MINNEAPOLIS/ST. PAUL INDUSTRIAL MARKET
Mid-Year 2026 UPDATE

OVERVIEW

The Twin Cities industrial market continued its transition toward a more balanced environment during the first half of 2026. Vacancy remains above the historically tight levels experienced in 2022 and 2023 as newer developments have not filled as fast as the recent past, however, tenant demand has remained healthy enough to absorb much of the new supply entering the market.

Rather than signaling weakness, today's market reflects a normalization following several years of exceptional growth. Landlords have generally remained disciplined on rental rates for existing product as new construction represents a more expensive alternative for tenants.

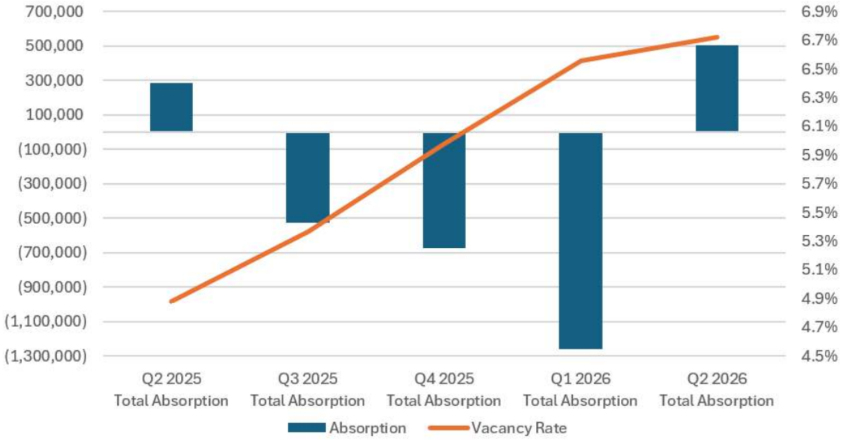
SNAPSHOT

Overall Vacancy	**6.7%**
Under Construction	**6.7M SF**
YTD Total Absorption	**502K SF**
Rental Rates	**Stable**
Concessions	**Stable**

Market Size	Total Vacancy
304M SF	**20.4M SF**

- Flight to Quality Continues – modern facilities offering higher clear heights, efficient loading, and strong access continue to outperform older product.
- Decisions are Taking Longer - occupiers remain active, but are generally taking more time to evaluate alternatives, and expansion decisions are more measured.
- Construction Pipeline Moderating - developers have become increasingly selective with speculative construction as financing costs remain elevated. The majority of new activity is build-to-suit.

ABSORPTION & VACANCY RATE



Source: REDIComps.com

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