

FIGURES | MINNEAPOLIS/ST. PAUL INDUSTRIAL | 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

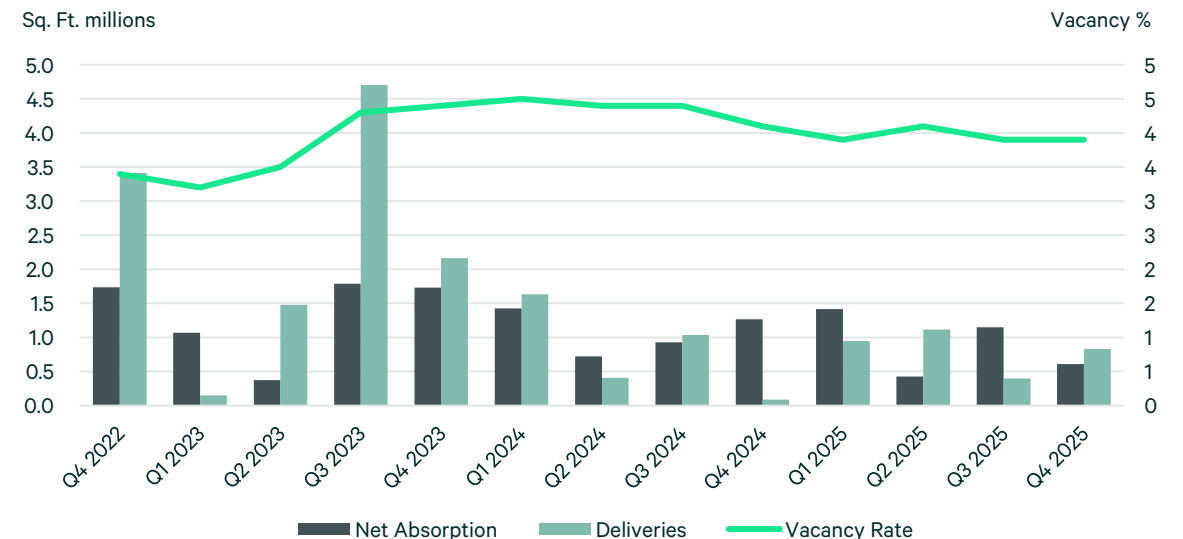
NNN/YR Direct Lease Rate

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.

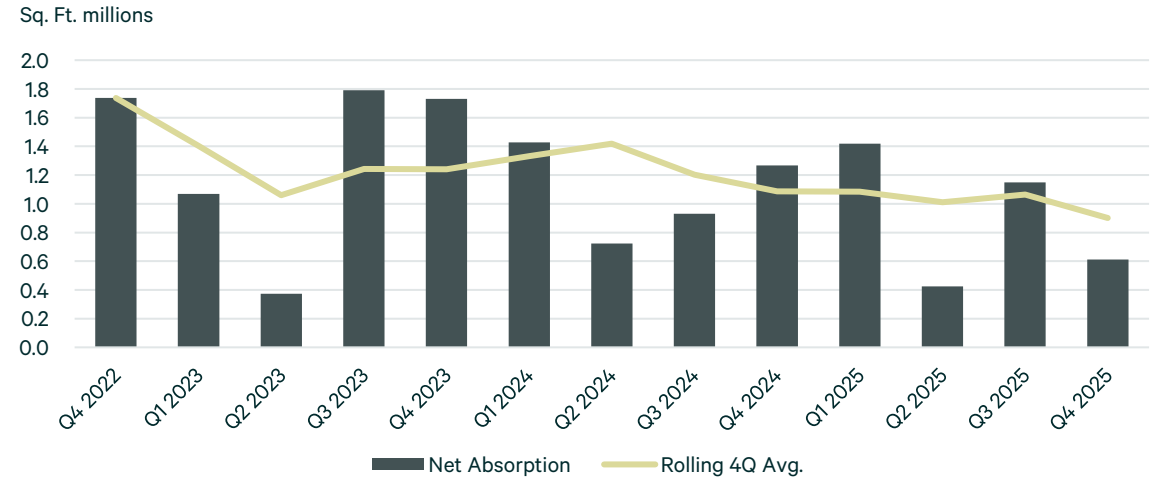
Construction Activity

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 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

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.

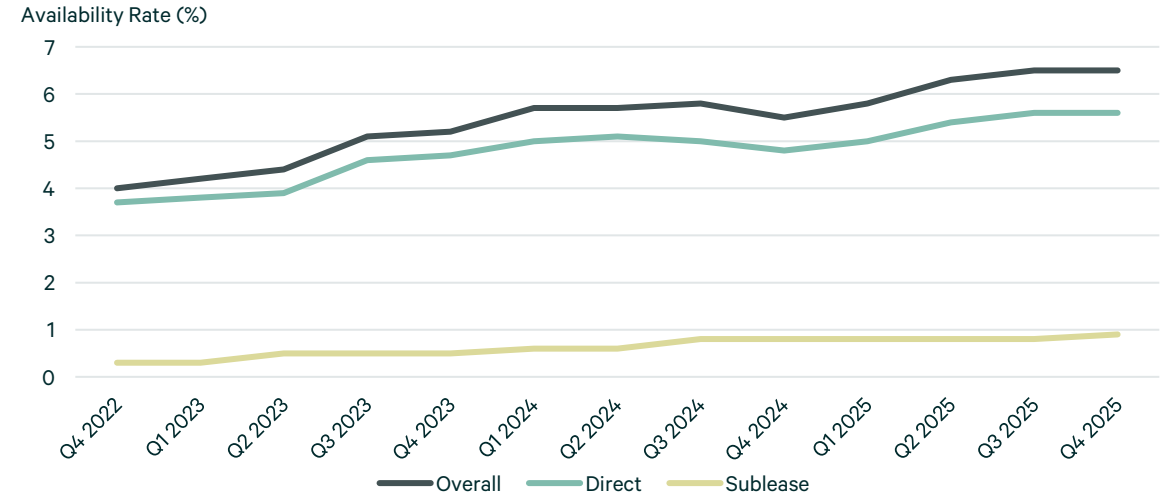
Asking Rent

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.

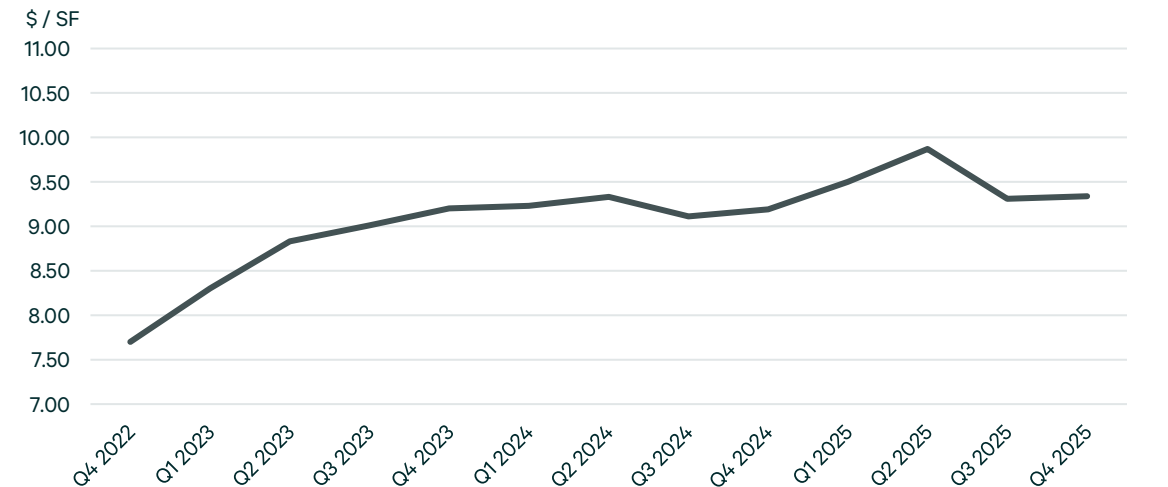
The Minneapolis, East, and Midway submarkets led the market with the highest asking rates of \$10.47, \$9.92, and \$9.85, respectively. These changes are largely due to the negotiable range of rates in new construction.

FIGURE 2: Availability Rates



Source: CBRE Research, Q4 2025

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



Source: CBRE Research, Q4 2025

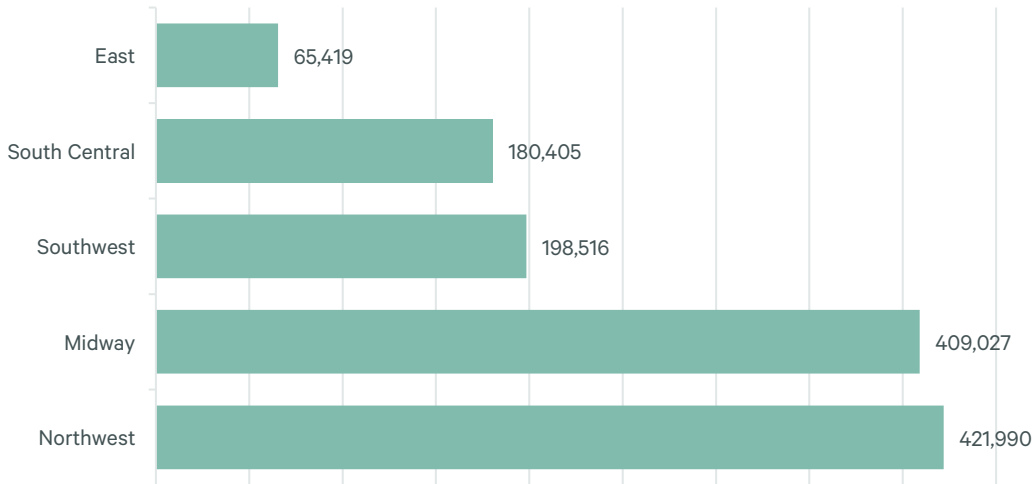
Leasing Activity

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.

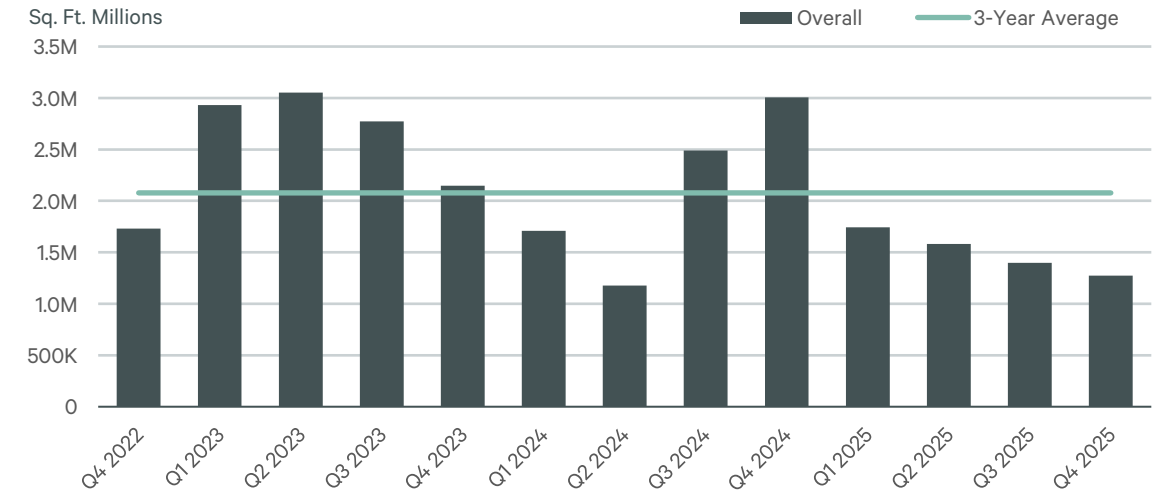
The average area leased, inclusive of all sizes, in Q4 reached over 19.6k sq. ft., a 3.1% increase quarter-over-quarter and a 41.2% decrease year-over-year. The number of leases signed in Q4 amounted to 142, an increase from 133 in Q4 2024.

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.

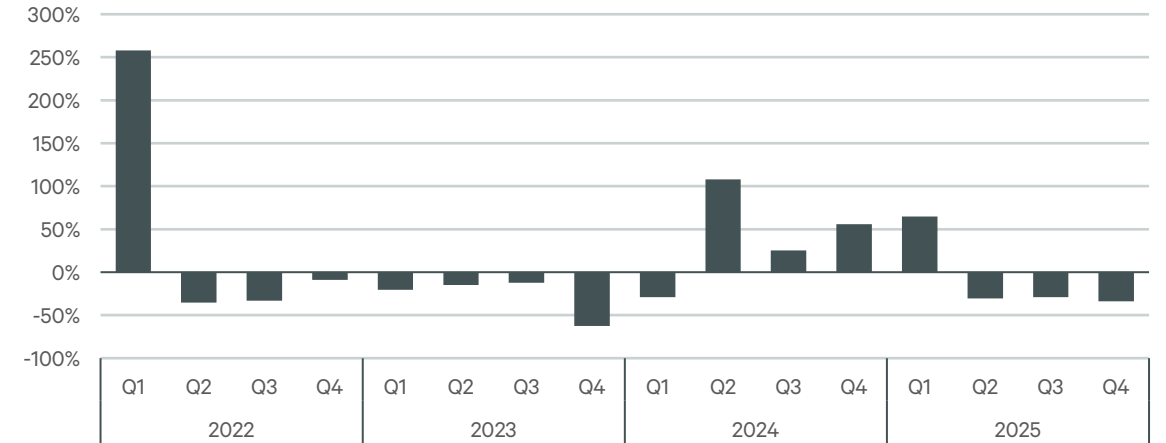
The 2025 total sales volume reached over \$1.68B, CBRE represented some of the top sales in the market this year, including the NorthPark Portfolio Sale in Q3 for \$63M, United Properties Portfolio sale in Q3 for \$57M, Capstone Quadrangle MN Industrial Portfolio in Q2 for \$33M, and Taurus Portfolio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

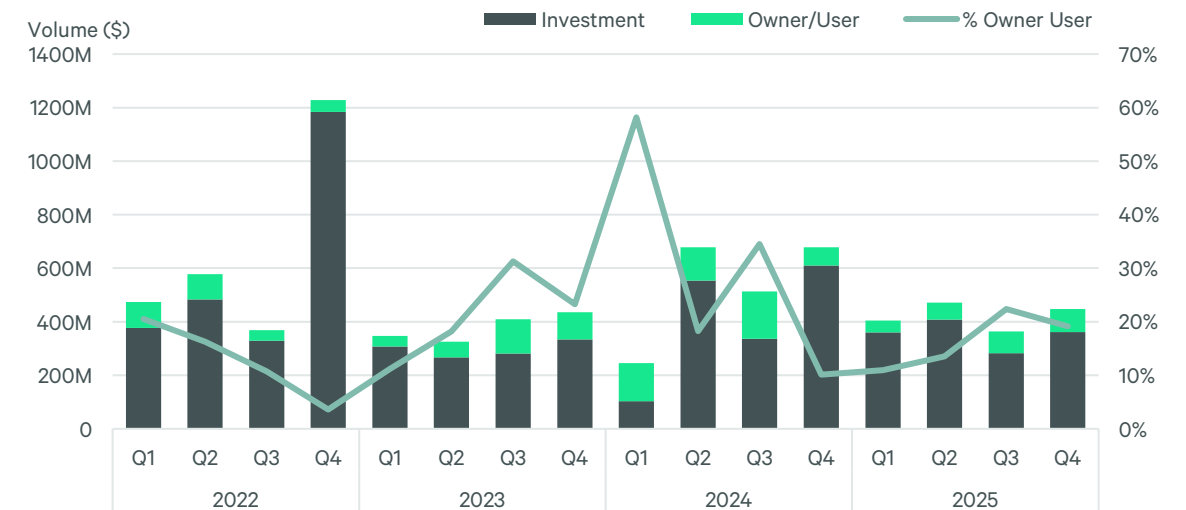
Source: CoStar, CBRE Research, Q4 2025

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

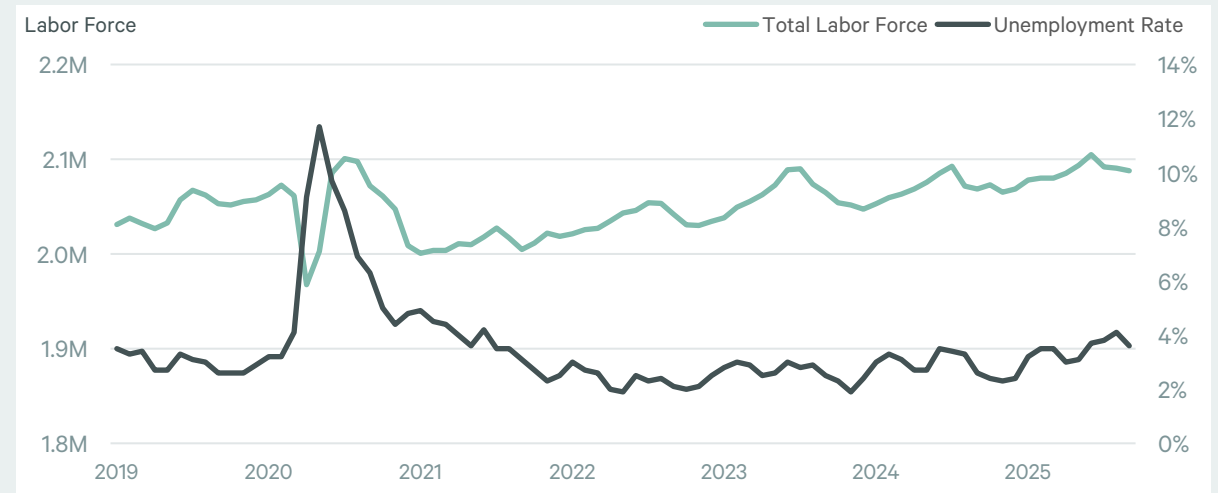
- ▼ 3.6% Unemployment Rate
- ▼ 2.1M Labor Force
- ▼ 460.1k Office Using Jobs
- ▲ 547.4k Industrial Using Jobs
- ▼ 258.4k Retail Using Jobs

Employment Change by Sector – Yearly + Monthly
 Bars indicate yearly trend, arrows indicate monthly trend



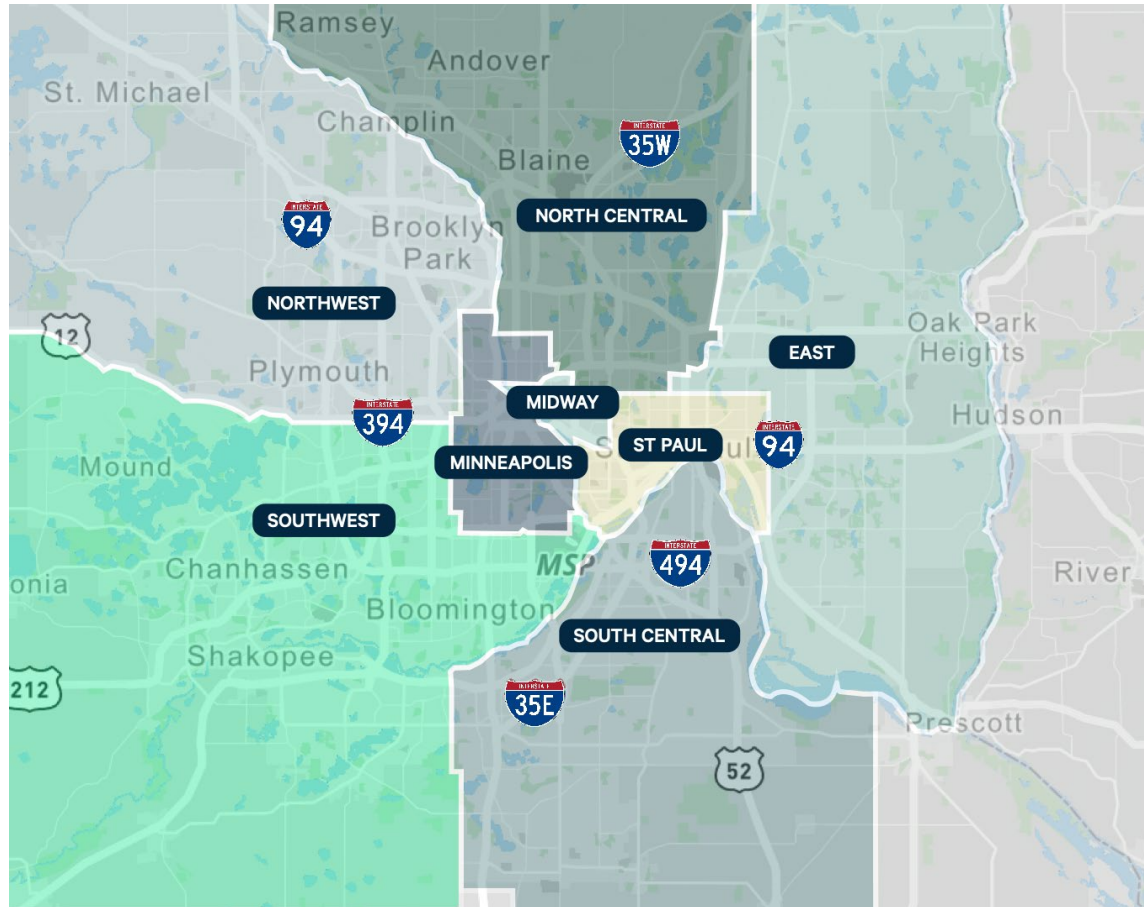
Source: US BLS, September 2025

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.
- Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.
- Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.
- Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions.
- Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.
- 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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