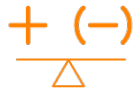


# MINNEAPOLIS-SAINT PAUL

## RETAIL MARKET | Q2 2025



**93.7 MSF**  
Inventory



**(266,414) SF**  
Net Absorption



**7.5%**  
Vacancy Rate



**7.2%**  
Total Availability



**227,850 SF**  
Under Construction



**\$19.08 PSF**  
Asking Rent

### Retail Market Continues to Perform Well

#### Market Observations

- The vacancy rate for Q2 2025 rate was 7.5%, a 30-basis point increase quarter over quarter and a 20-basis point decrease year over year. Vacancy increased quarter over quarter for the first time since Q2 2023.
- Net absorption totaled negative 266,414 SF during the second quarter of 2025. The largest absorption change for the quarter was Macy's vacating 222,199 SF from 1178 Burnsville Center.
- Asking rents decreased during the quarter by 1.8% to \$19.08 PSF. Year over year, rents are up by 3.1%. Rents have slightly decreased for general retail space, specifically Neighborhood Centers and Strip Centers.
- The development pipeline measured 227,850 SF, a 65% decrease from a post-pandemic high of 655,586 SF in Q1 2023. The construction pipeline continues to decelerate as developers continue to face challenges in developing new properties due to a lack of available financing and construction costs.
- Q2 2025 sales volume totaled \$73 million, a 14% increase from the previous year's total of \$63.8 million. Buyer capital was from private (96%) and owner-user sources (4%). A notable sale transaction for the quarter was the Golden Valley Shopping Center, 7860-8040 Olson Memorial Hwy, Golden Valley, which Paster Properties bought for \$17.5 million from Trach Construction Co & Properties.

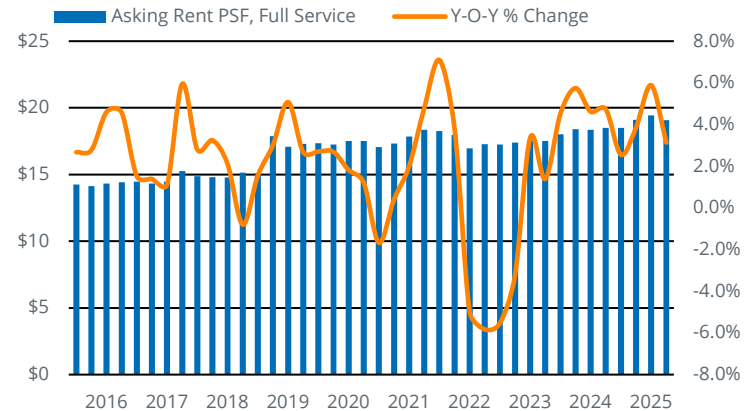




# MINNEAPOLIS-SAINT PAUL RETAIL MARKET | Q2 2025

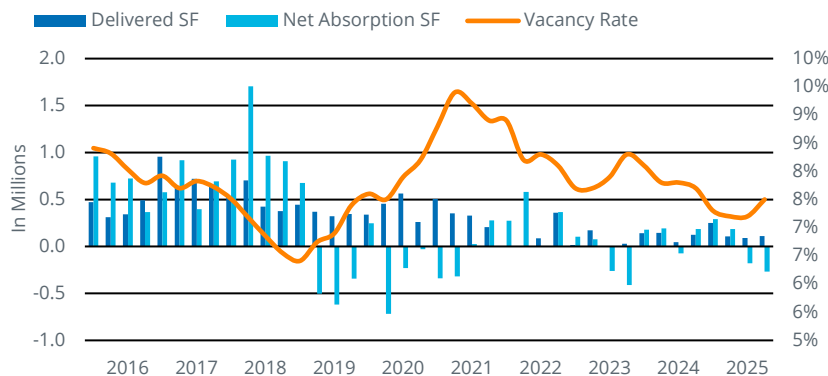
- Net absorption** totaled negative 266,414 SF during the second quarter of 2025. This is the second consecutive quarter of negative net absorption, the first time since Q1 to Q2 2023. While most submarkets posted negative net absorption, the Minneapolis CBD posted positive net absorption of 25,388 SF.
- The **vacancy** rate increased this quarter to 7.5% and is down from 7.8% year over year. Excluding the Minneapolis and Saint Paul CBDs, the submarket with the highest vacancy rate was the West submarket at 8.5%, while the Northwest submarket had the lowest vacancy rate at 5.1%.
- Asking rents** decreased during the quarter, down 1.8% to \$19.08 PSF in Q2 2025. Year over year, rents are up 3.1%.
- There is 277,850 SF **under construction** in the market, with the Northwest and Southwest submarkets accounting for 73% of the total. Major projects include the Boulevard Retail Project in Plymouth, The Goodwill Store in Waconia, and 570 Marketplace in Chanhassen.

## ASKING RENT



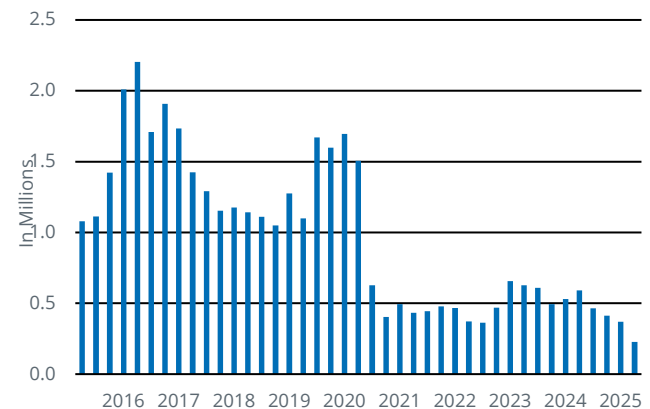
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# MINNEAPOLIS – SAINT PAUL RETAIL MARKET | Q2 2025

## MARKET INDICATORS TABLE

### All Classes of Space | Q2 2025

SUBMARKET	INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
MINNEAPOLIS CBD	3,296,715	917,849	27.8%	8,120	30,836	25,388	\$21.79
NORTHEAST	28,948,046	1,949,132	6.7%	4,625	93,222	(49,649)	\$17.83
NORTHWEST	12,725,707	653,183	5.1%	88,280	(6,829)	(147,037)	\$20.19
SAINT PAUL CBD	540,799	118,426	21.9%	5,800	(1,417)	(2,369)	\$14.25
SOUTHEAST	26,439,582	1,790,008	6.8%	26,538	(252,845)	(143,251)	\$17.96
SOUTHWEST	15,177,757	1,074,703	7.1%	78,382	(44,413)	(56,375)	\$18.90
WEST	6,661,441	562,956	8.5%	16,105	(34,968)	(46,143)	\$22.33
<b>TOTAL</b>	<b>93,790,047</b>	<b>7,066,257</b>	<b>7.5%</b>	<b>227,850</b>	<b>(266,414)</b>	<b>(444,436)</b>	<b>\$19.08</b>

Source: MNCAR, Transwestern

PROPERTY TYPE	INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF
COMMUNITY CENTER	11,094,785	1,426,730	12.9%	12.5%	0	(73,189)	(72,166)
FREESTANDING/BIG BOX	38,280,435	1,174,416	3.1%	2.3%	132,730	(8,587)	(152,342)
MIXED USE	7,147,326	1,363,699	19.1%	17.6%	69,315	18,039	(641)
NEIGHBORHOOD CENTER	19,064,365	1,497,168	7.9%	7.3%	0	(193,089)	(197,105)
REGIONAL CENTER	7,018,869	936,346	13.3%	1.5%	0	(13,455)	(21,209)
STRIP CENTER	11,184,267	667,898	6.0%	7.3%	25,805	3,867	(973)
<b>TOTAL</b>	<b>93,790,047</b>	<b>7,066,257</b>	<b>7.5%</b>	<b>7.2%</b>	<b>684,384</b>	<b>(266,414)</b>	<b>(444,436)</b>

Source: MNCAR, Transwestern



# MINNEAPOLIS – SAINT PAUL RETAIL MARKET | Q2 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.

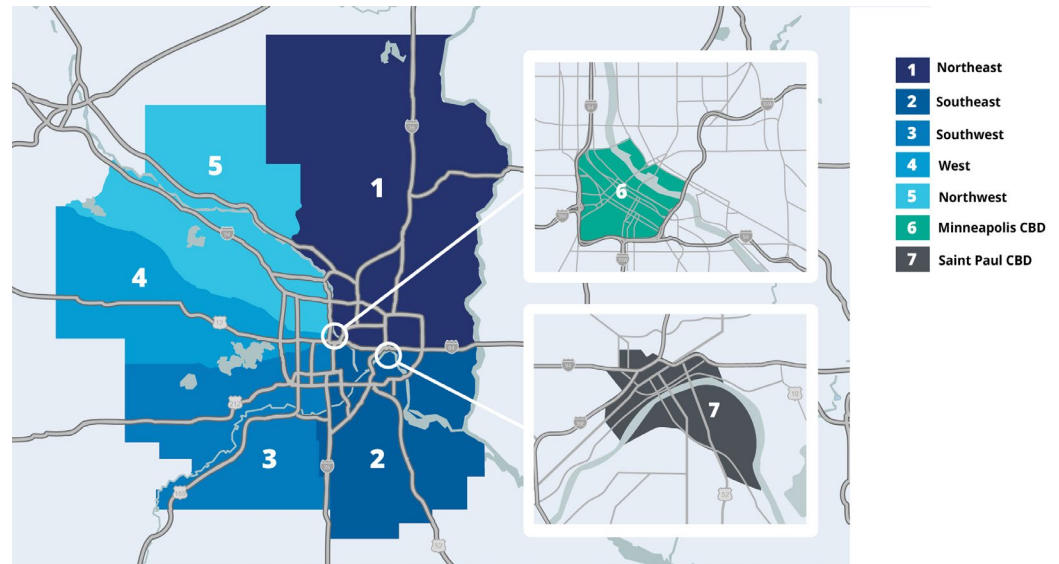
## About Transwestern

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