February 2026

CBRE

City of Ramsey Land Update

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Market Overview

1. Highway 10 construction completed
2. Build on momentum
3. High construction costs
4. Growth industries/patterns
5. Market Unknowns

Industrial Vacancy

-3.8%

Office Vacancy

-23.3%

Retail Vacancy

-3.6%

Ramsey Market Commentary

.

-What does City want and is that what market wants?

-Hwy 10 project is complete

-Stay business friendly

-Flexible zoning

-Recently completed/pending Ramsey deals:

1. Kwik Trip
2. ***Roers (PA-City of Ramsey deal)***
3. ***Chipolte/Taco Bell (Closed 2025)***

Market Overview

Industrial Overview

-Limited Availability

-Demand for outside storage

-Looking for clear height, truck access, trailer storage

-Variety of product types: distribution, small bay, flex

-Employment availability

-Onshoring

-Incentives

Office Overview

-Little Demand

-High construction/TI costs

-Functionable space

-Medical users slow to expand due to ongoing COVID/Federal costs/reimbursements

-Financial services, legal, personal services growing

Retail Overview

-Pad site users driving demand

-Drive thru requirements

-Limited to no growth for 1st generation sit down restaurants

-Brands focused on markets with population growth

-Retail follows retail

-Limited big box growth

City of Ramsey

1. Potential uses: QSR, Medical office, sit down restaurants, service retail, big box
2. City incentives for certain uses: example sit down restaurants, large medical office
3. Demographics continue to improve: new residential, retail, daytime population
4. Redevelopment of older industrial/office properties
5. Monument signage onto Hwy 10

Retail Market - Q4 2025

Southwest submarket drives strong leasing activity at year-end

▼ 3.6%
Availability Rate

▲ 416K
Q4 Net Absorption (000s)

▼ (224)K
2025 Net Absorption (000s)

▲ 160K
Q4 Completed (000s)

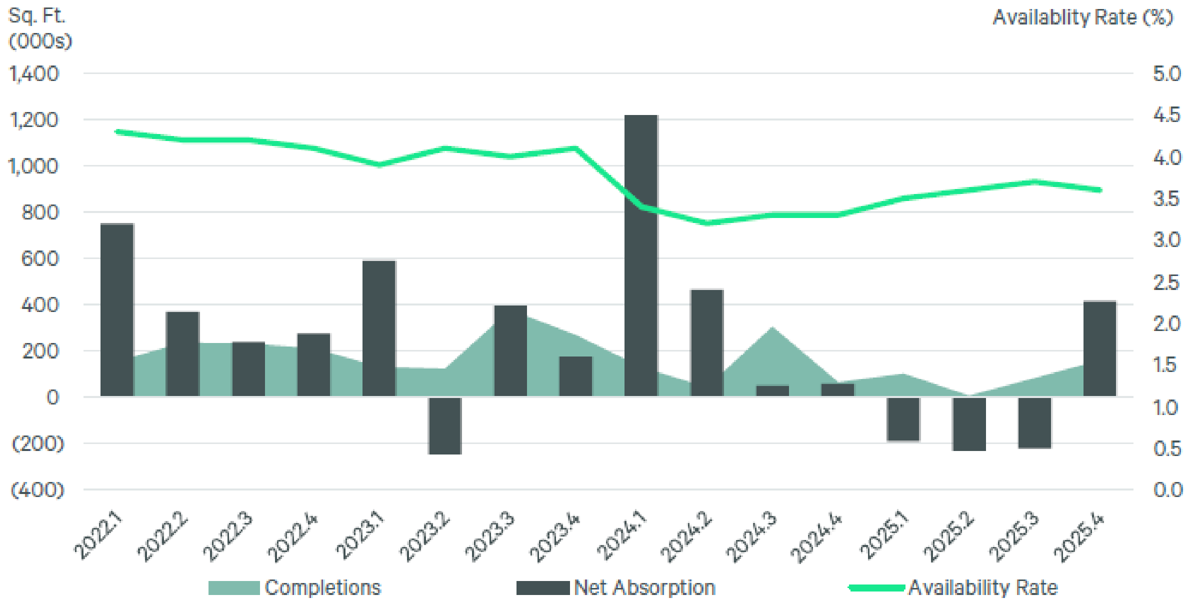
▲ 354K
2025 Completed (000s)

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Minneapolis market completed the year with an availability rate of 3.6%, decreasing by 10 bps from the previous quarter and 30 bps increase year-over-year.
- Net absorption was 416K sq. ft. in Q4, bringing the year-to-date total to (224K). This represents a 127% decrease from the three-year annual average of 830K sq. ft.
- There was 160K sq. ft. of construction deliveries in Q4. Annually, the market delivered 354K sq. ft., a decrease of 35% from the previous year.
- Leasing activity reached nearly 440K sq. ft. transacted in Q4, with the total annual volume in 2025 exceeding 1.8M sq. ft., a 31% increase compared to 2024.
- Q4 investment sales volume exceeded $184M transacted, Total volume year-to-date was $658M transacted, a 7% decrease year-over-year.

FIGURE 1: Completions, Net Absorption, and Availability Rate



Source: CBRE Econometric Advisors, Q4 2025.

Market Overview

FIGURE 2: Market Statistics by Product Type

Market	Inventory (SF, 000s)	Availablity Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)
Lifestyle & Mall	15,977	5.1	16	-
Neighborhood, Community & Strip	46,265	6.3	145	-
Power	13,355	7.1	(18)	-
Street, Freestanding, Other	93,638	1.5	273	160
Total Market	169,235	3.6	416	160

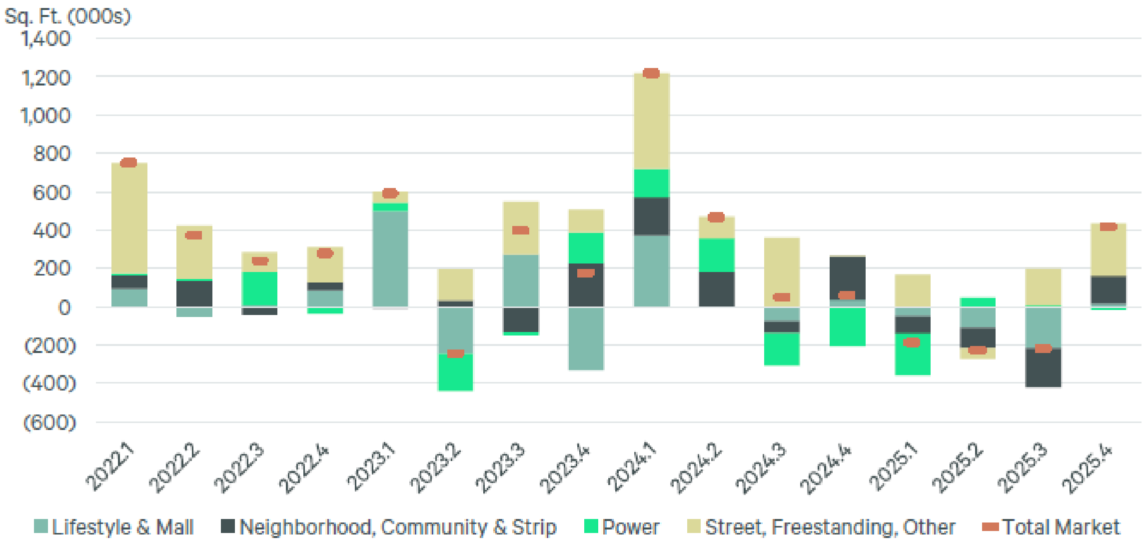
Source: CBRE Econometric Advisors, Q4 2025.

FIGURE 3: Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)
Total Market	169,235	3.6	416	160
Apple Valley - Lakeville	15,180	2.9	55	-
B/E/R	17,325	1.7	3	-
East	10,660	3.2	2	-
Golden Valley	10,244	6.6	(44)	-
Minneapolis	7,501	6.0	21	-
North Central	18,051	4.2	33	-
North	13,168	3.7	(47)	-
Northeast	12,281	2.7	20	-
Northwest	22,181	2.9	99	11
South	11,714	5.4	41	2
Southwest	8,048	1.4	27	11
St. Paul	9,967	5.5	33	-
West	12,915	2.7	173	136

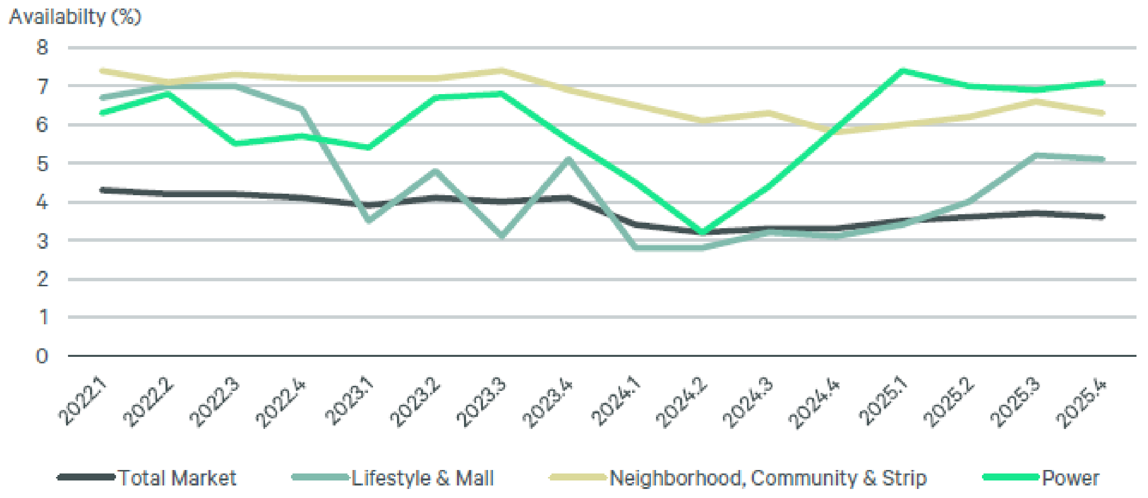
Source: CBRE Econometric Advisors, Q4 2025.

FIGURE 4: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q4 2025.

FIGURE 5: Availability by Center Type



Source: CBRE Econometric Advisors, Q4 2025.

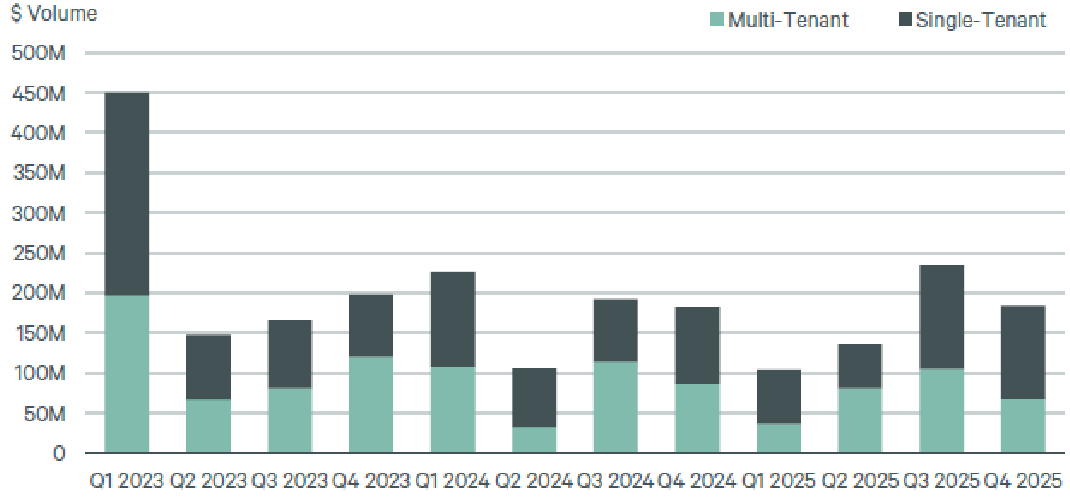
Investment Sales

FIGURE 6: Q4 2025 Top Sale Transactions

Property Name	City	Building SF	Sale Price	Price / SF
18425 Dodd Blvd	Lakeville	212,030	$31,422,058	$148
Life Time Fitness	Maple Grove	69,289	$17,500,000	$253
Cedar Cliff Shopping Center	Saint Paul	42,098	$10,150,000	$217
6869 Laketowne Pl NE	Albertville	9,907	$6,095,510	$615
Tonka Village Shopping Center	Excelsior	17,792	$6,000,000	$337

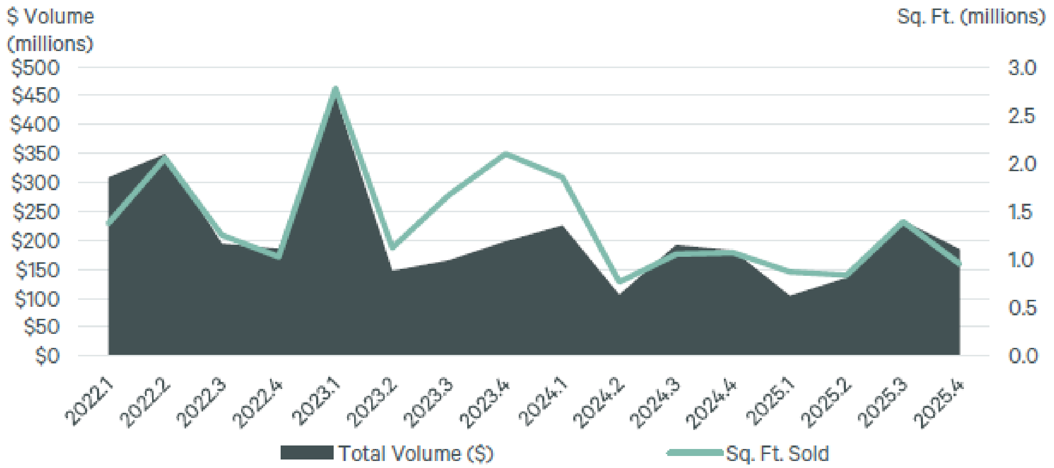
Source: MSCI Real Capital Analytics, CoStar, CBRE Research, Q4 2025.

FIGURE 7: Multi-Tenant vs. Single-Tenant Sale Volume



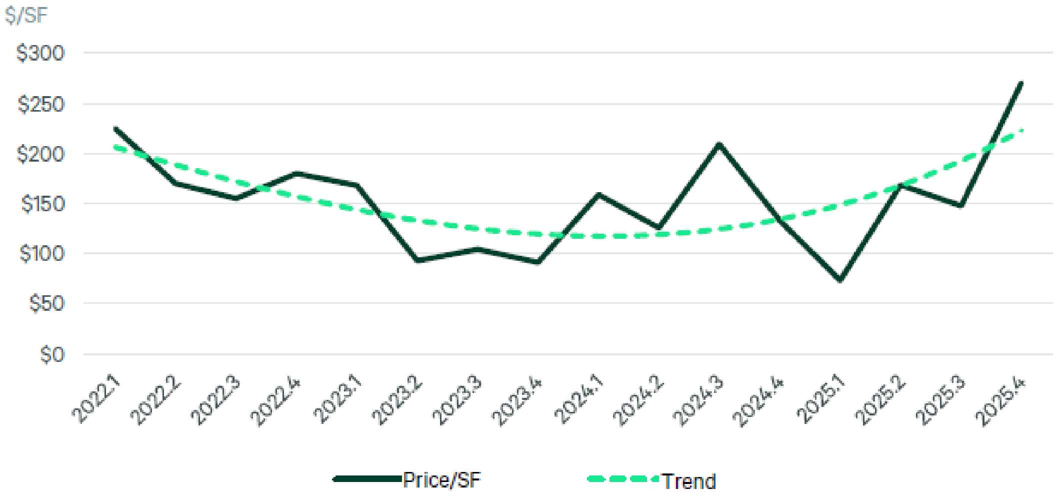
Source: MSCI Real Capital Analytics, CoStar, CBRE Research, Q4 2025

FIGURE 8 : Retail Investment Sale Volume



Source: MSCI Real Capital Analytics, CoStar, CBRE Research, Q4 2025

FIGURE 9: Retail Investment Sale Price Per Sq. Ft.



Source: Real Capital Analytics, CBRE Research, Q4 2025

Leasing Activity

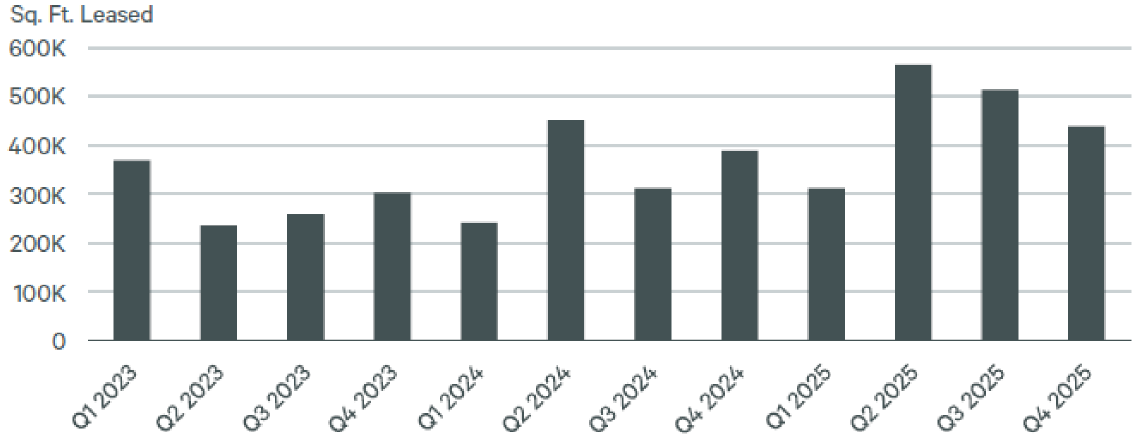
FIGURE 10: Q4 2025 Top Leasing Activity

Property Name	City	Area Lease	Tenant
7931 Southtown Center	Minneapolis	95,618	Kin
13201 Ridgehaven Dr	Minnetonka	16,240	Target
Village Green Shops	Woodbury	14,915	Baseline Fitness Minnesota
Eagle Point Office Center III	Lake Elmo	12,043	Regus
The Shoppes at Arbor Lakes	Maple Grove	9,985	Duluth Trading Co.
Bergen Plaza	Oakdale	9,401	Korean BBQ Hot Pot
3313 Hazelton Road	Minneapolis	8,488	Lane Bryant Brands

*CBRE Team Deals

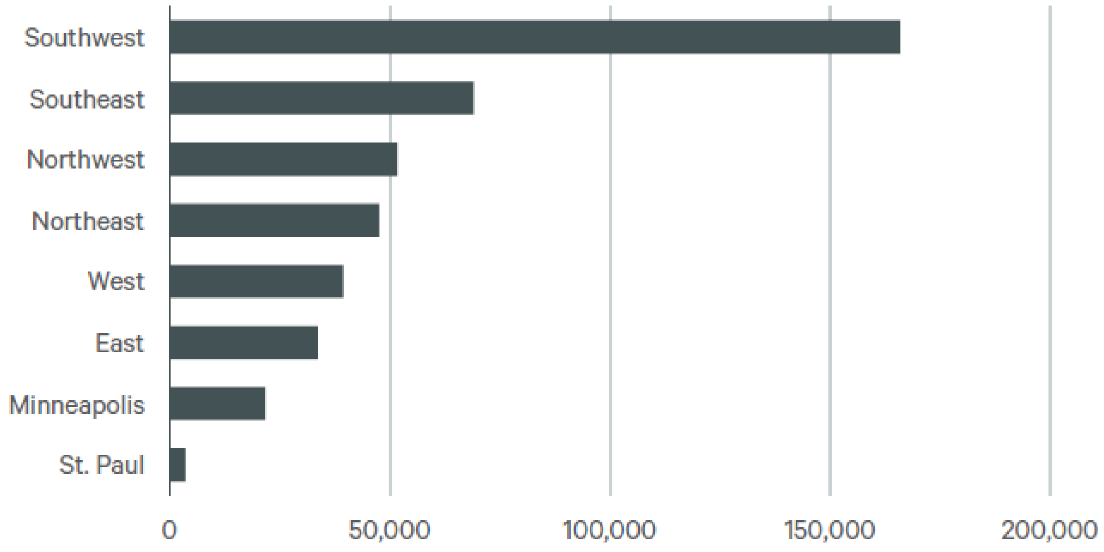
Source: CBRE Research, Q4 2025.

FIGURE 12: Historical Leasing Volume



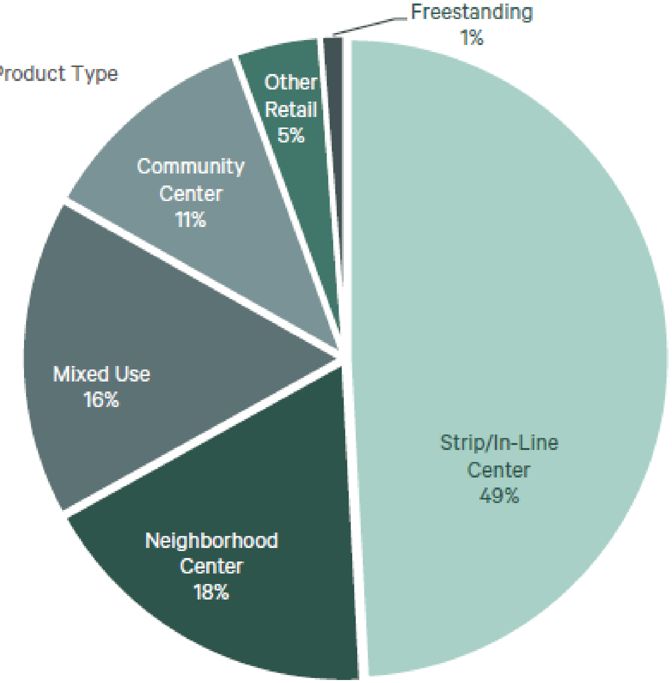
Source: CBRE Research, Q4 2025.

FIGURE 11: Q4 2025 Leasing by Submarket



Source: CBRE Research, Q4 2025.

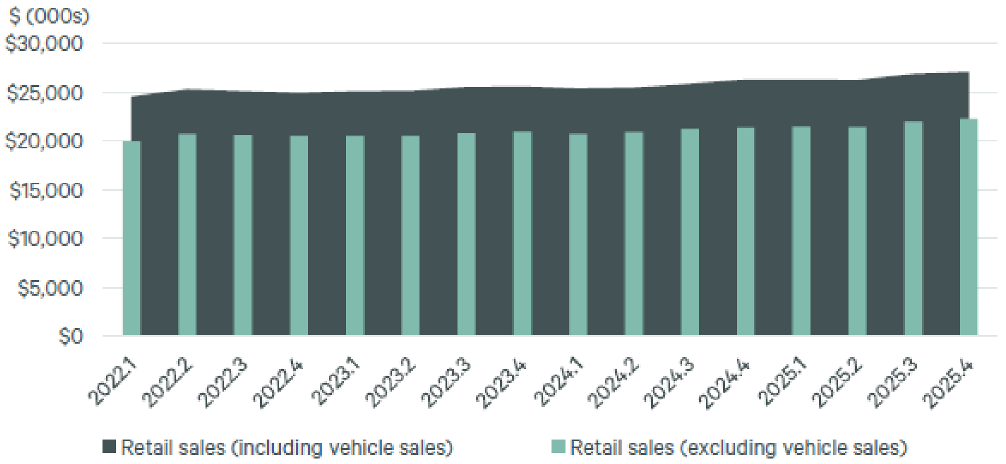
FIGURE 13: Q4 2025 Leasing by Product Type



Source: CBRE Research, Q4 2025.

Economic Overview

FIGURE 14: Total Retail Sales

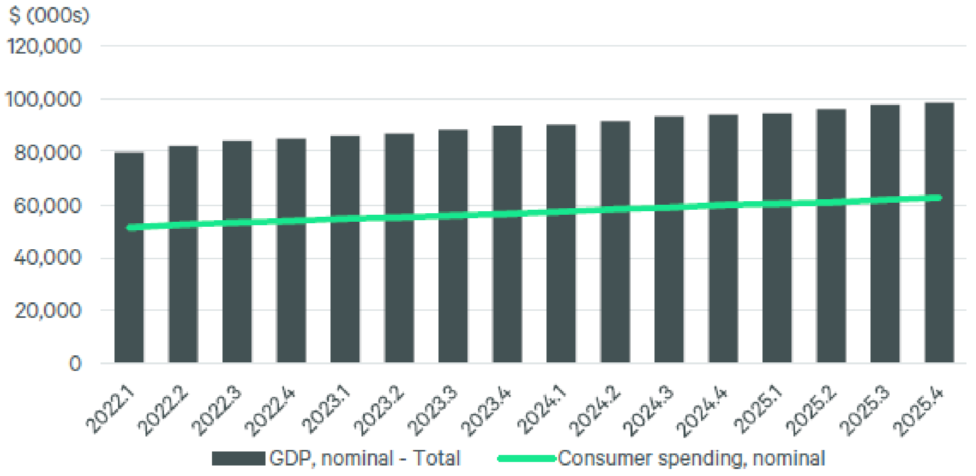


Source: Oxford Economics, Q4 2025.

FIGURE 16: Retail Employment vs. Unemployment

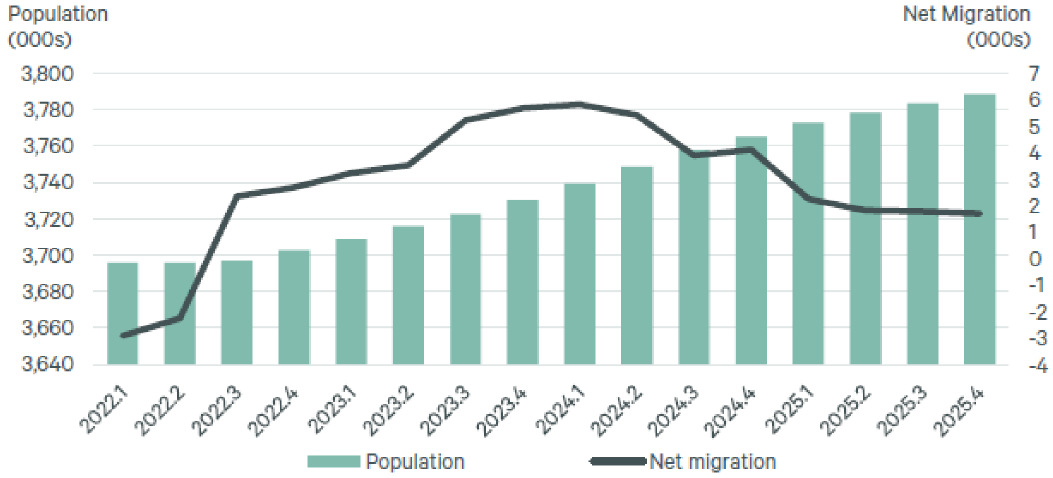
Source: Oxford Economics, Q4 2025.

FIGURE 15: GDP & Consumer Spending



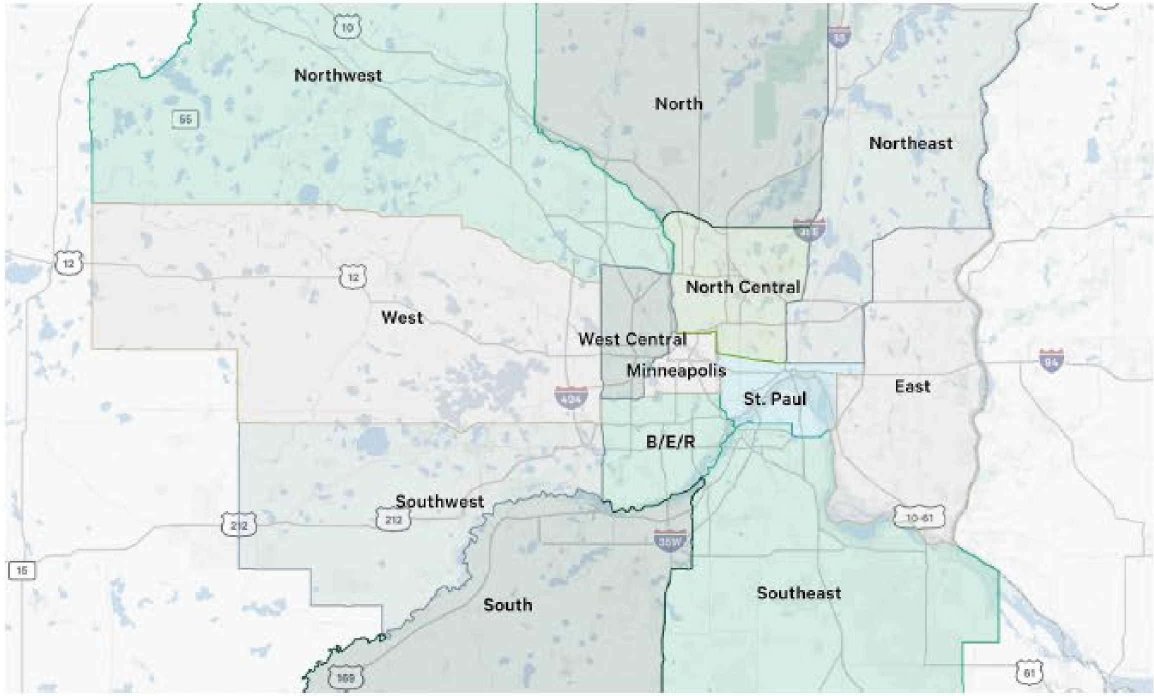
Source: Oxford Economics, Q4 2025.

FIGURE 17: Total Population & Net Migration



Source: Oxford Economics, Q4 2025.

Market Area Overview



Retail Definitions

- Neighborhood, community and strip centers are groupings of buildings where there is most often an anchor property (except strip). Neighborhood properties are the largest ranging from 125,000 to 400,000 sq. ft., followed by community at 30,000 to 125,000 sq. ft., and strip with 30,000 or less sq. ft.
- Lifestyle are upscale national-chain specialty stores with dining and entertainment in an outdoor setting. Lifestyle centers range from 150,000 to 500,000 sq. ft. Malls, including both regional and super regional malls, can provide a wide range of goods and services. Regional malls are built around full-line department stores and usually range over 300,000 sq. ft. Super regional malls are usually over 750,000 sq. ft. with more department stores.
- Power Centers are category-dominant anchors, including discount department stores, off-price stores, and wholesale clubs, with only a few small tenants. They range from 250,000 to 600,000 sq. ft. and have multiple anchors.
- Freestanding Retail are single-tenant occupied retail buildings. All other variables may vary.

Market Definition

The Minneapolis market consists of Anoka County, Carver County, Chisago County, Dakota County, Hennepin County, Isanti County, Le Sueur County, Mille Lacs County, Ramsey County, Scott County, Sherburne County, Sibley County, Washington County, Wright County, Pierce County, and St. Croix County.

Local Market Contacts

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Industrial Market - Q4 2025

Activity in the Northwest and East submarkets drives year-end demand

▶3.8%
Direct Vacancy Rate

▼610,728
SF Net Absorption

▲831,664
SF Construction Delivered

▼3.0M
SF Under Construction

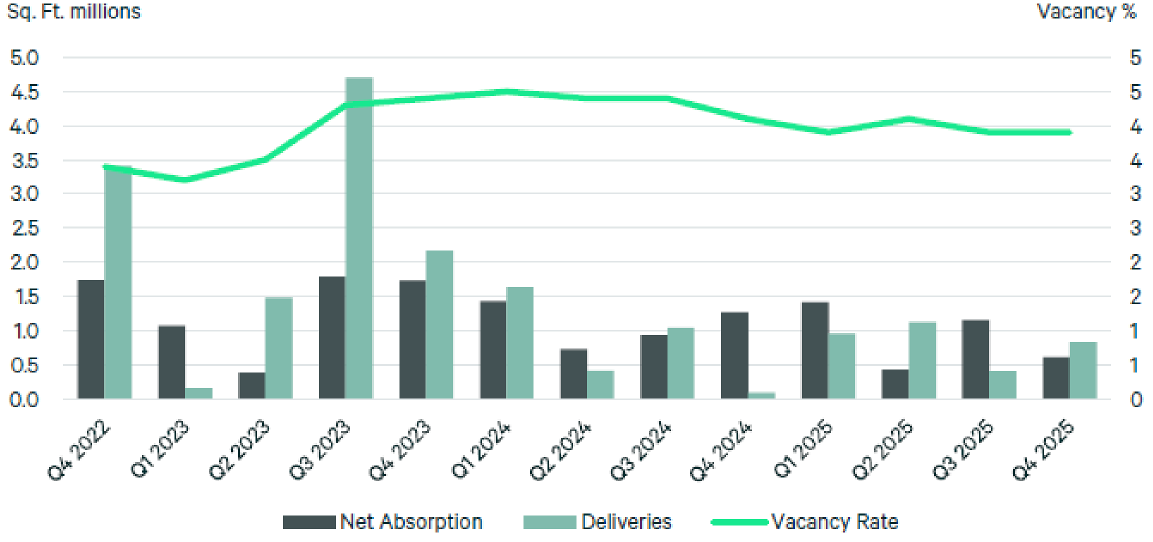
▲$9.34
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

- In the Minneapolis/St. Paul Industrial market, over 610k sq. ft. of positive net absorption was seen in Q4. Year-to-date the market absorbed over 3.6 million sq. ft.
- Construction delivered in Q4 contributed 831,664 sq. ft., bringing the year-to-date total to nearly 3.3M sq. ft, a 1.5% increase year-over-year. Build-to-suit developments constituted 80% of the 3M sq. ft. underway at year end.
- The direct vacancy rate remained consistent at 3.8%. In Q4, the East submarket had the largest drop in vacancy quarter-over-quarter, down to 6.8% from 8.9% in Q3. This is largely due to Superior Logistics occupying 252k sq. ft.
- Q4 leasing activity reached over 3M sq. ft., a 24.6% increase quarter-over-quarter. New leases signed accounted for 59.6% while renewals contributed 28.8%.
- Industrial sales volume totaled over $447M in Q4, a 22.9% increase quarter-over-quarter. The 2025 total sales volume was $1.68B.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

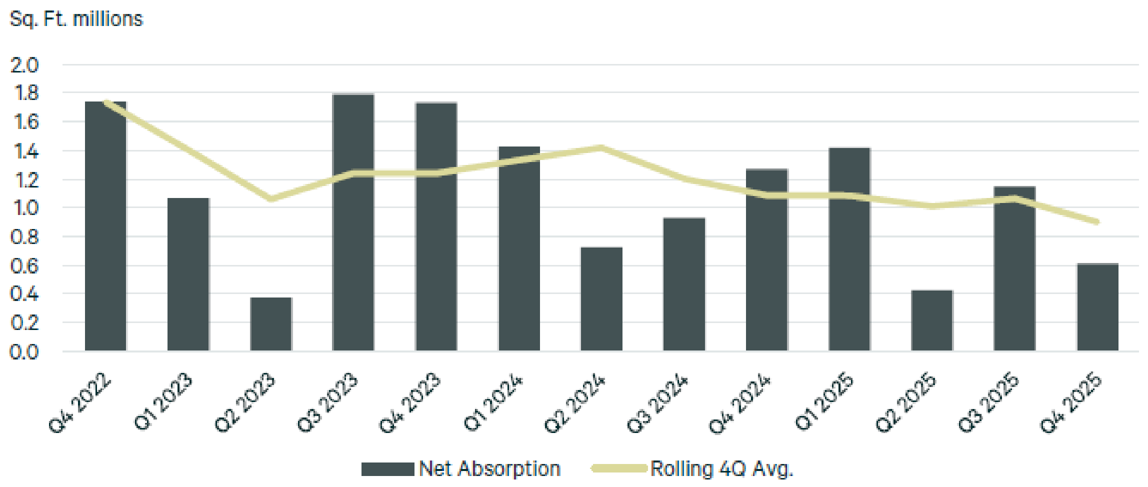
Net Absorption

Net absorption in Minneapolis/St. Paul was positive 610k sq. ft in Q4 2025, a decrease from positive 1.1M sq. ft in the previous quarter, and a 51.8% decrease year-over-year. In 2025, the market has absorbed over 3.6M sq. ft. a decrease from 4.3M sq. ft. in 2024 and 38.5% below the market's 5-year average annual absorption.

Office Warehouse provided the highest volume of net absorption in Q4 with 1.1M sq. ft. The East led the submarkets with the largest contribution of positive absorption at 435k sq. ft., 71.3% of the market total.

Buildings constructed after 2020 supported this quarter's absorption with 535k sq. ft. in positive absorption, over 87.5% of Q4 numbers. Year-to-date, modern buildings have contributed 73.4%, or nearly 2.6M sq. ft. of the 3.6M sq. ft. in positive net absorption in 2025.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

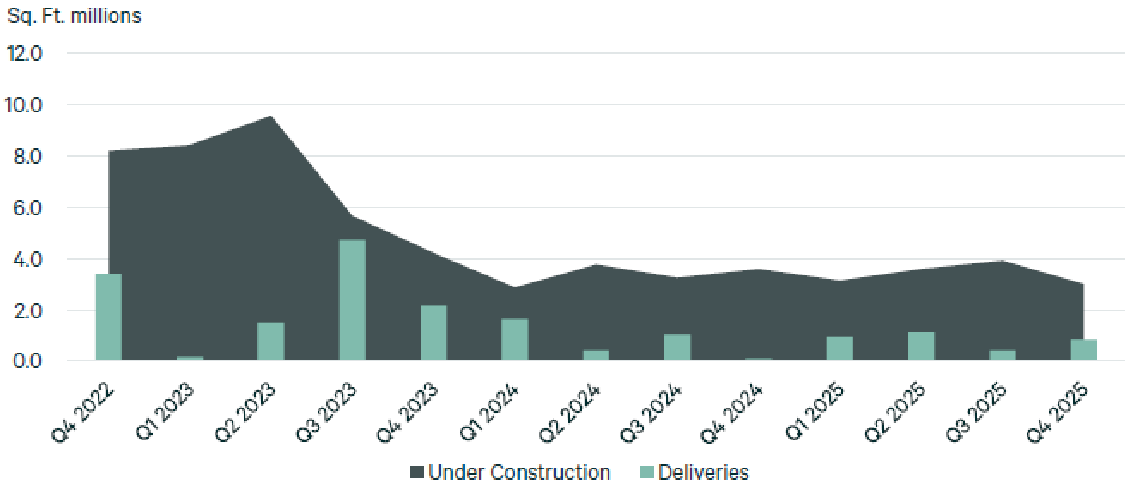
Construction Activity

In Q4 2025 there were 17 projects underway, totaling over 3.0M sq. ft., a 21% decrease quarter-over-quarter. Build to Suit (BTS) projects represented 79% of developments under construction.

Seven projects were delivered this quarter, totaling 831,664 sq. ft., of them 73% were spec projects with an overall prelease rate of 14.3%. Projects delivered include; Arbor Lakes Business Park IX in Maple Grove, Lakeville 35 Logistics Center I, Seven Lakes III in Shoreview, Lexington Preserve V in Blaine, and Highway-5 Business Center in Eden Prairie.

In 2025, the Minneapolis/St. Paul market had 25 buildings delivered, totaling in nearly 3.3M sq. ft. It was the second consecutive year where BTS pursuits accounted for majority of the projects over speculative development. The Northwest submarket saw the largest square footage of buildings delivered in 2025 with over 1.3M sq. ft., 40% of the total deliveries market-wide.

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2025

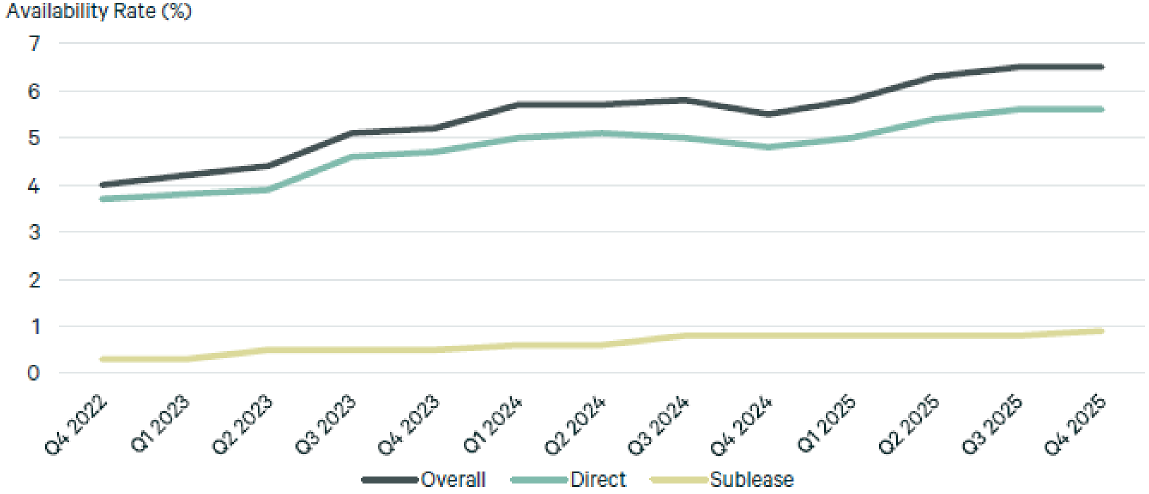
Availability Rate

The Minneapolis/St. Paul industrial market reported a direct vacancy of 3.8% in Q4, unchanged from the previous quarter. New construction delivered this quarter contributed an additional 520k sq. ft. of vacant space.

The East submarket saw the largest drop in vacancy from last quarter's 8.9% to 6.8%. This notable drop is due to the Owner User sale from Superior Logistics in Ramsey, occupying 252k sq. ft of vacant space this quarter.

The market availability felt a slight increase of 5 bps at 6.5%. Direct availability remained unchanged at 5.9% with sublease availability increasing up by 10 bps to 0.9%. Bulk Warehouse product maintained the lowest availability rate at 4.6%, compared to 7.3% for Office Warehouse, and 7.4% for Office Showroom.

FIGURE 2: Availability Rates



Source: CBRE Research, Q4 2025

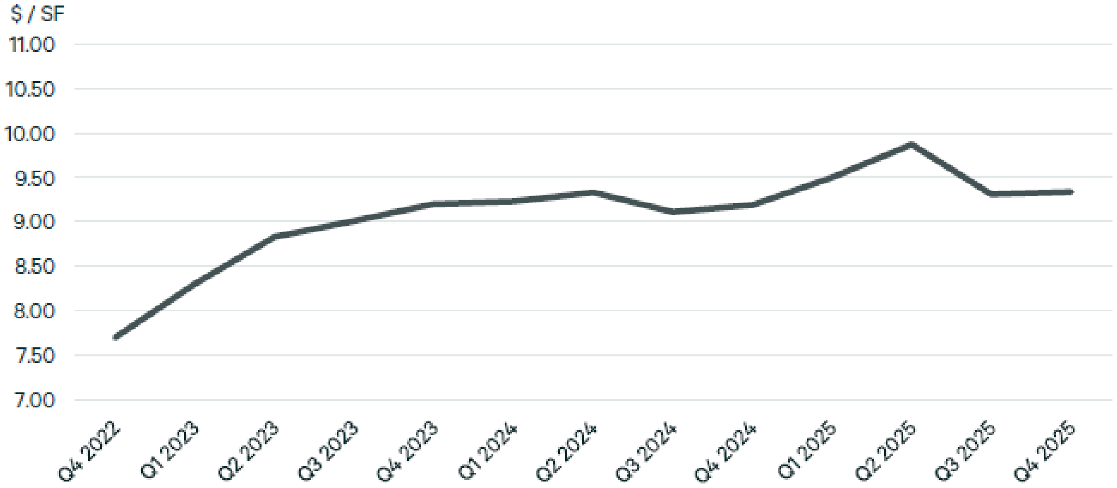
Asking Rent

The Minneapolis/St. Paul industrial market experienced a slight increase of 30 bps in the average net-blended asking rate, quarter-over-quarter, bringing it to $9.34 (+$0.03). This was a 7.6% increase year-over-year.

In Q4 the average Office Warehouse rates were $9.51, and Office Showroom rates were $10.95, Bulk Warehouse was the only industrial subtype that did not experience positive gain in average rates, at $9.90.

The Minneapolis, East, and Midway submarkets led the market with the highest asking rates of $10.47, $9.92, and $9.85, respectively. These changes are largely due to the negotiable range of rates in new construction.

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q4 2025

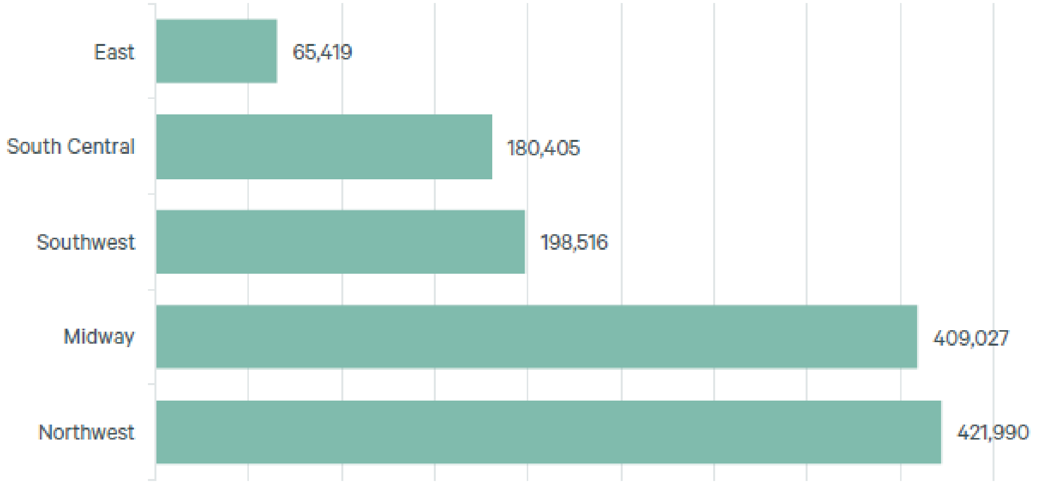
Leasing Activity

Q4 leasing activity (inclusive of all sizes) in the Minneapolis/St. Paul market reached nearly 2.8M sq. ft., representing a 14.3% increase from the previous quarter. Year-to-date, over 11.3M sq. ft. of lease transactions have been completed, down 14.7% from 2024. The number of deals year-to-date reached 594, up 29.4% from 459 in 2024.

Of the leases signed this quarter, 54.4% of the total volume were leases smaller than 50,000 sq. ft. Leasing volume for leases greater than 50,000 sq. ft. accounted for over 1.2M sq. ft. There were three transactions greater than 100,000 sq. ft. completed in Q4, contributing 22.3% to the total volume.

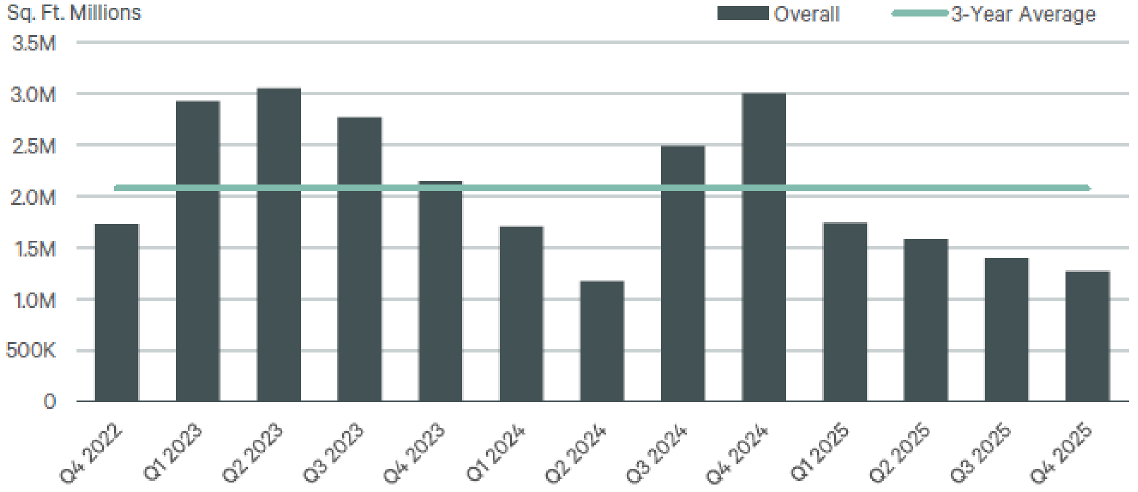
The average area leased, inclusive of all sizes, in Q4 reached over 19.6k sq. ft., a 3.1% increase quarter-over-quarter and a 41.2% decrease year-over-year. The number of leases signed in Q4 amounted to 142, an increase from 133 in Q4 2024.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Estes Transportation	186,174	Renewal	2228 Territorial Rd	Midway
APEX International MFG	140,400	New Lease	7070 Cretex Ave E	Southwest
TE Connectivity	100,384	Renewal	5905 Trenton Ln N	Northwest
Computershare	95,573	Renewal	1021-1049 10th Ave S	Midway
PHS West	91,163	New Lease	10585 County Road 101	Northwest
TriMark Hockenbergs	85,925	Renewal	13098 George Weber Dr	Northwest
Bergari Solutions	78,045	New Lease	147th Street	South Central
Total Export	74,883	New Lease	3101 E Hennepin Ave	Midway
Process Displays Co.	72,731	New Lease	7101-7109 N 31st Ave	Northwest

Source: CBRE Research, Q4 2025

Sales Activity

The Minneapolis/St. Paul market industrial sales volume totaled over $447M in Q4 2025, representing a 22.9% growth quarter-over-quarter and a 34% decrease year-over-year.

Of the total volume, investment sales accounted for over 80%. Office Warehouse accounted for 49% of this quarter's total sales volume, followed by Bulk Warehouse at 29%. Several portfolio sales were listed as top sales, including; Park Industrial Village, Maple Grove Industrial Center, and Commers Drive properties.

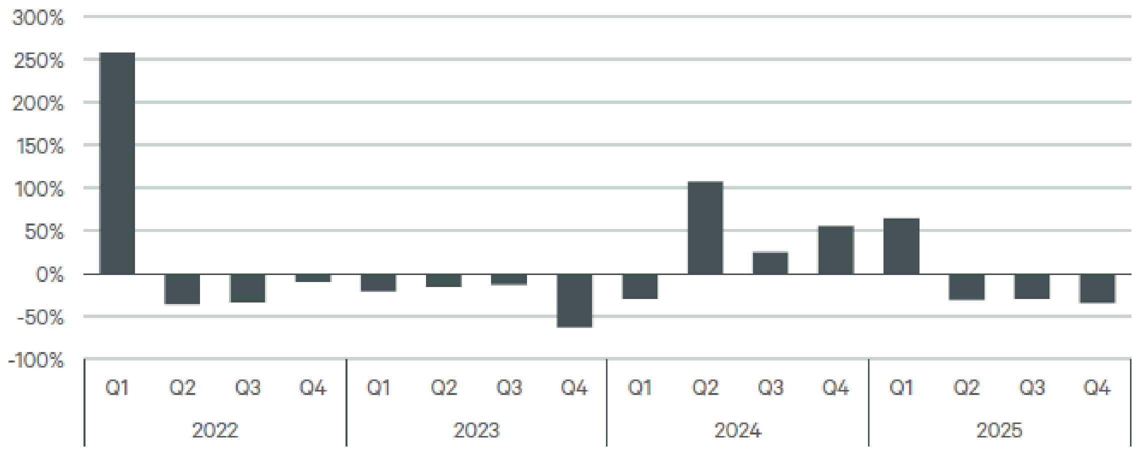
The 2025 total sales volume reached over $1.68B, CBRE represented some of the top sales in the market this year, including the NorthPark Portfolio Sale in Q3 for $63M, United Properties Portfolio sale in Q3 for $57M, Capstone Quadrangle MN Industrial Portfolio in Q2 for $33M, and Taurus Portfolio sale in Q1 for $76M.

FIGURE 9: Key Sale Transactions, Q4 2025

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
BAE Systems	Northwest	LCN Capital Partners	$92M	248,000	$370.97
Park Industrial Village	Northwest	Unilev Capital Group	$26M	234,605	$110.82
Maple Grove Industrial Center	Northwest	Enclave	$24.5M	255,501	$95.95
10900 Red Circle Drive	Southwest	Syndicated Equities	$23M	98,000	$235.40
4Front	East	One Liberty Properties	$23M	199,919	$115.05
2945 & 2985 Commers Drive	South Central	Hempel	$18M	200,000	$90.36

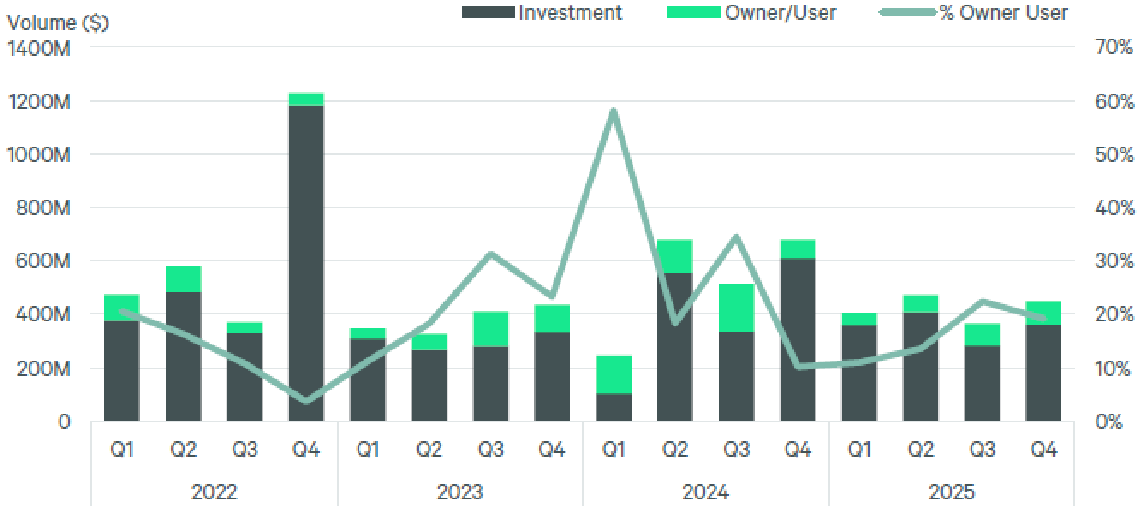
Source: CoStar, CBRE Research, Q4 2025

FIGURE 10: Industrial Year over Year change in Quarterly Sales Volume



Source: CoStar, CBRE Research, Q4 2025

FIGURE 11: Investment vs. Owner User Sales Volume



Source: CoStar, CBRE Research, Q4 2025

Market Statistics by Size

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	129,417,738	3.0	4.3	4.1	0.2	8.53	210,274	366,082	219,732	364,630
100,000-199,999 sq. ft.	90,195,180	4.7	8.5	7.1	1.4	9.08	476,679	1,455,106	611,932	1,037,123
200,000-299,999 sq. ft.	40,238,918	5.5	10.1	8.5	1.5	9.42	226,069	605,883	0	951,358
300,000-499,999 sq. ft.	34,681,819	3.2	8.5	6.6	1.9	11.49	102,648	680,914	0	0
500,000-749,999 sq. ft.	14,863,977	4.4	4.4	4.4	0.0	-	(420,600)	(369,662)	0	652,054
750,000 sq. ft.	13,640,153	1.1	1.1	1.1	0.0	4.20	15,658	865,285	0	0
Total	**323,037,785**	**3.8**	**6.5**	**5.6**	**0.9**	**9.34**	**610,728**	**3,603,608**	**831,664**	**3,005,165**

Market Statistics by Product Type

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	198,566,729	4.4	7.4	6.5	0.9	9.26	1,131,331	3,250,777	831,664	2,037,715
Manufacturing	69,207,226	1.7	4.4	3.1	1.3	7.58	(542,106)	425,717	0	305,820
R&D / Flex	36,098,277	5.1	7.4	7.0	0.4	9.96	(4,047)	11,751	0	276,630
Other Industrial	19,165,553	3.3	2.9	2.7	0.2	10.07	25,550	(84,637)	0	385,000
Total	**323,037,785**	**3.8**	**6.5**	**5.6**	**0.9**	**9.34**	**610,728**	**3,603,608**	**831,664**	**3,005,165**

Market Statistics by Submarket

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
East	20,482,847	6.8	7.9	7.6	0.3	9.92	435,343	802,956	0	225,550
Midway	25,857,727	2.8	3.5	3.0	0.5	9.85	(26,778)	14,813	0	0
Minneapolis	18,724,670	5.0	3.0	2.8	0.1	10.47	20,161	143,157	0	0
North Central	48,970,800	4.4	5.4	4.7	0.7	8.8	(119,615)	64,152	391,986	375,276
Northwest	78,597,793	1.4	5.6	4.8	0.8	9.3	292,025	2,317,904	198,000	374,120
South Central	50,626,716	3.4	7.9	6.8	1.1	7.74	(151,313)	(384,619)	189,678	1,069,342
Southwest	66,746,146	2.9	9.4	7.7	1.7	9.82	143,754	707,568	52,000	785,877
St Paul	13,031,086	3.5	5.5	5.4	0.1	6.83	17,151	(62,323)	0	175,000
Total	323,037,785	3.8	6.5	5.6	0.9	9.34	610,728	3,603,608	831,664	3,005,165

National Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households.

This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Minneapolis/St. Paul Employment Update

▼ 3.6%
Unemployment Rate

▼ 2.1M
Labor Force

▼ 460.1k
Office Using Jobs

▲ 547.4k
Industrial Using Jobs

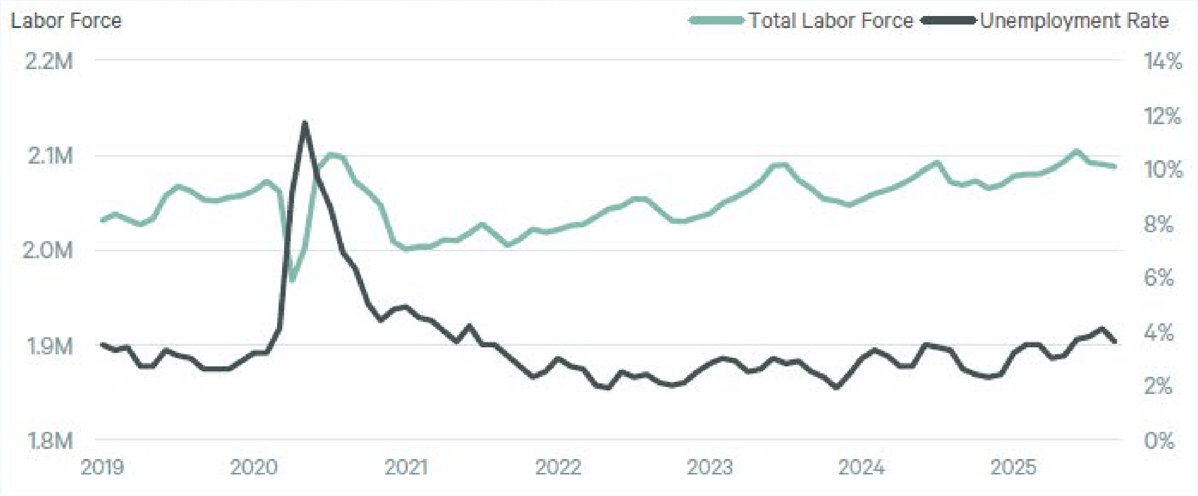
▼ 258.4k
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

Bars indicate yearly trend, arrows indicate monthly trend

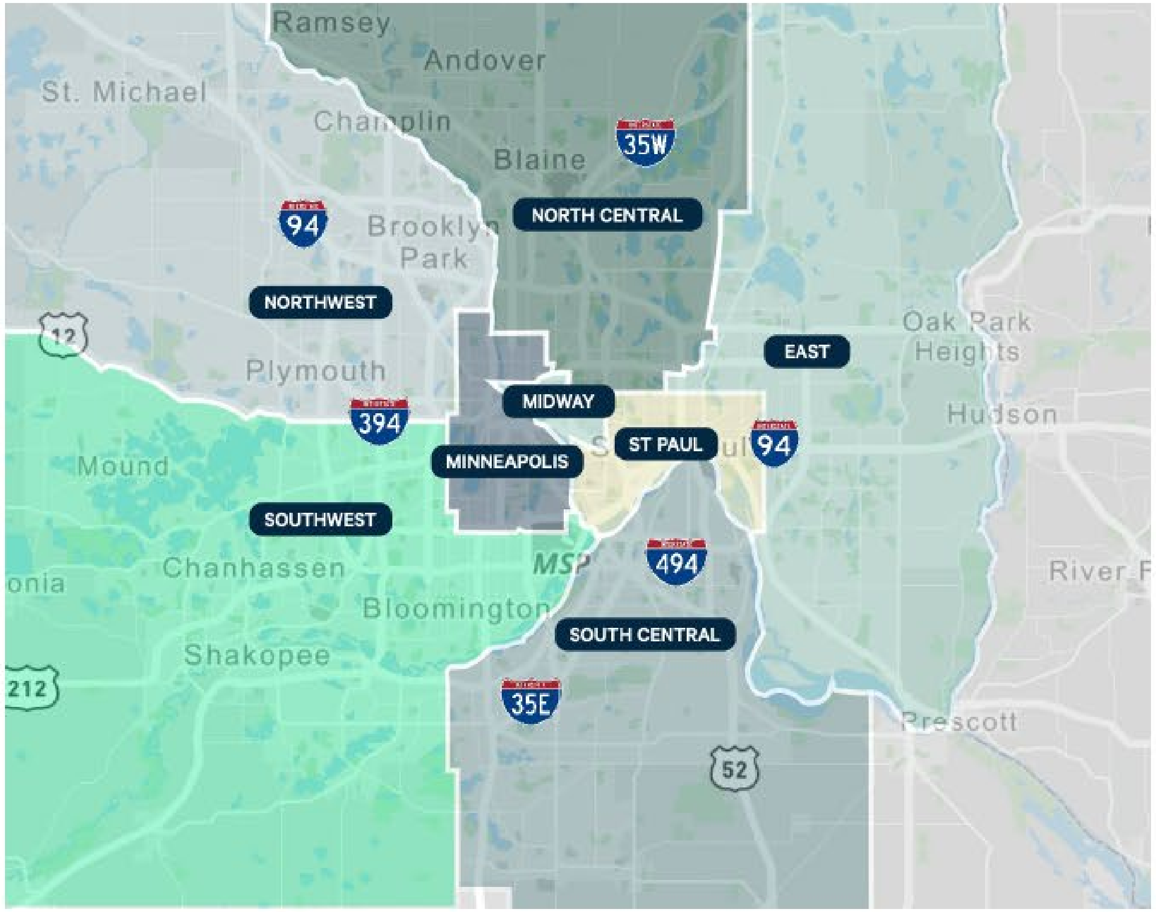
Source: US BLS, September 2025

Minneapolis/St. Paul Unemployment Rate and Labor Force Trends



Source: US BLS, September 2025

Market Area Overview



Definitions

- Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
- Availability Rate: Total Available Sq. Ft. divided by the total building Area.
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- Net Absorption: The change in Occupied Sq. Ft. from one period to the next.
- Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.
- Net-Blended Rate: A calculated average of the warehouse asking rate blended with the office asking rate
- Occupied Sq. Ft.: Building Area not considered vacant.
- Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.
- Vacant Sq. Ft.: Space that can be occupied within 30 days.
- Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market

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CBRE

Office Market - Q4 2025

CBRE

Strong leasing volume at year-end with average deal size increasing

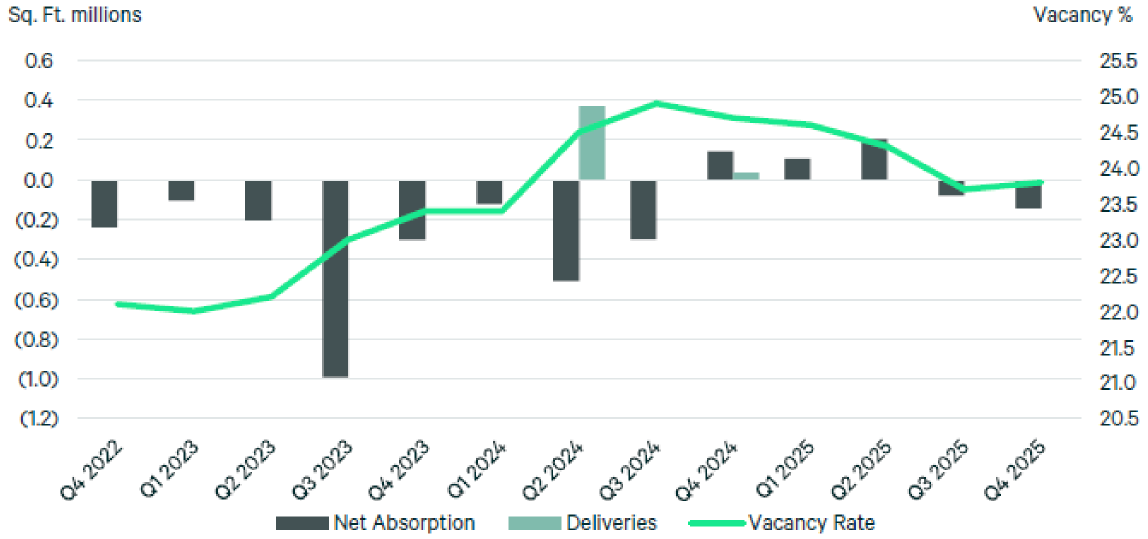
▲ 23.3%	▼ (141,622)	▶ 0	▶ 252,998	▲ $29.58
Direct Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- The Minneapolis/St. Paul office market felt a second quarter of negative net absorption, (141k) sq. ft. in Q4. Year-to-date, Minneapolis/St. Paul had a net absorption of nearly 91k sq. ft., the first time the market has seen a positive year-to-date absorption number since 2020.
- The direct vacancy rate has decreased by 140 bps to 23.3%, from the market's peak at 24.7% in Q3 2024. In Q4 market vacancy stabilized quarter-over-quarter, increasing by only 20 bps.
- There was over 1.1M sq. ft. of leasing activity in Q4, bringing the year-end total to 5.2M. Downtown and Suburban markets nearly split the share of leasing, with 47.5% and 52.5%, respectively. Downtown Class A buildings contributed to 38% of the total amount leased.
- The Minneapolis/St. Paul market currently has 253k sq,. ft. under construction. With an overall prelease rate of 46.2%.
- Office Sales totaled over $428M, up 414% from last quarter and bringing 2025 total sales amount to over $771M, 9.2% higher than 2024 total sales volume.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Net Absorption

The Minneapolis/St. Paul Office market experienced its second consecutive quarter of negative absorption at (141k) sq. ft. This represents a -80% change quarter-over-quarter. The year-to-date total of net absorption is 90,987 sq. ft., a 111.6% increase year-over-year and the first year of positive net absorption since 2020.

Notable moves include Ernst & Young moving within the Minneapolis CBD from The Dayton's Project to US Bancorp, increasing their footprint by over 10k sq. ft. As well as Capella downsizing at 225 S 6th St in Minneapolis CBD, decreasing their footprint by nearly 164k sq. ft.

The BEA submarket experienced the largest volume of net absorption at 63k sq. ft, due to Leonardo DRS occupying 48k sq. ft. at Grand Oaks Business Park. The Minneapolis CBD had the lowest absorption with a net absorption of (318k) sq. ft. In 2025, Downtown markets saw (542k) sq. ft. in net absorption. Suburban markets saw an increase of 358% year-over-year with a positive 633k sq. ft. in net absorption.

FIGURE 4: Net Absorption Trend

Source: CBRE Research, Q4 2025

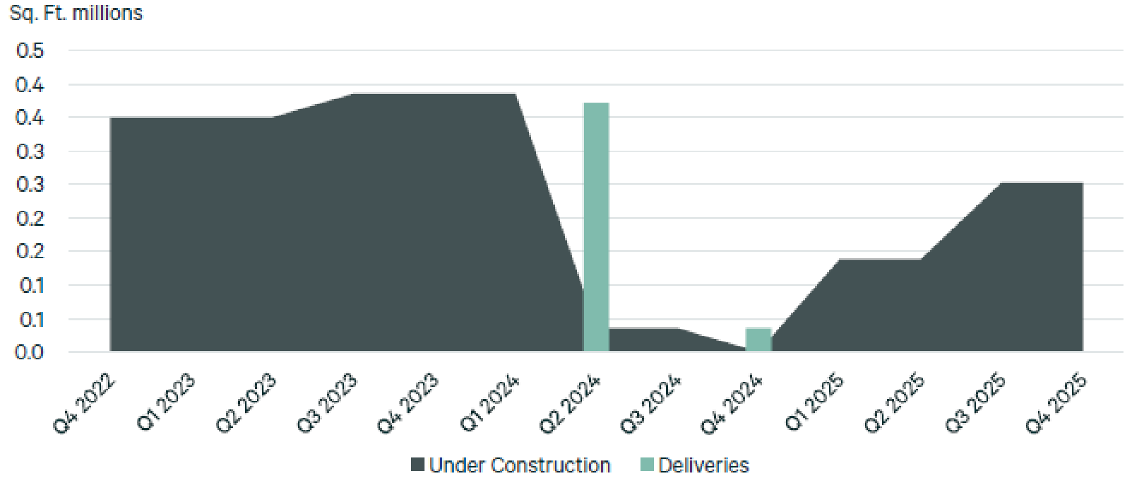
Construction Activity

Construction activity in Minneapolis/St. Paul remained stable in Q4 with two office buildings under construction, both located within the same submarket and city; Arcadia and The Craftsman.

Arcadia is being developed by The Opus Group, who will take space for their new headquarters location, leaving 70% of the building to be leased. Delivery for the 112,000 sq. ft. Class A office building is expected to be Q1 2027.

The Craftsman, broke ground in Q2 and is expected to be delivered in Q2 2026. The 138,000 sq. ft., Class A property is currently 60% preleased. The total under construction footprint for Minneapolis/St. Paul is nearly 250k sq. ft., the highest volume since Q1 2024.

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2025

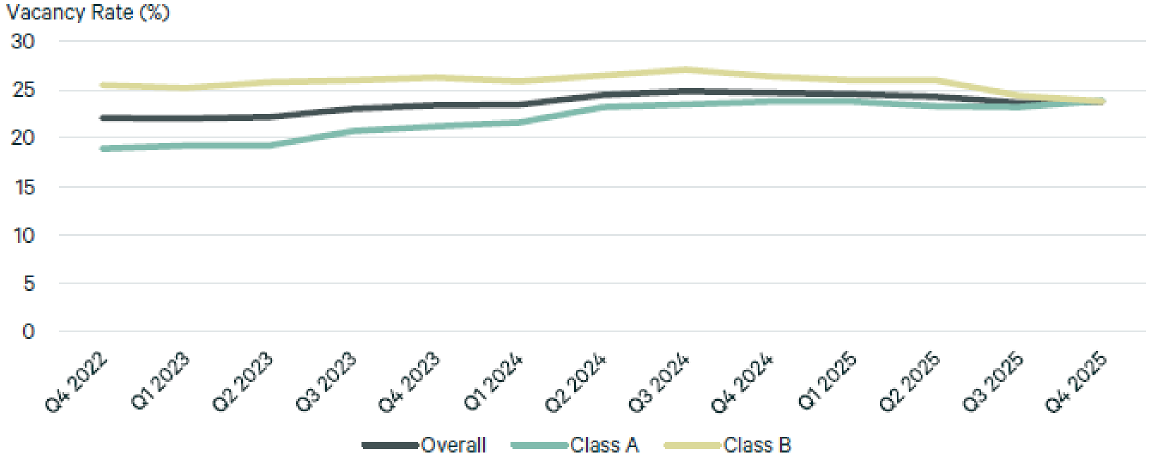
Vacancy

In Q4, the direct market vacancy rate stabilized quarter-over-quarter, with a slight increase of 20bps. Direct vacancy has been decreasing from it's peak in Q3 2024, 24.7%, to 23.3%.

Class A office properties are sitting at 23.4% direct vacancy, only 10 bps higher year-over-year. Class B properties have continued to decrease their vacancy, as of Q4 at 23.6%, a decrease of 60 bps quarter-over-quarter and 2.5% year-over-year.

The suburban markets decreased by 40 bps quarter-over-quarter from 19% to 18.6% and decreased by 220 bps from 20.8% in 2024. Downtown markets reported vacancy at 29.7%, a slight increase quarter-over-quarter by 90 bps and 110 bps increase year-over-year from 28.5% in 2024.

FIGURE 2: Vacancy Rates by Class



Source: CBRE Research, Q4 2025

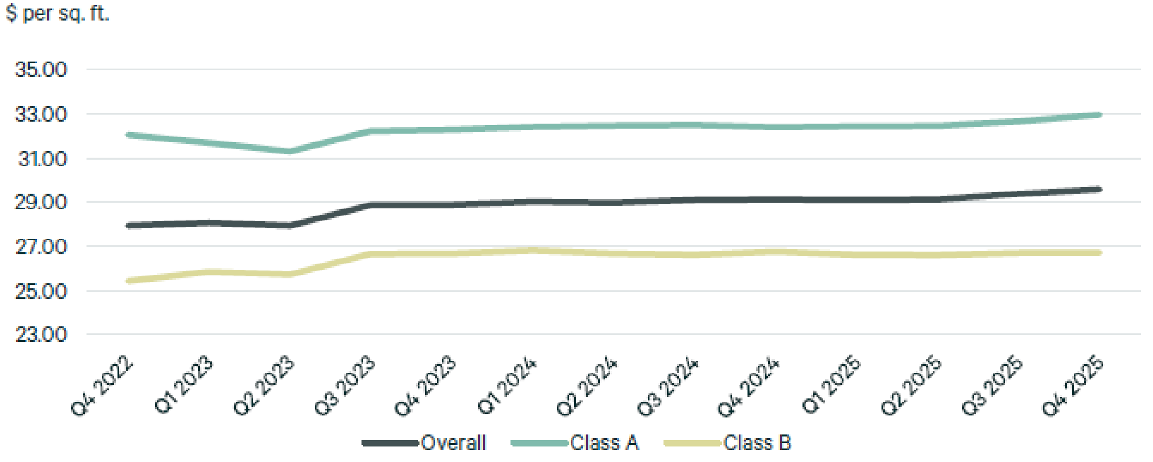
Asking Rent

The Minneapolis/St. Paul average asking rate in Q4 have reached $29.58, a growth of 70 bps quarter-over-quarter and a 1.55% growth year-over year, and 2.7% higher than the three-year average. The average direct asking rate has averaged a growth of 80 bps per year since 2022.

Downtown Class A properties maintained the highest rents across the market with a $33.50 asking rate, compared to Suburban Class A properties at $32.30. Minneapolis CBD has the highest asking rates at $32.03 of the submarkets, and have maintained growth year-over-year from $31.72, a 97 bps increase. The lowest rates are found in the Northwest submarket at $22.57.

In Q4, Class A office had gross asking rates of $32.97, 11.5% higher than the overall market average and the fourth consecutive quarter of asking rates increasing. Downtown rates are $1.50 higher than the Suburban asking rates of $28.53, inclusive of all class types.

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

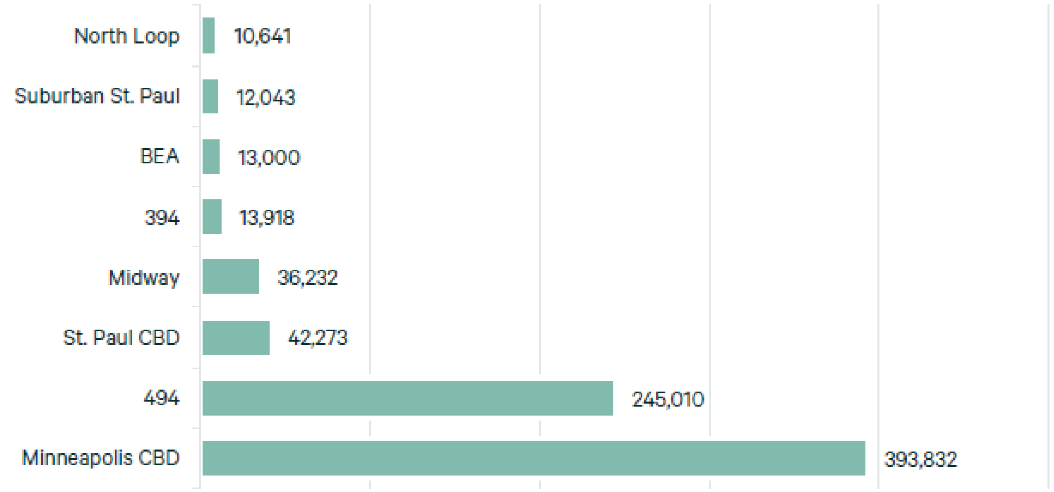
Leasing Activity

In Q4, Minneapolis/St. Paul transacted over 1.1M sq. ft. of leasing activity, inclusive of all sizes. This represents a 21.5% decrease from the previous quarter and a 13.1% decrease year-over-year. Leasing volume year-to-date, inclusive of all sizes, exceeds 5.1M sq. ft., the second highest leasing activity in the last seven years.

Of the total lease volume the quarter, 46% were leases in the mid-size range between 10k-50k sq. ft (inclusive of all sizes) . Leases less than 10k sq. ft. contributed 83.5% to the Q4 total number of leases signed, also inclusive of all sizes. Minneapolis CBD had the highest amount of sq. ft. transacted, with 85% contributing to leases signed at Class A properties.

The average area leased was 6,467 sq. ft. in Q4, an increase of 6.6% quarter-over-quarter, as well as an increase of 20% year-over-year, inclusive of all sizes. For leases over 10,000 sq. ft., the Minneapolis/St. Paul market transacted 3.1M sq. ft., with the Minneapolis CBD contributing the highest amount. at 1.07M sq. ft.

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up

Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Sps Commerce	197,610	Renewal	333 S 7th St	Minneapolis CBD
Northmarq	50,755	Renewal	3500 W American Blvd W	494
Edina Realty	48,348	Renewal	6600-6800 France Ave S	494
Ernst & Young US	41,294	New Lease	800 Nicollet Mall	Minneapolis CBD
Cardinal Glass Industries	33,009	New Lease	7480 Flying Cloud Dr	494
Dewitt	32,919	Renewal	901 Marquette Ave	Minneapolis CBD
Regus	30,736	New Lease	333 S 7th St	Minneapolis CBD
Adtalem Global Education	26,042	New Lease	100 Washington Ave S	Minneapolis CBD
CVS Caremark	24,151	Renewal	8300 Norman Center Dr	494
Vizient	22,494	Renewal	7601 France Ave S	494

Source: CBRE Research, Q4 2025

Sales Activity

In Minneapolis/St. Paul, office sales totaled over $428 million in Q4 2025. Quarterly volume represents a 414% increase quarter-over-quarter and a 40% increase year-over-year.

Investment Sales contribute largely to the volume of transactions, at 55.2% of the total sales volume. Investment Sales averaged over $88 per square foot, with the lowest per sq. ft. transacted at $21.25 – from Riverview Office Tower.

Year-to-date the Minneapolis/St. Paul market transacted over $771 million. Of that, 75.7% is attributed to “pure” office sales, excluding medical office. In 2025, the total Investment Sales volume sat at 32%, Owner-User sales at 39.7%, and Medical-office sales at 24.3%.

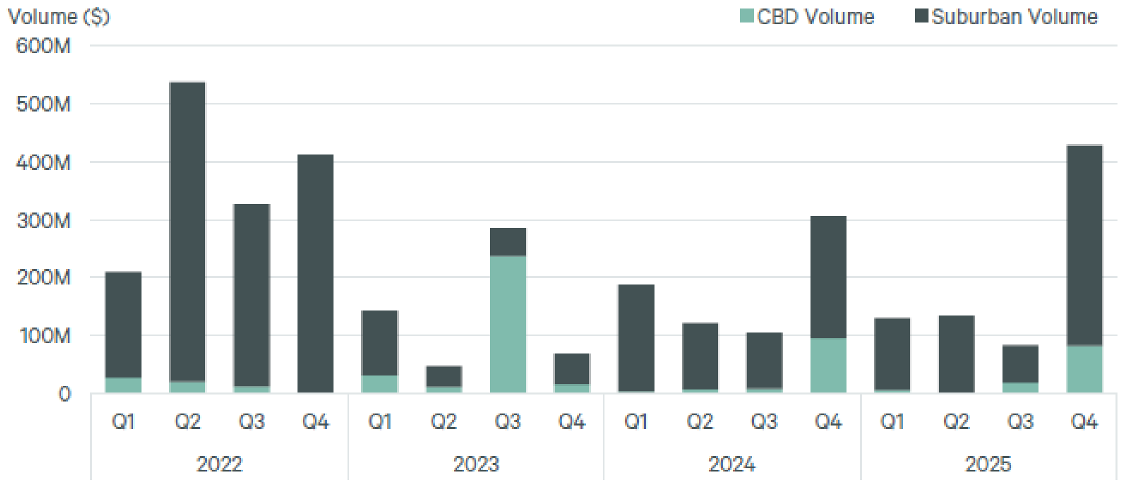
The top sale this quarter was Boston Scientific Campus. The property was bought for $188.8M from Ryan Companies to Boston Scientific. Another notable sale took place in the Minneapolis CBD; Washington Square Portfolio sold for $48.6M to Pioneer Acquisitions, CBRE was the broker on the sale.

FIGURE 10: Key Sale Transactions, Q4 2025

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Boston Scientific	394	Boston Scientific	$188.8M	400,000	$472.02
Washington Square Portfolio	Minneapolis CBD	Pioneer Acquisitions	$48.6M	913,501	$53.23
Summit Orthopedics Clinic	394	Hammes Partners	$35.7M	78,000	458.33
TractorWorks Building	North Loop	Singerman Realty	$25.5M	372,205	$68.51
Veritas Technologies	Suburban St. Paul	Shree Investments	$14.6M	136,125	$107.44
Blaine Medical Center	Suburban St. Paul	Hammes Partners	$14.1M	33,399	$423.67
Superior Tech Center	494	EP Partners	$14M	93,146	$150.30

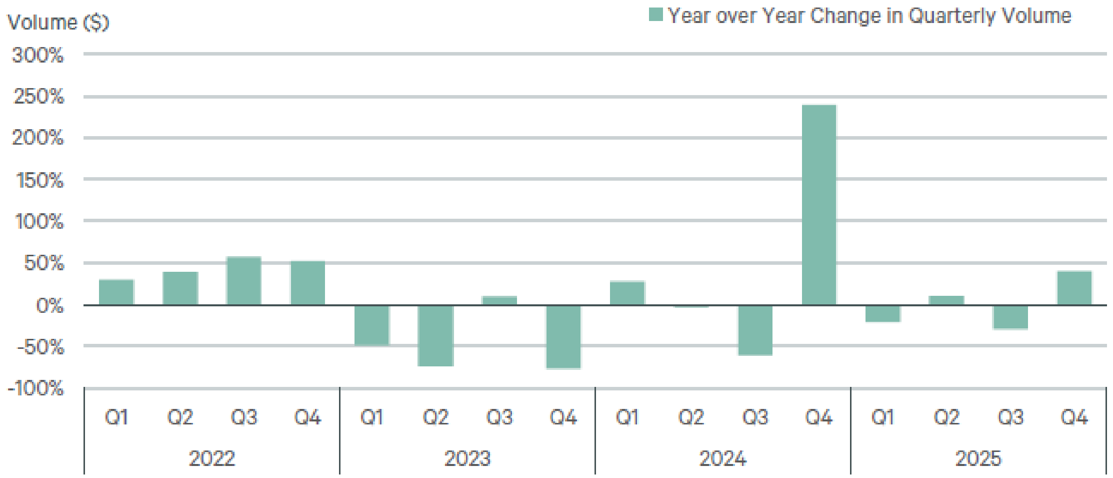
Source: CoStar, CBRE Research, Q4 2025

FIGURE 9: CBD vs. Suburban Office Sales Volume



Source: CoStar, CBRE Research, Q4 2025

FIGURE 11: Year-Over-Year Sales Growth



Source: CoStar, CBRE Research, Q4 2025

Market Statistics by Index

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
SUBURBAN										
Class A	21,079,109	20.6	24.5	21.0	3.5	32.30	31,478	219,372	0	252,998
Class B	19,034,917	15.9	22.0	20.1	1.9	26.69	154,400	345,334	0	0
Class C	3,844,552	20.8	20.4	18.7	1.7	20.14	11,807	68,706	0	0
Total	**43,958,578**	**18.6**	**23.0**	**20.4**	**2.7**	**28.95**	**197,685**	**633,412**	**0**	**252,998**

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
DOWNTOWN										
Class A	18,127,397	26.7	36.9	29.6	7.3	33.50	(278,014)	(423,137)	0	0
Class B	11,544,501	36.1	40.6	38.1	2.5	26.75	(11,414)	(2,350)	0	0
Class C	2,976,769	22.9	26.1	22.5	3.5	23.94	(49,879)	(116,938)	0	0
Total	**32,648,667**	**29.7**	**37.2**	**32.0**	**5.3**	**30.10**	**(339,307)**	**(542,425)**	**0**	**0**

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
METRO										
Class A	39,206,506	23.4	30.2	24.9	5.3	32.97	(246,536)	(203,765)	0	252,998
Class B	30,579,418	23.6	29.0	26.9	2.1	26.72	142,986	342,984	0	0
Class C	6,821,321	21.7	22.9	20.4	2.5	21.90	(38,072)	(48,232)	0	0
Total	**76,607,245**	**23.3**	**29.1**	**25.3**	**3.8**	**29.58**	**(141,622)**	**90,987**	**0**	**252,998**

Market Statistics by Submarket

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
394	11,947,174	17.3	25.5	21.6	3.9	30.11	55,503	14,967	0	0
494	17,589,322	23.0	27.7	24.4	3.3	30.26	43,677	469,962	0	252,998
BEA	3,280,510	13.3	14.6	14.1	0.5	26.32	63,609	69,864	0	0
Midway	2,819,217	11.2	12.8	12.7	0.2	23.8	18,932	52,109	0	0
Minneapolis CBD	22,636,832	29.9	37.5	31.5	6.0	32.03	(317,740)	(510,799)	0	0
North Loop	4,449,160	23.5	30.1	24.4	5.6	30.34	(5,873)	70,220	0	0
Northeast	2,734,316	10.1	15.2	12.4	2.7	28.04	28,056	(1,135)	0	0
Northwest	1,374,588	23.7	26.8	26.8	0.0	22.57	(3,857)	(24,696)	0	0
St. Paul CBD	5,562,675	33.7	42.1	39.9	2.2	23.87	(15,694)	(101,846)	0	0
Suburban St. Paul	4,213,451	16.6	14.0	13.3	0.7	22.84	(8,235)	52,341	0	0
Total	76,607,245	23.3	29.1	25.3	3.8	29.58	(141,622)	90,987	0	252,998

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The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households.

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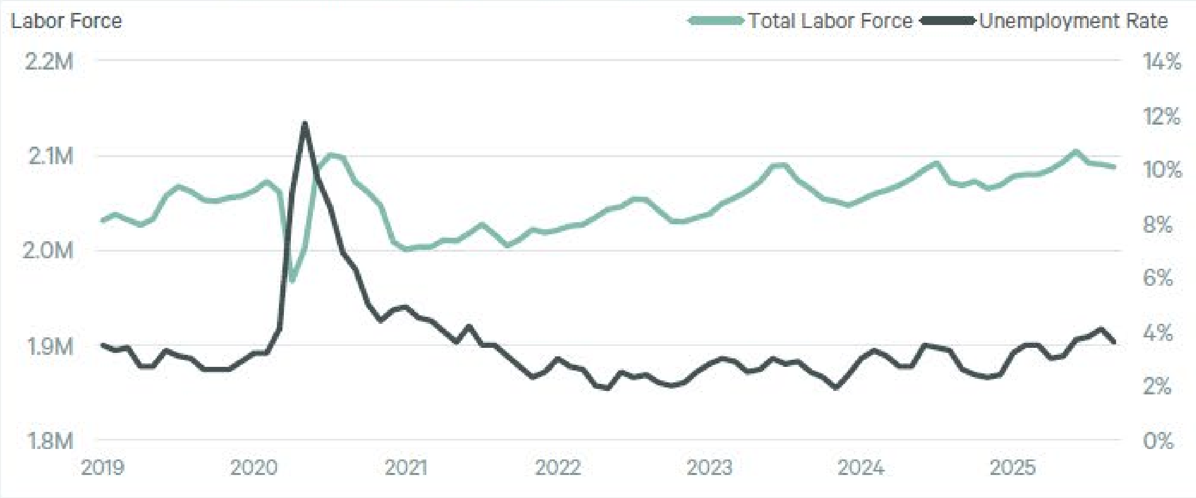
Minneapolis/St. Paul Unemployment Rate and Labor Force Trends



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- Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes multitenant office buildings 10,000 sq. ft. and greater in size in the Minneapolis/St. Paul market, excluding single-tenant owner-occupied buildings, government-owned and –occupied buildings, and medical buildings. Buildings which have begun construction as evidenced by site excavation or foundation work.

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Market Outlook 2026

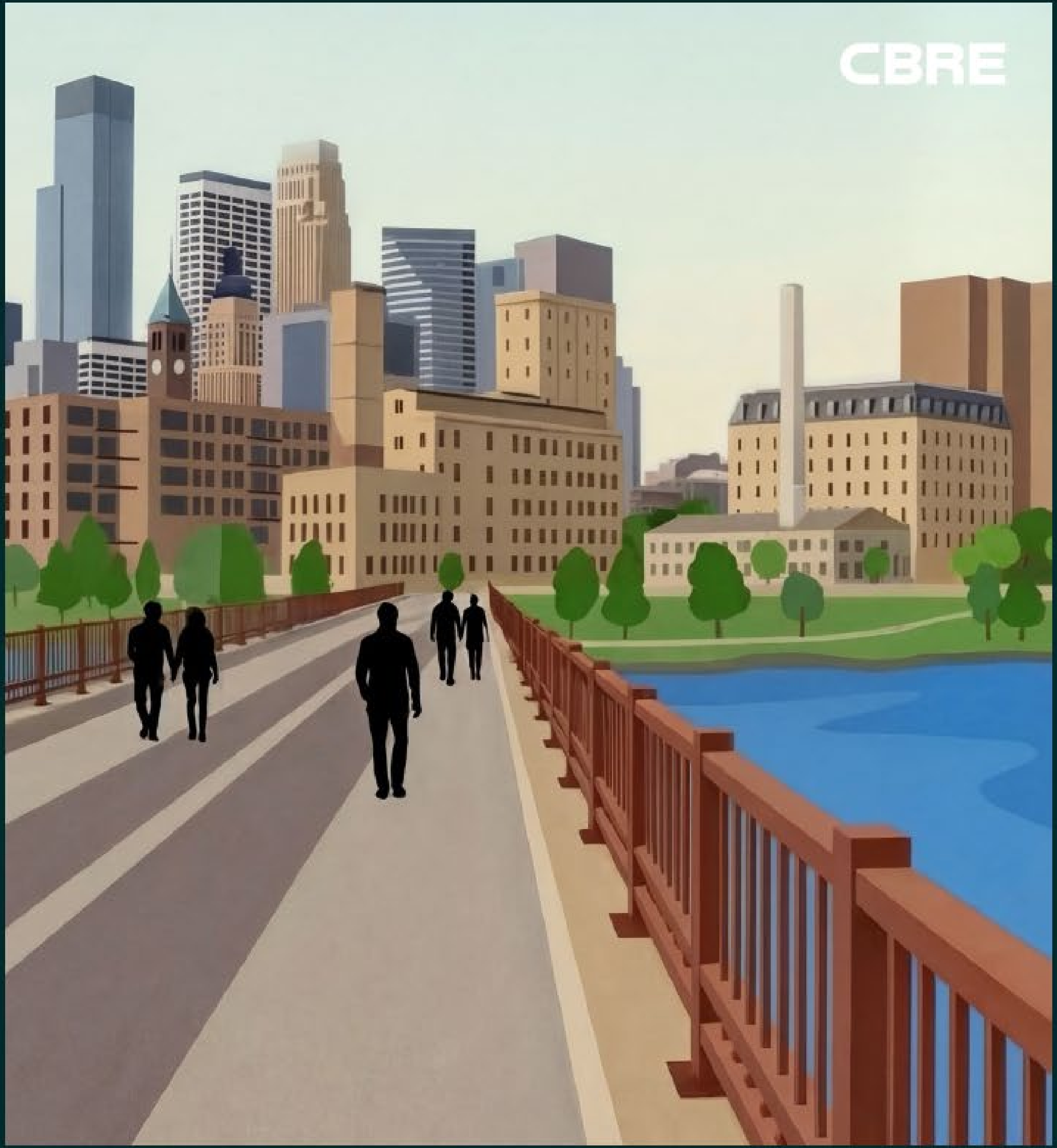
Intelligent Investment

2026 U.S. Real Estate Market Outlook

REPORT

MINNEAPOLIS/
ST. PAUL

CBRE RESEARCH
JANUARY 2026



Office Market Outlook

01

INCREASED CALLS FOR RETURN-TO-OFFICE REFLECT SHIFTING WORKPLACE DYNAMICS

Minneapolis is poised for a shift driven by the increasing number of return-to-office (RTO) mandates from major corporations throughout 2025. Annual net absorption was positive for the first time in five years with vacancy stabilizing at 23.8% in 2025, down 20 basis points from its peak. Leasing volume also rebounded in 2025, with the average lease size increasing for the first time since 2020 as more occupiers are expecting to stay stable or expand their footprint. Demand continues to be driven predominantly by smaller deal sizes but with large occupier renewals in both suburban and downtown markets. In 2026, we'll continue to see companies moving towards portfolios that mix headquarters, hub offices, and on-demand flex space. This adaptability is crucial given unpredictable hiring cycles and the impact of AI on job growth.

02

REDUCED OFFICE SUPPLY WILL LEAD TO TIGHTER MARKET CONDITIONS

Office market recovery will be uneven, strongly favoring modern, amenity-rich and well-located properties while posing ongoing challenges for older assets Construction will stagnate following the completion of two suburban trophy developments that have committed flagship tenants and asking rents 50% above the market average. Overall, asking rates for Prime and Class A buildings are stable while Class B/C rents remain under pressure, having declined by 30 basis points year-over-year. Underperforming assets will require amenity enhancements to compete for demand or owners will explore conversion alternatives. In market, 10% of total inventory and 18% of downtown buildings have a vacancy rate of 50% or greater, increasing their viability for creative reuse or redevelopment. Compared nationally, Minneapolis anticipates a high volume of conversion activity, with three million sq. ft. in redevelopment projects underway and an additional 2.1 million sq. ft. from planned projects.

03

DOWNTOWN OFFICE SALES PRESENT INVESTMENT OPPORTUNITIES & PORTFOLIO DIVERSIFICATION

The Minneapolis office market presents a distinct investment profile compared to major gateway markets, offering both unique challenges and opportunities for portfolio diversification in 2026. While gateway cities are showing early signs of recovery, often driven by a "flight to quality" and burgeoning tech/AI demand, Minneapolis is characterized by a more pronounced bifurcation and a revaluation of its office stock. The trend of distressed sales, particularly for older Class B and C properties, will continue to create opportunities for new owners to acquire assets at historically low prices, fostering redevelopment and repositioning initiatives. The top office sales continue to signal investors' interest in these market opportunities, with notable downtown transactions this year at the Northwestern National Life Building, Washington Square, and the Ameriprise Financial Center.

Key Takeaways

FOR OWNERS

— While return to office policies are becoming more common, strict enforcement is necessary to bolster office utilization. We'll continue to see large market employers mixing headquarters, hub offices, and on-demand flex space.

— Well-capitalized landlords across the Minneapolis/St. Paul market should expect increased demand, while prime buildings in suburban markets are in the unique position to push rents, seeing growth from the market's trough.

— Creating "spec" spaces and amenity enhancements will increase appeal as tenants have a strong preference for built spaces and low capital outlays amid high construction costs.

FOR TENANTS

— There are opportunities for tenants to execute long term-leases at low net effective rates in strategic markets. Landlords have largely avoided reducing face rental rates; however, concession packages remain high.

— Softness in demand is being offset by rising transaction cost, resulting in net effective rents holding steady, if not going up for competitive space.

— More competition will exist in the market as requirements for space remain robust amid diminished supply and dwindling sublease market.

— Distressed building trades should allow for a reset in Landlord basis, uncovering opportunities for tenants.

Industrial & Logistics Market Outlook

01

SMALL TO MID-SIZED LEASING DEMAND REMAINS STEADY AND DIVERSIFIED

Minnesota's diverse economy, strong corporate presence, and skilled workforce are expected to maintain steady demand, particularly for modern facilities and specific industry hub submarkets like the Northwest. Major tenant commitments and expansions by manufacturing, 3PL, med-tech, and food/agriculture sectors are expected to continue driving demand for customized spaces. Demand for spaces in the 50-100k sq. ft. size segment will bolster market activity, with leases under 100k sq. ft. averaging 57% of market volume since 2018. Renewals will continue to represent nearly a third of all leasing activity and new leasing trends will reflect tenants upgrading into the available first-generation facilities or outsource distribution to third-party distribution providers.

02

BASE RENT GROWTH TO STABILIZE FROM PEAK HIGHS

The market is anticipated to continue experiencing strong demand, though rent dynamics will be more nuanced than in recent years. Historically, the market has seen an average year-over-year rent growth of 4% since 2015, accelerating to 8.8% annually between 2022 and 2024. This rapid acceleration, however, slowed in 2025 signaling the market's oversupply dynamics. According to CBRE's Econometrics Advisors (EA), market rent growth will stabilize at 2.2% in 2026. Escalations will remain historically high in the market, with 41% of leases signed last year achieving a 4% or greater escalation rate. While the market is traditionally more insulated from geopolitical volatility, future rental rate growth will likely be less uniform and depend increasingly on specific property characteristic and tailored industrial solutions.

03

MINIMAL SPECULATIVE DEVELOPMENT SUPPLEMENTED BY BUILD-TO-SUIT (BTS) PIPELINE

Construction volume decreased nearly 70% from its peak in 2023, with deliveries in 2026 to represent a significant shift from speculative to BTS development. The volume of speculative development will be cut in half relative to last year but the increase in BTS preleasing will keep the overall volume consistent with the last two years. This trend aligns with a broader market sentiment where developers are becoming more cautious due to challenging financing environments and the rebalancing of supply and demand after a period of high speculative growth. Vacancy, which reached 3.9% in 2025, will stabilize in 2026 as modern bulk product continues to fill vacant first-generation space. The rate of positive net absorption will slow comparative to the market's peak growth years but will be supplemented by the 1M sq. ft. of BTS deliveries anticipated in H1 2026.

Key Takeaways

FOR OWNERS

- Due to limited speculative supply and consistent demand for first-generation space, assets with modern and customized facilities can push higher rents and older assets will continue to face downward pressure.
- New construction volume will be reduced by 70% for the third consecutive year. The notable pivot next year away from speculative development highlights the market's strategic response to economic conditions and sustained user demand for tailored industrial solutions.
- Despite macroeconomic headwinds, continued capital confidence in the industrial sector, particularly for assets with strong tenant credit and long-term leases, is anticipated.

FOR TENANTS

- Tenants looking to upgrade from older, first-generation spaces will find opportunities now, but easing supply pressure will continue driving competition for modern bulk product in the mid-sized segments.
- The rapid acceleration in rent growth has moderated, presenting more favorable lease conditions. Competitively high rental rates are dependent on specific property characteristics like location, size, and building vintage, emphasizing the importance of site selection.

Market Outlook

01

RETAIL: MARKET STABILITY FUELED BY MIXED-USE AND SUBURBAN CORRIDORS

Minneapolis' retail market hit a record low availability rate in 2024 and saw that stabilize in 2025, especially among power centers where big-box closures have added back space. Construction volume has slowed against financing constraints and elevated buildout costs will push tenants to pursue fewer, high performing sites. Annual visits to downtown have climbed past pre-pandemic averages against a low day-time employment population. Mixed-use areas supporting density for live/work/play environments in the North Loop corridor continue to see category leaders like Flight Club and Puttshack drawing shoppers and additional retail presence. High traffic suburban corridors that will see accelerated growth are those with strong grocery-anchored centers, high performing malls, and neighborhood & strip centers bolstered by activity from value and service-oriented tenants. Overall, market asking rents are projected to nominally increase next year, with an expected rise of 1.4% in 2026.

02

MULTIFAMILY: SUSTAINED DEMAND WITH SLOWING SUPPLY PRESSURE

The Minneapolis multifamily market is poised for a period of low new supply coinciding with enduring demand drivers. Driving the sustained demand for multifamily housing is a resilient labor market, with job growth forecast to slow but still increase in the number of workers through year-end 2026, and exceptional affordability, consistently ranking as a top city nationally based on the market's competitively low rent-to-income ratio. The market still saw strong rent growth in 2025 at 3.1%. EA forecasts that rate to moderate in 2026 with an expected 2.2% growth. While central business districts may face continued headwinds, the broader market, particularly the suburbs, is expected to see vacancies compress and continued rent growth acceleration. Minneapolis will continue to be positioned as a low-risk, high-potential investment landscape within the multifamily sector.

03

DATA CENTERS: DEVELOPMENT ACTIVITY DRIVEN BY HYPERSCALE USERS

Minneapolis is emerging as a significant data center hub in the Midwest, evolving from a market with smaller colocation facilities to one attracting major players for large-scale developments. This growth is driven by several factors, including favorable weather conditions, a dependable power supply, and access to renewable energy sources. However, permitting hurdles and environmental regulations may increase costs or slow timelines. The market is historically colocation driven, with 12MW available for enterprise tenants. New hyperscale focused projects position Minneapolis to increase their capacity by a large magnitude with at least 11 large-scale data centers currently proposed across the state. Market vacancy will remain tight into 2026, having reached a historic low of 11% in H1 2025.

Key Takeaways

RETAIL

- Availability rates to stabilize against low construction volume and big-box closures.
- Downtown visitors fueling demand for service-oriented tenants in highly mixed-use corridors like the North Loop.
- High traffic suburban corridors will see continued growth are those with grocery-anchored centers, high performing malls, and strip centers with value and service-oriented tenants.

MULTIFAMILY

- Demand drivers are sustained by Minnesota's resilient labor market and affordability, consistently ranking as a top city for its rent-to-income ratios.
- Supply pressures will ease, helping suburban corridors to whittle vacancy and boost rents

DATA CENTERS

- Market vacancy will remain tight into 2026, having reached a historic low of 11% in H1 2025 with 12MW available for enterprise tenants.
- There are 11 large-scale data centers currently proposed across the state, with development activity driven predominantly by hyperscale users.

Contacts

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Thank you.

Gracias धन्यवाद Salamat धन्यवाद Obrigado 謝謝 Спасибо 감사합니다 Merci תודה شكريه. Danke ありがとう Terima Kasih شكرا

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