



MINNEAPOLIS/ST. PAUL INDUSTRIAL MARKET 2024 MID-YEAR UPDATE



OVERVIEW

As we enter the second half of 2024, the industrial market has softened, but remains fundamentally strong with a market-wide vacancy rate of 5.3%, a marginal increase from 4.9% at the end of 2023. Rental rate growth is moderating, but tenants that have not been in the market for several years are experiencing sticker shock from proposed rates that may be 50% or more higher than their current rates. While rents will vary based on location and building quality, as a general example, quoted rents for a tenant with a 20% office finish and 80% warehouse have gone from a blended net of \$5.50/SF to \$8.40/SF over the course of the past six years.

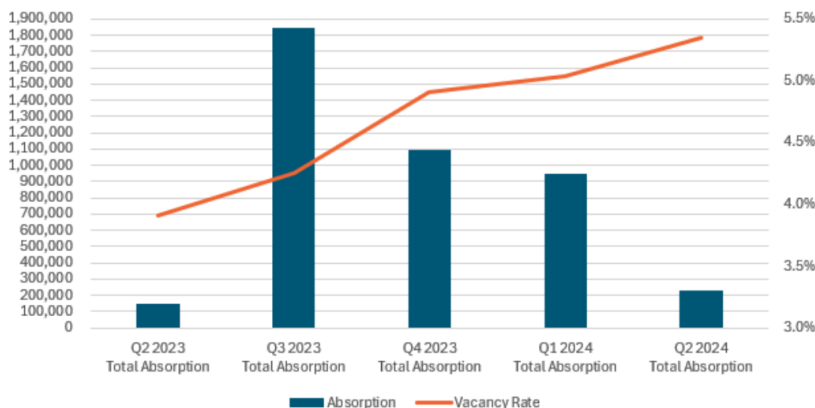
On the sales side, EQT Exeter acquired the Prologis Minneapolis portfolio in a \$450+ million transaction which was the largest industrial portfolio transaction since 2020. Sales for owner-occupiers have benefited from some price relief, though inventory remains limited.

- The new construction pipeline has been turned off outside of build-to-suit activity or one-off projects with pre-leasing success.
- Despite increased vacancy over the past 12-18 months, many Landlords remain bullish given the leveling off in new construction while tenant demand remains stable.
- Users willing to consider options outside of the 494/694 loop will benefit from additional options and greater competition amongst Landlords where vacancies are the highest.

SNAPSHOT

Overall Vacancy	5.3%	▲
Under Construction	3.3M SF	▼
YTD Total Absorption	1.1M SF	▼
Rental Rates	Increasing	▲
Concessions	Increasing	▲
 Market Size	295M SF	
 Total Vacancy	15.3M SF	

ABSORPTION & VACANCY RATE



Source: REDICOMPS.COM

FOR MORE INFORMATION
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