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Economic Development

Minneapolis business establishment and employment data for 1998 are published by the Minnesota Department of Economic Security.

Estimates of Minneapolis resident employment and unemployment for 1999, as well as selected characteristics of the insured unemployed for 1997 are provided by the Minnesota Department of Economic Security.

Minneapolis labor force information by occupation is taken from the 1980 and 1990 US Bureau of the Census' decennial census of population.

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, 1999 Office Market Update (Second Quarter 1999), the Minneapolis Community Development Agency, the Municipal Information Library and the Minneapolis Planning Department.

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

In 1998, 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 1998 indicate a total of 13,085 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 1998 was down from 13,238 reported in last year's State of the City (forth quarter, 1997) and the 301,642 persons employed by those establishments is marginally up from the 300,150 reported (fourth quarter, 1997). The average employment per unit remained constant from 1997 at 23 workers.

The durable goods manufacturing sector had the highest level of employment per business establishment with 41 workers per site followed closely by non-durable goods manufacturing and transportation, public utilities with 38 workers per unit each. (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 1998, the reported average weekly wage declined marginally by 1.5 percent, from $793 to $781. The average weekly wage for the finance, insurance, and real estate sector (F.I.R.E.) for 1998 was almost $488 (or 62 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, 1998

Industry	Employment	Percent Share Employment	Business Units*	Pct. Share Business Units	Average Employment per Unit	Average Weekly Wage
Agriculture, Forestry, and Fishing	n/a	n/a	n/a	n/a	n/a	n/a
Mining	n/a	n/a	n/a	n/a	n/a	n/a
Construction	5,490	2%	499	4%	11	$891
Manufacturing-Durable	15,428	5%	376	3%	41	$896
Manufacturing-Non-Durable	16,039	5%	422	3%	38	$1,002
Transportation, Communications, Utilities	14,435	5%	379	3%	38	$862
Wholesale Trade	12,757	5%	1,058	8%	12	$898
Retail Trade	41,471	14%	2,224	17%	19	$436
Finance, Insurance, Real Estate	33,917	11%	1,590	12%	21	$1,269
Services	112,559	37%	6,009	47%	19	$700
Government	48,976	16%	428	3%	114	$747
Total	**301,642**	**100%**	**13,085**	**100%**	**23**	**$781**

*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 1998 by 2,017 to 208,842. Similarly, the number of Minneapolis residents employed increased by 3,178 workers.

The Minneapolis labor force consists of city residents who are working or actively seeking employment. In 1998, the increase in the size of the labor force was exceeded by an increase in the number of employed residents, causing a drop in the annual average unemployment rate from 3.2 percent in 1997 to 2.6 percent in 1998. The unemployment rate is at its lowest point in over ten years.

Data in the following table display an employment/unemployment breakdown of annual average labor force estimates for the 1988 to 1998 period. Since 1988, Minneapolis' labor force has ranged from a low of 199,100 in 1993, to this years' high of 208,842. 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.

CITY OF MINNEAPOLIS MINNESOTA LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Average 1988 through 1998 (Rounded Data)

	Labor	Employed		Unemployed	
Year	**Force**	**Number**	**Percent**	**Number**	**Percent**
1988	203,800	196,000	96.2%	7,800	3.8%
1989	204,000	195,700	95.9%	8,300	4.1%
1990*	206,200	197,000	95.5%	9,200	4.5%
1991*	203,800	194,000	95.2%	9,800	4.8%
1992*	199,600	189,600	95.0%	10,000	5.0%
1993*	199,100	189,100	95.0%	10,000	5.0%
1994*	204,300	196,600	96.2%	7,700	3.8%
1995*	206,400	199,500	96.6%	7,000	3.4%
1996*	206,100	198,000	96.0%	8,200	4.0%
1997	206,825	200,282	96.8%	6,543	3.2%
1998	208,842	203,461	97.4%	5,382	2.6%

* 1995 Benchmark
Source: Minnesota Department of Economic Security

MINNEAPOLIS LABOR FORCE, ANNUAL AVERAGE 1988 THROUGH 1998

The data suggest relatively stable total labor force figures during the period. 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.

While the general labor force numbers paint a healthy picture for Minneapolis, the figures also mask the differences between people of color and white residents. Although the figures displayed in the table below are from the Bureau of the Census for the years 1980 and 1990 and are not directly comparable to Minnesota Department of Economic Security data, they do provide useful information on the distribution of the city's labor force by race. In 1990, the labor force participation rate for whites was 70.6 percent, for people of color it was only 61.2 percent. Similarly, while the employment rate for whites stood at 94.9 percent at the time of the 1990 census, the employment rate for people of color was only 84.4 percent.

For more information regarding the labor force characteristics of city residents, refer to the publication Changes in the Minneapolis Labor Force and the Growing Living Wage Employment Gap from the Minneapolis Planning Department, October 1993.

LABOR FORCE PARTICIPATION RATE AND EMPLOYMENT RATE 1980 - 1990
PERSONS AGE 16 AND OVER

Labor Force Participation Rate	**Total**	**White**	**Minority**	**African American**	**Native American**	**Asian American**	**Hispanic**
1990	69.0%	70.6%	61.2%	64.1%	53.8%	55.0%	76.9%
1980	65.5%	66.0%	60.3%	62.5%	53.9%	54.9%	65.2%
Change from 1980 to 1990	3.5%	4.6%	.9%	1.6%	-.1%	.1%	11.7%
Employment Rate							
1990	93.3%	94.9%	84.4%	83.1%	77.8%	92.3%	90.1%
1980	95.2%	95.8%	88.4%	90.2%	77.1%	93.7%	88.2%
Change from 1980 to 1990	-1.9%	-.9%	-4.0%	-7.1%	.7%	-1.4%	1.9%

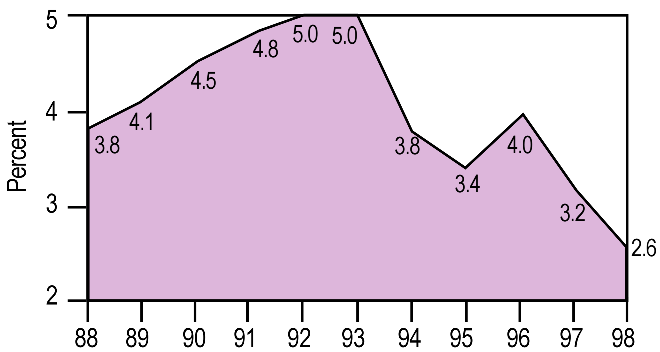
Source: US Bureau of the Census, Summary Tape File 3, 1990, 1980.

Unemployment

Minneapolis' annual average labor force unemployment rate in 1998 was 2.6 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 1988-1998. 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 last years low of 2.6 percent. The annualized average is not yet available for 1999.

MINNEAPOLIS LABOR FORCE
ANNUAL AVERAGE UNEMPLOYMENT RATES



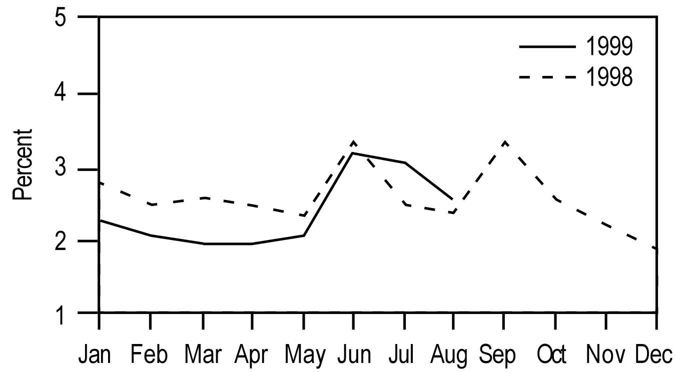
Source: MN Dept. of Economic Security web Site.

Unemployment rates vary throughout the year. The unemployment rates for each month in 1998 are lower than the comparable month of the previous year. If the trend continues, the annual average unemployment rate will be even lower for 1999 than it was in 1998, although with the current low rates it cannot drop much further. The following chart shows unemployment rates for each month in 1998, as well as for January through August of 1999.

Jan 1998	2.8%	Jan 1999	2.3%
Feb 1998	2.5%	Feb 1999	2.1%
Mar 1998	2.6%	Mar 1999	2.0%
Apr 1998	2.5%	Apr 1999	2.0%
May 1998	2.3%	May 1999	2.1%
June 1998	3.3%	June 1999	3.2%
July 1998	2.5%	July 1999	3.1%
Aug 1998	2.4%	Aug 1999	2.6%
Sept 1998	3.3%		
Oct 1998	2.6%		
Nov 1998	2.2%		
Dec 1998	1.9%		

Source: MN Dept. of Economic Security web Site.

MINNEAPOLIS LABOR FORCE
MONTHLY UNEMPLOYMENT RATES



Source: MN Dept. of Economic Security web Site.

Selected characteristics of 11,075 unemployed persons who filed for unemployment compensation in Minneapolis for the program year ending June 30, 1997 are contained in the following table. At time of writing the latest data on selected characteristics of insured unemployed in the City of Minneapolis compiled by the Minnesota Department of Economic Security date to 1997. Over one-third of applicants listed their primary occupation within the professional/technical/managerial category.

SELECTED CHARACTERISTICS OF INSURED UNEMPLOYED
CITY OF MINNEAPOLIS
PROGRAM YEAR ENDING JUNE 30, 1997

Female	38.5%
Minorities	35.2%
Age 22-39	56.8%
Age 40-54	33.2%
Age 55-64	6.0%
12 Years School	45.4%
Over 12 Years School	45.8%
Unemployed 15+ Weeks	40.4%
Professional/Technical/Managerial	36.9%

Source: MN Dept. of Economic Security web Site.

Minneapolis Employment and Training
Minneapolis Employment and Training program helped over 3,000 disadvantaged people to find jobs at an average wage of $9.92/hr. during the year ending June 30, 1999. An additional 1,070 low-income youths had summer jobs at nonprofit agencies at the minimum wage.

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, job placement and support services were provided to nearly 16,000 people between July 1, 1998 and July 1, 1999. Over 12,300 of these were welfare recipients participating in the Minnesota Family Investment Program, jointly administered by the city and Hennepin County.

- 760 participants had been permanently laid off from other jobs;
- 2,363 participants had limited English (twice last year's number);
- 441 were persons with disabilities.

The Minnesota Department of Economic Security estimates that around 30,620 city residents are eligible for these services, which are funded through federal, state and local jobs programs. These programs played a key part in helping 1,362 Hennepin County welfare recipients to enter the work force. Eligibility is determined by the requirements of the funding source. For more information call 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	Address	Programs
American Indian O.I.C.	1845 East Franklin Av.	**W,Y**
Anishinabe Council of Job Developers, Inc.	4119 East Lake St.	**A**
Bethlehem Community Center	2539 Pleasant Av. So.	**Y**
Catholic Charities-Seton Outreach Services	2104 Stevens Av. So.	**W**
Centre for Asians & Pacific Islanders	3702 East Lake St.	**W**
Church of St Stephen	2211 Clinton Av S	**W**
EAC - Adult JTPA Program & Employee Dev. Serv.	1900 Chicago Av. So.	**A,O**
EAC - New Chance, Youth Futures & Young Dad's	2104 Park Av. So.	**W,Y**
EAC - Suburban Pathways	6715 Minnetonka Blvd	**W**
EAC - WINGS North	3200 Penn Av. No.	**W,D**
EAC - WINGS South	1527 E. Lake St.	**W**
East Side Neighborhood Services, Inc.	1929 2nd St. N.E.	**W,A,O**
East Side Neighb. Svcs, at Pratt Comm. Educ.Center	66 Malcolm Av. S.E.	**W**
Hennepin County W.E.R.C.	330 12th St. So.	**W**
HIRED at Edison High School	700 22 Av NE	**Y**
HIRED North Office	1200 Plymouth Av. No.	**W,Y,D**
HIRED South Office Sabathani Community Center	310 East 38th St.	**W,A,D**
HIRED-Hennepin North Workforce Center	7115 Northland Terrace	**W**
Hmong American Mutual Assistance Association	1209 Glenwood Av. No.	**A**
Hmong American Partnership	1121 Glenwood Av. No.	**W**
Horn of Africa	2940 Pillsbury Av S	**W**
Jewish Vocational Service	13100 Wayzata Blvd.	**W**
Jewish Vocational Service	430 - 1st Av. No.	**W**
Loring Nicollet Bethlehem Community Centers	1925 Nicollet Av. So.	**W,A**
Lutheran Social Services	2414 Park Av. So.	**WR**
MDES-North Minneapolis Workforce Center	1200 Plymouth Av. No.	**WD**
MDES-South Minneapolis Workforce Center	777 East Lake St.	**WD**
MDES-Hennepin North - MN Workforce Center	7115 Northland Terrace	**W**
MDES-Hennepin South - MN Workforce Center	4220 West Old Shakopee Road	**W**
Minneapolis Public Housing Authority	1001 Washington Av. No.	**W**
Minneapolis Urban League	2000 Plymouth Av. No.	**A,Y**
Minneapolis Urban League South	777 East Lake St.	**W**
PNS - Brian Coyle Community Center	420 - 15th Av. So.	**W,R,A,Y**
PNS - New Unity Neighborhood Empl.	2507 Fremont Av. No.	**W,A**
PNS-Waite House	2529 13th Av. So.	**Y**
Project for Pride in Living-Connections-to-Work	810 East Franklin Av.	**W**
Southeast Asian Refugee Comm. Home (SEARCH)	1421 Park Av. So.	**W,A**
Summit Academy O.I.C.	935 Olson Memorial Highway	**W,A**

A - Adult Services
D - Dislocated Workers
O - Older Workers
R - Refugee Services
W - Welfare to Work
Y - Youth Services

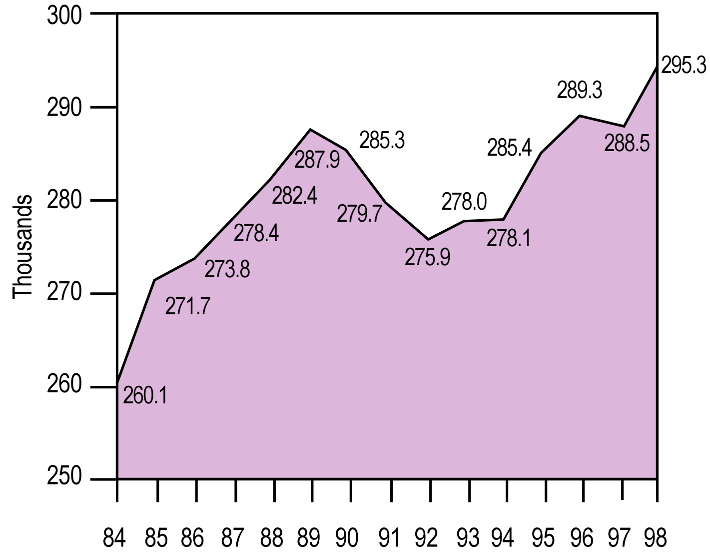
The number of jobs held in Minneapolis totaled 295,295 in March 1998.

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 1984. March has been used because it is a month whose data is not inflated by holiday or summer labor force participants. As such, March work force levels may be closer to the annual average than those of other months.

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

The low point of the city's work force level during this period was in 1984, with 260,100 workers, which reflect the national recession of the early 1980s. Minneapolis' employment climbed steadily from 1984 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 295,295.

WORK FORCE, 1984 THROUGH 1998



Note: The data used above are March 1998 totals, while the data used in the following Work Force Distribution section is a second quarter 1998 average. Differences between the two reflect cyclical variations.

Work Force Distribution

The second quarter average work force for 1998 was 304,514, which continues the five-year trend of increasing employment in the City of Minneapolis. Employment increases have been seen primarily in the service sector.

Over one-third of the jobs in Minneapolis are in the service sector for a total of 115,128 service jobs. The next largest shares are in trade and government sectors with 53,310 and 49,887 jobs respectively.

Second quarter 1998 employment figures indicate an increase in employment over the 1997 annual average of just over 10,000 (keeping in mind that second quarter figures will differ from annual averages by not taking into account seasonal fluctuations). The growth industry is the service industry. All other industries grew marginally with the exception of Trade which declined marginally.

MINNEAPOLIS WORK FORCE EMPLOYMENT[1]
DISTRIBUTION BY INDUSTRY 1980, 1990, 1997, 1998
(ANNUAL AVERAGE DATA, EXCEPT 1998 IS SECOND QUARTER DATA)

	Employment				Increase (Decrease) 1980-1998		Increase (Decrease) 1980-1998	
	1980	1990	1997	1998	No.	Pct.	No.	Pct.
Construction	7,600	5,826	5,211	5,371	(2,229)	(29)	(455)	(8)
F.I.R.E.[2]	27,200	33,516	32,516	33,848	6,648	24	332	1
Government	41,200	46,094	48,320	49,887	8,687	21	3,793	8
Mfg.	49,600	39,290	31,816	31,789	(17,811)	(36)	(7,501)	(19)
Services	70,000	90,347	107,819	115,128	45,128	64	24,781	27
T.C.U.[3]	15,300	15,004	14,334	14,555	(745)	(5)	(449)	(3)
Trade[4]	61,800	55,569	53,794	53,310	(8,490)	(14)	(2,259)	(4)

[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 web site.

Note: Fourth quarter averages are customarily used as the most recent year total in this section of State of the City but were unavailable at time of publication.

Construction

Construction permits issued up to the end of the third quarter 1999 show a continued pattern of reinvestment in existing buildings through high 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.

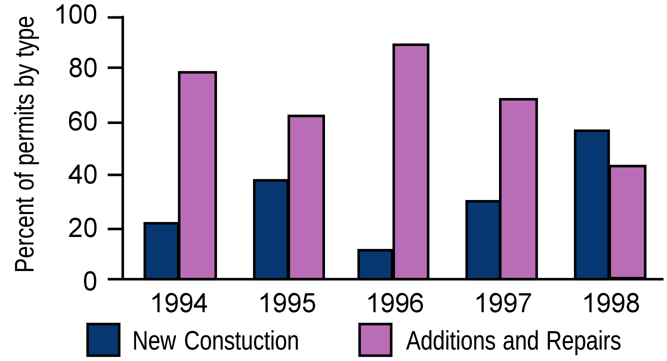
The landscape of downtown Minneapolis in 1999 was again punctuated by the presence of cranes, as three major office tower developments, an office retail complex, and a major new parking facility, were all under construction, along with numerous other smaller projects (see the section on Development Activity for more details on these projects).

	Total Value of all Permits (dollars)	Percentage Value: Additions and Repairs	Percentage Value: New Construction	Annual Change (Percent)
1994	$276,431,204	80%	21%	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[1]	$365,631,430	n/a	n/a	n/a

[1] January through September

The first nine months of 1999 have seen similar investment in building and renovating property as was seen in the full year of 1998. The total value for permits issued from January to September 1998 was approximately $365 million.

BUILDING PERMIT TYPES, 1994 - 1998



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 1999 below.

MAJOR PROJECTS 1999
CONSTRUCTION PERMITS ISSUED,
NEW PRIMARY STRUCTURES, $2 MILLION OR MORE

Address	Type of Construction	Estimated Value[1]
715 20th Ave S	Residential	$5,000,000
401 4th Ave S	Public	$57,340,000
602 University Ave NE	Commercial	$2,550,000
1401 6th St SE	Residential	$2,500,000
415 1st St N	Residential	$13,570,000
410 2nd St N	Residential	$9,430,000
2121 Lake St E	Public	$13,000,000
1301 2nd Ave	Commercial	$10,120,600
120 River Parkway W	Commercial	$5,386,000
1800 Broadway St NE	Commercial	$2,100,000
1401 6th St SE	Residential	$5,900,000
317 5th Ave N	Commercial	$2,400,000
2315 Chicago Ave	Commercial	$2,490,000
1821 Washington Ave S	Residential	$16,250,000

[1] Value of construction permits pulled in first three quarters of 1999

Development activity continued apace in 1999, with construction or planning underway on office, residential, commercial, industrial and arts facility projects throughout the city both for new projects and redevelopments.

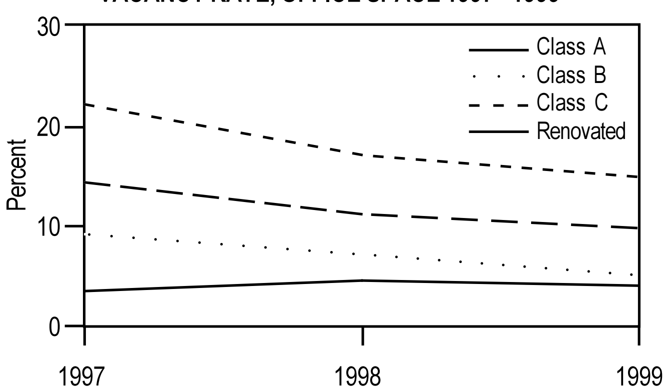
Downtown Minneapolis

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 Metropolitan Council estimates that in the first quarter of 1998, 160,000 people worked in the Central Community (an area containing downtown and the North Loop). Downtown also has approximately 25,000 residents. With two major office buildings reaching completion, three others under construction and significant additional space on the drawing board, Minneapolis boasts one of the more active downtown office markets in the country. Real estate analysts indicate that the current boom is being driven by increasing space requirements of established downtown employers and less by the speculative environment that characterized the building boom of the 1980s. As new buildings come on line and anchor tenants vacate their present sites, there will be considerable space to fill in existing buildings.

Multi-Tenant Office Space

Attractive living environments, stable urban communities and higher than average per capita incomes continue to act as strong indicators of the area's future growth. Employment growth continues to concentrate in the service sector (especially in the service sector, which added over 7,000 jobs to the local employment base last year). The overall vacancy rate for downtown office space declined for the year ending second quarter of 1999 from 7.1 percent to 6 percent, with active leasing in Class B buildings lowering the vacancy rate for this class of structure from 7.9 percent to 4.8 percent. Vacancy in Class A properties remain very low, dropping from 4.3 percent to 4.1 percent. Until the new buildings come on-line large blocks of leasable space in Class A buildings are generally not available.

VACANCY RATE, OFFICE SPACE 1997 - 1999



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, 1999 Towle Report

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	1997	10,483,773	390,629	3.7%
	1998	10,483,773	452,452	4.3%
	1999	**10,523,887**	**436,029**	**4.1%**
Class B	1997	6,728,492	618,565	9.2%
	1998	6,929,549	483,744	7.0%
	1999	**6,861,073**	**329,184**	**4.8%**
Class C	1997	2,376,563	455,759	21.9%
	1998	2,019,786	349,572	17.3%
	1999	**1,944,850**	**289,185**	**14.9%**
Renovated	1997	2,456,424	300,315	14.3%
	1998	2,457,144	270,806	11%
	1999	**2,745,612**	**269,843**	**9.8%**
Minneapolis Out of CBD	1997	1,370,991	139,394	10.2%
	1998	1,370,991	124,783	9.1%
	1999	**1,370,991**	**153,225**	**11.2%**

Source: Towle Real Estate Company, 1999 Office Market Update (Second Quarter)

NET RENTAL RATES: SECOND QUARTER 1999

	Average Net Rent	Net Rent Range Low-High	Average Prop.Tax
Minneapolis CBD			
Class A	$18.23	$16.00-$22.00	$7.25
Class B	$12.50	$8.00-$16.00	$3.66
Class C	$9.30	$5.00-$15.00	$1.79
Renovated	$10.37	$4.25-$14.25	$1.96
Minneapolis Out of CBD	$11.85	$7.00-$17.50	$2.65

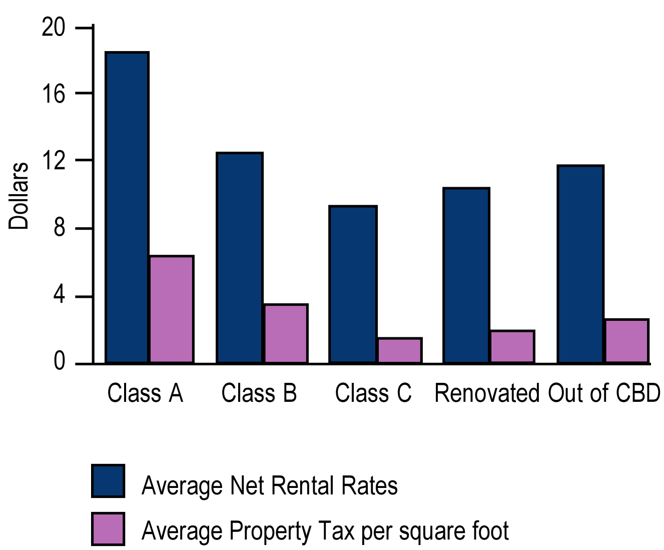
Source: Towle Real Estate Company, 1999 Office Market Update (Second Quarter)

NET RENTAL RATES: SECOND QUARTER 1998

	Average Net Rent	Net Rent Range Low-High	Average Prop.Tax
Minneapolis CBD			
Class A	$18.54	$16.00-$22.00	$7.64
Class B	$12.65	$9.00-$20.00	$3.62
Class C	$9.48	$6.50-$13.00	$1.51
Renovated	$9.76	$4.00-$14.00	$1.96
Minneapolis Out of CBD	$10.45	$7.00-$15.50	$2.66

Source: Towle Real Estate Company, 1999 Office Market Update (Second Quarter)

AVERAGE NET RENTAL RATES AND AVERAGE PROPERTY TAX PER SQUARE FOOT SECOND QUARTER, 1999



PROPOSED AND UNDER CONSTRUCTION OFFICE DEVELOPMENT IN DOWNTOWN MINNEAPOLIS 1999

- American Express Financial Advisors
  (707 2nd Ave. & the 900 block between 3rd and 4th Ave.)
  31 story, 870,000 square foot office tower, and a15 story, 900,000 square foot service center under construction.

- Target Stores Inc. Headquarters
  (1000 Nicollet block, and 900 Nicollet block)
  30 Story 1,100,000 square foot second phase under construction. Target store with accompanying office tower under construction.

- Piper Jaffray
  (800 block Nicollet Mall)
  34 story, 800,000 square foot office building nearing construction.

- 50 South 6th Street
  30 story, 600,000 office building under construction
  Source: Minneapolis Planning Department

In addition to the boom in office development downtown, large numbers of other projects are underway in the neighborhoods and downtown. Two new schools have been built on the north side with two more planned for next few years to accommodate anticipated increases in the number of students. Along Humboldt Avenue North an ambitious project is underway that will include significant housing redevelopment along a new Greenway. Redevelopment of the Great Lake Commercial Center on Lake Street (formerly known as the Sears site) continues. Several large residential projects have been completed on the east bank surrounding the University of Minnesota. Other residential developments abound, in the warehouse district, along the waterfront, in the uptown area and throughout the city. Industrial redevelopment activities are ongoing in the North Washington Industrial Park. Construction of a new public safety facility to augment the current Adult Detention Center housed on the fifth floor of City Hall is currently underway on the block south of 4th Avenue between 4th and 5th Street adjacent to City Hall. Construction is nearing completion for the YWCA sports facility to be located at 21st Avenue South and Lake Street. 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 OR UNDER CONSIDERATION BY THE HERITAGE PRESERVATION COMMISSION IN 1999

- Orpheum Theatre
  910 Hennepin Ave.
  Individual Designation
  Skyway connection

- Suburban World
  3022 Hennepin Ave.
  Individual Designation
  Interior rennovation

- DeLaSalle High School
  1 DeLaSalle Dr.
  St. Anthony Falls Historic District
  New three story addition

- Brighton Development
  600 S. 2nd St.
  St. Anthony Falls Historic District
  New ten story condominium development

- Schafe Richardson
  215 N. 1st St.
  St. Anthony Falls Historic District
  Rehabilitation of two buildings for office
  & commercial space

- Minneapolis College of Art and Design
  2501 Stevens Ave. S.
  Washburn-Fair Oaks Historic District
  One and four story additions for classroom
  and dining space

- Dania Hall Group, Limited Partnership
  427 Cedar Ave. S.
  Individual Designation
  Interior and exterior rehabilitation for commercial,
  office, and community space

- CSM Corp.
  300 Washington Ave. S.
  Individual Designation
  Interior and exterior rehabilitation for 30 hotel units,
  dining, meeting space, and event/parking space

- Minneapolis Park & Recreation Board
  West River Parkway
  St. Anthony Falls Historic District
  New park with bike and pedestrian trails