

MINNEAPOLIS – ST. PAUL

INDUSTRIAL MARKET | Q4 2025



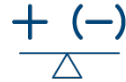
338.9M

Inventory
SF



7.9%

Total Availability



(743K)

Net Absorption
SF



1.46M

Under
Construction SF



4.3%

Direct Vacant
Rate



\$9.13

Full Service Rent
PSF

Twin Cities Experienced a Resurgence in Construction in 2025

Market Observations

- The Twin Cities industrial market experienced negative absorption in the fourth quarter of 2025 due to legacy corporate occupiers in the urban core opting for modern suburban facilities, often as part of relocation and consolidation strategies.
- Over 2.2 million SF was absorbed in 2025 market wide, and vacancy held steady at 4.3% due to some new speculative construction deliveries counteracting new occupancies.
- Demand remained robust throughout the year, though deal velocity has decelerated as tenants confront limited availability in target submarkets and exercise greater caution in lease negotiations.
- Landlord concessions increased in softer submarkets, including the East and Southwest metro, while supply constraints in the small-bay segment pushed warehouse rates toward \$10 PSF in tighter areas. New construction costs continued to apply upward pressure on market-wide rental rates.
- Following a conservative 2024 development cycle, Minneapolis-St. Paul industrial experienced a pronounced resurgence in construction activity in 2025, adding much-needed supply to a market with sub-5% vacancy. Tenants increasingly pursued build-to-suit opportunities with developers to secure space in preferred submarkets, while select developers re-entered the speculative game.

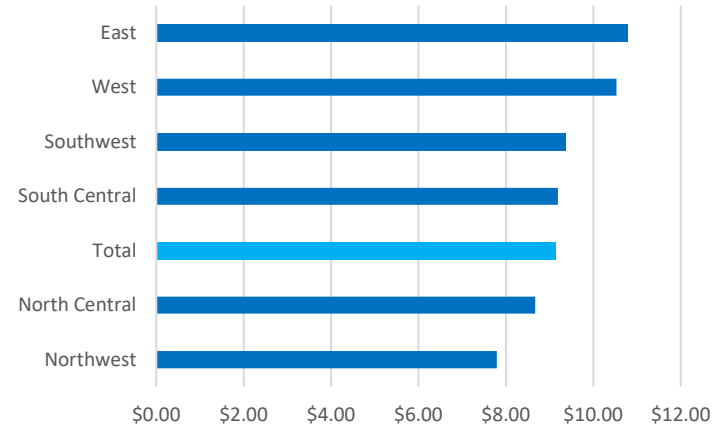




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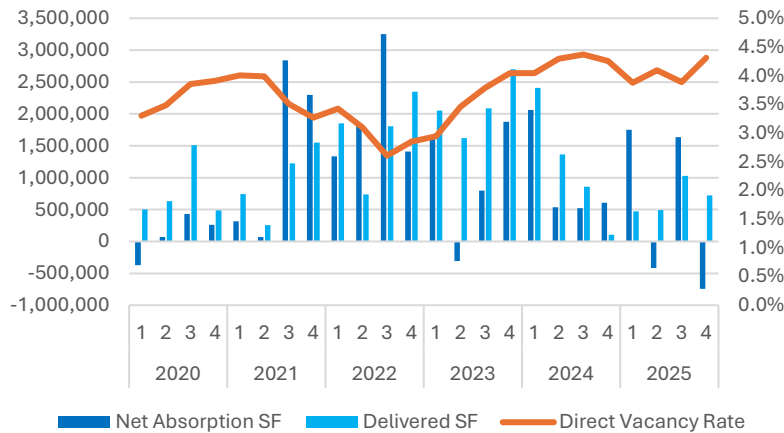
- Availability** was most limited in the West and Northwest metro, and both submarkets boasted around 3% vacancy throughout 2025. Construction activity concentrated in the Northwest performed well, and new groundbreakings continued throughout the year.
- Asking rent** held stable overall, and new construction deliveries drove rates higher in the East and South Central submarkets. Asking rents grew 13.6% in the South Central submarket and 17.6% in the East in 2025.
- Sublease availability** increased substantially in 2025. Almost 550,000 SF of sublease listings came to market throughout the year, signaling some market softness among large tenants.
- The development pipeline constricted by 36.3% in 2025 compared to 2024, and low vacancy conditions set the stage for further rent growth.

ASKING RENT



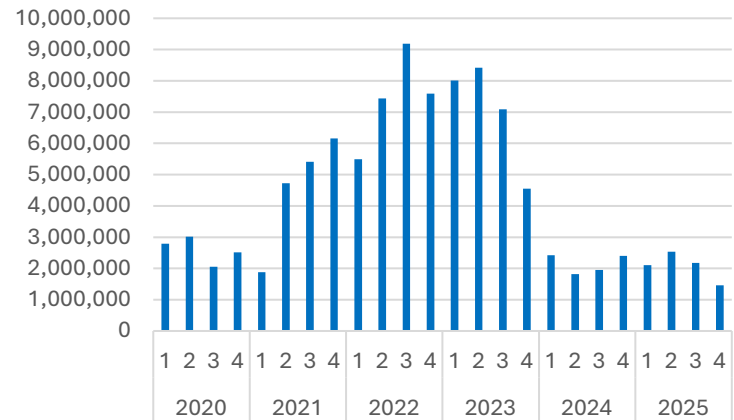
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



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MARKET INDICATORS TABLE

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 RENT PSF, FULL SERVICE
East	27,680,293	1,908,257	6.9%	7.4%	225,550	435,253	1,258,746	\$10.80
North Central	85,323,155	3,239,378	3.8%	6.3%	103,456	(558,850)	(485,154)	\$8.67
Northwest	75,992,539	2,350,982	3.1%	5.7%	655,964	421,818	2,075,894	\$7.79
South Central	63,041,539	2,593,817	4.1%	8.9%	384,288	(576,969)	(651,295)	\$9.19
Southwest	66,946,575	3,969,777	5.9%	11.4%	91,000	(445,989)	93,900	\$9.37
West	18,437,106	547,549	3.0%	9.2%	0	(28,535)	(116,687)	\$10.53
Total	338,918,828	14,609,760	4.3%	7.9%	1,460,258	(742,866)	2,224,505	\$9.13

Source: CoStar, Transwestern



MINNEAPOLIS – ST. PAUL INDUSTRIAL MARKET | Q4 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/St. 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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- 1** North Central
- 2** Northwest
- 3** West
- 4** Southwest
- 5** South Central
- 6** East
- 7** Minneapolis CBD
- 8** St. Paul CBD

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