



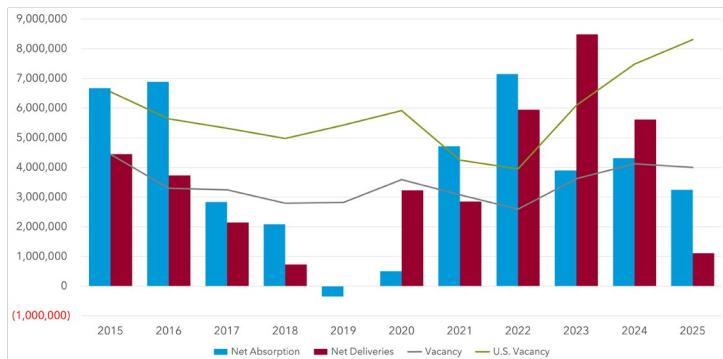
### INDUSTRIAL MARKET OVERVIEW

 NATHAN ARNOLD, CCIM, *Principal*

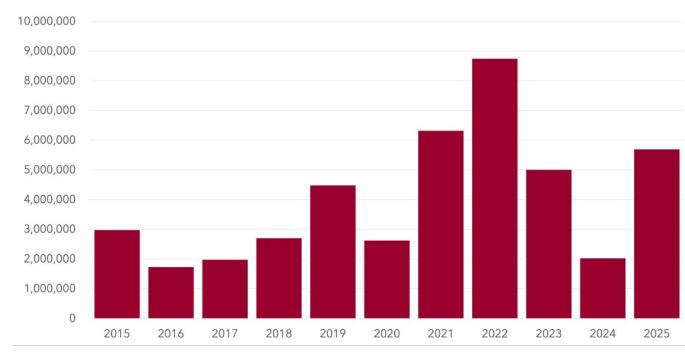
The Twin Cities industrial market finished Q4 2025 with strong fundamentals - posting about 610,000 SF of positive net absorption in the quarter and over 3.6 M SF absorbed on the year, signaling continued tenant demand. New product added roughly 831,000 SF, lifting overall deliveries for 2025 to about 3.3 M SF. Despite the new supply, vacancy held steady near ~3.8%, reflecting a tight overall market. Build-to-suit projects dominate the pipeline, accounting for around 80 % of space underway, which underlines demand for tailored facilities. Leasing activity surged (>3 M SF in Q4), driven more by new deals than renewals, while industrial sales climbed sharply, approaching \$450M in the quarter. Submarket performance varied, with some drops in vacancy tied to major move-ins. Overall, industrial real estate in MSP remains resilient, with low vacancy, robust absorption, strong leasing, and healthy investment momentum heading into 2026.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	2,842,829	3,508,854	2,069,287	3,626,111	4,707,857
▲ Vacancy Rate	4.00%	3.90%	4.10%	3.80%	4.20%
▼ Avg NNN Asking Rate PSF	\$9.05	\$9.38	\$9.24	\$9.09	\$9.14
▲ Sale Price PSF	\$104.00	\$101.00	\$98.00	\$96.00	\$95.00
▼ Cap Rate	8.60%	8.80%	8.80%	8.80%	8.91%
▲ Under Construction SF	5,691,467	3,804,959	2,948,148	1,891,851	1,600,000
▲ Inventory SF	359,725,331	357,562,248	435,712,227	432,346,517	432,000,000

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1890 Woodlane Drive Woodbury, MN	252,438 SF	\$7,350,000 \$29.12 PSF	Superior 3rd Party Logistics Bolger Family Trust	Class C
3199 Pilot Knob Road Eagan, MN	248,482 SF	\$10,000,000 \$40.24 PSF	Swervo Development Unisys Corp	Class C
10000 Mission Drive Maple Grove, MN	248,000 SF	\$92,000,000 \$370.97 PSF	LCN Capital Partners Opus Group	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5127 Centerville Road White Bear Lake, MN	103,456 SF	Endeavor	Nextera	Food packaging
10100 Yellow Circle Drive Eden Praire, MN	82,006 SF	Endeavor	Hoop Habits / BI Worldwide	Sports Training/ Recruiting
7101 N. 31st Avenue New Hope, MN	77,475 SF	Link	PD Instore	Marketing



The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com