2.57 - \$1.81
Total/Average	197	\$2,837	1,166	\$2.43
TWO-BEDROOM PLUS DEN/THREE-BEDROOM UNITS				
Mid-Rise				
222 Hennepin	6	\$3,520 - \$3,795	1,372 - 1,372	\$2.57 - \$2.77
Mill and Main	10	\$3,195 - \$3,900	1,521 - 1,867	\$2.10 - \$2.09
Total/Average	16	\$3,589	1,573	\$2.28
Ford Plant - Water Views	n/a	\$2,600 - \$2,800	1,350 - 1,350	\$1.93 - \$2.07
Ford Plant - Interior	n/a	\$2,350 - \$2,550	1,300 - 1,350	\$1.81 - \$1.89
High-Rise				
4 Marq	8	\$4,900 - \$4,950	1,564 - 1,617	\$3.13 - \$3.06
LPM	1	\$5,500 - \$5,500	2,056 - 2,056	\$2.68 - \$2.68
Total/Average	9	\$4,989	1,642	\$3.04
PENTHOUSE UNITS				
Mid-Rise				
Latitude 45	35	\$1,440 - \$2,664	605 - 1,078	\$2.38 - \$2.47
222 Hennepin	2	\$4,220 - \$4,220	1,560 - 1,560	\$2.71 - \$2.71
Total/Average	37	\$2,169	880	\$2.46
Ford Plant - Water Views	n/a	\$4,500 - \$4,500	2,400 - 2,400	\$1.88 - \$1.88
High-Rise				
Nic on Fifth	21	\$3,195 - \$5,635	1,181 - 1,902	\$2.71 - \$2.96
Total/Average	21	\$4,415	1,542	\$2.86

Sources: Maxfield Research and Consulting, LLC

TABLE 10 SELECTED LUXURY RENTAL DEVELOPMENTS DOWNTOWN ST. PAUL AND SURROUNDING December 2015				
Property	No. of Units	Price Range	Square Feet	Price/Sq. Ft.
STUDIO UNITS				
Mid-Rise				
Victoria Park Apartments	52	\$1,455 - \$1,695	492 - 575	\$2.96 - \$2.95
2700 University Avenue	47	\$1,210 - \$1,210	555 - 555	\$2.18 - \$2.18
C & E Lofts	7	\$1,025 - \$1,150	485 - 644	\$2.11 - \$1.79
Total/Average	106	\$1,381	545	\$2.53
Ford Plant-Water Views	n/a	\$1,250 - \$1,420	495 - 535	\$2.53 - \$2.65
Ford Plant - Interior	n/a	\$1,225 - \$1,395	495 - 535	\$2.47 - \$2.61
High-Rise				
Custom House	19	\$1,080 - \$1,300	486 - 561	\$2.22 - \$2.32
Penfield	55	\$1,075 - \$1,230	540 - 584	\$1.99 - \$2.11
Pioneer Endicott	22	\$872 - \$1,373	422 - 706	\$2.07 - \$1.94
Total/Average	96	\$1,153	555	\$2.08
ONE-BEDROOM UNITS				
Mid-Rise				
East River Apartments	34	\$1,495 - \$1,595	722 - 722	\$2.07 - \$2.21
Vintage on Selby	104	\$1,225 - \$1,865	551 - 780	\$2.22 - \$2.39
Victoria Park Apartments	221	\$1,190 - \$1,490	540 - 972	\$2.20 - \$1.53
2700 University Avenue	102	\$1,570 - \$1,570	763 - 763	\$2.06 - \$2.06
C & E Lofts	68	\$1,125 - \$1,499	492 - 932	\$2.29 - \$1.61
Total/Average	529	\$1,434	732	\$1.96
Ford Plant-Water Views	n/a	\$1,395 - \$1,625	650 - 750	\$2.15 - \$2.17
Ford Plant - Interior	n/a	\$1,325 - \$1,575	650 - 750	\$2.04 - \$2.10
High-Rise				
Custom House	90	\$1,300 - \$1,795	597 - 806	\$2.18 - \$2.23
Penfield	108	\$1,350 - \$1,670	637 - 878	\$2.12 - \$1.90
Pioneer Endicott	128	\$1,112 - \$1,975	624 - 1,122	\$1.78 - \$1.76
Total/Average	326	\$1,534	787	\$1.95
ONE-BEDROOM PLUS DEN UNITS				
Mid-Rise				
Vintage on Selby	30	\$1,655 - \$1,900	855 - 949	\$1.94 - \$2.00
2700 University Avenue	6	\$1,725 - \$1,725	929 - 929	\$1.86 - \$1.86
Total/Average	30	\$1,778	902	\$1.97
Ford Plant - Water Views	n/a	\$1,725 - \$1,795	875 - 930	\$1.97 - \$1.93
Ford Plant - Interior	n/a	\$1,675 - \$1,925	875 - 930	\$1.91 - \$2.07
High-Rise				
Custom House	11	\$1,725 - \$2,075	913 - 1,029	\$1.89 - \$2.02
Penfield	6	\$1,860 - \$1,860	967 - 967	\$1.92 - \$1.92
Pioneer Endicott	14	\$1,495 - \$1,764	850 - 1,066	\$1.76 - \$1.65
Total/Average	31	\$1,034	532	\$1.95
(continued)				

TABLE 10 SELECTED LUXURY RENTAL DEVELOPMENTS DOWNTOWN ST. PAUL AND SURROUNDING December 2015 (continued)				
Property	No. of Units	Price Range	Square Feet	Price/Sq. Ft.
TWO-BEDROOM UNITS				
Mid-Rise				
East River Apartments	10	\$2,895 - \$2,895	1,035 - 1,035	\$2.80 - \$2.80
Vintage on Selby	52	\$1,980 - \$2,590	1,060 - 1,181	\$1.87 - \$2.19
Victoria Park Apartments	100	\$1,400 - \$1,840	865 - 1,272	\$1.62 - \$1.45
2700 University Avenue	38	\$2,021 - \$2,021	1,110 - 1,110	\$1.82 - \$1.82
C & E Lofts	29	\$1,575 - \$2,495	1,026 - 1,378	\$1.54 - \$1.81
Total/Average	229	\$1,946	1,103	\$1.76
Ford Plant - Water Views	n/a	\$1,995 - \$2,300	980 - 1,100	\$2.04 - \$2.09
Ford Plant - Interior	n/a	\$1,925 - \$2,150	980 - 1,100	\$1.96 - \$1.95
High-Rise				
Custom House	42	\$1,800 - \$2,675	976 - 1,328	\$1.84 - \$2.01
Penfield	75	\$1,940 - \$2,390	868 - 1,215	\$2.24 - \$1.97
Pioneer Endicott	68	\$1,495 - \$1,764	850 - 1,066	\$1.76 - \$1.65
Total/Average	185	\$1,985	1,036	\$1.92
TWO-BEDROOM PLUS DEN/THREE-BEDROOM UNITS				
Mid-Rise				
Vintage on Selby	18	\$2,395 - \$3,560	1,214 - 1,771	\$1.97 - \$2.01
Victoria Park	24	\$1,705 - \$2,230	1,314 - 1,640	\$1.30 - \$1.36
2700 University Avenue	5	\$2,000 - \$2,000	1,394 - 1,394	\$1.43 - \$1.43
Total/Average	47	\$2,145	1,326	\$1.62
Ford Plant - Water Views	n/a	\$2,600 - \$2,800	1,350 - 1,350	\$1.93 - \$2.07
Ford Plant - Interior	n/a	\$2,350 - \$2,550	1,300 - 1,350	\$1.81 - \$1.89
High-Rise				
Custom House	9	\$2,645 - \$3,995	1,430 - 2,387	\$1.85 - \$1.67
Penfield	9	\$2,365 - \$2,630	1,360 - 1,464	\$1.74 - \$1.80
Pioneer Endicott	2	\$3,180 - \$3,297	1,731 - 1,737	\$1.84 - \$1.90
Total/Average	20	\$2,618	1,494	\$1.75
PENTHOUSE UNITS				
Mid-Rise				
Vintage on Selby	2	\$4,610 - \$4,610	2,585 - 2,585	\$1.78 - \$1.78
Total/Average	2	\$4,610	2,585	\$1.78
Ford Plant - Water Views	n/a	\$4,500 - \$4,500	2,400 - 2,400	\$1.88 - \$1.88
High-Rise				
Custom House	4	\$3,900 - \$4,550	1,701 - 2,058	\$2.29 - \$2.21
Total/Average	4	\$4,225	1,880	\$2.25

Sources: Maxfield Research and Consulting, LLC

Absorption Rates-Market Rate Rental Housing

Absorption rates for rental housing have varied across buildings and across neighborhoods. In 2010, with little new rental housing coming on the market, absorption rates were very high with buildings pre-leasing 50% to 100% of units prior to occupancy and monthly absorption rates of 25 to 30 units per month. As rent levels have increased to between \$2.20 and \$2.50 per square foot for Downtown product and as more units have come on-line, pre-lease rates have decreased to between 25% and 30% for most urban developments. Monthly absorption rates depending on when the building opens for occupancy (Twin Cities rentals tend to be quite seasonal), range from 12 to 20 units per month. Some suburban locations are likely to have pre-lease rates or monthly absorption rates above these levels as there has been much less new development in second-tier suburbs of the Twin Cities and vacancy rates in many submarkets remain below 3.0% including Burnsville, Golden Valley, Eden Prairie, Blaine, Brooklyn Park and Coon Rapids.

Absorption Rates –Affordable Rental

Absorption rates for affordable rentals, most of which have been funded through the Low Income Housing Tax Credit Program, have also been very strong. Many properties are fully leased prior to opening and those that are not fully-leased at opening are usually leased within two months of opening. Absorption rates for affordable rentals are primarily affected by the pace at which applicants can be qualified as there is more paperwork that must be completed to get applicants into these units. New affordable rentals are under construction on University Avenue at Hamline Station and were recently opened along the Blue Line LRT at Longfellow Station. Plans are in the works for workforce rental units at Central Exchange/Brownstone on the Green Line in addition to 100 to 140 units proposed by Aeon on a site along University Avenue. 2700 University Avenue is under construction with market rate rental units and 20% workforce affordable units on the Green Line. River Pointe Lofts is a mixed-income building at West 7th and Davern Streets, developed as part of the Gateway redevelopment.

Land Costs and Construction Costs – General Market and Senior Rentals

Tables 11 to 13 present a selection of new general and senior market rate rental developments and affordable rentals in the Twin Cities with land costs per acre and total construction costs including costs per unit. The table provides a selection of developments in urban as well as suburban locations for comparison. Dates of opening are also provided as a benchmark to costs. In general, development costs are higher in the urban locations versus suburban locations. It has generally been easier to achieve higher rent levels in the urban versus suburban locations, but the number of development proposals now in the suburban locations is rising. More cities are offering tax increment financing for new developments as rent levels continue to rise in the core central cities.

As of the end of December 2015, Ackerberg Group, a local Twin Cities real estate development firm, announced that it recently purchased a site at 735 Cleveland Avenue South in the heart of the Highland Park neighborhood to redevelop the property into 57 luxury rental units with 11,000 square feet of commercial office space on the first floor. Edina Realty currently occupies the existing building on the site which is slated to be razed to make way for the new building. Ackerberg paid \$2.6 million for the 0.41 acre parcel. This equates to \$6.3 million per acre for the land and building. Excluding the commercial space, land costs per unit for the luxury rental are estimated to range from \$25,000 to \$30,000 per unit.

**TABLE 11
SELECTED MARKET RATE NEW CONSTRUCTION RENTALS
TWIN CITIES METRO AREA**

	# of Units	Year Open	Land Cost	Land Cost/Unit	Total Dev. Costs	Total Dev. Cost/Unit
Downtown Minneapolis						
Mill District City Apartments	175	2010	n/a	n/a	\$32M	\$182,857
ElseWarehouse-Rehab	116	2012	\$3,400,000	\$29,311	\$30M	\$258,621
430 Oak Grove-Rehab	75	2012	\$3,000,000	\$40,000	\$20M	\$266,667
222 Hennepin Ave.	286	2013	\$6,700,000	\$23,427	\$71M	\$248,252
Brunsfeld North Loop	50	2013	\$1,180,000	\$23,600	\$8.5M	\$170,000
Dock Street	185	2013	\$13,740,000	\$74,270	\$40M	\$216,216
Mill and Main	180	2013	\$5,000,000	\$27,778	n/a	n/a
Soo Line Building-Rehab	255	2013	\$11,250,000	\$44,118	\$35M	\$137,255
Third North	204	2013	n/a	n/a	\$38M	\$186,275
Vue	119	2013	n/a	n/a	\$22M	\$184,874
Velo	106	2014	\$3,700,000	\$34,906	\$12M	\$113,208
LPM	354	2014	n/a	n/a	\$118M	\$333,333
Nic on Fifth	253	2014	\$8,250,000	\$32,609	\$100M	\$395,257
Junction Flats	182	2014	\$790,000	\$4,341	\$42M	\$230,769
The Paxon	139	2014	\$2,400,000	\$17,267	n/a	n/a
Downtown St. Paul						
Lofts at Farmer's Market	58	2012	n/a	n/a	\$12.9M	\$222,414
The Penfield	253	2013	n/a	n/a	\$62M	\$245,059
Pioneer Endicott-Rehab	234	2013	\$1,100,000	\$4,701	\$46M	\$196,582
Rayette Lofts	88	2014	\$2,500,000	\$28,410	\$25M	\$284,091
West Side Flats-Mkt./Aff	178	2014	n/a	n/a	\$35.4M	\$198,876
Minneapolis-Uptown and Out of Downtwn						
Flux	216	2011	n/a	n/a	\$38M	\$175,926
1800 Lake Street	57	2011	n/a	n/a	\$16M	\$280,702
LIME	171	2013	\$2,800,000	\$16,374	\$34M	\$198,830
Elan Uptown	387	2013	\$9,100,000	\$23,514	n/a	n/a
Parkway West-South Mpls.	48	2013	\$1,400,000	\$29,167	\$8M	\$166,667
The Walkway Uptown	92	2014	\$3,100,000	\$33,696	\$19M	\$206,522
St. Paul - Out of Downtown						
The Lyric at Carleton Place	171	2010	n/a	n/a	\$30M	\$175,439
East River	45	2013	\$750,000	\$16,667	\$10M	\$222,222
C & E Lofts-Rehab	104	2013	\$1,600,000	\$15,385	\$12.5M	\$120,192
Victoria Park	215	2014				
Suburban Minneapolis						
e2-St. Louis Park	58	2013	\$810,000	\$13,966	\$13.7M	\$236,207
36 Park	192	2013	\$3,000,000	\$15,625	\$40M	\$208,333
Arcata-Golden Valley	250	2014	\$4,250,000	\$17,000	\$35M	\$140,000
Gallery Flats - Hopkins	163	2014	\$1,680,000	\$10,307	\$19M	\$116,565
Sienna - St. Louis Park	138	2014	\$2,050,000	\$14,855	\$25M	\$181,159
Millennium at West End-St. Louis Pa	158	2015	\$4,850,000	\$30,696	n/a	n/a
Suburban St. Paul						
Flats at Cedar Grove-Eagan	192	2015	\$1,800,000	\$9,375	\$30M	\$156,250

Source: Maxfield Research and Consulting, LLC

TABLE 12
SELECTED SHALLOW-SUBSIDY NEW CONSTRUCTION RENTALS
TWIN CITIES METRO AREA

Minneapolis	# of Units	Year Open	Land Cost	Land Cost/Unit	Total Dev. Costs	Total Dev. Cost/Unit
Greenleaf/Lyndale Green	63	2011	n/a	n/a	\$12.1M	\$192,306
Buzza Historic Lofts-Rehab	175	2012	\$6,150,000	\$35,143	\$34M	\$194,286
City Place Lofts-Rehab	55	2013	\$1,750,000	\$31,818	\$13.7M	\$249,091
Emmanuel Housing	101	2013	\$2,300,000	\$22,772	\$10.8M	\$106,931
Jackson Flats	35	2013	\$790,800	\$22,594	\$9.3M	\$265,714
Stone Arch 2	91	2013	n/a	n/a	\$14.9M	\$163,736
Abbott Apartments-Rehab	98	2013	n/a	n/a	\$24.6M	\$251,020
Longfellow Station-MR/Aff	180	2013	\$1,000,000	\$5,555	\$28.2M	\$156,667
St. Paul						
Fort Road Flats	44	2012	n/a	n/a	\$12.2M	\$277,273
Schmidt Brewery-Artists Lofts-Rehab	260	2013	\$6,200,000	\$23,846	\$122M	\$469,231
Hamline Station	108	2015	n/a	n/a	\$28M	\$259,259
Outside of Minneapolis						
Lyndale Plaza -Richfield (MR/AFF)	94	2012	n/a	n/a	\$14M	\$148,936
Legacy Townhomes-Wayzata	6	2013	\$350,000	\$58,333	\$1.7M	\$283,333
Sunset Ridge-Minnetonka	64	2013	n/a	n/a	\$12.5M	\$195,313
Bottineau Ridge-Maple Grove	50	2014	n/a	n/a	\$10.6M	\$212,000
Five Central-Osseo (MR/Aff)	71	2014	n/a	n/a	\$12M	\$169,015
Outside of St. Paul						
Sienna Green - Roseville	50	2012	n/a	n/a	\$12.7M	\$254,000

Source: Maxfield Research and Consulting, LLC

TABLE 13
SELECTED MARKET RATE SENIOR NEW CONSTRUCTION
TWIN CITIES METRO AREA

Minneapolis	# of Units	Year Open	Land Cost	Land Cost/Unit	Total Dev. Costs	Total Dev. Cost/Unit
Waters of Minnehaha	77	2011	n/a	n/a	\$15.6M	\$202,597
Waters Senior Living on 50th	90	2014	\$3,500,000	\$38,889	\$21.5M	\$238,889
Clifton Place	58	2016	n/a	n/a	\$21M	\$362,069
Abiitan	151	2016	\$1,580,500	\$10,467	\$32M	\$211,920
St. Paul						
Midway Village (Porky's)-Mkt/Aff	173	2014	n/a	n/a	\$46M	\$265,896
Former Shalom Home	168	2017	\$3,000,000	\$17,857	n/a	n/a
Ecumen - Luther Seminary						
Outside of Minneapolis						
Applewood Pointe of Bloomington-Coop	77	2011	\$1,000,000	\$12,987	\$38M	\$175,926
Legends at Silver Lake Village - Aff	169	2015	n/a	n/a	\$28M	\$165,680
Stoney River-Ramsey	72	2014	\$1,140,000	\$15,833	\$14M	\$194,444
Towerlight - St. Louis Park	113	2012	n/a	n/a	\$24M	\$212,389
Auburn Homes - Waconia	63	2012	n/a	n/a	\$8.3M	\$131,746
Waters Senior Living-Edina	139	2013	\$3,850,000	\$27,698	\$35M	\$251,799
Arbor Oaks of Andover	70	2013	\$800,000	\$11,429	\$9.9M	\$141,429
Waters Senior Living-Plymouth	90	2014	\$1,500,000	\$16,667	\$18.4M	\$204,444
Folkestone - Wayzata	327	2014	\$24,000,000	\$73,394	\$125M	\$382,263
Cavanaugh Senior Living - Crystal	130	2014	\$956,000	\$7,354	\$14M	\$107,692
Outside of St. Paul						
Lake Johanna Shores Redevelopment	162	2012	n/a	n/a	\$47M	\$290,123
Kingsley Shores	101	2013	\$1,550,000	\$15,347	\$17.6M	\$174,257
Villas of Southview Living	47	2013	\$1,000,000	\$21,276	\$10M	\$212,766
Southview Living of Shoreview	104	2013	\$1,640,000	\$15,769	\$8.5M	\$81,731
Waters of Oakdale	92	2013	\$833,000	\$9,054	\$17M	\$184,783
Picadilly Square Housing-Indep. Aff.	79	2016	n/a	n/a	\$12M	\$151,899
Cherrywood Pointe-Roseville	115	2016	\$1,300,000	\$11,304	n/a	n/a
St. Therese of Woodbury	92	2016	\$2,200,000	\$15,385	\$12.5M	\$120,192
Gable Senior Living	123	2015	\$1,450,000	\$11,789	\$20M	\$162,601

Source: Maxfield Research and Consulting, LLC

For-Sale Housing Market

Tables 14 and 15 show information on existing home sales for single-family and multifamily units for neighborhoods in the Primary Market Area. Additional information is provided for overall median sales prices for homes in the SMA counties of Dakota, Hennepin and Ramsey.

Neighborhoods that comprise the PMA have a very diverse housing stock with home prices that include very low prices as well as very high prices. Although this data provides information on market activity, new construction homes in the area have typically sold at the high end of the range. As such, we anticipate that new construction homes on the Ford Plant site would also command a similar high price level for providing contemporary features and amenities that are not readily available in the predominantly older housing stock that exists in the area.

The table shows that pricing of existing homes decreased from 2010 to 2011, but has increased again in each year since then. Total sales rose from 2010 to 2013 and then fell slightly in 2014 and again in 2015. Days on market has gradually decreased, suggesting that those that want to sell their homes are able to do so within a relatively rapid period of time.

Year	Total Sales	Median Sales Price	Average Sales Price	Days on Market
2010	757	\$221,000	\$259,476	37
2011	858	\$209,000	\$246,108	47
2012	1,073	\$220,000	\$258,018	37
2013	1,143	\$239,000	\$279,121	27
2014	1,092	\$249,950	\$292,053	30
2015	905	\$273,500	\$307,480	24

Source: Greater Minneapolis Area Association of Realtors

Multifamily owned housing exhibited a similar trend pattern to that of single-family homes. The median price of owned multifamily housing however, was nearly half the price of single-family homes located in the same neighborhoods. This exhibits the substantial deflation in pricing of existing owned multifamily homes that occurred during the Recession, a portion due to higher rates of foreclosure and difficulties with associations and the longer period of time that it is taking the pricing of these units to come back in the market. This situation occurred throughout the Twin Cities Metro Area, not only in the PMA. Sales of new units however, in

select developments have been strong recently, suggesting that new product is more highly desired than older product.

Year	Total Sales	Median Sales Price	Average Sales Price	Days on Market
2010	153	\$150,000	\$179,013	64
2011	151	\$128,000	\$149,077	69
2012	223	\$139,900	\$176,621	66
2013	249	\$150,000	\$182,361	58
2014	194	\$171,950	\$192,195	55
2015	245	\$177,500	\$202,530	50

Source: Greater Minneapolis Area Association of Realtors

Lot Sales – Crocus New Hill and Other Single-Lots

Table 16 shows lot sale prices for Crocus New Hill, a small single-family in-fill development on the former Wilder Foundation property. All lots in Crocus New Hill have been sold. Some lots were resold once or twice with sellers increasing the sales price each time. Other lots that have sold in the Summit Hill and Highland Park neighborhoods are also listed on the table. These lots vary in size, location and price and are less consistent than sales at Crocus New Hill. This is likely because all of the lots in Crocus New Hill are located on a single block and homes built are adjacent to new construction rather than to older homes.

	Lot Size	Original Sales Price	Resale Price	Resale Price II	Original PSF	Resale PSF	Resale PSF II	Dates of Sale
Crocus New Hill								
709 Osceola Avenue	50 x 150	\$275,000	\$335,000	\$427,000	\$37	\$45	\$57	7/13, 1/14, 11/15
731 Osceola Avenue	50 x 150	\$335,000	\$375,000		\$45	\$50		5/13
725 Osceola Avenue	50 x 150	\$335,000			\$45			5/13
730 Fairmount Avenue	50 x 150	\$290,000			\$39			4/13
721 Osceola Avenue	60 x 150	\$305,000	\$362,000		\$34	\$40		4/13, 4/13
708 Fairmount Avenue	50 x 150	\$315,000			\$42			6/13
718 Fairmount Avenue	60 x 150	\$320,000	\$360,000		\$36	\$40		7/13, 11/13
724 Fairmount Avenue	60 x 150	\$320,000			\$36			6/13
715 Osceola Avenue	50 x 150	\$320,000			\$43			4/13
705 Osceola Avenue	60 x 150	\$325,000			\$36			4/13
712 Fairmount Avenue	60 x 150	\$336,000			\$37			4/13
736 Fairmount Avenue	60 x 150	\$380,000			\$42			8/13
Other Vacant Lot								
956 Goodrich Avenue	40 x 150	\$217,500			\$54			4/15
579 Lexington Pkwy.	161 x 206	\$148,900			\$5			5/11
1299 Sheffer	40 x 125	\$159,000			\$32			3/15
22xx Pinehurst	40 x 125	\$115,000			\$23			4/04
1265 Stanford	40 x 125	\$159,000			\$32			5/06
1173 St. Paul Ave.	80 x 224	\$140,000			\$8			6/15
1609 Hillcrest Ave.	60 x 125	\$150,000			\$20			7/07
1991 Sargent	62 x 124	\$187,000			\$24			7/04
2460 Edgecumbe Rd.	155 x 179	\$165,477			\$6			10/14

Source: Greater Minneapolis Area Association of Realtors

Land Costs – Available Commercial Sites

Table 17 presents land costs for available commercial sites in Minneapolis and those outside of Minneapolis and outside of St. Paul. This is not an all-inclusive listing of land availability but offers a general look at the types of sites that are available in the Twin Cities.

There has been very limited new construction of multitenant office space in the Twin Cities for many years. Most recently United Health Care had constructed a new corporate headquarters in Eden Prairie and is consolidating office space from several buildings in the West Metro to the two buildings. Total cost of the project is estimated at more than \$100M for both buildings which consolidate 3,300 employees in one location. Ecolab recently purchased the Traveler’s North Tower in Downtown St. Paul for \$47M with 882,000 square feet of space and will relocate its Downtown St. Paul operations to this building. The relocation is anticipated to be completed in 2018. The company will invest an undisclosed amount in upgrading the space for its own use.

Minneapolis	Total Acreage	Land Cost	Land Cost/Acre	Total Dev. Costs	Total Dev. Cost/SF	Comments
937 13th Avenue SE	1.51ac	\$1,900,000	\$1,258,278/ac	n/a	n/a	TIF District New Market Tax Credit Qualified
Outside of Minneapolis						
Cedar Point Commons-Richfield		Negotiable				
Pad Outlot-Target-Champlin	3.57ac	\$311,018	\$87,120/ac	n/a	n/a	Retail focus
6605 1st Avenue S.-Richfield	1.00ac	\$500,000	\$500,000/ac	n/a	n/a	Retail focus
Outside of St. Paul						
White Oak Center-White Bear Lake	0.75ac	\$495,000	\$660,000/ac	n/a	n/a	
Harbor Pointe	0.14ac	\$34,900	\$249,285/ac	n/a	n/a	
Shoreview Business Campus	4.42ac	\$1,885,000	\$426,471/ac	n/a	n/a	
McMenemy Street Land	0.63ac	\$219,248	\$348,013/ac	n/a	n/a	
2300 Territorial Road	3.32ac	\$3,250,000	\$964,392/ac	n/a	n/a	Zoned I-1, but potential for rezone
NE of University and Marion Street	3.00ac	Negotiable		n/a	n/a	Adjacent to State Capitol; SPPA owned
Maplewood Redevelopment-Van Dyke	0.91ac	\$395,000	\$434,066/ac	n/a	n/a	
Blue Gentian Corporate Center-Eagan	18.89ac	\$5,000,000	\$271,887/ac	n/a	n/a	
Eaganwoods-Eagan	4.00ac	\$2,874,960	\$718,740/ac	n/a	n/a	
Cty. Rd. 70/Interstate 35-Lakeville	22.54ac	\$7,854,739	\$348,480/ac	n/a	n/a	
Gateway Business Center	6.07ac	\$3,437,319	\$566,280/ac	n/a	n/a	
Lakeville Land	79.00ac	\$7,000,000	\$87,675/ac	n/a	n/a	Raw Land
1325 Corporate Center Drive-Eagan	2.24ac	\$683,018	\$304,919/ac	n/a	n/a	
Inver Grove Heights-Medical	1.25ac	\$898,425	\$718,740/ac	n/a	n/a	
19900 Dodd Boulevard-Lakeville	1.93ac	\$349,000	\$181,205/ac	n/a	n/a	
146th Street/Granada Dr.-Apple Valley	1.10ac	\$249,999	\$227,282/ac	n/a	n/a	
SE 54th Street/Alta Ave. -Inver Grove	1.72ac	\$468,900	\$272,618/ac	n/a	n/a	

Sources: Xceligent, Inc.; Maxfield Research and Consulting, LLC

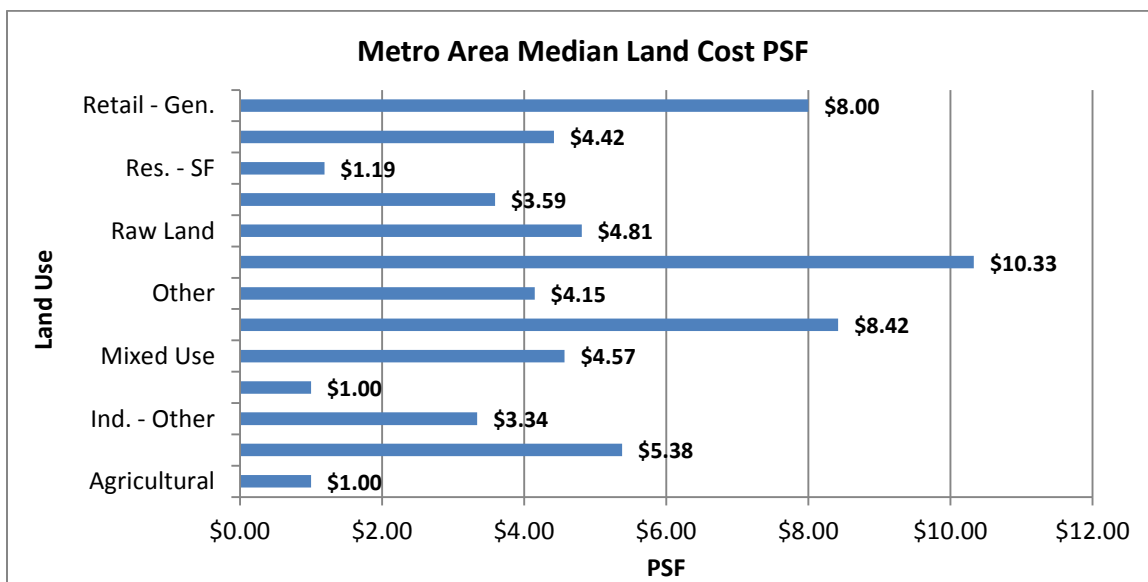
Wells Fargo is developing two new towers in Downtown Minneapolis near the new US Bank stadium. The two towers are reported to have cost \$217 million and Wells Fargo has disclosed that it intends to spend another \$300M on interior build-out of the buildings. Total square footage is 1.1 million square feet. Wells Fargo will consolidate employees from several Downtown locations to the East Downtown site.

A number of office buildings in the Twin Cities have recently sold in 2015 to pension funds, REITS and other equity firms. Pricing has ranged from a low of \$32M for 605 Waterford Park in Plymouth to a high of \$154M for two adjacent office towers in Downtown Minneapolis (5th Street Towers). Real estate brokers in the Twin Cities have cited 2015 as a banner year for office building sales.

TABLE 18
Land Costs Per Square Foot (PSF)
Twin Cities Metro Area
November 2015

Land Use	Average		Median	
	PSF	Acre	PSF	Acre
Agricultural	\$1.43	\$62,291	\$1.00	\$43,560
Industrial - Manufacturing	\$4.64	\$202,118	\$5.38	\$234,353
Industrial - Other	\$4.31	\$187,744	\$3.34	\$145,490
Industrial - Warehouse/Dist.	\$2.23	\$97,139	\$1.00	\$43,560
Mixed Use	\$8.96	\$390,298	\$4.57	\$199,069
Office - General	\$11.18	\$487,001	\$8.42	\$366,775
Other	\$6.14	\$267,458	\$4.15	\$180,774
Pad Site	\$14.72	\$641,203	\$10.33	\$449,975
Raw Land	\$6.75	\$294,030	\$4.81	\$209,524
Residential - Multifamily	\$6.83	\$297,515	\$3.59	\$156,380
Residential - Single-family	\$1.61	\$70,132	\$1.19	\$51,836
Retail - Freestanding	\$5.79	\$252,212	\$4.42	\$192,535
Retail - General	\$12.47	\$543,193	\$8.00	\$348,480

Sources: Xceligent, Maxfield Research & Consulting, LLC



	Industrial Flex R/D, Lt. Ind., Manuf.	Retail Neigh./Con./FS/MU	Commercial Office, Medical
Building Size	47,320,248	32,399,886	86,978,750
Occupied SF	45,112,701	30,445,612	76,557,887
Total Vacancy	4.70%	6.03%	11.98%
Total Vacant SF	2,207,547	1,954,274	10,420,863
Direct Vacancy	4.32%	6.03%	11.69%
Direct Vacant SF	2,046,315	1,954,274	10,165,938
Sublease Vacant SF	161,332	0	254,925
Total Available SF	2,911,815	1,814,002	10,442,947
Direct Available SF	2,688,878	1,814,002	9,948,256
Sublease Available SF	222,937	0	494,691
Quarter Net Absorption	-10,214	-306,865	120,586
Net Absorption YTD	78,297	-1,546,522	587,514
Note: FS=Freestanding; Con.=Convenience Center; MU=Mixed Use			
Source: Xceligent; Maxfield Research and Consulting, LLC			

Absorption of Commercial Office, Retail and Industrial Space

Maxfield Research compiled information on absorption rates for commercial office, retail and industrial space by year from 2005 through 2015. This information was sourced from data published by local brokerage companies including Cassidy Turley, Cushman Wakefield, CBRE and Northmarq Properties.

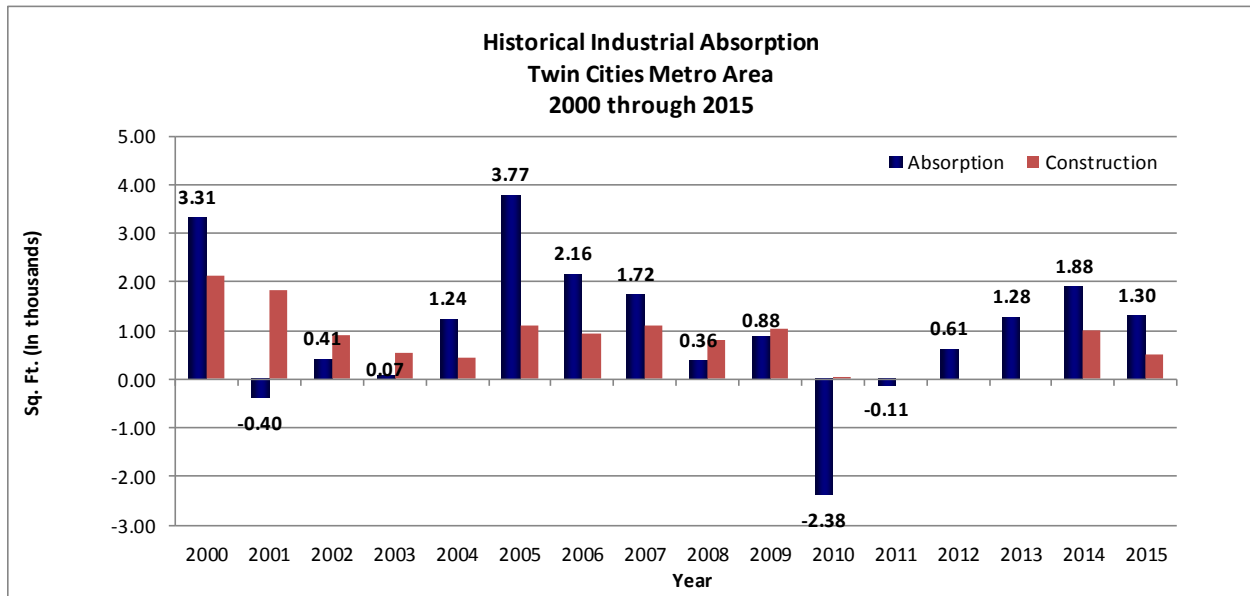
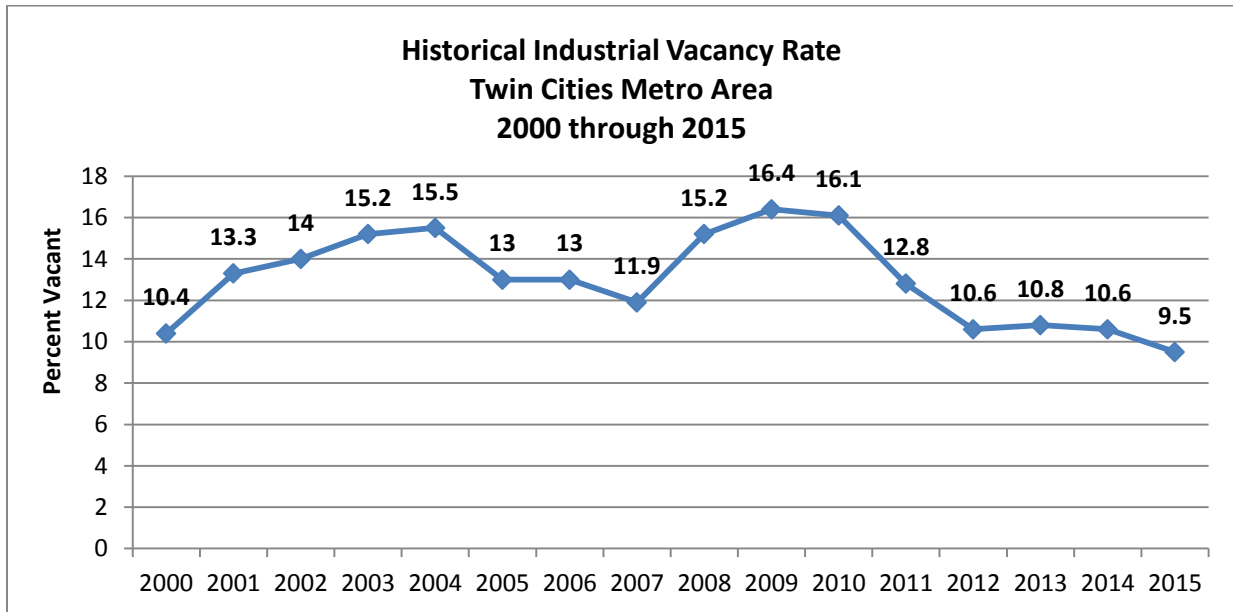
The data provides a general trend of absorption of commercial and industrial space pre- and post-recession.

Currently, the hottest commercial real estate sector in terms of development is Industrial. Companies that placed all hiring and expansion plans on hold during the Recession are evaluating their business needs and making decisions on expansions and relocations. Other businesses are moving into the Twin Cities, primarily bulk warehouse facilities to support regional distribution chains.

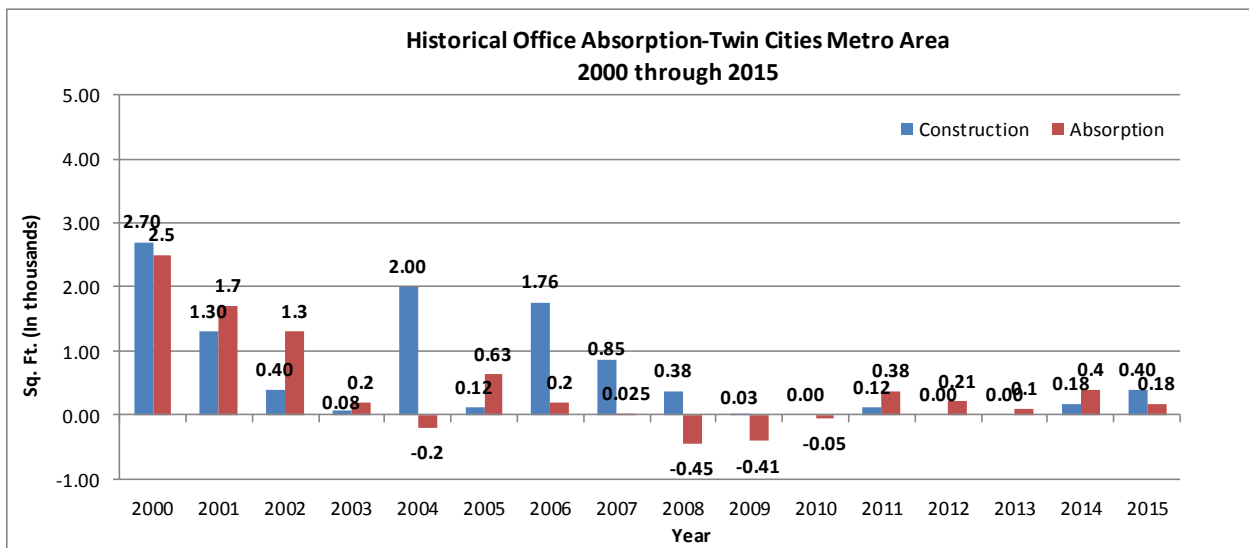
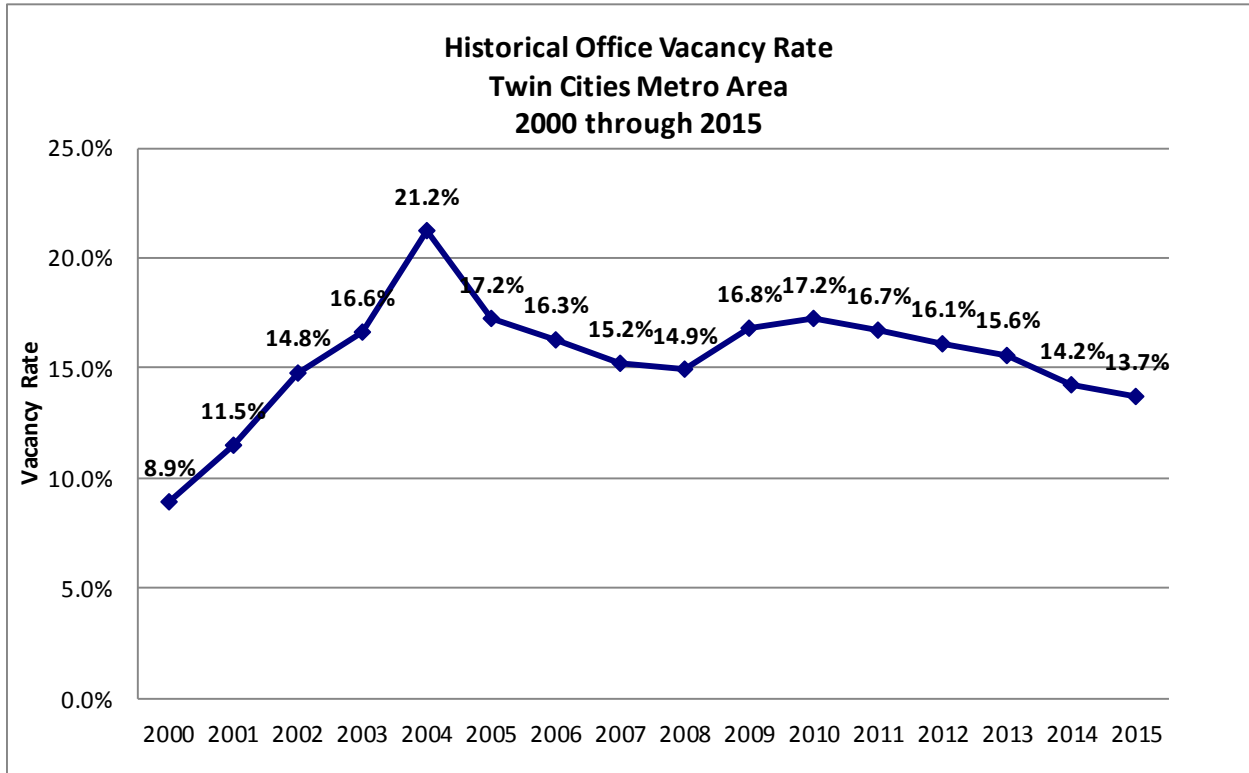
The following charts show vacancy, absorption and construction for industrial, office and retail space in the Twin Cities Metro Area.

Industrial Vacancy and Absorption

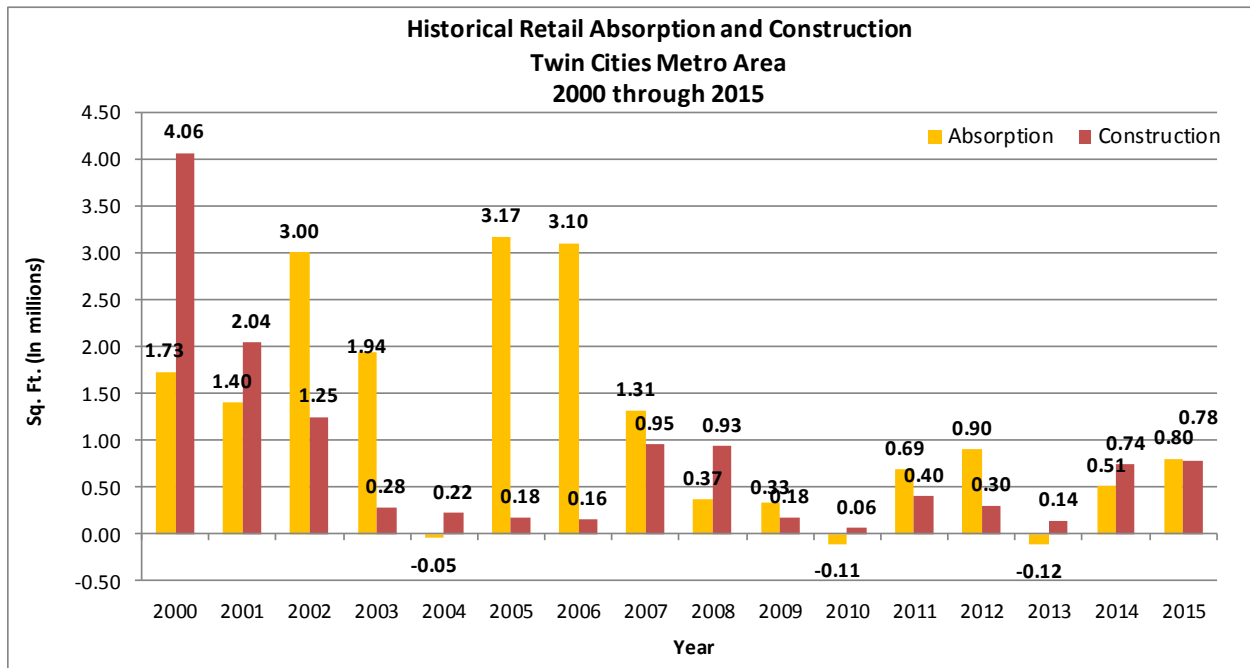
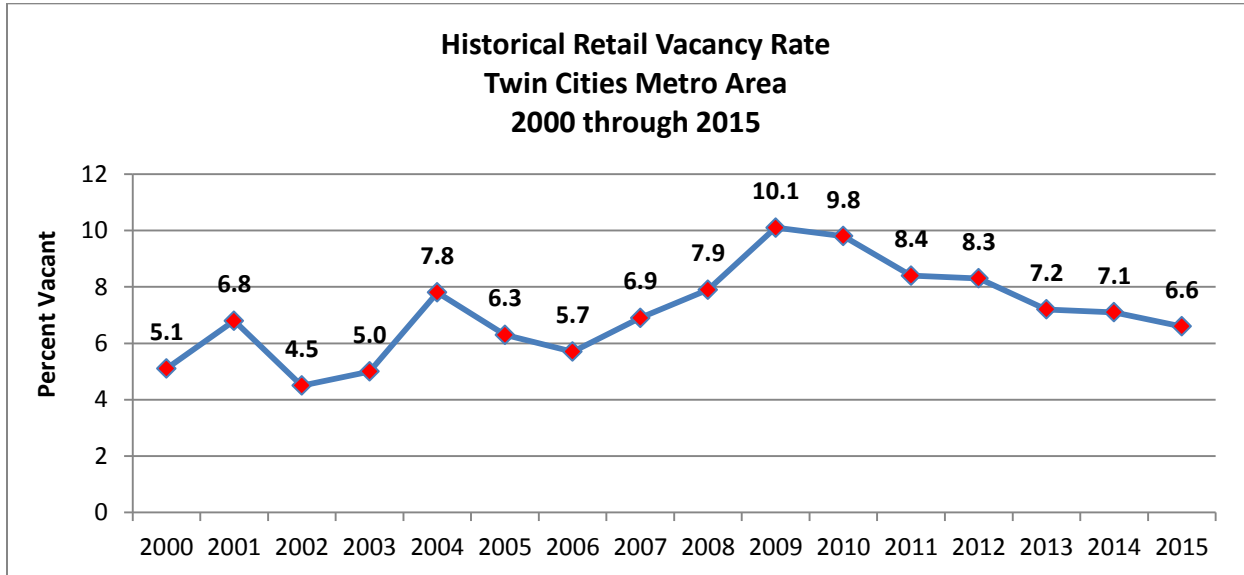
The charts below reflect data for the Twin Cities Metro Area (7-County). Data on Table 19 is for the Cities of Minneapolis and St. Paul only.



Office Vacancy and Absorption



Retail Vacancy and Absorption



Preliminary Assessment of Land Values and Densities for the Ford Plant Site

Table 20 displays preliminary estimates of land values with infrastructure installed and segment densities for various uses on the Ford Plant site. These estimates are to be refined as individual development concepts are identified for specific locations on the Site.

TABLE 20 PRELIMINARY ESTIMATES OF LAND VALUES AND SEGMENT DENSITIES FORD PLANT SITE December 2015						
Land						
Residential	Est. Cost/	Unit	Est. Units/	Acre	Est. Land/	Acre
Single-Family - Detached	NA		NA		NA	
Mansion Style 4-8 Plex	\$500K-\$1M		8-12		\$750K-\$1M	
Townhome- Multistory	\$300K-\$600K		10-16		\$700K- \$1M	
Condominium - Multistory	\$200K-\$500K		40-80		\$2M-\$4M	
Apartments - Market Rate	\$30K-\$40K		75-150		\$2M-\$3M	
Apartments - Affordable	\$15K-\$25K		75-150		\$1M-\$2.5M	
Age-Restricted Cooperative	\$25K-\$35K		75-100		\$2M-\$3M	
Age Restricted Sr. Rental	\$30K-\$40K		75-150		\$2M-\$3M	
			Estimated			
	Est. Cost/	SF	FAR		Est. Land/	Acre
Commercial						
Office	\$11-\$30		4.0		\$1M-\$3M	
Retail	\$10-\$30		2.0		\$1M-\$3M	
Industrial						
Light Industrial	\$4-6		1.0		\$300K-\$500K	
Notes: Parking Ratios						
Residential - .80/unit						
Retail - 2.0/1,000 SF						
Office - 3.0/1,000 SF						
Industrial - 0.5/1,000 SF						
Source: Maxfield Research and Consulting LLC						