

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

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WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL GROSS ASKING RENT (ALL CLASSES)*	OVERALL GROSS ASKING RENT (CLASS A)*
Minneapolis CBD	27,671,343	187,542	5,315,204	19.9%	-53,647	-53,647	2,022,000	\$28.28	\$34.34
Northeast	9,075,043	16,134	1,271,194	14.2%	44,748	44,748	73,983	\$21.03	\$27.16
Northwest	2,298,471	0	268,212	11.7%	2,679	2,679	0	\$20.06	\$24.41
South/Airport	6,176,803	45,088	1,257,275	21.1%	-41,514	-41,514	0	\$23.76	\$28.16
Southwest	14,648,055	244,999	2,168,200	16.5%	80,521	80,521	84,000	\$26.64	\$30.58
St. Paul CBD	6,661,071	218,579	1,394,443	24.2%	-3,442	-3,442	0	\$22.37	\$25.72
West	9,860,881	30,372	1,266,378	13.2%	-8,427	-8,427	343,000	\$30.09	\$35.61
MINNEAPOLIS TOTALS	76,391,667	742,714	12,940,906	17.9%	20,918	20,918	2,522,983	\$26.18	\$31.80

*Gross rents reflect base rent plus all building operating expenses

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3033 Campus Dr., Plymouth	West	Daikin Applied	75,607	Renewal/Expansion
7700 France Ave. S., Edina	Southwest	Nerdery	63,604	New
30 S. 9 th St., Minneapolis	Minneapolis CBD	Life Time Work	53,000	New
3601 76 th St. W., Edina	Southwest	Microsoft Corporation	44,464	Renewal
6499 University Ave. NE., Fridley	Northeast	Benedictine Health Systems	37,490	New

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
West End Office Park, St. Louis Park	West	Excelsior Group / Bridge Investment Group	568,037	\$130M / \$229
4350 and 4400 Baker Rd., Minnetonka	Southwest	WPT Industrial REIT / Syndicated Equities	190,000	\$39.8M / \$209
6150 Trenton Ln., Plymouth	Northwest	Falcon Ridge Partners / Waitt Company	178,385	\$24.25M / \$136
2740 W. American Blvd., Bloomington	Southwest	AtWater Group / Schneiderman's Furniture	69,330	\$5.7M / \$82
4500 Park Glen Rd., St. Louis Park	West	AtWater Group / Orion Investments	50,000	\$7.4M / \$148

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