

Minneapolis – St. Paul

Industrial market snapshot | Q1 2025

The Minneapolis – St. Paul industrial market has seen a continued decline in vacancy rates in Q1 2025, as net absorption remains distinctly positive. Leasing activity softened slightly from the prior period but remains above pre-pandemic quarterly averages. The construction pipeline grew to 2.5 msf in Q1 2025 but remains nearly (71%) below the record-high of 8.7 msf seen in Q2 2023. With limited speculative developments underway, vacancy is expected to remain tight in 2025.

2.5 msf

Leasing activity in Q1 2025 saw a 36% increase year over year but was down slightly (3.2%) from the previous period leased volume of 2.6 msf.

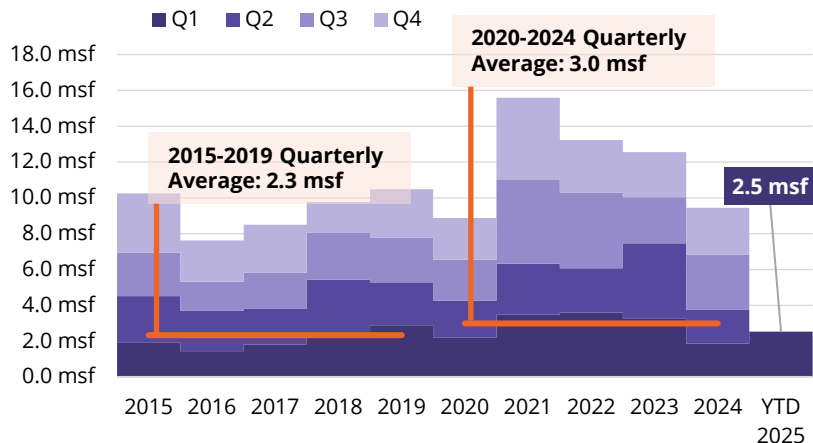
(70.9%)

Under development industrial projects total over 2.5 msf in Q1 2025, (70.9%) below the peak of 8.7 msf seen in Q2 2023 amidst heightened industrial demand.

(0.6%)

Minneapolis – St. Paul's industrial market has seen total vacancy decline (0.6%) from the peak of 5.8% seen in Q3 2024.

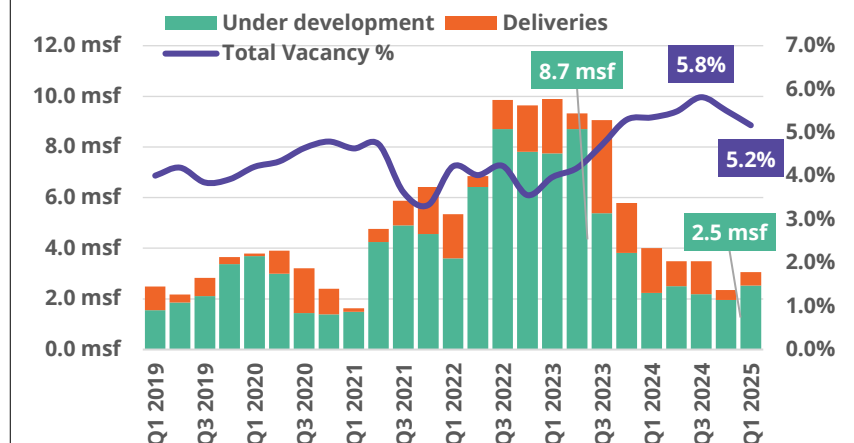
Leasing activity stabilizing following heightened demand



Despite a (3.2%) decline from the previous period, leasing volume seen in Q1 2025 resides above the average pre-pandemic (2015 - 2019) quarterly leasing volume of 2.3 msf. Alternatively, Q1 2025's leasing volume of 2.5 msf sits (15.2%) below the heightened industrial demand observed in 2020 – 2024, which averaged 3.0 msf per period.

Source: Avison Young Market Intelligence, CoStar

Construction pipeline sees growth in Q1 2025



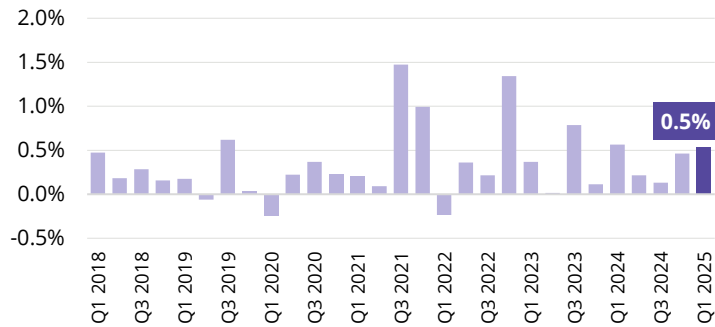
The amount of under construction industrial space has expanded in Q1 2025 following a steady decline from Q2 2023, corresponding with a rise in vacancy rates as new supply coming to market outpaced demand. With total vacancy declining in consecutive periods, under construction space grew 29.7% in Q1 2025 from the prior period.

AVISON
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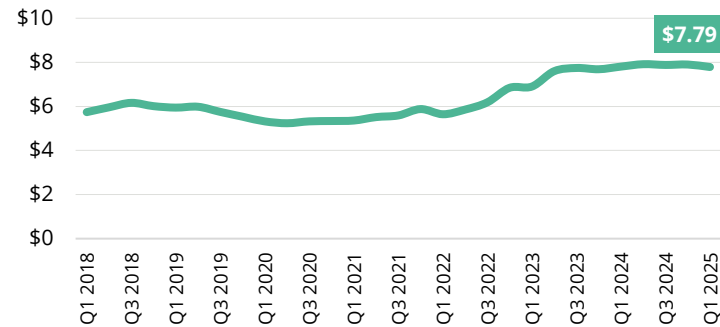
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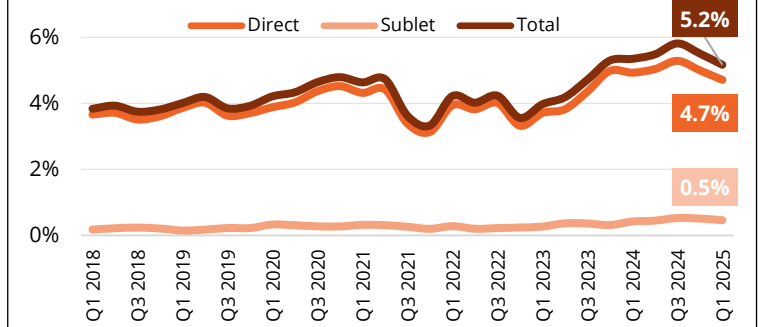
Net absorption as a % of inventory



Direct asking rents (psf/NNN)



Vacancy



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Lumbermen's	7701 100th St S	245,949	New	Direct
Manesha Packaging	222nd St W	150,000	Renewal	Direct
Canteen	700 24th Ave SE	138,088	Renewal	Direct
Schimberg	11650 Hudson Rd	102,925	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Prudential	2601 4th Ave E	\$99,500,000	\$121.34	MetLife
Capital Partners	9001 N Wyoming Ave	\$32,000,000	\$83.63	Gottlieb Marital Trust
Starwood Capital	22000 Industrial Blvd	\$26,750,000	\$89.84	Dalfen Industrial
STAG Industrial	4241 12th Ave E	\$16,475,000	\$96.62	United Properties

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Get in touch

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	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	86,203,110	-	496,320	3.6%	0.3%	4.0%	0.5%	0.2%	158,007	\$8.49
Northwest	62,839,058	344,242	610,408	3.7%	0.3%	4.1%	(2.1%)	1.8%	1,106,554	\$6.39
Southwest	57,015,049	-	1,042,821	5.5%	0.8%	6.3%	1.2%	(0.3%)	(174,612)	\$7.43
Southeast	52,532,804	89,039	382,000	7.0%	0.3%	7.4%	(0.8%)	0.5%	252,103	\$7.65
West	14,085,814	90,019	-	3.7%	0.6%	4.4%	0.2%	0.8%	110,698	\$10.10
Market total	272,675,835	523,300	2,531,549	4.7%	0.5%	5.2%	(0.1%)	0.5%	1,452,750	\$7.79

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Manufacturing	99,832,603	287,578	338,000	2.1%	0.3%	2.4%	0.1%	0.4%	397,752	\$8.03
Warehouse	78,084,265	235,722	1,668,911	6.2%	0.6%	6.8%	0.2%	0.2%	127,334	\$7.11
Distribution	57,735,790	-	298,000	7.1%	0.6%	7.7%	(0.9%)	1.5%	871,291	\$8.77
Flex/R&D	37,023,177	-	226,638	5.0%	0.3%	5.3%	(1.0%)	0.2%	56,373	\$7.72
Market total	272,675,835	523,300	2,531,549	4.7%	0.5%	5.2%	(0.1%)	0.5%	1,452,750	\$7.79