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Economic Development

Minneapolis business establishment and employment data for 1999 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 1998 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, 2000 Office Market Update (Second Quarter 2000), 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*

Business Establishments

In 1999, 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 1999 indicate a total of 12,992 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 1999 was down from 13,085 reported in last year's State of the City and the 301,183 persons employed by those establishments is down from the 301,642 reported. The average employment per unit remained constant at 23 workers.

The durable goods manufacturing sector had the highest level of employment per business establishment with 40 workers per site followed closely by non-durable goods manufacturing and transportation, public utilities with 39 and 38 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 1999, the reported average weekly wage increased by 4.8 percent, from $781 to $819. The average weekly wage for the finance, insurance, and real estate sector (F.I.R.E.) for 1999 was almost $490 (or 60 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, 1999

Industry[1]	Employment	Percent Share Employment	Business Units[2]	Pct. Share Business Units	Average Employment per Unit	Average Weekly Wage
Construction	5,921	2%	510	4%	12	$912
Manufacturing-Durable	14,668	5%	370	3%	40	$948
Manufacturing-Non-Durable	15,934	5%	405	3%	39	$984
Transportation, Communications, Utilities	14,705	5%	385	3%	38	$930
Wholesale Trade	12,910	4%	1,011	8%	13	$957
Retail Trade	40,885	13%	2,171	17%	19	$480
Finance, Insurance, Real Estate	34,306	11%	1,547	12%	22	$1,309
Services	113,008	37%	6,057	47%	19	$741
Government	50,213	17%	428	3%	117	$773
Total	**303,183**	**100%**	**12,992**	**100%**	**23**	**$819**

[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 1999 by 2,120 to 205,194. Similarly, the number of Minneapolis residents employed increased by 1,706 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 lower than the increase in the number of employed residents, causing a slight rise in the annual average unemployment rate from 2.7 percent in 1998 to 2.8 percent in 1999.

Data in the following table display an employment/unemployment breakdown of annual average labor force estimates for the 1990 to 1999 period. Since 1990, Minneapolis' labor force has ranged from a low of 199,418 in 1993, to a high of 207,379 in 1995. 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.

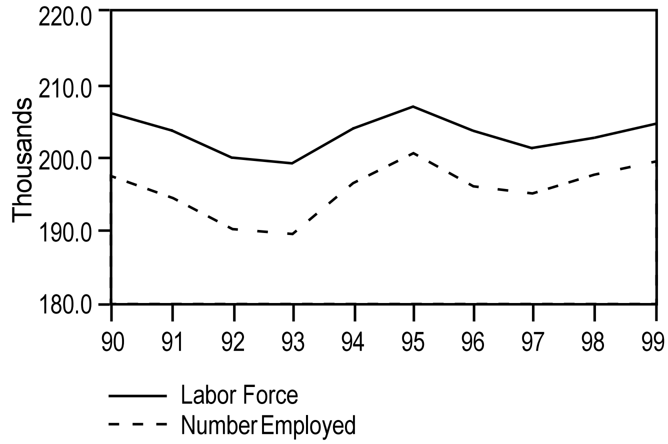
Data differ from previous reports because the Minnesota Department of Economic Security has made adjustments. Data reported here represent what the DES is currently reporting for present and past years.

CITY OF MINNEAPOLIS LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Average 1990 through 1999

Year	Labor Force	Employed Number	Employed Percent	Unemployed Number	Unemployed Percent
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	205,194	199,389	97.2%	5,805	2.8%

Source: Minnesota Department of Economic Security

MINNEAPOLIS LABOR FORCE, ANNUAL AVERAGE 1990 THROUGH 1999



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%

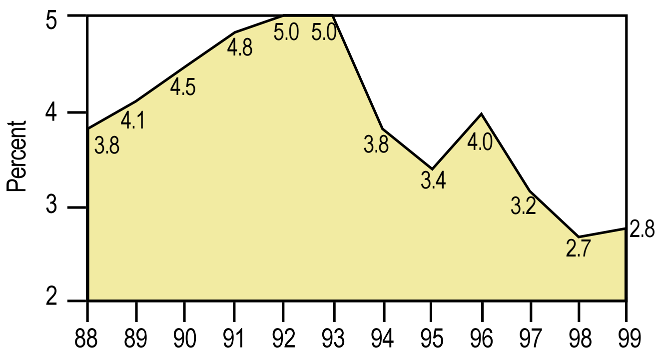
Source: US Bureau of the Census, Summary Tape File 3, 1990, 1980.

Unemployment

Minneapolis' annual average labor force unemployment rate in 1999 was 2.8 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 1988-1999. 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 1999 to 2.8 percent.

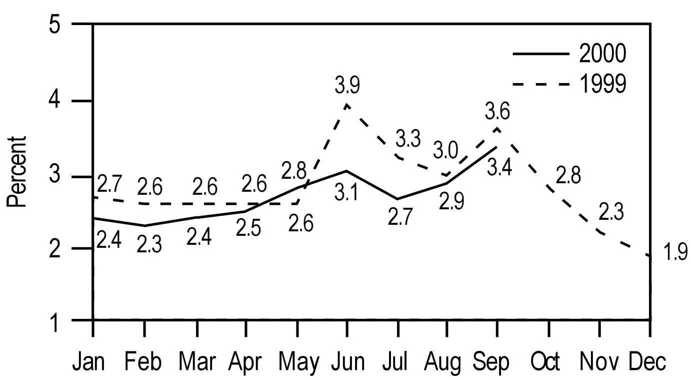
MINNEAPOLIS LABOR FORCE
ANNUAL AVERAGE UNEMPLOYMENT RATES



Source: MN Dept. of Economic Security web Site.

Unemployment rates vary throughout the year. The unemployment rates for each month in 2000 are generally lower than the comparable month of the previous year. If the trend continues, the annual average unemployment rate will be lower for 2000 than it was in 1999. The following chart shows unemployment rates for each month in 1999, as well as for January through September of 2000.

MINNEAPOLIS LABOR FORCE
PERCENT MONTHLY UNEMPLOYMENT RATES



Source: MN Dept. of Economic Security web Site.

Selected characteristics of 10,619 unemployed persons who filed for unemployment compensation in Minneapolis for the program year ending June 30, 1998 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 was from 1998. Nearly 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, 1998

Female	39.9%
Minorities	35.8%
Age 22-39	55.4%
Age 40-54	34.2%
Age 55-64	6.4%
12 Years School	41.5%
Over 12 Years School	48.6%
Unemployed 15+ Weeks	38.0%
Professional/Technical/Managerial	31.5%

Source: Minnesota Department of Economic Security web site, Table C-1.

Minneapolis Employment and Training
Minneapolis Employment and Training Program (METP) helped over 3,200 disadvantaged people to find jobs at an average wage of $10.91/hr during the year ending June 30, 2000. An additional 932 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, and job placement and support services were provided to nearly 17,000 people between July 1, 1999 and June 30, 2000. Over 12,000 of these were welfare recipients participating in the Minnesota Family Investment Program, jointly administered by the city and Hennepin County. Nine-hundred and fifty participants had been permanently laid off from other jobs and 320 were people with disabilities.

The Minnesota Department of Economic Security estimates that approximately 36,070 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 1,787 Hennepin County welfare recipients to enter the work force. 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	Address	Programs
American Indian O.I.C.	1845 East Franklin Avenue	W, Y
Anishinabe Council of Job Developers, Inc.	2525 Franklin Ave. E. Suite 1	A
Association for the Advancement of Hmong Women	1518 East Lake Street	W
Bethlehem Community Center	2539 Pleasant Avenue South	Y
Catholic Charities - Seton Outreach Services for Women and Families	1601 Hennepin Ave.	W
Centre for Asians & Pacific Islanders	3702 East Lake Street, Suite 200	W
Church of Saint Stephen	2211 Clinton Avenue South	W
Chicanos Latinos Unidos en Servico	2110 Nicollett Avenue	W
East Side Neighborhood Services, Inc.	1929 - Second Street N.E.	A, M, W
East Side Neighborhood Svcs, Inc. South East Office University Technology Center	1313-5th St. S.E.	W
EAC	900 20th Avenue South	W,Y
EAC South	1527 East Lake Street	M
EAC North	3200 Penn Avenue North	W,D
EAC - Suburban Pathways	6715 Minnetonka Blvd.	W
EAC - Young Parents	2104 Park Avenue South	W
Goodwill/Easter Seals - Phillips Job Bank	919 East Lake Street	A
Greater Minneapolis Council of Churches Division of Indian Work (DIW)	1001 Lake St. E	A
Hennepin County W.E.R.C.	330 - 12th Street South, Suite 370	W
HIRED North	1200 Plymouth Avenue North	D,W
HIRED - Edison High School	700 - 22nd Avenue N.E.	Y
HIRED - Patrick Henry High School	4320 Newton Avenue North	Y
HIRED at Sabathani	310 East 38th Street, Room 101	A, D, W
HIRED – Hennepin North Workforce Center	7115 Northland Terrace, Suite 100, Brooklyn Pk	W
HIRED Bloomington	1701 East 79th Street, Bloomington	W
Hmong American Mutual Assistance Association, Inc.	1209 Glenwood Avenue North	A,M,Y
Hmong American Partnership	1121 Glenwood Avenue North	W
Jewish Vocational Service	13100 Wayzata Blvd., Suite 300, Minnetonka	W
Jewish Vocational Service	430 - 1st Avenue North, Suite 620	W
Lao Assistance Center	1015 Olson Memorial Highway	W
Lao Family Community	1209 Glenwood Avenue North	W
Lifetrack Resources	2111 Central Avenue North	W
Loring Nicollet Community Center, Inc.	1925 Nicollet Avenue South	A, W
Lutheran Social Services	2414 Park Avenue South	W
Minneapolis Public Housing Authority, Welfare-to-Work Program	1001 Washington Avenue North	W
Minneapolis Urban League	2000 Plymouth Avenue North	A,Y
Minneapolis Urban League South Emerge Project	777 East Lake Street, Suite 203	W
MN Department of Economic Security (MDES) - North Minneapolis Workforce Center	1200 Plymouth Avenue North	D,W
MDES - South Minneapolis Workforce Center	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	420 - 15th Avenue South	A,W,Y
Pillsbury Neighborhood Services – Unity House	2507 Fremont Avenue North	A, W
Pillsbury Neighborhood Services – Waite House	2529 – 13th Avenue South	Y
Project for Pride in Living Connections-to-Work	810 East Franklin Avenue	W
RISE, Inc.	2608 Blaisdell Avenue South	W
Southeast Asian Community Council	423 Bryant Avenue North	W
Southeast Asian Refugee Community Home (SEARCH)	1421 Park Avenue South	A
Summit Academy O.I.C.	935 Olson Memorial Highway	A, W

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

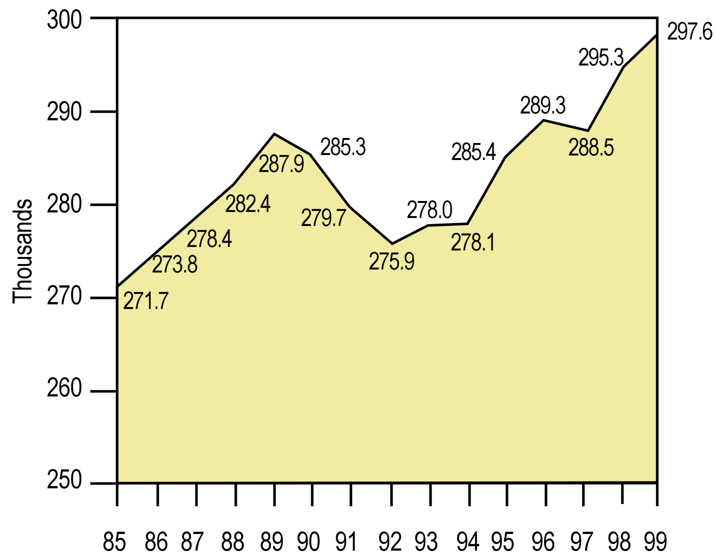
The number of jobs held in Minneapolis totaled 297,610 in March 1999.

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 1985. 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 1985, with 271,700 workers, which reflect the national recession of the early 1980s. Minneapolis' employment climbed steadily from 1985 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, 1985 THROUGH 1999



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

Work Force Distribution

The annual average work force for 1999 was 303,183, which continues the six-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 113,008 service jobs. The next largest shares are in trade and government sectors with 53,795 and 50,213 jobs respectively.

From 1998 to 1999, the manufacturing sector and the trade sector were the only two sectors that showed a decline. The largest absolute change was an increase in 1,237 government jobs. The largest percentage increase was a 7.8 percent increase in construction.

MINNEAPOLIS WORK FORCE EMPLOYMENT[1]
DISTRIBUTION BY INDUSTRY 1980, 1990, 1998, 1999
(ANNUAL AVERAGE DATA)

	Employment				Increase (Decrease) 1980-1999		Increase (Decrease) 1980-1999	
	1980	**1990**	**1998**	**1999**	**No.**	**Pct.**	**No.**	**Pct.**
Construction	7,600	5,826	5,371	5,921	(1,679)	(22)	95	2
F.I.R.E.[2]	27,200	33,516	33,848	34,306	7,106	26	790	2
Government	41,200	46,094	49,887	50,213	9,013	22	4,119	9
Manufacturing	49,600	39,290	31,789	30,602	(18,998)	(38)	(8,688)	(22)
Services	70,000	90,347	115,128	113,008	43,008	61	22,661	25
T.C.U.[3]	15,300	15,004	14,555	14,705	(595)	(4)	(299)	(2)
Trade[4]	61,800	55,569	53,310	53,795	(8,005)	(13)	(1,774)	(3)
Total - All Industries			**301,072**	**303,183**				

[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.

Construction

Construction permits issued in 1999 show a 92 percent increase over the previous year with 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.

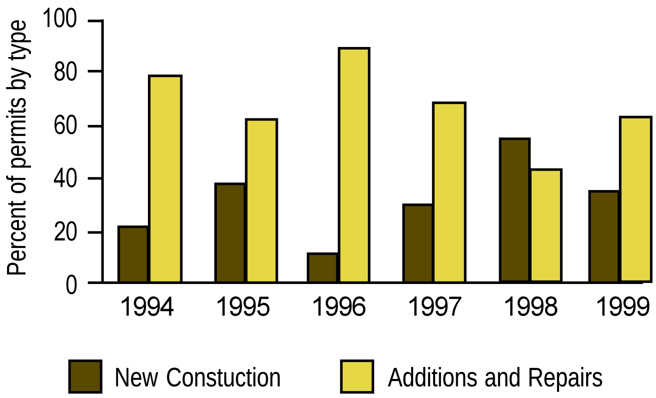
	Total Value of all Permits (dollars)	Percentage Value: Additions and Repairs	Percentage Value: New Construction	Annual Change (Percent)
1994	$276,431,204	80%	20%	29%
1995	$322,424,505	62%	38%	17%
1996	$296,128,370	89%	11%	8%
1997	$483,825,940	68%	32%	50%
1998	$365,096,329	43%	57%	-25%
1999	$700,609,948	63%	37%	92%
2000[1]	$727,013,214	n/a	n/a	n/a

[1] January through September

The first nine months of 2000 have seen similar 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 2000 was approximately $727 million, which already exceeds the year end total for 1999.

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 below.

BUILDING PERMIT TYPES, 1994 - 1999



MAJOR PROJECTS SECOND HALF OF 1999
CONSTRUCTION PERMITS ISSUED FOR $2 MILLION OR MORE

Address	Type	Value
715 20th Ave S	Residential	$5,000,000
1000 Nicollet Mall	Commercial	$21,157,345
1105 8th St. S	Residential	$7,867,900
1401 11th Ave. S.	Residential	$10,899,000
3001 Broadway St. NE	Commercial	$11,850,000
50 6th St. S.	Commercial	$69,650,000
525 2nd St. N.	Commercial	$7,472,504
600 2nd St. N	Residential	$2,174,326
600 2nd St. S.	Residential	$12,000,000
615 1st St. N.	Residential	$2,174,326
645 1st St. N.	Residential	$3,704,407
825 9th St S.	Residential	$4,500,000
900 Nicollet Mall	Commercial	$6,180,000
900 Washington Ave. N.	Parking Ramp	$8,792,800
625 2nd St. N.	Residential	$2,616,203

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

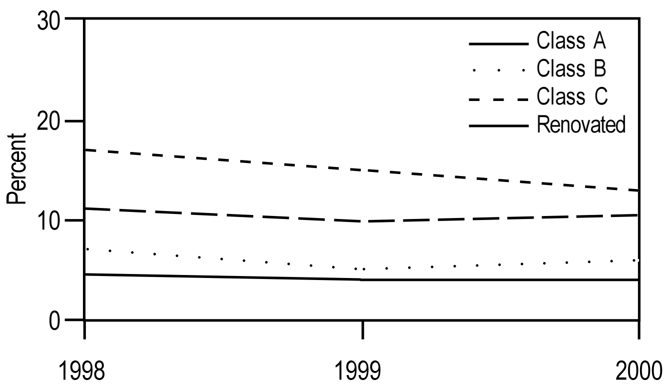
Address	Type	Value
1000 Nicollet Mall	Commercial	$110,222,460
1301 2nd Ave. S.	Commercial	$124,728,890
1700 2nd St. NE	Community Center	$3,289,800
2100 Plymouth Ave.	Commercial	$4,025,000
225 3rd Ave. S.	Commercial	$12,700,000
2855 Hennepin Ave.	Commercial	$2,000,000
300 Washington	Commercial	$6,000,000
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

Development activity continued apace with construction or planning underway 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 Department of Economic Security estimates that in the first quarter of 1999, 162,859 people worked in the Central Community (an area containing downtown and the North Loop). Downtown also has approximately 25,000 residents. 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.

The overall vacancy rate for downtown office space increased for the year ending second quarter of 2000 from 6 percent to 6.3 percent, with vacancies increasing in Class B and Renovated office space and decreasing in Class C buildings. Vacancy in Class A properties remain very low and stable at 4.1 percent.

VACANCY RATE, OFFICE SPACE 1998 - 2000



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, 2000 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	1998	10,483,773	452,452	4.3%
	1999	10,523,887	436,029	4.1%
	2000	**11,401,676**	**463,166**	**4.1%**
Class B	1998	6,929,549	483,744	7.0%
	1999	6,861,073	329,184	4.8%
	2000	**6,910,758**	**428,176**	**6.2%**
Class C	1998	2,019,786	349,572	17.3%
	1999	1,944,850	289,185	14.9%
	2000	**1,964,861**	**259,594**	**13.2%**
Renovated	1998	2,457,144	270,806	11%
	1999	2,745,612	269,843	9.8%
	2000	**3,215,783**	**333,345**	**10.4%**
Minneapolis Out of CBD	1998	1,370,991	124,783	9.1%
	1999	1,370,991	153,225	11.2%
	2000	**1,385,516**	**132,825**	**9.6%**

Source: Towle Real Estate Company, 2000 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

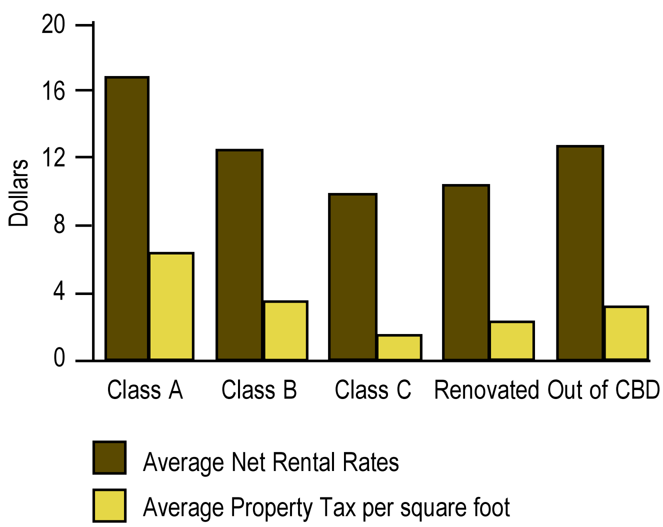
Source: Towle Real Estate Company, 1999 Office Market Update (Second Quarter)

NET RENTAL RATES: SECOND QUARTER 2000

	Average Net Rent	Net Rent Range Low-High	Average Prop.Tax
Minneapolis CBD			
Class A	$16.63	$13.75-$22.00	$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, 2000 Office Market Update (Second Quarter)

AVERAGE NET RENTAL RATES
AND AVERAGE PROPERTY TAX PER SQUARE FOOT
SECOND QUARTER, 2000



Major Development

Downtown continues the economic boom with office, commercial, residential and arts developments either being planned or under construction. The Light Rail Transit project has gained final funding approval which will influence future development in the downtown area for all types of development. Office space continues to increase with the American Express office tower that was completed and the American Express operations building that is under construction. The Target store in the Retek on the Mall office tower project is under construction. The office building 50 South 6th Street is under construction. Development plans for Block E are moving forward to include a movie theater complex and restaurants. Marquette Plaza (formerly the Federal Reserve Bank) is also under construction.

In addition to downtown office construction, major education and arts developments are occuring in the downtown area. The Minnesota Historical Society Heritage Center is moving forward and the Mill Ruin Park is under construction. Open Book opened on Washington Avenue. Planning for a new Guthrie theatre site along the river continues. On the other side of downtown, St. Thomas is extending its downtown campus. The Library referendum passed allowing for the development of a new downtown central library. Other projects continue such as the Avenue of the Arts and the Schubert Theater. Downtown housing development continues with the construction of East Village and Stone Arch Lofts. Klodt Tower has become the first approved apartment in the downtown core.

In addition to the boom in office development downtown, large numbers of other projects are underway in the neighborhoods. Office development included the Broadway Ridge Office Center and the Stinson Tech Campus. The former Bank's and the former Grainbelt Brewhouse are both changing to office space. Redevelopment of the Great Lake Commercial Center on Lake Street (formerly known as the Sears site) continues.

Residential development continues 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, along the waterfront, 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 4th Avenue between 4th and 5th Street adjacent to City Hall. The YWCA sports facility located at 21st Avenue South and Lake Street has been completed. 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 2000

- Rubin Cordaro Design
  115 North First Street
  St. Anthony Falls Historic District
  Rehabilitation of a two-story commercial building

- Shamrock Development/Lindsay II, LLC
  400 North First Street
  St. Anthony Falls Historic District
  New, seven-story, 62-unit condominium building

- J. Buxtell Architecture Limited
  575 North First Street, 560-80 North Second Street
  River Station, Phase III
  St. Anthony Falls Historic District
  Three new, four-story, 85-unit condominium buildings

- Brighton Development Corporation
  614 North First Street
  Gaar, Scott & Company Building (Magnum Tire)
  St. Anthony Falls Historic District
  Rehabilitate and convert a six-story warehouse into 30-condominium units

- Palanisami & Associates
  115 Second Avenue South
  Rivergate Apartments
  St. Anthony Falls Historic District
  New, four-level, 272-stall parking structure

- Brighton Development Corporation
  700 Second Street South
  Utility Building
  St. Anthony Falls Historic District
  Rehabilitate and convert a nine-story building into 26-condominium units

- Minneapolis Community Development Agency
  706-08 South First Street
  Washburn-Crosby "A" Mill
  St. Anthony Falls Historic District
  Restore the Gold Medal Flour Sign

- Hunt Gregory
  14-18 University Avenue NE
  Lupient Site
  St. Anthony Falls Historic District
  New three-story structure with first floor commercial and apartments on the upper floors

- Excel Energy
  206 Main Street SE
  Main Street Dam
  St. Anthony Falls Historic District
  New sheet pile dam

- Ryan Companies
  1220 Marshall Street NE
  Grain Belt Brewery Brew House
  Individual Designation
  Rehabilitate and convert the Brewhouse into an office building

- Ryan Companies
  901 Nicollet Mall
  Young-Quinlan Building
  Individual Designation
  New skyway over Nicollet Mall

- Larson Properties, LLC
  310 Fourth Avenue South
  Flour Exchange
  Individual Designation
  Rehabilitation of an eleven-story office building

- CSM Corporation
  300 Washington Avenue South
  Milwaukee Road Depot
  Individual Designation
  New four-story, 130-room Residence Inn; new five-story, 208-room Courtyard Hotel; new two-story water park structure; new ice rink inside the train shed; demolish and rebuild four ancillary structures; and construct a third-floor addition on the Depot

- Minneapolis Public Library Board
  2900 West 43rd Street
  Linden Hills Library
  Individual Designation
  New, two-story addition and terrace