



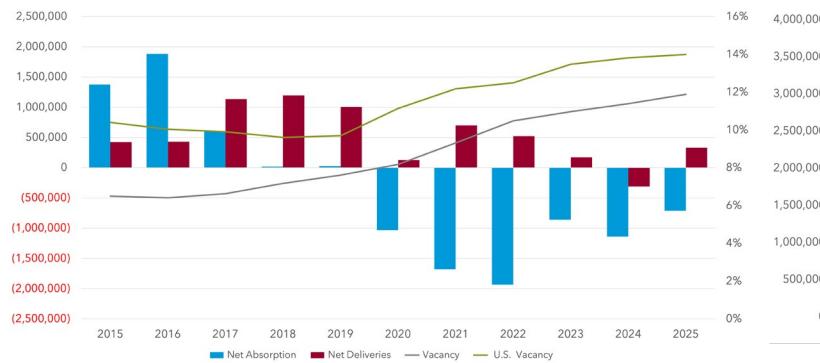
OFFICE MARKET OVERVIEW

KONNOR CARLSON, Associate

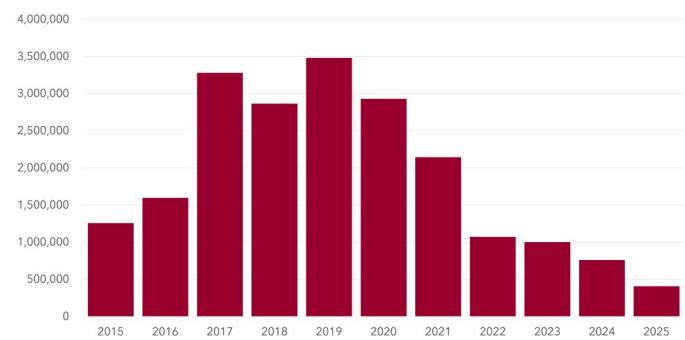
The Minneapolis-St. Paul office market showed signs of stabilization in Q4 2025. After several quarters of negative absorption, the year finished with modest positive net absorption, marking the first annual gains since 2020. Vacancy remained elevated but began to level off as tenant decision-making improved. Leasing activity was steady, driven largely by renewals, right-sizing, and selective moves into higher-quality buildings. Class A properties with strong amenities continued to outperform, while commodity Class B and C assets faced ongoing pressure. New construction stayed minimal, and pricing remained favorable for tenants, with landlords continuing to offer concessions to attract and retain occupancy.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(710,899)	(155,162)	(900,520)	(1,572,682)	(1,139,754)
▲ Vacancy Rate	11.90%	11.70%	11.50%	11.30%	11.40%
▲ Avg NNN Asking Rate PSF	\$25.64	\$25.61	\$25.53	\$25.42	\$25.27
▲ Sale Price PSF	\$134.00	\$131.00	\$131.00	\$132.00	\$133.00
▼ Cap Rate	10.30%	10.40%	10.30%	10.20%	10.10%
▼ Under Construction SF	406,629	811,629	844,136	909,186	760,077
▲ Inventory SF	205,810,850	205,405,850	205,330,457	205,495,105	205,478,688

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8500 Normandale Lake Boulevard Bloomington, MN	467,016 SF	\$4,000,000 \$8.57 PSF	Namdar Realty Group Columbia Pacific Advisors LLC	Class A
800 Washington Avenue, N Minneapolis, MN	402,316 SF	\$25,500,000 \$63.38 PSF	Singerman Real Estate LLC The Goldman Sachs Group	Class B
8009 34th Avenue, S Bloomington, MN	235,271 SF	\$5,000,000 \$21.25 PSF	Kaeding Development Group JMS Capital Group	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
333 S. 7th Street Minneapolis, MN	189,621 SF	USPO Minneapolis LLC	SPS Commerce	Software Publishers
250 N. 3rd Avenue Minneapolis, MN	51,827 SF	RPM 4 LLC	Stagwell	Advertising Agencies
6800 France Avenue, S Edina, MN	48,348 SF	Southdale Office Partners LLC	Edina Realty, Inc.	Real Estate Agency



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