MINNEAPOLIS-SAINT PAUL

OFFICE MARKET | Q1 2025

134.2M
Inventory SF

264.1K
Net Absorption SF

12.1%
Direct Vacant Available Rate

18.8%
Total Availability

400.0K
Under Construction SF

$31.31
Asking Rent PSF

Vacancy Plateaus, Leasing Rebounds Modestly

Market Observations

- The Minneapolis-Saint Paul direct available vacancy rate reached 12.1% in Q1 2025, unchanged from 12.1% last quarter and up from 11.0% year over year. CBD Core posted the highest rate at 20.8% as the submarket had a net absorption total of negative 130,000 SF for the quarter.
- Net absorption totaled 264,501 SF in Q1 2025. The 9800 at Bass Creek transaction in the Northwest submarket accounted for 160,000 SF as JonnyPops took occupancy, with Northwest submarket leading absorption at 128,527 SF.
- Full-service rents averaged $31.31 PSF in Q1 2025, up from $31.06 PSF last quarter and $30.83 PSF year over year. CBD North Loop achieved the highest rate at $36.78 PSF, while Class A rents reached $35.67 PSF metro-wide.
- Construction pipeline totals 400K SF in Q1 2025, down from 539,000 SF last quarter and 423,187 SF year over year. The only active project is in the Northwest submarket, 100% pre-leased with no new RBA delivered this quarter.
- Q1 2025 sales volume totaled $140.3 million, nearly a third of the previous year total of $372.5 million. Over 82% of buyer's capital was from private and user sources. Notable sales transactions included the former Ameriprise Financial headquarters for $6.25 million dollars, a 97% discount from its previous sale in 2016.

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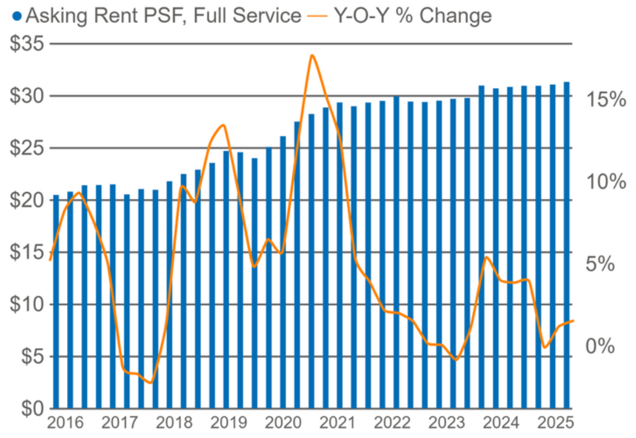
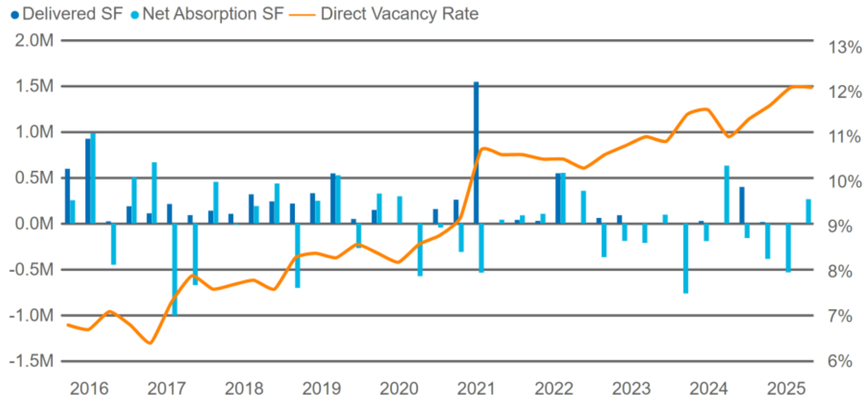
- **Direct vacant available rate** in Minneapolis-Saint Paul reached 12.1% this quarter. Total Availability stands at 18.8%, down 10 basis points from last quarter and unchanged year over year.
- **Net absorption** in Minneapolis-Saint Paul totaled 264K SF this quarter. The Northwest submarket outperformed with 129K SF, the highest among all submarkets.
- **Full-service rents** in Minneapolis-Saint Paul averaged $31.31 PSF this quarter. The Minneapolis CBD North Loop submarket led growth at $36.39 PSF, up $1.56 PSF YoY.
- **Construction pipeline** in Minneapolis-Saint Paul totals 400K SF this quarter. No buildings were delivered this quarter.

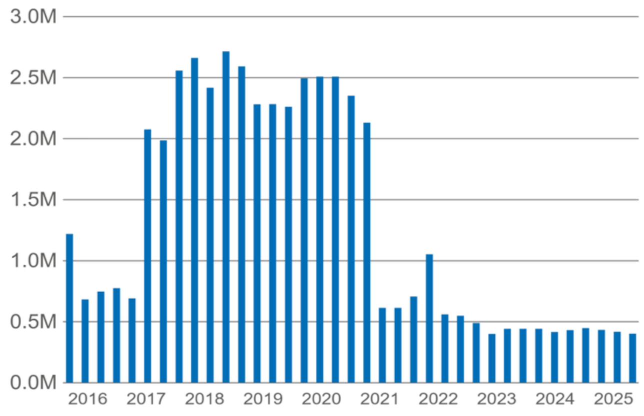
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION



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OFFICE MARKET INDICATORS - ALL SPACE

MARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANT AVAILABLE RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	QUARTERLY NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD Core	30,117,278	6,268,358	20.8%	27.9%	0	(130,732)	(917,435)	$32.62
CBD East	2,307,181	146,042	6.3%	12.4%	0	67,669	61,981	$28.83
CBD Loring	182,297	17,448	9.6%	22.3%	0	0	7,127	$15.17
CBD Northeast	2,566,540	370,263	14.4%	19.9%	0	15,152	(71,495)	$29.83
CBD Northloop	3,412,845	403,095	11.8%	29.2%	0	51,931	350,105	$36.78
Warehouse	1,889,621	445,817	23.6%	29.4%	0	7,347	23,548	$25.64
Northeast	21,960,488	1,165,649	5.3%	7.9%	0	(7,125)	106,529	$26.65
Northwest	8,873,845	770,843	8.7%	11.0%	400,000	128,527	137,948	$28.17
St Paul CBD	11,030,940	943,307	8.6%	14.1%	0	23,984	(54,421)	$24.42
Southeast	14,601,779	1,541,583	10.6%	15.4%	0	(8,059)	(46,970)	$28.14
Southwest	24,808,324	2,660,097	10.7%	23.8%	0	101,782	(267,585)	$33.64
West	12,494,661	1,519,233	12.2%	16.1%	0	13,575	(146,784)	$35.07
Total	134,245,799	16,251,735	12.1%	18.8%	400,000	264,051	(817,452)	$31.31

MINNEAPOLIS-SAINT PAUL OFFICE MARKET | Q1 2025

Research Methodology

The information in this report is the result of a compilation of information on office properties located in the seven-county Minneapolis-Saint Paul metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties). This report includes multi-tenant properties 20,000 SF and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

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