



MINNEAPOLIS/ST. PAUL INDUSTRIAL MARKET

2025 YEAR-END UPDATE



OVERVIEW

Despite a strong start to the year, the pace of industrial leasing across the Twin Cities slowed after the first quarter. Several tenants larger than 100,000 SF (including BAE Systems, Huntington Bank, and Danfoss Power) consolidated or exited the market. Slower absorption coupled with new construction deliveries lead to a rise in vacancy rates to near 6%, up almost a full percent from the end of 2024.

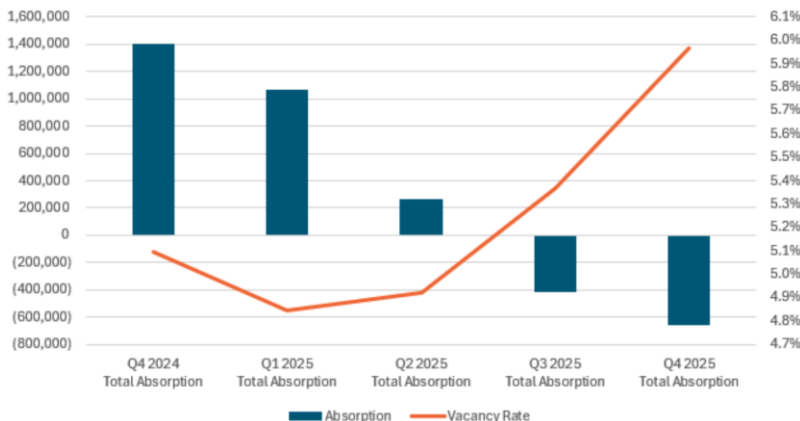
While vacancy rates have increased, the overall market remains fundamentally strong and Landlord's have continued to remain firm on rental rates.

- Market Balance – disciplined development and continued demand have helped maintained an equilibrium between supply and demand
- Modern Space Demand – a significant share of leasing was concentrated in newer buildings built since 2020.
- Rate Trends – even with an increase in vacancy, rental rates have remained firm and seem unlikely to decline given the high cost of construction and market stability.
- Investment Capital – investment sales remained strong and the industrial sector continues to be an appealing sector relative to other asset types.

SNAPSHOT

Overall Vacancy	5.95%	▲
Under Construction	6.7M SF	■
YTD Total Absorption	250K SF	▼
Rental Rates	Steady	■
Concessions	Flat	■
 Market Size	304M SF	
 Total Vacancy	18.1M SF	

ABSORPTION & VACANCY RATE



FOR MORE INFORMATION
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