

Market

Trends

Q3 2025

Mpls/St Paul - Retail



REDI MOODY'S



MARKET TRENDS

Q3 2025 | Mpls-St Paul | Retail

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	2,003,787	
Area Unemployment	4.1	
U.S. Unemployment	4.3	
Retail Jobs	196,700	

Source: BLS

*Employment figures and area unemployment are based on Mpls-St Paul MSA data.

Market Recap

Total Inventory (sf)	93,764,737
Total # of Bldgs (tracked)	1,948
Absorption	(82,674)
Vacancy	7.6%
Asking Rate (NNN)	\$18.49
Under Construction	402,046

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 80 basis points to 4.1% for August 2025 from 3.3% for August 2024. The unemployment rate for the US was at 4.3% in May 2025 increasing 10 basis points from last year. State of Minnesota unemployment rate was 3.6%. The Mpls-St Paul MSA saw an increase in job growth but retail decreased in job growth in leisure and hospitality by 700 during the same period.

Market Overview

The Mpls-St Paul retail market consists of over 93.7 msf of space in seven metro counties. This region posted (82,600) sf negative absorption for Q3 2025 bringing the YTD of (532,800) sf negative absorption. Subleases accounted for (81,000) sf of the negative absorption this quarter. Multi-tenant properties had (83,200) sf negative absorption this quarter and YTD of (381,000) sf negative absorption. The vacancy rate for the overall market was 7.6% and multi-tenant only properties showed 10.8%. To date there are 24 construction projects throughout the market totaling 402,000 sf.

Market Highlights

The Northwest market posted the lowest vacancy rate at 5.4% for all properties while Mpls CBD was the highest at 27.9%. All the suburban markets posted 6.8% vacancy rate. The Southwest market was the only market posting positive absorption of 54,700 sf led by Lava Island leasing 41,000 sf. Northeast market had the largest negative absorption of (67,600) sf led by Best Buy vacating 37,200 sf. During Q3 2025, 93 properties sold with 1.3 msf totaling \$257.4 million. The market experienced over 606,900 sf of leasing activity from 165 transactions.

Market Statistics by Property Type

Total

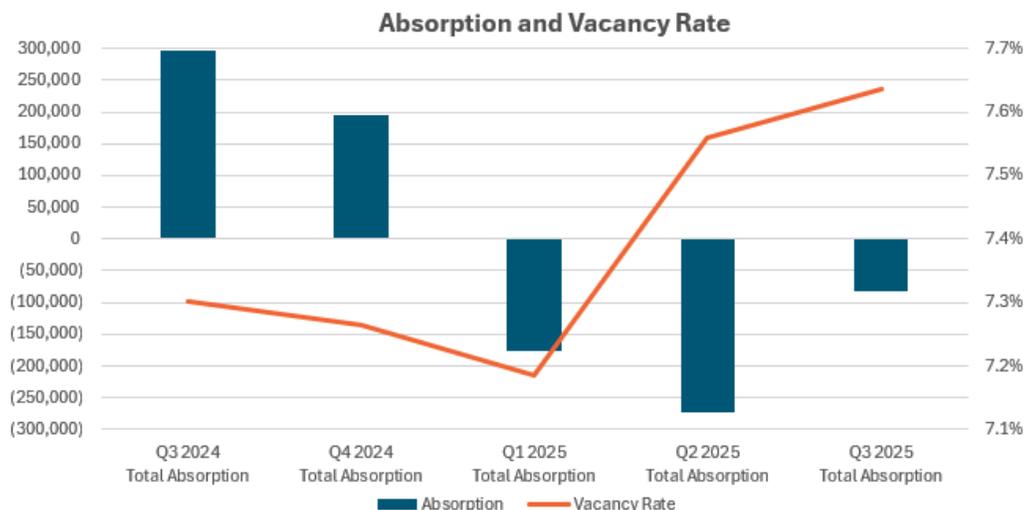
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	69	11,165,370	1,402,969	1,543,229	(135,447)	(208,595)	13.8%
Freestanding/Big Box	603	38,122,180	846,028	1,173,821	595	(151,747)	3.1%
Mixed Use	199	7,085,944	1,058,981	1,391,461	(29,591)	(24,529)	19.6%
Neighborhood Center	340	19,195,019	1,462,380	1,500,766	28,612	(173,373)	7.8%
Regional Center	9	7,018,869	814,793	887,909	48,437	27,228	12.7%
Strip Center	728	11,177,355	800,981	663,697	4,720	(1,796)	5.9%
Grand Total	1,948	93,764,737	6,386,132	7,160,883	(82,674)	(532,812)	7.6%

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	69	11,165,370	1,303,365	1,443,625	(90,063)	(163,211)	12.9%
Freestanding/Big Box	603	38,122,180	734,443	1,062,236	0	(200,342)	2.8%
Mixed Use	199	7,085,944	970,465	1,302,945	(6,383)	1,562	18.4%
Neighborhood Center	340	19,195,019	1,354,407	1,395,633	28,612	(166,913)	7.3%
Regional Center	9	7,018,869	814,793	887,909	48,437	27,228	12.7%
Strip Center	728	11,177,355	781,459	649,339	17,733	9,328	5.8%
Grand Total	1,948	93,764,737	5,958,932	6,741,687	(1,664)	(492,348)	7.2%

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	69	11,165,370	99,604	99,604	(45,384)	(45,384)	0.9%
Freestanding/Big Box	603	38,122,180	111,585	111,585	595	48,595	0.3%
Mixed Use	199	7,085,944	88,516	88,516	(23,208)	(26,091)	1.2%
Neighborhood Center	340	19,195,019	107,973	105,133	0	(6,460)	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	728	11,177,355	19,522	14,358	(13,013)	(11,124)	0.1%
Grand Total	1,948	93,764,737	427,200	419,196	(81,010)	(40,464)	0.4%



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643			0	0	0.0%
	Freestanding/Big Box	3	356,182			0	0	0.0%
	Mixed Use	62	2,774,370	606,495	915,998	(9,924)	15,464	33.0%
	Strip Center	2	18,520	2,269	2,269	0	0	12.3%
	Subtotal	68	3,296,715	608,764	918,267	(9,924)	15,464	27.9%
Northeast	Community Center	24	3,893,925	468,472	541,179	(49,786)	(150,761)	13.9%
	Freestanding/Big Box	197	12,727,925	398,664	514,927	(40,426)	18,946	4.0%
	Mixed Use	23	592,237	58,733	38,518	(3,129)	6,865	6.5%
	Neighborhood Center	96	5,627,220	441,890	452,627	11,683	2,193	8.0%
	Regional Center	4	2,725,830	131,647	291,180	4,772	1,011	10.7%
	Strip Center	218	3,385,106	216,139	165,478	9,291	17,320	4.9%
	Subtotal	562	28,952,243	1,715,545	2,003,909	(67,595)	(104,426)	6.9%
Northwest	Community Center	8	1,331,047	121,606	120,406	9,212	22,815	9.0%
	Freestanding/Big Box	86	5,371,326	136,159	118,159	0	(90,000)	2.2%
	Mixed Use	21	818,262	22,537	16,279	5,296	6,085	2.0%
	Neighborhood Center	57	3,244,173	310,525	236,237	(8,020)	(57,043)	7.3%
	Strip Center	129	1,969,305	242,477	200,165	(32,806)	(55,212)	10.2%
	Subtotal	301	12,734,113	833,304	691,246	(26,318)	(173,355)	5.4%
Saint Paul CBD	Mixed Use	15	567,043	80,531	121,919	(3,493)	(30,862)	21.5%
	Subtotal	15	567,043	80,531	121,919	(3,493)	(30,862)	21.5%
Southeast	Community Center	20	3,342,689	364,800	533,041	(63,416)	(38,861)	15.9%
	Freestanding/Big Box	188	12,345,413	232,077	433,709	0	(104,674)	3.5%
	Mixed Use	31	993,758	74,502	64,309	18,224	24,827	6.5%
	Neighborhood Center	111	6,104,971	352,050	441,694	3,573	(70,965)	7.2%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	210	3,045,165	162,232	142,010	14,501	19,304	4.7%
	Subtotal	561	26,441,987	1,392,035	1,821,137	(27,118)	(170,369)	6.9%
Southwest	Community Center	13	2,054,657	307,353	187,053	(5,247)	(15,578)	9.1%
	Freestanding/Big Box	98	5,643,218	79,128	79,128	41,021	23,981	1.4%
	Mixed Use	29	816,121	115,044	116,180	(30,856)	(29,718)	14.2%
	Neighborhood Center	47	2,695,714	198,938	219,796	2,507	(27,413)	8.2%
	Regional Center	2	2,087,941	351,299	351,299	40,146	28,614	16.8%
	Strip Center	114	1,813,544	87,575	66,462	7,214	18,524	3.7%
	Subtotal	303	15,111,195	1,139,337	1,019,918	54,785	(1,590)	6.7%
West	Community Center	3	395,409	140,738	161,550	(26,210)	(26,210)	40.9%
	Freestanding/Big Box	31	1,678,116		27,898	0	0	1.7%
	Mixed Use	18	524,153	101,139	118,258	(5,709)	(17,190)	22.6%
	Neighborhood Center	29	1,522,941	158,977	150,412	18,869	(20,145)	9.9%
	Regional Center	2	1,595,107	125,473	39,056	3,519	(2,397)	2.4%
	Strip Center	55	945,715	90,289	87,313	6,520	(1,732)	9.2%
	Subtotal	138	6,661,441	616,616	584,487	(3,011)	(67,674)	8.8%
Suburban	Community Center	68	11,017,727	1,402,969	1,543,229	(135,447)	(208,595)	14.0%
	Freestanding/Big Box	600	37,765,998	846,028	1,173,821	595	(151,747)	3.1%
	Mixed Use	122	3,744,531	371,955	353,544	(16,174)	(9,131)	9.4%
	Neighborhood Center	340	19,195,019	1,462,380	1,500,766	28,612	(173,373)	7.8%
	Regional Center	9	7,018,869	814,793	887,909	48,437	27,228	12.7%
	Strip Center	726	11,158,835	798,712	661,428	4,720	(1,796)	5.9%
	Subtotal	1,865	89,900,979	5,696,837	6,120,697	(69,257)	(517,414)	6.8%
Grand Total		1,948	93,764,737	6,386,132	7,160,883	(82,674)	(532,812)	7.6%

Vacancy Rates

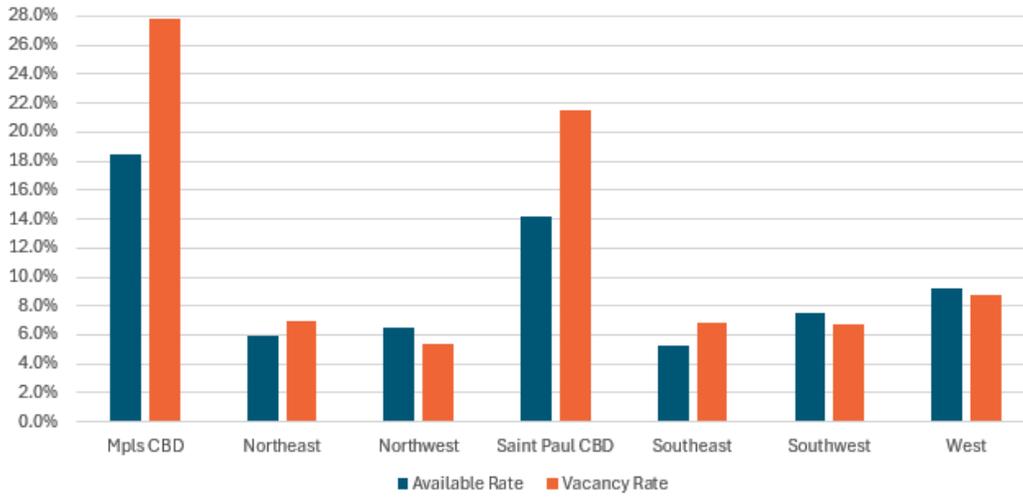
Market	Property Type	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
		Vacancy Rate				
Mpls CBD	Community Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	34.7%	34.1%	34.1%	32.7%	33.0%
	Strip Center	12.3%	12.3%	12.3%	12.3%	12.3%
	Subtotal	30.0%	29.5%	28.8%	27.6%	27.9%
Northeast	Community Center	11.8%	13.3%	11.6%	13.1%	13.9%
	Freestanding/Big Box	5.0%	4.9%	4.9%	3.7%	4.0%
	Mixed Use	7.1%	6.2%	6.6%	6.0%	6.5%
	Neighborhood Center	7.8%	7.8%	8.1%	8.0%	8.0%
	Regional Center	10.8%	10.7%	11.0%	10.9%	10.7%
	Strip Center	5.4%	5.0%	5.0%	5.2%	4.9%
	Subtotal	7.1%	7.2%	7.1%	6.7%	6.9%
Northwest	Community Center	10.8%	10.8%	10.8%	9.7%	9.0%
	Freestanding/Big Box	0.5%	0.5%	2.2%	2.2%	2.2%
	Mixed Use	4.2%	2.6%	2.6%	2.6%	2.0%
	Neighborhood Center	7.2%	7.4%	4.9%	7.0%	7.3%
	Strip Center	7.4%	7.4%	8.2%	8.5%	10.2%
	Subtotal	4.6%	4.6%	4.8%	5.2%	5.4%
Saint Paul CBD	Mixed Use	22.0%	20.6%	21.6%	21.9%	21.5%
	Subtotal	22.0%	20.6%	21.6%	21.9%	21.5%
Southeast	Community Center	15.1%	14.8%	13.5%	14.0%	15.9%
	Freestanding/Big Box	1.8%	1.6%	1.6%	3.5%	3.5%
	Mixed Use	8.1%	8.5%	8.0%	8.0%	6.5%
	Neighborhood Center	6.1%	6.1%	6.0%	7.3%	7.2%
	Regional Center	33.8%	33.8%	33.8%	33.8%	33.8%
	Strip Center	4.9%	4.9%	4.4%	5.1%	4.7%
	Subtotal	5.8%	5.7%	5.5%	6.8%	6.9%
Southwest	Community Center	8.3%	8.3%	8.3%	8.8%	9.1%
	Freestanding/Big Box	1.7%	2.4%	1.8%	2.1%	1.4%
	Mixed Use	9.8%	10.6%	10.5%	10.5%	14.2%
	Neighborhood Center	6.1%	7.1%	7.3%	8.2%	8.2%
	Regional Center	22.3%	18.2%	18.2%	18.7%	16.8%
	Strip Center	4.0%	4.7%	5.1%	4.1%	3.7%
	Subtotal	7.0%	6.9%	6.8%	7.1%	6.7%
West	Community Center	34.2%	34.2%	34.2%	34.2%	40.9%
	Freestanding/Big Box	1.7%	1.7%	1.7%	1.7%	1.7%
	Mixed Use	18.4%	19.3%	18.9%	21.5%	22.6%
	Neighborhood Center	9.0%	8.6%	8.7%	11.1%	9.9%
	Regional Center	2.3%	2.3%	2.3%	2.7%	2.4%
	Strip Center	9.5%	9.0%	10.1%	9.9%	9.2%
	Subtotal	7.8%	7.8%	7.9%	8.7%	8.8%
Suburban	Community Center	12.8%	13.3%	12.3%	13.0%	14.0%
	Freestanding/Big Box	2.7%	2.7%	2.9%	3.1%	3.1%
	Mixed Use	8.9%	8.8%	8.6%	8.9%	9.4%
	Neighborhood Center	7.0%	7.2%	6.8%	7.9%	7.8%
	Regional Center	14.3%	13.0%	13.1%	13.3%	12.7%
	Strip Center	5.7%	5.7%	5.9%	6.0%	5.9%
	Subtotal	6.4%	6.4%	6.3%	6.7%	6.8%
Grand Total		7.3%	7.3%	7.2%	7.5%	7.6%

Lease Rates (NNN)

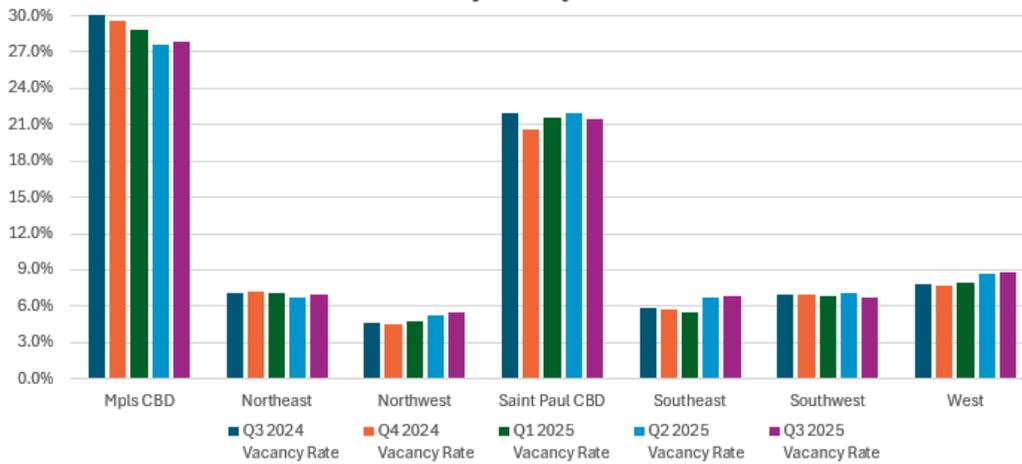
Market	Property Type	Q3 2024 Lease Rate	Q4 2024 Lease Rate	Q1 2025 Lease Rate	Q2 2025 Lease Rate	Q3 2025 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	\$21.34	\$21.82	\$21.82	\$21.79	\$21.23
	Strip Center					
	Subtotal	\$21.34	\$21.82	\$21.82	\$21.79	\$21.23
Northeast	Community Center	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
	Freestanding/Big Box			\$10.00	\$10.00	\$10.00
	Mixed Use	\$17.25	\$17.67	\$23.25	\$23.25	\$18.33
	Neighborhood Center	\$11.63	\$11.50	\$11.50	\$11.50	\$11.50
	Regional Center					
	Strip Center	\$18.39	\$16.65	\$16.94	\$19.18	\$17.81
	Subtotal	\$15.99	\$15.41	\$16.53	\$17.83	\$16.14
Northwest	Community Center					
	Freestanding/Big Box		\$28.00	\$28.00		
	Mixed Use	\$15.00	\$15.00	\$16.25	\$16.75	\$16.75
	Neighborhood Center	\$17.00	\$17.00	\$15.50	\$15.50	\$15.50
	Strip Center	\$21.11	\$24.00	\$24.22	\$22.00	\$22.00
	Subtotal	\$19.92	\$22.54	\$22.11	\$20.19	\$20.19
Saint Paul CBD	Mixed Use	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25
	Subtotal	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25
Southeast	Community Center					
	Freestanding/Big Box	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
	Mixed Use	\$16.68	\$16.68	\$17.30	\$17.50	\$17.67
	Neighborhood Center	\$14.83	\$14.83	\$16.75	\$17.35	\$17.35
	Regional Center					
	Strip Center	\$21.65	\$20.05	\$21.19	\$19.44	\$19.10
	Subtotal	\$18.18	\$17.45	\$18.56	\$17.96	\$17.59
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	\$17.50	\$20.00	\$25.00	\$30.00	
	Neighborhood Center	\$16.50	\$18.50	\$17.00	\$17.00	\$17.00
	Regional Center					
	Strip Center	\$22.50	\$22.28	\$12.75	\$15.83	\$17.00
	Subtotal	\$20.67	\$21.19	\$18.50	\$18.90	\$17.00
West	Community Center					
	Freestanding/Big Box					
	Mixed Use		\$35.50	\$35.50	\$35.50	\$36.50
	Neighborhood Center	\$12.00	\$12.00	\$12.50	\$12.50	\$12.50
	Regional Center					
	Strip Center	\$18.00	\$22.00	\$22.00	\$19.00	\$19.00
	Subtotal	\$15.00	\$23.40	\$23.60	\$22.33	\$22.67
Suburban	Community Center	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
	Freestanding/Big Box	\$11.00	\$19.50	\$16.33	\$10.50	\$10.50
	Mixed Use	\$16.83	\$20.20	\$22.20	\$22.88	\$21.45
	Neighborhood Center	\$14.16	\$14.57	\$14.54	\$14.94	\$14.94
	Regional Center					
	Strip Center	\$20.74	\$20.52	\$20.38	\$19.70	\$19.26
	Subtotal	\$18.19	\$18.89	\$19.24	\$18.88	\$18.15
Grand Total		\$18.49	\$19.11	\$19.43	\$19.08	\$18.49

Vacancy and Lease Rates

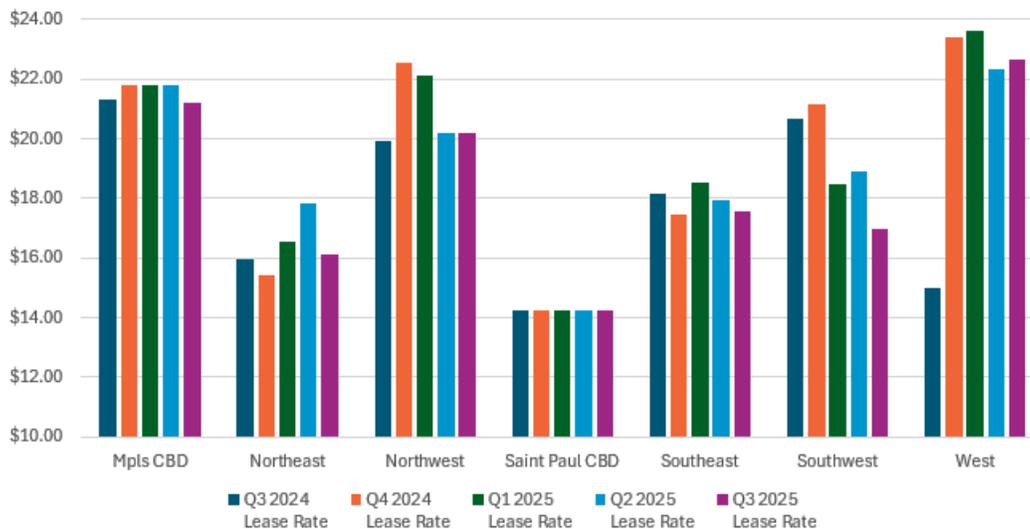
Available and Vacancy Rate by Market



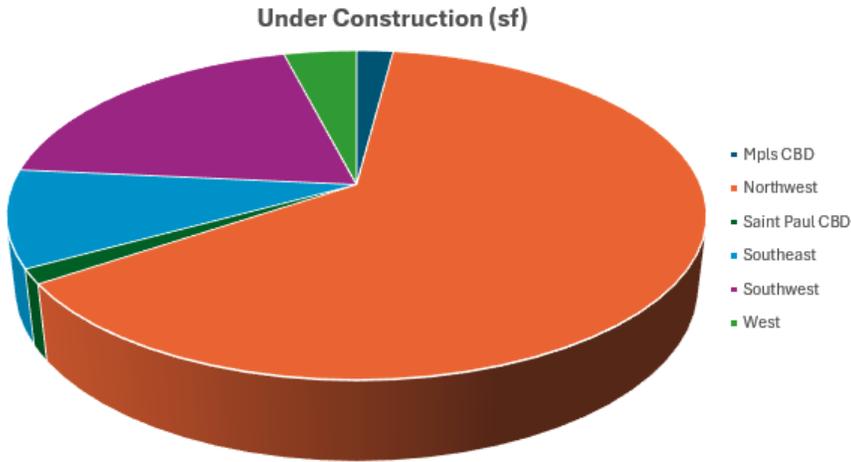
Vacancy Rate by Market



Lease Rates by Market (NNN)

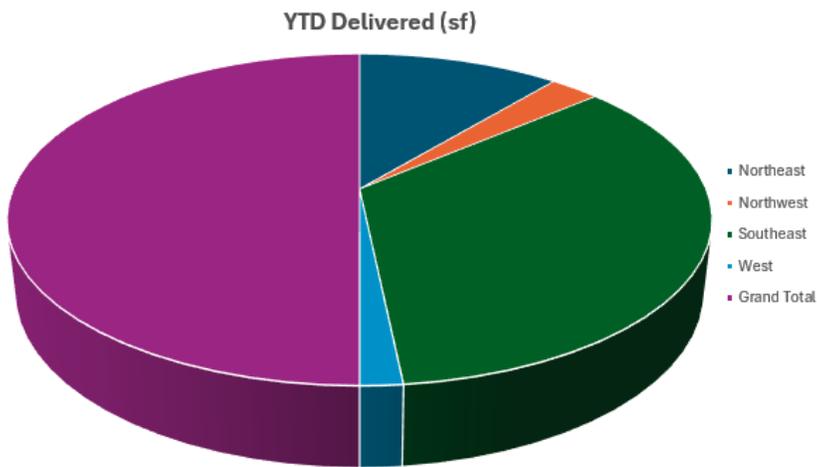


Construction by Market



Market	Bldg (sf)
Mpls CBD	8,120
Northwest	255,331
Saint Paul CBD	5,800
Southeast	38,308
Southwest	78,382
West	16,105
Grand Total	402,046

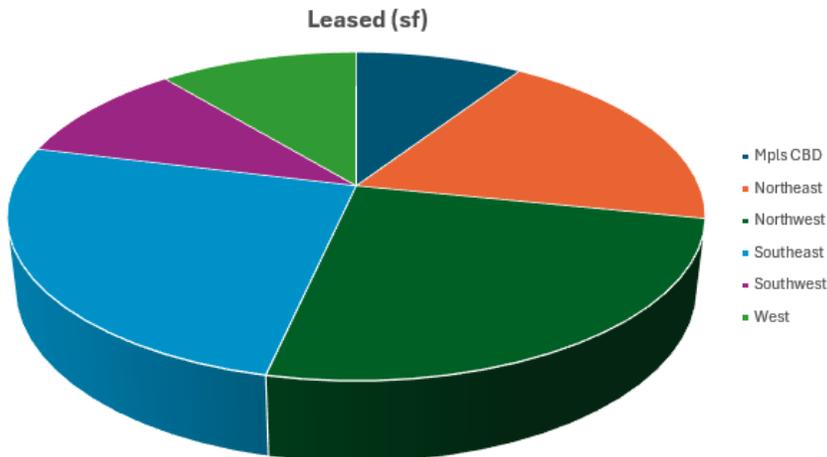
YTD Delivered by Market



Market	Bldg (sf)
Northeast	48,849
Northwest	12,044
Southeast	152,647
West	7,282
Grand Total	220,822

Leasing Activity

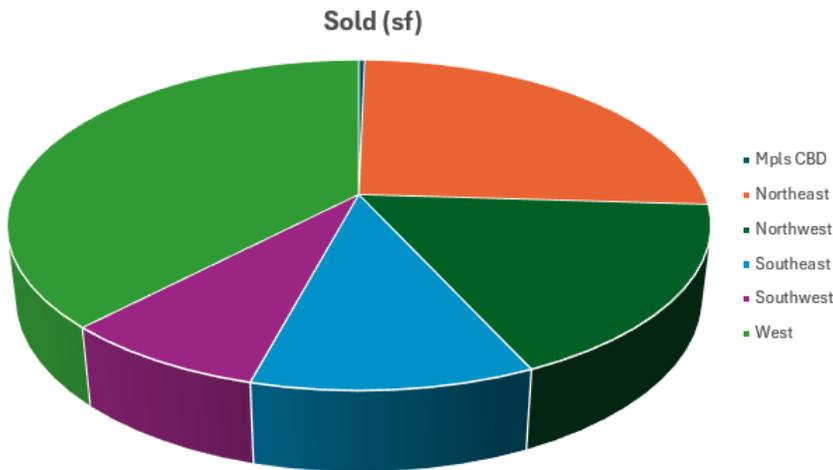
Property	Size (sf)	Market	Tenant	Landlord
HyVee 8200 42nd Ave N	91,034	Northwest	Hy Vee	ExchangeRight Net-Leased All-Cash 16 DST
Tamarack Village 8194 Tamarack Village	29,530	Southeast	Going, Going, Gone by Dicks Sporting Goods	Tamarack Village Shopping Center
Ridgehaven Marketplace 13081 Ridgedale Dr	26,210	West	Marshalls	RH Associates LLC
Eagan Promenade 1259 Promenade Pl	23,628	Southeast	Burlington	Eagan Promenade Inc
2436-2440 Cleveland Ave	18,000	Northeast	Pangea Market	2440 Cleveland Mkt LLC



Market	Leased (sf)
Mpls CBD	56,174
Northeast	114,888
Northwest	153,420
Southeast	154,259
Southwest	61,500
West	66,731
Grand Total	606,972

Sales Activity

Property	Price	Market	Buyer	Seller
Shoppes at Knollwood 8100 Hwy 7	\$85,250,000	West	Knollwood MZL, LLC	Gateway Knollwood, LLC
HyVee 8200 42nd Ave N	\$18,345,000	Northwest	ExchangeRight Net-Leased All-Cash 16 DST	Hy-Vee, Inc.
1270 Yankee Doodle Rd	\$14,007,000	Southeast	CPI Eagan One LLC	Ryan Companies US, Inc.
2775 Hwy 35	\$11,590,000	Northeast	Walser Real Estate IV, LLC	Jason W. McCarthy
Walgreens 1055 Wayzata Blvd	\$7,800,000	West	WG Wayzata DST	POMCO, LLC



Market	Sold (sf)
Mpls CBD	4,230
Northeast	341,451
Northwest	229,232
Southeast	145,613
Southwest	106,464
West	503,803
Grand Total	1,330,793

Methodology

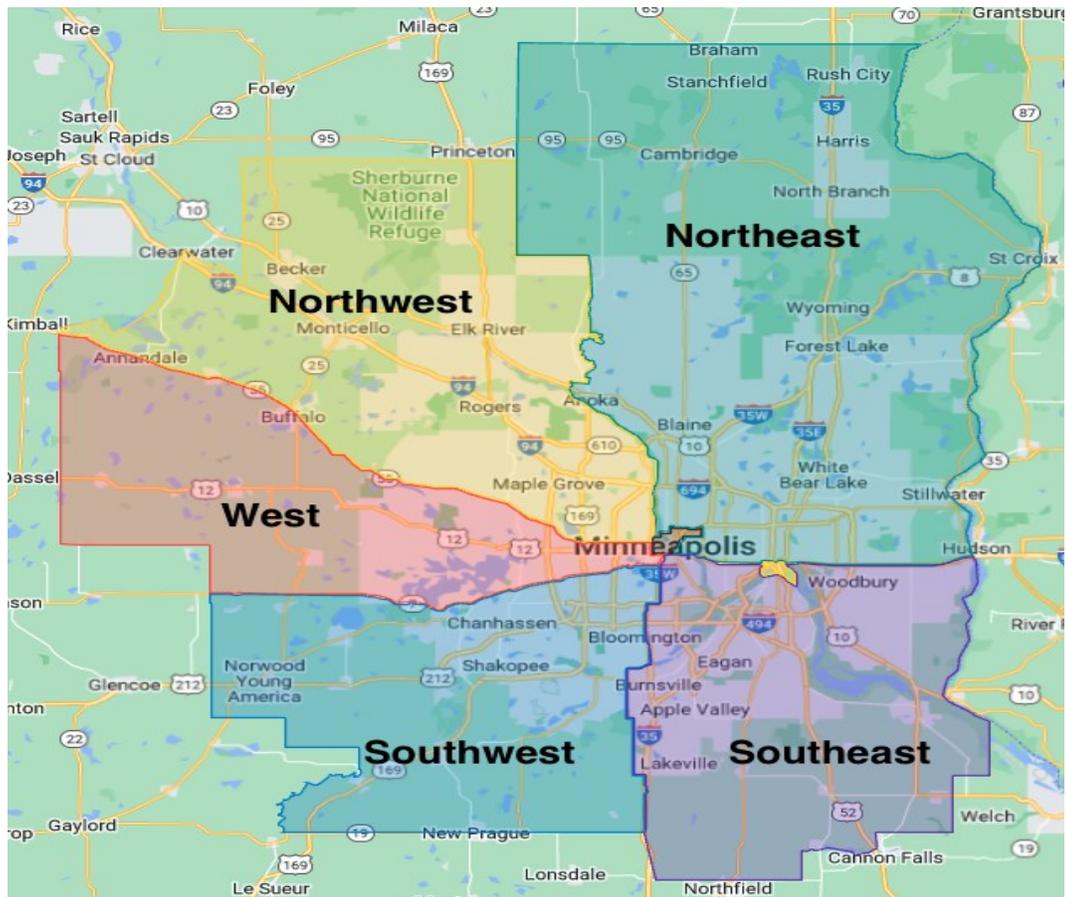
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with less than 15,000 sf of retail space. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on NNN terms.

The Mpls-St Paul tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

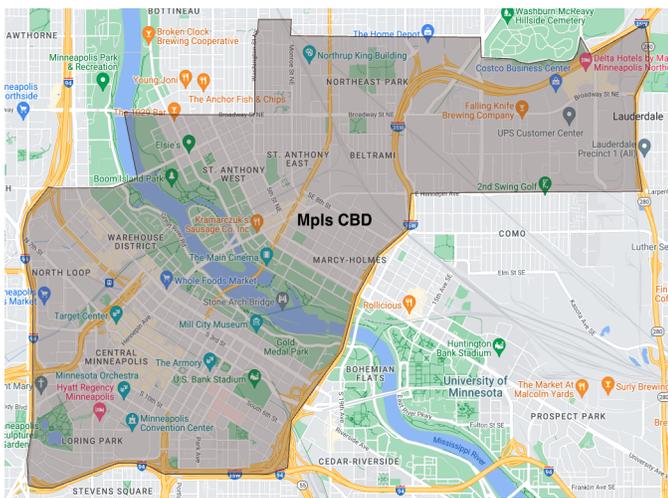
Terminology

Inventory	The total square feet (sf) of existing multi-tenant and single tenant buildings greater than 15,000 sf or are part of a complex that totals greater than 15,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	Space that is offered for lease by a current tenant, or their agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rate expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map



Mpls CBD



St Paul CBD



Images courtesy of Google maps

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