

Minneapolis – St. Paul

Office market snapshot | Q1 2024

In Q1 2024, the Minneapolis – St. Paul office market experienced declining demand, as evidenced by the posting of the lowest leasing volume recorded since Q2 2020. This contrasts with positive trends observed in H2 2023, which saw strong leasing activity driven by record-setting subleasing volumes. Despite declining demand overall within the market, the North Loop and West submarkets increased their leasing levels and grew their share of total leasing activity in the market, as other submarkets leasing levels plummeted YoY.

3.2m sf

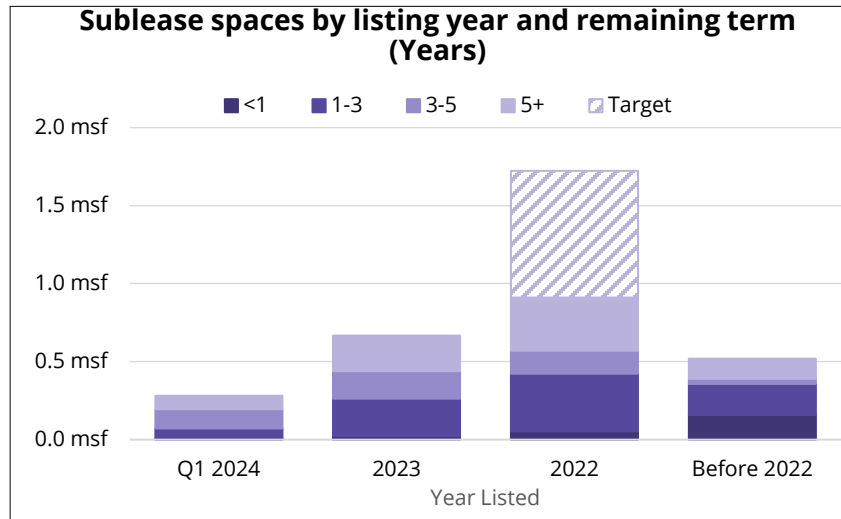
Amount of sublease space available. Nearly 250k will convert to vacant space throughout 2024, 65% of which has been on the market for over two years.

33.8%

Total market leasing activity conducted in Southwest. Despite an 8% decrease in leased SF from Q1 2023, it represents an even larger portion of market activity than a year prior.

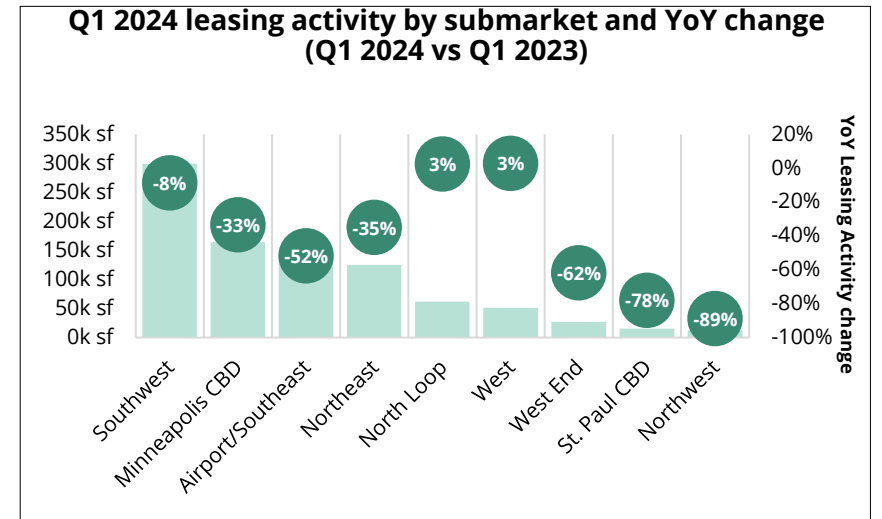
25.2m sf

Total available space across the market. This remained relatively unchanged from Q4 2023 after falling from total in Q3 2023 (25.4m sf).



Growth of new sublease space continued to slow in Q1 with only 280k sf of new space hitting the market. This is a dramatic contrast as over 1.7m sf added in 2022 remains on the market. Most notably, Target's 812k sf sublease accounts for just over half of all sublease space with more than five years of remaining term.

Source: AVANT By Avison Young, CoStar



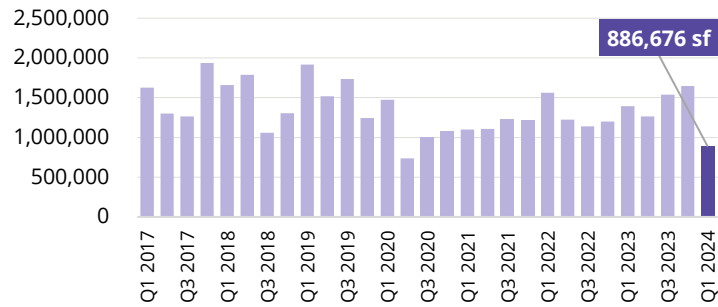
The North Loop and West submarkets were the only areas in the market which saw an increase in leasing activity compared to Q1 2023. In contrast, the largest submarkets, Minneapolis CBD and Airport/Southeast, saw a decline in activity compared to the previous year.

**AVISON
YOUNG**

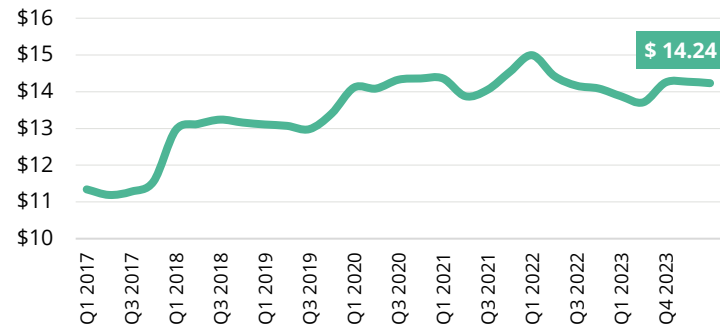
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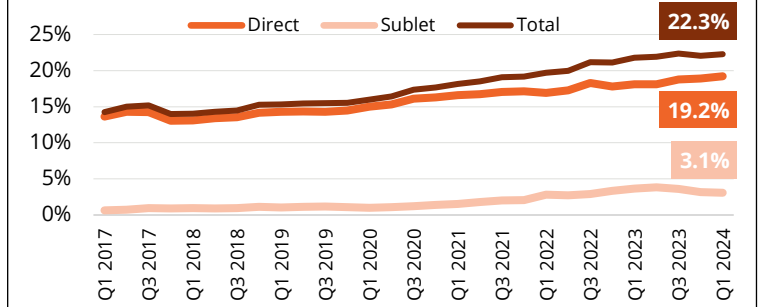
Leasing Activity



Direct asking rents (psf/NNN)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
AON	8200 Normandale Lake Boulevard	81,000	Renewal	Direct
Stueve Construction	8000 W 78th St	54,344	New	Direct
Clifton Larson Allen	2685 Vikings Cir	40,000	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
CHS Corporation	5500-5600 Cenex Dr	\$48,775,000	\$152.42	Truist Financial
Wixon Properties	2900 Cr-42 W	\$13,360,000	\$171.57	EFH Realty Advisors
MSP Commercial	7767 Elm Creek Blvd N	\$8,100,000	\$138.46	Great Lakes Management

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Minneapolis CBD	32,436,927	-	-	22.8%	4.9%	27.7%	0.5%	0.3%	0.3%	\$17.96
Southwest	22,100,700	-	48,000	22.4%	4.2%	26.7%	2.1%	0.5%	0.5%	\$12.03
Northeast	17,715,763	-	-	13.2%	0.5%	13.7%	1.4%	0.4%	0.4%	\$11.73
Airport/Southeast	15,338,619	-	-	16.4%	1.2%	17.6%	(2.0%)	1.1%	1.1%	\$12.26
St. Paul CBD	7,269,809	-	-	18.6%	0.5%	19.1%	1.4%	(0.1%)	(0.1%)	\$8.53
West	6,512,688	-	-	19.2%	4.4%	23.6%	3.9%	0.6%	0.6%	\$11.25
Northwest	5,172,054	-	43,000	14.5%	2.0%	16.5%	0.8%	1.4%	1.4%	\$7.32
North Loop	3,509,407	-	359,729	18.7%	6.1%	24.8%	(8.1%)	(0.1%)	(0.1%)	\$20.79
West End	2,802,513	-	-	16.2%	1.1%	17.3%	(3.1%)	(0.9%)	(0.9%)	\$22.09
Market total	112,858,480	-	450,729	19.2%	3.15%	22.3%	0.5%	0.5%	0.5%	\$14.24

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Trophy	5,977,947	-	359,729	29.2%	2.6%	31.8%	(6.4%)	5.8%	5.8%	\$19.79
Class A	57,716,532	-	-	21.0%	5.0%	26.0%	1.5%	0.5%	0.5%	\$15.24
Class B	34,246,554	-	91,000	18.0%	0.9%	18.9%	0.6%	0.0%	0.0%	\$11.16
Class C	14,917,447	-	-	10.6%	1.0%	11.5%	(0.9%)	(0.8%)	(0.8%)	\$10.72
Market total	112,858,480	-	450,729	19.2%	3.15%	22.3%	0.5%	0.5%	0.5%	\$14.24