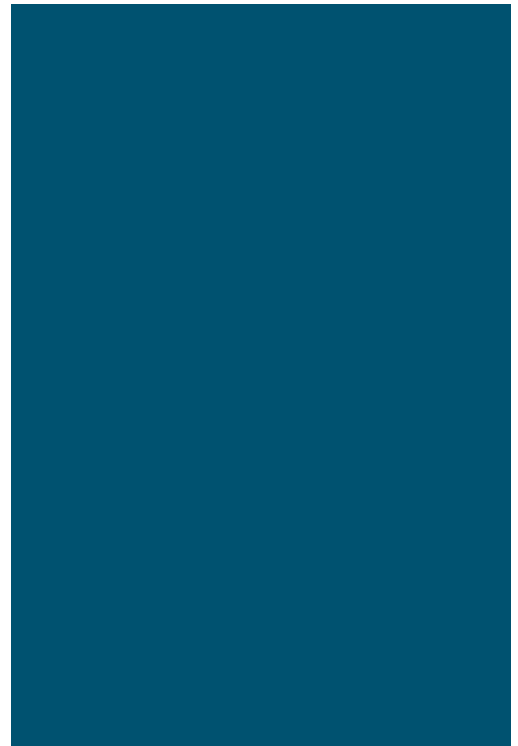


# NAI Sioux Falls

Office Report | 2010 Overview



**NAI** Sioux Falls

Commercial Real Estate Services, Worldwide.  
Local Knowledge - Global Reach

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**\*\*In 2010 NAI Sioux Falls was voted Top Commercial Real Estate Company, Sioux Falls Business Journal\*\***

# Office



NAI Sioux Falls' **Annual Market Update** is a comprehensive report designed to provide you with an accurate, objective representation of the local commercial real estate climate.

We have drawn on our resources, expertise and supporting data to compile this detailed snapshot of the local market. The office market statistics have been extracted from our internal database, with up-to-date information supplied by our brokerage and management staff.

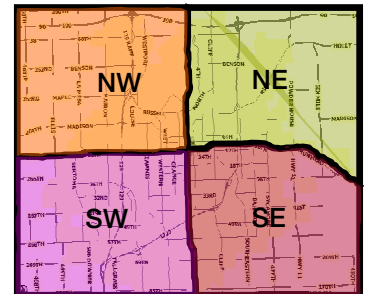
## METHODOLOGY

Our Office Universe consists of:

- \* Class A, B, and C buildings
- \* The City of Sioux Falls is divided into quadrants as follows:

**Northeast**  
**Northwest**  
**Southeast**  
**Southwest**

10th/12th Street is the North/South dividing line  
 Minnesota Avenue is the East/West dividing line



### Central Business District (CBD):

The CBD boundaries are 6th Street → 14th Street and Minnesota Avenue → Big Sioux River



## TRENDS

VACANCY RATE



NET ABSORPTION



ASKING RENTS



## OVERVIEW

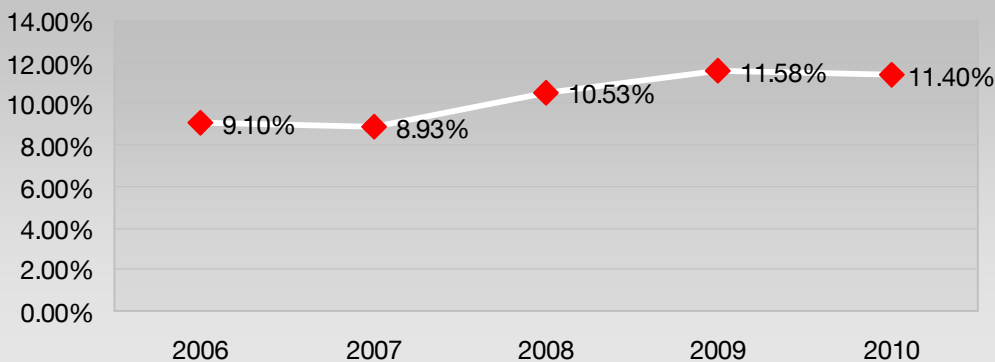
For the first time in three years, the Sioux Falls office vacancy rate decreased slightly in 2010. Rental rates, which had been increasing, have leveled off and are experiencing downward pressure, which is likely to continue as landlords attempt to fill slow-moving vacant spaces.

Leasing activity during 2010 increased from the low levels seen in late 2008 and throughout 2009. Tenants realize the market has turned in their favor and are therefore looking to renegotiate their existing lease or relocate to a less expensive space.

Ongoing economic uncertainty and the near disappearance of investment-related sales kept office property sales activity relatively weak. User sales made up the bulk of completed transactions as tenants felt the time was right to buy.

The office market should continue with a steady recovery as 2011 unfolds. Job growth will be crucial to a year of positive absorption. Legislative changes affecting the call-center sector have already caused an increase in vacancies in that sector, which should result in an active year for call center space.

### Overall Office Market Vacancy



# NAI Sioux Falls

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### NOTABLE LEASE TRANSACTIONS

TENANT	BUILDING	SIZE	SUBMARKET
Avera	Gateway Square	55,000 SF	Central Business District
CHR/Martin Group	Minnesota Centre	16,000 SF	Central Business District
Lynn Jackson Law	Minnesota Centre	16,000 SF	Central Business District
Reliamax	Sioux Falls Corporate Center IV	15,000 SF	Northeast
FIS	Former Credit Store	12,500 SF	Northwest
G & L Construction	Westport Plaza II	8,000 SF	Southwest



**SIGNIFICANT LEASE**  
**Sioux Falls Corporate Centre IV**  
**2300 E. 54th Street North**  
**Sioux Falls, SD 57104**

Size: 15,000 SF  
 Lessor: Sioux Falls Land Holdings V  
 Tenant: Reliamax

### NOTABLE SALE TRANSACTIONS

SELLER	BUYER	ADDRESS	SIZE	PRICE	PRICE PSF
WL, Inc.	Sioux Falls Ministry Center	220 E. 12th Street 225 E. 11th Street 315 S. 2nd Avenue	39,300 SF	\$1,950,000	\$49.62
David Rosenstein	Eighteen Hundred Partnership	1112 N. West Avenue	17,810 SF	\$1,650,000	\$92.64
Minnwest Bank	Access Partnership	2309 & 24091 W. 50th St.	24,000 SF	\$1,225,000	\$51.04
Breit and Hahn, LLC	Ruby Ventures, LLC	3610 S. Western Avenue	3,611 SF	\$415,000	\$114.11
Drake Orthodontics	Oien Chiropractic	600 W. 37th Street	2,600 Sf	\$350,000	\$134.62

# NAI Sioux Falls

## Office Report | 2010 Overview



Building Class	Quadrant Total SF	Vacant SF	% Vacant	Quoted Triple Net Rental Rates per sf
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### Overall Class

A	4,265,849	345,079	8.09%	
B	5,519,029	745,416	13.51%	
C	268,814	63,105	23.48%	
<b>Totals:</b>	<b>10,053,692</b>	<b>1,153,600</b>	<b>11.47%</b>	

### Central Business District

A	549,773	31,762	5.78%	\$15.00 - \$17.50
B	1,896,959	232,121	12.24%	\$10.00 - \$13.00
C	116,003	37,565	32.38%	\$7.00 - \$9.00
<b>Totals:</b>	<b>2,562,735</b>	<b>301,448</b>	<b>11.76%</b>	

### Southwest

A	2,020,345	202,861	10.04%	\$15.00 - \$17.00
B	1,092,511	198,546	18.17%	\$10.00 - \$13.00
C	35,860	840	2.34%	\$9.00 - \$10.00
<b>Totals:</b>	<b>3,148,716</b>	<b>402,247</b>	<b>12.77%</b>	

### Southeast

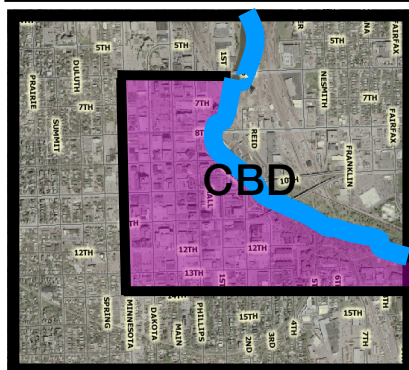
A	367,242	58,381	15.90%	\$12.50
B	589,257	56,172	9.53%	\$10.00 - \$11.00
C	47,924	0	0.00%	\$9.00
<b>Totals:</b>	<b>1,004,423</b>	<b>114,553</b>	<b>11.40%</b>	

### Northwest

A	323,983	11,135	3.44%	\$11.00 - \$14.50
B	874,678	66,333	7.58%	\$9.00 - \$10.00
C	51,690	24,700	47.78%	\$7.00 - \$9.00
<b>Totals:</b>	<b>1,250,351</b>	<b>102,168</b>	<b>8.17%</b>	

### Northeast

A	1,004,506	40,940	4.08%	\$11.00 - \$12.50
B	1,065,624	192,244	18.04%	\$9.00 - \$10.00
C	17,337	0	0.00%	\$7.00 - \$8.00
<b>Totals:</b>	<b>2,087,467</b>	<b>233,184</b>	<b>11.17%</b>	



### Legend and Sub-Market Boundaries

#### Property classification definitions

- Class A = Building condition is above average
- Class B = Building condition is average
- Class C = Building condition is below average

Sioux Falls  
Central Business  
District ("CBD")

Sioux Falls  
Metropolitan  
Area

