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Economic Development

Minneapolis business establishment and employment data for 2000 are published by the Minnesota Department of Economic Security.

Estimates of Minneapolis resident employment and unemployment for 2000, as well as selected characteristics of the insured unemployed for 1998 are provided by the Minnesota Department of Economic Security.

Minneapolis labor force information by occupation from the 2000 census is scheduled for release in 2002. Other census information on income and employment will be released between March and May of 2002.

Employment and training information, including the list of service providers, originate from the Minneapolis Employment and Training Program.

Annual construction information as represented by building permit values are tabulated by the Minneapolis Inspections Department.

Sources of development activity information include the Towle Report, 2001 Office Market Update (Second Quarter 2001), the Minneapolis Community Development Agency (MCDA), the Municipal Information Library and the Minneapolis Planning Department. The MCDA Communications Coordinator wrote the Development Activity section.

This chapter can also be found on the city's website at:
www.ci.minneapolis.mn.us/planning

Business Establishments

In 2000, the services sector maintained and marginally increased its sizable leading position as largest employer and as having the largest number of establishments. The finance, insurance, real estate (F.I.R.E.) sector continued to provide the highest average weekly wage.

Annual average data for 2000 indicate a total of 12,912 business units identified within the city of Minneapolis. The largest share of the total, 47 percent, were service industry establishments. The service sector is comprised of a range of personal, business, legal, recreational and other miscellaneous service establishments. Retail trade establishments, 17 percent of the total, were a distant second. The number of plant locations or work sites in 2000 was down from 12,992 reported in last year's State of the City, but the 307,080 persons employed by those establishments is up from the 301,183 reported. The average employment per unit increased to 24 workers.

The non-durable goods manufacturing sector had the highest level of employment per business establishment with 41 workers per site followed closely by durable goods manufacturing and transportation, public utilities with 40 and 37 workers per unit each respectively. (This excludes the government sector, which tends to be concentrated in relatively few facilities). Average employment per establishment is one important factor when considering the question of attracting or retaining firms in the city of Minneapolis.

Also of importance is the average weekly wage. In 2000, the reported average weekly wage increased by 6.2 percent, from $819 to $872.80. The average weekly wage for the finance, insurance, and real estate sector (F.I.R.E.) for 2000 was almost $625 (or about 70 percent) above the all-industry average. The gap between average weekly wages in the F.I.R.E. sector remains consistently high relative to other sectors over the years.

MINNEAPOLIS EMPLOYMENT AND BUSINESS ESTABLISHMENTS BY INDUSTRIAL CATEGORY, ANNUAL, 2000

Industry[1]	Employment	Percent Share Employment	Business Units[2]	Pct. Share Business Units	Average Employment per Unit	Average Weekly Wage
Construction	6,341	2%	516	4%	12	$ 963.77
Manufacturing-Durable	14,146	5%	353	3%	40	922.40
Manufacturing-Non-Durable	15,919	5%	390	3%	41	1,000.95
Transportation, Communications, Utilities	14,257	5%	384	3%	37	975.98
Wholesale Trade	13,293	4%	963	7%	14	985.31
Retail Trade	41,802	14%	2,171	17%	19	512.81
Finance, Insurance, Real Estate	35,887	12%	1,541	12%	23	1,497.02
Services	113,892	37%	6,061	47%	19	777.54
Government	50,769	17%	424	3%	120	824.81
Total	**307,081**	**100%**	**12,912**	**100%**	**24**	**872.80**

[1] Agriculture, Forestry, Fishing and Mining excluded due to small numbers
[2] Number of plant locations or work sites.

Source: MN Department of Economic Security (Web site), Covered Employment and Wages

Note: Data in the above table relate to firms covered under the Minnesota unemployment compensation tax law. Although the Department of Economic Security estimates that over 95 percent of the state's nonagricultural wage and salary employment is covered, nine employment categories not included are listed in the tables' source. Prominent among these are the self-employed, railroad workers, insurance and real estate agents on commission only, and elected officials.

Labor Force

The annual average Minneapolis labor force increased in 2000 by 2,597 to 206,317. Similarly, the number of Minneapolis residents employed increased by 1,742 workers.

The Minneapolis labor force consists of city residents who are working or actively seeking employment. In 2000, the increase in the size of the labor force was lower than the increase in the number of employed residents, causing a slight rise in the annual average unemployment rate from 2.8 percent in 1999 to 3.2 percent in 2000. The Minneapolis unemployment rate was lower in 2000 than both the state of Minnesota and the United States. The economic slow down in 2001 has raised the Minneapolis unemployment rate to 4.3 percent at the end of the 2001 third quarter. This puts it above the Minnesota state unemployment rate.

The data in the following table display an employment/unemployment breakdown of annual average labor force estimates for the 1990 to 2000 period. From the number of employed high in 1995, there has been a drop off in this number. Though the number of people in the labor force has increased, the number of people employed, and the percent of people employed is down. The number of people unemployed and the percent unemployed has risen in the past three years. The numbers show cyclical fluctuations that generally reflect the impact of national and regional economic cycles. In some instances, shifts in the methodology used to calculate labor force figures also contribute to the variability in labor force and unemployment data.

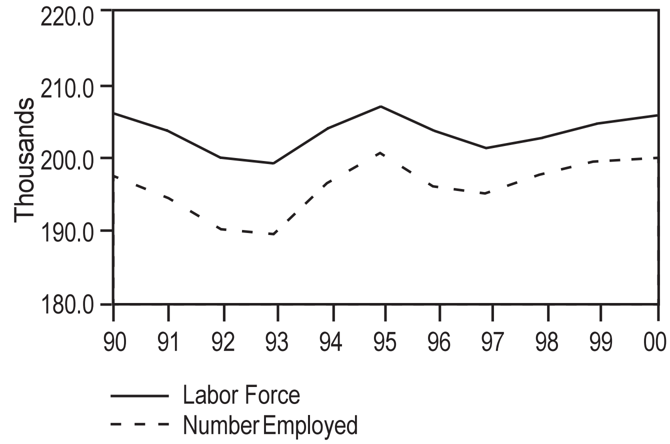
Data differ from previous reports because the Minnesota Department of Economic Security (DES) has made adjustments. Data reported here represent what the DES is currently reporting for present and past years.

CITY OF MINNEAPOLIS LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Average 1990 through 2000

Year	Labor Force	Employed Number	Employed Percent	Unemployed Number	Unemployed Percent
1990	206,652	197,424	95.5%	9,228	4.5%
1990	206,652	197,424	95.5%	9,228	4.5%
1991	204,147	194,343	95.2%	9,804	4.8%
1992	199,902	189,945	95.0%	9,957	5.0%
1993	199,418	189,455	95.0%	9,963	5.0%
1994	204,314	196,543	96.2%	7,771	3.8%
1995	207,379	200,383	96.6%	6,997	3.4%
1996	204,013	195,907	96.0%	8,106	4.0%
1997	201,395	194,881	96.8%	6,515	3.2%
1998	203,074	197,683	97.3%	5,391	2.7%
1999	203,720	199,389	97.2%	5,805	2.8%
2000	206,317	199,623	96.8%	6,693	3.2%

Source: Minnesota Department of Economic Security

MINNEAPOLIS LABOR FORCE, ANNUAL AVERAGE
1990 THROUGH 2000

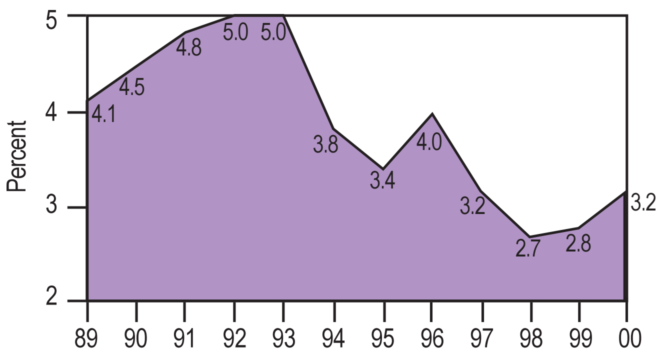


The data suggest relatively stable total labor force figures during the years of 1990 to 2000. Employment rates suggest a relatively healthy occupational and industrial diversity. This diversity appears to have helped the city's labor force avoid some of the more drastic employment fluctuations that accompanied the general national recessionary periods of the early 1980s and 1990s. The current economic recession has been predicted to hit Minnesota harder than past recessions, though still to a lesser extent than the United States. Figures will not be available until next year's publication on how the terrorist attacks of September 11, 2001 affect the labor force of Minneapolis, but payrolls were falling in Minnesota in the months before the attacks (Minnesota Department of Finance, Economic Update, October 2001).

Minneapolis' annual average labor force unemployment rate in 2000 was 3.2 percent.

Unemployment rates reflect the cyclical nature of economic conditions. The following table indicates the annual average Minneapolis labor force unemployment rate for each year from 1989-2000. In the 1980s, unemployment rates peaked in 1983 at 6.9 percent, then declined steadily until the rate hit the level of 3.8 percent in 1988. The unemployment rate then cycled upward to reach a high of 5.0 percent in 1992 before declining to the 1998 low of 2.7. It has slightly increased over 2000 to 3.2 percent.

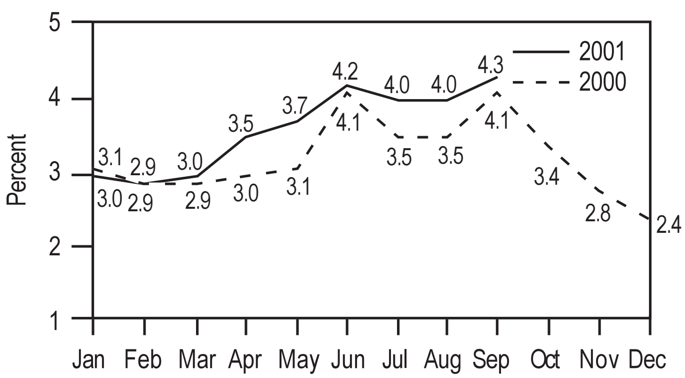
MINNEAPOLIS LABOR FORCE
ANNUAL AVERAGE UNEMPLOYMENT RATES



Source: MN Dept. of Economic Security website.

Unemployment rates vary throughout the year. The unemployment rates for each month in 2001 are generally higher than the comparable month of 2000. If the trend continues, the annual average unemployment rate will be higher for 2001 than it was in 2000, as was projected. The following chart shows unemployment rates for each month in 2000, as well as for January through September of 2001.

MINNEAPOLIS LABOR FORCE
PERCENT MONTHLY UNEMPLOYMENT RATES



Source: MN Dept. of Economic Security website.

The number of applicants for the Unemployment Insurance program in 2000 for Minneapolis was 9,963. Of these, the average number of weeks in the program was 12.8, and the total amount of benefits paid was $12,810,605.

Selected characteristics of 12,265 unemployed persons who filed for unemployment compensation in Minneapolis for the program year ending June 30, 2001 are contained in the following table. Nearly one-third of applicants listed their primary occupation within the professional and technical category.

SELECTED CHARACTERISTICS OF INSURED UNEMPLOYED
CITY OF MINNEAPOLIS
PROGRAM YEAR ENDING JUNE 30, 2001

Female	38.6%
Minorities	30.8%
Age 22-39	55.3%
Age 40-54	34.1%
Age 55-64	6.2%
12 Years School	40.5%
Over 12 Years School	47.6%
Unemployed 15+ Weeks	35.5%
Professional/Technical	28.9%

Source: Minnesota Department of Economic Security, unpublished data.

Minneapolis Employment and Training

Minneapolis Employment and Training Program (METP) helped over 2,500 disadvantaged people to find jobs at an average wage of $10.96/hour during the year ending June 30, 2001. An additional 538 low-income youths had summer jobs at nonprofit agencies at the minimum wage of $5.15.

To help eligible participants become self-sufficient, services such as skills assessment, counseling, classroom and on-the-job training, job search training and resume writing, and job placement and support services were provided to nearly 13,000 people between July 1, 2000 and June 30, 2001. Over 10,500 of these were welfare recipients participating in the Minnesota Family Investment Program, jointly administered by the City of Minneapolis and Hennepin County.

The Minnesota Department of Economic Security estimates that many more city residents are currently eligible for these services, which are funded through federal, state and local jobs programs. These programs played a key part in helping 1,334 Hennepin County welfare recipients to enter the workforce. Eligibility is determined by the requirements of the funding source. For more information call (612)673-5700. Most services are provided under contract with the city by the following community based organizations.

EMPLOYMENT AND TRAINING SERVICE PROVIDERS FOR MINNEAPOLIS RESIDENTS

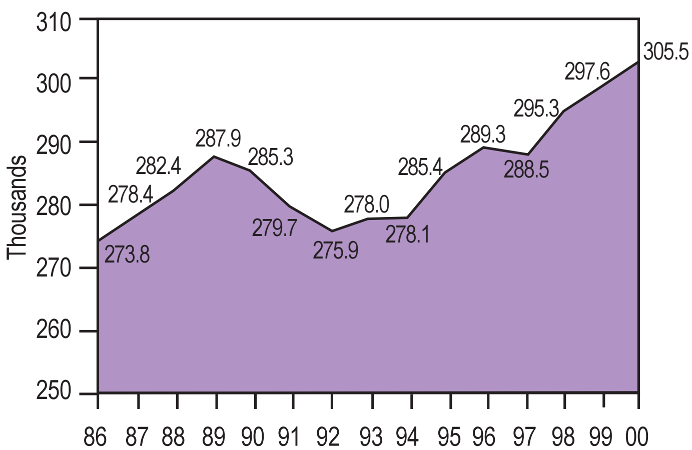
Service Provider	Phone	Address	Programs
American Indian O.I.C.	612-431-3558	1845 East Franklin Avenue	W, Y
Anishinabe Council of Job Developers, Inc.		2525 East Franklin Avenue, Suite 1	A
Association for the Advancement of Hmong Women	612-724-3006	1518 East Lake Street	W
Bethlehem Community Center		2539 Pleasant Avenue South	Y
Catholic Charities	612-872-8777	2104 Stevens Avenue South	W
Centre for Asians & Pacific Islanders	612-721-0122	3702 East Lake Street, Suite 200	W
Church of Saint Stephen		2211 Clinton Avenue South	W
Chicanos Latinos Unidos en Servico	612-871-0200	2110 Nicollett Avenue	W
East Side Neighborhood Services, Inc.	612-781-6011; 612-623-4575	1929 - Second Street N.E.	A, M, W
EAC	612-752-8800	900 20th Avenue South	W,Y
EAC South	612-752-8914	1527 East Lake Street	M
EAC North	612-752-8500	3200 Penn Avenue North	W,D
EAC - Suburban Pathways	952-752-8400	6715 Minnetonka Blvd.	W
EAC - Young Parents	612-752-8800	2104 Park Avenue South	W
Goodwill/Easter Seals - Phillips Job Bank	612-824-2857	919 East Lake Street	A
Greater Minneapolis Council of Churches Division of Indian Work (DIW)	612-722-8722	1001 Lake St. E	A
Hennepin County W.E.R.C.	612-348-8953	330 - 12th Street South, Suite 370	W
HIRED North	612-529-3342	1200 Plymouth Avenue North	D,W
HIRED - Edison High School	612-668-1357	700 - 22nd Avenue N.E.	Y
HIRED - Patrick Henry High School	612-210-3007	4320 Newton Avenue North	Y
HIRED at Sabathani	612-822-9071	310 East 38th Street, Room 101	A, D, W
HIRED – Hennepin North Workforce Center	763-536-6020	7115 Northland Terrace, Suite 100, Brooklyn Pk	W
HIRED Bloomington		1701 East 79th Street, Bloomington	W
Hmong American Mutual Assistance Association, Inc.	612-374-2694	1209 Glenwood Avenue North	A,M,Y
Hmong American Partnership	612-377-6482	1121 Glenwood Avenue North	W
Jewish Vocational Service	952-591-0300	13100 Wayzata Blvd., Suite 300, Minnetonka	W
Jewish Vocational Service	612-692-8920	430 - 1st Avenue North, Suite 620	W
Lao Assistance Center	612-374-4967	1015 Olson Memorial Highway	W
Lao Family Community	612-374-1075	1209 Glenwood Avenue North	W
Lifetrack Resources	612-788-8885	2111 Central Avenue North	W
Loring Nicollet Community Center, Inc.	612-871-2031	1925 Nicollet Avenue South	A, W
Lutheran Social Services	612-879-5371	2414 Park Avenue South	W
Minneapolis Public Housing Authority, Welfare-to-Work Program		1001 Washington Avenue North	W
Minneapolis Urban League	612-302-3111; 612-302-3102	2000 Plymouth Avenue North	A,Y
Minneapolis Urban League South Emerge Project	612-822-3645	777 East Lake Street, Suite 203	W
MN Department of Economic Security (MDES) - North Minneapolis Workforce Center	612-520-3553	1200 Plymouth Avenue North	D,W
MDES - South Minneapolis Workforce Center	612-821-4011	777 East Lake Street	D,W
MDES MN Workforce Center - Hennepin North		7115 Northland Terrace, Suite 100, Brooklyn Pk	W
MDES MN Workforce Center - Hennepin South		4220 W Old Shakopee Rd, Suite 100 Bloomington	W
Pillsbury Neighborhood Services (PNS) - Brian Coyle Community Center	612-338-5282	420 - 15th Avenue South	A,W,Y
Pillsbury Neighborhood Services – Unity House		2507 Fremont Avenue North	A, W
Pillsbury Neighborhood Services – Waite House	612-721-1681	2529 – 13th Avenue South	Y
Project for Pride in Living Connections-to-Work	612-874-6770	810 East Franklin Avenue	W
RISE, Inc.	612-872-7720	2608 Blaisdell Avenue South	W
Southeast Asian Community Council	612-377-0778	423 Bryant Avenue North	W
Southeast Asian Refugee Community Home (SEARCH)	612-673-9388	1421 Park Avenue South	A
Summit Academy O.I.C.	612-377-0150	935 Olson Memorial Highway	A, W

A - Adult Services
D - Dislocated Workers
W - Welfare to Work
Y - Youth Services

The number of jobs held in Minneapolis totaled 303,503 in March 2000.

The Minneapolis job count is the number of jobs held within the city by both residents and non-residents of the city, as estimated by the Minnesota Department of Economic Security. The data in the accompanying chart are estimates of March employment for each year since 1986. March has been used because it is a month whose data is not inflated by holiday or summer labor force participants. As such, March workforce levels may be closer to the annual average than those of other months.

WORK FORCE, 1986 THROUGH 2000



Note: The data used above are March totals, while the data used in the following workforce distribution section is annual averages. Differences between the two reflect cyclical variations.

The employment levels shown in the chart cover a 15 year period during which consistent data collection methods appear to have yielded comparable information.

The low point of the city's workforce level during this period was in 1986, with 273,800 workers, which reflect the national recession of the early 1980s. Minneapolis' employment climbed steadily from 1986 through 1989. In March 1989, employment peaked at around 288,000. Employment declined from 1989 through 1992 reaching a low of 275,900. From 1993 to 1998 employment has increased every year but one, 1997, to 297,610.

Work Force Distribution

The annual average workforce for 2000 was 307,439, which continues the 6 year trend of increasing employment in the city of Minneapolis. Employment increases were largest in the finance/insurance/real estate and the wholesale/retail sales trade sectors.

Over one-third of the jobs in Minneapolis are in the service sector for a total of 113,918 service jobs. The next largest shares are in trade and government sectors with 55,095 and 50,769 jobs respectively.

From 1999 to 2000, the manufacturing sector and the transportation/communications/utilities sector were the only two sectors that showed a decline. The largest absolute change was an increase in 1,371 F.I.R.E. sector jobs. The largest percentage increase was a 6 percent increase in construction.

MINNEAPOLIS WORK FORCE EMPLOYMENT[1] DISTRIBUTION BY INDUSTRY 1990, 1999, 2000
(ANNUAL AVERAGE DATA)

	Employment			Increase (Decrease) 1990-2000		Increase (Decrease) 1999-2000	
	1990	1999	2000	No.	Pct.	No.	Pct.
Construction	5,826	5,921	6,288	462	7%	367	6%
F.I.R.E.[2]	33,516	34,306	35,677	2,161	6%	1,371	4%
Government	46,094	50,213	50,769	4,675	9%	556	1%
Manufacturing	39,290	30,602	30,130	(9,160)	-30%	(472)	-2%
Services	90,347	113,008	113,918	43,571	33%	20,910	16%
T.C.U.[3]	15,004	14,705	14,311	(693)	-5%	(394)	-3%
Trade[4]	55,569	53,795	55,095	(474)	-1%	(431)	-1%
Total - All Industries	**285,982**	**303,183**	**307,439**	**21,457**		**4,256**	

[1] Excluding Agriculture and Mining.
[2] Finance/Insurance/Real Estate.
[3] Transportation/Communications/Utilities.
[4] Retail and Wholesale Trade.

Source: Minnesota Department of Economic Security website.

Construction

Construction permits issued in 2000 show a 40 percent increase over the previous year with higher dollar values for additions and repairs.

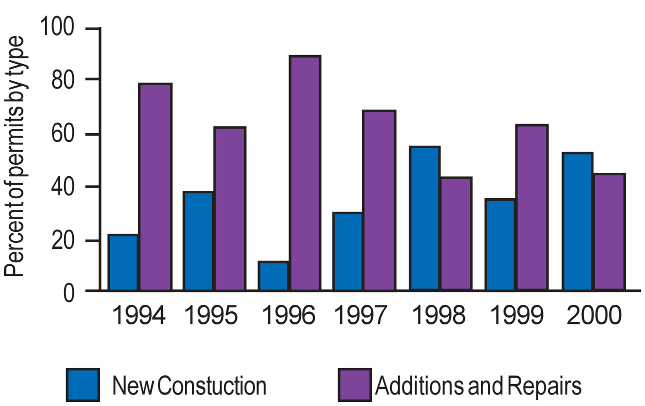
Construction permit values can serve as a leading economic indicator. New construction and renovation are a concrete sign of investor confidence in the economic climate of a city. From home renovations and additions, to small business expansion, to the development of multi-million dollar buildings by private and public funds, investments such as these in buildings of all types demonstrate the vitality of the construction market.

	Total Value of all Permits (dollars)	Percentage Value: Additions and Repairs	Percentage Value: New Construction	Annual Change (Percent)
1994	$ 276,431,204	80%	20%	29%
1995	322,424,505	62%	38%	17%
1996	296,128,370	89%	11%	8%
1997	483,825,940	68%	32%	50%
1998	365,096,329	43%	57%	-25%
1999	700,609,948	63%	37%	92%
2000	1,166,839,846	54%	46%	40%
2001[1]	748,978,224	n/a	n/a	n/a

[1] January through September

The first nine months of 2001 have seen more investment in building and renovating property as was seen in the full year of 1999. The total value for permits issued from January to September 2001 was approximately $749 million, which already exceeds the year-end total for 1999.

BUILDING PERMIT TYPES, 1994 - 2000



Activity in renovations and additions has been complimented by new construction both in downtown Minneapolis and in the surrounding neighborhoods. An indication of this activity is the list of major projects (with construction permit values of $2 million or more) under construction in 2000 and 2001 below.

MAJOR PROJECTS 2000
CONSTRUCTION PERMITS ISSUED FOR $2 MILLION OR MORE

Address	Type	Value
1000 Nicollet Mall	Commercial	$ 110,222,460
1301 2nd Ave. S.	Commercial	124,728,890
1401 6 St. NE	Residential	2,500,000
1700 2nd St. NE	Community Center	3,289,800
2100 Plymouth Ave.	Commercial	4,025,000
225 3rd Ave. S.	Commercial	12,700,000
2855 Hennepin Ave.	Commercial	2,000,000
300 Washington	Commercial	6,000,000
408 1st St. N.	Parking	2,911,104
425 2nd St. S.	Commercial	7,365,000
4999 France Ave. S	Commercial	4,496,000
53 Glenwood Ave.	Salvation Army	6,000,000
560 2nd St. N.	Residential	6,706,816
575 1st St. N.	Residential	2,458,535
580 2nd St. N.	Residential	2,458,535
601 Stinson Blvd.	Commercial	6,987,000
807 27th Ave. S.	School	14,500,000
90 9th S.	Residential	15,813,256
900 Nicollet Mall	Commercial	63,407,000
901 3rd Ave. S.	Commercial	78,000,000

MAJOR PROJECTS 2001
CONSTRUCTION PERMITS ISSUED FOR $2 MILLION OR MORE

Address	Type	Value
1800 Franklin Ave E.	LRT Storage	$ 23,290,000
101 Main St. NE	Residential	7,000,000
1820 Franklin Ave. E.	LRT Station	2,100,000
2508 Delaware St.	Student Housing	6,000,000
2800 4th Ave. S.	Parking	17,375,000
100 2nd St. NE.	Residential	18,000,000
15 2nd St. NE	Parking	2,174,000
425 Park Ave.	Parking Ramp	13,899,000
600 Hennepin Ave.	Commercial	19,953,144
221 1st Ave. NE.	Residential	2,115,000
4600 Humboldt Ave. N.	Senior Housing	5,066,000
2101 Summer St	Parking Garage	5,750,000
3333 University Ave. SE	Child & Family Center	2,950,000
22 University Ave. NE.	Residential/Retail	4,074,000
929 5th St. SE.	Residential	3,200,000

Development Activity

Development activity continued apace with construction or planning underway throughout the city both for new and redevelopment projects.

Downtown Minneapolis

Downtown continues to be a magnet for growth in the region and is enjoying a building boom. It is the largest office space market in the metropolitan area accounting for just over 40 percent of the private market, multi-tenant office space in the region and is a center for arts, entertainment, retail, and government activity. The downtown office and general employment market exerts considerable influence over the rest of the region. The Minneapolis Downtown Council estimates that 140,000 people work in the downtown area. With new projects on the horizon, it is expected there will be 170,000 workers downtown by 2010. Downtown also has approximately 24,149 residents according to the 2000 Census.

Real estate analysts indicate that the current pace of construction and slow absorption is responsible for the increasing, though still healthy, vacancy rate. As new buildings come on line and anchor tenants vacate their present sites, there will be considerable space to fill in existing buildings. At the end of the second quarter 2001, there was 96,727 square feet open in the Central Business District, with more space opening soon as 50 South 6th Street, 900 Nicollet, and FRM Associate's Marquette Plaza are completed.

Multi-Tenant Office Space

The overall vacancy rate for downtown office space increased for the year ending second quarter of 2001 from 6.3 percent to 7.5 percent, with vacancies increasing in Class A and Class B office spaces. Vacancy rates are decreasing in Class C and Renovated buildings. Class A buildings reported the most tenant losses, resulting in 109,749 of open space. This has raised the Class A vacancy rate from 4.1 to 5.6 percent.

Office Space Classifications

Class A Newer buildings in first class condition, decor and design. Large and/or tall in size with mostly multiple skyway linkage.

Class B Seasoned buildings in good condition and generally over ten years old. Mid-rise in size and may include skyway linkage.

Class C Older buildings of any size in average to poor condition. They may or may not have skyway linkage.

Renovated Buildings which have had a complete renovation, including all mechanical systems and exterior treatment. Many of these building have been readapted to office usage from multi-story industrial designs.

Source: Towle Real Estate Company, 2001 Office Market Update

TRENDS IN VACANCY RATES BY TYPE OF SPACE AND LOCATION (SECOND QUARTER FIGURES)

	Study Date	Total Rental Area	Total Amount Vacant	Vacancy Rate
Minneapolis CBD				
Class A	1999	10,523,887	436,029	4.1%
	2000	11,401,676	463,166	4.1%
	2001	**11,472,592**	**641,245**	**5.6%**
Class B	1999	6,861,073	329,184	4.8%
	2000	6,910,758	428,176	6.2%
	2001	**6,813,731**	**565,704**	**8.3%**
Class C	1999	1,944,850	289,185	14.9%
	2000	1,964,861	259,594	13.2%
	2001	**1,803,577**	**223,079**	**12.4%**
Renovated	1999	2,745,612	269,843	9.8%
	2000	3,215,783	333,345	10.4%
	2001	**3,168,913**	**305,448**	**9.6%**
Minneapolis Out of CBD	1999	1,370,991	153,225	11.2%
	2000	1,385,516	132,825	9.6%
	2001	**1,719,067**	**288,592**	**16.8%**

Source: Towle Real Estate Company, 2001 Office Market Update (Second Quarter)

NET RENTAL RATES: SECOND QUARTER 2001

	Average Net Rent	Net Rent Range Low-High	Average Prop. Tax
Minneapolis CBD			
Class A	$16.91	$14.25-$21.50	$5.92
Class B	$12.60	$ 8.50-$15.75	$3.80
Class C	$10.87	$ 4.25-$14.50	$1.62
Renovated	$10.80	$ 4.50-$14.00	$2.29
Minneapolis Out of CBD	$12.39	$7.50-$18.25	$2.17

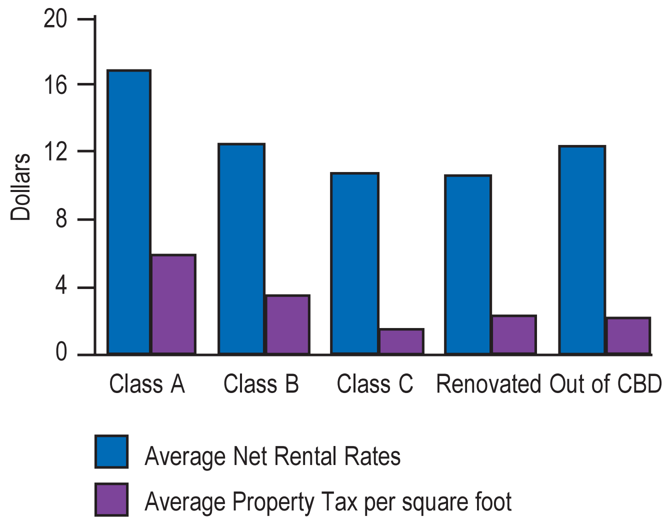
Source: Towle Real Estate Company, 2001 Office Market Update (Second Quarter)

NET RENTAL RATES: SECOND QUARTER 2000

	Average Net Rent	Net Rent Range Low-High	Average Prop. Tax
Minneapolis CBD			
Class A	$16.63	$13.75-$20.00	$6.60
Class B	$12.65	$ 8.00-$16.00	$3.73
Class C	$10.12	$ 5.00-$16.00	$1.66
Renovated	$10.64	$ 4.50-$18.00	$2.44
Minneapolis Out of CBD	$12.64	$ 8.50-$16.50	$3.35

Source: Towle Real Estate Company, 2001 Office Market Update (Second Quarter)

AVERAGE NET RENTAL RATES
AND AVERAGE PROPERTY TAX PER SQUARE FOOT
SECOND QUARTER, 2001



Major Developments

Downtown Minneapolis

Downtown Minneapolis continues its economic boom with office, commercial, residential, and entertainment developments either planned, under construction, or newly completed. Construction is underway on Light Rail Transit (LRT), which will have a major influence on future development in the downtown area and along the LRT corridor. The new Target store on Nicollet Mall is open, and Target's Nicollet Mall office towers are soon to follow. The retail and office tower at 50 South Sixth Street is under construction. Block E is also under construction and will include a 15-screen movie theater complex, retail space, restaurants, and a Marriott Renaissance Hotel. Marquette Plaza (formerly the Federal Reserve Bank) is being redeveloped, and when completed will provide 534,000 square feet of office space.

Construction is also underway for education and arts development in the downtown area. The Washburn Crosby complex in the West Side Milling District will provide an unprecedented glimpse into Minneapolis' past, and a new housing choice for the future. The complex will include the Mill City Museum, luxury condominiums, and office space. Immediately across West River Parkway, the Mill Ruins Park is taking shape on the riverfront. Open Book greets literary enthusiasts on Washington Avenue and planning for a new Guthrie Theater site along the river continues. On the other side of downtown, St. Thomas University is extending its campus, and passage of the library referendum allows for the development of a new downtown central library. Other projects are moving ahead, such as the Avenue of the Arts, and the Shubert Theater and Pantages Theatre renovations.

Downtown housing development continues with the construction of East Village, a small urban village on the edge of downtown, and numerous new housing developments along the riverfront. Klodt Tower has become the first approved apartment building in the downtown core. Other downtown housing projects newly constructed and/or opened are the Heritage Landing, Lindsay Lofts, The Landings Townhomes, Gaar Scott Lofts, RiverStation Townhomes, Renaissance on the River, Lofts on the river, Creamette Historic Lofts, Washburn Lofts, North Star Lofts, Stone Arch Lofts, and Humboldt Lofts.

In Minneapolis' Neighborhoods

A large number of commercial and residential projects are taking shape in Minneapolis' neighborhoods. The Near Northside Redevelopment is well underway to transform the site of five public housing developments into a mixed-income, mixed-density, culturally diverse, amenity-rich neighborhood with 900 units of housing.

Neighborhood office developments include the Broadway Ridge Office Center and the Stinson Technology Campus, as well as many others. The former Bank's building and Grain Belt Brew House are being redeveloped for office space. Planning for the redevelopment of the former Sears site in South Minneapolis continues.

Residential development is progressing along Humboldt Avenue North where an ambitious project is underway that will include significant housing redevelopment along a new greenway. Several large residential projects have been completed on the East Bank surrounding the University of Minnesota. Other residential developments abound in the warehouse district, in the Uptown area and throughout the city.

Construction of a new public safety facility to augment the current Adult Detention Center housed on the fifth floor of City Hall is nearing completion on the block south of Fourth Avenue between Fourth and Fifth streets adjacent to City Hall. The new YWCA/Urban Sports Center at 21st Avenue South and Lake Street is complete. Substantial planning efforts are underway along the Hiawatha Corridor in anticipation of the development of the Twin Cities first light rail line traveling from downtown to Minneapolis-St. Paul International Airport and the Mall of America.

MAJOR PROJECTS APPROVED BY THE HERITAGE PRESERVATION COMMISSION IN 2001

Brighton Development
614 N. 1st St.
St. Anthony Falls Historic District
Rehabilitate a warehouse as 30 condominium units

J. Buxell Architecture, Ltd.
575 N. 1st St., 560 N. 2nd St., 580 N. 2nd St.
St. Anthony Falls Historic District
Construction of three four-story, 85-unit, condominium buildings

Minneapolis Library Board
2900 W. 43rd St.
Linden Hills Library, Individual Designation
Construction of an addition and a new main entrance

Gregory Hunt
14-18 University Ave. N.E.
St. Anthony Falls Historic District
Demolition of the three-building Lupient Dealership complex

Gregory Hunt
14-18 University Ave. N.E.
St. Anthony Falls Historic District
Rehabilitation of the Fire Barn, construction of a three-story commercial/apartment building and a two-level parking ramp

Gregory Hunt
Block bounded by University Ave. N.E., 2nd St. N.E., 1st Ave. N.E. and 2nd Ave. N.E.
St. Anthony Falls Historic District
Construction of 48 two-story townhomes

Michael Crowe Inc.
729 S. 10th St.
Band Box Diner, Individual Designation
Addition

Meyer, Scherer & Rockcastle Ltd/
Minnesota Historical Society
706-08 S. 2nd St.
St. Anthony Falls Historic District
Rehabilitate the Washburn "A" Mill ruins as a museum

Minneapolis Public Works Department
Main St. S.E. (3rd Ave. – 6th Ave.), 6th Ave. N.E.
St. Anthony Falls Historic District
Rebuild/replace stone and brick streets

Women's Club of Minneapolis
410 Oak Grove St.
Women's Club, Individual Designation Addition

Housing Partners III (HuntGregory)
Block bounded by 1st Av. N.E., 2nd Ae. N.E., Main St. N.E.

St. Anthony Falls Historic District
Construction of 12 townhomes, a six-story residential building and a seven-story residential building

Holtzman Interests #14, LLC
1300 Yale Pl.
Harmon Place Historic District (Interim Protection)
Construction of 9 townhomes and a four-story, 153-unit apartment building

University of St. Thomas
52 S. 12th St.
Harmon Place Historic District (Interim Protection)
Construction of a six-level parking ramp

Klodt Incorporated
428 S. 2nd St.
St. Anthony Falls Historic District
Construction of five-story, 132 unit apartment building

Minneapolis Community Development Agency
708 Hennepin Ave.
Pantages Theatre, Individual Designation
Rehabilitation of the theatre

Ryan Companies US Inc.
1220 Marshall St. N.E.
Grain Belt, Individual Designation
Demolish two additions and construct a plaza and a one-story link between the Brew House and Boiler House

Brighton Development
708-30 S. 2nd St.
St. Anthony Falls Historic District
Rehabilitate the Humbolt Mill as 7 condominiums and construction of a nine-story, 30-unit condominium building