

MINNEAPOLIS – ST. PAUL

RETAIL MARKET | Q4 2025



109.43M

Inventory
SF



164K

Net Absorption
SF



3.6%

Direct Vacancy
Rate



4.4%

Total
Availability



106.8K

Under
Construction SF



\$15.79

Net Rent
PSF

Experiential and Destination Retail Define Large User Activity

Market Observations

- The Twin Cities retail market experienced 164,272 SF of positive net absorption in the fourth quarter as new large tenants occupied space. This demand for large blocks of space was dominated by large retailers and experiential tenants. Fun City took 45,000 SF in Maplewood, and Puttshack occupied 21,000 SF in Minneapolis.
- Twin Cities retail vacancy was exceptionally low at the beginning of 2025, but significant negative absorption in the first three quarters brought some supply back to the market. Net absorption for the year totaled negative 380,000 SF at the end of 2025.
- Following overall negative absorption for the year, vacancy rose from 3.1% at the end of 2024 to 3.6% at the end of 2025. Much of this supply growth came as junior box and freestanding tenants vacated space due to national bankruptcy and right-sizing initiatives.
- New construction was limited in 2025, having peaked at 242,800 SF mid-year and closing the fourth quarter of 2025 at 106,800 SF. Almost all this space was preleased or build to suit, meaning the new construction pipeline is unlikely to relieve the tight vacancy condition of the market.
- Asking rents grew 2.4% in 2025 and ended the year at an average of \$15.79 PSF, net. Tenant construction costs rose, and tenant improvement allowances did not match pace, which put tenants on the hook for their build-outs. Correspondingly, small tenants, especially restaurants, preferred suitable second-generation spaces.

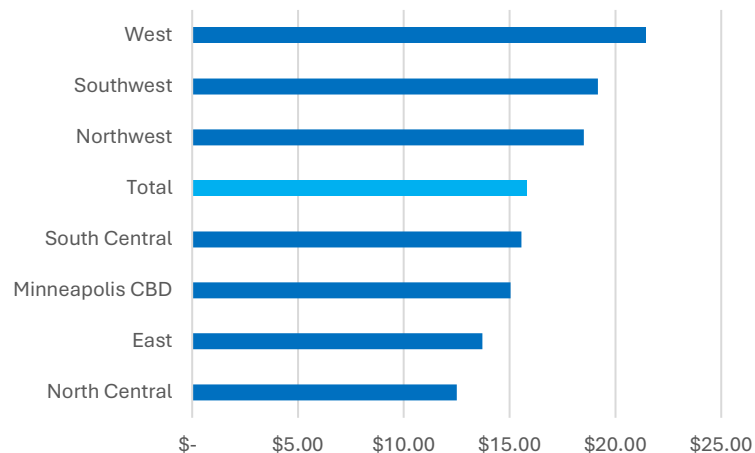




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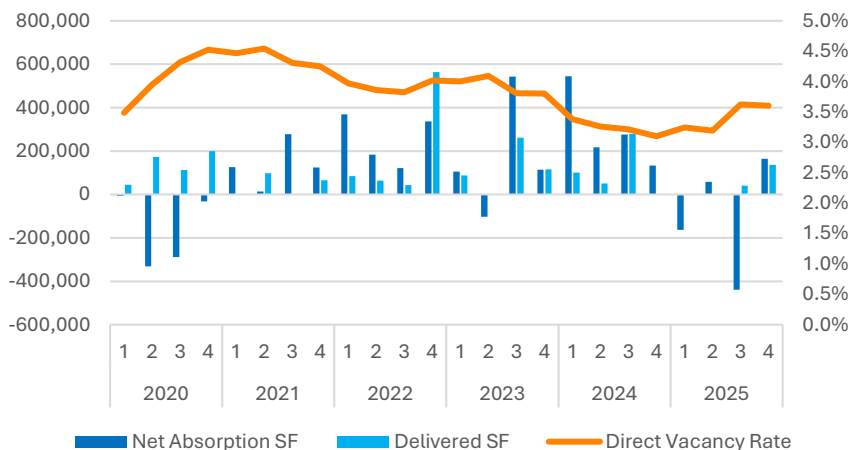
- Despite ending the year on a note of high demand, **net absorption** totaled negative 380,000 SF in 2025. This trend was driven by the widespread closures of junior box tenants, including Party City, JoAnn, and some LA Fitness gyms across the metro. Freestanding drug stores also closed in the suburbs, with numerous CVS and Walgreens locations shutting their doors.
- The negative **absorption** trend effects on the market were small. **Vacancy** remained below 4% in 2025, which bodes well for owners who can count on backfilling new vacancies from the adequate market demand. National credit retailers expanded throughout the metro, especially quick service restaurants.
- 2025's largest retail construction project in the Twin Cities was a 136,000-SF auto dealership in Wayzata. The largest project **currently under construction** is the Coborn's building at The Boulevard development in Plymouth. At 65,000 SF, this will be the first retail building at the development site, following a medical office project.

ASKING RENT PSF, FULL SERVICE



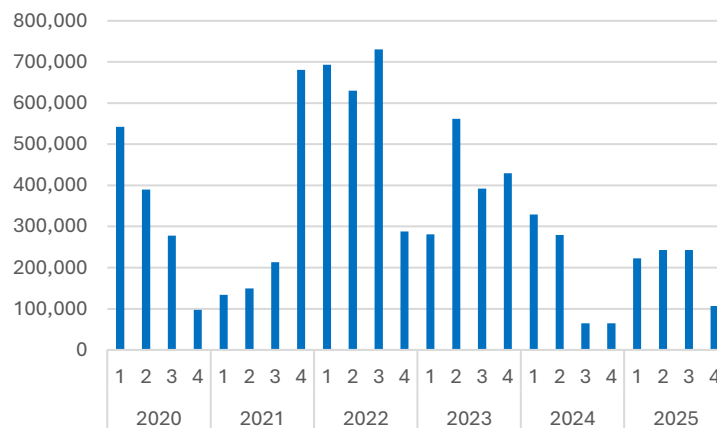
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION SF



Source: CoStar, Transwestern



MINNEAPOLIS – ST. PAUL RETAIL MARKET | Q4 2025

All Classes of Space | Q4 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING NET RENT PSF
East	15,556,146	385,878	2.5%	3.3%	-	22,024	67,045	\$ 13.72
Minneapolis CBD	1,700,428	34,601	2.0%	11.3%	-	3,585	(7,702)	\$15.05
North Central	23,453,126	727,917	3.1%	5.6%	-	37,953	(189,337)	\$12.51
Northwest	14,224,266	437,504	3.1%	5.3%	65,000	3,911	(82,708)	\$18.51
Saint Paul CBD	721,804	17,521	2.4%	2.4%	-	(9,666)	(9,198)	-
South Central	27,914,332	1,390,864	5.0%	4.2%	21,200	(62,705)	(327,222)	\$15.56
Southwest	17,180,950	659,646	3.8%	2.4%	20,600	19,280	(5,367)	\$19.18
West	8,685,730	288,852	3.3%	5.2%	-	149,890	174,363	\$21.43
Total	109,436,782	3,942,783	3.6%	4.4%	106,800	164,272	(380,126)	\$15.79

Source: CoStar, Transwestern



Research Methodology

The information in this report is the result of a compilation of information on retail properties located in the Minneapolis/St. Paul metro area. This report includes single tenant, multi-tenant and owner-user properties 20,000SF and larger.

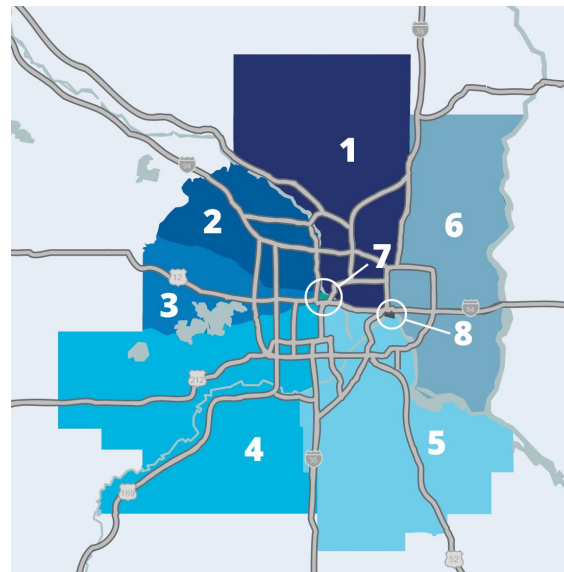
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- 1 North Central
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- 3 West
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