

Minneapolis – St. Paul

Healthcare Market | Q1 2026

Limited New Construction Strains the Market

Market Observations

- Vacancy remained stable amid slight positive absorption in Q1 2026, and overall healthcare vacancy fell 2% year over year.
- At 7.7% vacancy, little high-quality space was available for lease, and much of the activity in the market sought build-to-suit opportunities over existing space. The construction pipeline was shallow, with only 26,800 SF under construction at the end of Q1, and little to no speculative space is slated for construction in 2026.
- Hudson Physicians was the market's largest occupier this quarter, taking 12,600 SF in Stillwater. Other medical building leases included Entira Family Clinics in Hugo, Renewal Oasis Wellness Center in Eden Prairie, and St. Paul Pediatric Dentistry in Woodbury.
- One Southside, located in south Minneapolis, was the only medical building development underway in Q1. The construction pipeline will likely grow to include more build-to-suit projects in 2026 to accommodate growing user demand.



19.9 MSF
Inventory



15,121 SF
Net Absorption



7.7%
Direct Vacancy



9.3%
Total Availability



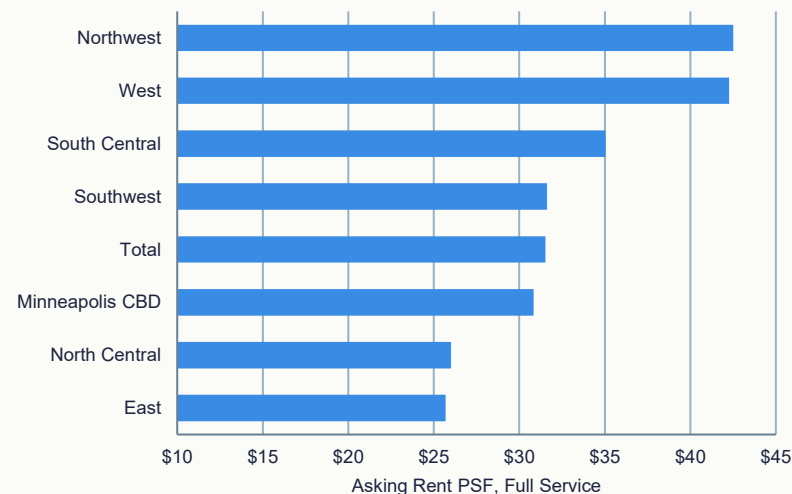
26,812 SF
Under Construction



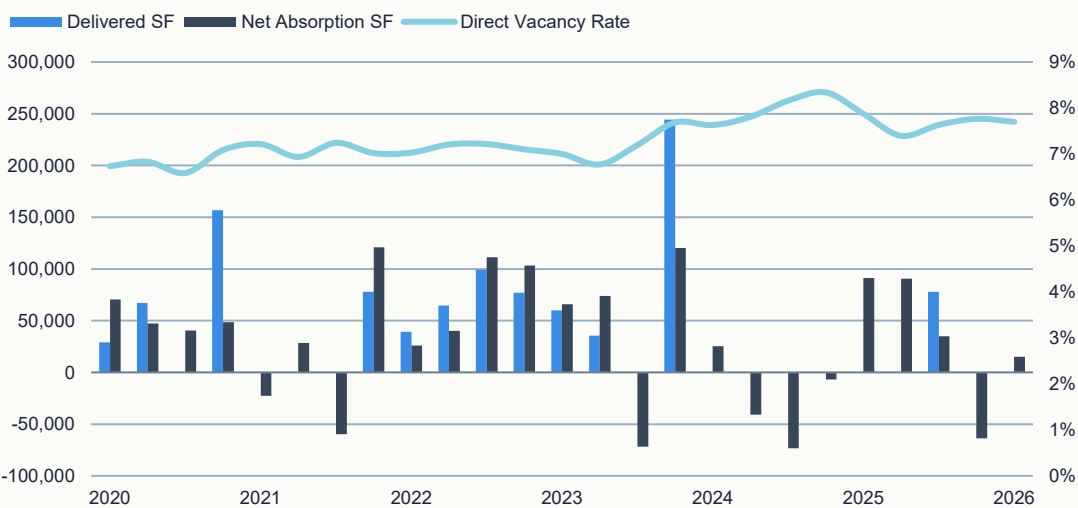
\$31.53 PSF
Asking Rent, FSG

- The Southwest submarket had the highest **overall availability rate** at 15.4%, and the West submarket had the lowest suburban availability of 1.5%.
- **Full service asking rents** averaged \$31.53 PSF. The West and Northwest submarkets posted the highest average asking rents above \$40 PSF, while the North Central submarket averaged the lowest asking rents at \$26.00 PSF. As low supply conditions continue and users opt for build-to-suit new construction, rents are poised for significant growth.
- Large healthcare systems continued to optimize their real estate footprints with strategic consolidation moves. Spartan Nash vacated 20,000 SF at its building in Edina.

Asking Rent

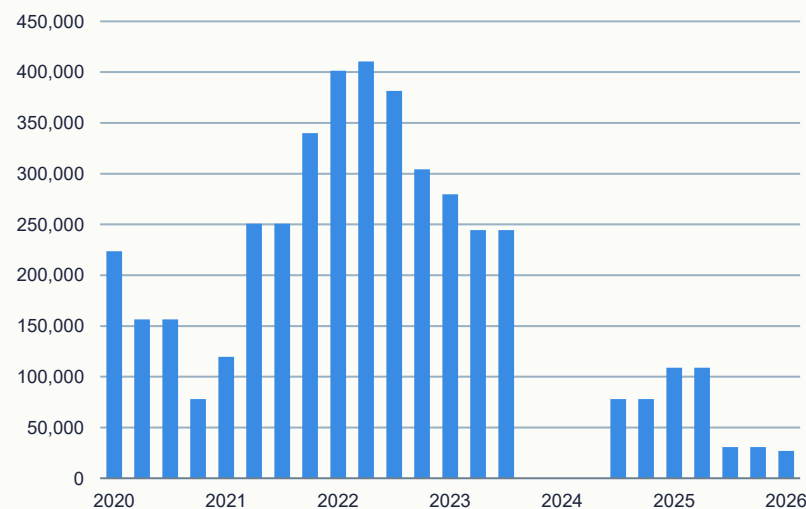


Delivery Impact On Key Indicators



Source: REDI CRE, CoStar, Transwestern

Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

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	2,373,487	85,838	3.6%	5.0%	0	21,157	21,157	\$25.69
Minneapolis CBD	1,159,420	74,395	6.4%	9.9%	0	(3,202)	(3,202)	\$30.84
North Central	6,256,408	480,460	7.7%	8.4%	0	5,148	5,148	\$26.00
Northwest	2,211,757	112,595	5.1%	5.8%	0	8,552	8,552	\$42.52
Saint Paul CBD	234,580	0	0.0%	0.0%	0	0	0	-
South Central	3,292,428	253,161	7.7%	10.7%	26,812	(3,992)	(3,992)	\$35.05
Southwest	3,894,896	533,173	13.7%	15.4%	0	(12,542)	(12,542)	\$31.63
West	460,306	0	0.0%	1.5%	0	0	0	\$42.27
Total	19,883,282	1,539,622	7.7%	9.3%	26,812	15,121	15,121	\$31.53

Source: REDI CRE, CoStar, Transwestern

Research Methodology

The information in this report is the result of a compilation of information on healthcare 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.

About Transwestern

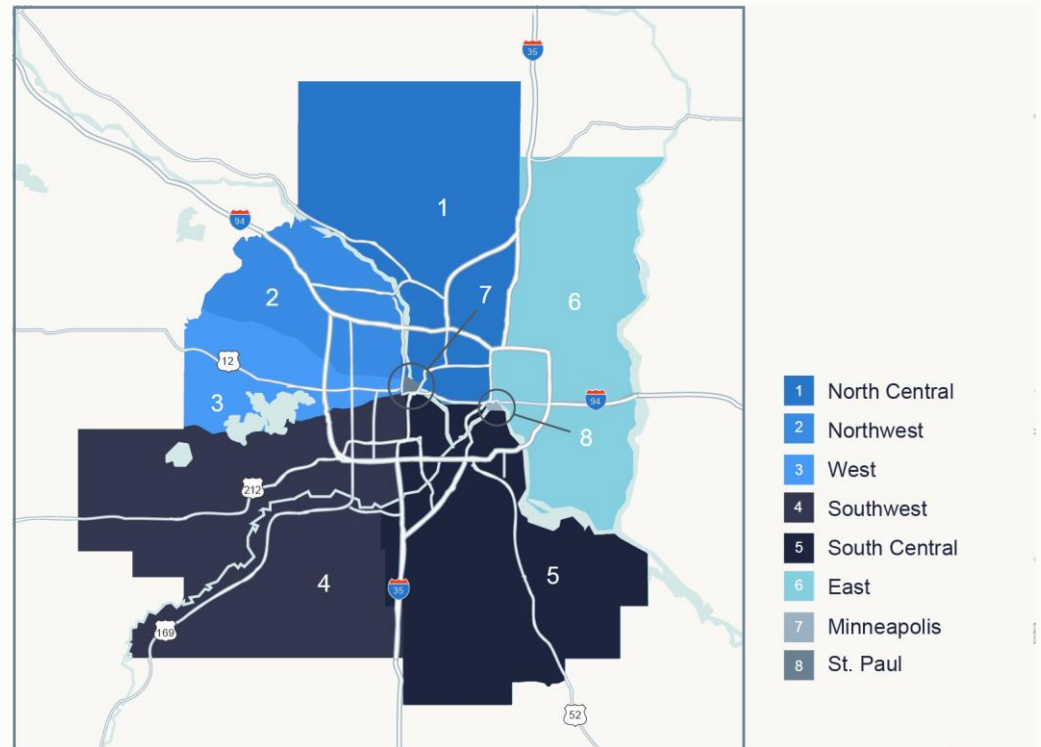
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¹ Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

For More Information

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