

Minnesota
Market Reports

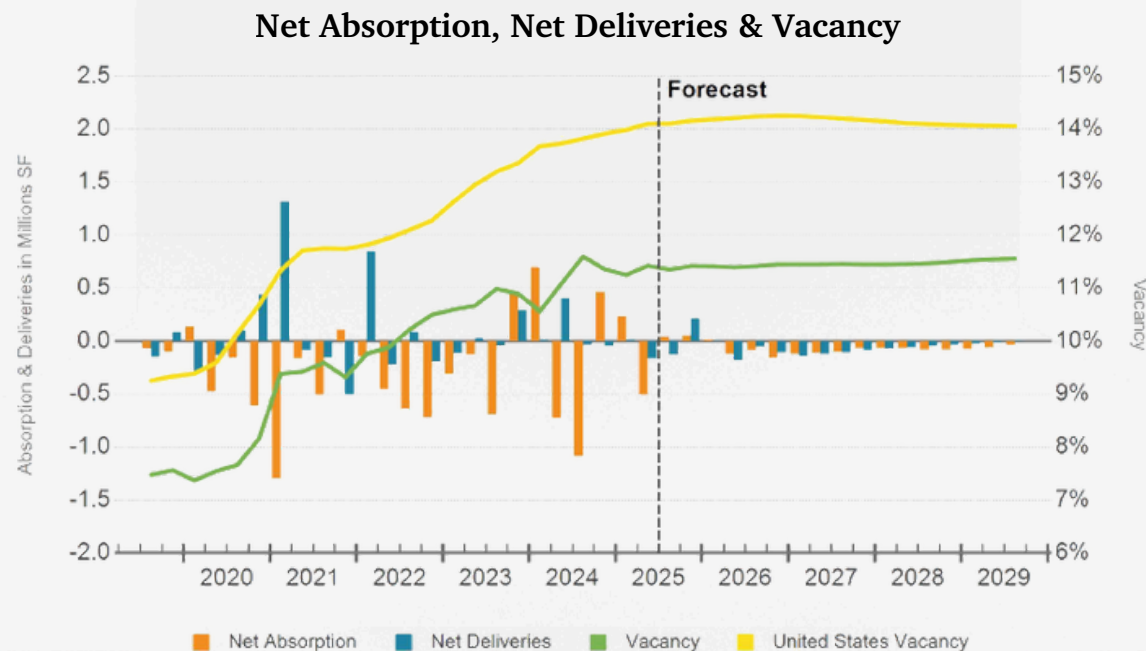
For Experts
and Enthusiasts

Twin Cities
411
Commercial
(Office)

INTRODUCTION

The Minneapolis office market continues to grapple with pandemic-era aftershocks, as structural changes in workplace utilization and a steep contraction in office-using employment have driven sustained negative absorption. Availability has climbed to 13.7%, nearly 100 basis points above the Great Recession peak and four percentage points above the pre-2020 average. While the region's concentration of Fortune 500 headquarters historically provided resilience, large-scale space reductions by major employers like Target, UnitedHealth Group, and Best Buy have accelerated demand losses. Many tenants are downsizing by 25–50% when renewing or relocating, while sublease availability has nearly tripled over the past five years, suggesting that market adjustment is far from complete.

Despite these challenges, Minneapolis maintains a relatively strong national position thanks to constrained supply and healthy demolition activity. Vacancy, though at a record-high 11.4% locally, remains below the U.S. average of 14.1%, with future supply additions limited as just 810,000 square feet are currently underway. Demand is bifurcated, with tenants gravitating toward newer buildings and amenity-rich submarkets such as the West End, I-494/France Avenue corridor, Eagan, and the North Loop. Rent growth of 1.8% outpaces the national average, though rising availabilities have widened the gap between asking and effective rents, with concessions—especially downtown—remaining at historic highs.



Rent & Vacancy

2025 Q2 Office Metrics:

- Vacancy Rate: **11.4%**

4 & 5 Star	3 Star	1 & 2 Star	Market
17.1%	9.5%	5.5%	11.4%

Source: CoStar

- Rent per SF: **\$25.08**

4 & 5 Star	3 Star	1 & 2 Star	Market
\$29.03	\$23.42	\$21.76	\$25.70

Source: CoStar

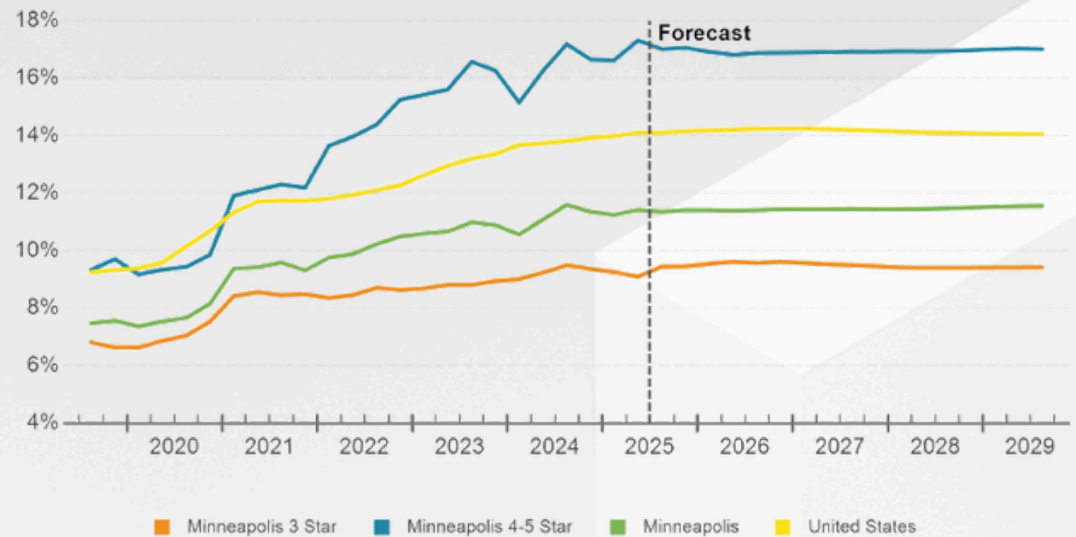
- Availability Rate: **13.7%**

4 & 5 Star	3 Star	1 & 2 Star	Market
21.1%	11.5%	6.6%	13.7%

Source: CoStar

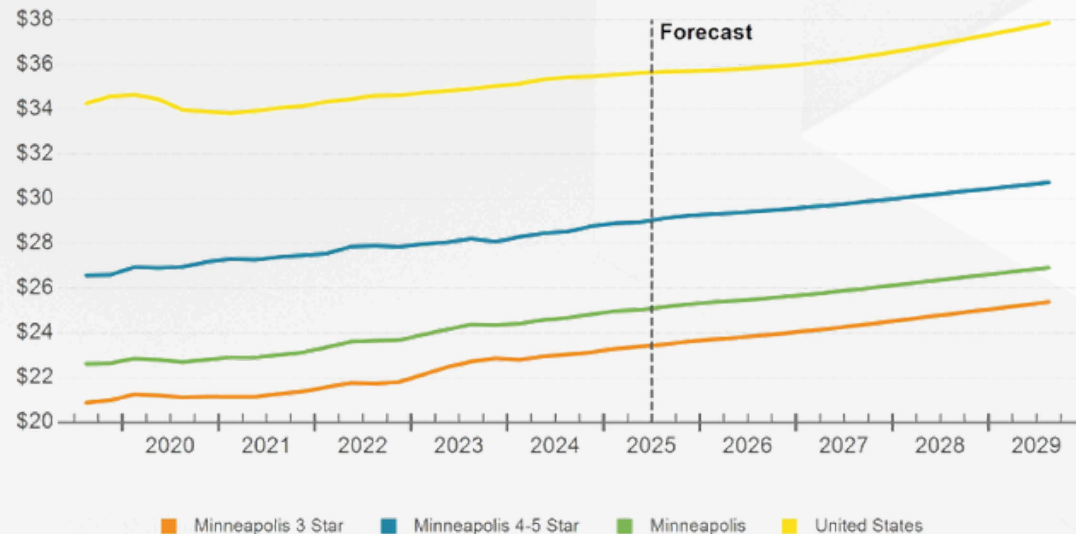
Market Vacancy Rate

Source: CoStar



Market Asking Rent Per Square Feet

Source: CoStar



Sales Volume

2025 Q2 for 10k-50k sqft Office Property Sales

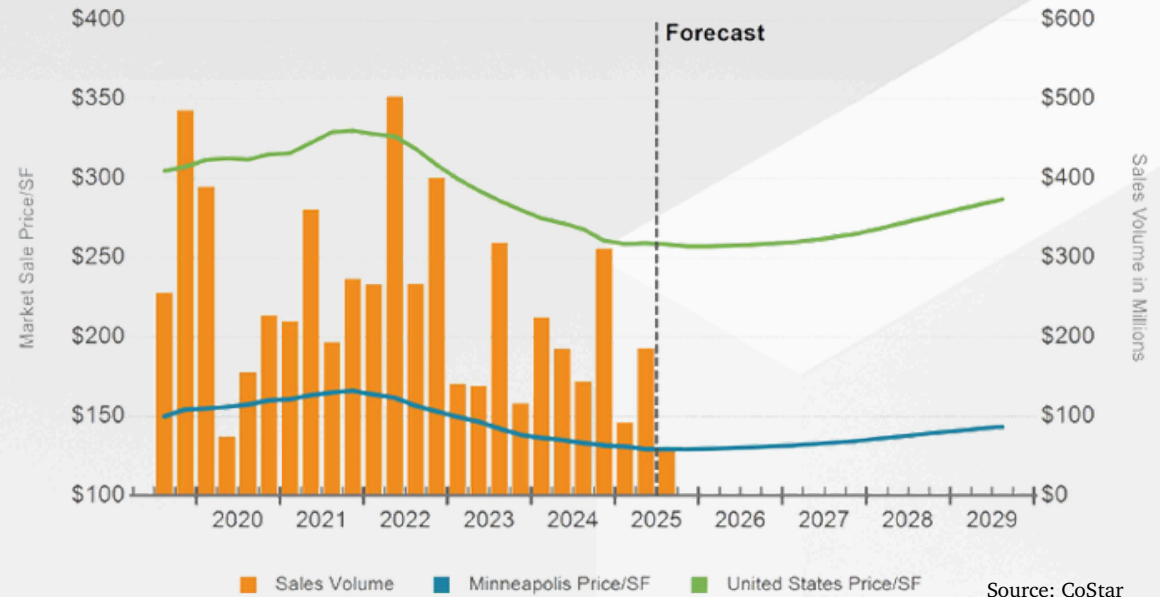
Sales Volume	\$54.9M	▲ +51%
Properties Sold	20	▲ +10%
Avg. Price/Sqft	\$119	▲ +33%
Months to Sale	10.2	▼ -59%
Avg. %Leased at Sale	100%	▲ +15%

Source: CoStar

^^^
compared
to Q2 2024

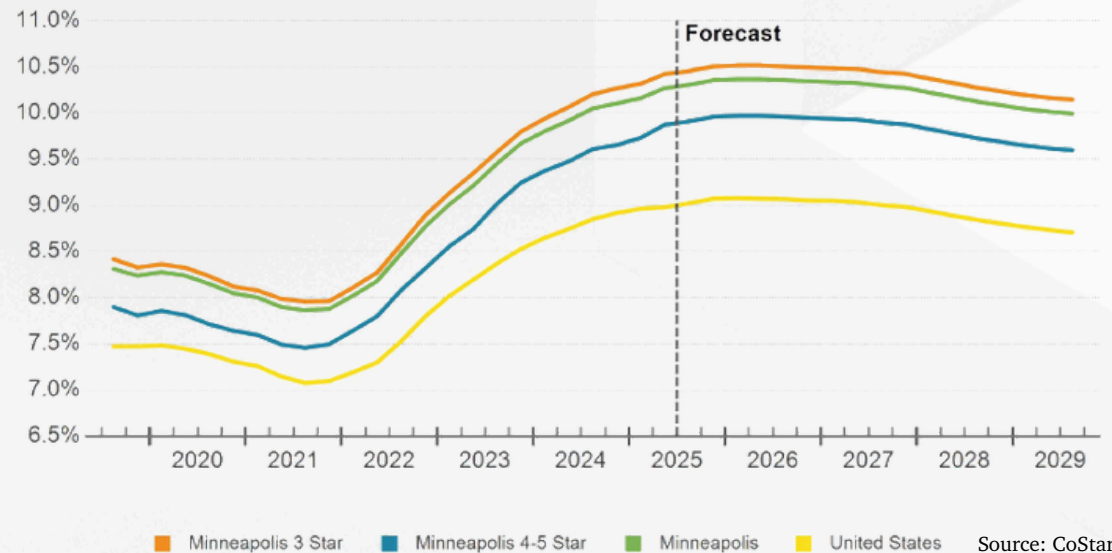
Sales Volume & Market Sale Price Per Unit

for all Q2 2025 office transactions



Market Cap Rate

for all Q2 2025 office transactions



Q2 Sales

for all 10-50k sqft office buildings transactions in Q2 2025

Building Address	City	Built	Class	% Leased at sale	Price per Sqft	Building Address	City	Built	Class	% Leased at sale	Price per Sqft
9905 N 45th Ave	Plymouth	1995	C		\$252.38	2800 Freeway Blvd	Brooklyn Center	1988	B		\$51.34
4100 N Berkshire Ln	Plymouth	1988	C		\$151.09	940 S Hastings Ave	Saint Paul Park	1976	B		\$26.89
5100 Eden Ave	Minneapolis	1968	C		\$317.02	4295 Lexington Ave N	Arden Hills	1969	B	100%	\$146.80
4700 Lexington Ave N	Shoreview	2003	C		\$190.36	7525 Mitchell Rd	Eden Prairie	1974	B	100%	\$12.97
3329 SE University Ave	Minneapolis	1958	C	100%		6303 Osgood Ave N	Stillwater	1975	B		\$154.69
6459 144th Ave NW	Ramsey	2010	B		\$116.00	2304 Park Ave	Minneapolis	1956	B		\$94.00
1747 Beam Ave E	Maplewood	2001	B		\$347.44	1915 Plaza Dr	Eagan	2005	B		
3060 Centre Pointe Dr	Roseville	1997	B		\$130.88	991 Sibley Memorial Hwy	Lilydale	2005	B		\$283.38
7044 E Fish Lake Rd	Maple Grove	2004	B	100%	\$5.34	8960 Springbrook Dr NW	Coon Rapids	1987	B	100%	\$164.54
						4641-4671 White Bear Pky	White Bear Lake	2005	B	100%	

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- Selling
- Leasing

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- Preventative Maintenance
- HVAC Repairs & Maintenance
- Painting & Unit Turns
- Remodeling & Repairs

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For more: www.1stSelect.net

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