

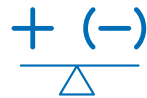
MINNEAPOLIS - ST PAUL

OFFICE MARKET | Q2 2025



99,637,998

Inventory SF



45.4K

Net Absorption SF



23.2%



27.3%

Total Availability



400K

Under Construction SF



\$31.19

Asking Rent PSF

Vacancy Stable, Leasing Improves Slightly

Market Observations

- The Minneapolis – Saint Paul (MSP) office market is displaying signs that it is stabilizing as the market posted two consecutive quarters of positive net absorption for the first time in three years.
- Local companies have started to institute return-to-work mandates over the last few months. The State of Minnesota mandated that workers who live within 50 miles of state offices work at least 50% of their workdays in office. UnitedHealthcare announced that hybrid workers must work in the office four days a week. Additionally, 3M announced that they expect workers to be in the office four days a week.
- Construction is ongoing for the 400,000-SF, build-to-suit property for Boston Scientific in Maple Grove, with an estimated completion date in Q4 2025. The construction pipeline continues to stagnate due to higher construction costs and lack of financing for projects.
- Sales activity remained limited this quarter with a total volume of \$108 million. The headquarters for Kurita America was purchased by Highland Park Realty for \$23.5 million from Real Capital Solutions in the Northwest submarket in Brooklyn Park. 5901 Lincoln Drive was purchased by Buhl Investors for \$15.5 million from Opus Group in the Southwest submarket in Edina.

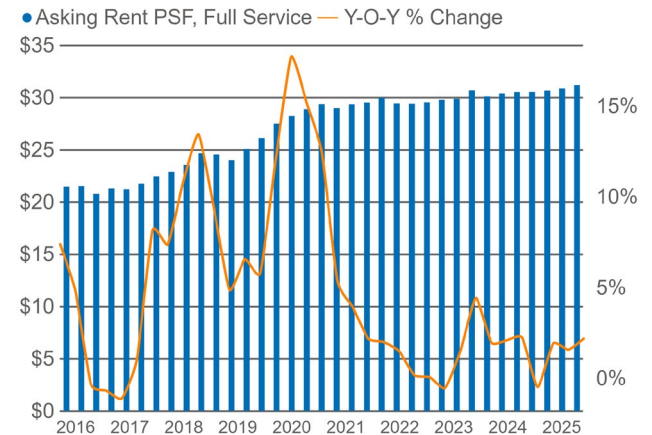




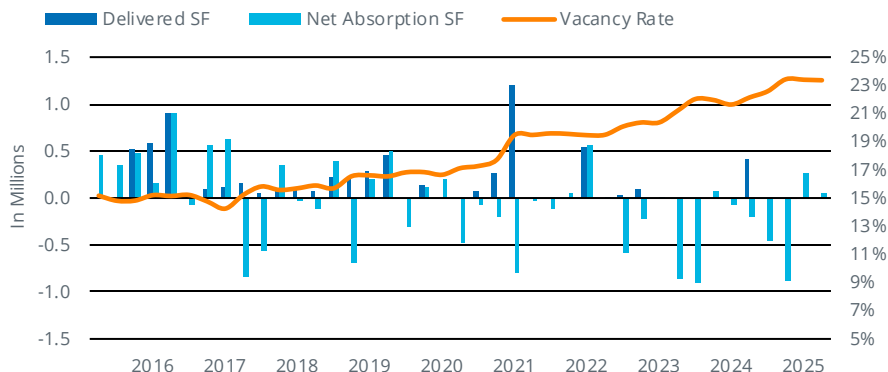
MINNEAPOLIS - ST PAUL OFFICE MARKET | Q2 2025

- Direct vacant available rate** in the Minneapolis–Saint Paul (MSP) market remained unchanged at 23.2% from the previous quarter but rose from 12.0% year over year (YOY). The St Paul CBD submarket posted the highest vacancy rate of 31.9%, while the Northwest Suburban submarket reported the lowest rate of 15.0%.
- Net absorption** totaled 44,330 SF in the second quarter, bringing year-to-date net absorption to negative 878,206 SF. The submarket with the largest positive net absorption was the West submarket, totaling 99,698 SF, and was led by Tending the Soil, which purchased an 80,000-SF former YWCA property to convert it to office space. The submarket with the largest negative net absorption was the Northwest submarket with negative 125,364 SF due to ICU Medical vacating 139,000 SF at 6000 Nathan Lane in Plymouth.
- Full-service rents** in MSP averaged \$31.19 PSF this quarter. The Minneapolis CBD submarket asking rents reached \$31.56 PSF, and suburban asking rents totaled \$29.96 PSF. The CBD Northloop Submarket achieved the highest asking rate at \$36.89 PSF, while the Northeast suburban submarket had the lowest asking rents at \$24.83 PSF.

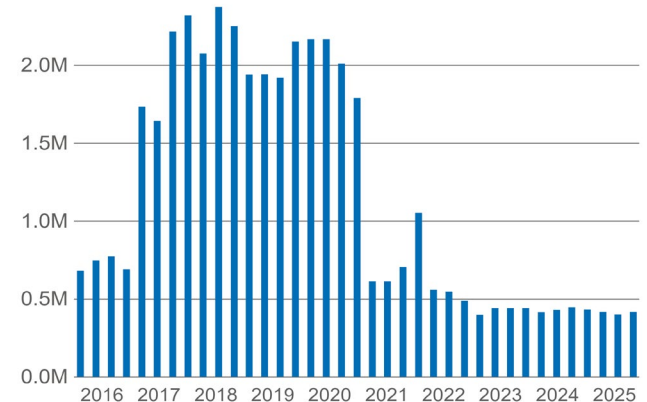
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION





MINNEAPOLIS - ST PAUL OFFICE MARKET | Q2 2025

OFFICE MARKET INDICATORS - ALL SPACE

SUBMARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANCY RATE	SUBLET AVAILABLE SF	OVERALL VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD Core	24,503,205	7,268,358	29.7%	1,467,078	35.7%	36.1%	0	34,818	(701,728)	\$33.25
CBD East	1,730,319	438,126	25.3%	98,767	31.0%	32.7%	0	(1,333)	61,638	\$28.83
CBD Loring	160,421	29,448	18.4%	0	18.4%	19.1%	0	1,843	120	\$17.34
CBD Northeast	2,728,460	476,164	17.5%	155,341	19.5%	21.1%	0	(14,509)	(67,731)	\$29.98
CBD Northloop	3,175,267	612,040	19.3%	339,907	33.1%	33.9%	0	28,536	214,408	\$36.89
CBD Warehouse	1,940,116	561,883	29.0%	38,605	31.0%	31.3%	0	(548)	(59,529)	\$24.41
CBD - Total	34,237,788	9,386,019	27.4%	2,099,698	33.5%	34.2%	0	48,807	(552,822)	\$31.56
Northeast	11,256,452	1,764,678	15.7%	41,982	16.0%	16.1%	0	(43,500)	(105,659)	\$24.83
Northwest	5,947,006	893,492	15.0%	55,621	15.8%	16.7%	400,000	(125,364)	52,460	\$28.45
St Paul CBD	8,600,984	2,743,307	31.9%	128,001	33.4%	34.0%	0	6,401	(69,369)	\$24.97
Southeast	10,021,485	2,559,074	25.5%	139,120	26.9%	27.5%	0	62,907	168,694	\$28.29
Southwest	18,308,314	3,828,792	20.9%	835,473	25.5%	25.6%	0	(4,619)	(261,366)	\$33.00
West	11,265,968	1,965,595	17.4%	355,179	20.6%	20.9%	0	99,698	(110,144)	\$35.08
Suburban - Total	65,400,210	13,755,938	21.0%	1,555,376	23.4%	23.7%	400,000	(4,477)	(325,384)	\$29.96
Total	99,637,998	23,141,957	23.2%	3,655,074	26.9%	27.3%	400,000	44,330	(878,206)	\$31.19



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OFFICE MARKET INDICATORS – CLASS A SPACE

SUBMARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANCY RATE	SUBLET AVAILABLE SF	OVERALL VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD Core	21,846,333	6,510,207	29.8%	1,133,105	35.0%	35.3%	0	31,245	(420,423)	\$34.56
CBD East	1,175,640	320,950	27.3%	98,767	35.7%	37.4%	0	(1,333)	6,108	\$31.34
CBD Loring	0	0	0.0%	0	0.0%	0.0%	0	0	0	-
CBD Northeast	869,875	174,845	20.1%	38,996	24.6%	28.7%	0	28,780	(17,012)	\$33.17
CBD Northloop	2,969,377	546,365	18.4%	325,184	29.4%	29.9%	0	32,273	234,202	\$39.81
CBD Warehouse	222,170	60,430	27.2%	0	27.2%	29.9%	0	0	0	N/A
CBD - Total	27,083,395	7,612,797	28.1%	1,596,052	34.0%	34.6%	0	90,965	(197,125)	\$34.72
Northeast	1,932,523	328,529	17.0%	32,006	18.7%	19.0%	0	12,070	44,489	\$29.57
Northwest	1,564,029	251,809	16.1%	36,348	18.4%	20.5%	400,000	(138,657)	14,820	\$34.05
St Paul CBD	2,954,119	856,695	29.0%	120,011	33.1%	34.3%	0	(9)	24,178	\$28.40
Southeast	2,608,902	626,136	24.0%	48,001	25.8%	27.3%	0	57,582	100,753	\$38.52
Southwest	9,691,568	1,652,052	17.0%	200,298	19.1%	19.3%	0	54,388	(142,719)	\$37.33
West	4,980,843	816,858	16.4%	242,244	21.3%	21.8%	0	15,208	(50,786)	\$39.97
Suburban - Total	23,731,984	4,532,079	19.1%	678,908	22.0%	22.6%	400,000	582	(9,265)	\$34.64
Class A	50,815,379	12,144,876	23.9%	2,274,960	28.4%	29.0%	400,000	91,547	(206,390)	\$34.67



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OFFICE MARKET INDICATORS – CLASS B & C SPACE

SUBMARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANCY RATE	SUBLET AVAILABLE SF	OVERALL VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD Core	2,656,872	758,151	28.5%	333,973	41.1%	42.4%	0	3,573	(281,305)	\$31.04
CBD East	554,679	117,176	21.1%	0	21.1%	22.9%	0	0	55,530	\$29.78
CBD Loring	160,421	29,448	18.4%	0	18.4%	19.1%	0	1,843	120	\$20.46
CBD Northeast	1,858,585	301,319	16.2%	116,345	22.5%	23.0%	0	(43,289)	(50,719)	\$28.97
CBD Northloop	205,890	65,675	31.9%	14,723	39.0%	42.9%	0	(3,737)	(19,794)	\$29.70
CBD Warehouse	1,717,946	501,453	29.2%	38,605	31.4%	31.5%	0	(548)	(59,529)	\$24.62
CBD - Total	7,154,393	1,773,222	24.8%	503,646	31.8%	32.7%	0	(42,158)	(355,697)	\$27.43
Northeast	9,323,929	1,436,149	15.4%	9,976	15.5%	15.5%	0	(55,570)	(150,148)	\$24.86
Northwest	4,382,977	641,683	14.6%	19,273	15.1%	15.4%	0	13,293	37,640	\$23.24
St Paul CBD	5,646,865	1,886,612	33.4%	7,990	33.6%	33.8%	0	6,410	(93,547)	\$22.29
Southeast	7,412,583	1,933,938	26.1%	91,119	27.3%	27.6%	0	5,325	67,941	\$25.55
Southwest	8,616,746	2,176,740	25.3%	635,175	32.6%	32.7%	0	(59,007)	(118,647)	\$30.05
West	6,285,125	1,148,737	18.3%	112,935	20.1%	20.2%	0	84,490	(59,358)	\$33.51
Suburban - Total	41,668,226	9,223,860	22.1%	876,468	24.2%	24.4%	0	(5,059)	(316,119)	\$27.38
Class B & C	48,822,619	10,997,081	22.5%	1,380,114	25.4%	25.6%	0	(47,217)	(671,816)	\$28.06



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Research Methodology

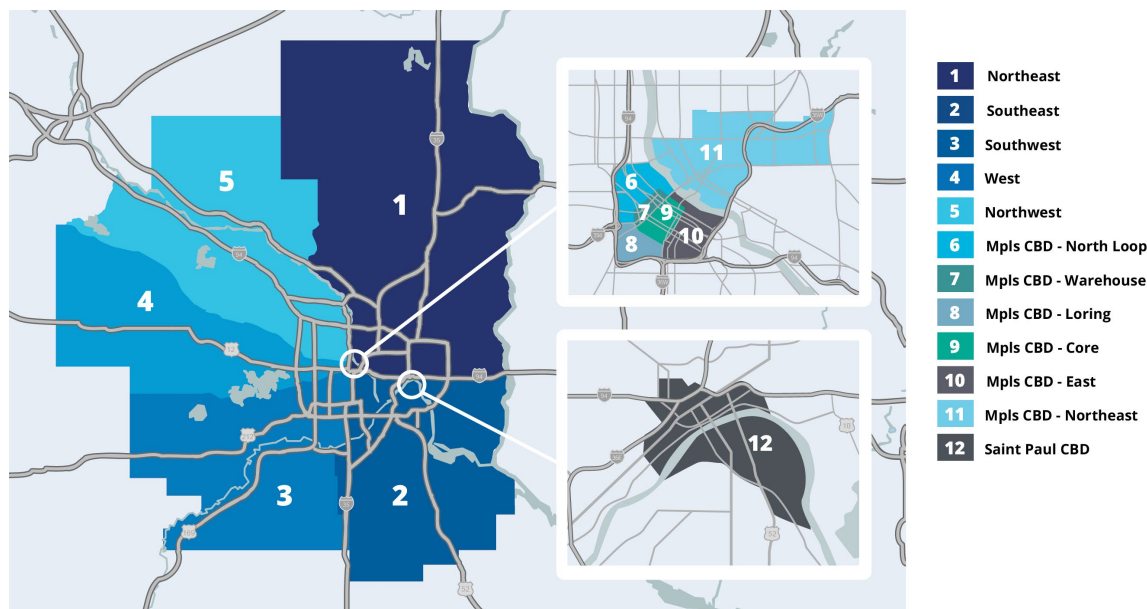
The information in this report is the result of a compilation of information on office properties located in the seven county Minneapolis-Saint Paul metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties). This report includes multi-tenant properties 20,000 SF and larger,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

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