

# YOUR BUSINESS BELONGS *Downtown*



2015 DOWNTOWN DULUTH MARKET REPORT



## A SENSE OF PLACE AND *Opportunity*

The Downtown Waterfront in Duluth, Minnesota, is a commercial district bustling with activity. Located on the western edge of Lake Superior, this economic hub offers a spectacular natural setting and a market that thrives on a mix of creative energy and sophisticated class.

More than \$725 million has been invested in the Duluth Downtown Waterfront District since 2005, and projects totaling more than \$150 million are currently underway or in the final planning stages. The momentum has been building as Duluth readies itself to become one of the most successful mid-sized central business districts in America. It's the perfect place for your business.

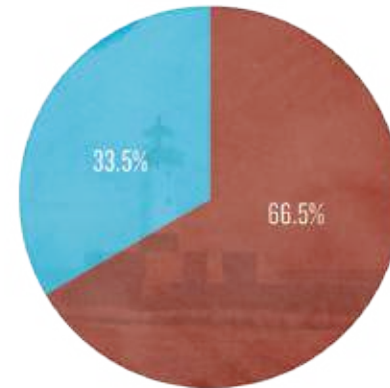


GREATER DOWNTOWN COUNCIL

# A PLACE FOR BUSINESS TO *Grow*

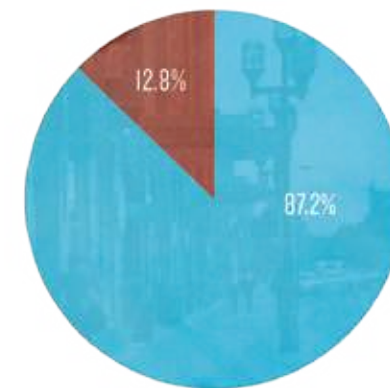
## A quick look at the Downtown Waterfront District

- 90 square blocks
- 8.8 million square feet of privately and publicly owned property
- 5.8 million square feet considered non-competitive (e.g. government, hospitals, owner-occupied and hotels)
- 2.9 million square feet of competitive business space
- 12.8% of competitive space is vacant and ready for business



### TOTAL DISTRICT REAL ESTATE

- COMPETITIVE
- NON-COMPETITIVE

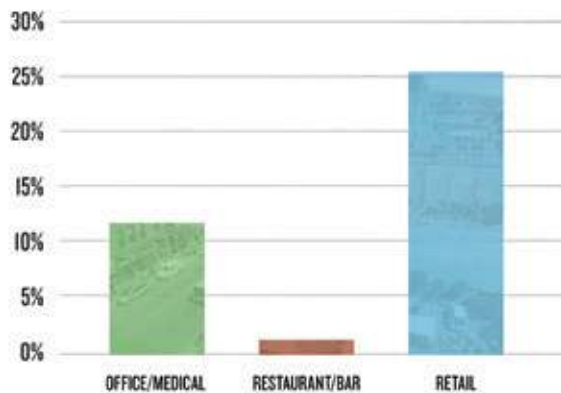


### COMPETITIVE SPACE

- OCCUPIED
- VACANT

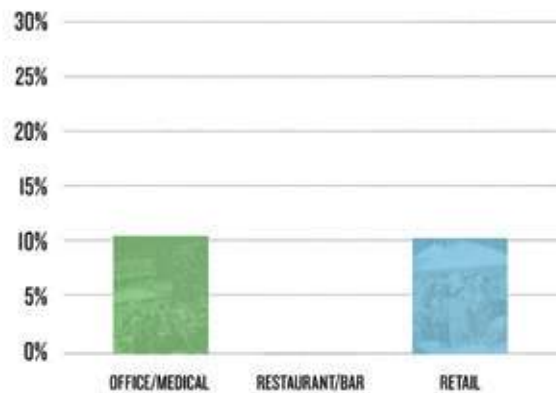
The overall 2015 vacancy rate within the district stands at 12.8%, with an office/medical vacancy rate of 12.2% and a retail vacancy rate of 25.5%. The higher retail vacancy rate is influenced largely by the 2014 departure of a tenant that leased 26,000 square feet. However, such marketing initiatives as Pop-Up Shops for the holidays have led to longer-term retail tenants in recent years for Duluth.

### TOTAL DOWNTOWN AND CANAL PARK VACANCY RATE



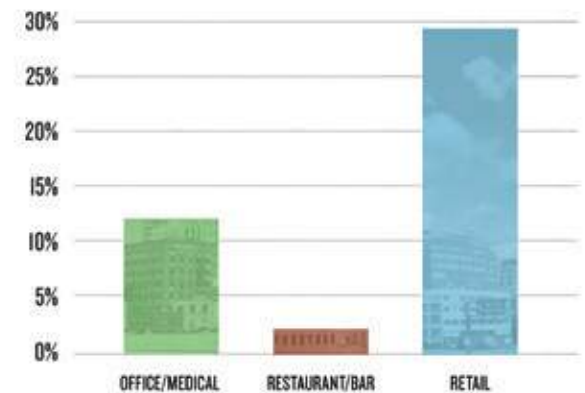
Of the more than 2.9 million square feet of competitive space in downtown and Canal Park, approximately 249,000 is available office/medical space (12.2%), 120,000 is available retail space (25.5%) and just 2,800 is available restaurant space (1.3%).

### CANAL PARK VACANCY RATE



Because Canal Park is such a unique and distinct sector of the district, the market report broke out this region of the Downtown Waterfront to provide a comparison of vacancies in the core downtown versus the vacancies in Canal Park. Canal Park is experiencing a lower office/medical vacancy rate of 10.8%, with comparable available retail space while all restaurant space is occupied.

### DOWNTOWN VACANCY RATE



Meanwhile, downtown is seeing a slightly higher vacancy rate for office/medical space at 12.4% and higher vacancy for retail space at 29.6%.

## 2015 DULUTH MARKET REPORT (MEASURED IN SQUARE FEET)\*

TYPE	TOTAL DISTRICT SPACE	COMPETITIVE SPACE	NON-COMPETITIVE SPACE	VACANT SPACE	PERCENT VACANT (OF COMPETITIVE SPACE)
<b>Total Downtown and Canal Park</b>	<b>8,752,366</b>	<b>2,931,502</b>	<b>5,820,864</b>	<b>374,168</b>	<b>12.8%</b>
Office/Medical	3,880,022	2,041,342	1,838,680	248,942	12.2%
Restaurant/Bar	318,183	207,444	110,739	2,750	1.3%
Retail	619,415	472,357	147,058	120,476	25.5%
Hotel	751,910		751,910		
Other	3,182,836	210,359	2,972,477	2,000	
<b>Downtown Only</b>	<b>6,949,781</b>	<b>2,546,042</b>	<b>4,403,739</b>	<b>342,131</b>	<b>13.4%</b>
Office/Medical	3,648,559	1,837,243	1,811,316	226,905	12.4%
Restaurant/bar	183,992	130,676	53,316	2,750	2.1%
Retail	474,822	373,164	101,658	110,476	29.6%
Hotel	417,031		417,031		
Other	2,225,377	204,959	2,020,418	2,000	
<b>Canal Park Only</b>	<b>1,802,585</b>	<b>385,460</b>	<b>1,417,125</b>	<b>32,037</b>	<b>8.3%</b>
Office/Medical	231,463	204,099	27,364	22,037	10.8%
Restaurant/Bar	134,191	76,768	57,423	0	0.0%
Retail	144,593	99,193	45,400	10,000	10.1%
Hotel	334,879		334,879		
Other	957,459	5,400	952,059		

\* The Greater Downtown Council retained the Northspan Group to conduct a 2015 vacancy rate report. This report serves as a tool in gauging the market conditions.

## WHY SO MANY BUSINESSES CALL DOWNTOWN DULUTH HOME

Thanks to its location, the Duluth Downtown Waterfront attracts millions of tourists each year. Beyond its enviable natural setting, it also attracts entrepreneurs who crave the sense of place and opportunity that our commercial district offers.

- 3.5 million tourists annually
- \$780 million in annual tourism impact
- 50 plus restaurants and 12 hotels
- 18,000 people working in downtown Duluth
- 2014 Outside Magazine's Best Town
- 25,000 students in five colleges and universities near downtown
- 3.5 miles of skywalk
- 15,000 parking spaces

## A PORTFOLIO OF HIGH-PROFILE PROJECTS

The Duluth Downtown Waterfront District continues to grow and improve with many major development projects.

1. **\$75 million:** Women's fashion retailer maurices is developing a new corporate headquarters at 425 West Superior Street. This office building will span approximately 200,000 square feet, stand 11 stories in height and include an attached public parking ramp. It is the largest downtown commercial development in Duluth's history.
2. **\$30 million:** The Duluth Transit Authority is developing a new Transportation Center scheduled to open in 2016. This multimodal facility incorporates bus transportation as well as 410 vehicular parking spaces and space for up to 150 bicycles. The project also includes substantial skywalk and street signalization improvements.
3. **\$29.6 million:** The historic NorShor Theatre is set to be restored and serve as a performing arts center. The venue dates back to the opening of the Orpheum Theatre vaudeville house in 1910. The project will include renovating the 750 seat theater, a new stage and a skywalk connection.
4. **\$29.1 million:** Along the waterfront, a new resort development is underway with the Pier B project. This 140 room hotel and resort includes a waterfront restaurant, meeting and event space as well as a direct access to transient docks for more than 20 boats.

1.



2.



3.



4.

## CLEANER, SAFER AND MORE INVITING THAN EVER

The Duluth Downtown Waterfront District has undergone a dramatic transformation over the last decade. Unprecedented development and investment have created new opportunities for businesses to capitalize on the district's immense potential. From high-tech to high fashion and beyond, you'll find the perfect space and place.



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