Minneapolis – St. Paul

Industrial market snapshot | Q3 2024

The Minneapolis – St. Paul industrial market has seen a slight uptick in vacancy, as leasing activity remains cooled from the volume seen from 2018-2023. However, vacancy could decline in the coming periods, as a limited amount of new industrial availabilities are anticipated to come to the market in the near future and currently available space options are filled.

5.5 msf

Leasing activity through the first three quarters of 2024 continues to trail previous years' totals. YTD leasing activity is roughly 55% lower than what it is at the same time last in 2023.

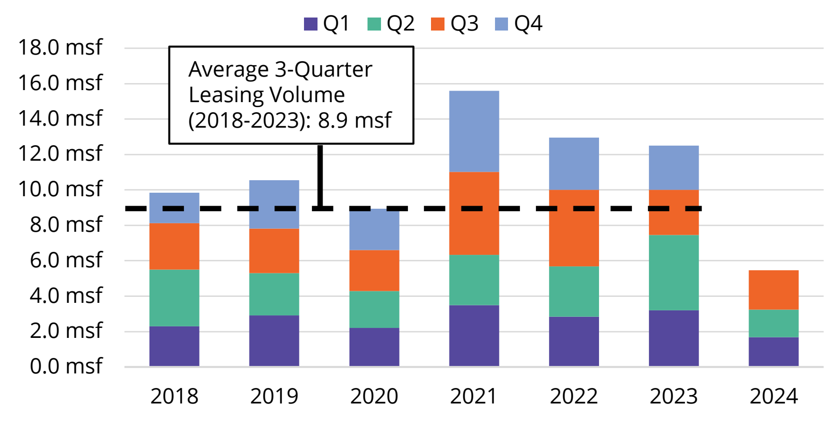
1 msf

Amount of industrial space currently under construction. A variety of factors has led to a significant contraction of the construction pipeline, which is now 80.6% lower than in Q3 2023.

0.2%

Net absorption remained positive with 484,672 sf, or 0.2% of inventory, reported at the end of Q3 2024.

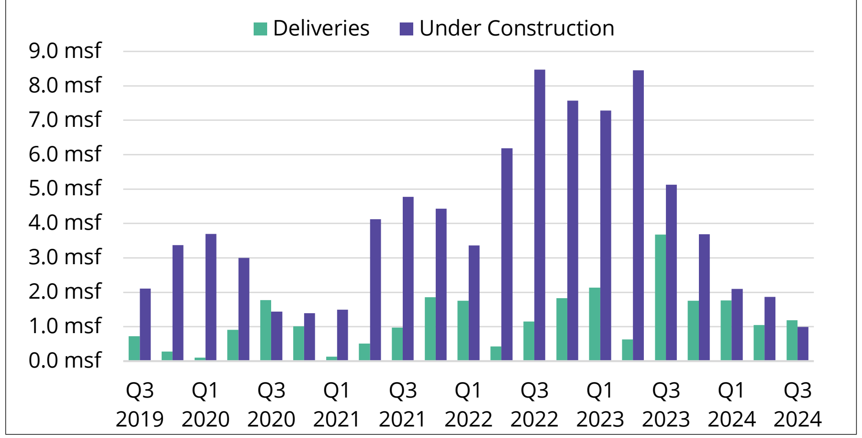
Leasing activity remains modest



Leasing activity continues to soften, as a total of 2.2 msf has been leased during Q3 2024. Year-to-date a total of 5.5 msf leased, lagging substantially from 2023's first three-quarter leasing volume of 10.0 msf. Leasing activity through the first three quarters of the year from 2018-2023 has averaged 8.9 msf, 3.5 msf more than YTD 2024.

Source: AVANT By Avison Young, CoStar

Construction pipeline continues descent

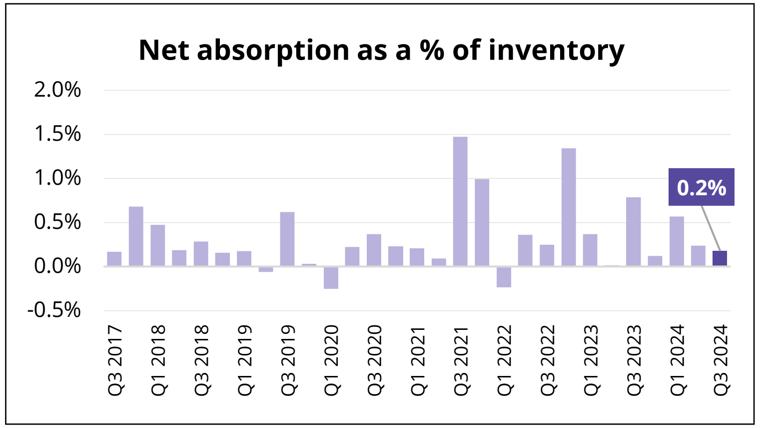


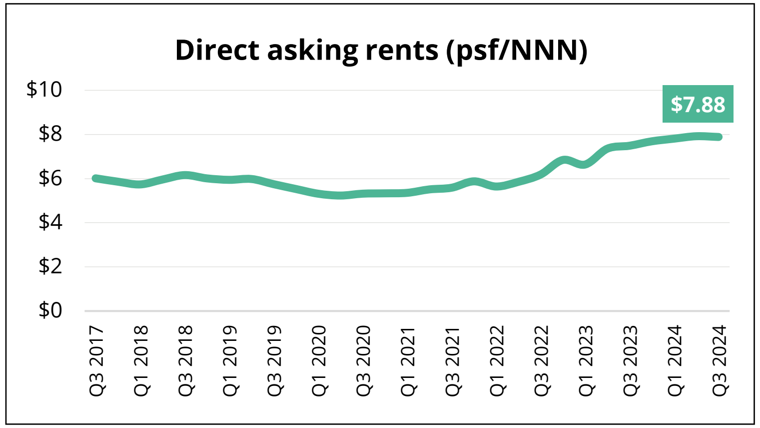
Along with the dwindling supply of incoming new industrial space, the majority of new construction represents pre-leased or BTS projects, resulting in less available space coming on the market. With minimal new availabilities anticipated in the near future, vacancy rates should decline as currently available options are filled.

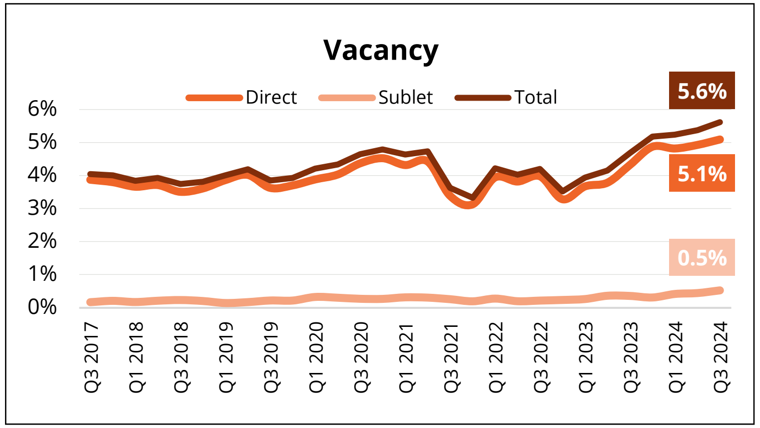
AVISON YOUNG

Minneapolis – St. Paul

Industrial market snapshot | Q3 2024







Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Heliene	13225 Brockton Ln N	227,054	New	Direct
GN Hearing Corp	5005 Dean Lakes Blvd	218,437	New	Direct
Entourage Events Group	501 Royalston Ave	121,272	New	Direct
Carlisle Fluid Technologies	Victoria St N	120,000	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Hunt Electric	1000 Blue Gentian Rd	$44,000,000	$146.67	Water Street Partners
MDH Partners	12195 Brockton Ln N	$28,500,000	$108.05	Endeavor Development
Altus Properties	9450 Zachary Ln N	$21,625,000	$125.56	Endeavor Development
Amazon	10750 89th Ave N	$16,700,000	$250.07	Prologis

Source: AVANT By Avison Young, CoStar, RCA

AVISON YOUNG

Minneapolis – St. Paul

Industrial market snapshot | Q3 2024

Get in touch

Joseph Stockman
Market Intelligence
Analyst
joe.stockman@avisonyoung.com

Tate Krosschell
Principal
Managing Director
tate.krosschell@avisonyoung.com

	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	86,630,692	639,303	298,000	3.6%	0.3%	3.9%	0.3%	0.1%	114,455	$8.68
Northwest	62,880,228	1,468,388	131,520	5.8%	0.6%	6.4%	2.6%	0.2%	120,923	$6.37
Southwest	57,024,777	576,760	96,344	5.4%	0.8%	6.2%	1.0%	(1.0%)	(588,579)	$7.86
Southeast	52,367,976	1,225,600	471,039	6.5%	0.4%	6.9%	(0.5%)	1.8%	957,470	$6.96
West	13,995,795	90,000	-	4.5%	1.0%	5.5%	1.8%	(0.9%)	(119,597)	$9.66
Market total	**272,899,468**	**4,000,051**	**996,903**	**5.1%**	**0.5%**	**5.6%**	**0.9%**	**0.2%**	**484,672**	**$7.88**

	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
Manufacturing	100,729,403	176,000	221,520	2.5%	0.4%	2.9%	0.1%	(0.3%)	(337,516)	$7.68
Warehouse	78,659,754	1,345,160	477,383	7.6%	0.5%	8.1%	1.7%	0.0%	23,232	$7.20
Distribution	56,600,276	2,392,838	298,000	6.3%	0.8%	7.2%	2.6%	1.1%	630,103	$8.83
Flex/R&D	36,910,035	86,053	-	5.0%	0.3%	5.3%	(1.1%)	0.5%	168,853	$8.86
Market total	**272,899,468**	**4,000,051**	**996,903**	**5.1%**	**0.5%**	**5.6%**	**0.9%**	**0.2%**	**484,672**	**$7.88**

Source: AVANT By Avison Young

AVISON YOUNG