

# Minneapolis – St. Paul

Industrial Market | Q1 2026

## New Supply Drives Industrial Absorption

### Market Observations

- Direct vacancy was remarkably stable throughout late 2024, 2025 and now early 2026, averaging 5.5% over the last two years. Twin Cities industrial supply and demand stabilized around principles of conservative development and measured expansion. Large existing tenants in the market made strategic consolidation efforts, and new-to-market users leased build-to-suit developments.
- 900,000 SF of new industrial product delivered to the market in Q1. Highlights include Amazon's new building in Woodbury (225,000 SF) and the 394,00 SF Audubon Business Park in Chanhassen. All new supply was leased prior to completion.
- At 5.4% vacancy, little space is readily available for industrial tenants in Minneapolis – St. Paul, and much of this space is dominated by large, contiguous blocks. Small tenants have struggled to find leasable space.



**335.1 MSF**  
Inventory



**969,009 SF**  
Net Absorption



**5.4%**  
Direct Vacancy



**8.9%**  
Total Availability



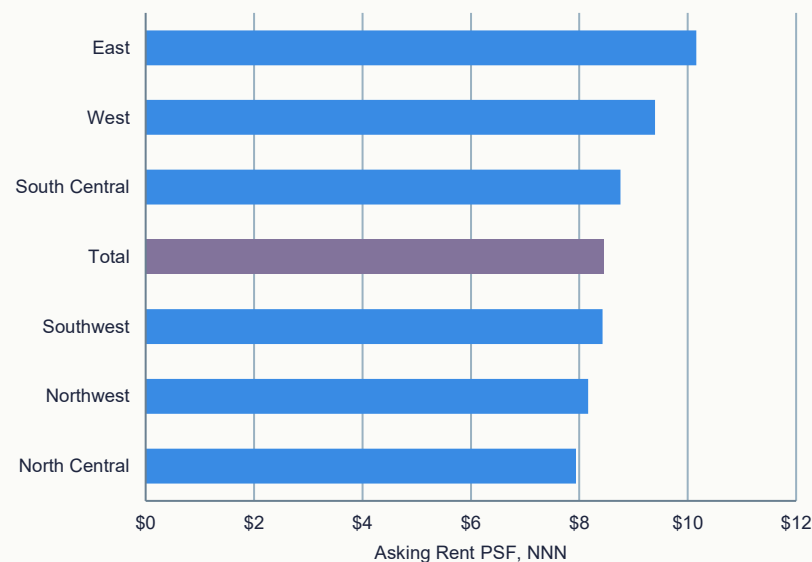
**1.5 MSF**  
Under Construction



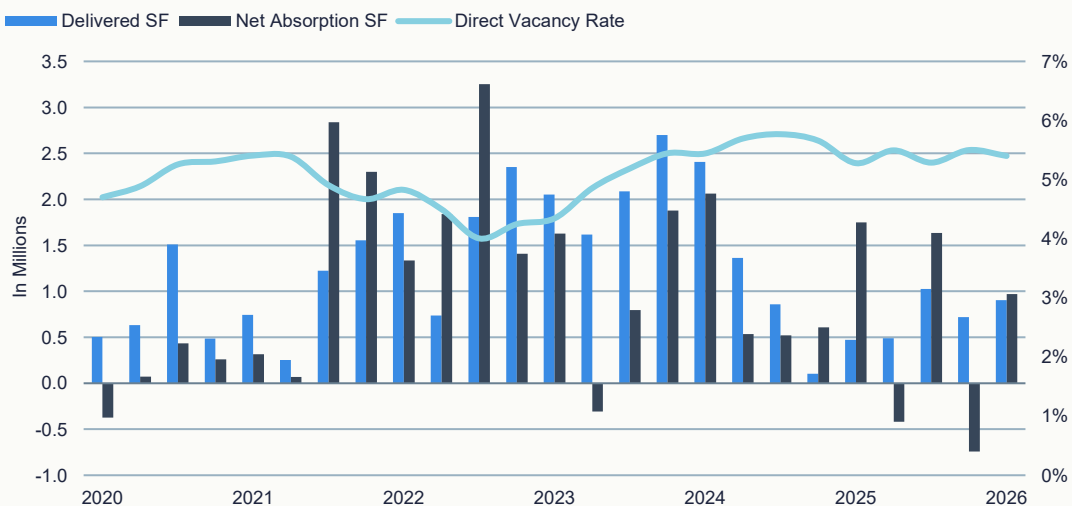
**\$8.46 PSF**  
Asking Rent, NNN

- **Net rents** averaged \$8.46 PSF in Q1. The East and West submarkets demanded the highest rates of \$10.16 PSF and \$9.40 PSF, respectively, but for different reasons. The East submarket's predominant availabilities are high-quality new construction projects that demand premium rates. Meanwhile, the West submarket features flex space with higher office finishes that demand higher rents.
- **Direct vacancy** was 5.5% at the end of 2025. Due to strong absorption at the start of the year, vacancy fell 1.8% to 5.4%. However, vacancy has grown 2.3% compared to one year ago.
- New construction projects bolstered the **construction pipeline** with 930,000 SF of new projects. These new projects slightly outpaced the 900,000 SF of new deliveries in Q1, and the **construction pipeline** ticked up to 1.5 MSF.

## Asking Rent

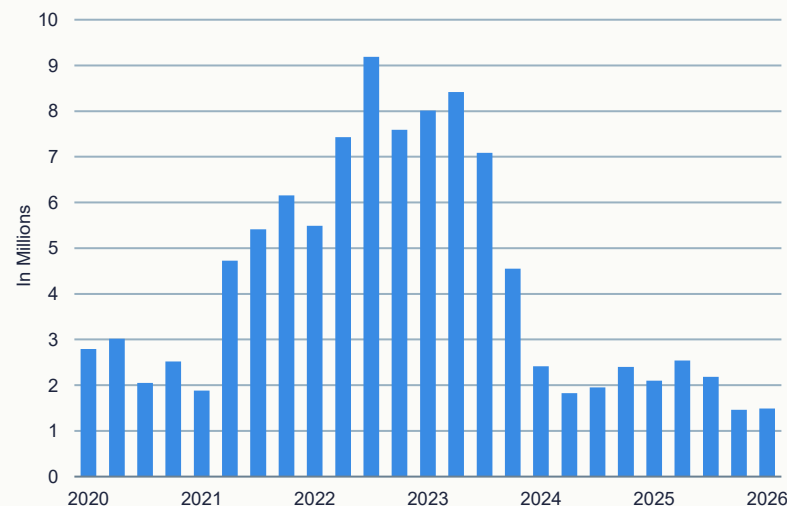


## Delivery Impact On Key Indicators



Source: REDICRE, 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, NNN
East	27,798,681	1,842,909	6.6%	8.1%	0	204,869	204,869	\$10.16
North Central	83,092,312	3,758,614	4.5%	7.1%	457,573	174,664	174,664	\$7.94
Northwest	78,591,310	3,753,632	4.8%	8.0%	567,964	(54,335)	(54,335)	\$8.16
South Central	63,124,581	2,981,590	4.7%	9.0%	463,488	412,284	412,284	\$8.76
Southwest	66,204,527	5,189,372	7.8%	12.6%	0	272,086	272,086	\$8.43
West	14,164,729	481,785	3.4%	5.5%	0	(40,559)	(40,559)	\$9.40
<b>Total</b>	<b>335,061,669</b>	<b>18,054,145</b>	<b>5.4%</b>	<b>8.9%</b>	<b>1,489,025</b>	<b>969,009</b>	<b>969,009</b>	<b>\$8.46</b>

Source: REDI CRE, CoStar, Transwestern

## 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.

## About Transwestern

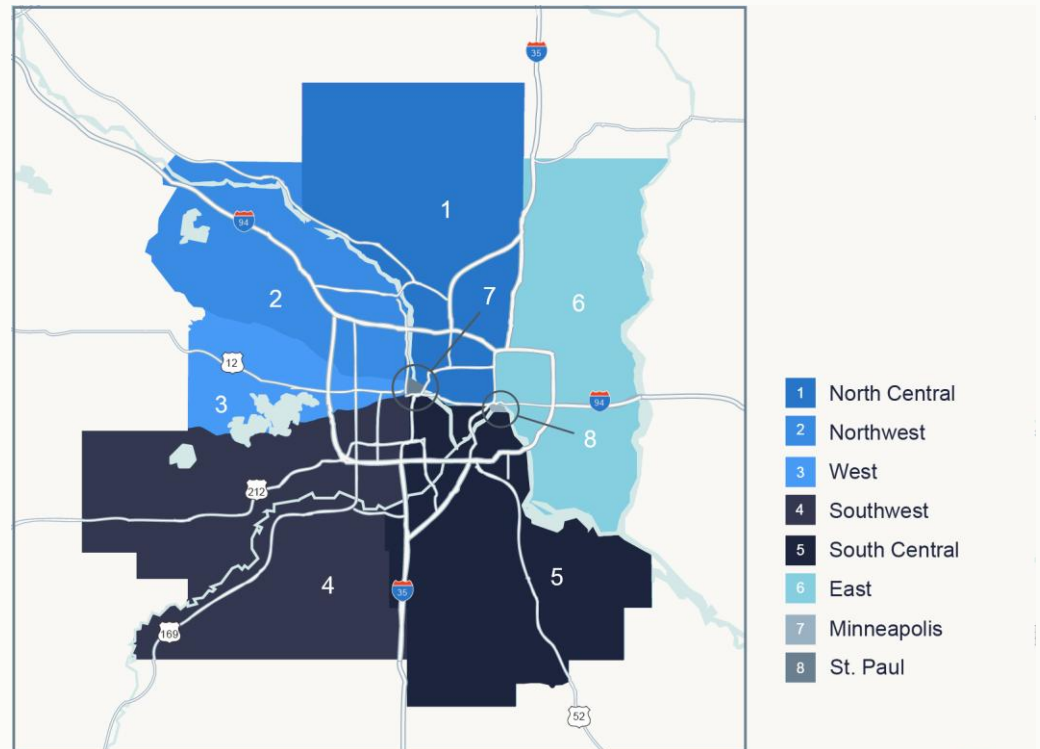
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<sup>1</sup> Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

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