





# MINNEAPOLIS/ST. PAUL INDUSTRIAL MARKET 2024 YEAR-END UPDATE

## OVERVIEW

With strong positive net absorption in the 4<sup>th</sup> Quarter of 2024, the overall market vacancy rate dipped to 5.2%. Rental rates continue to trend upward, fueled by sustained demand and a slowdown in new construction relative to 2023, largely due to higher interest rates and rising construction costs.

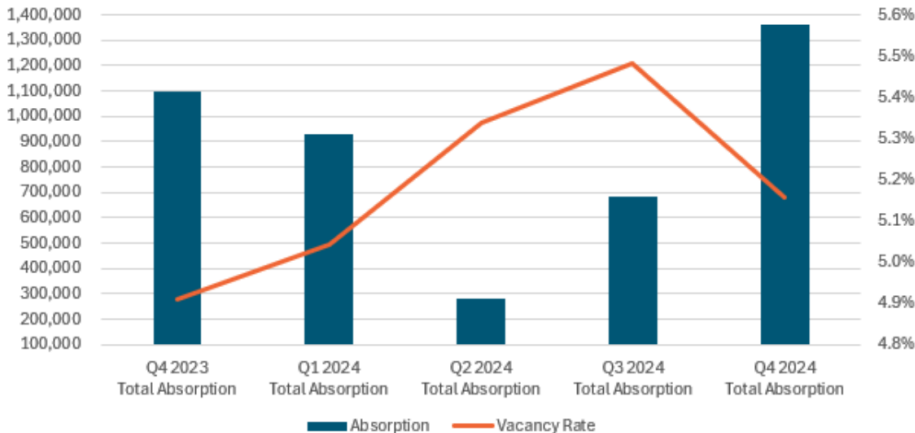
On the sales side, the Midway Mile Portfolio sale was the largest transaction of the quarter at \$156M. EQT Exeter's acquisition of the Prologis Minneapolis portfolio at \$450+ million was the largest transaction of the year. Investment sales comprised the vast majority of overall sales volume; however, owner/user demand and interest remains strong.

## SNAPSHOT

Overall Vacancy	5.2%	▼
Under Construction	3.0M SF	▼
YTD Total Absorption	3.2M SF	▲
Rental Rates	Increasing	▲
Concessions	Flat	▬
 Market Size	<b>298 MSF</b>	
 Total Vacancy	<b>15.3 MSF</b>	

- A notable trend throughout the year was the scarcity of smaller spaces in the 10,000-25,000 SF range.
- Many landlords are quoting “negotiable” or “TBD” rental rates in a market that is changing quickly and has experienced substantial rent growth.
- Approximately half of The Cubes at French Lake, a 1 million SF development that had been vacant since its completion in 2023, was leased to States Manufacturing in the market's largest industrial transaction.
- Although construction pricing has declined from its 2022 peak, with tight labor markets and potential tariffs impacting material prices, it remains challenging to deliver affordable new construction.
- For some, 2024 felt like a year of waiting for interest rate declines and certainty following the election. While rates may not decrease as much or as fast as some had hoped, we expect to see increased development driven by strong leasing activity and lack of supply in the year ahead.

## ABSORPTION & VACANCY RATE



FOR MORE INFORMATION  
CONTACT:



[info@tatonkare.com](mailto:info@tatonkare.com)

Or  
612-466-7300