

**Our Mission:**  
Creating Economic  
Value For Our Clients

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## Office and Industrial National Market Overview

by Ross Moore, Vice President, Director of Research, Colliers International

### Office

Despite a strong second half in 2004, our prognosis for the office market remains mixed. After a string of strong quarters, it would be easy to conclude the office space market is back at full strength with subsequent improved occupancies followed by increasing rents. This conclusion, while tempting, is highly unlikely given still relatively high vacancies and an economy and business landscape that is far from certain. With the election out of the way and corporate earnings still posting double digit annual increases there appears to be more confidence amongst business leaders, but expansion is still a word rarely uttered and new hiring still is largely absent. The emphasis by business leaders continues to be on improving efficiencies and doing more with less. Leasing activity, however, remains relatively brisk with most cities indicating 2005 absorption will be at 2004 levels or higher. As a result we have increased our 2005 full year forecast to 75 million square feet. This combined with just 40 million square feet of new completions should lead to the national vacancy rate finishing 2005 near 14.0%.

### Industrial

As long as the economy doesn't falter, the industrial market should surprise on the upside. With three consecutive strong quarters the industrial market appears to be responding to a vibrant economy and an increase in trade and investment. Third quarter GDP came in at 3.9% with most economists expecting similar growth for Q4 and into 2005. While many risks to this rosy forecast exist, the underlying trend suggests healthy growth in all sectors of the economy which bodes well for the industrial market. While manufacturing employment has recently faltered, the Institute for Supply Management (ISM) survey remains well above the critical "50" level suggesting the manufacturing sector continues to expand. Some have foretold of a significant decline in demand for warehouse space due to improvements in supply-chain management but the rapid expansion in the overall economy should more than make up for any short fall. Despite the generally positive outlook, relatively high levels of new construction will leave vacancies uncomfortably high and rents sluggish for the balance of 2005.

## Colliers Energizes 2005 United Way Campaign

For the past 26 years, Vicky Clement, vice president employee communications and development, has spearheaded United Way campaigns during her time at Colliers and at previous companies. This year, according to Clement, she was the most impressed. Clement commented, "Not only did we greatly improve our overall charitable status this year, but we strengthened our Leaders in Giving Program with seven Emerging Leaders contributing \$500 – \$999, and five Leaders donating \$1,000 or more."

In addition, 24 Colliers employees qualified for a "United Way Day," to be taken anytime in 2005, by contributing \$250 or more.

United Way is a national non-profit organization dedicated to making an impact in the community. For more information about the programs United Way sponsors and how you can become further involved, go to [www.unitedway.org](http://www.unitedway.org).



Vicky Clement

## Significant Transactions



9705 Data Park Drive, Minnetonka

(Minnetonka, MN) Martin Wolfe, Gary Glockner, Brent Jacobson and David Schwebel represented the seller, Assurant/Fortis Benefits Insurance Company, in the sale of a 100,000 sq. ft. office property located on 13.5 acres and valued at \$3,211,729 to Time Warner. Address: 9705 Data Park Drive, Minnetonka, MN 55343.

(St. Cloud, MN) Tony Kamp, CCIM, and Jeff Patterson, MCR, CRE, represented the seller, FAC Acquisitions in the sale of a 981,714 sq. ft. industrial property located on 22.54 acres to Sundance III, LLC. Address: Building 5, McLeland Road, St. Cloud, MN 56303.



7200 Metro Boulevard, Edina

(Edina, MN) Steven Fisher, CCIM, and Tony Kamp, CCIM, represented the seller, 7200 Metro Partnership, in the sale of 13,500 sq. ft. of office property valued at \$1,427,000 to 19699 Hwy 169 LLC. Address: 7200 Metro Blvd., Edina, MN 55439.

(St. Cloud, MN) Tony Kamp, CCIM, and Jeff Patterson, MCR, CRE, represented the seller, FAC Acquisitions LLC, in the sale of a 221,680 sq. ft. industrial property located on 7.69 acres to Kay Bern Properties, LLC. Address: 11 and 25 McLeland Road, St. Cloud, MN 56303.



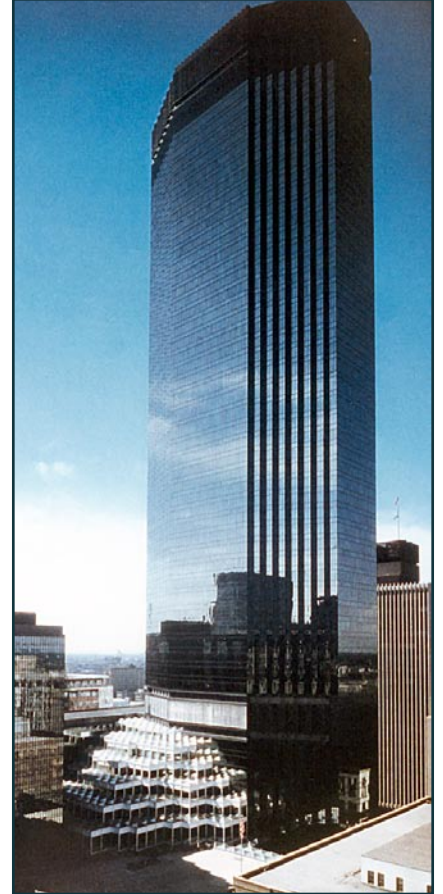
455 37th Ave NE, Columbia Heights

(Columbia Heights, MN) Steve Larson represented the seller, Frank Miske Jr. in the sale of 30,160 sq. ft. of industrial property located on 2.5 acres and valued at \$1,350,000 to Alco Company. Address: 455 37th Ave. N.E., Columbia Heights, MN 55421.



Fox Plaza, 8940 Lyndale Ave S, Bloomington

(Bloomington, MN) Jim Rock, CCIM, represented both the seller, Fox & Sons Investment Co., and the buyer, Huynh Investments LLC, in the sale of a 10,800 sq. ft. retail investment property valued at \$1,100,000. Address: 8940 Lyndale Ave. S., Bloomington, MN 55420.



IDS Center, Minneapolis

(Minneapolis, MN) Larry Chevalier, SIOR, represented the tenant, Executive Suites of Minnesota, in a 16,275 sq. ft. office lease valued at \$1,507,557, in the IDS Center.

(Shakopee, MN) Andrea Christenson and Jim Rock, CCIM, represented the seller, American Real Estate Holdings, in the sale of 55,000 sq. ft. of commercial property on 6 acres valued at \$1,125,000 to Grootwassink & Hotzler Real Estate. Address: 1200 Minnesota Valley Mall, Shakopee, MN.

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