



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.9% Vacancy Rate	▲	▼
774K YTD Net Absorption, SF	▼	▲
\$8.81 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment	▲	▲
4.1% Minneapolis Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

ECONOMIC OVERVIEW:

The Minneapolis–St. Paul economy showed signs of cooling in Q3 2026. Nonfarm employment held at just over 2.0 million workers, while the local unemployment rate climbed 30 basis points (bps) year-over-year (YOY) to 4.1%. At just 10 bps below the U.S. average of 4.2%, the gap between local and national labor market conditions narrowed, reflecting a departure from the metro's longstanding pattern of outperforming national employment trends.

SUPPLY: VACANCY STEADY AS SUBLEASE SPACE INCREASES

Overall vacancy held steady at 4.9% in Q3 2026, though it remained 40 bps higher YOY. Occupiers relocating, expanding, or consolidating into newer facilities drove sublease vacancy up 30.7% quarter-over-quarter (QOQ) to nearly 2.0 million square feet (msf) while direct vacancy declined 2.3% QOQ. The divergence reflects a continued flight to quality as occupiers favor newer, more functional industrial facilities. Through Q3 2026, developers completed nearly 2.0 msf of inventory, including 798,000 sf of speculative space that was fully leased. With limited speculative deliveries expected through year-end, options for modern, high-clear space remain limited.

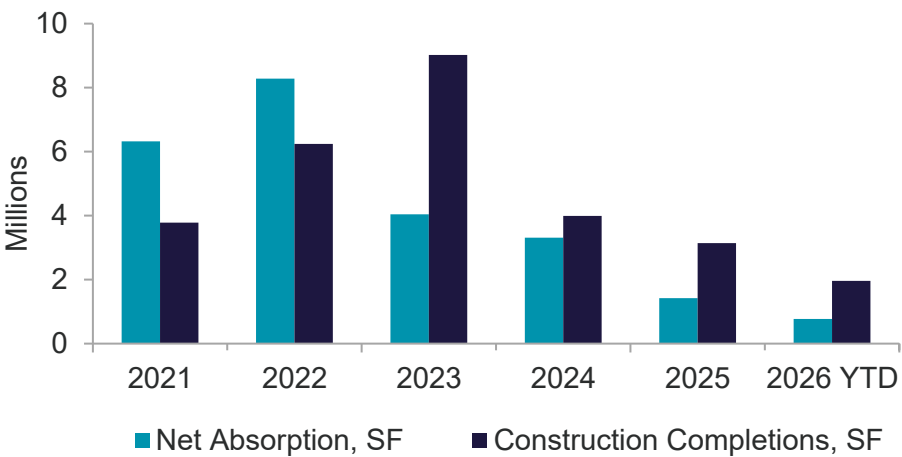
DEMAND: NEW LEASING UP YOY ON LARGE DEALS

New leasing totaled approximately 3.2 msf in Q3 2026, the strongest quarter since Q4 2024, lifting year-to-date (YTD) activity to 8.2 msf, 19.1% above 2025. Larger transactions drove the increase, with average deal size rising 25.5% despite a 5.2% decline in deal count. Tenants signed 13 leases exceeding 100,000 sf through Q3, while more than 12 msf of active requirements from 3PL, manufacturing, retail trade, and data center-adjacent users supported future demand. Leasing activity in Q3 was led by the Southeast submarket, which recorded approximately 1.0 msf of new deals as occupiers continued to favor Eagan and Lakeville, while demand for spaces between 30,000 and 60,000 sf remained muted in some submarkets.

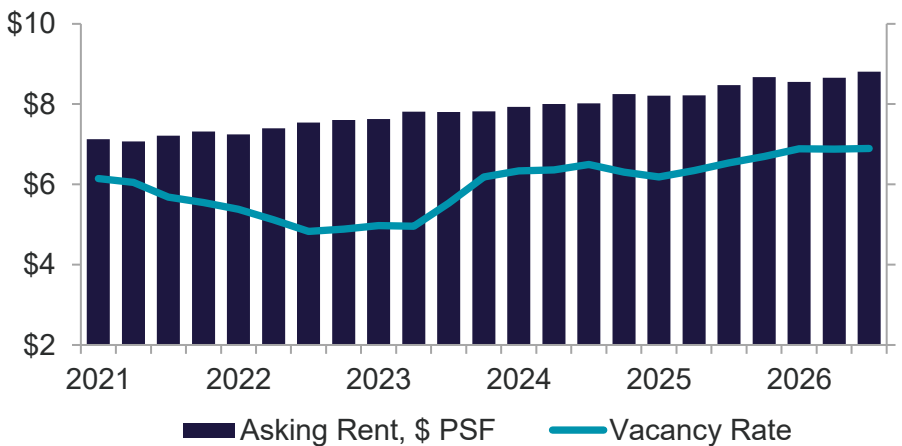
SALES: INVESTOR DEMAND SUPPORTED BY PORTFOLIO SALES

Investor demand remained healthy through Q3 2026, supported by a strong volume of portfolio and core asset transactions. The quarter was highlighted by Brookfield's \$167.8 million acquisition of a 1.7-msf industrial portfolio, establishing scale in the Twin Cities market. Marketed assets continued to attract multiple bidders, while the impact of the Federal Reserve's September rate increase on future pricing remains uncertain.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OFC)*	OVERALL WEIGHTED AVG NET RENT (WD)*	OVERALL WEIGHTED AVG NET RENT
Northeast	121,146,550	4,323,248	3.6%	-124,609	217,696	725,846	531,642	\$11.63	\$6.98	\$8.26
Northwest	90,414,817	4,005,724	4.4%	14,903	27,167	1,288,434	444,600	\$12.51	\$7.49	\$8.74
Southeast	73,471,981	4,250,738	5.8%	380,199	470,680	4,244,150	399,838	\$11.56	\$7.29	\$8.99
Southwest	76,589,260	5,123,613	6.7%	174,161	58,291	569,000	579,980	\$12.60	\$7.46	\$9.11
MINNEAPOLIS TOTALS	361,622,608	17,703,323	4.9%	444,654	773,834	6,827,430	1,956,060	\$12.13	\$7.30	\$8.81

*Rental rates reflect weighted net asking \$psf/year and are quoted separately by office and warehouse components of an availability in Minneapolis – St. Paul

OFC = Office W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
I-94 East Logistics Center, Woodbury	Southeast	Confidential	476,928	New
6300 Queens Ave. N.E., Otsego	Northwest	U.S. Lumber	401,544	New
Crosstown North Business Center XII, Brooklyn Park	Northwest	Graybar Electric Inc	324,000	Renewal
River Edge Business Center, Fridley	Northeast	Blue Dot Design & Manufacturing	250,117	New
Lexington Preserve V Bldg. I, Blaine	Northeast	Nvent	83,886	New
Lexington Preserve V Bldg. II, Blaine	Northeast	Nvent	83,886	New
Canterbury Industrial Center, Shakopee	Southwest	Hercules OEM	69,989	New

*Renewals not included in leasing statistics

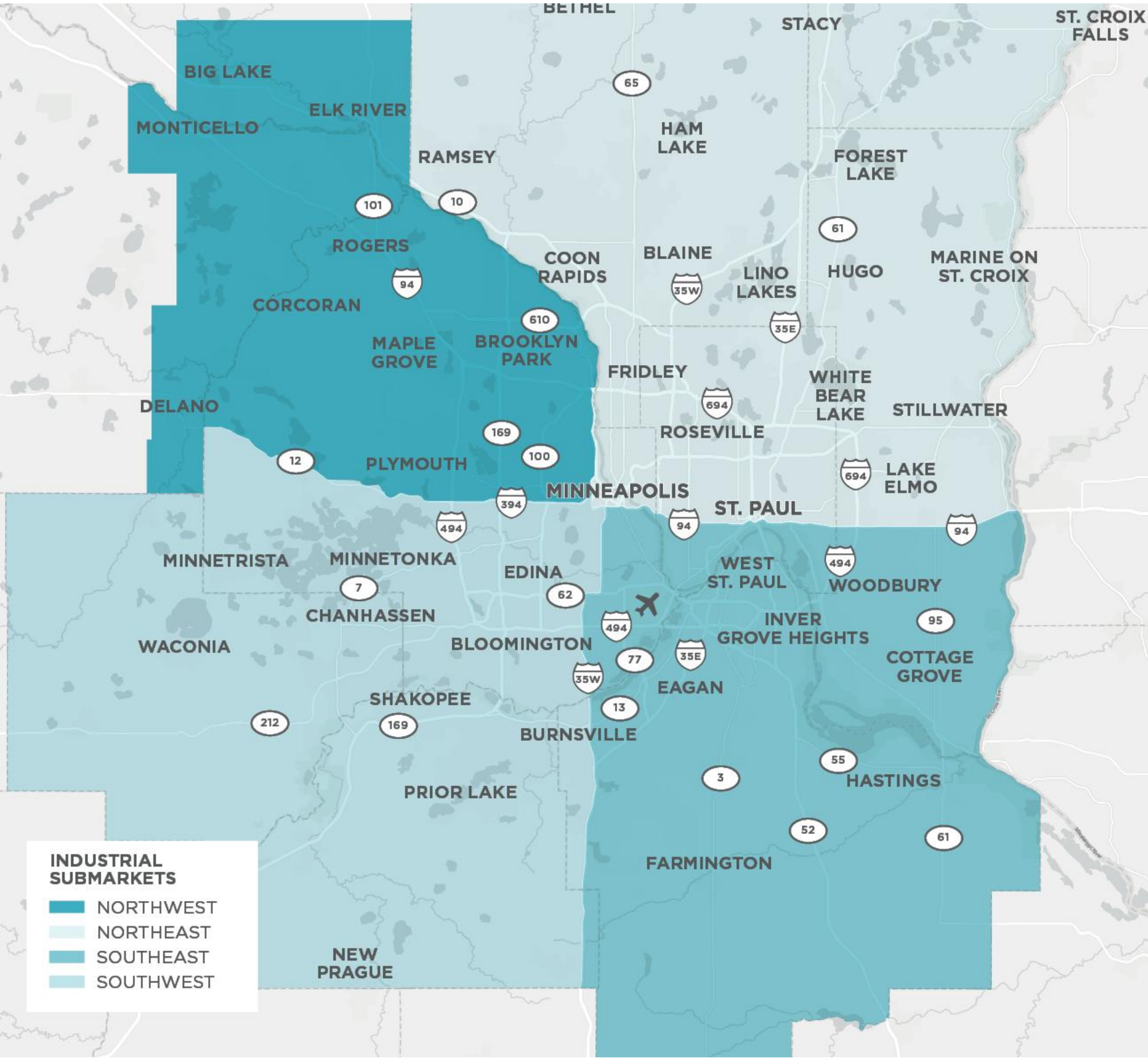
KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Capital Partners Portfolio, Various	Various	Capital Partners JV Investcorp / Brookfield Properties	1,736,378	\$167.8M / \$97
Cabot Properties Portfolio, Various	Various	Cabot Properties / Nuveen	867,108	\$101.0M / \$116
Link Portfolio, Various	Various	Link Logistics / Capital Partners	449,456	\$54.3M / \$121
Endeavor Portfolio, Maple Grove	Northwest	Endeavor / Invesco Real Estate	406,040	\$74.2M / \$183
Mid-City Business Center, Minneapolis	Northeast	Capital Partners JV Investcorp / Endeavor	320,211	\$39.4M / \$123
Westmount Portfolio, Eden Prairie	Southwest	Westmount Realty Capital / Sabel Hall Partners	274,335	\$28.0M / \$102

KEY CONSTRUCTION COMPLETIONS Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Brockton Business Park Phase I, Corcoran	Northwest	Medline, PHS West	286,000	Hempel
Cobalt Business Center, Mendota Heights	Southeast	Consolidated Precision Products	174,288	Endeavor Development
M&M Precision Machining, Big Lake	Northwest	M&M Precision Machining	70,600	M&M Precision Machining

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