

# Minneapolis – St. Paul

## Industrial market snapshot | Q4 2024

The Minneapolis – St. Paul industrial market has seen a slight decline in vacancy rates in Q4 2024, as leasing activity picked up somewhat to close out the year and absorption remained distinctly positive. The MSP market's vacancy rate remains significantly below the national average and is considered low amongst other Midwest markets. With much of the construction pipeline comprised of BTS developments, vacancy should continue to stabilize as these projects deliver fully occupied and the limited speculative construction is absorbed due to the high demand for new, high-quality industrial space.

# \$1.35B

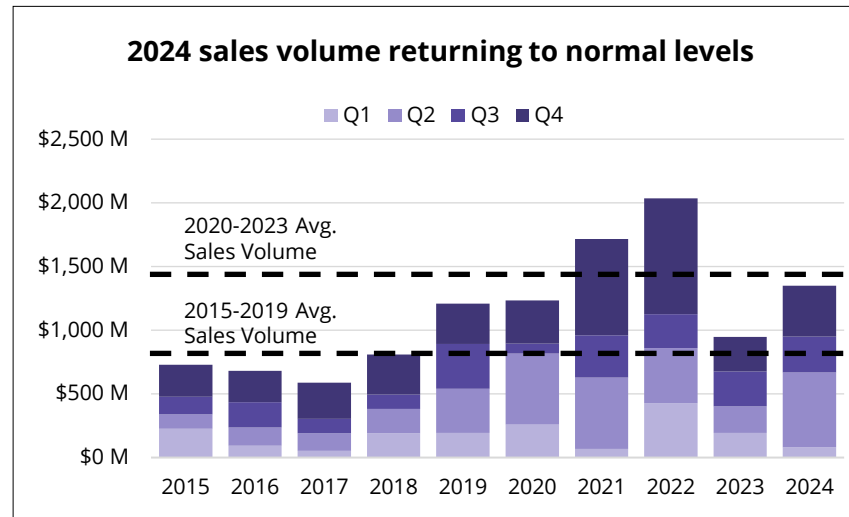
Sales activity in 2024 posted the highest annual sales volume since 2022. 2021 and 2022 saw inflated sales volume following the spike in industrial demand post-COVID.

# 5.3%

Following 8 periods of climbing vacancy rates, MSP experienced a decline in Q4 2024, driven by strong positive absorption and a conservative development pipeline.

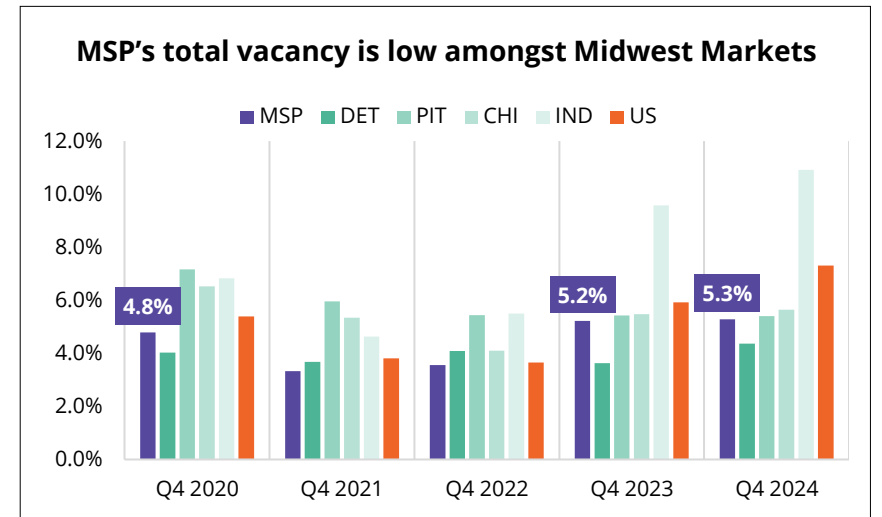
# 1.4 msf

Net absorption in MSP in Q4 2024 remained positive, spurred on by strong industrial leasing activity, headlined by the largest lease of the year (States Manufacturing).



2024 saw one of the strongest annual sales volumes since 2015, trailing only COVID-impacted 2021 and 2022. 2024 saw sales volume over 68% more than the 2015-2019 pre-COVID average sales volume of \$803.3M but remained just 91% of the 2020-2023 average of over \$1.48B.

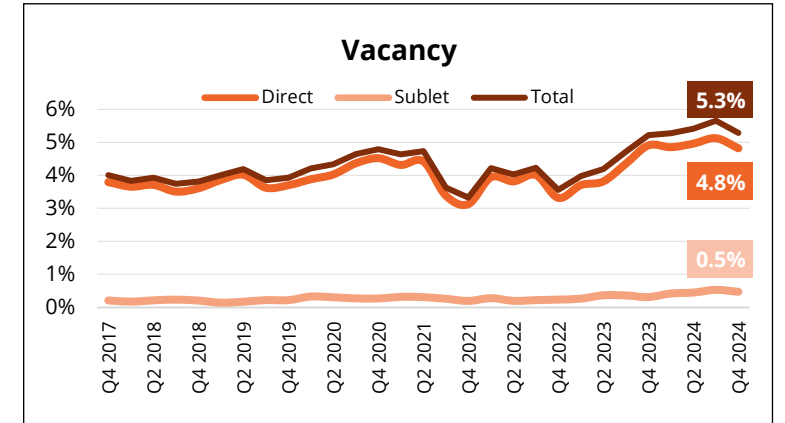
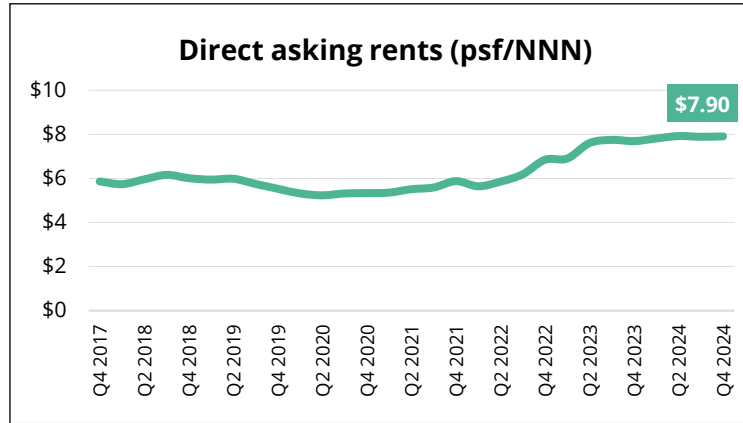
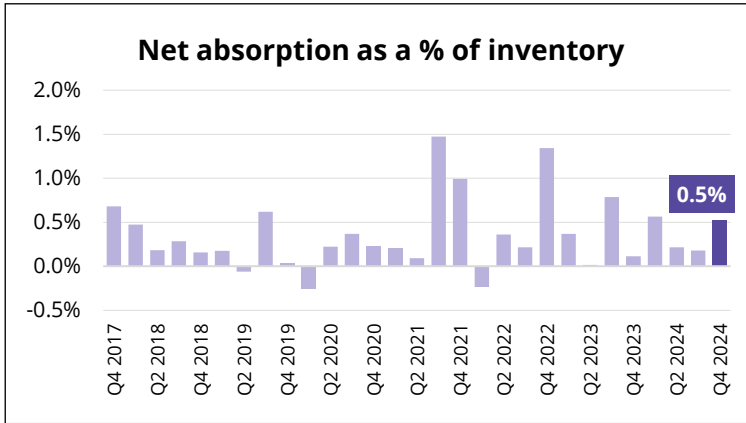
Source: AVANT By Avison Young, CoStar



MSP's industrial vacancy rate has risen year-over-year each year since 2020. Despite this consistent increasing of vacancy rates, MSP's vacancy rate of 5.3% remains the second lowest amongst Midwest markets, trailing only Detroit's vacancy rate of 4.4%. MSP's industrial vacancy rate also resides (2%) lower than the US total vacancy rate (7.3%).

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## Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
States Manufacturing	11500 Lawndale Ln	503,440	New	Direct
Circle K	6301 Queens Ave	266,264	New	Direct
Sparx Logistics	11600 Hudson Rd	171,100	New	Direct
Par Systems	Victoria St N	148,000	New	Direct

## Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Eaton Vance	15195 Boulder Ct	\$70,150,000	\$167.98	Seefried Properties
STAG Industrial	21588 Cedar Ave	\$43,100,000	\$119.72	Oppidan Investment Company
Trive Capital	6870 21st Ave S	\$30,750,000	\$76.39	Onward Investors
STAG Industrial	9400 Decatur Dr	\$23,250,000	\$184.52	United Properties Group

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## Get in touch

Joseph Stockman  
Market Intelligence  
Analyst  
joe.stockman@avisonyoung.com

Tate Krosschell  
Principal  
Managing Director  
tate.krosschell@avisonyoung.com

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption % of inventory (QTD)	Net absorption (QTD)	Annual direct asking rent psf NNN
Northeast	86,454,692	639,303	438,000	3.5%	0.3%	3.8%	0.6%	0.1%	88,627	\$8.46
Northwest	62,671,842	1,926,177	706,592	5.1%	0.4%	5.4%	0.1%	1.6%	983,415	\$6.18
Southwest	57,006,374	576,760	679,597	5.3%	0.8%	6.1%	1.4%	0.3%	160,489	\$8.04
Southeast	52,227,945	1,225,600	583,253	6.5%	0.4%	6.9%	(2.3%)	0.1%	53,101	\$6.67
West	13,995,795	90,000	-	3.6%	1.0%	4.6%	1.0%	1.0%	136,179	\$10.24
<b>Market total</b>	<b>272,356,648</b>	<b>4,457,840</b>	<b>2,295,228</b>	<b>4.8%</b>	<b>0.5%</b>	<b>5.3%</b>	<b>0.1%</b>	<b>0.5%</b>	<b>1,421,811</b>	<b>\$7.90</b>

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Manufacturing	99,893,333	176,000	377,520	1.9%	0.5%	2.3%	(0.4%)	0.6%	600,268	\$8.40
Warehouse	78,719,754	1,664,860	1,378,294	7.0%	0.5%	7.5%	0.0%	0.9%	683,271	\$6.49
Distribution	56,728,910	2,530,927	298,000	6.6%	0.6%	7.2%	1.5%	0.3%	165,618	\$8.92
Flex/R&D	13,325,917	86,053	241,414	5.1%	0.4%	5.5%	(1.9%)	(0.3%)	(44,043)	\$8.21
<b>Market total</b>	<b>272,356,648</b>	<b>4,457,840</b>	<b>2,295,228</b>	<b>4.8%</b>	<b>0.5%</b>	<b>5.3%</b>	<b>0.1%</b>	<b>0.5%</b>	<b>1,421,811</b>	<b>\$7.90</b>