

Minneapolis – St. Paul

Office market snapshot | Q3 2024

Demand for office space in the Minneapolis–St. Paul office market rebounded in Q3 2024 after a weak second quarter, with leasing activity up over 58% from the leasing volume recorded in Q2 2024. However, leasing volume through the first 3 quarters of 2024 is nearly 28% lower than the leasing volume experienced through the first 3 quarters of 2023. High-quality properties remain in high demand, with leases for smaller spaces growing in popularity while large leases over 100k sf are declining, and despite a (4.3%) decrease in office-using employment, job postings in office-using industries have grown 6.7% since the beginning of 2023.

10.7%

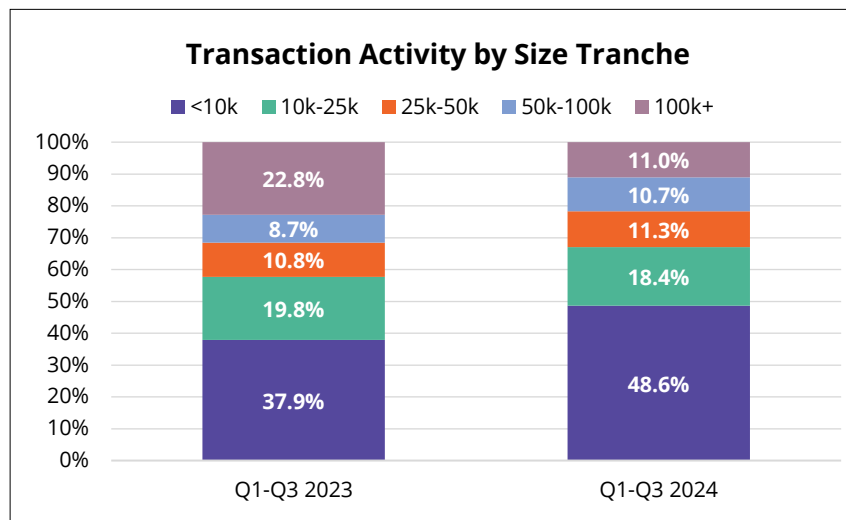
When comparing the first 3 periods of 2024 to the first 3 periods of 2023, leases under 10k sf grew from 37.9% to 48.6% of transaction activity year-over-year.

-16.5%

MSP office buildings constructed after 2010 experienced a (16.5%) decrease in availability from 37.9% in Q1 2020 to 21.4% in Q3 2024.

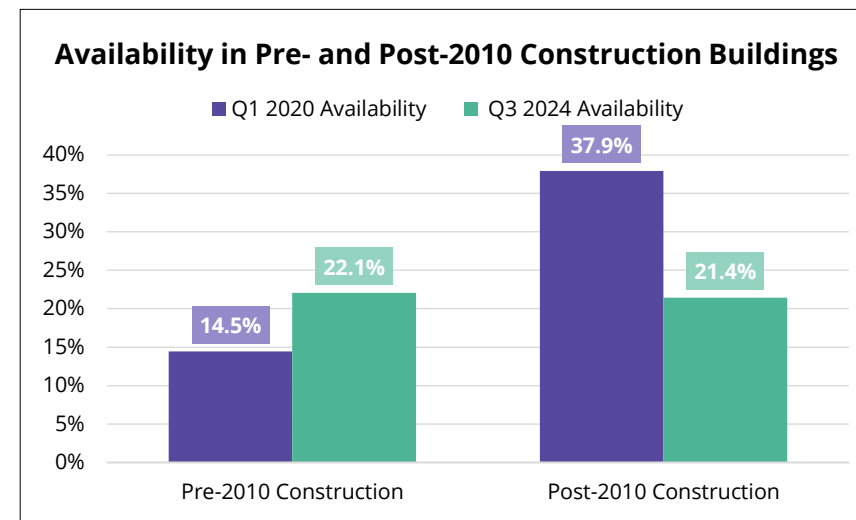
6.7%

Job postings in office-using industries have increased to 6.7% above January 2023 levels in August 2024, seeing a significant rise in postings since the end of 2023.



Another significant observation through the first 3 periods of 2024 compared to the first 3 periods of 2023 is the year-over-year change in leases above 100k sf. A decrease of (11.8%) from 22.8% to 11.0% of transaction activity, coupled with the increase in leases under 10k sf signify a positive trend among smaller occupiers and a lessening desire for large spaces.

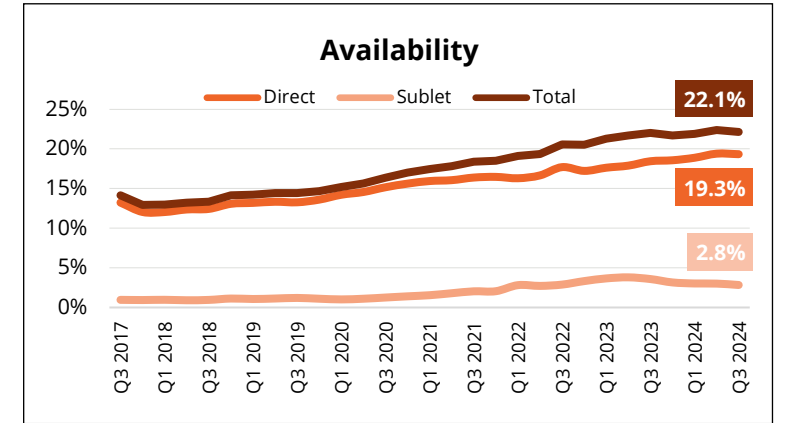
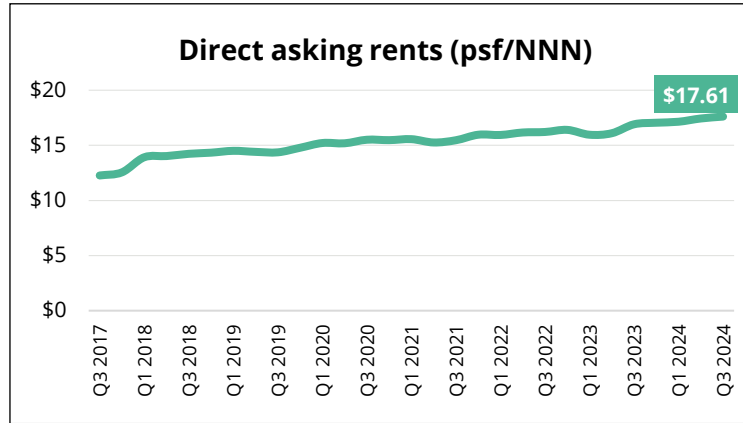
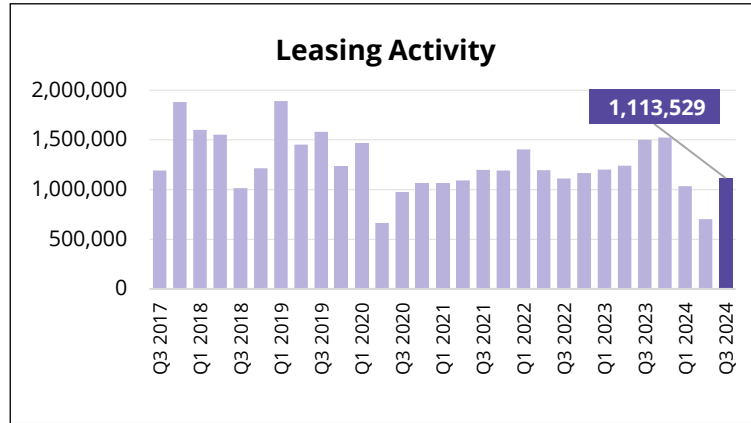
Source: AVANT By Avison Young, CoStar, BLS.gov, Lightcast



Alternatively, availability in MSP buildings of an older vintage (pre-2010) has increased from 14.5% in Q1 2020 to 22.11% in Q3 2024. Modernization and investment in aging assets keep older properties competitive, while tenants entering the market maintain asset-specific leverage in an increasingly segmented marketplace.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Stratasys	5995 Opus Pky	164,931	New	Direct
Burns & McDonnell	5600 American Blvd W	66,200	New	Direct
Comcast	10 River Park Plz	56,490	Renewal	Direct
Zinpro Corporation	7500 Flying Cloud Dr	25,978	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Inventure Properties	1305 Corporate Center Dr	\$15,100,000	\$107.23	Diversified Healthcare Trust
Northpath Investments	505 N Highway 169	\$13,018,524	\$57.54	DRA Advisors
Northpath Investments	605 N Highway 169	\$10,231,476	\$34.63	DRA Advisors
RMR 2277 LLC	2277 W Highway 36	\$7,350,000	\$82.92	Riles & Associates

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption (QTD)	Annual direct asking rent psf NNN
Minneapolis CBD	33,110,449	-	-	23.4%	4.6%	28.0%	0.7%	(274,542)	(0.8%)	\$19.40
Southwest	22,360,001	-	48,000	22.1%	3.6%	25.6%	(1.8%)	(194,988)	(0.9%)	\$17.10
Northeast	17,810,523	-	-	12.2%	0.6%	12.7%	0.4%	(6,824)	(0.0%)	\$14.53
Airport/Southeast	15,195,320	-	139,000	15.4%	0.8%	16.2%	(1.8%)	8,591	0.1%	\$13.86
St Paul CBD	6,687,946	-	-	22.0%	1.7%	23.7%	4.9%	(80,009)	(1.2%)	\$13.54
West	6,461,882	-	35,666	20.8%	1.6%	22.4%	1.3%	(162,558)	(2.5%)	\$18.07
Northwest	5,215,054	43,000	-	16.1%	1.9%	17.9%	1.5%	(10,419)	(0.2%)	\$13.62
North Loop	3,941,063	392,000	136,000	18.8%	6.8%	25.5%	1.6%	64,814	1.6%	\$22.18
West End	2,802,513	-	-	13.2%	3.1%	16.3%	(1.1%)	(6,286)	(0.2%)	\$22.87
Market total	113,584,751	435,000	358,666	19.3%	2.8%	22.1%	0.1%	(662,221)	(0.6%)	\$17.61

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Trophy	6,639,432	392,000	-	30.1%	2.0%	32.1%	(2.9%)	37,618	0.6%	\$23.68
Class A	58,834,184	-	310,666	21.5%	4.3%	25.9%	0.0%	(500,644)	(0.9%)	\$17.51
Class B	33,727,166	43,000	48,000	17.1%	1.2%	18.3%	0.7%	(222,469)	(0.7%)	\$15.09
Class C	14,383,969	-	-	10.5%	0.9%	11.4%	0.9%	23,274	0.2%	\$14.19
Market total	113,584,751	435,000	358,666	19.3%	2.8%	22.1%	0.1%	(662,221)	(0.6%)	\$17.61