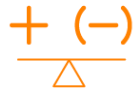


# MINNEAPOLIS-SAINT PAUL

RETAIL MARKET | Q1 2025



**93.7 MSF**  
Inventory



**(177,852) SF**  
Net Absorption



**7.2%**  
Vacancy Rate



**6.9%**  
Total Availability



**368,870 SF**  
Under Construction



**\$19.43 PSF**  
Asking Rent

## Retail Market Continues to Perform Well

### Market Observations

- The vacancy rate continues to trend downward as the Q1 2025 rate was 7.2%, a 10-basis point decrease quarter over quarter and a 60-basis point decrease year over year. Vacancy has decreased for seven consecutive quarters, highlighting the continuing scarcity of space in the market.
- Net absorption totaled negative 177,852 SF during the first quarter of 2025. The largest absorption change for the quarter was At Home vacating 114,000 SF from Midway Marketplace, 1450 University Ave W. in Saint Paul, and Cub Foods vacating 90,000 SF from Starlite Shopping Center, 8081-8089 Brooklyn Blvd. in Brooklyn Park.
- Asking rents increased during the quarter, increasing by 1.6% to \$19.43 PSF in Q1 2025. Year over year, rents are up by 5.9%. Rents continue to be competitive as space remains limited in high-traffic areas.
- The development pipeline measured 368,870 SF, which is down significantly from the peak of 2 million SF during 2016. The construction pipeline will continue to decelerate as developers continue to face challenges in developing new properties.
- Q1 2025 sales volume totaled \$22 million, a decline of 92% from the previous year's total of \$272.3 million. Buyer capital was from private (79%) and user sources (21%). A notable sale transaction for the quarter was the Speedway at 9910 Norma Lane in Woodbury for \$5.9 million, purchased by Excelsior Energy Group and sold by Christopher Ogren.

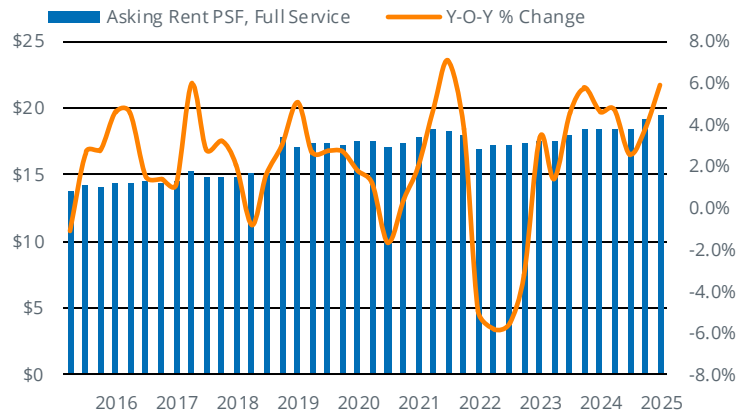




# MINNEAPOLIS-SAINT PAUL RETAIL MARKET | Q1 2025

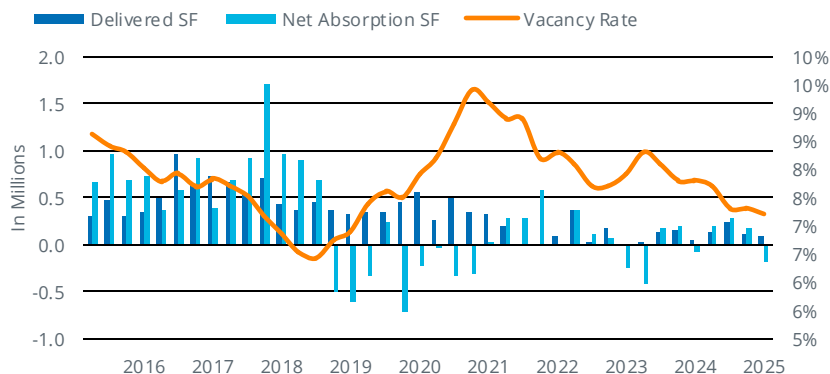
- Net absorption** totaled negative 177,852 SF during the first quarter of 2025. This was the first quarter with negative net absorption since Q1 2024.
- The **vacancy** rate decreased again this quarter to 7.2% and is down from 7.8% one year ago. Demand for space continues to be elevated even as store closings increase, with that space being quickly leased by new tenants.
- Asking rents** increased slightly during the quarter, up 1.7% to \$19.43 PSF in Q1 2025. Year over year, rents are up 5.9%.
- There are 368,870 SF **under construction** in the market, with the Southeast and Northwest submarkets accounting for 66% of the total. Major projects include the Boulevard Retail Project in Plymouth, Block 5 in Monticello, and Burnsville Market, which is being renovated.

## ASKING RENT



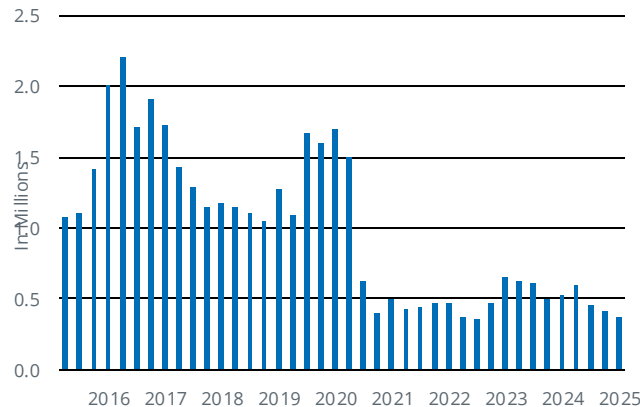
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# MINNEAPOLIS – SAINT PAUL RETAIL MARKET | Q1 2025

## MARKET INDICATORS TABLE

### All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
MINNEAPOLIS CBD	3,312,162	946,295	28.6%	8,120	8,552	8,552	\$21.82
NORTHEAST	28,934,600	2,091,453	7.2%	7,170	(155,253)	(155,253)	\$16.53
NORTHWEST	12,965,646	610,599	4.7%	114,158	(90,208)	(90,208)	\$22.11
SAINT PAUL CBD	567,043	117,009	20.6%	5,800	(25,952)	(25,952)	\$14.25
SOUTHEAST	26,359,939	1,443,337	5.5%	127,535	109,594	109,594	\$18.56
SOUTHWEST	15,177,757	1,037,791	6.8%	78,382	(13,410)	(13,410)	\$18.50
WEST	6,659,469	527,988	7.9%	27,705	(11,175)	(11,175)	\$23.60
<b>Total</b>	<b>93,976,616</b>	<b>6,774,472</b>	<b>7.2%</b>	<b>368,870</b>	<b>(177,852)</b>	<b>(177,852)</b>	<b>\$19.43</b>

Source: MNCAR, Transwestern

SUBMARKET	INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF
COMMUNITY CENTER	11,094,785	1,365,740	12.3%	17.2%	201,384	(10,099)	(10,099)
FREESTANDING/BIG BOX	38,199,388	1,132,377	3.0%	17.4%	442,000	(143,755)	(143,755)
MIXED USE	7,216,094	1,379,348	19.1%	20.3%	0	(4,680)	(4,680)
NEIGHBORHOOD CENTER	19,019,185	1,282,150	6.7%	7.4%	0	(4,016)	(4,016)
REGIONAL CENTER	7,018,869	922,891	13.1%	11.8%	0	(7,754)	(7,754)
STRIP CENTER	11,158,295	682,313	6.1%	12.7%	0	(7,548)	(7,548)
<b>Total</b>	<b>93,706,616</b>	<b>6,764,819</b>	<b>7.2%</b>	<b>16.3%</b>	<b>684,384</b>	<b>(177,852)</b>	<b>(177,852)</b>



# MINNEAPOLIS – SAINT PAUL RETAIL MARKET | Q1 2025

## Research Methodology

The information in this report is the result of a compilation of information on retail properties located in the Minneapolis-Saint Paul metro area. This report includes multi-tenant and single tenant retail buildings 15,000 SF or larger, complexes 15,000 SF or larger, and mixed-use properties with less than 15,000 SF of retail space.

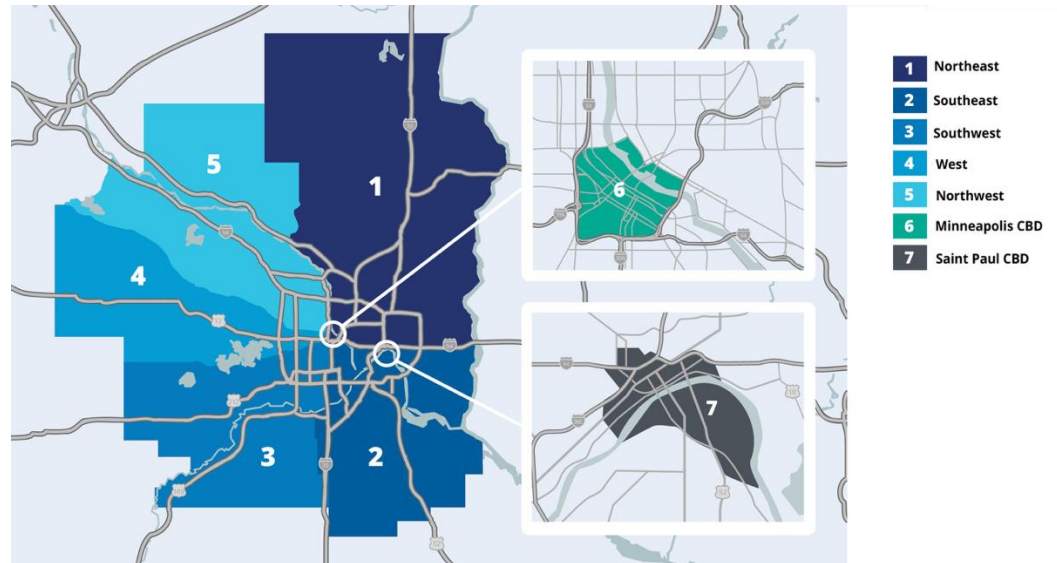
## About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply, and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at [transwestern.com](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).

## For more information

### Maurice Harris

Research Manager  
Minneapolis  
[Maurice.Harris@transwestern.com](mailto:Maurice.Harris@transwestern.com)  
612.359.1621



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