



Minnesota

Analytic Content for Warehouse District TAP
November, 2023



Layers of Evaluation



Behavioral Data

Through partnership with  **Placer.ai**



Market Data

Leasing, occupancy, property value, property tax



Demography

Age, income, race and ethnicity, education



Comparable Cities

Similar communities: Conditions and responses

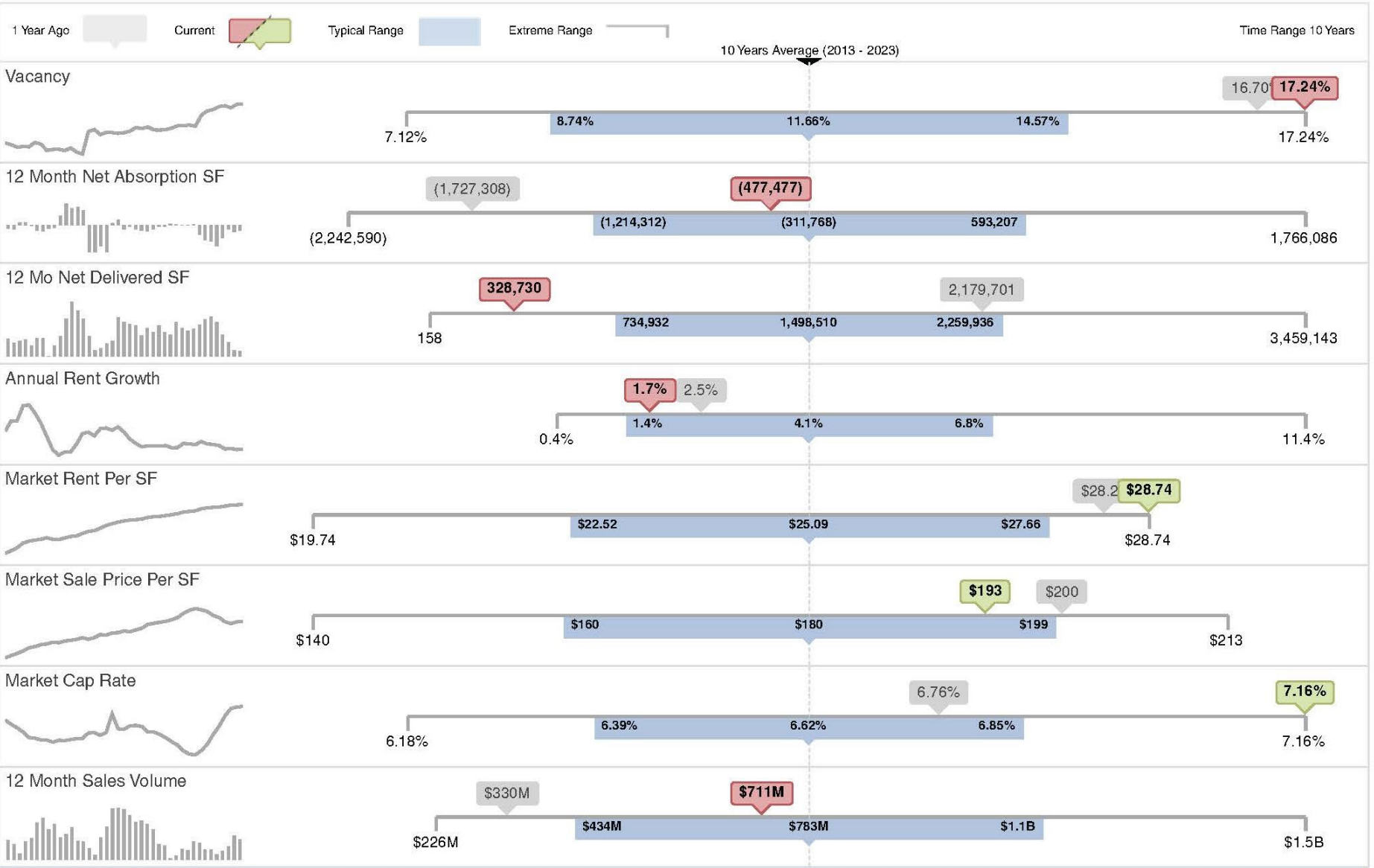
Downtown Minneapolis Context

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»»» Downtown Context: Real Estate Market Condition

Key Performance Indicators



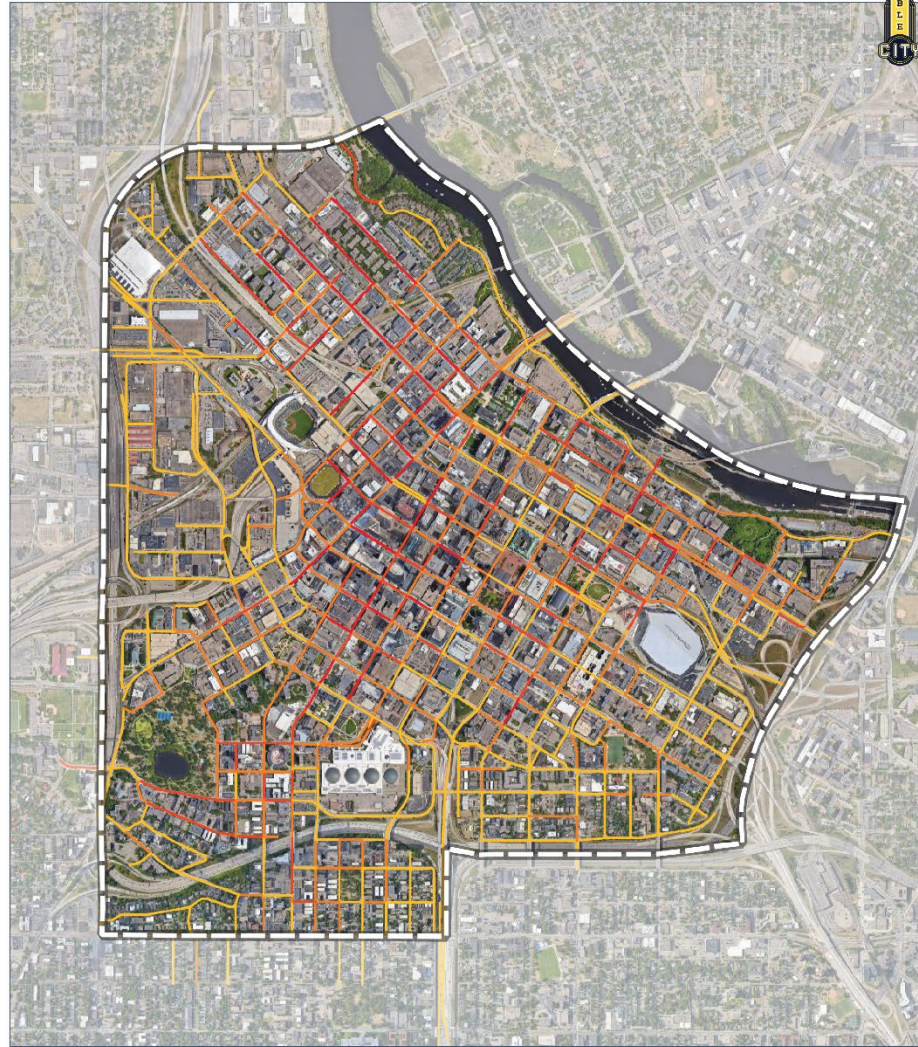


Downtown Context: Aggregated Travel Behavior

Index	Metric	DTMPLS Rank
University of Toronto School of Cities Count of unique visitors vs. 2019	56%	64 of 66
Placer.ai Dining and grocery foot traffic vs. 2019	81%	-
Inrix Vehicular trips downtown vs. 2019	82%	10 of 22
Inrix January-July 2023 vehicular trips chg	7%	8 of 22

Activity Measure: Scooter and E-Bike Destinations

DOWNTOWN MINNEAPOLIS Scooter Trip Ends - 2023



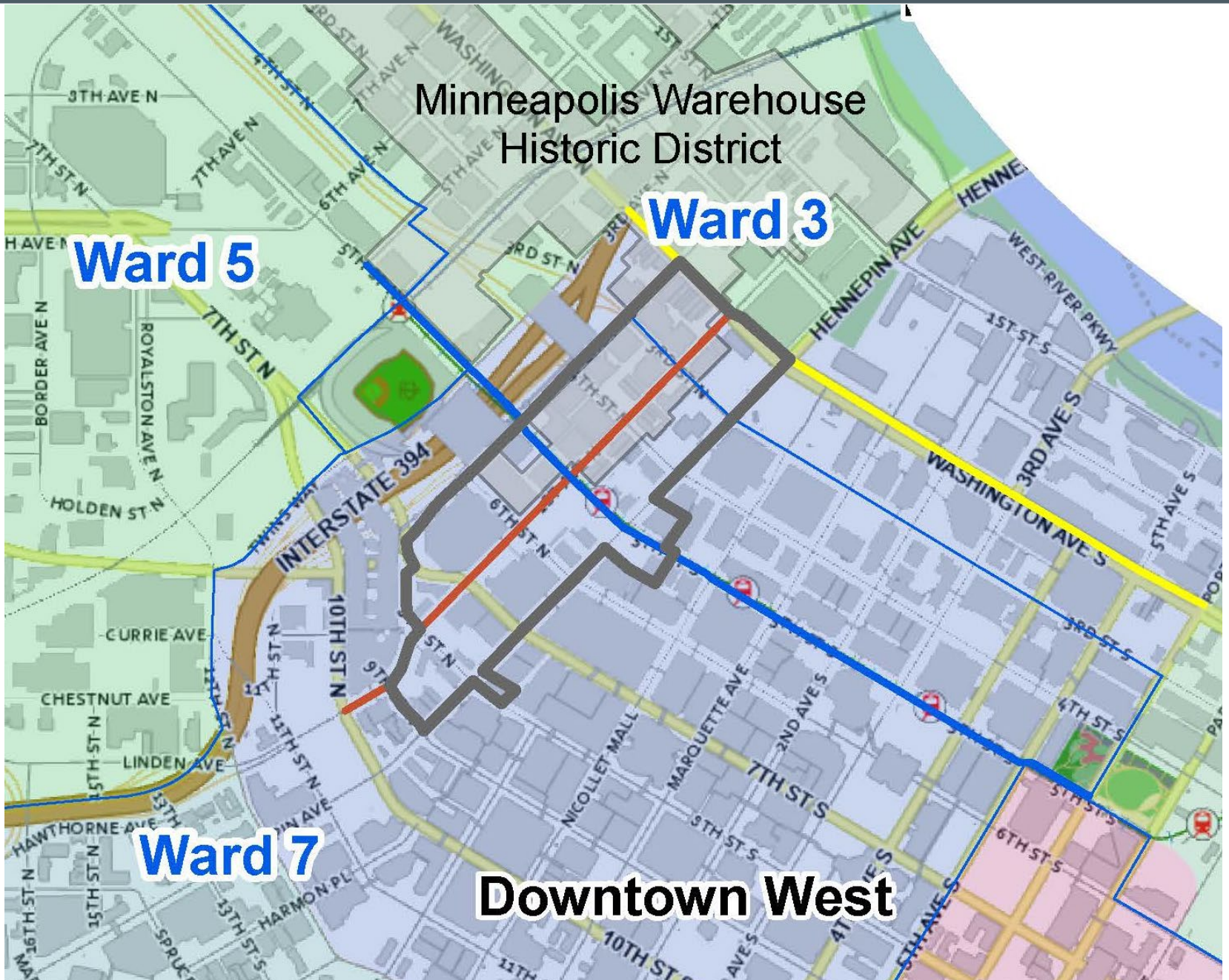
Warehouse District Overview

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Warehouse District Geography



Minneapolis Warehouse
Historic District

Ward 5

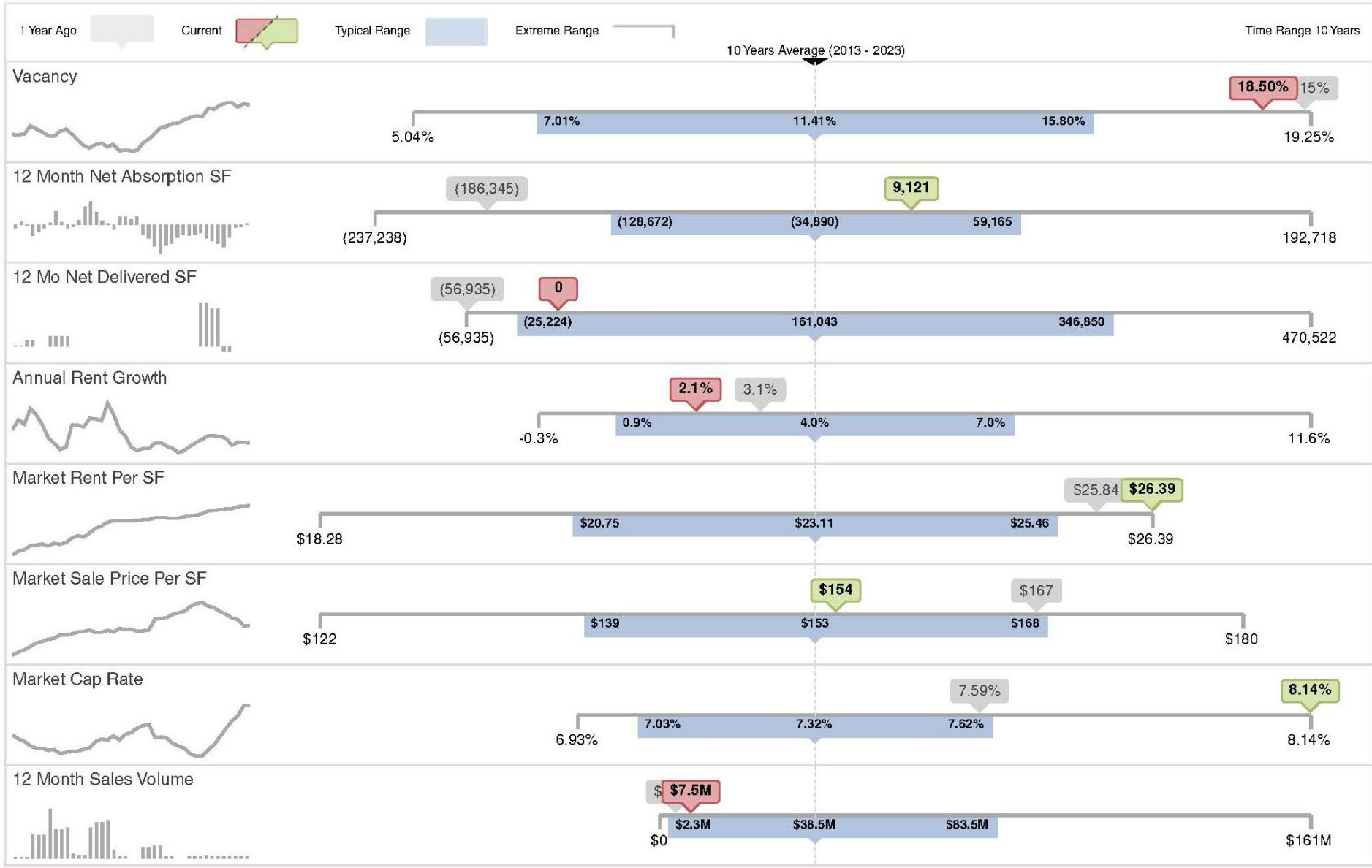
Ward 3

Ward 7

Downtown West

Warehouse District Real Estate Market Condition

Key Performance Indicators





Warehouse District Market Inventory

Element	Value
Current Office Square Footage	2,957,959
Available Office Square Footage	1,052,991
Available Office as Percent of Current Total	36%
Current Specialty/Entertainment Square Footage	953,783
Hotel Rooms	462
Current Residential Units	744
Residential Units Under Construction	48
Planned Residential Units	432

Source: JLL, CoStar

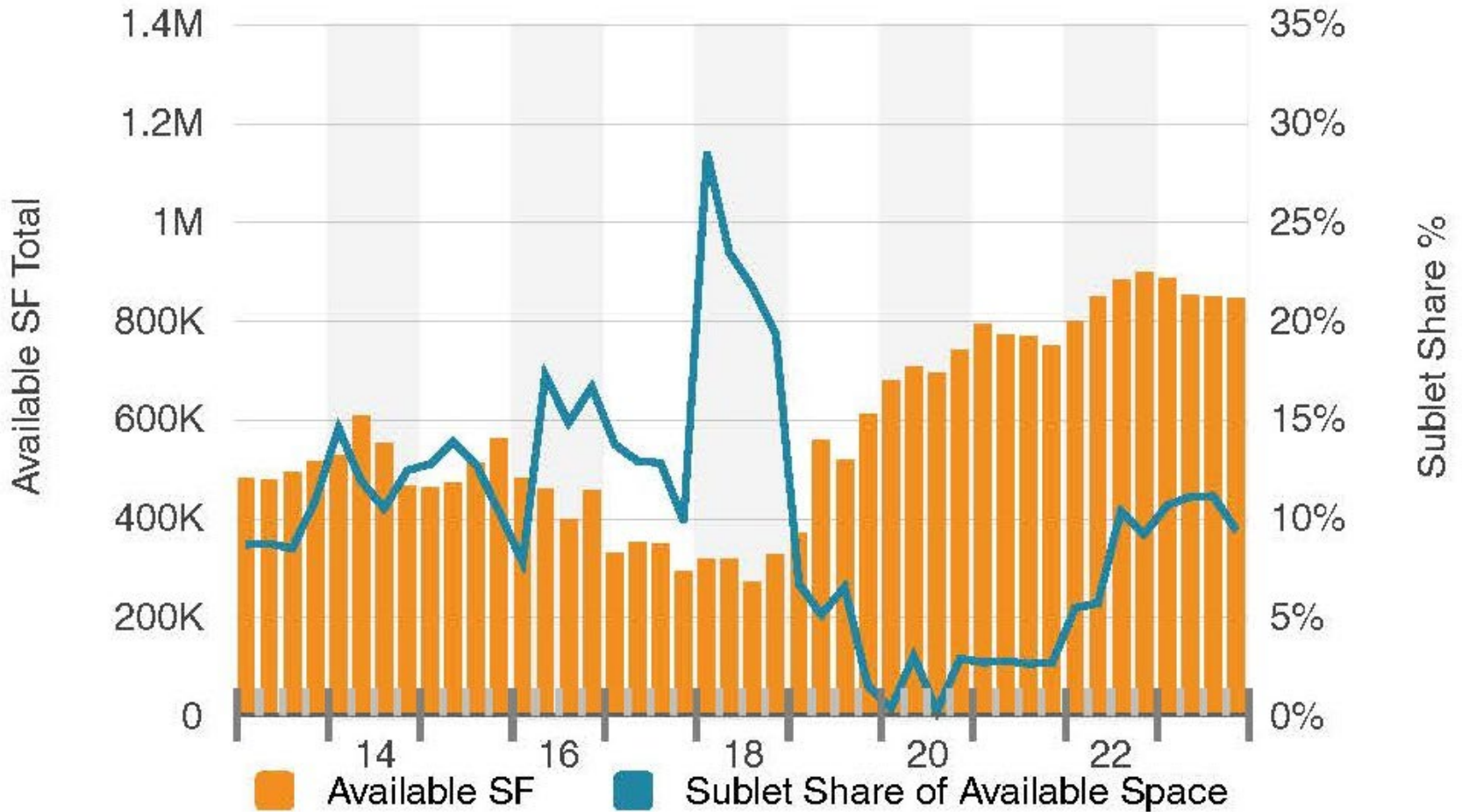
Warehouse District Context: Leasing Activity

Months On Market



Warehouse District Context: Leasing Activity

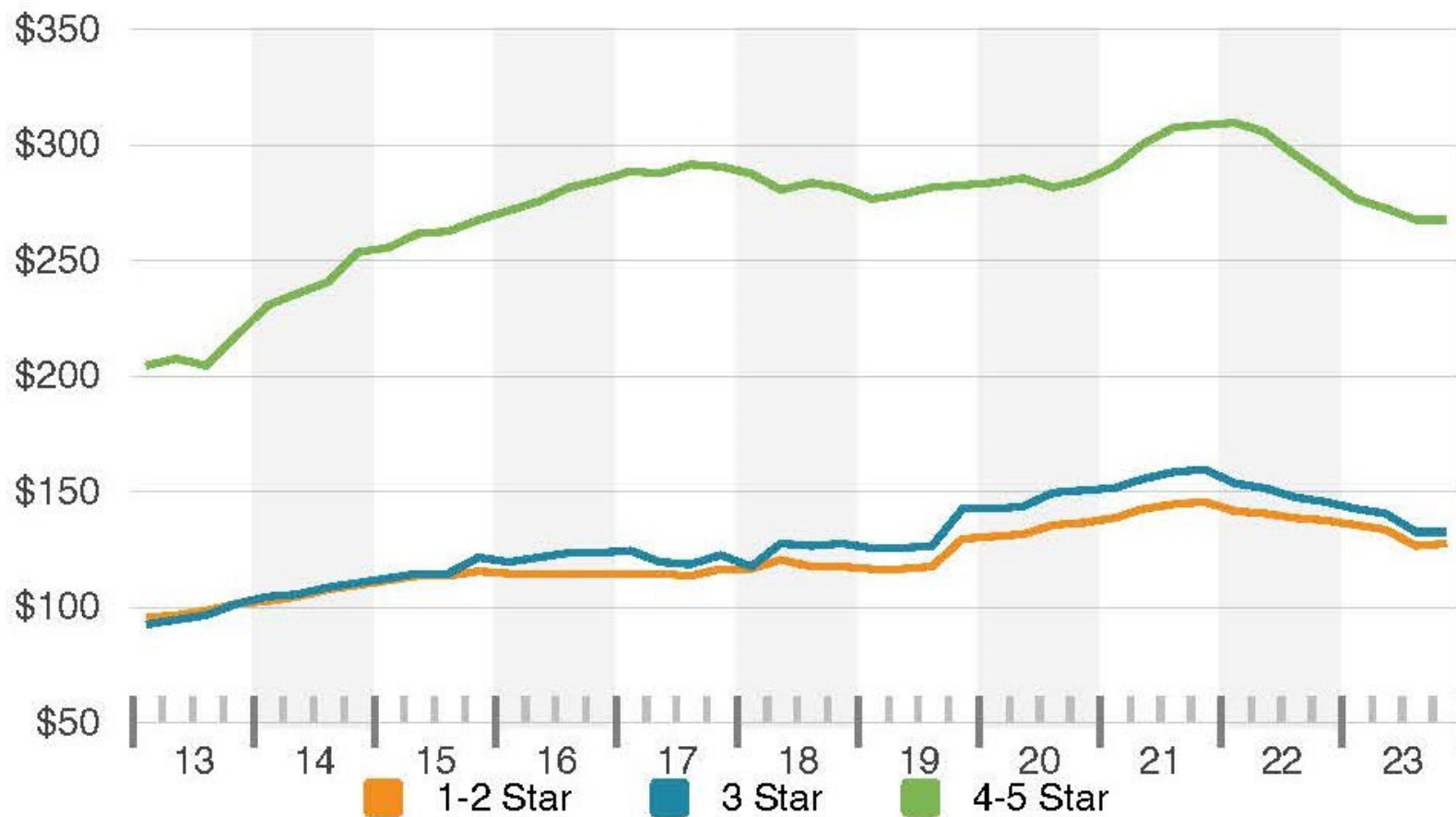
Available SF Total & Sublet Share %



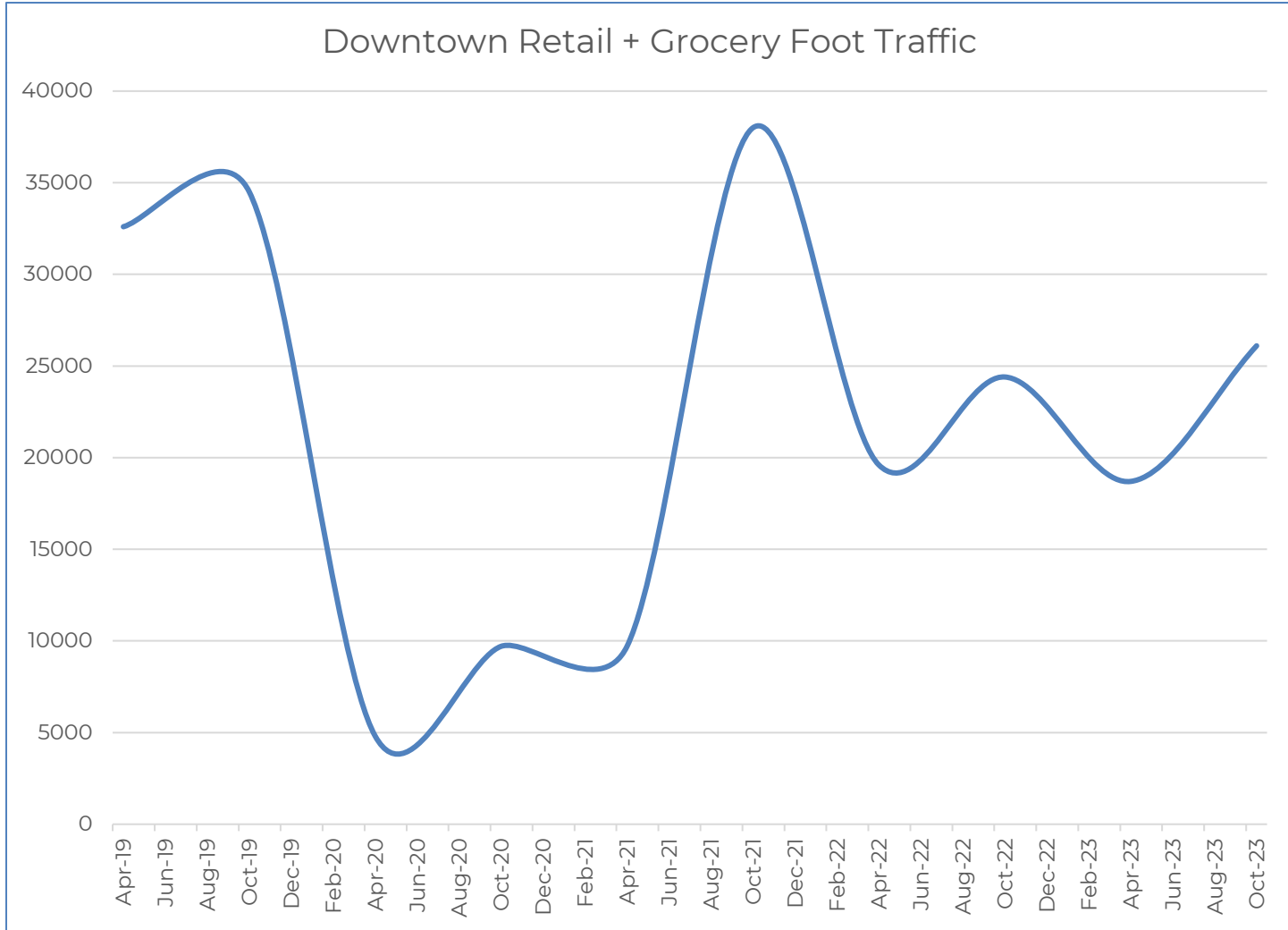


Warehouse District Context: Valuation Trends

Market Sale Price Per SF By Star Rating



»»» Downtown Grocery + Retail Foot Traffic Trend

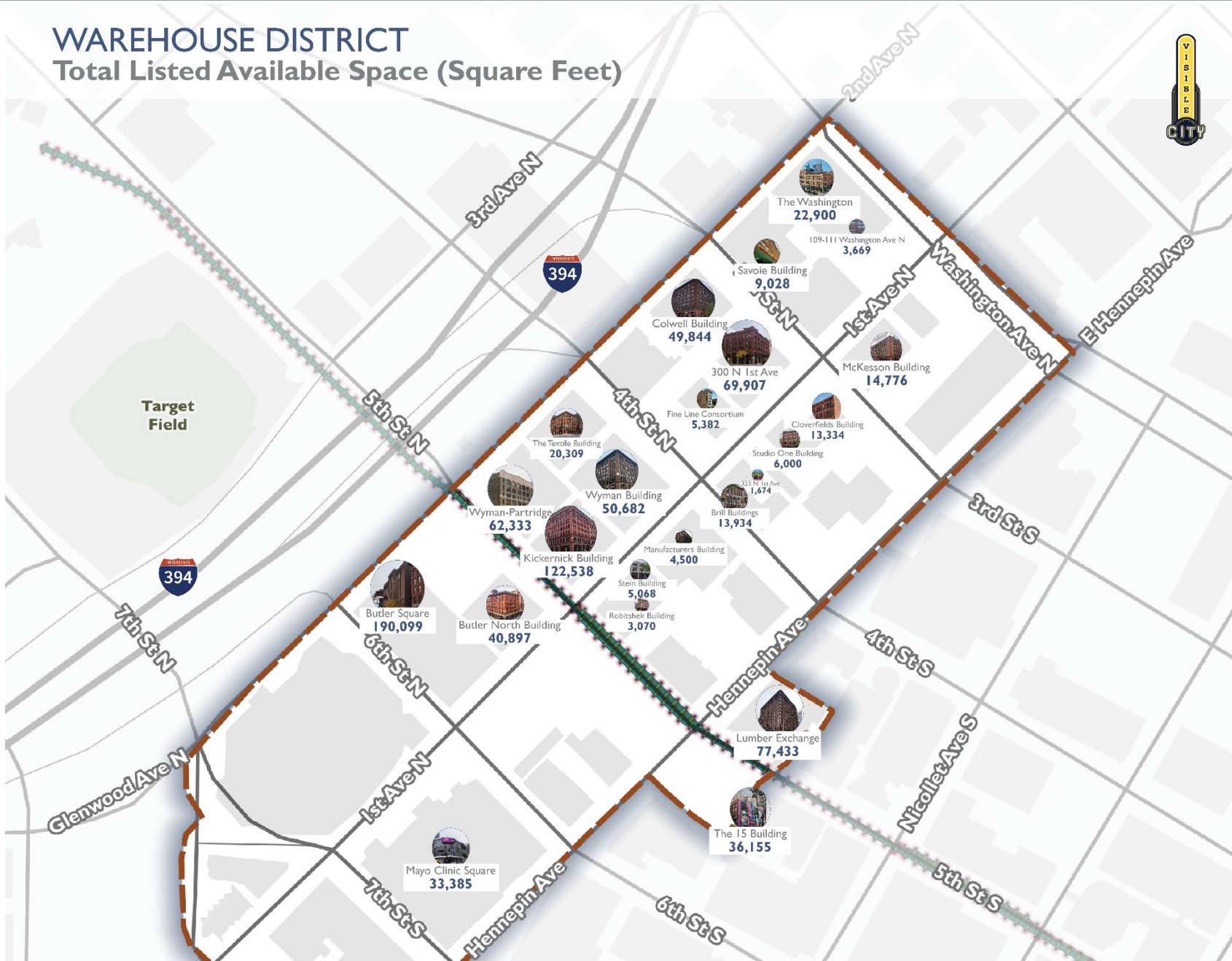




Warehouse District: Total Listed Available Space



WAREHOUSE DISTRICT Total Listed Available Space (Square Feet)





Property Tax Revenues: Downtown, Warehouse District, Citywide

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Share of Minneapolis Property Taxes Paid: Total

DOWNTOWN MINNEAPOLIS
Property Taxes Payable, 2020–2023



Change in Taxes Payable by Parcel, 2020–2023

Orange	-\$245K – -\$25K	Light Green	-\$25K – -\$5K	Grey	Tax-exempt
Yellow	-\$5K – \$0	Dark Green	\$0 – \$5K		
Dark Green	\$5K – \$20K	Black	\$20K – \$1.8M		

DOWNTOWN MINNEAPOLIS
TOTAL EST SHARE OF CITYWIDE TAXES PAID:

34.0% (2020)
30.5% (2023)

Data sources: Hennepin County, City of Minneapolis, OpenStreetMap



Share of Minneapolis Property Taxes Paid: Office

DOWNTOWN MINNEAPOLIS
Office | Property Taxes Payable, 2020–2023



Change in Taxes Payable by Office Parcel, 2020–2023

- \$245K – -\$25K
- \$25K – -\$5K
- Tax-exempt
- \$5K – \$0
- \$0 – \$5K
- Other parcel (not office)
- \$5K – \$20K
- \$20K – \$1.8M

*Parcels where **Land Use** = Office Structure; Mixed Office, Retail, Residential; and/or **Building Use** = Office; Warehouse & Office; Store & Office; Offices & Apts

DOWNTOWN MINNEAPOLIS
TOTAL EST SHARE OF CITYWIDE* TAXES PAID:

19.1% (2020)

17.5% (2023)

*Percent of all Minneapolis tax parcels, all use types

Share of Minneapolis Property Taxes Paid: Total

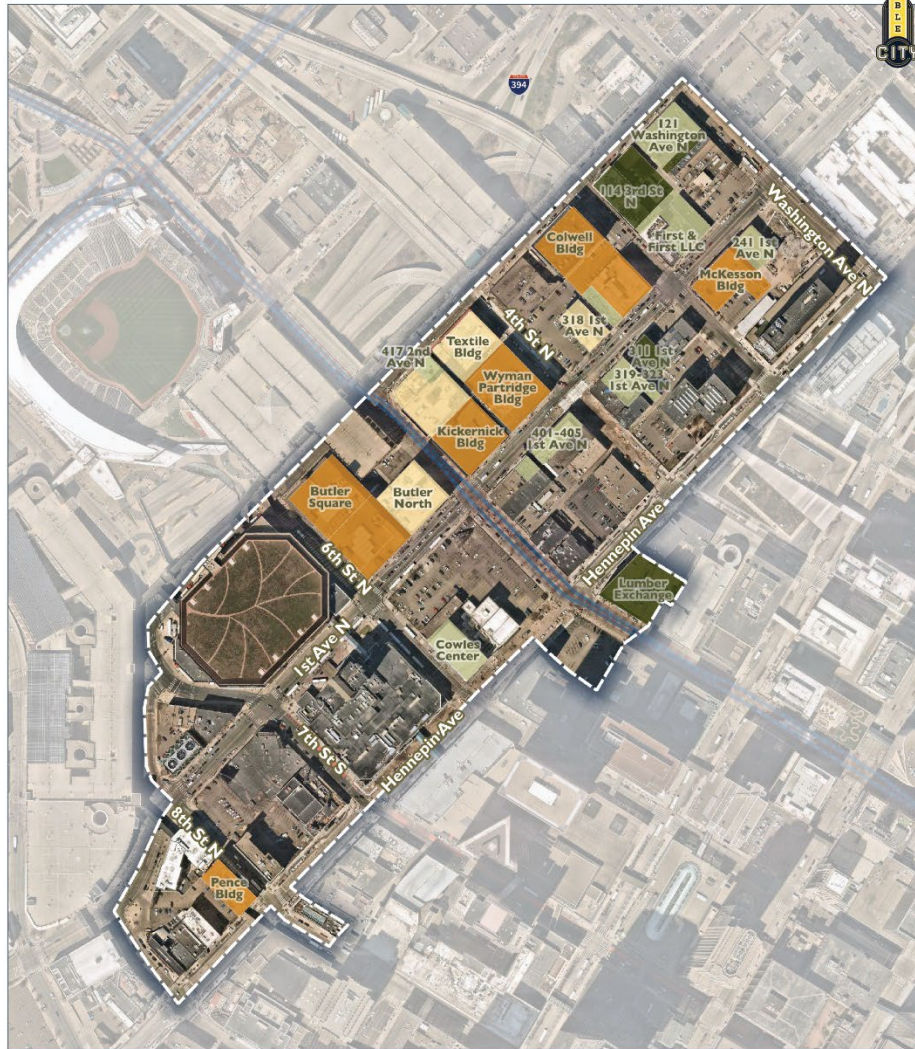
WAREHOUSE DISTRICT Property Taxes Payable, 2020–2023





Share of Minneapolis Property Taxes Paid: Office

WAREHOUSE DISTRICT
Office | Property Taxes Payable, 2020–2023



Change in Taxes Payable by Office Parcel, 2020–2023

- -\$197K – -\$30K
- -\$30K – -\$5K
- -\$5K – \$0
- \$0 – \$45K

*Parcels where Land Use = Office Structure and/or Building Use = Warehouse & Office/Store & Office

WAREHOUSE DISTRICT
TOTAL EST SHARE OF CITYWIDE TAXES* PAID:

0.8% (2020)

0.6% (2023)

*Percent of all Minneapolis tax parcels, all use types

Location Study: Butler Square

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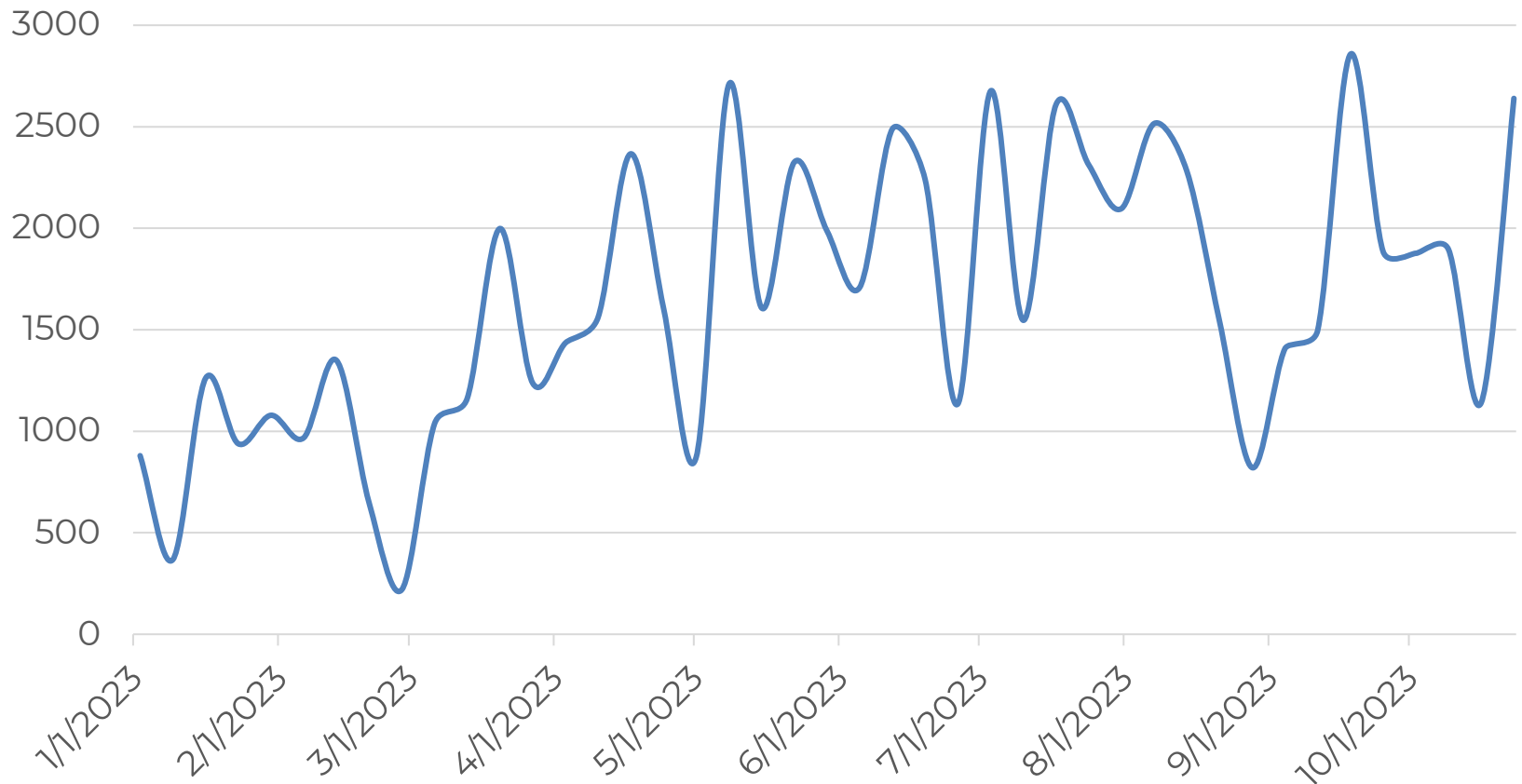




Butler Square Summary

- 70.9K Visits
- 48.5K Visitors
- Peak: 2,857 Visitors During the Week of July, 18th

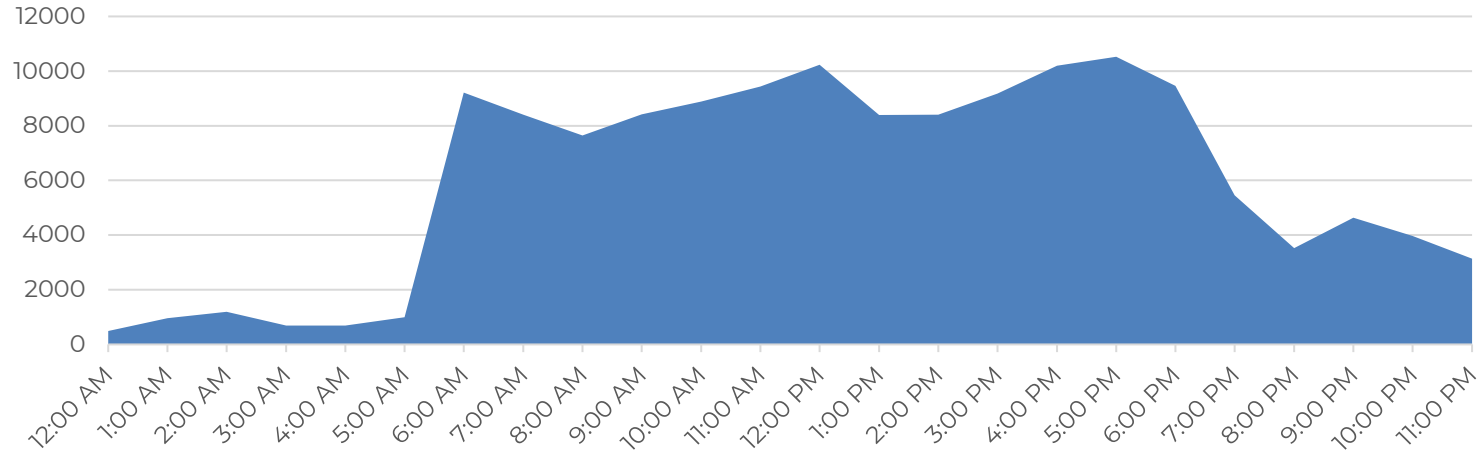
Butler Square Foot Traffic - 2023 YTD



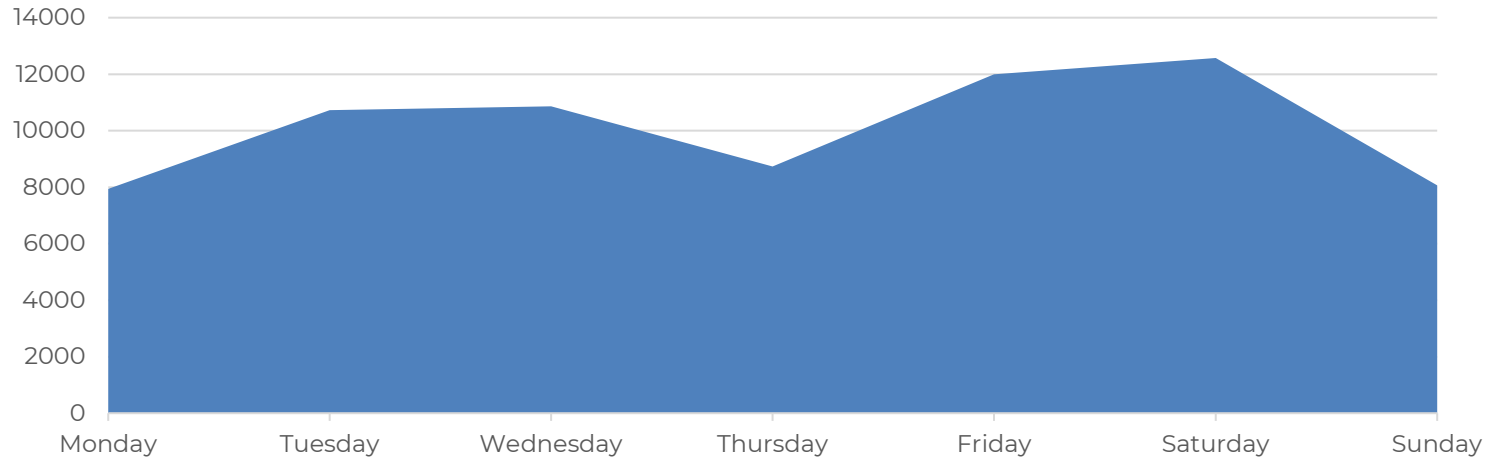


Butler Square Visit Trends

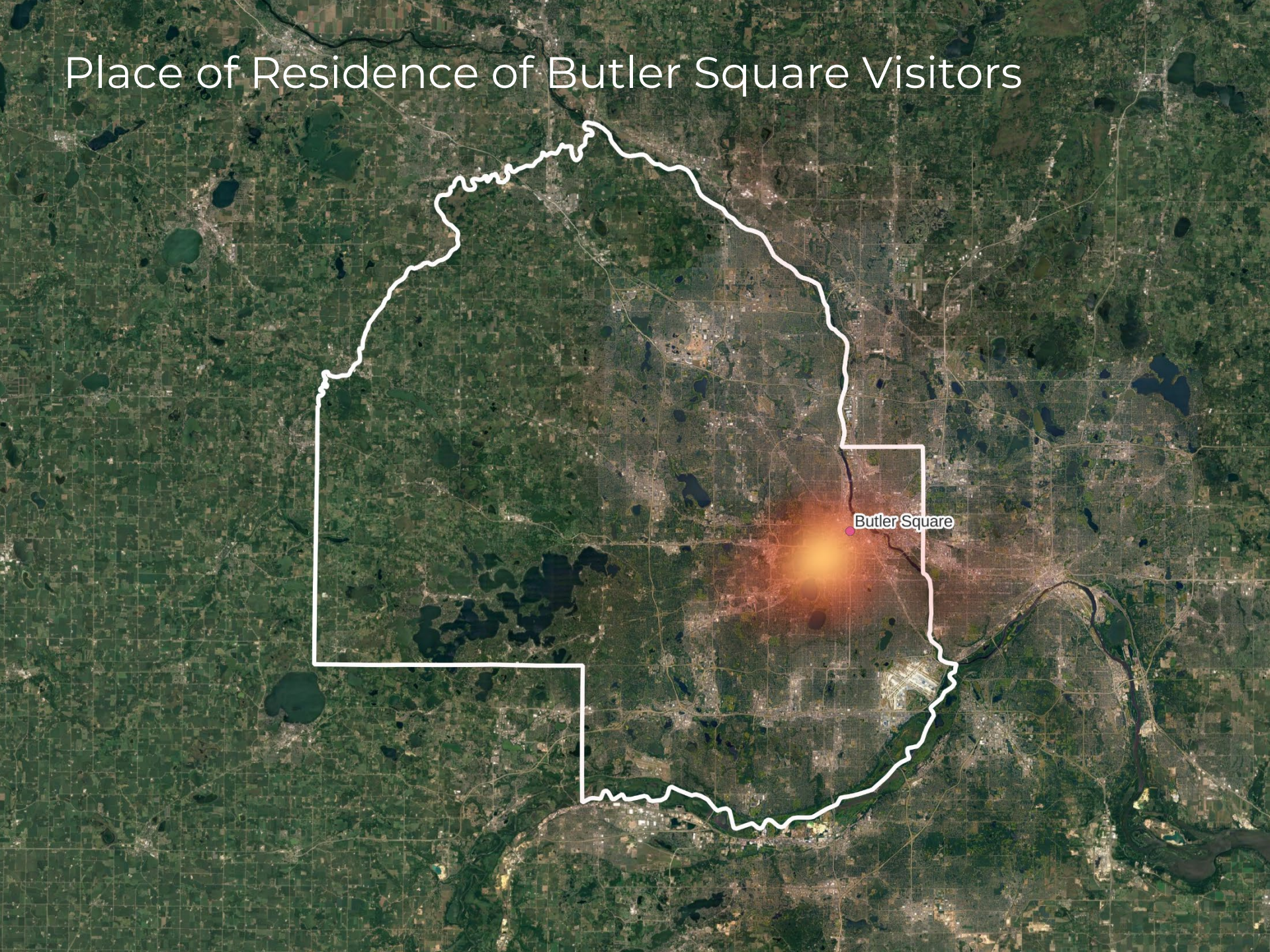
Time of Day



Day of Week



Place of Residence of Butler Square Visitors

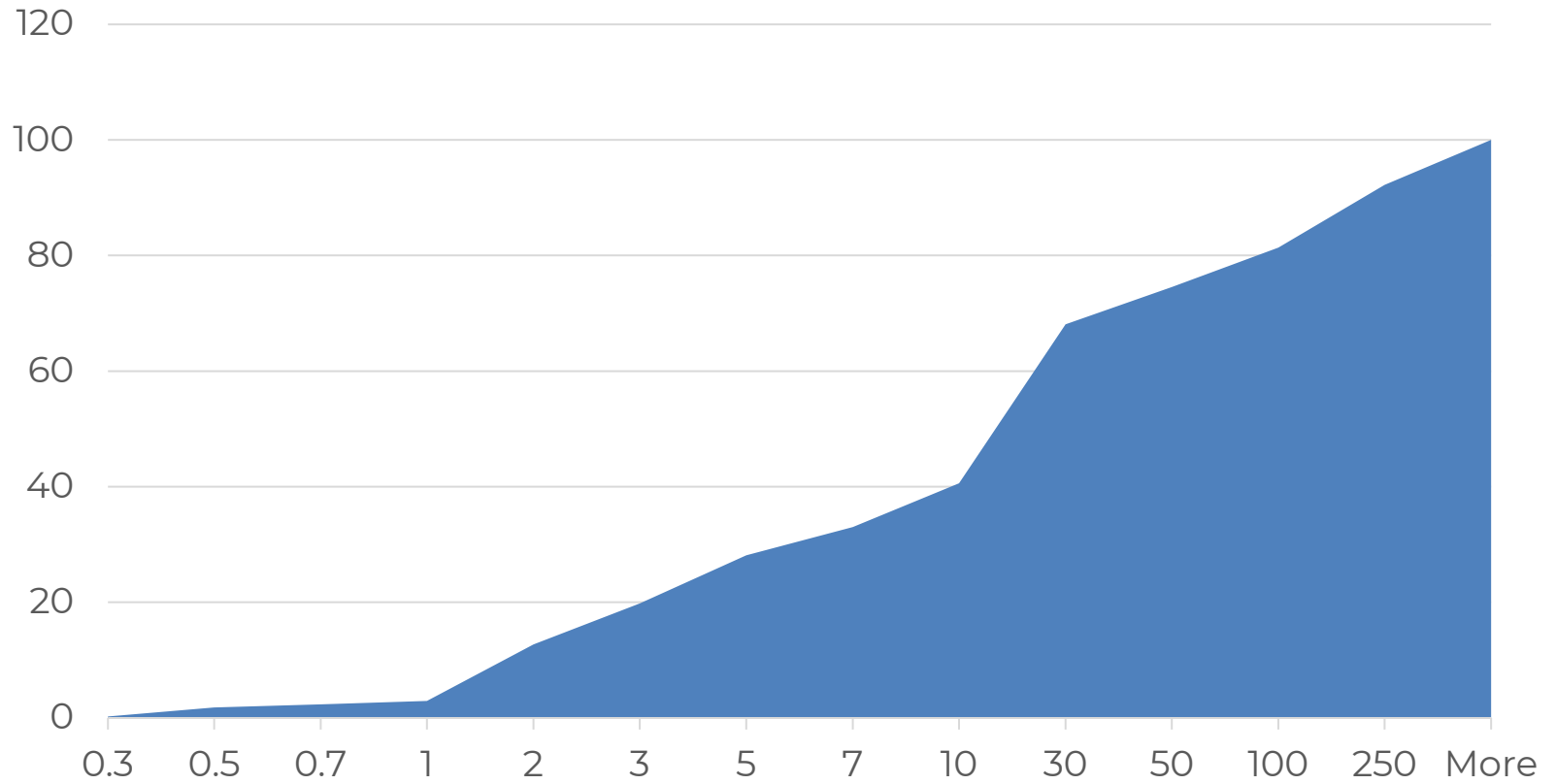




Butler Square Visitor Journey

- 48.9% from Home (*23.2% Returning*)
- 10.2% from Leisure (*27.5% Returning*)
- 17.2 % to Target Center

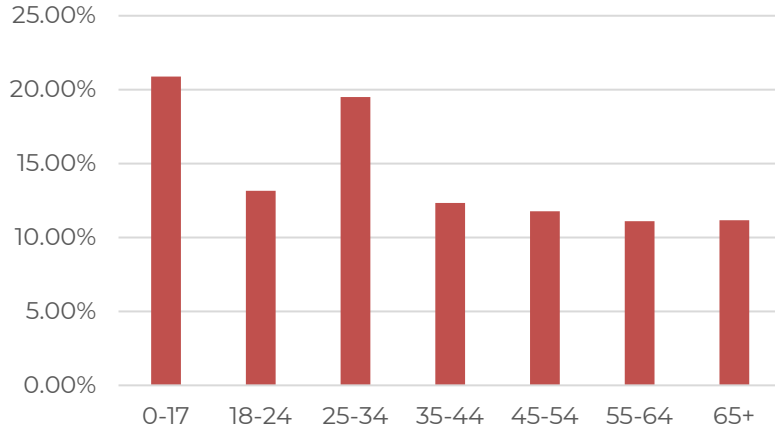
Visitor Travel Miles



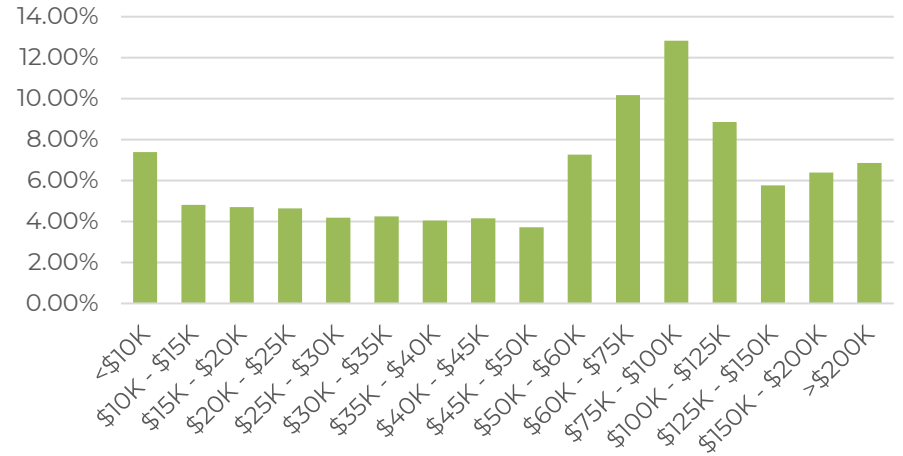


Butler Square Visitor Demographics

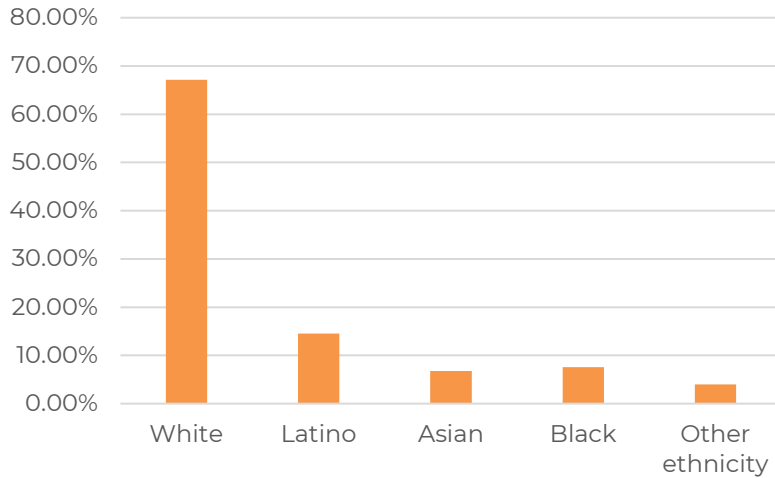
Age (Median = 32.4)



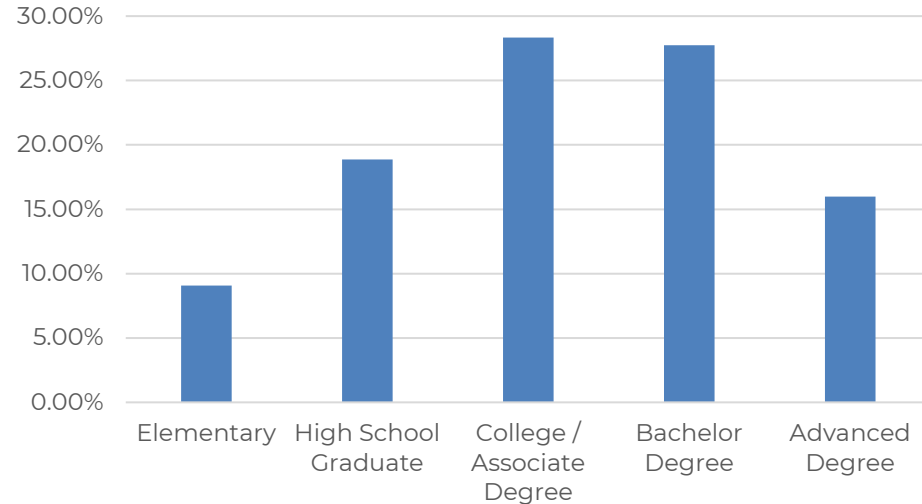
Household Income (Median = \$61,200)



Ethnicity



Education Level



Location Study: Lumber Exchange

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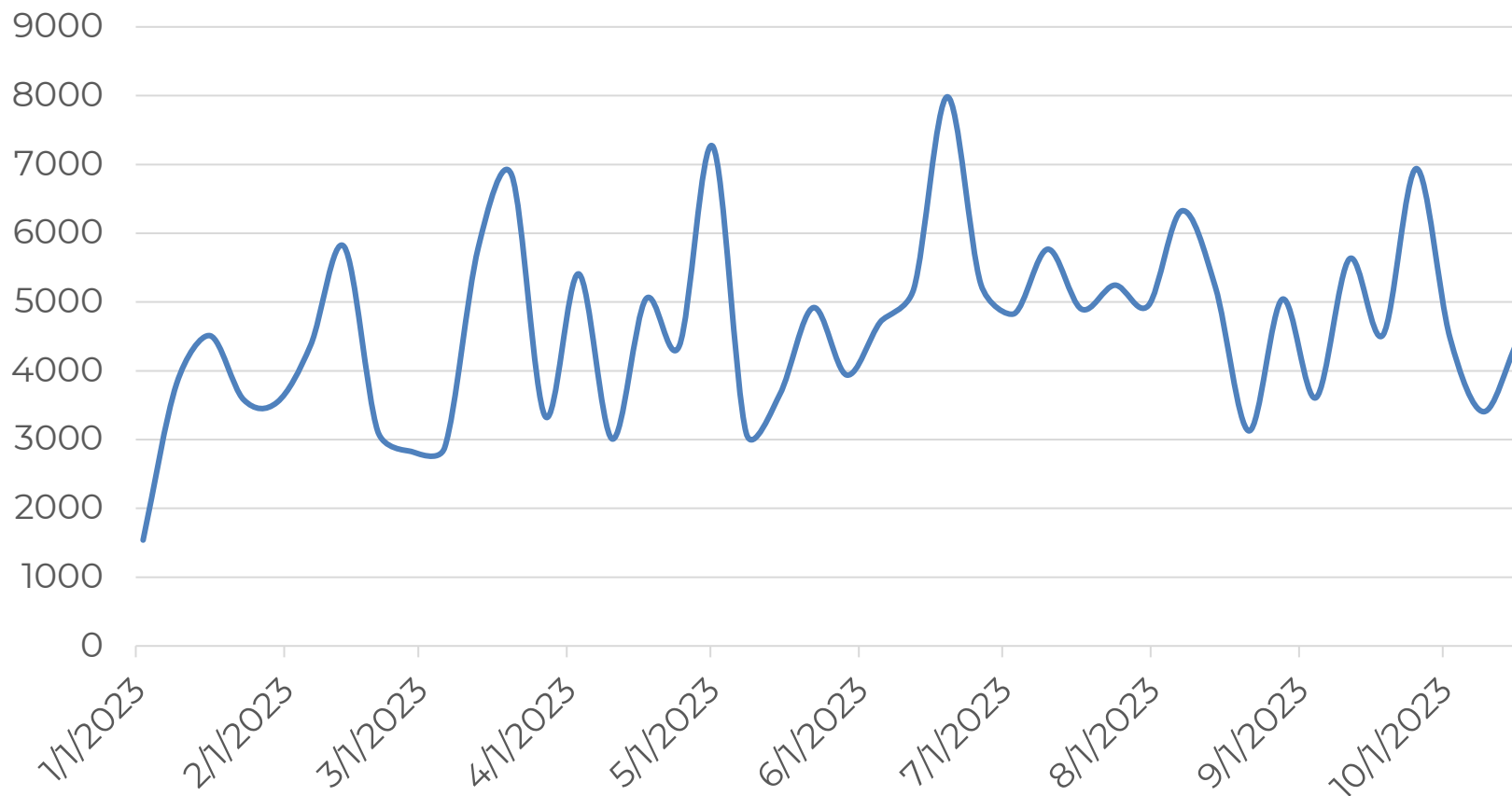




Lumber Exchange Summary

- 195.6K Visits
- 119.2K Visitors
- Peak: 7,264 Visitors During the Week of June, 19th

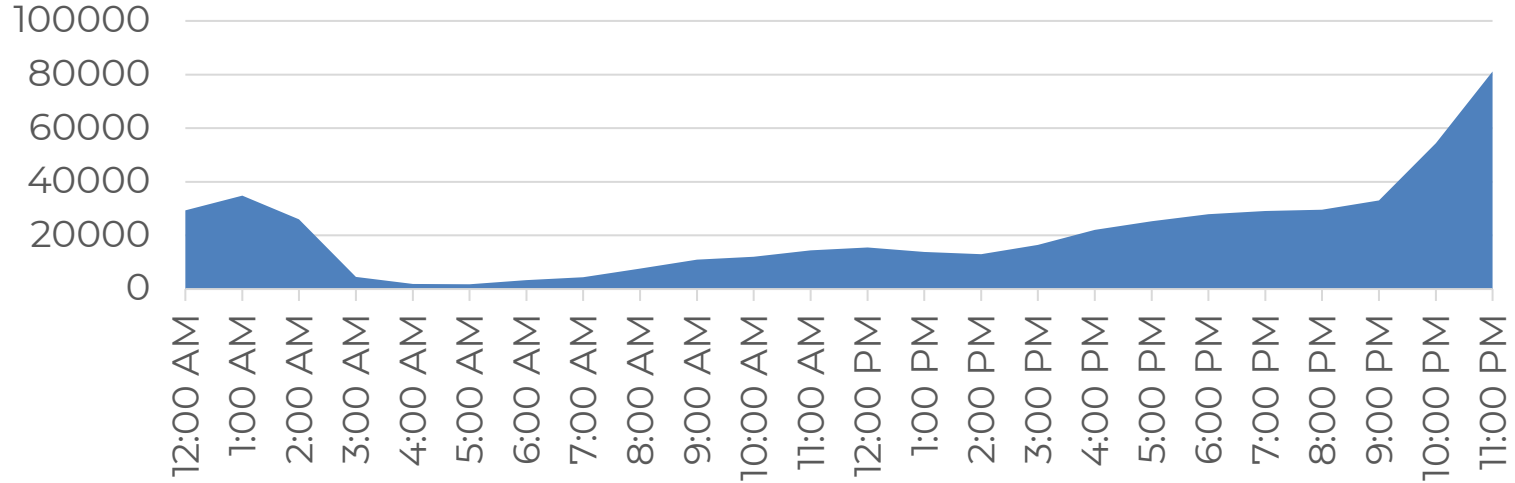
Lumber Exchange Foot Traffic - 2023 YTD



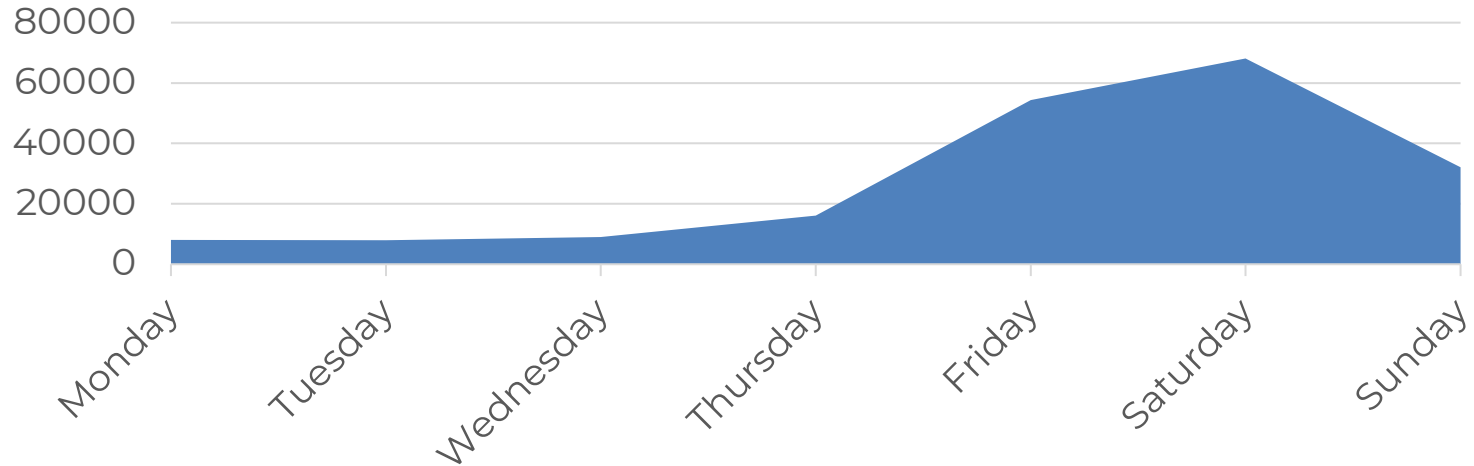


Lumber Exchange Visit Trends

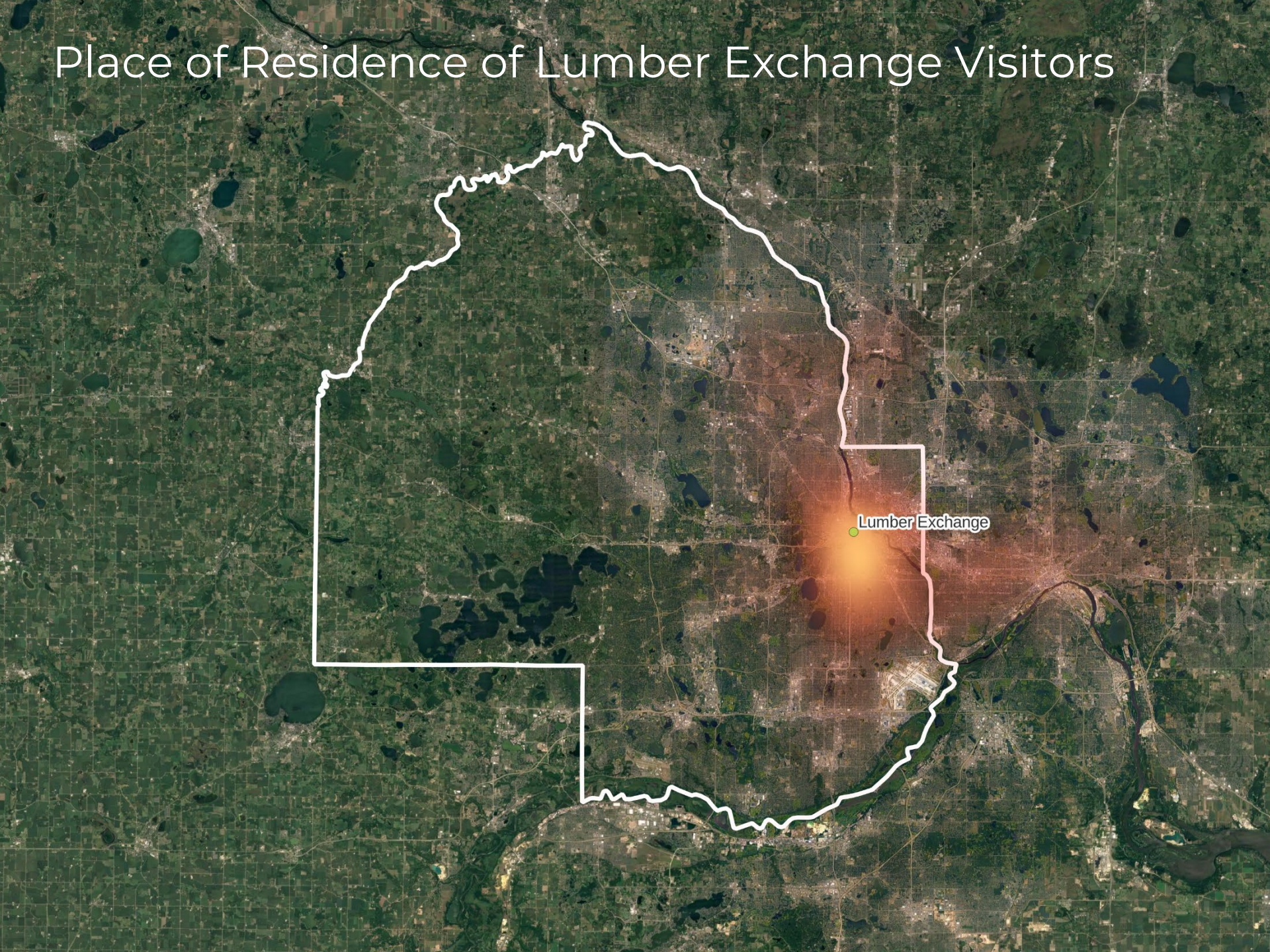
Time of Day



Day of Week



Place of Residence of Lumber Exchange Visitors

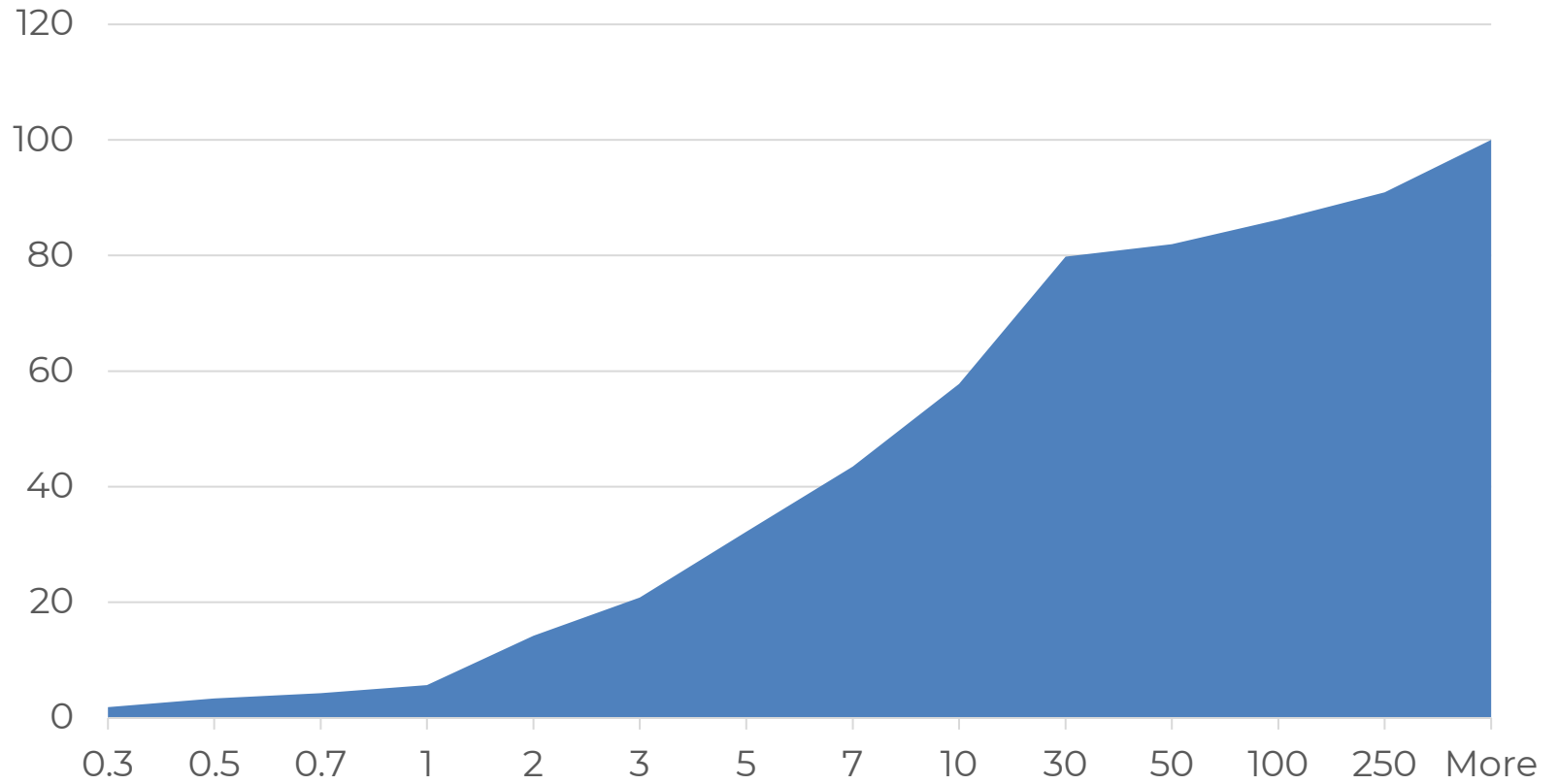




Visitor Journey

- 38.7% from Home (*41% Returning*)
- 15.3% from Leisure (*18.8% Returning*)
- 7 % to Gay 90's

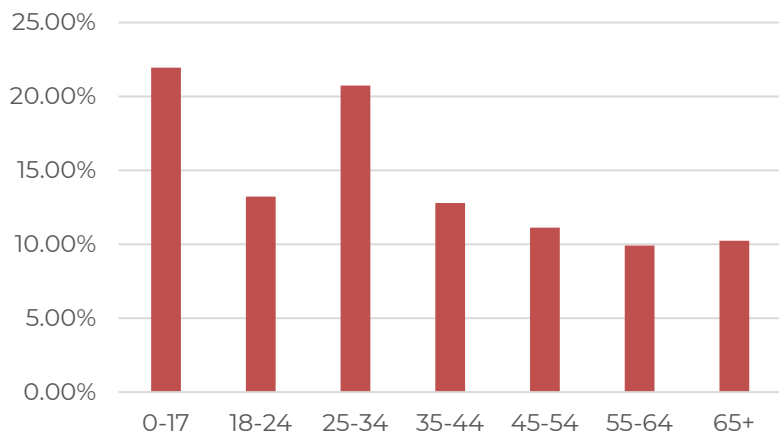
Visitor Travel Miles



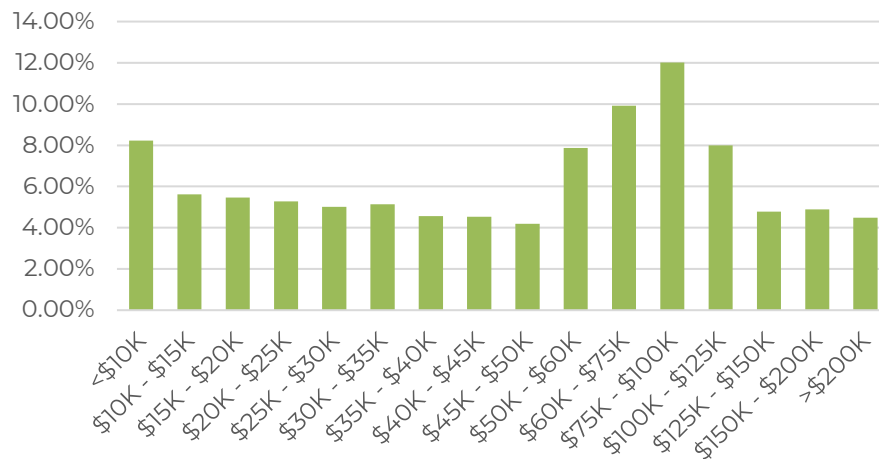


Visitor Demographics

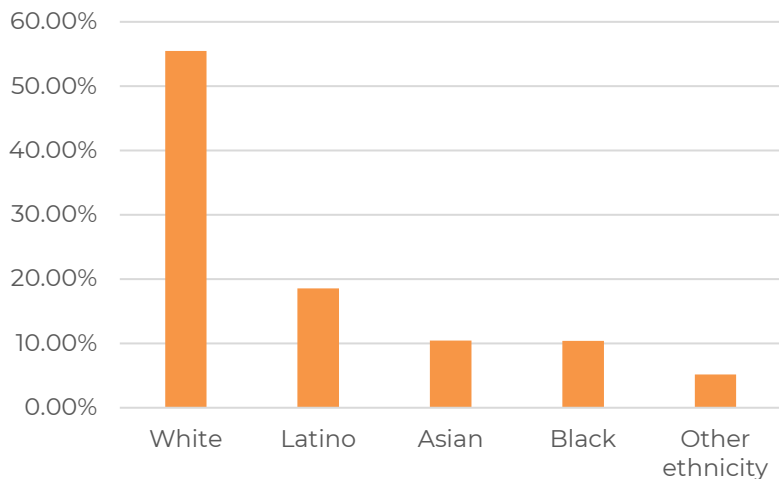
Age (Median = 31.4)



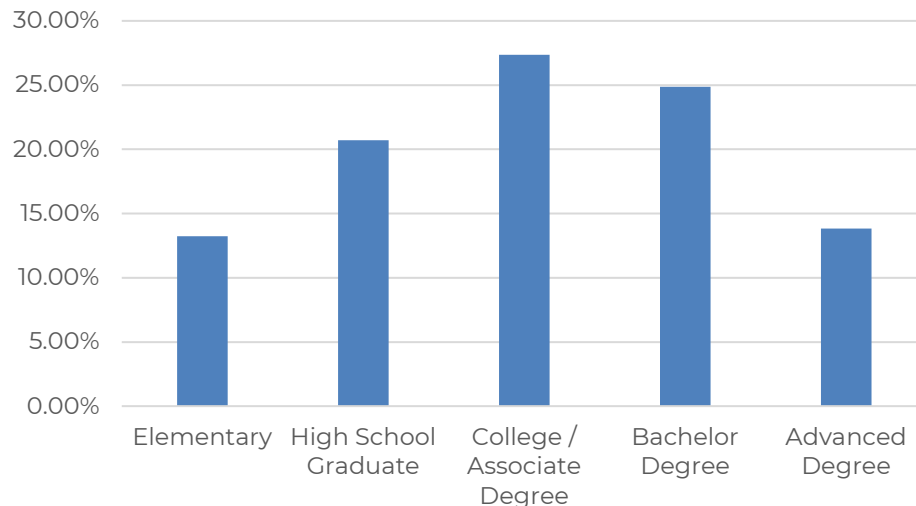
Household Income (Median = \$72,300)



Ethnicity



Education Level



A photograph of a city skyline at dusk. In the foreground, a brick building with several windows is visible. A sign on the left side of the brick building reads "MITREBOX" and "FREE → PARKING". In the background, several skyscrapers are visible, including a prominent one with a golden facade and another with a curved top. The sky is a mix of grey and blue, suggesting twilight.

Comparable Cities: Conditions and Responses



Comparable Cities: San Francisco, CA

Policy Response

Transfer Tax Waiver for Conversion

Description

Would waive the City's transfer tax (up to 6.00% on transactions over \$25 million) on office to residential conversions

Policy Status

Placed on March 2024 ballot

Policy Category

Direct Subsidy

Downtown Population	44,173
Downtown Jobs	271,458
Downtown Vehicle Volume vs. 2019	-41%
Downtown Transit Rides vs. 2019	-45%
2023 YTD Change in Downtown Trips	-1%

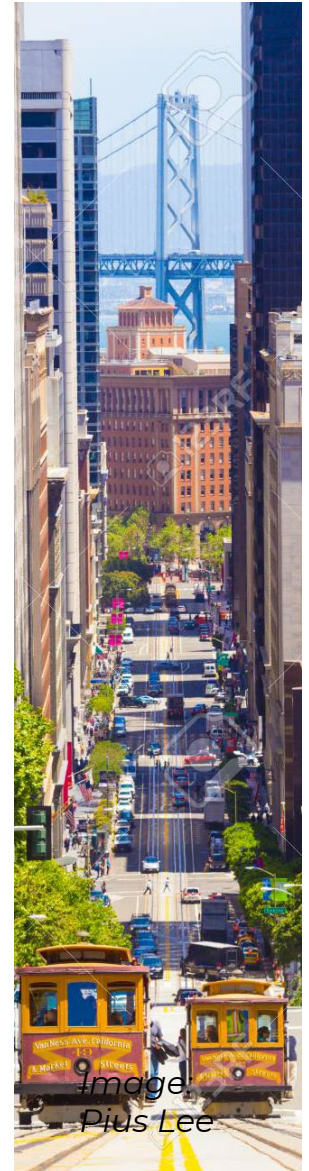


Image by Pius Lee



Comparable Cities: San Francisco, CA

Policy Response

Commercial to Residential Adaptive Reuse and Downtown Economic Revitalization Ordinance

Description

Allows relaxed requirements, and grants a potential density bonus for office to residential conversions applied for before 12/31/28

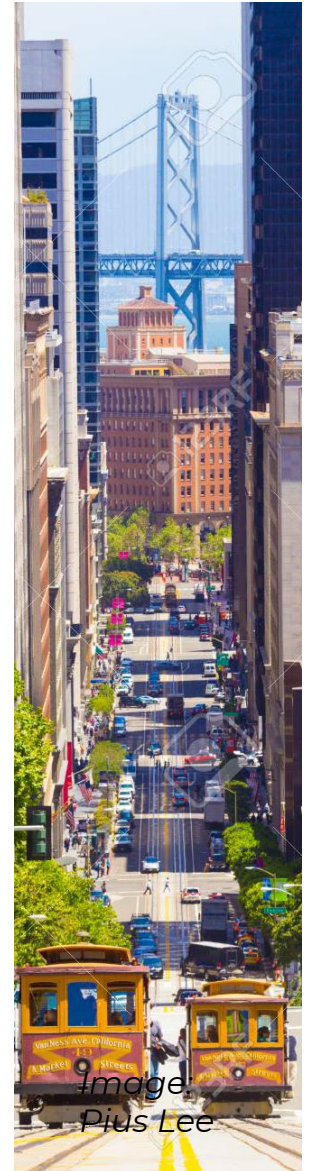
Policy Status

In Place

Policy Category

Process Simplification

Downtown Population	44,173
Downtown Jobs	271,458
Downtown Vehicle Volume vs. 2019	-41%
Downtown Transit Rides vs. 2019	-45%
2023 YTD Change in Downtown Trips	-1%





Policy Response

Upper Downtown Adaptive Reuse Pilot Program

Description

Downtown properties more than 30 years old and 50%+ vacant are eligible for expedited approvals and additional city project management, for office-to-residential conversions.

Policy Status

In Place

Policy Category

Process Simplification

Downtown Population

Downtown Jobs

Downtown Vehicle Volume vs. 2019 -2%

Downtown Transit Rides vs. 2019 -40%

2023 YTD Change in Downtown Trips -4%



Image:
Getty



Comparable Cities: Boston, MA

Policy Response

Downtown Res. Conversion Incentive Pilot Program

Description

Owners of office in plan area may receive property tax abatement up to 75% of market value for up to 29 years, if application is submitted by June 2024 and construction commenced by July 2025.

Policy Status

In Place

Policy Category

Value Capture

Downtown Population

Downtown Jobs

Downtown Vehicle Volume vs. 2019 -13%

Downtown Transit Rides vs. 2019

2023 YTD Change in Downtown Trips -4%



Image:
Business
Journal



Comparable Cities: Los Angeles, CA

Policy Response

Citywide Adaptive Reuse Ordinance

Description

Expands a previous Adaptive Reuse Ordinance from downtown to citywide, and by relaxing specific physical unit requirements, and qualifying structures 15+ years old by right.

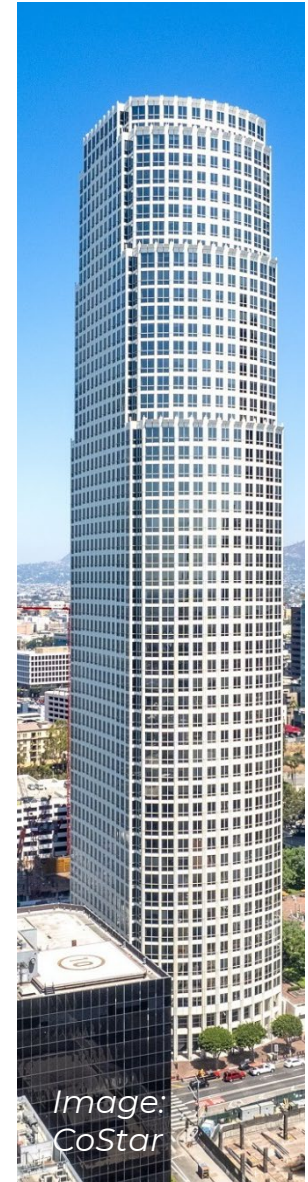
Policy Status

Recently Revised; In Place

Policy Category

Process Simplification; Broader Eligibility

Downtown Population	77,616
Downtown Jobs	315,955
Downtown Vehicle Volume vs. 2019	-28%
Downtown Transit Rides vs. 2019	-28%
2023 YTD Change in Downtown Trips	3%





Comparable Cities: Chicago, IL

Policy Response

LaSalle Street Reimagined

Description

City has invested \$550 million toward office to multifamily conversions; working with five developer teams, goal is to convert 1,600 units from 2.3 million square feet of office

Policy Status

In Place

Policy Category

Direct Subsidy

Downtown Population

Downtown Jobs

Downtown Vehicle Volume vs. 2019

-20%

Downtown Transit Rides vs. 2019

-43%

2023 YTD Change in Downtown Trips

-1%





Comparable Cities: Seattle, WA

Policy Response

Downtown Activation Plan

Description

Incorporates a breadth of three-year policy direction relating to safety, office to residential conversion, retail and grocery, arts and culture and other elements.

Policy Status

In Place

Policy Category

Process Simplification; Coordination

Downtown Population	74,389
Downtown Jobs	248,199
Downtown Vehicle Volume vs. 2019	-27%
Downtown Transit Rides vs. 2019	-35%
2023 YTD Change in Downtown Trips	-1%

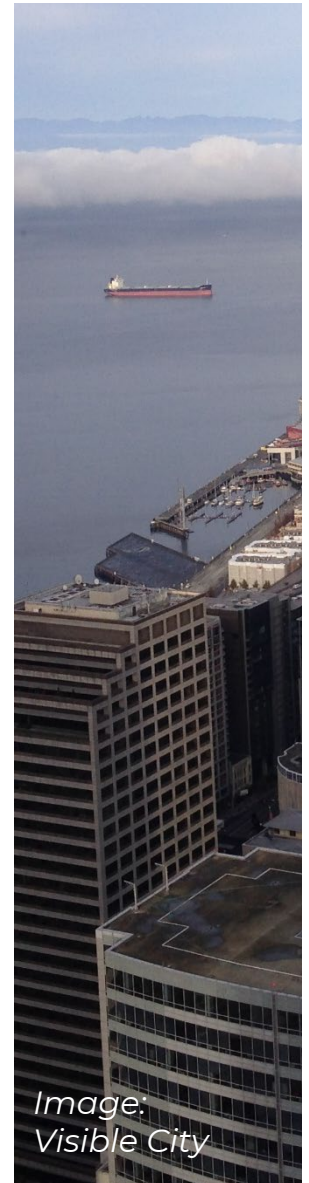


Image:
Visible City

Comparable Cities: Calgary, AB

Policy Response

Downtown Calgary Development Incentive Program

Description

Supports office space conversions to residential units, hotels, schools and performing arts venues with \$75 per square foot of existing space, up to \$15 million.

Policy Status

In Place (Currently Paused for Funding)

Policy Category

Direct Subsidy

Downtown Population 14,784

Downtown Jobs 97,895

Downtown Vehicle Volume vs. 2019

Downtown Transit Rides vs. 2019

2023 YTD Change in Downtown Trips



Image
Costar

Policy Response

Downtown Office Demolition Incentive Program

Description

Supports the demolition of end of life office buildings that are unsuitable for office conversions, with a grant of up to 50% of demolition costs up to \$15 per square foot and a total of \$3 million per property.

Policy Status

In Place

Policy Category

Direct Subsidy

Downtown Population 14,784

Downtown Jobs 97,895

Downtown Vehicle Volume vs. 2019

Downtown Transit Rides vs. 2019

2023 YTD Change in Downtown Trips



Image
Costar



Policy Response

Downtown Post-Secondary Institution Incentive

Description

Provides incentives of \$50 per square foot for office space conversions to post-secondary institutions to establish a greater presence downtown, up to \$15 million per project.

Policy Status

In Place

Policy Category

Direct Subsidy

Downtown Population 14,784

Downtown Jobs 97,895

Downtown Vehicle Volume vs. 2019

Downtown Transit Rides vs. 2019

2023 YTD Change in Downtown Trips



Image: Costar



Market Conditions

- The Warehouse District challenges predate Covid;
- Office use trends have compounded these – both in use of Warehouse District buildings and diminished value of proximity to downtown office core;
- Buildings are relatively lightly leveraged but clearly underutilized;

Identity

- District has unclear identity – many people think of the Warehouse District as larger and extending into North Loop;



Design

- Parcels and blocks often facing inactive infrastructure (ABC ramps, Hawthorne ramp, Target Center, I-394 corridor);

Economic Significance

- Supporting downtown's contribution to city vitality and tax base is a priority of growing urgency; given its performance in recent years, the Warehouse District is a discrete, high-opportunity zone for progress.



Contact Us

Ph. (651) 645-4644

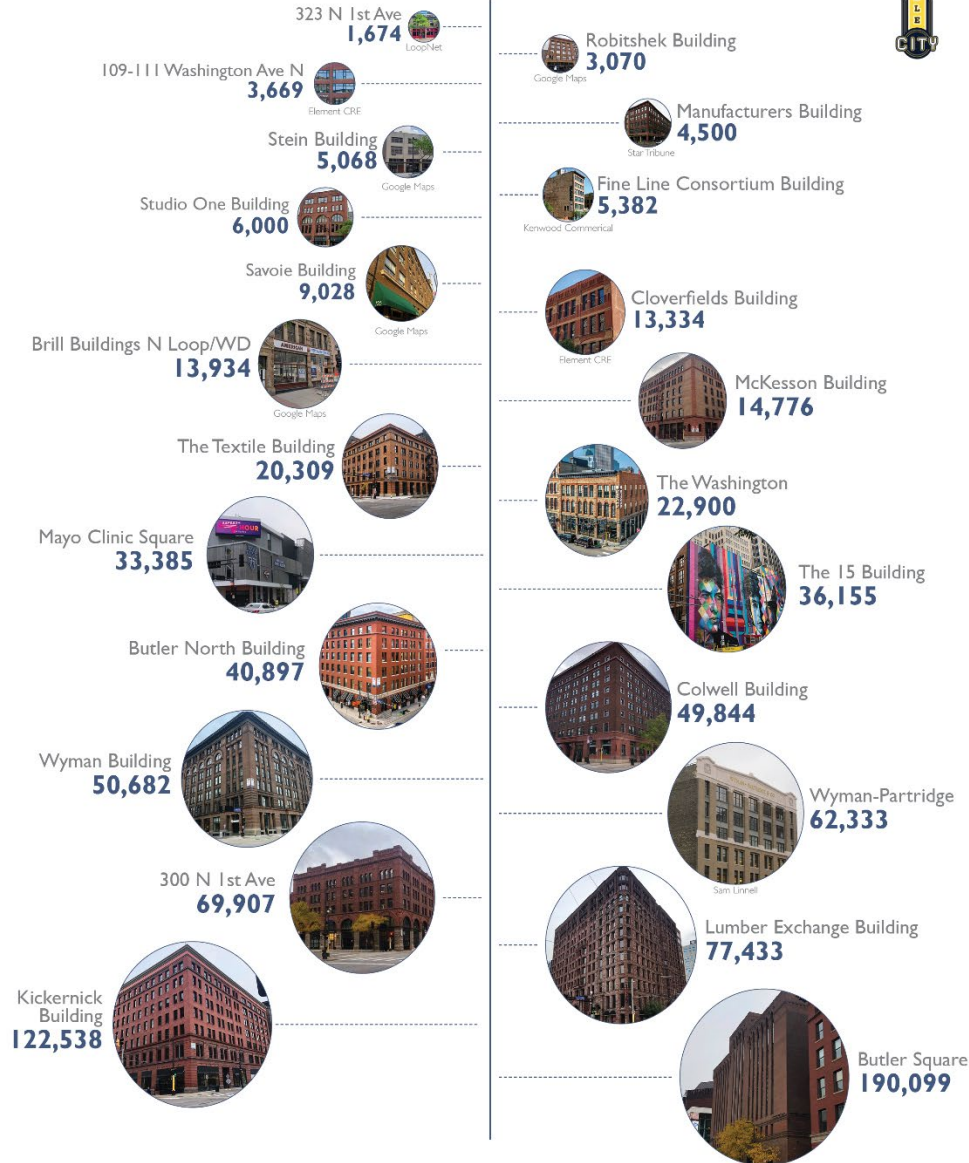
discover@visible.city

www.visible.city

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Warehouse District: Total Listed Available Space

WAREHOUSE DISTRICT Total Listed Available Space (Square Feet)



Data sources: Hennepin County, CoStar. Photos are from ULI Walking Tour StoryMap unless otherwise noted.