Transwestern

Minneapolis – St. Paul

Retail Market | Q1 2026

Demand Rebounds, Driven by Large Tenants

Market Observations

- With 163,000 SF of net absorption in Q1 2026, the market tightened to 5.2% direct vacancy. Retail vacancy in Minneapolis – St. Paul has fallen 20% in the past five years.
- Large fitness and clothing retailers drove demand in Q1. Soar N Bounce occupied 66,000 SF in Burnsville, and Crunch Fitness opened in Saint Paul (38,800 SF). Marshalls occupied 26,210 SF in Minnetonka, and Ross Dress for Less leased 28,500 SF in Blaine. Additionally, Coborns opened at the Boulevard development in Plymouth with a new, 65,000 SF building.
- Elevated vacancy continued in the urban retail market while suburban supply constricted. In Q1, the urban core experienced negative 54,300 SF of absorption, which was concentrated in Minneapolis. Meanwhile, over 217,000 SF was absorbed in the suburbs. Urban vacancy hit 14.0%, and suburban vacancy fell to 4.0%.

114.8 MSF
Inventory

163,173 SF
Net Absorption

5.2%
Direct Vacancy

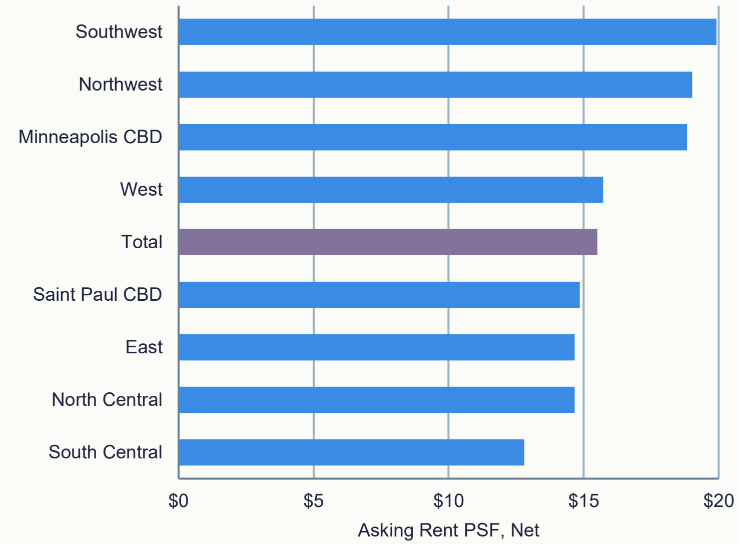
6.2%
Total Availability

139,800 SF
Under Construction

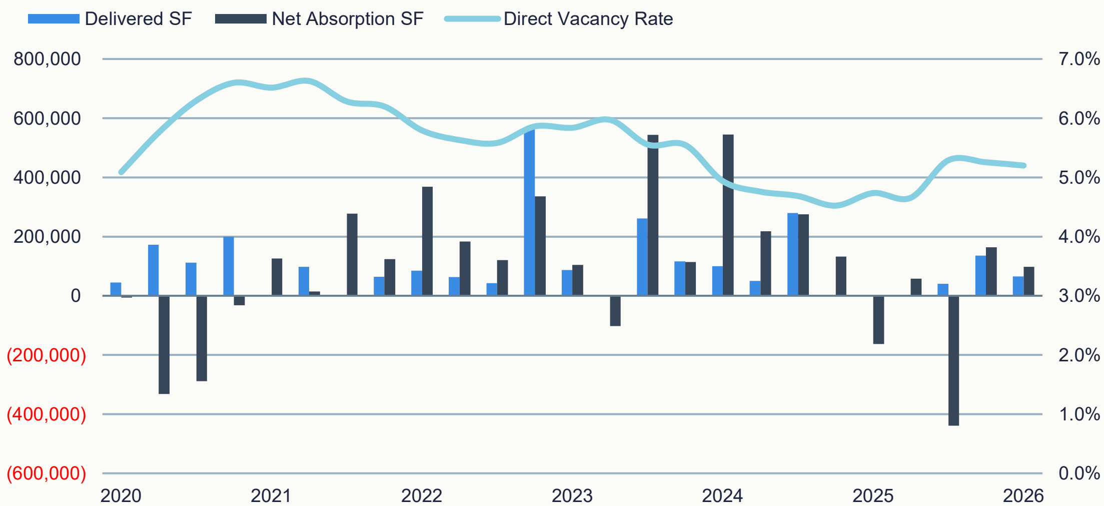
$15.50 PSF
Asking Rent (NNN)

- **Direct vacancy** was mostly concentrated in the North Central and South Central metro submarkets. Combined, these submarkets house 44.1% of the vacant space in the market. Relatively little market vacancy exists in the Southwest, Northwest, and East metro submarkets.
- The Southwest and Northwest submarkets demanded the highest **net rents** in Q1 at $19.92 and $19.02 PSF, respectively. The overall market asking rate was $15.50 PSF. The exceptionally tight market conditions have leased virtually all Class A space, and owners are pushing rates as high as possible by listing negotiable asking rates. The top **asking rates** of the market, especially those at new retail developments, is significantly higher than the market average.
- New retail properties in the **construction pipeline** are pre-leased and/or build-to-suit developments. Examples include Dave & Busters at a 48,000 SF site in Woodbury and Goodwill at a 20,600 SF site in Waconia. Speculative retail space is limited to mixed-use properties like the Craftsman office project in Edina, which includes 10,000 SF of retail space.

Asking Rent

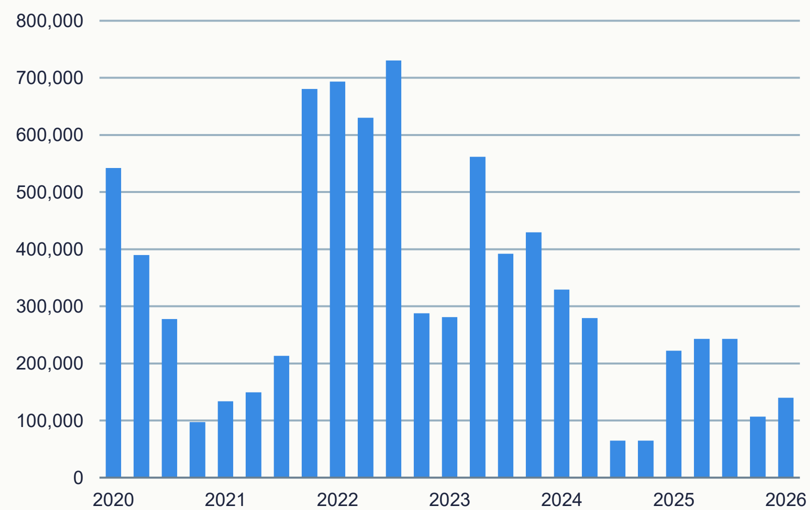


Delivery Impact On Key Indicators



Source: REDI CRE, CoStar, Transwestern

Under Construction



Minneapolis – St. Paul

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	16,301,273	473,323	2.9%	3.6%	48,000	(13,566)	(13,566)	$14.67
Minneapolis CBD	3,845,965	948,897	24.7%	26.7%	0	(49,124)	(49,124)	$18.83
North Central	23,776,367	1,362,323	5.7%	6.9%	20,000	78,080	78,080	$14.67
Northwest	14,539,458	677,304	4.7%	6.1%	0	51,954	51,954	$19.02
Saint Paul CBD	942,006	132,685	14.1%	7.1%	0	0	0	$14.86
South Central	28,867,753	1,263,694	4.4%	5.4%	21,200	52,741	52,741	$12.81
Southwest	17,500,323	657,897	3.8%	4.5%	50,600	23,678	23,678	$19.92
West	9,032,132	435,351	4.8%	6.1%	0	19,410	19,410	$15.72
Total	**114,805,277**	**5,951,474**	**5.2%**	**6.2%**	**139,800**	**163,173**	**163,173**	**$15.50**

Urban & Suburban Indicators | 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
Urban Total	13,701,110	1,860,284	13.6%	14.5%	41,200	(54,334)	(54,334)	$18.58
Minneapolis	8,793,862	1,235,374	14.0%	15.3%	21,200	(52,432)	(52,432)	$18.68
St. Paul	4,907,248	624,910	12.7%	13.1%	20,000	(1,902)	(1,902)	$17.74
Suburban	101,104,167	4,091,190	4.0%	5.0%	98,600	217,507	217,507	$14.12
Total	**114,805,277**	**5,951,474**	**5.2%**	**6.2%**	**139,800**	**163,173**	**163,173**	**$15.50**

Urban properties are properties found within the Minneapolis and Saint Paul city limits.

Source: REDI CRE, CoStar, Transwestern

Research Methodology

The information in this report is the result of a compilation of information on retail and mixed-use properties located in the Minneapolis – St. Paul metro area. This report includes single tenant, multi-tenant and owner-user properties and retail centers 20,000 SF and larger and mixed-use properties with 10,000 SF or more of retail space.

About Transwestern

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate $64 billion[1] in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

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

For More Information

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