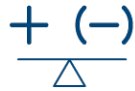


MINNEAPOLIS – SAINT PAUL

INDUSTRIAL MARKET | Q3 2025



301.7 MSF
Inventory



(354,237) SF
Net Absorption



5.4%
Vacancy Rate



8.9%
Total Availability



7.01 MSF
Under Construction



\$9.96 PSF
Asking Rent

Market Activity Slows Slightly As Economic Uncertainty Increases

Market Observations

- The vacancy rate for Q3 2025 was 5.4%, marking a 0.4 percentage point increase from the previous quarter and remaining unchanged year over year. The rise in vacancy was primarily driven by a net increase of 678,000 SF of vacant space in Warehouse Office properties during the quarter.
- Net absorption totaled negative 354,237 SF in Q3 2025. Three major tenant move-outs contributed to 965,000 square feet of vacated space, including Sportsman's Guide vacating 422,727 SF at 411 Farwell Ave in Saint Paul, Lumbermen's Inc. vacating 177,935 SF at Cottage Grove Logistics Park, and Hunt Electric vacating 160,710 SF at 7900 Chicago Ave S in Bloomington.
- Asking rents rose 0.7% during Q3, reaching \$9.96 per square foot. On a year over year basis, rents edged up by 0.1%.
- The development pipeline reached 7.0 MSF under construction in the third quarter, more than doubling the volume from the previous quarter. A key contributor was Amazon, which began construction on a 3.6 MSF distribution center on a portion of the former Thomson Reuters campus at 701 Opperman Drive in Eagan.
- Sales volume in Q3 2025 totaled \$272.6 million, down 44% from \$487.6 million in the same quarter last year. A notable transaction was Hyde Development's \$57 million acquisition of the Minneapolis Southeast Core Logistics portfolio—comprising 8210-2360 Courthouse Blvd in Inver Grove Heights and 2999 Ames Crossing Rd in Eagan—from United Properties.

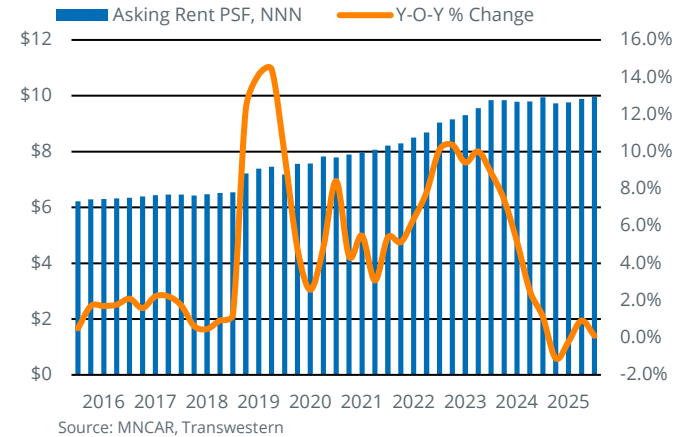




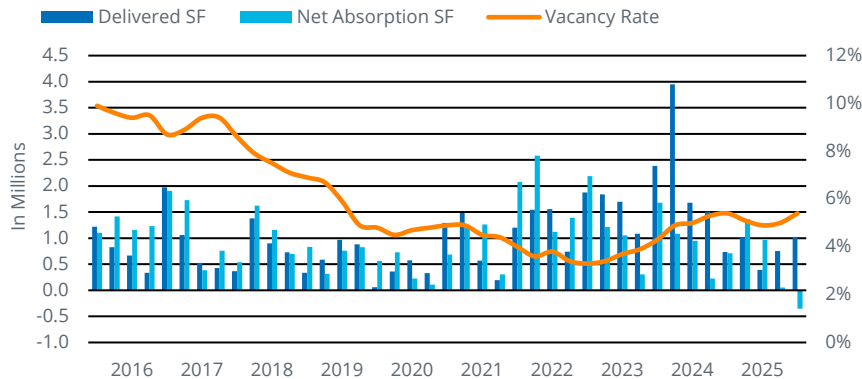
MINNEAPOLIS – SAINT PAUL INDUSTRIAL MARKET | Q3 2025

- **Net absorption** registered at negative 354,237 SF in Q3 2025, bringing year to date absorption to 658,835 SF. The Southeast submarket recorded the largest quarterly decline, with negative net absorption totaling 723,017 SF.
- The **vacancy rate** in the Minneapolis – Saint Paul industrial market rose to 5.4% in Q3, a 0.4 percentage point increase from the previous quarter and unchanged year over year. The Southwest submarket posted the highest vacancy rate at 7.8%.
- **Asking rents** rose 0.7% during the quarter to \$9.96 PSF, reflecting a modest 0.1% increase year over year. The West submarket posted the highest asking rents, averaging \$10.46 PSF.
- Currently, 7.1 MSF of space is **under construction** across the market. Of this, 4.4 MSF is concentrated in the Southeast submarket, while 1.1 MSF is underway in the Southwest submarket. Despite growing economic uncertainty, the development pipeline remains strong.

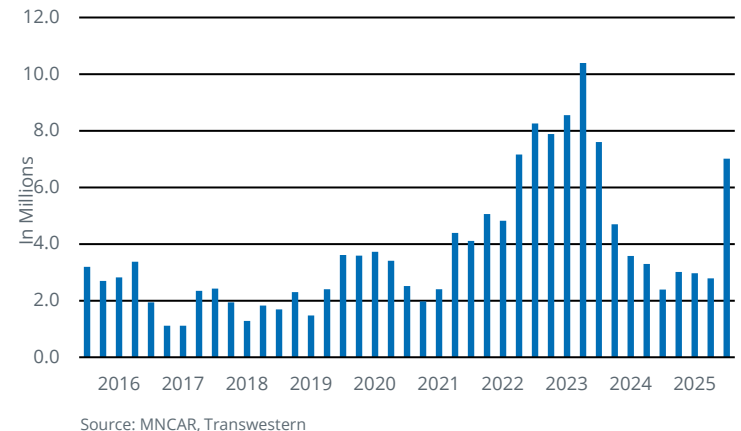
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION





MINNEAPOLIS – SAINT PAUL INDUSTRIAL MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 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	93,912,090	3,246,672	3.5%	6.7%	928,910	(136,238)	(57,047)	\$10.02
NORTHWEST	68,146,444	3,011,218	4.4%	6.9%	705,620	560,631	1,440,647	\$9.87
SOUTHEAST	64,964,016	4,667,573	7.2%	10.4%	4,366,216	(589,300)	208,581	\$9.75
SOUTHWEST	55,771,213	4,360,782	7.8%	13.0%	1,119,458	(92,895)	(615,389)	\$9.68
WEST	18,947,104	1,026,570	5.4%	10.2%	0	(96,435)	(317,957)	\$10.46
TOTAL	301,740,867	16,312,815	5.4%	8.9%	7,120,204	(354,237)	658,835	\$9.96

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	46,540,353	2,833,847	6.1%	10.9%	366,240	133,306	560,298	\$12.43
MANUFACTURING	32,263,593	1,202,490	3.7%	8.1%	260,700	(127,400)	(408,830)	\$8.87
WAREHOUSE DISTRIBUTION	117,773,808	7,079,086	6.0%	8.6%	5,970,778	369,045	1,320,477	\$8.98
WAREHOUSE OFFICE	105,163,113	5,197,392	4.9%	8.6%	522,496	(729,188)	(813,110)	\$9.56
TOTAL	301,740,867	16,312,815	5.4%	8.9%	7,120,214	(354,237)	658,835	\$9.96

Source: MNCAR, Transwestern



MINNEAPOLIS – SAINT PAUL INDUSTRIAL MARKET | Q3 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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