

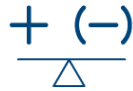
# MINNEAPOLIS-SAINT PAUL

## INDUSTRIAL MARKET | Q1 2025



**298.7 MSF**

Inventory



**969,883 SF**

Net Absorption



**4.9%**

Vacancy Rate



**7.6%**

Total Availability



**2.96 MSF**

Under Construction



**\$9.75 PSF**

Asking Rent

### Market Activity Continues to be Stable Even As Uncertainty Increases

#### Market Observations

- The vacancy rate for the first quarter of 2025 (Q1 2025) was 4.9%, a 30-basis-point decrease from the previous quarter and down 10 basis points year over year. Vacancy continues to decrease even as nearly 1 million SF of space was delivered showing demand for space is evident.
- Net absorption totaled 969,883 SF during the first quarter of 2025. The most notable absorption event was States Manufacturing leasing 502,898 SF of space at The Cubes at French Lake, 11500 Lawndale Lane in Dayton.
- Asking rents increased slightly during the quarter, up 0.3% to \$9.75 PSF. Rents decreased from the previous year by 0.3%. Yearly rent growth has been negative for two consecutive quarters signaling that excess space in the market is impacting rent growth.
- The development pipeline totaled 2.96 million SF under construction, which is down significantly from the peak of 10.3 million SF during 2023. While less space is being built, the amount is slightly above pre-pandemic levels, which averaged 2.4 million SF.
- Q1 2025 sales volume totaled \$466.6 million, nearly three times more than the previous year's total of \$171.4 million. Nearly two-thirds of the buyer's capital was from private sources. Notable sales included the Amazon Fulfillment Center, 2601 4th Ave E. in Shakopee, for \$99.5 million and a lot on the former Thomson Reuters campus, 610 Opperman Dr. in Eagan, for \$52.4 million. Amazon plans to construct a distribution center on the property.

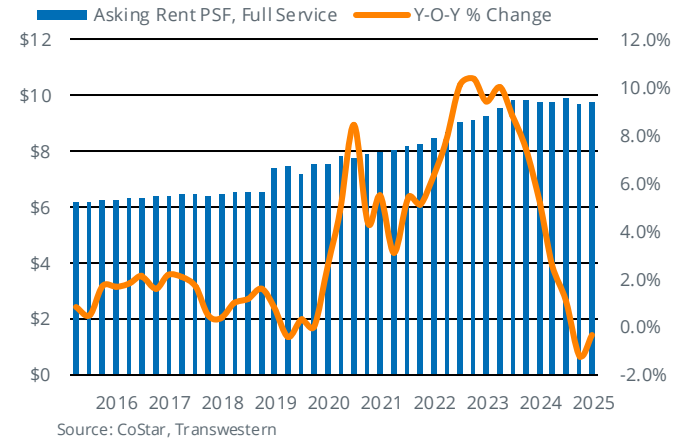




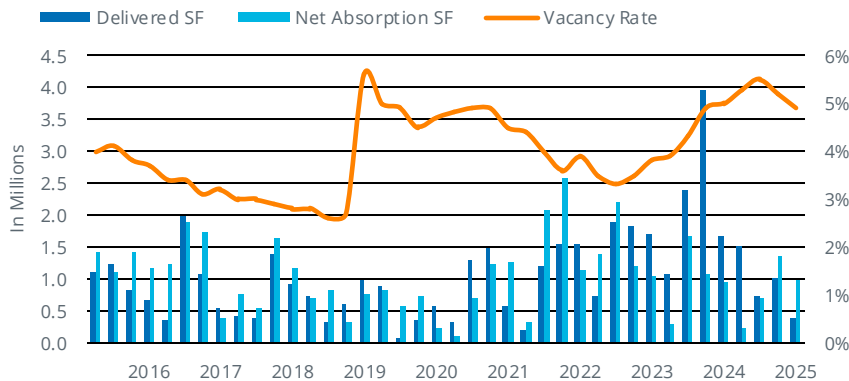
# MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q1 2025

- Net absorption** totaled 969,883 SF during the first quarter of 2025, with year-over-year absorption totaling 950,498 SF. Net absorption continues to be positive due to the strength of distribution space, which experienced 1.12 million SF of absorption.
- The **vacancy rate** slightly declined from last quarter to 4.9% and is down by 10 basis points from last year. Vacancy continues to decline as only 389,000 SF was added to the market in Q1, the lowest amount since Q2 2021.
- Asking rents** increased 0.3% to \$9.75 PSF during the first quarter. Year over year, rents declined by 0.3%.
- There are 2.9 million SF **under construction** in the market. 1.0 million SF is under construction in the Southwest market. 394,00 SF of pre-leased space is at Audubon Business Park, 1650 McGlynn Rd. in Chanhassen, and 92,224 SF of pre-leased space is at Nexus at Opus Park, 6131 Blue Circle Dr. in Eden Prairie.

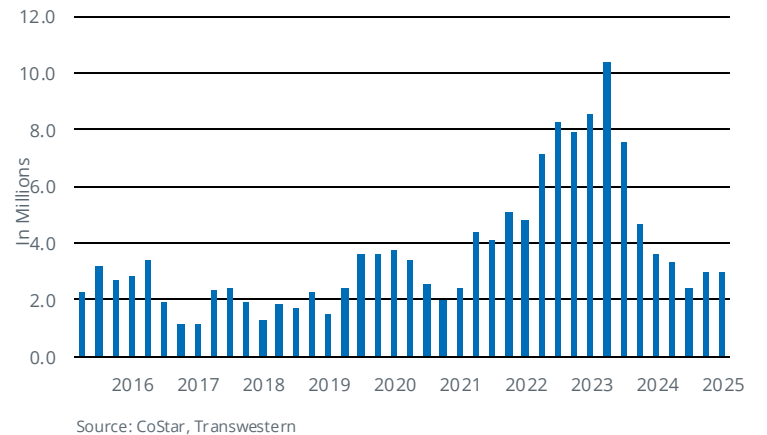
## ASKING RENT



## DELIVERY IMPACT ON KEY INDICATORS



## UNDER CONSTRUCTION





# MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q1 2025

## MARKET INDICATORS TABLE

All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
NORTHEAST	93,619,000	3,376,246	3.6%	6.0%	507,385	(178,621)	(178,621)	\$10.02
NORTHWEST	67,073,438	3,032,498	4.5%	5.9%	581,696	829,562	829,562	\$8.82
SOUTHEAST	64,137,935	3,659,900	5.7%	9.0%	806,320	521,112	521,112	\$9.88
SOUTHWEST	55,041,034	4,055,503	7.4%	10.8%	1,042,821	(290,058)	(290,058)	\$9.56
WEST	18,881,237	624,109	3.3%	7.8%	24,000	87,888	87,888	\$10.86
<b>Total</b>	<b>298,752,644</b>	<b>14,748,256</b>	<b>4.9%</b>	<b>16.3%</b>	<b>2,962,222</b>	<b>969,883</b>	<b>969,883</b>	<b>\$9.76</b>

Source: MNCAR, Transwestern



# MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q1 2025

## Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in the Minneapolis-Saint Paul metro area. This report includes single tenant, multi-tenant, and owner-user properties 20,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency.

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