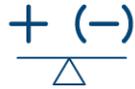


MINNEAPOLIS-SAINT PAUL

INDUSTRIAL MARKET | Q2 2025



300.4 MSF
Inventory



52,205 SF
Net Absorption



5.0%
Vacancy Rate



8.4%
Total Availability



3.73 MSF
Under Construction



\$9.89 PSF
Asking Rent

Market Activity Continues to be Stable Even As Uncertainty Increases

Market Observations

- The vacancy rate for the second quarter of 2025 was 5.0%, a 10-basis-point increase from the previous quarter and down 30 basis points year over year. Vacancy increased slightly as another 752,000 SF of space was delivered to the market.
- Net absorption totaled 52,205 SF during the second quarter of 2025. Flex space was the only property type with positive net absorption, totaling 557,908 SF, as Legrand leased 98,371 SF at Rubus Station, 10900 Red Circle Drive in Minnetonka, and Plumbers and Gasfitters Local 34 purchased Blue Water III, 3020 Denmark Ave. in Eagan, and will occupy 58,645 SF.
- Asking rents increased during the quarter, up 1.3% to \$9.89 PSF. Rents increased from the previous year by 0.9%. Rent growth returned after two consecutive quarters of asking rents decreasing, showing that demand for industrial space is returning.
- The development pipeline totaled 3.73 million SF under construction, down by 6% from the previous quarter and down by 16% year over year. While less space is being built, the amount is slightly above pre-pandemic levels, which averaged 2.4 million SF.
- Q2 2025 sales volume totaled \$382.2 million, 42% less than the previous year's total of \$657.2 million. Notable sales were Pension Reserves Investment Management Board buying Arbor Lakes Corporate Center, 8550 Zachary Lane, in Maple Grove from The Opus Group for \$29.9 million, and Artemis Real Estate Partners buying 9000 109th Ave N, in Champlin from Blackstone for \$29 million.

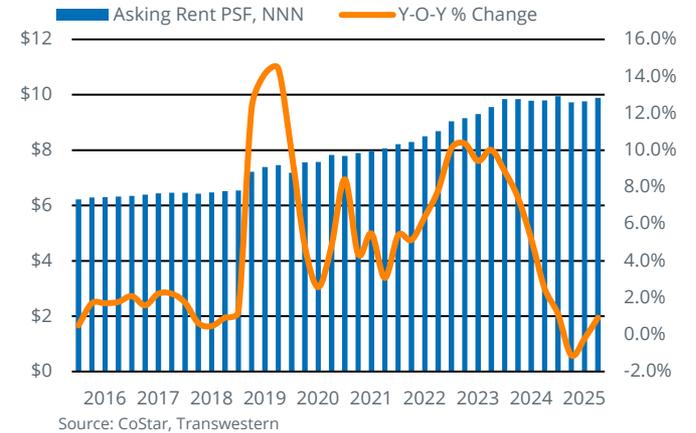




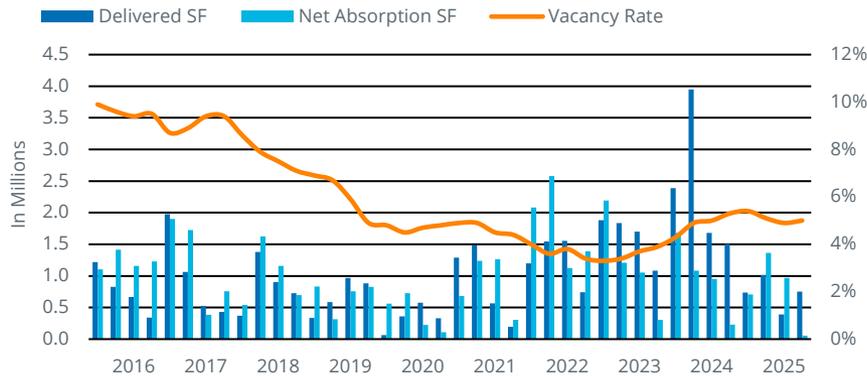
MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q2 2025

- **Net absorption** totaled 52,205 SF during the second quarter of 2025, with year-to-date absorption totaling 1.02 million SF. The Southeast submarket recorded the largest positive net absorption totaling 270,043 SF.
- 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 Q2, the lowest amount since Q2 2021. The Northeast submarket had the lowest vacancy rate for the quarter at 3.3%.
- **Asking rents** increased during the quarter, up 1.5% to \$9.91 PSF. Rents increased from the previous year by 1.1%.
- There is 3.73 million SF **under construction** in the market. 1.09 million SF is under construction in the Northwest submarket, and 1.07 million SF is under construction in the Northeast submarket. The Southwest submarket had the largest share of pre-leased space with over 256,000 SF, meaning that 34.6% of the space under construction in the submarket is already spoken for.

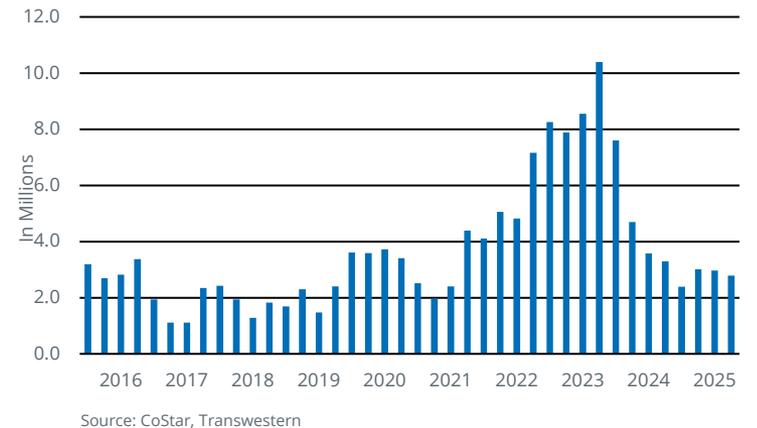
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION





MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Classes of Space | Q2 2025

SUBMARKET	INVENTORY SF	TOTAL VACANT SF	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, NNN
NORTHEAST	93,927,000	3,129,934	3.3%	6.3%	1,076,910	256,312	67,691	\$10.08
NORTHWEST	67,247,850	3,113,849	4.6%	7.0%	1,095,620	50,454	880,016	\$9.22
SOUTHEAST	64,618,652	3,697,500	5.7%	9.2%	797,228	270,043	797,881	\$9.81
SOUTHWEST	55,670,619	4,253,744	7.6%	12.3%	741,457	(215,194)	(499,814)	\$9.76
WEST	18,947,104	930,135	4.9%	10.4%	24,000	(309,410)	(221,522)	\$10.74
Total	300,411,225	15,125,162	5.0%	8.5%	3,735,215	52,205	1,024,252	\$9.89

Source: MNCAR, Transwestern

PROPERTY TYPE	INVENTORY SF	TOTAL VACANT SF	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, NNN
FLEX/R&D	45,849,898	2,730,653	6.0%	10.8%	755,550	557,908	415,492	\$10.80
WAREHOUSE DISTRIBUTION	121,773,535	7,152,112	5.9%	8.4%	1,903,561	(212,143)	916,579	\$8.81
WAREHOUSE OFFICE	132,787,792	5,242,397	3.9%	3.9%	1,076,104	(293,560)	(307,819)	\$9.10
Total	300,411,225	15,125,162	5.0%	8.5%	3,735,215	52,205	1,024,252	\$9.89

Source: MNCAR, Transwestern



MINNEAPOLIS-SAINT PAUL INDUSTRIAL MARKET | Q2 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.

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 and @Transwestern.

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