MINNEAPOLIS/ST. PAUL INDUSTRIAL MARKET
MID-YEAR 2025 UPDATE

OVERVIEW

The Twin Cities industrial market remained healthy through the first half of 2025, anchored by continued absorption and measured supply growth. Rent growth has moderated from a 2023 peak, though rates continue to trend upward.

On the sales side, investment volume is down almost a third year-over-year, but investor interest remains strong with cap rates generally ranging from the upper 5% range for new construction to 7%+ for older assets with pricing influenced by tenant quality.

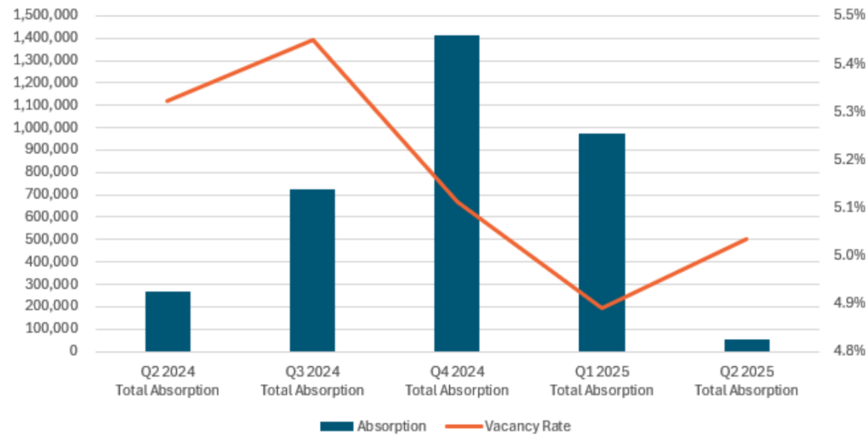
SNAPSHOT

Overall Vacancy	5.0%
Under Construction	3.7M SF
YTD Total Absorption	1M SF
Rental Rates	Increasing
Concessions	Flat

Market Size	Total Vacancy
300 MSF	15.1 MSF

- Fundamentals remain resilient – tight vacancy has continued even amidst macroeconomic uncertainty
- Longer deal timelines – transactions are taking longer to finalize, and some tenants are taking a cautious approach in response to ongoing tariff negotiations
- Shift towards build-to-suit and owner-user activity – with inventory remaining limited, customized solutions are being increasingly pursued.
- Quoted rates for warehouse space generally range from $7-$8/SF while office rates are commonly $13-$15/SF based on improvements.
- With limited inventory in select submarkets and build-to-suit and other ownership opportunities being increasingly considered, it's important to begin the process with ample lead time

ABSORPTION & VACANCY RATE



Source: REDIComps.com

FOR MORE INFORMATION CONTACT:

TaTonka Real Estate Advisors

info@tatonkare.com
Or
612-466-7300