

MINNEAPOLIS – SAINT PAUL

OFFICE MARKET | Q3 2025



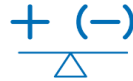
104.5M

Inventory SF



25.6%

Total Availability



358.7K

Net Absorption SF



251.0K

Under Construction SF



19.5%

Direct Vacant Available Rate



\$30.68

Full Service Rent PSF

The Office Market Continues to be Resilient Amidst Recalibration

Market Observations

- The vacancy rate edged down to 19.5% in Q3 2025, compared to 19.6% in the previous quarter. Sublet vacancy accounted for 3.5%, or 3.7 MSF. In total 25.6% of market space—equivalent to 23.3 MSF—is currently available for lease.
- Net absorption totaled 358,680 SF in Q3 2025. This positive activity was partly driven by the delivery of a new 400,000 SF office building at 10400 Interstate Service Drive in Maple Grove, leased by Boston Scientific. The facility includes research and development labs, office support areas, and training spaces. This development further strengthens Minnesota's position as a national leader in the health and med-tech industry.
- The active development pipeline totaled 251,000 SF this quarter, with two properties currently under construction in Edina, MN. The Arcadia, a 115,000 SF multi-tenant office building, is 25% preleased by The Opus Group and is slated for completion in December 2026. The Craftsman, a fully leased 136,000 SF office property, is expected to be completed by September 2026.
- A growing number of Minneapolis-based companies have implemented return-to-office mandates requiring employees to be on-site at least four days per week. Recent announcements came from Target, U.S. Bank, RBC Wealth Management, the Federal Reserve Bank of Minneapolis, UnitedHealth Group, and General Mills, signaling a shift toward more consistent in-office presence.
- Q3 2025 sales volume reached \$58.3 million, marking a 33% decline from \$86.9 million in Q3 2024. The average price per square foot was \$21.25. The quarter's most notable transaction was the sale of 8500 Tower at Normandale Lakes Office Park in Bloomington for \$4 million to Namdar Realty Group, a dramatic 94% discount from its \$65 million sale price in 2024, which occurred via foreclosure.





MINNEAPOLIS – SAINT PAUL OFFICE MARKET | Q3 2025

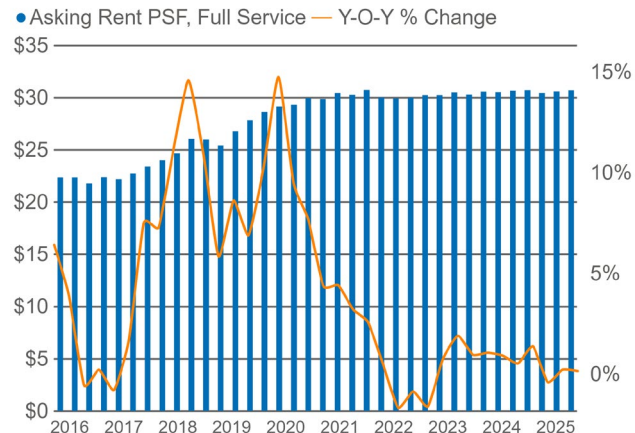
Direct vacancy rate in the Minneapolis – Saint Paul office market slightly declined to 19.5%, down 0.1 percentage points from last quarter and up 1.6 percentage points year over year. The Saint Paul CBD recorded the highest vacancy at 30%, while the Southwest submarket posted the highest suburban vacancy at 21.3%.

Net absorption in the Minneapolis – Saint Paul market totaled 358,680 SF in Q3 2025. However, the Minneapolis CBD – Core submarket recorded a negative net absorption of 124,042 SF, partially due to the Minnesota Star Tribune downsizing from 143,926 SF to 89,122 SF at Capella Tower.

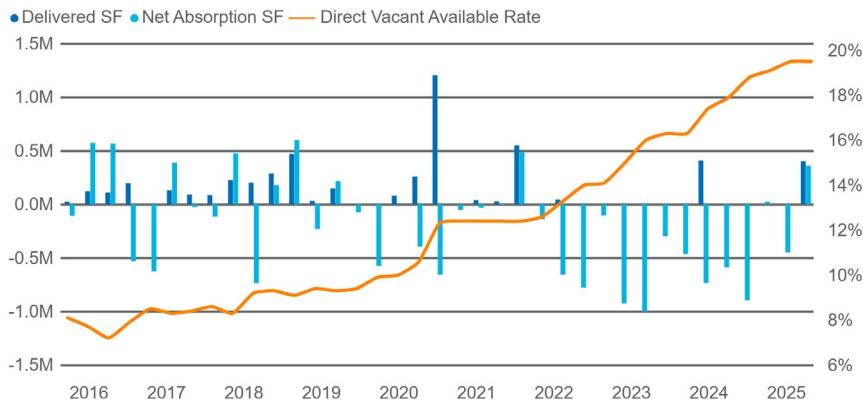
Full-service rents in Minneapolis – Saint Paul averaged \$30.68 PSF, reflecting a 0.4% increase quarter over quarter and a 0.2% rise year over year. The Minneapolis CBD – North Loop submarket led the urban market with an average asking rent of \$36.72 PSF, while the West submarket posted the highest suburban rate at \$35.12 PSF.

Construction pipeline in Minneapolis – Saint Paul totaled 251,000 SF this quarter. Since the onset of the pandemic, annual office development has consistently remained below 500,000 SF, typically comprising one to two major multi-tenant or mixed-use projects. These developments in high-activity areas such as the North Loop and Edina, which reflect a sustained trend toward flight to quality and a growing preference for experiential spaces in well-positioned micro-markets, continue to command record-high rents.

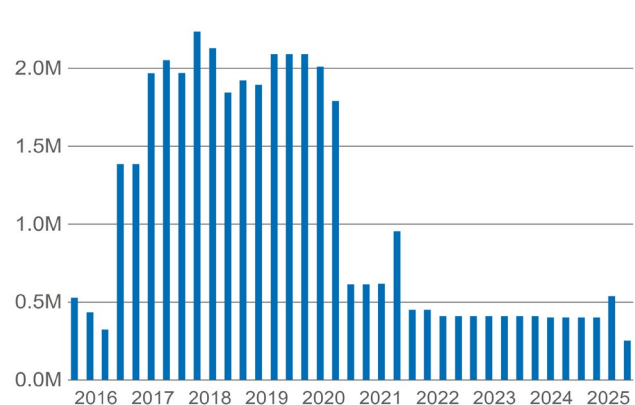
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION





MINNEAPOLIS – SAINT PAUL OFFICE MARKET | Q3 2025

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	27,117,381	6,715,849	24.8%	32.4%	0	(124,042)	(651,022)	\$33.13
CBD East	2,307,181	197,670	8.6%	13.0%	0	(41,468)	24,515	\$30.95
CBD Loring	163,827	37,801	23.1%	38.6%	0	0	(8,179)	\$16.04
CBD Northeast	2,271,949	383,257	16.9%	20.6%	0	10,577	(12,036)	\$29.89
CBD Northloop	3,293,420	603,502	18.3%	33.4%	0	2,120	90,510	\$36.61
Warehouse	1,931,648	497,078	25.7%	31.9%	0	22,632	(62,499)	\$25.02
Northeast	12,976,356	898,145	6.9%	8.4%	0	62,695	11,557	\$25.90
Northwest	6,381,882	922,476	14.5%	15.0%	0	309,870	299,917	\$28.70
St Paul CBD	8,288,728	2,484,199	30.0%	40.4%	0	(21,792)	(210,111)	\$22.71
Southeast	9,487,196	1,814,765	19.1%	23.1%	0	35,941	85,464	\$27.64
Southwest	20,601,651	4,389,505	21.3%	29.1%	251,002	54,667	(450,053)	\$33.21
West	9,655,150	1,417,429	14.7%	19.3%	0	47,480	(84,480)	\$35.41
Total	104,476,369	20,361,676	19.5%	25.6%	251,002	358,680	(966,417)	\$30.68



MINNEAPOLIS – SAINT PAUL OFFICE MARKET | Q3 2025

MARKET INDICATORS TABLE

Class A | Q3 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Minneapolis CBD - Core	20,841,396	4,557,581	21.9%	29.9%	0	(45,652)	(405,588)	\$34.60
Minneapolis CBD - East	1,937,266	121,061	6.2%	11.5%	0	(55,105)	(48,997)	\$33.43
Minneapolis CBD - Northeast	407,094	89,164	21.9%	29.8%	0	(1,258)	26,568	\$32.91
Minneapolis CBD - North Loop	1,885,629	351,854	18.7%	42.7%	0	(12,273)	77,253	\$39.79
Minneapolis CBD - Warehouse	181,516	20,004	11.0%	11.0%	0	(1,214)	(1,214)	\$31.87
Northeast	2,275,923	35,318	1.6%	2.0%	0	0	23,062	\$30.57
Northwest	2,804,783	476,629	17.0%	17.3%	0	342,000	370,497	\$34.54
Saint Paul CBD	2,937,719	611,905	20.8%	29.8%	0	18,024	(173,460)	\$28.05
Southeast	2,042,738	454,134	22.2%	25.3%	0	68,764	144,587	\$36.31
Southwest	9,688,372	2,411,945	24.9%	32.1%	251,000	37,417	211,213	\$37.61
West	4,780,843	577,415	12.1%	16.9%	0	12,359	37,376	\$41.35
Total	49,783,279	9,707,010	19.5%	26.6%	251,000	363,062	261,297	\$35.32

Source: CoStar, MNCAR, Transwestern

Class B | Q3 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Minneapolis CBD - Core	5,971,700	2,056,098	34.4%	40.8%	0	(78,390)	(86,323)	\$30.35
Minneapolis CBD - East	336,428	61,746	18.4%	18.4%	0	13,637	74,520	\$30.50
Minneapolis CBD - Loring	113,363	22,196	19.6%	41.9%	0	0	0	\$20.46
Minneapolis CBD - Northeast	1,550,441	259,251	16.7%	19.7%	0	11,086	15,787	\$28.78
Minneapolis CBD - North Loop	1,367,191	247,648	18.1%	21.1%	0	14,393	(79,865)	\$31.09
Minneapolis CBD - Warehouse	1,697,064	468,691	27.6%	34.6%	0	23,846	42,812	\$24.87
Northeast	8,996,587	816,252	9.1%	10.7%	0	50,304	46,207	\$25.86
Northwest	2,904,056	440,754	15.2%	16.0%	0	(32,893)	(61,464)	\$23.33
Saint Paul CBD	4,917,063	1,829,758	37.2%	49.3%	0	(39,670)	(20,948)	\$21.25
Southeast	6,393,814	1,073,242	16.8%	21.3%	0	(12,784)	(46,682)	\$25.08
Southwest	9,507,085	1,716,733	18.1%	27.6%	0	17,743	(154,359)	\$30.12
West	3,760,010	812,886	21.6%	25.9%	0	39,106	(1,412)	\$32.38
Total	47,514,802	9,805,255	20.6%	26.4%	0	6,378	(271,727)	\$27.12

Source: CoStar, MNCAR, Transwestern



MINNEAPOLIS – SAINT PAUL OFFICE MARKET | Q3 2025

Research Methodology

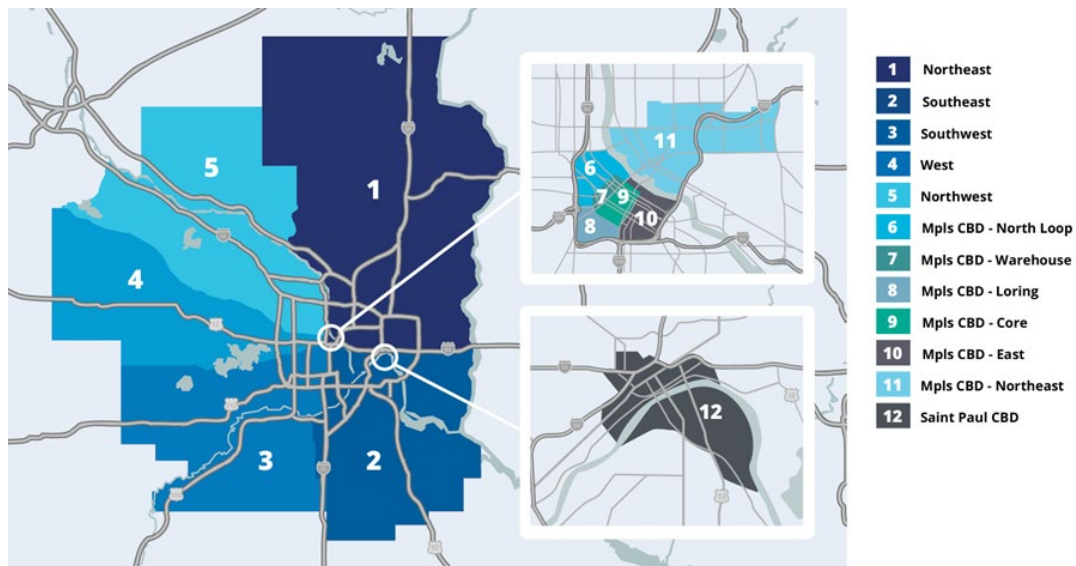
The information in this report is the result of a compilation of information on industrial and flex properties located in the seven county Minneapolis-Saint Paul metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties). This report includes single tenant, multi-tenant, and owner-user properties 20,000 SF and larger, excluding properties owned and occupied by a government or medical 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](https://twitter.com/Transwestern).

For more information

Maurice Harris
Research Manager
Maurice.Harris@transwestern.com
612.359.1621



Copyright © 2025 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.