

CAMBRIDGE OPERATING COMPANY REPORT

JANUARY 2026

OVERALL COMMERCIAL MARKET OUTLOOK

Commercial Overall For 2026: 1) small to mid-size leasing demand remains steady; 2) Base rent growth should stabilize from peak highs (note rental growth increase Year-Over-Year (YOY) 4% since 2015 and spiked 8.8% YOY in the period between 2022 and 2024); 3) there is minimal speculative development in the pipeline – so demand should remain elevated and vacancies low. [source CBRE 2026 US Real Estate Outlook]

Office Vacancy Rates (Colliers):

Property Class	Twin Cities Total	Minneapolis CBD	Northwest	I-394 Corridor
Class A	25.6%	32.3%	11.0%	16.0%
Class B	24.7%	30.1%	25.5%	18.3%
Class C	11.2%	17.6%	6.6%	14.2%

Industrial Vacancy Rates (Colliers):

Property Type	Twin Cities Total	Southwest	Northwest	North Central
Warehouse	6.1%	8.7%	5.4%	4.2%
Office Showroom	6.3%	7.1%	3.7%	9.5%
Manufacturing	3.9%	6.2%	3.2%	2.3%

Retail Statistics (Colliers):

Property Type	Suburban	Northwest	West	Southwest
Vacancy	5.4%	4.5%	8.9%	3.5%
Avg Asking Rate	\$18.57	\$17.53	\$23.58	\$20.66

Overall Apartment Market Outlook

Twin Cities overall vacancy rate stood at 6.5% with YOY rent growth of 3.2%. Multifamily completions in the Twin Cities peaked in 2023 and have since fallen sharply, placing the metro among the largest projected slowdowns in new supply nationally. Elevated construction costs, regulatory complexity, and financing challenges continue to limit new development. Rent growth is projected to build over the next 12–24 months, led by submarkets with the least new supply. (source Michel Commercial Real Estate 2025 Year in Review)

THE CAMBRIDGE PORTFOLIO

COMMERCIAL OCCUPANCY / VACANCY

Commercial: As of January 31, 2026, the commercial portfolio has an overall vacancy rate of just 3.5% with vacancies existing in two buildings: Valley Square (3 spaces, 4,216 sf, 11.3%), Decatur (1 space created after ABM contraction and renewal, 5,976 sf, 5.7%) and Westview (4 spaces, 12,551 sf, 10.2%)

	Size	% of Portfolio	Vacancy SF	Vac% of Port.	Vac% of Bldg.
Office					
Valley Square	37,357	5.7%	4,216	0.6%	11.3%
Retail					
Chanhasen	14,900	2.3%	0	0%	0
Elm Creek	8,250	1.3%	0	0%	0
Goodwill	20,600	3.1%	0	0%	0
Wayzata	9,424	1.4%	0	0%	0
TOTAL	53,174	8.1%	0	0%	0
Warehouse / Office					
Cottonwood	45,900	7.0%	0	0%	0%
Decatur	104,867	15.9%	5,976	0.9%	5.7%
Lincoln 5700	66,958	10.2%	0	0%	0%
Lincoln 5720	59,651	9.1%	0	0%	0%
Westview	122,543	18.6%	12,551	1.9%	10.2%
TOTAL	399,919	60.7%	18,527	2.8%	4.6%
Office Showroom					
Bury Drive	51,940	7.9%	0	0%	0%
Parkers Lake	38,082	5.8%	0	0%	0%
Plymouth Tech 1	26,186	4.0%	0	0%	0%
Plymouth Tech 2	26,186	4.0%	0	0%	0%
Plymouth Tech 3	26,186	4.0%	0	0%	0%
TOTAL	168,580	25.6%	0	0%	0%
TOTAL PORTFOLIO	659,030	100%	22,743	3.5%	3.5%

COMMERCIAL LEASING ACTIVITY:

NEW LEASES: Four (4) New Leases (since June 2025)

	Building	Size Sq. Ft.	Commencement	Term (months)
Laser Dynamics	Plymouth Tech 1	13,701	2/1/26	63
Oak Grove Church	Valley Square	1,214	1/1/26	24
Aurora Health	Valley Square	861	10/1/25	24
Sew with Me	Elm Creek	5,943	11/1/25	125
TOTAL		21,719		

LEASE RENEWALS: Fifteen (15) Renewals (since June (2025))

	Building	Size Sq. Ft.	Commencement	Term (months)
Ferguson	Decatur	81,590	02/01/27	60
Generation Now	Parkers Lake	2,531	08/01/25	36
Mathnasium	Chanhassen Ridge	1,350	08/01/25	60
Murry & Murry	Valley Square	5,058	09/01/25	60
TCIC	Westview	1,860	09/01/25	60
AV Events	Westview	1,860	09/01/25	36
Lingate	Valley Square	1,527	10/01/25	36
ABM	Decatur	16,900	11/01/25	87
Metro Fibernet	Westview	7,883	11/01/25	12
Diversity Connection	Westview	2,875	11/01/25	12
West Coast Dance	Westview	3,740	01/01/26	60
Warehouse Direct	Westview	2,782	01/01/26	12
DBH Promotions	Westview	2,014	01/01/26	24
Aldrich Parsons	Bury	19,467	02/01/26	12
Aldrich Parsons	Bury	3,919	03/01/26	12
TOTAL		155,356		

MOVE-OUTS: Two (2) Move-outs (since June 2025)

	Building	Size Sq. Ft.	Move-out Date	Reason
Northern Filtration	Westview	2,006	12/31/25	Sold Company
Payroll Direct	Valley Square	2,056	10/31/25	Sold Company
TOTAL		4,062		

Commercial Property Management

- 1200 Wayzata Blvd - BMO has announced they are leaving their location with 27 months (as of March 1, 2026) left on their lease. We are negotiating a potential buyout of their remaining lease. This could be a good event for us if we secure a new tenant within the next 12 months or so.
- Plymouth Tech 1: The Laser Dynamics buildout is now complete (as of 1/27/26) and the lease will commence as of 2/1/26.
- ABM buildout planning is underway in coordination with the ABM corporate real estate department. Cambridge will be completing the buildout.
- Tenant Events – Valley Square Donuts and Coffee (1/15/26)
- Upcoming Capital Projects – Valley Square Entrances and Stairway Refresh is underway.
- Insurance Renewals: Commercial Renewals along with M2 are set for April 1, 2026 and April 3rd respectively.

APARTMENT OCCUPANCY / VACANCY

Apartment: As of January 31, 2026, overall vacancy stood at 8 out of 203 units or **3.9%**; M2 5 vacancies; Sterling CT 2; Sterling Manor 0; Majestic Greens 1

	<u>Units</u>	<u>% of Portfolio</u>	<u>Vacant Units</u>	<u>Vac% of Port.</u>	<u>Vac % of Bldg.</u>
Majestic Greens	50	24.6%	1	0.5%	2.0%
Sterling Court	24	11.8%	2	1.0%	8.3%
Sterling Manor	4	19.7%	0	0.0%	0.0%
M2 Lofts	89	43.8%	5	2.5%	5.6%
TOTAL	203	100%	8	3.9%	3.9%

Apartment Property Management

- Annual Certificate of Rent Paid (CRP's) for residents completed
- Upcoming Capital Improvement Plans – Majestic Greens Community room and common areas planning is underway. We hope to have comprehensive plans completed over the next six months.
- Insurance Renewals: Property Casualty Insurance review is well underway, with renewals in place set for March 1, 2026
- M2 – replacement of smoke and carbon monoxide detectors nearing completion; investigating the potential replacement of door locks and key fobs; investigating a more cost effective and user-friendly lobby TV Welcome and Announcement alternative

Accounting Corner

- Vendor reviews and Form 1099's completed
- Operating Expense Reconciliations – Budget versus Actual – for 2025 is underway.