



NEWMARK

Minneapolis-St. Paul Industrial Market Trends

1Q26



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Market Observations



Market Observations



Economy

- Minnesota is home to 17 Fortune 500 headquarters, the highest per-capita concentration among major U.S. metros. More than 320 Fortune 1000 companies also maintain a presence in the Twin Cities.
- The state's labor force participation rate of 72% ranks among the strongest in the nation, reflecting an engaged, well-educated workforce.
- Industrial employment is anchored by medical technology, food and agricultural processing, recreational equipment, building products, adhesives and coatings, and third-party logistics, including 3M, Medtronic, General Mills, CHS, Land O'Lakes, Ecolab, Polaris, Andersen, H.B. Fuller and C.H. Robinson.
- Unemployment continues to trend below the national average, registering 3.7% as of fall 2025, compared with 4.4% nationally.



Major Transactions

- Opus and Capital Partners are pursuing an industrial redevelopment of the former 442,000 SF Blue Cross and Blue Shield of Minnesota headquarters campus in Eagan, replacing the office complex and adjacent daycare with 40,000 to 650,000 SF of build-to-suit industrial space across multiple buildings.
- Ryan Companies is planning a 337,000 SF industrial building in Eagan as part of its broader redevelopment of the former Thomson Reuters campus. The project would be occupied by a yet-identified user for processing and distribution and sits south of Amazon's planned distribution facility and north of Centra's 12-megawatt data center, both under construction on the same campus.
- Likewise Partners is nearing construction of a 171,000 SF office-industrial-warehouse building in Lakeville, the second phase of the Lakeville 35 Logistics Center. The building will be adjacent to the existing 189,678 SF Phase 1 building.
- Louisiana-Pacific Corp. plans to build a 250,000- to 350,000 SF, \$157M manufacturing plant on a 120-acre site in North Branch's Interstate Business Park to produce pre-finished siding products, seeking up to \$10M in state assistance, with construction potentially starting in late 2026 or early 2027.



Market Fundamentals

- Continued AI-driven data center development has generated spillover industrial demand from companies occupying traditional warehouse and production space; however, that demand may be at risk as some cities push back on data center construction.
- Carver joined a growing list of cities challenging data center development by passing a one-year moratorium on new facilities to study impacts on planning, utilities and the environment. Eagan enacted a one-year moratorium, while Apple Valley blocked a large data center facility, and projects in Farmington and Hermantown faced challenges due to concerns about water and power use.
- Tariffs and softening consumer spending could dampen demand among third-party logistics and e-commerce users.

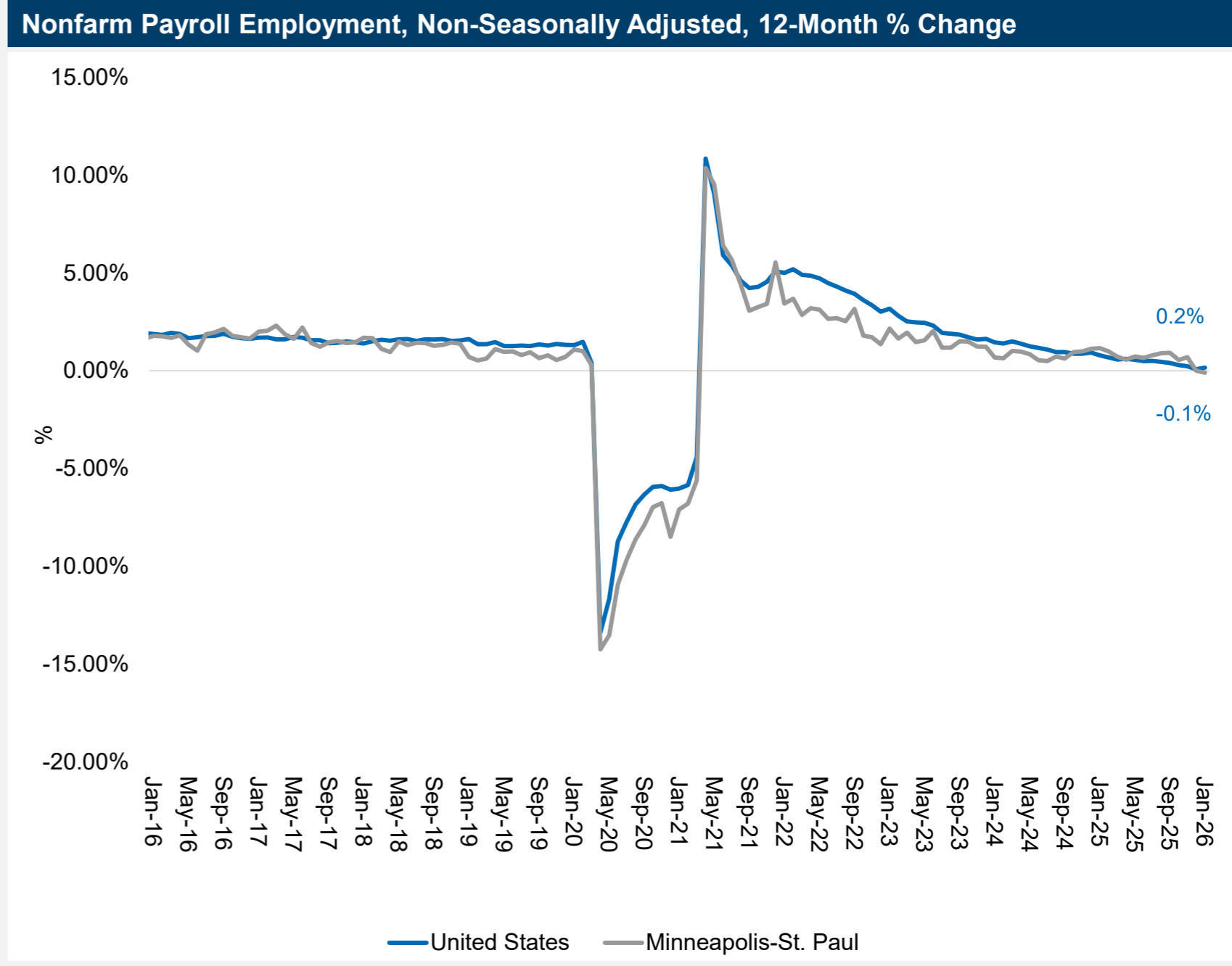
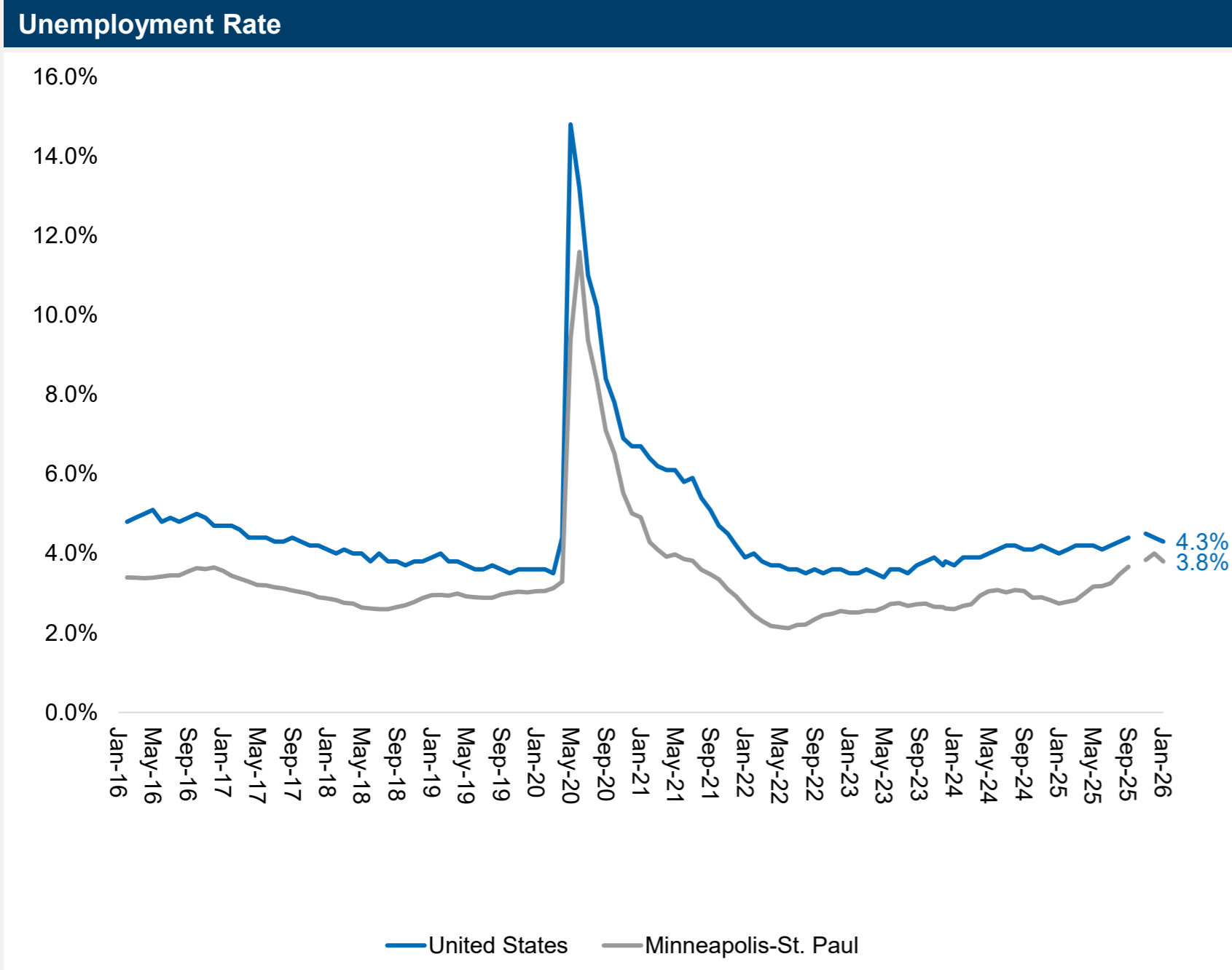
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Economy



Job Growth Stalls as Unemployment Stays Low

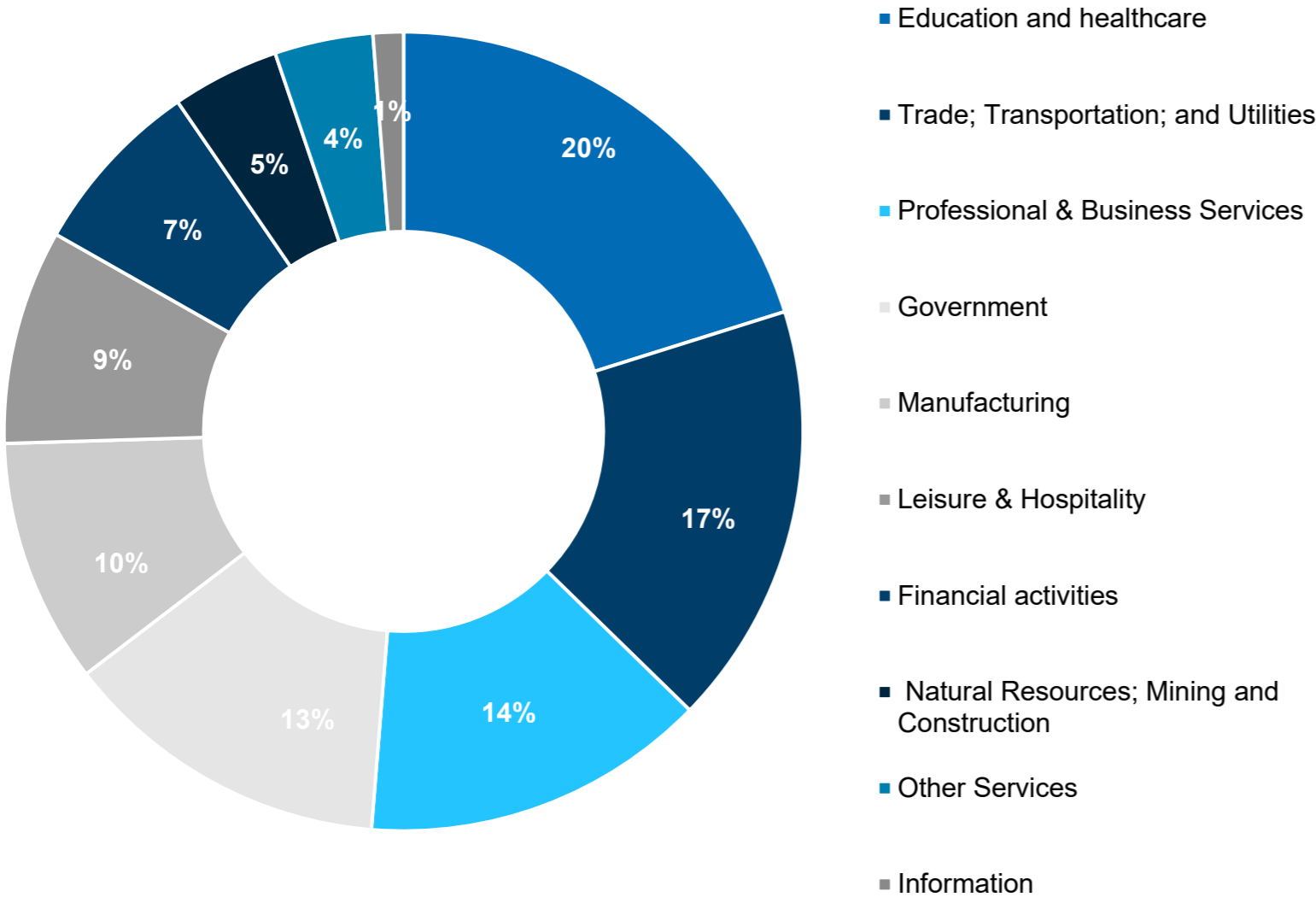
Minneapolis-St. Paul's 12-month nonfarm payroll growth slipped to -0.1% as of January, while the U.S. held at 0.2%, both well below the post-2021 rebound peak.



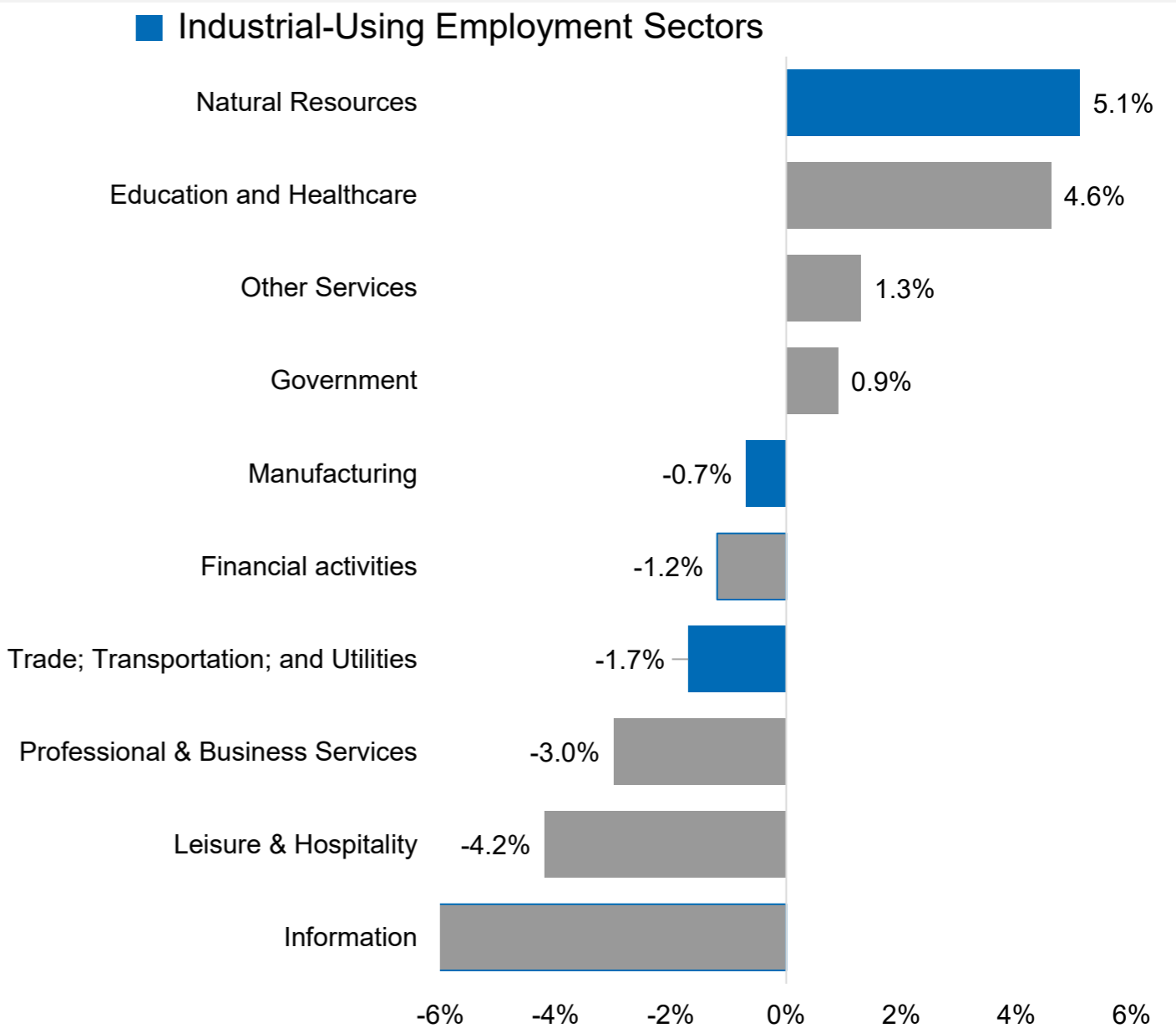
Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul

Education and Healthcare Lead Job Growth as Industrial Sectors Contract

Employment by Industry, January, 2026

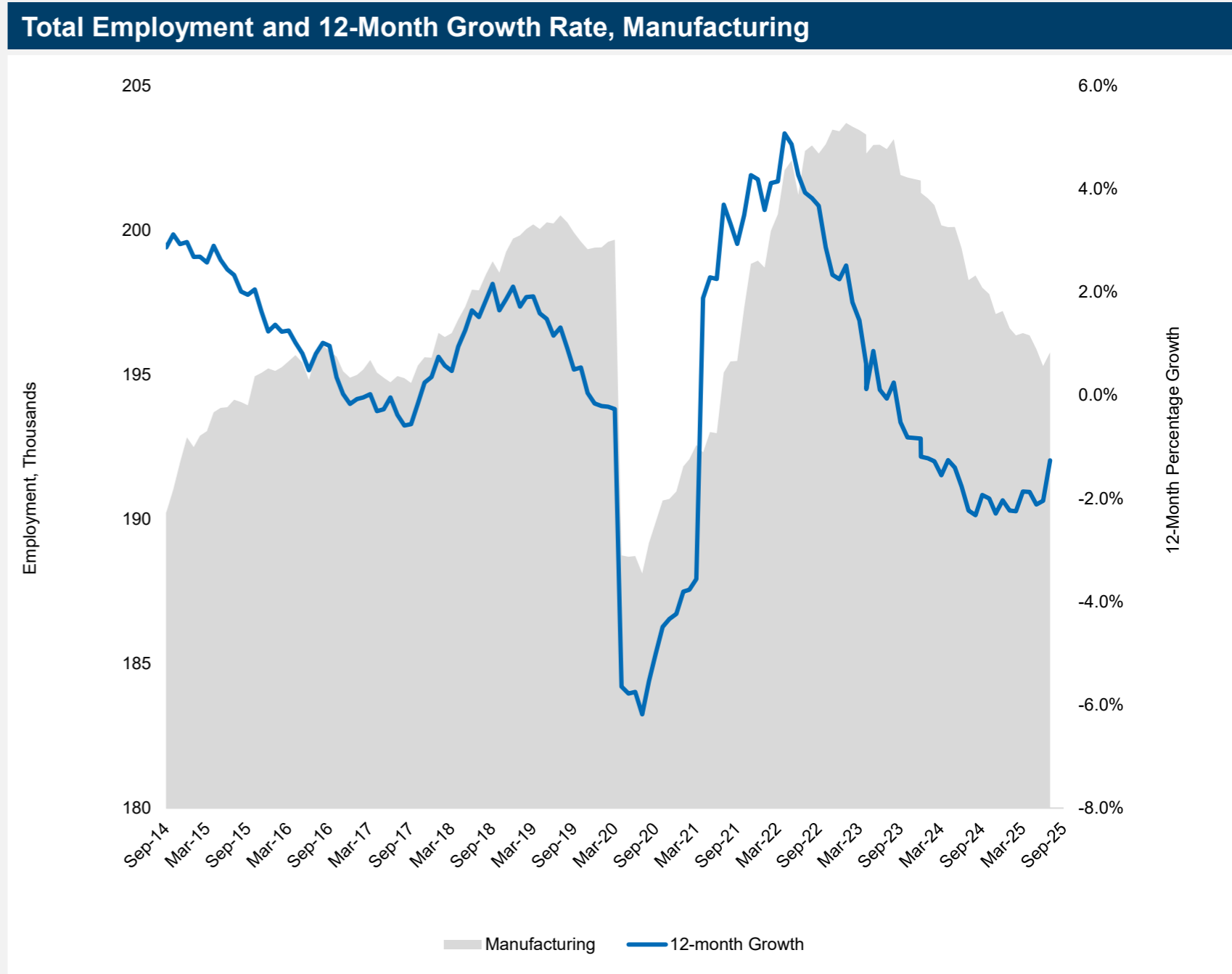
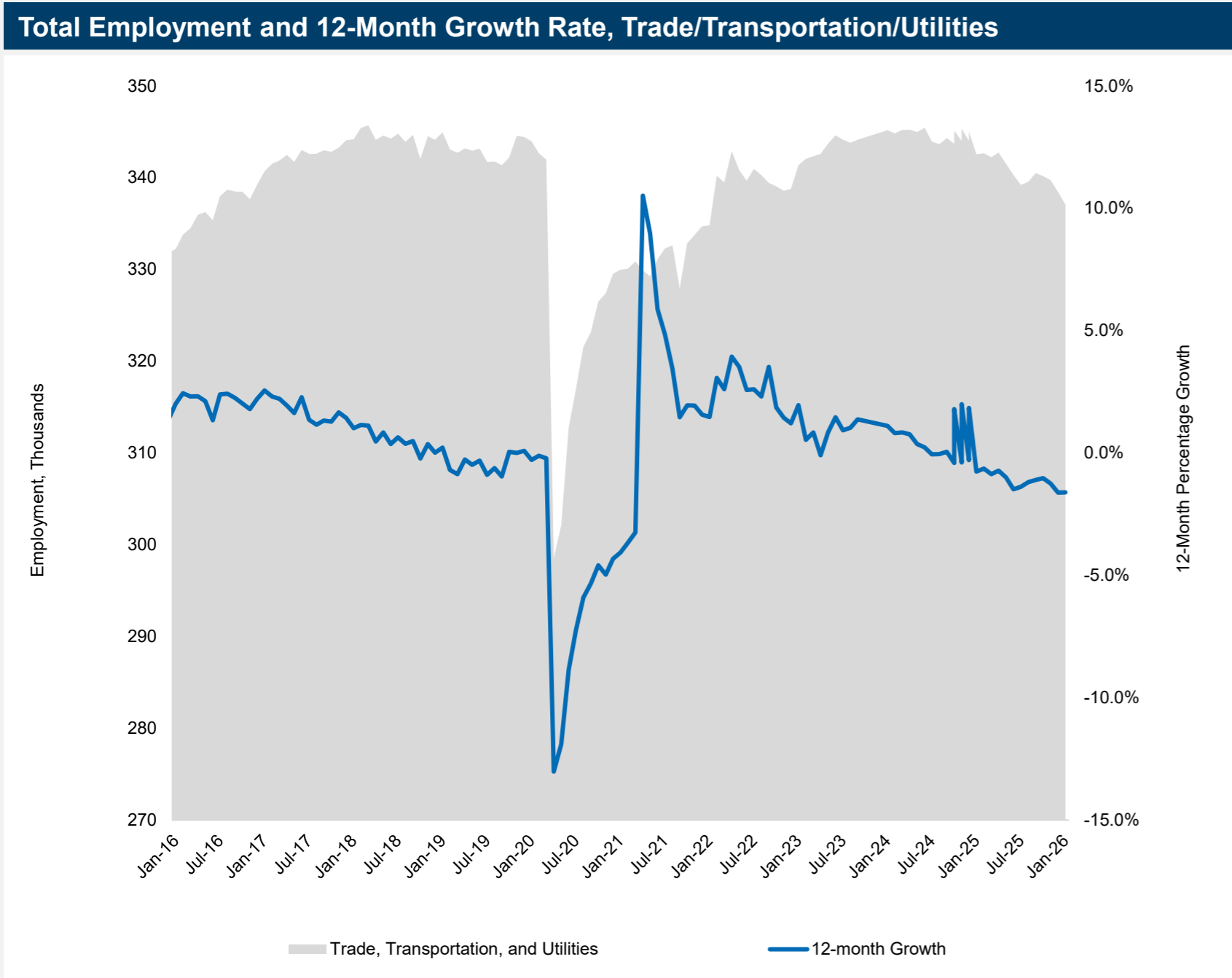


Employment Growth by Industry, 12-Month % Change, January, 2026



Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul

Trade, Transportation, Utilities and Manufacturing Employment Decline Year Over Year



Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul

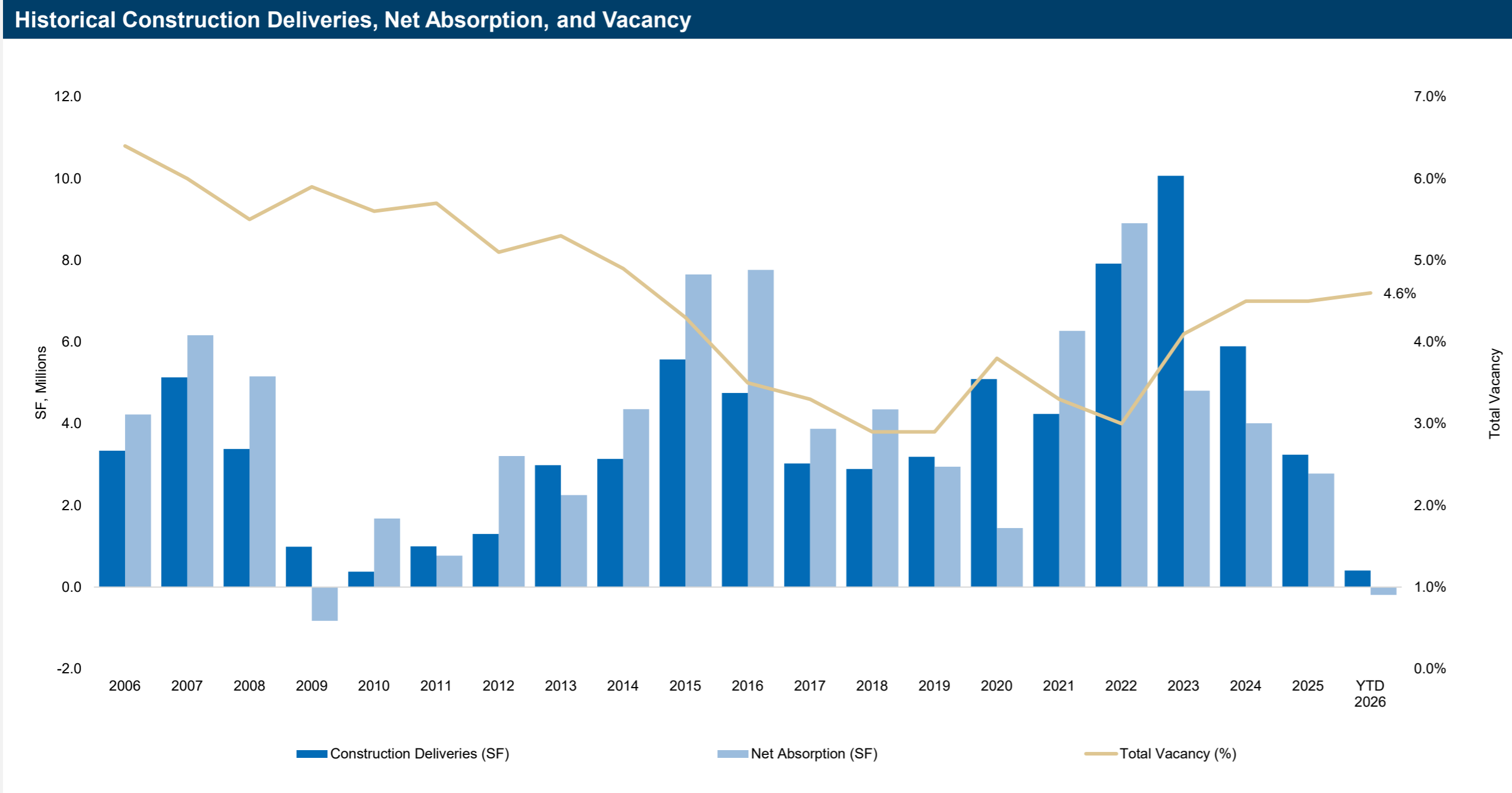
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Leasing Market Fundamentals



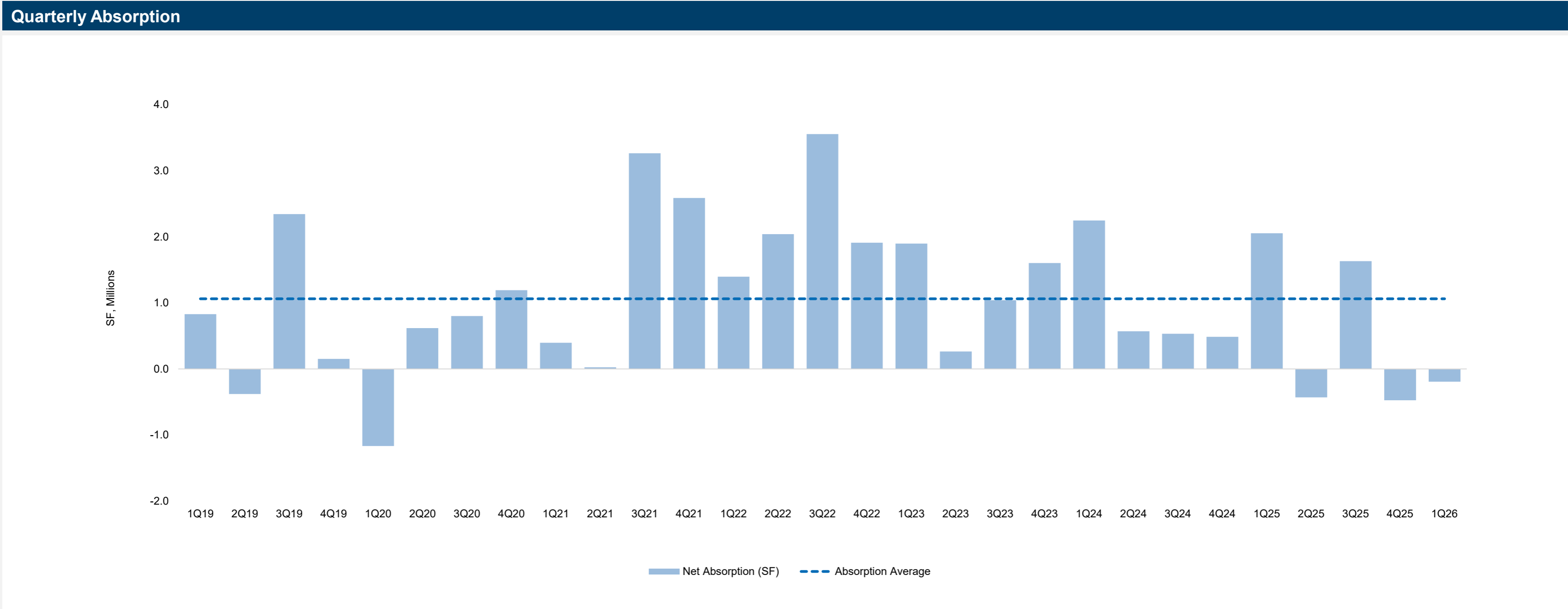
Construction Activity Slows as Vacancy Stabilizes

Construction deliveries and net absorption peaked in 2022–2023 before declining, reflecting a market cooling from its post-pandemic development surge. Vacancy has stabilized at 4.6% through 1Q26 as deliveries taper in response to slowing demand.



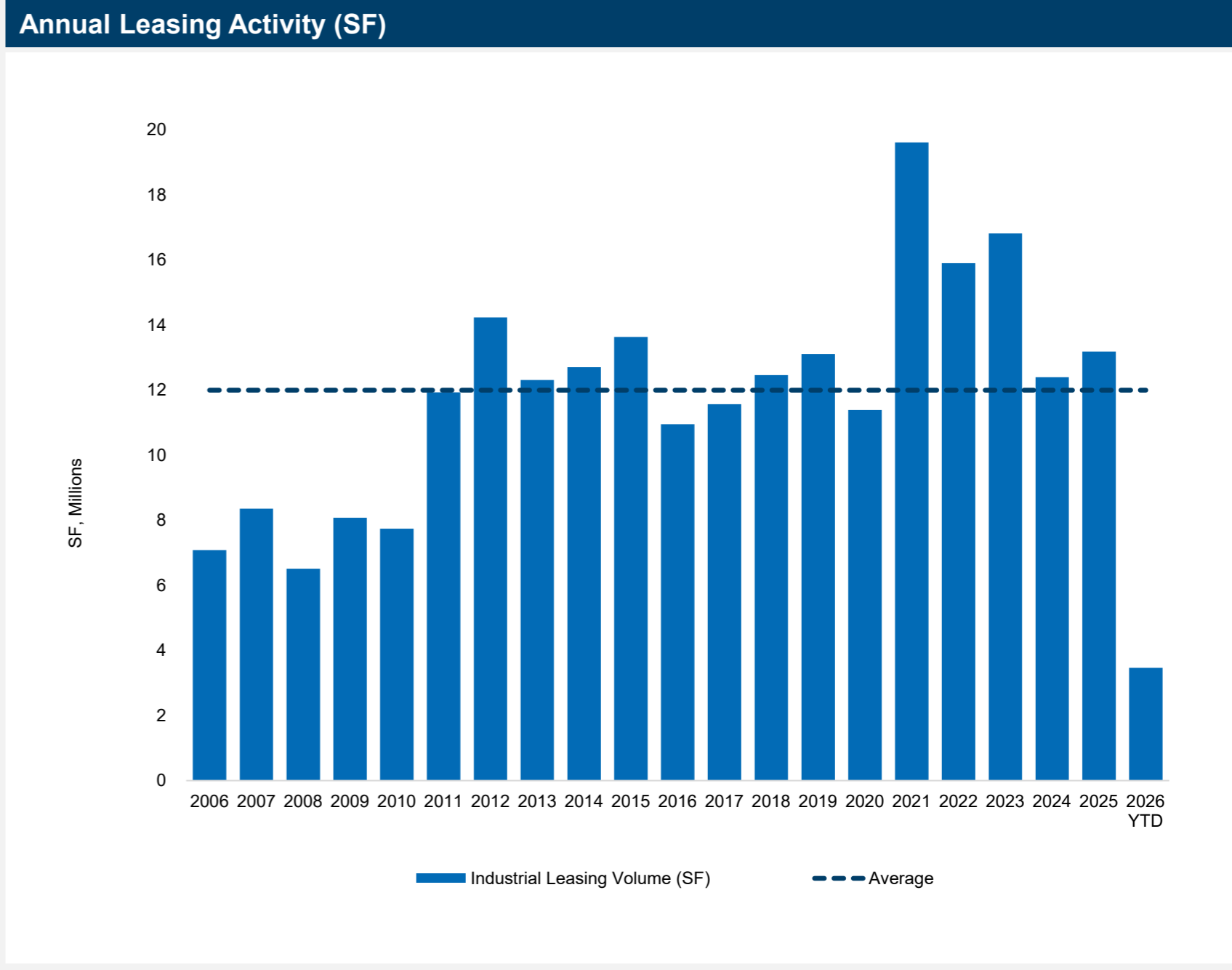
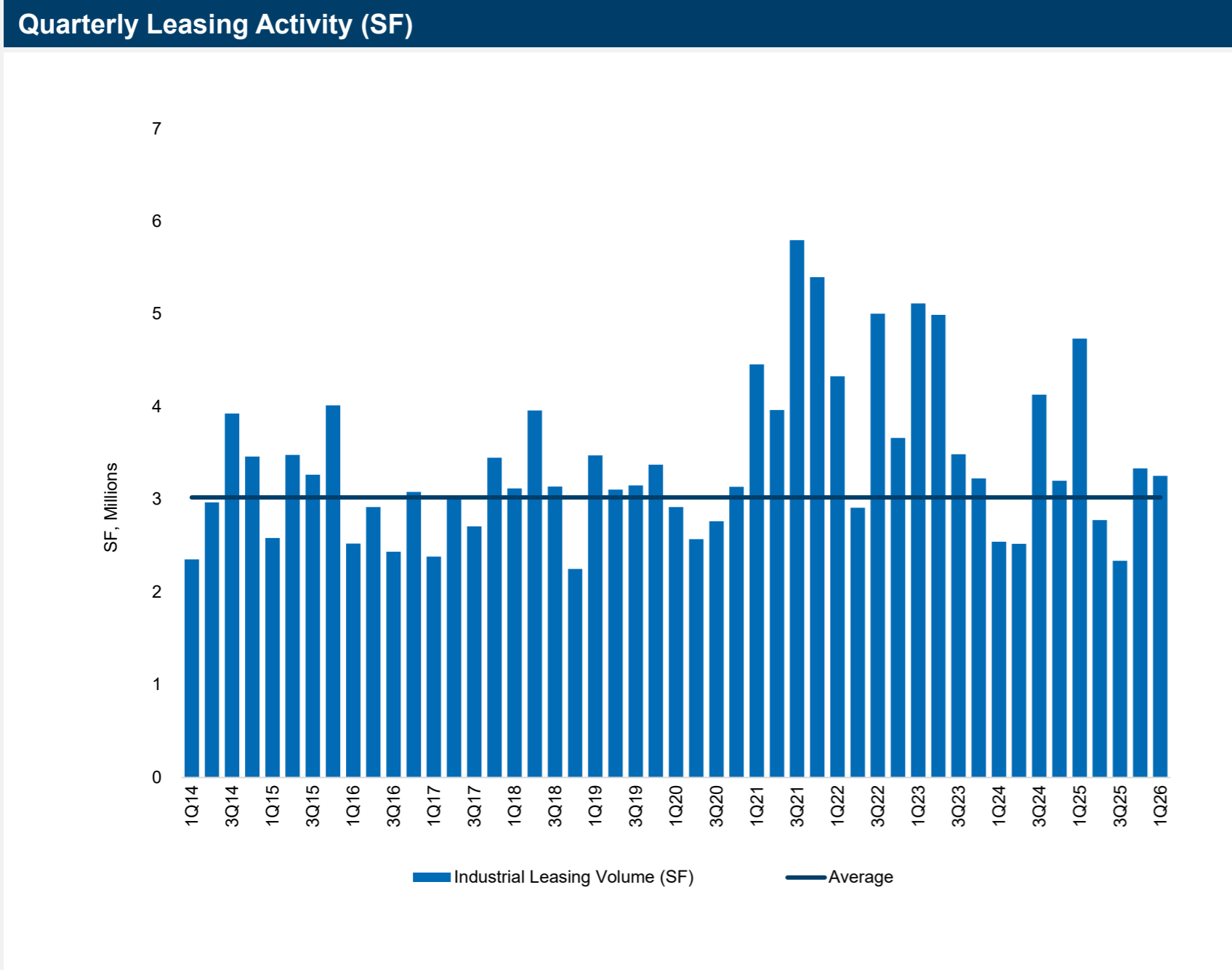
Absorption Negative for Second Consecutive Quarter

After strong absorption through 2021–2022, recent net absorption has trended below the historical quarterly average, though 2025 recorded 2.7 MSF of absorption for the year.



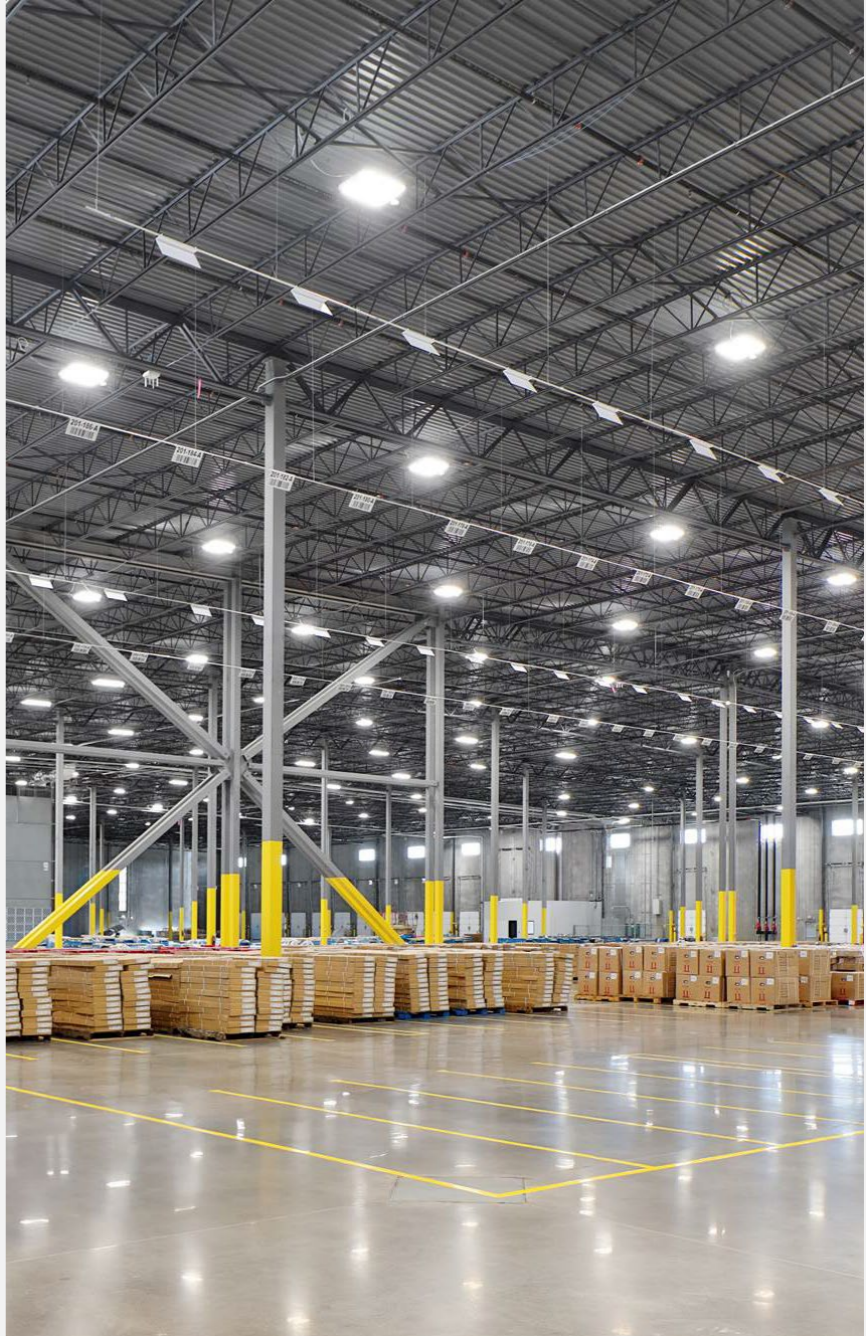
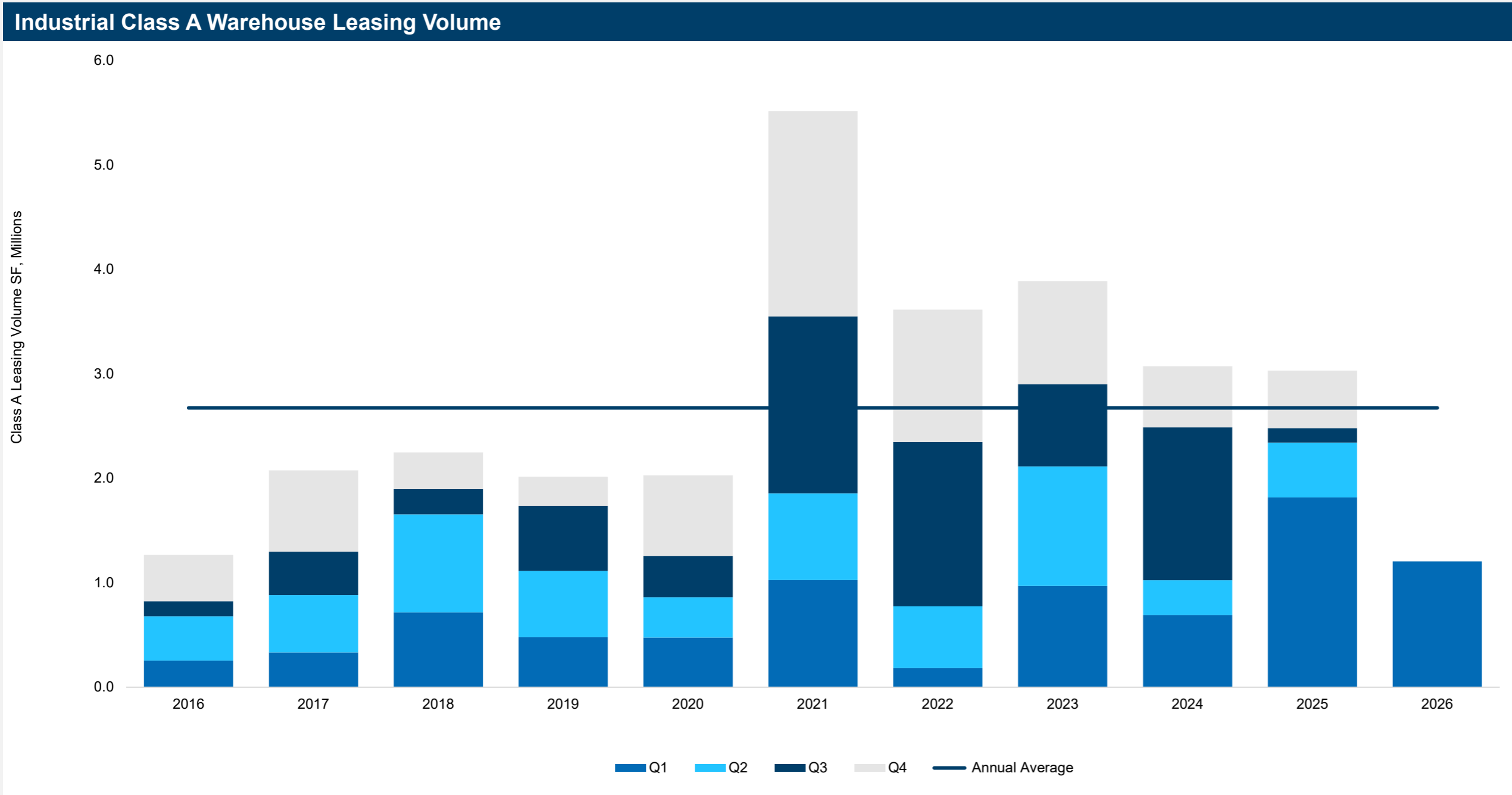
Demand Slows from Cycle Peak as Market Recalibrates

Tenant demand remains selectively active but below the velocity of the 2021–2023 cycle as the market recalibrates.



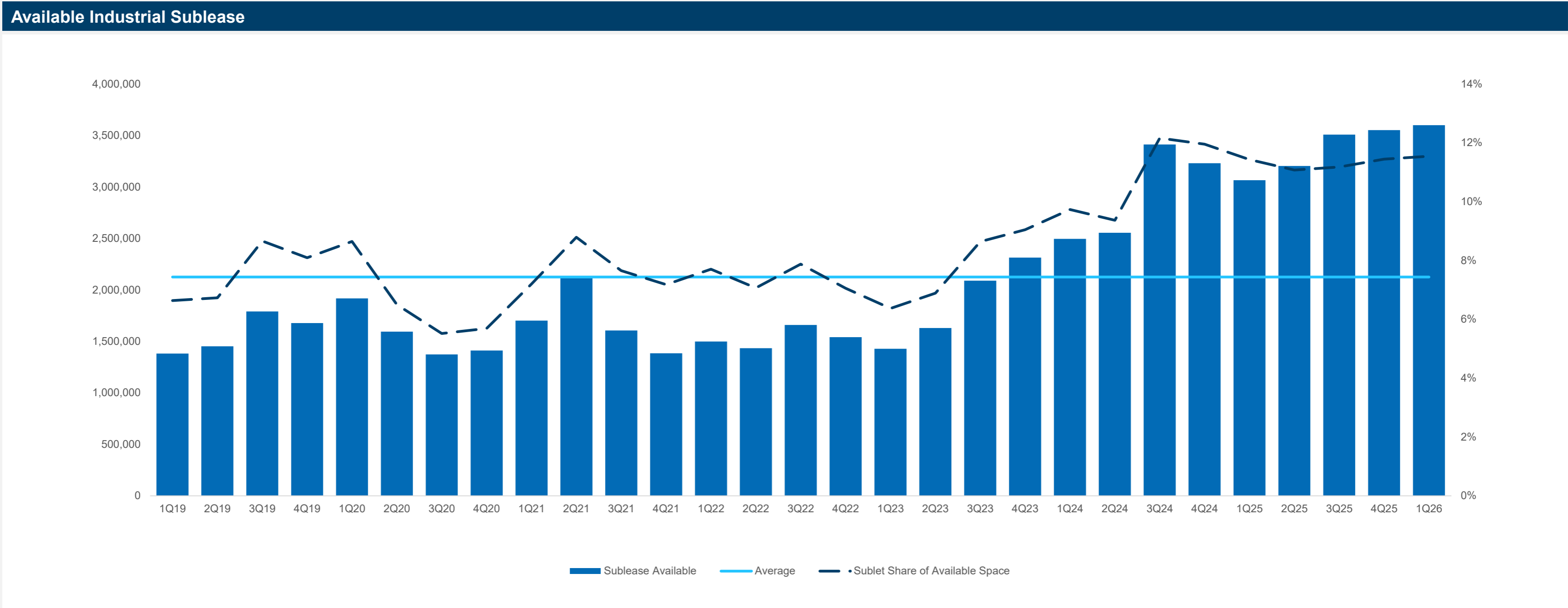
Class A Warehouse Leasing Trending Near Long-Term Average

Annual leasing volume surged to 5.5M SF in 2021 before moderating; 2024 and 2025 were just above the 2.6M SF long-term average, while 2026 is tracking to meet that average.



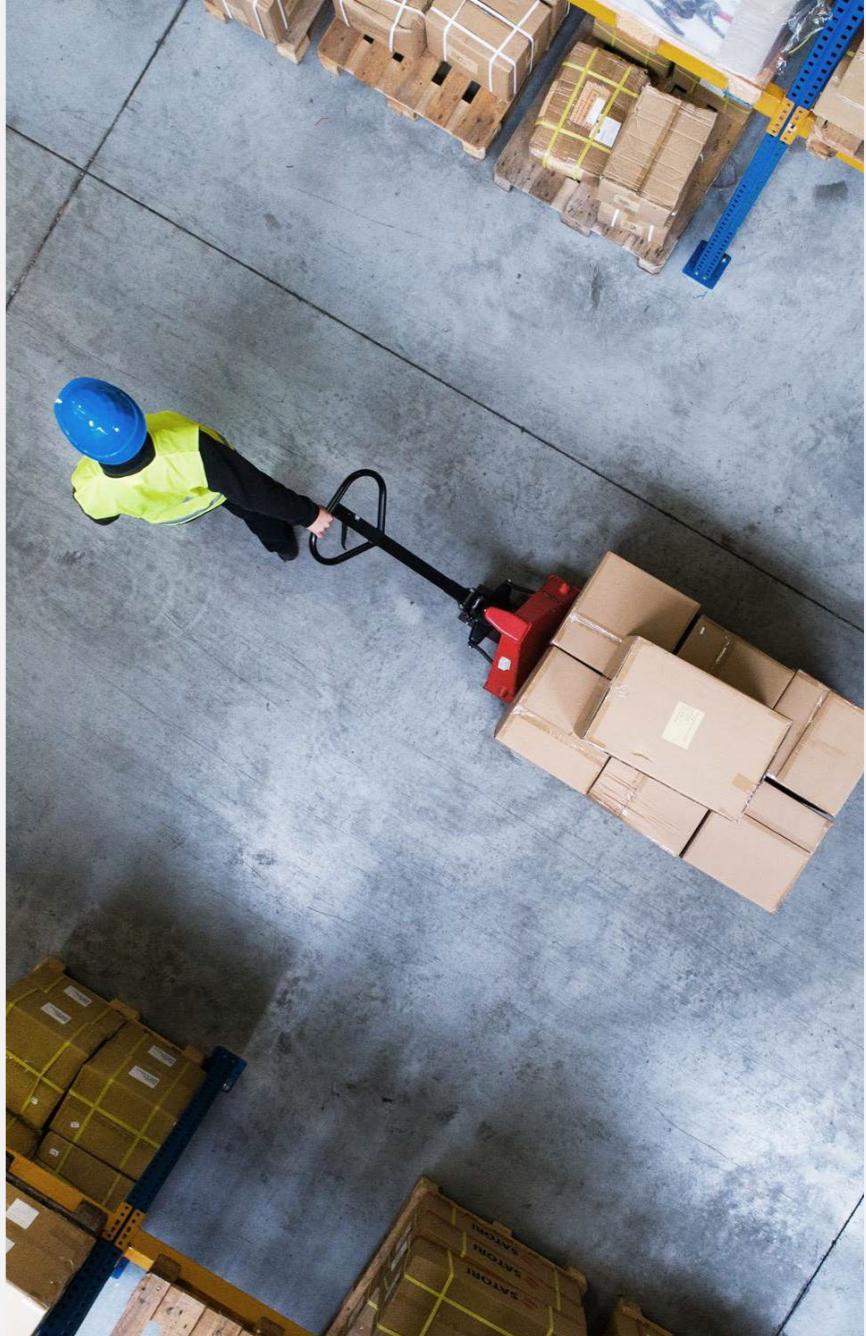
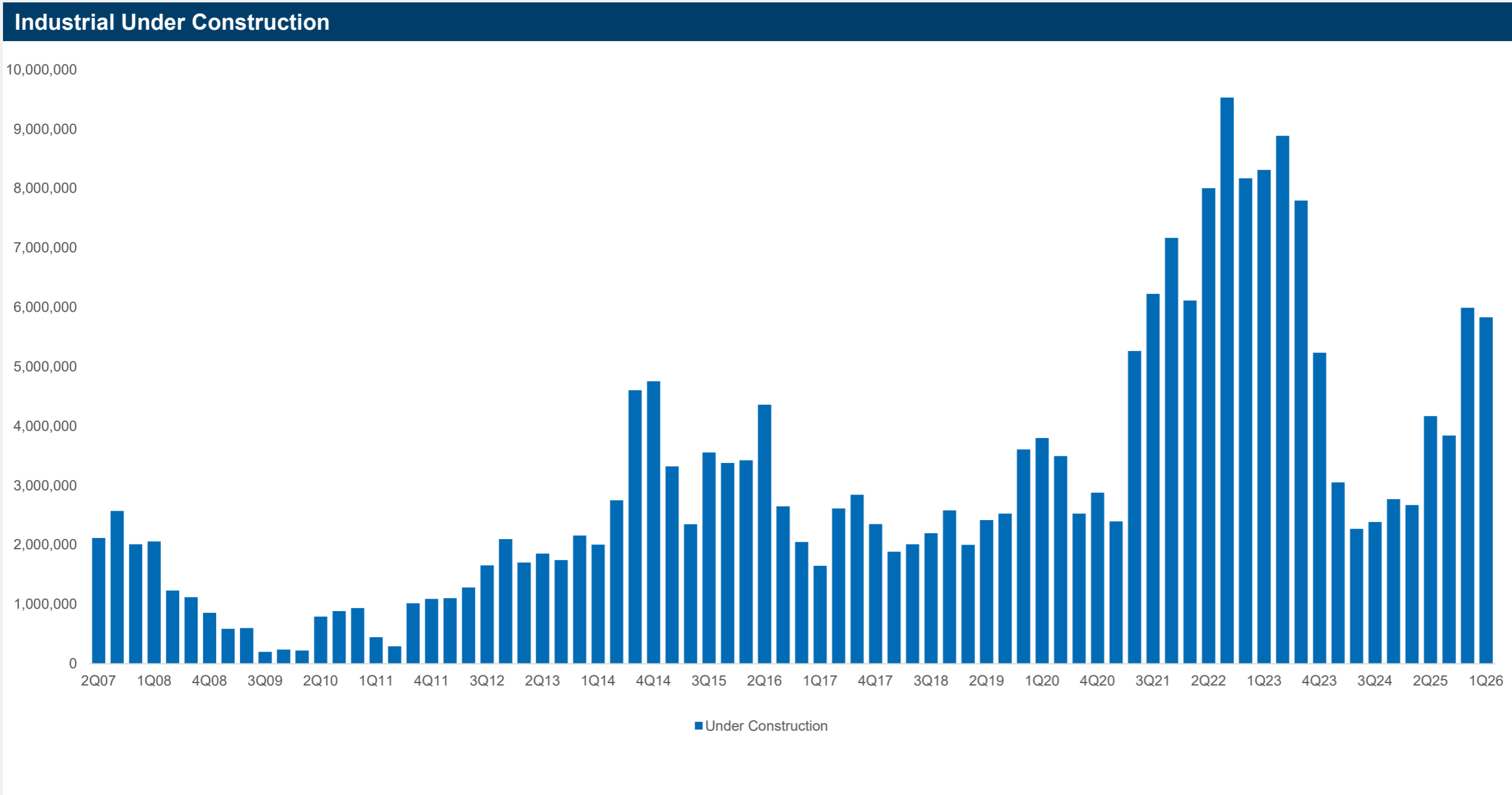
Industrial Sublease Availability Inches Upward

Available industrial sublease space held relatively flat from 2019 through mid-2023. Beginning in 3Q23, sublease availability climbed and has remained above the historical average through 1Q26, reaching 3.6 million SF, the highest level in the period shown.



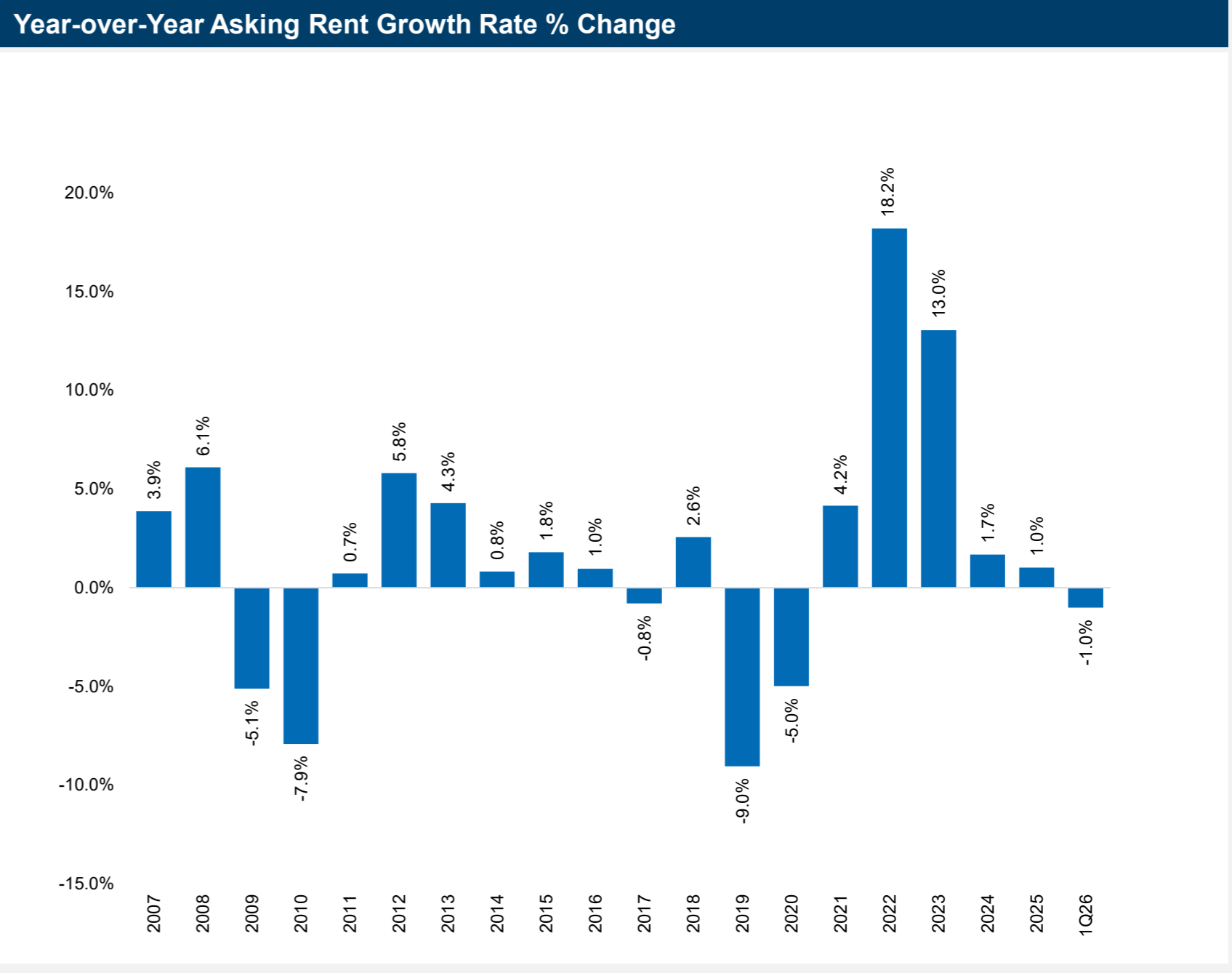
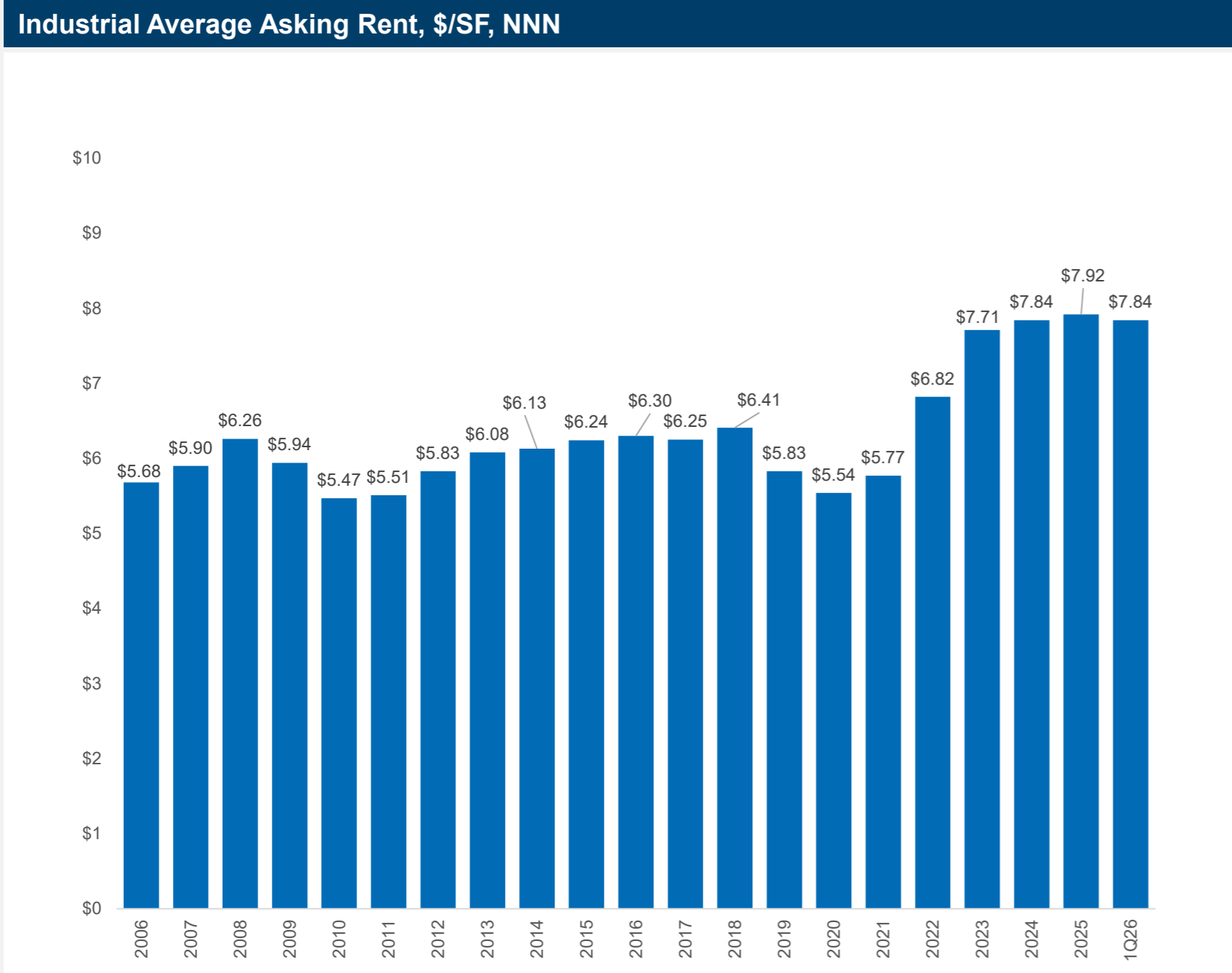
Amazon Accounts for Over Half of Active Construction as Pipeline Pulls Back from Peak

After pulling back from its 2022 peak, 5.9 million SF is currently underway, with 89% pre-leased. This figure is weighted by Ryan Companies' 3.6 MSF project in Eagan, pre-leased to Amazon with a June 2026 delivery. The Northwest submarket's active pipeline is only 30% pre-leased, representing meaningful speculative development.



Rent Growth Decelerates

Rent growth surged between 2022 and 2025. As of 1Q26, the average asking rent has pulled back slightly to \$7.84/SF, matching the 2024 level as growth plateaus after three consecutive years of gains.



04

Statistics



Total Market Statistics



Please reach out to your
Newmark business contact for this information

Submarket Statistics (20K+ SF)



Please reach out to your
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