NEWMARK

Minneapolis-St. Paul

Office Market Trends

2Q26

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Market Observations

Market Observations

Economy

- Minnesota is home to 18 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.
- Minnesota added its 18th Fortune 500 company with APi Group's inclusion on the list, strengthening the state's corporate roster.
- The state's labor force participation rate of 72% ranks among the strongest in the nation, reflecting an engaged, well-educated workforce.
- The Minneapolis–St. Paul economy is anchored by diverse sectors, including biotechnology, medical devices, food science and water technology, along with a financial services industry that rivals larger markets.
- Unemployment remains below the national average, registering 3.9% as of May 2026 compared with 4.2% nationally.
- 12-month employment growth has lagged the national pace since the pandemic, driven by weak performance in office-using sectors and ongoing challenges tied to declining office space use.

Major Transactions

- Best Buy's Richfield headquarters saw its assessed value cut nearly in half to about $32 million, reducing the city's commercial tax base by 5% for 2027 while the company continues to occupy and lease portions of its 1.5 million SF campus.
- Real Capital Solutions purchased the 309,000 SF former Target West office building in St. Louis Park from Opus for $34 million, a 54% increase over its 2018 sale price, illustrating that well-leased, amenity-rich office assets can still command premium valuations despite broader market softness and elevated vacancy.
- A proposed Opus/Capital Partners redevelopment of the former Blue Cross Blue Shield headquarters in Eagan to include four business park buildings plus 626 housing units was withdrawn after resident pushback, though the developers say they remain committed to pursuing future redevelopment aligned with city goals.
- Novarum Development Partners acquired the 25-acre former Wells Fargo Home Mortgage campus in Minneapolis for $15 million and plans a major mixed-use redevelopment called "Iconic Plaza" with roughly 1,000 housing units plus repurposed office buildings for retail, health care, school and technology uses, leveraging historic tax credits and a multi-year buildout.
- The Public Buildings Reform Board recommended that the federal government dispose of the 143,000 SF historic Paul D. Wellstone Federal Building in downtown Minneapolis, citing $6.79 million in deferred maintenance and an estimated $21 million in long-term taxpayer savings, with potential buyer interest and adaptive reuse supported by historic tax credits.
- In the St. Paul CBD, Ramsey County has proposed investing about $170 million into downtown St. Paul projects, with office-to-housing included in the funding.
- A recently formed investment entity called the Downtown Revival Trust acquired two St. Paul CBD properties, the 660,000 SF historic First National Bank Building and the 670,000 SF Great Northern Building at deep discounts. The trust was formed to acquire, restore and reposition properties in the St. Paul CBD.
- Hempel Real Estate bought the vacant West End Two office building in St. Louis Park for $6.5 million and is planning a redevelopment with approximately 150 senior independent living units and 5,500 SF of retail, or potentially an alternative reuse via a build-to-suit occupier.

Market Observations

Office Conversions Highlights

- Recent Newmark research on office conversions since 2020 shows that 73 office properties totaling 7.6 million SF have been removed from inventory, including 54 demolitions and 19 conversions, with an additional 570,000 SF proposed for removal between 2026 and 2028.
- The pandemic reshaped workplace demand, leaving many office buildings underutilized as companies cut their footprints and focus on smaller, higher-quality spaces to draw employees back on site.
- Some businesses that were getting outbid for industrial space are instead acquiring and repurposing obsolete office properties. Golf instructor Ernie Rose purchased the vacant 7801 Creekridge Circle and converted the first and second floors into golf simulators and a restaurant while keeping the 3rd floor office space.
- Downtown office-to-alternative-use conversions are more common than demolition, in part because demolishing tall central business district towers involves high costs, pushing owners to seek new uses rather than tear buildings down.
- A significant pricing correction is underway as non-functioning office properties sell at prices that reflect vacancy and obsolescence, making alternative uses possible for well-capitalized buyers.
- Owners prefer to reuse existing buildings where possible, as reuse is often viewed as the best use of a structure, but they must balance that against carrying costs for empty buildings, including utilities, taxes and insurance.
- Data centers could replace underutilized office buildings in downtown Minneapolis, helping address vacancy and reposition older buildings while capitalizing on existing power, connectivity and infrastructure.

Summary/Outlook

- Vacancy declined from 20.1% in the first quarter of 2026 to 20.0%, with 111,945 SF of absorption in the overall market. Multitenant vacancy was flat at 24.0%.
- Asking rents increased from $30.94/SF to $31.10/SF despite elevated vacancy as landlords prioritize maintaining quoted rates while using concessions and tenant improvement packages to secure leases and support values.
- Financial and legal tenants remain active in the market, continuing to sign long-term office leases and reinforcing demand for stable, higher-quality space.
- Hybrid work policies continue to tighten as Target ordered 150 remote workers to either relocate to Minneapolis or accept severance and Best Buy implemented a four-day hybrid in-office policy for corporate employees.
- Market strength is concentrated in a few high-demand nodes, notably Edina and the West End, where well-capitalized, strategic landlords are performing well.
- Edina remains the only metro city with new office construction currently underway, including the Opus Group's Arcadia, a 115,000 SF build-to-suit headquarters in Edina delivering in late 2026, and Orion Investments' The Craftsman on France, anchored by Charles Schwab and Adolfson & Peterson with a scheduled late 2026 delivery.

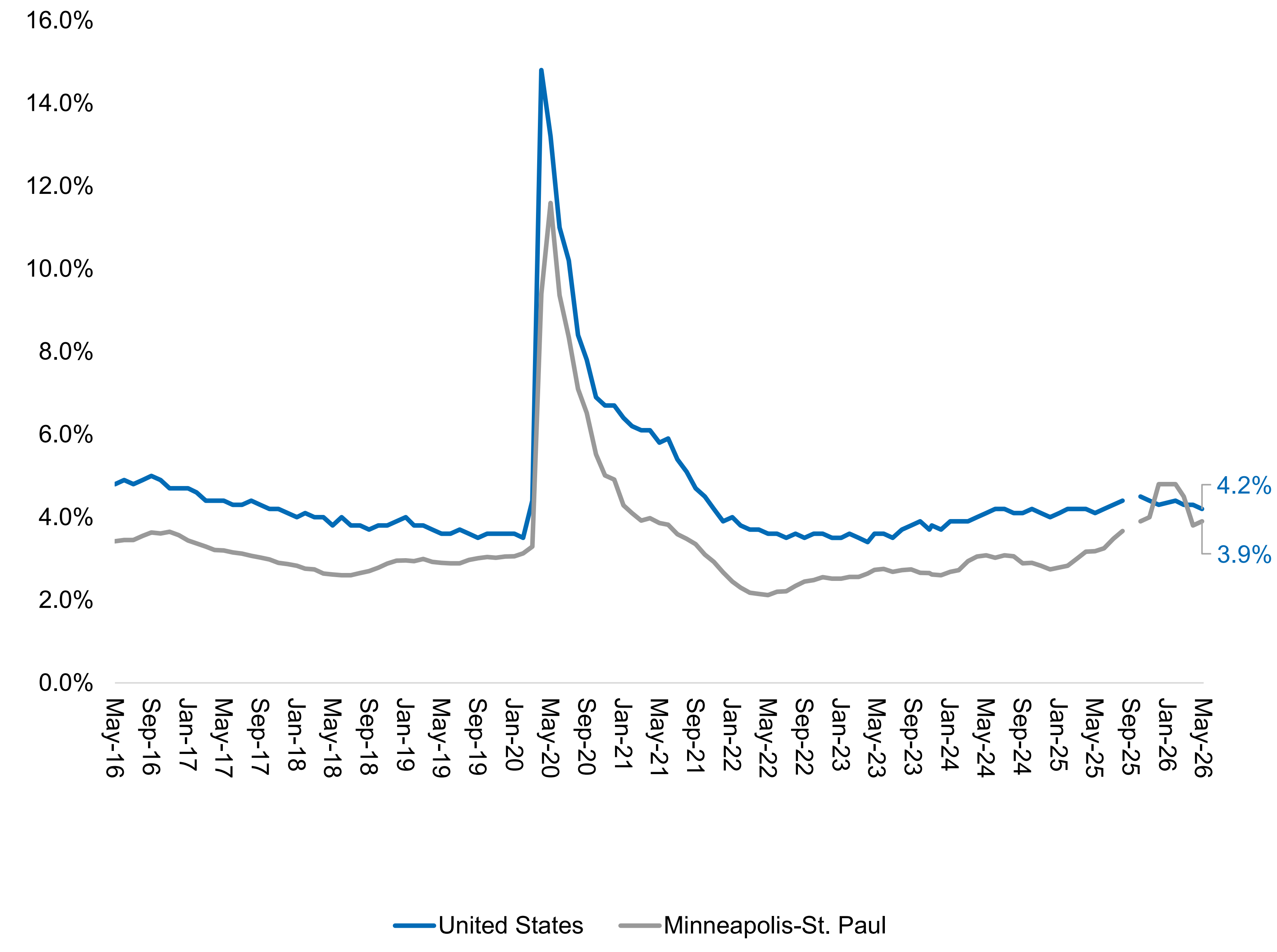
02

Economy

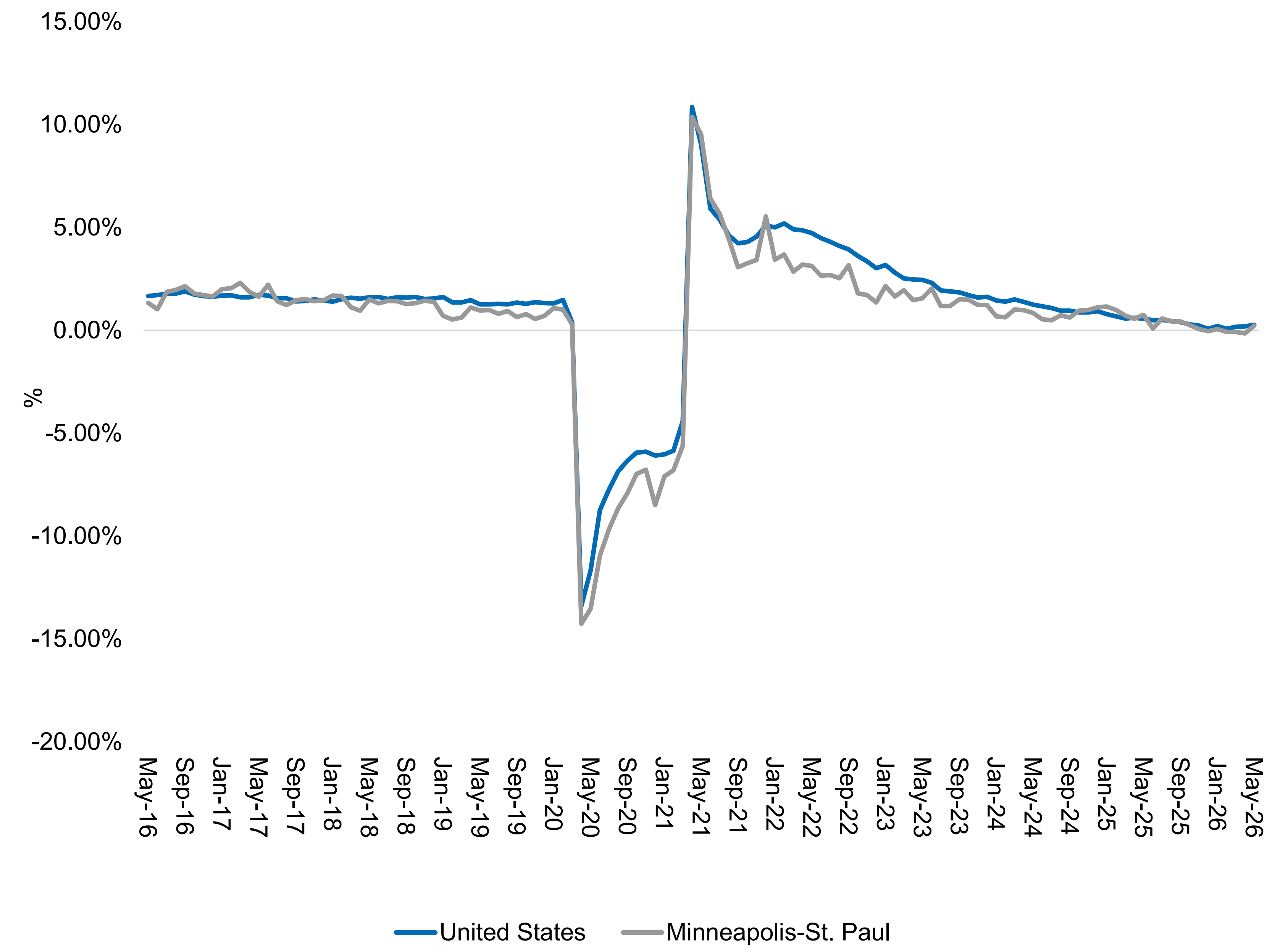
Low Unemployment, Limited Office Demand

Employment growth in Minneapolis-St. Paul has lagged the national pace since the pandemic, with office-using sectors trailing and weighing on space absorption.

Unemployment Rate



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

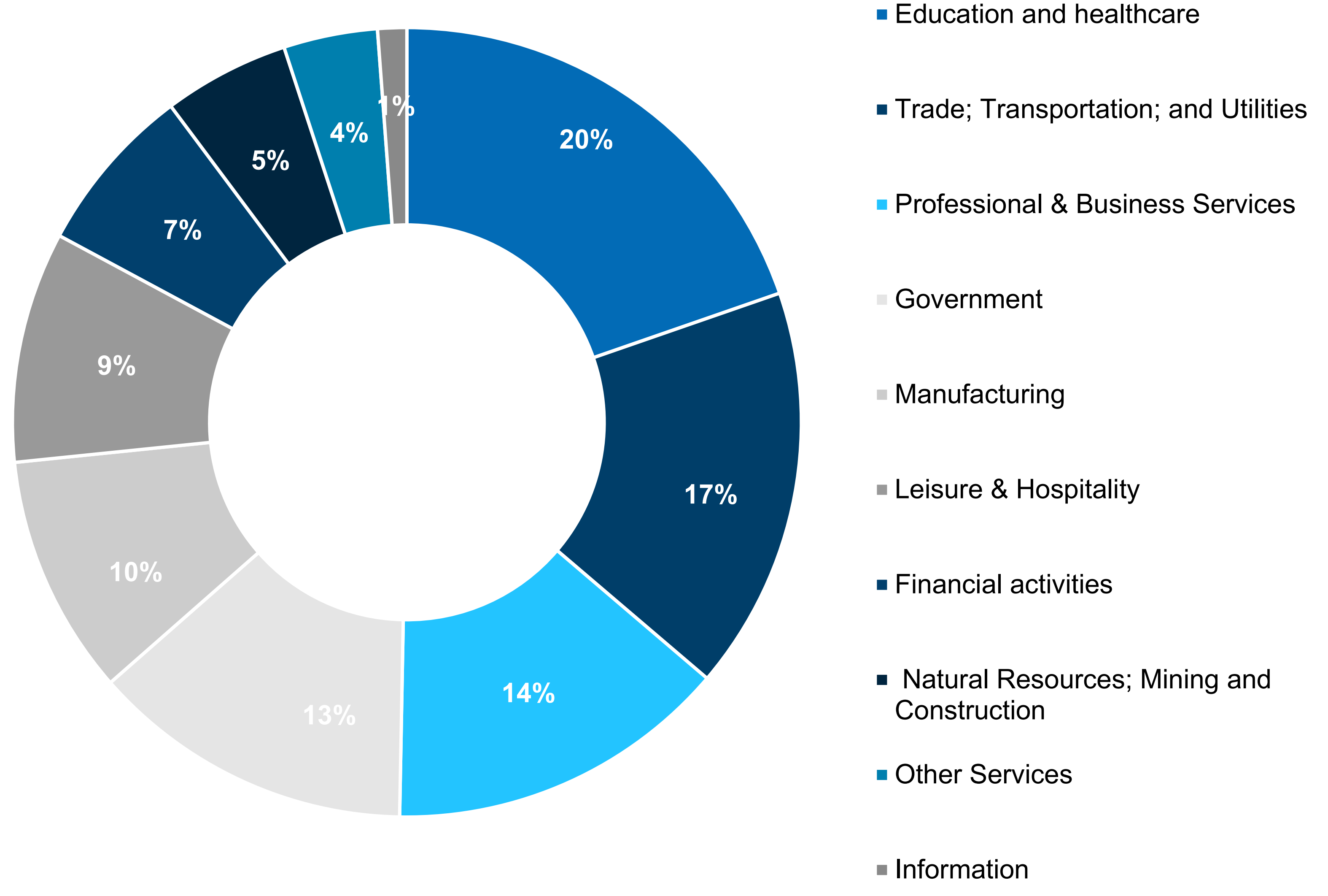


Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul

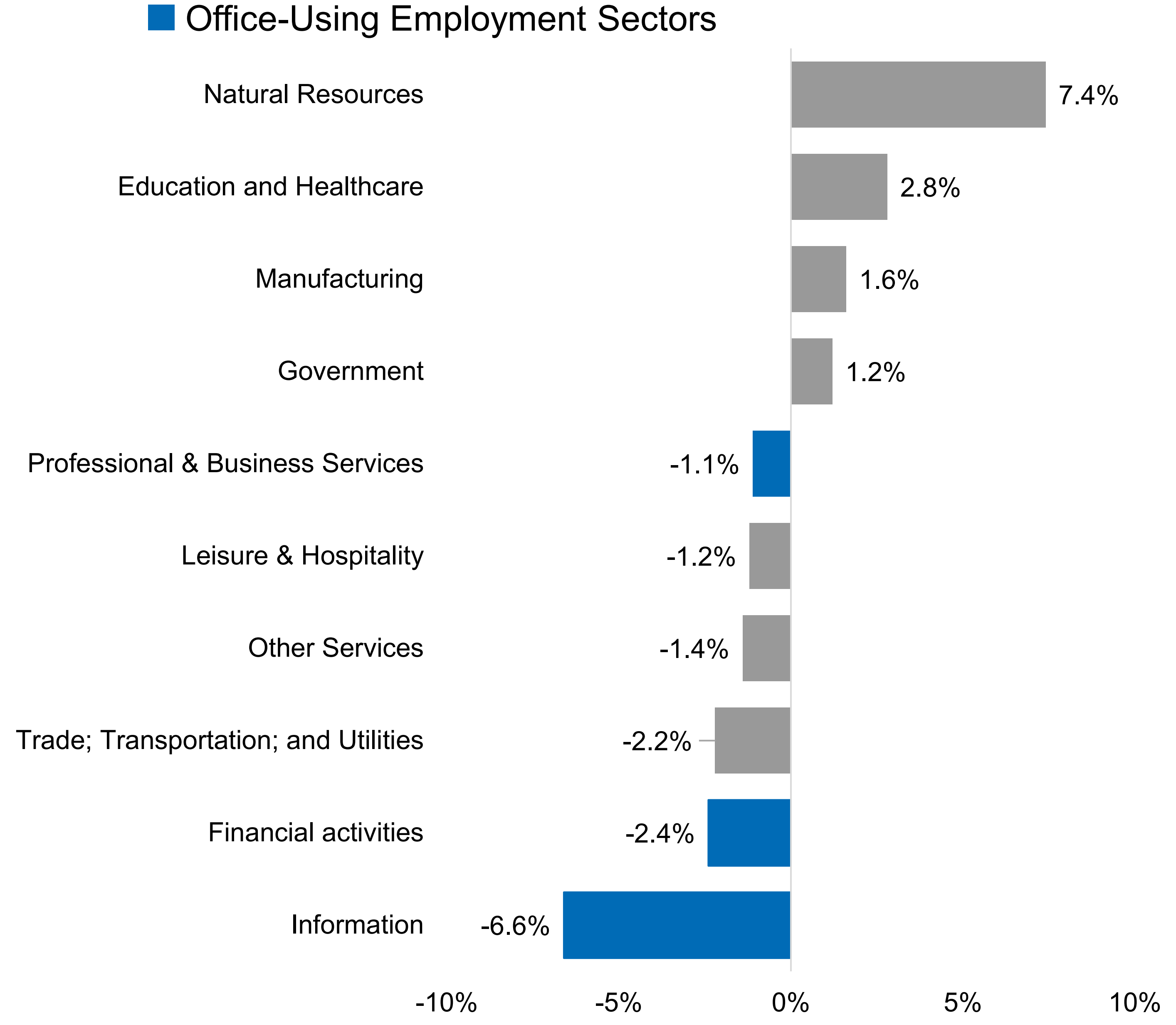
Office-Using Sectors Continue to Shed Jobs as Healthcare and Natural Resources Lead Regional Growth

Natural resources, education, healthcare, manufacturing, and government are driving job gains in Minneapolis-St. Paul, while information, professional and business services and financial activities have recorded annual employment declines.

Employment by Industry, May, 2026



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

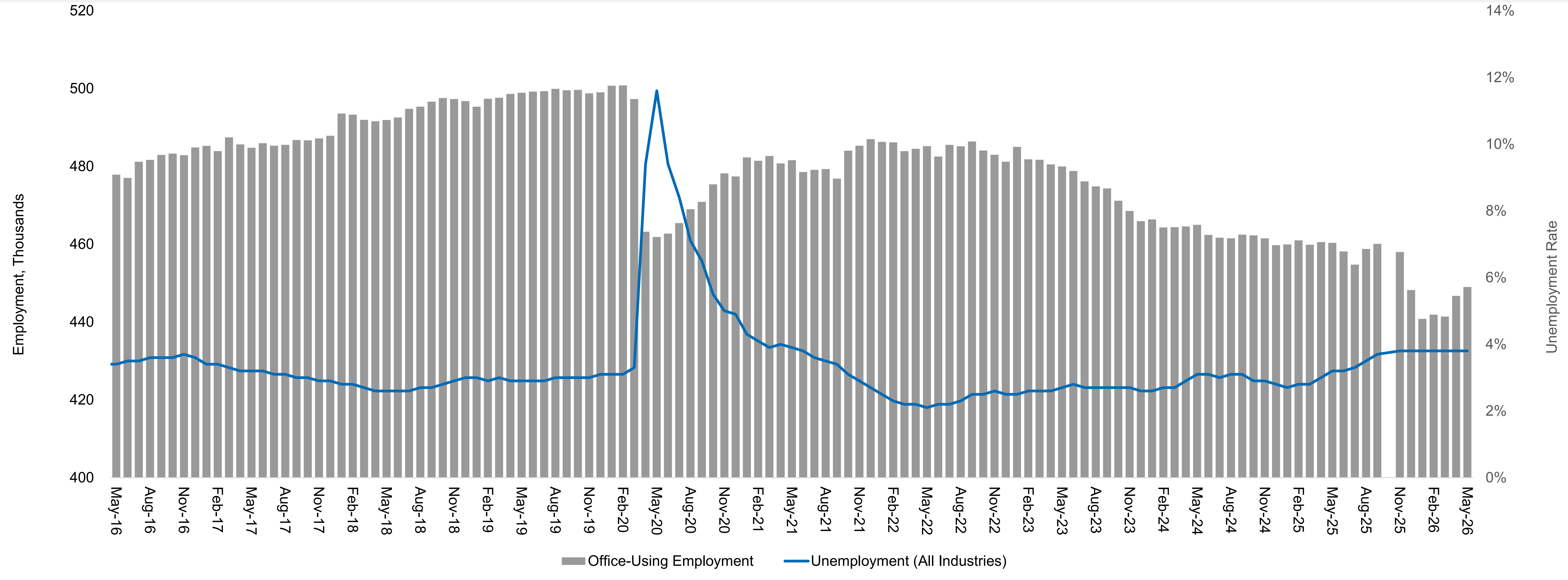


Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul

Office-Using Employment Has Not Recovered to Pre-Pandemic Levels

Despite unemployment returning to historic lows, office-using employment in Minneapolis-St. Paul remains below its 2020 peak but has seen slight increases in recent months in spite of the structural shift in office space demand.

Office-Using Employment and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Minneapolis-St. Paul
*Conventional office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.
*Newmark office-using employment: expanded set of industry categories, along with estimated share of office-using occupations

Fortune 500

	Fortune Rank		Employees		Revenue ($M)		Stock
UnitedHealth Group	3	↔	390,000	↓ -2.5%	$447,567	↑ 11.8%	↑ 38.5%
Target	42	↓ from 21	415,000	↓ -5.7%	$104,780	↓ -1.7%	↑ 26.4%
U.S. Bank	110	↓ from 105	68,520	↓ -2.5%	$42,861	↑ 0.4%	↑ 30.6%
Best Buy	113	↓ from 108	82,000	↓ -3.5%	$41,691	↑ 0.4%	↑ 14.8%
CHS	113	↓ from 115	10,683	↑ 0.4%	$35,462.60	↓ -9.7%	↑ 3.83%
3M	183	↓ from 174	60,500	↑ 1.6%	$24,948	↑ 1.5%	↑ 5.98%
General Mills	227	↓ from 216	33,000	↔ 0.0%	$19,486.60	↓ -1.9%	↓ -28.3%
Ameriprise Financial	230	↔	13,600	↔ 0.0%	$18,911	↑ 5.5%	↓ -6.1%
Land O'Lakes Inc.	273	↓ from 262	9,000	↔ 0.0%	$16,411.50	↑ 1.3%	Private
C.H. Robinson	277	↓ from 233	11,796	↑ 14.4%	$16,232.80	↓ -8.4%	↑ 96.1%
Ecolab	280	↓ from 274	48,000	↔ 0.0%	$16,081.20	↑ 2.2%	↑ 4.3%
Xcel Energy	306	↑ from 319	11,534	↑ -1.4%	$14,669	↑ 9.1%	↑ 22.06%
Hormel Foods	363	↓ from 351	20,000	↔ 0.0%	$12,106.20	↑ 1.6%	↓ -17.2%
Thrivent	387	↑ from 388	4,498	↓ -12.9%	$11,179.10	↑ 2.4%	Private
Securian Financial	457	↑ from 464	5,708	↓ -2.5%	$8,663.40	↑ 5.3%	Private
Solventum	468	↓ from 462	20,584	↓ -6.4%	$8,325	↑ 0.9%	↓ -.3%
Fastenal	475	↑ from 492	24,489	↑ 16.8%	$8,200.50	↑ 8.7%	↑ 13.79%
APi Group	486	New	29,000		$7,911	↑ 12.7%	↑ 24.64%

18 Minnesota-Based
Companies on the 2026 List

Minneapolis-St. Paul: The **most Fortune 500 companies per capita** of any major metro area in the nation.

Minnesota is also home to **Cargill**, the **largest private company** in the nation

Source: Fortune updated 7/29/2026; data for latest twelve months reported.
Stock Price 1 year return (7/6/2026)

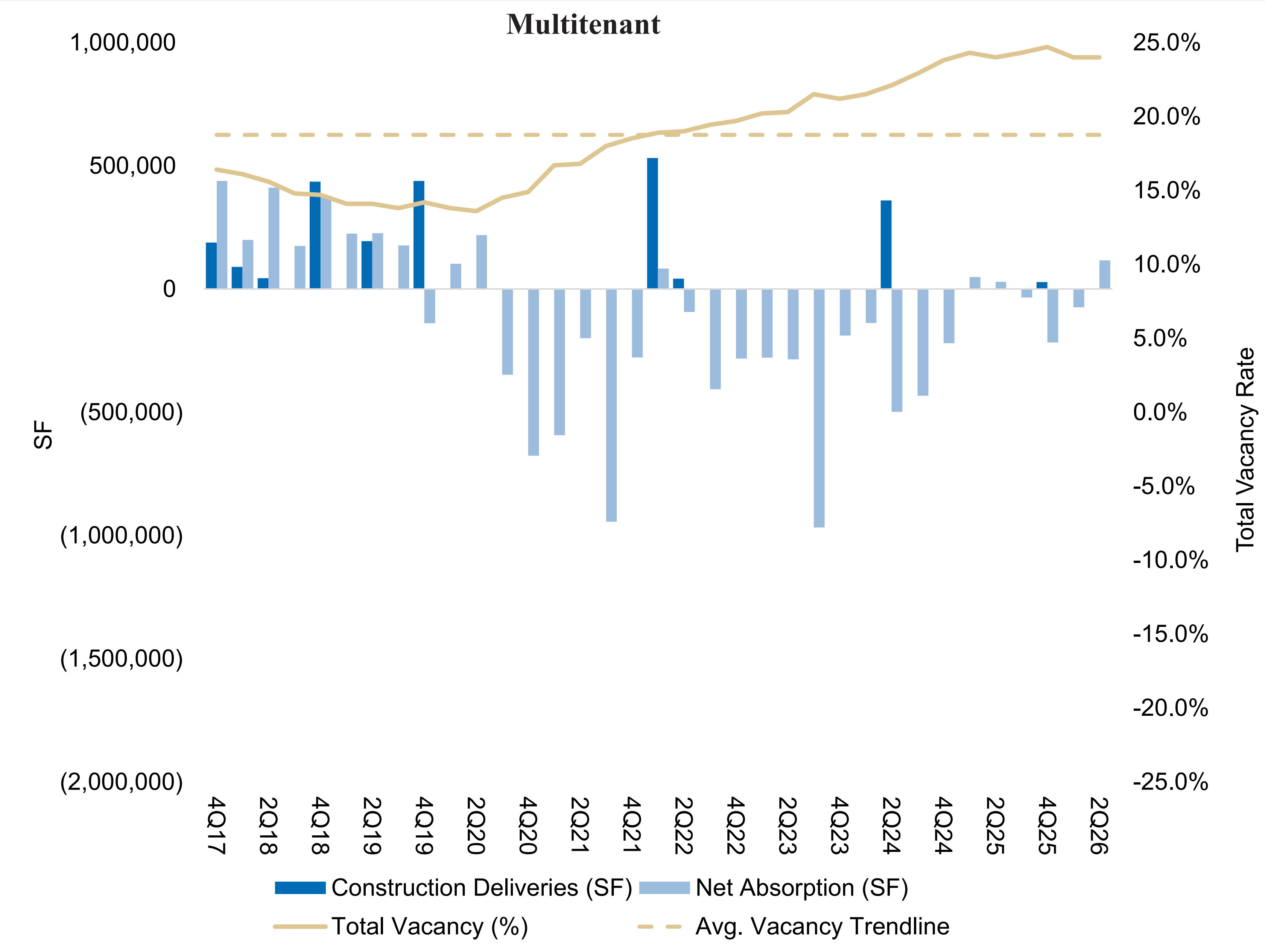
03

Leasing Market Fundamentals

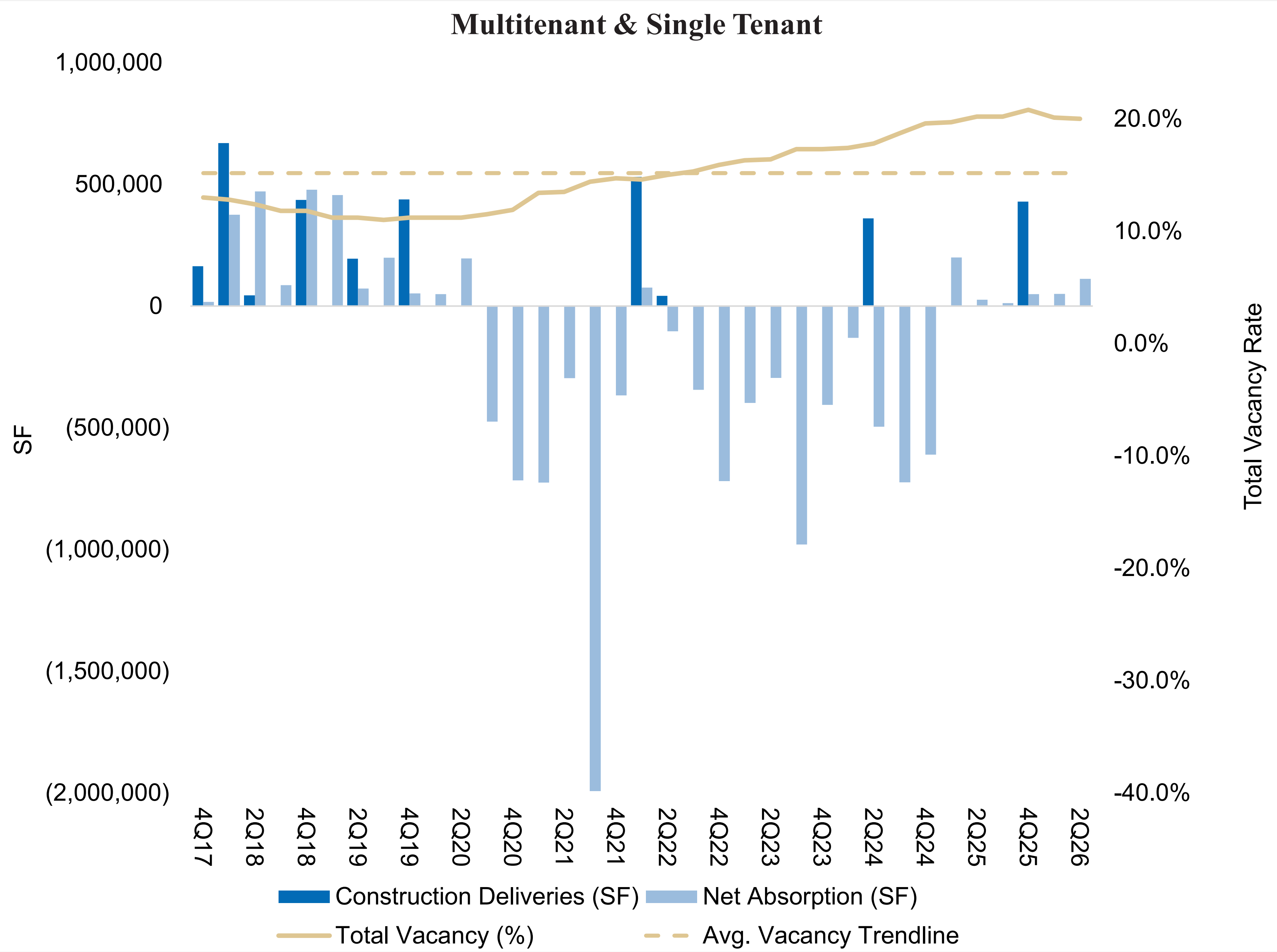
Vacancy Trends Improve as Obsolete Office Inventory Is Removed

Overall vacancy has declined alongside positive absorption and the removal of more than 7.8 million square feet of obsolete office space since 2020 through demolitions, conversions, and campus repurposing.

Historical Construction Deliveries, Net Absorption, and Vacancy



Historical Construction Deliveries, Net Absorption, and Vacancy

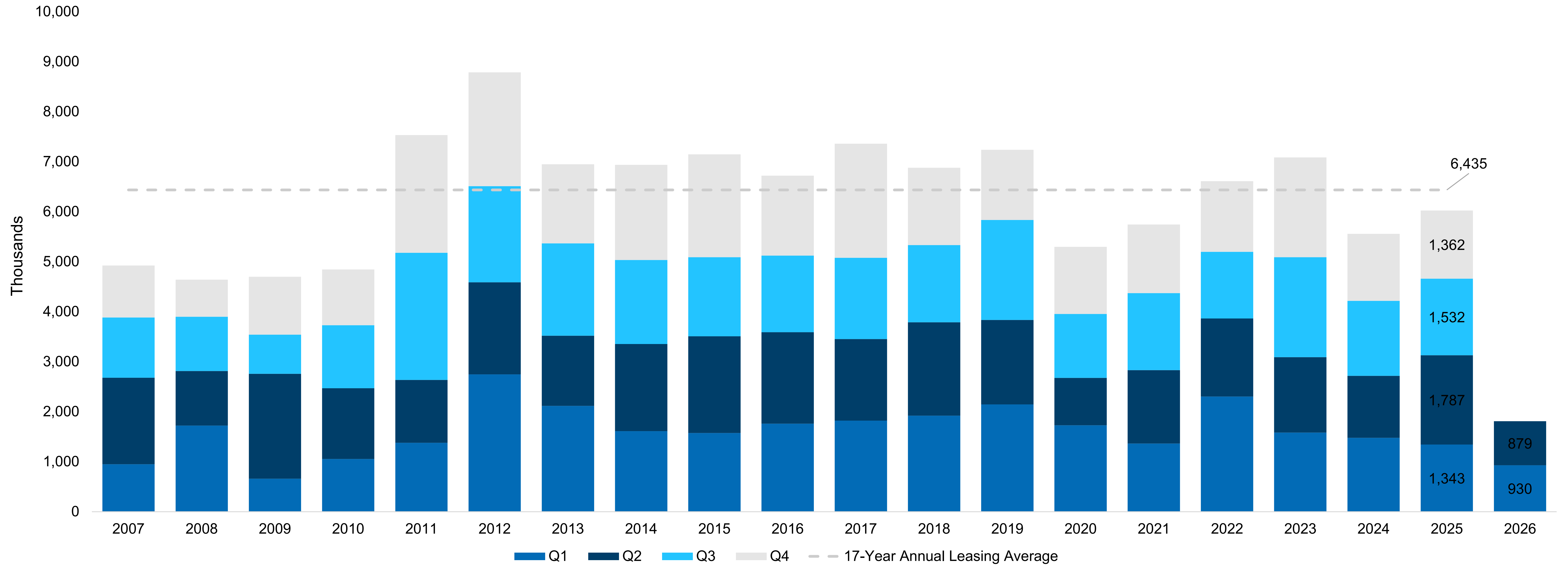


Source: Newmark Research, MNCAR, Costar

Leasing Volumes Track Below Historical Norms as Tenants Right-Size and Upgrade

Total leasing activity remains under the long-term average, with many tenants renewing at smaller footprints or downsizing on relocation, while flight-to-quality supports demand for modern, amenity-rich space.

Total Leasing Activity (thousands)

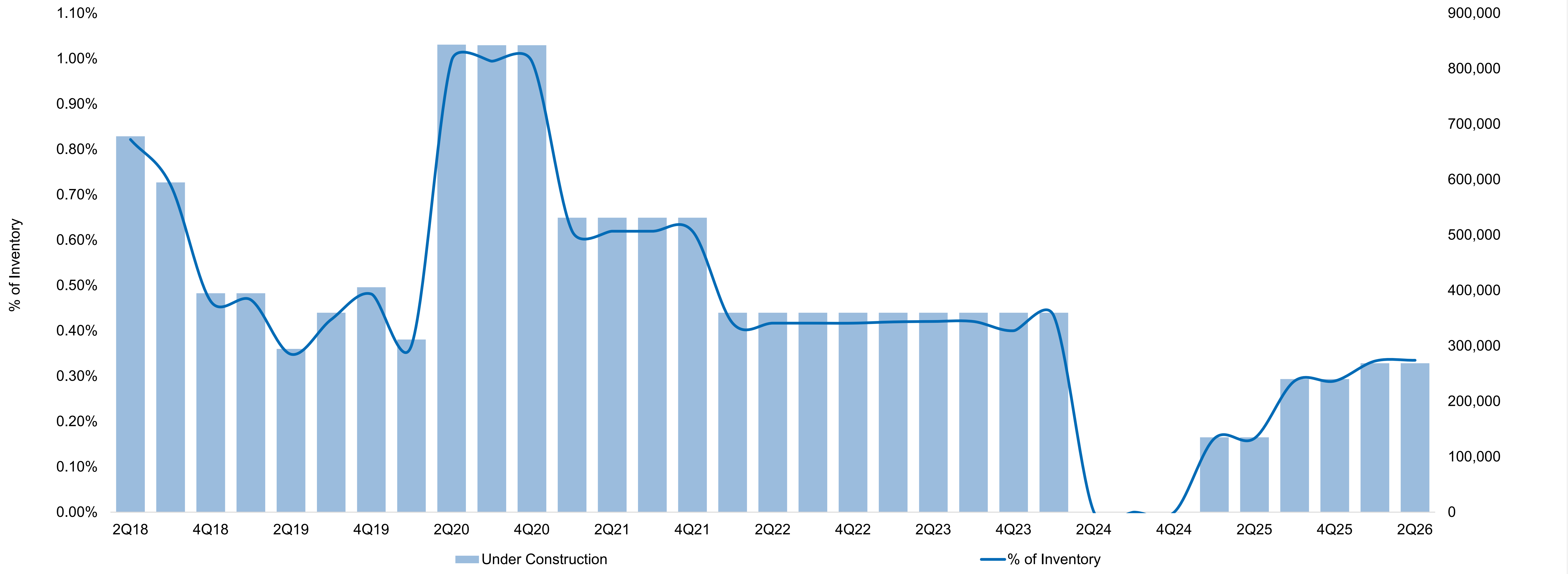


Source: Newmark Research, CoStar

New Office Construction Remains Limited, with Key Deliveries Scheduled for Late 2026

Current office construction activity is minimal, led by Opus Group's 115,000-square-foot Arcadia build-to-suit headquarters in Edina and Orion Investments' The Craftsman on France, both slated to deliver in late 2026.

Office Under Construction and % of Inventory

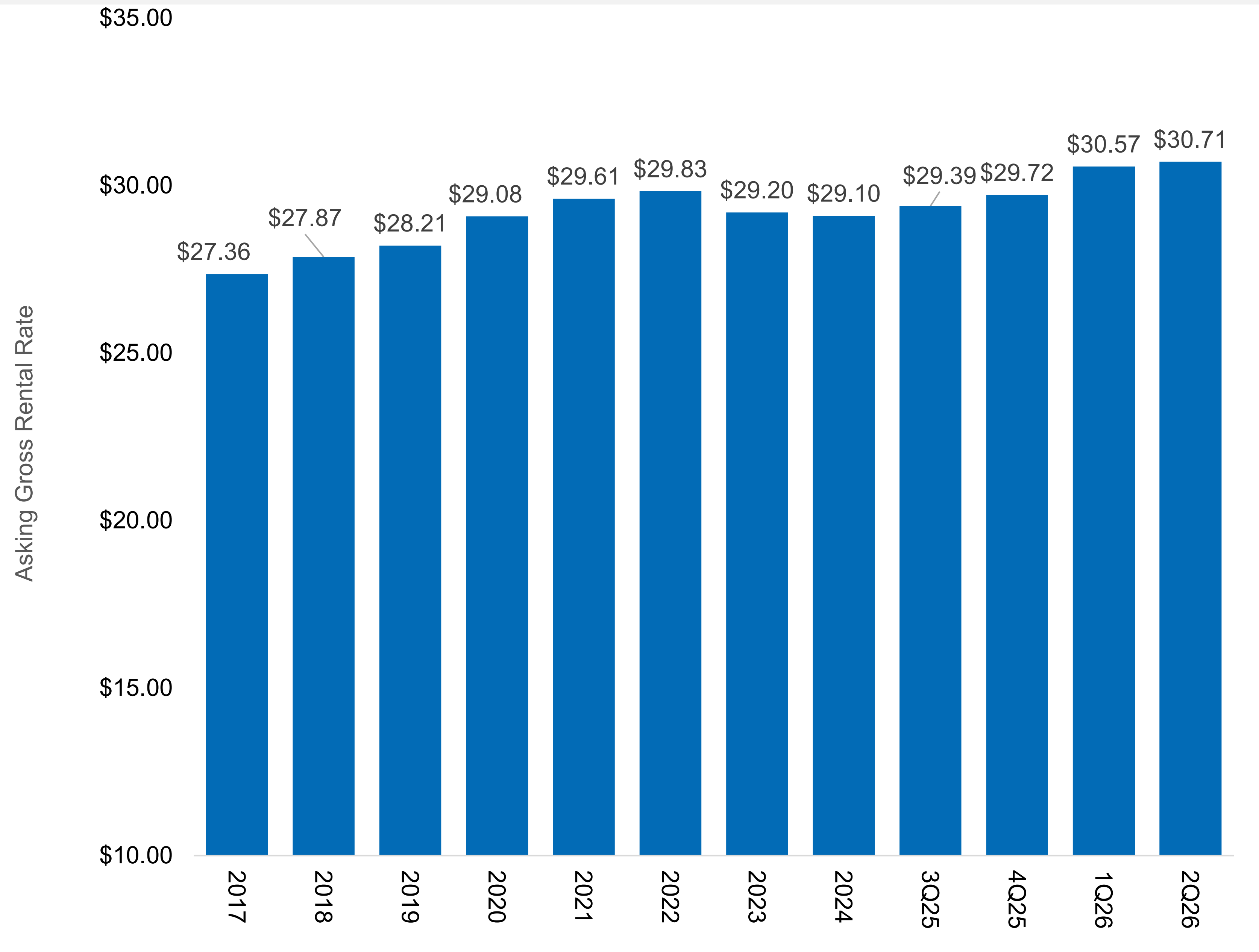


Source: Newmark Research, CoStar, MNCAR

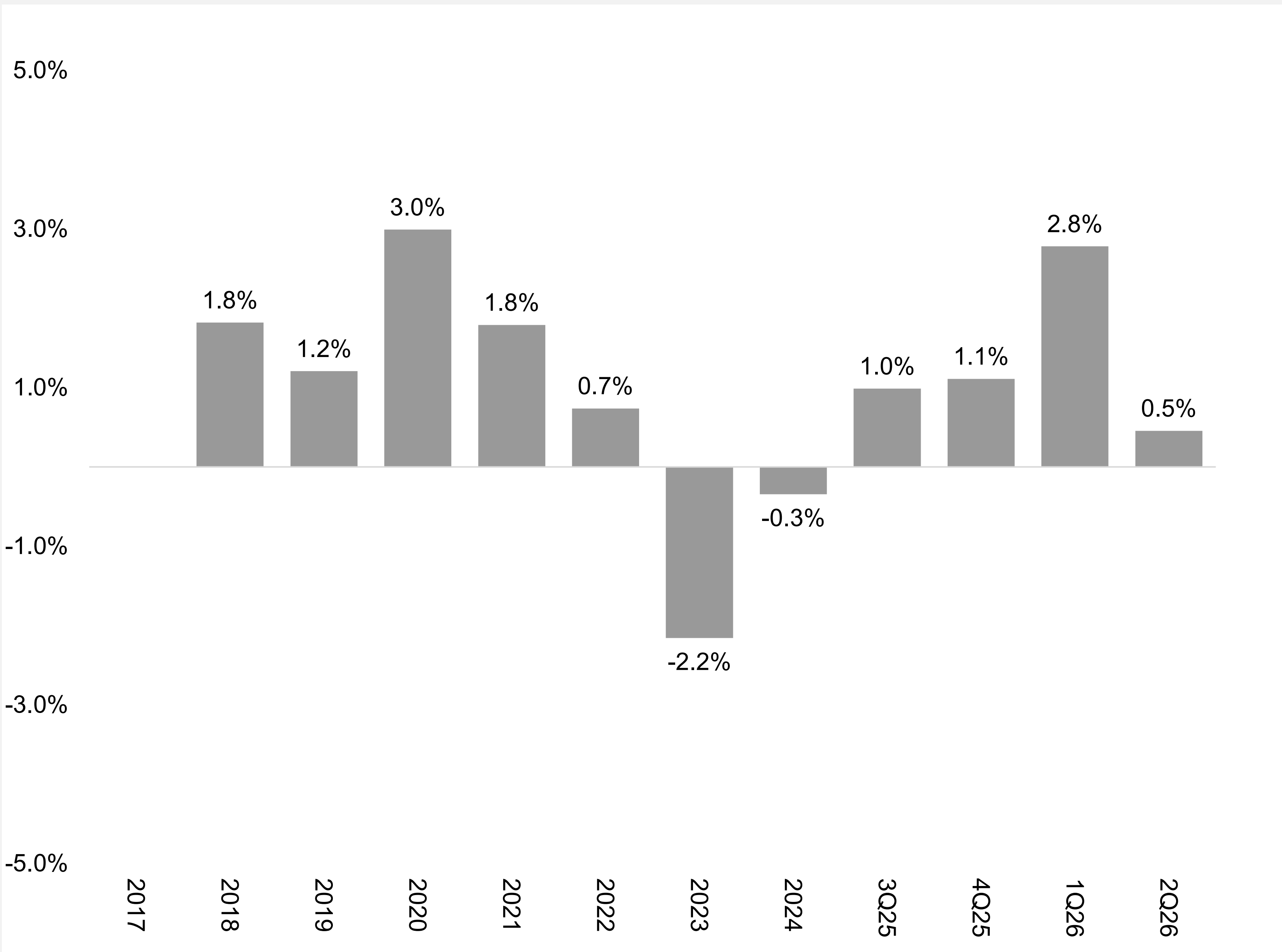
Quoted Office Rents Edge Up as Concessions Lower Effective Occupancy Costs

Landlords are maintaining or modestly increasing asking rents, while richer tenant improvement packages, free rent and flexible lease terms reduce effective costs and create a tenant-favorable environment.

Office Average Asking Rent, $/SF, Gross



Year-over-Year Asking Gross Rent Growth Rate

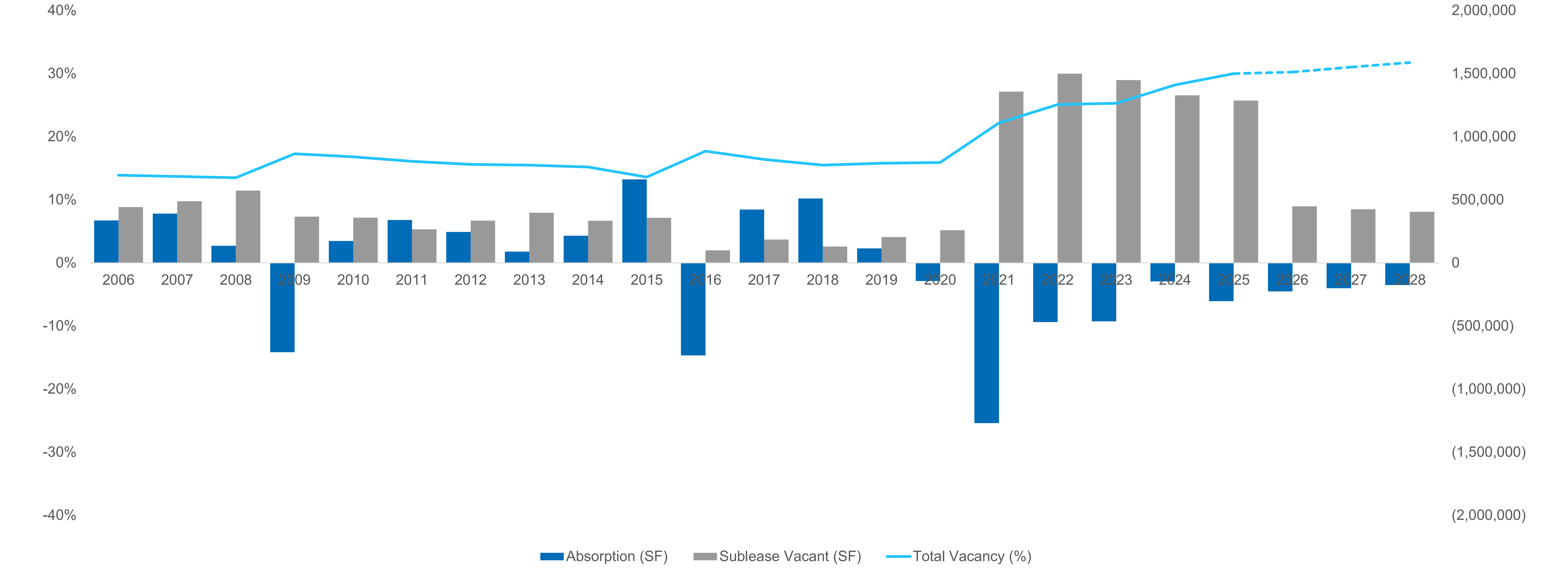


Source: Newmark Research, CoStar

Conversions and Limited Development to Offset Rising CBD Vacancy

Downtown vacancy is projected to continue climbing through 2028, potentially exceeding 31%, as weak tenant demand and ongoing space reductions add to direct vacant space, even as conversions and modest new development temper the pace of increase.

CBD Absorption, Sublease & Total Vacancy

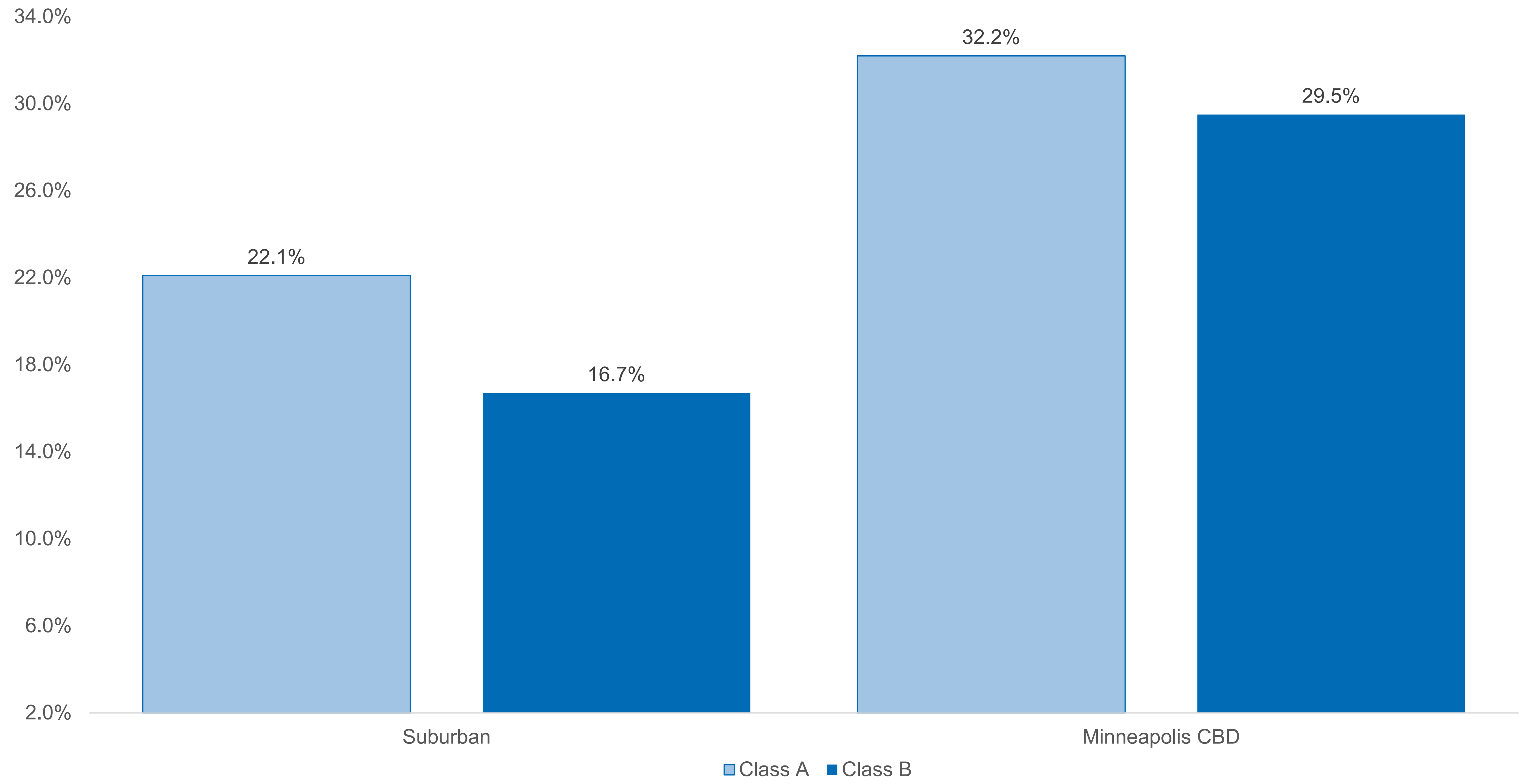


Source: Newmark Research, CoStar, MNCAR

Suburban Vacancy Remains Below CBD Levels as Quality and Access Drive Demand

Vacancy rates are lower and more stable in key suburban submarkets than in the Minneapolis CBD, with well-located, high-quality suburban assets attracting tenants that prioritize access, proximity, and upgraded common areas.

Vacancy by Class



Source: Newmark Research, CoStar
Multitenant properties

Office Transactions

Notable Lease Transactions

Tenant	Building	City	Submarket	Type	SF
Cozen O’Connnor	Wells Fargo Center	Minneapolis	Minneapolis CBD	New	47,886
Atmosphere Commercial Interiors	9320 Excelsior Crossings	Hopkins	Southwest	New	25,419
Husch Blackwell	Wells Fargo Center	Minneapolis	Minneapolis CBD	New	25,000
Industrious	Riverplace – The Main Hall	Minneapolis	Minneapolis CBD	New	21,000
Fasikl	8500 Normandale	Bloomington	Southwest	Sublease	20,036
Zelle	Capella Tower	Minneapolis	Minneapolis CBD	New	14,000
Heimerl & Lammers	601 Carlson	Minnetonka	West	New	13,918
Saul Ewing	Wells Fargo Center	Minneapolis	Minneapolis CBD	New	13,889
TEKsystems	9320 Excelsior Crossings	Hopkins	Southwest	New	18,715

Source: Newmark Research, MNCAR

04

Office Conversions Since 2020

Changing Workplace Strategies Drive 7.6M SF of Office Space Removals Since 2020

The pandemic has reshaped workplace demand, leading to underutilized office buildings as companies reduce their footprints and prioritize smaller, higher-quality spaces to attract employees back to the office. Since 2020, 73 office properties totaling 7.6 million SF have been removed from inventory, including 54 demolitions and 19 conversions. An additional 570,000 SF is proposed for removal between 2026 and 2028.

7.8M SF

SF Removed 2020-2026

5.1M SF

Demolished

2.7M SF

Converted

74 Properties

Removed
Current inventory: 1,869 properties

55 Properties

Demolished

19 Properties

Converted

5.8%

Inventory Removed

8.9%

Class B Inventory Removed

570,000 SF

Additional SF Proposed* for Removal 2027-2028

**Proposed: City approval of initial plans; date set for construction*

7.2M SF

Additional SF Wild Card* Properties

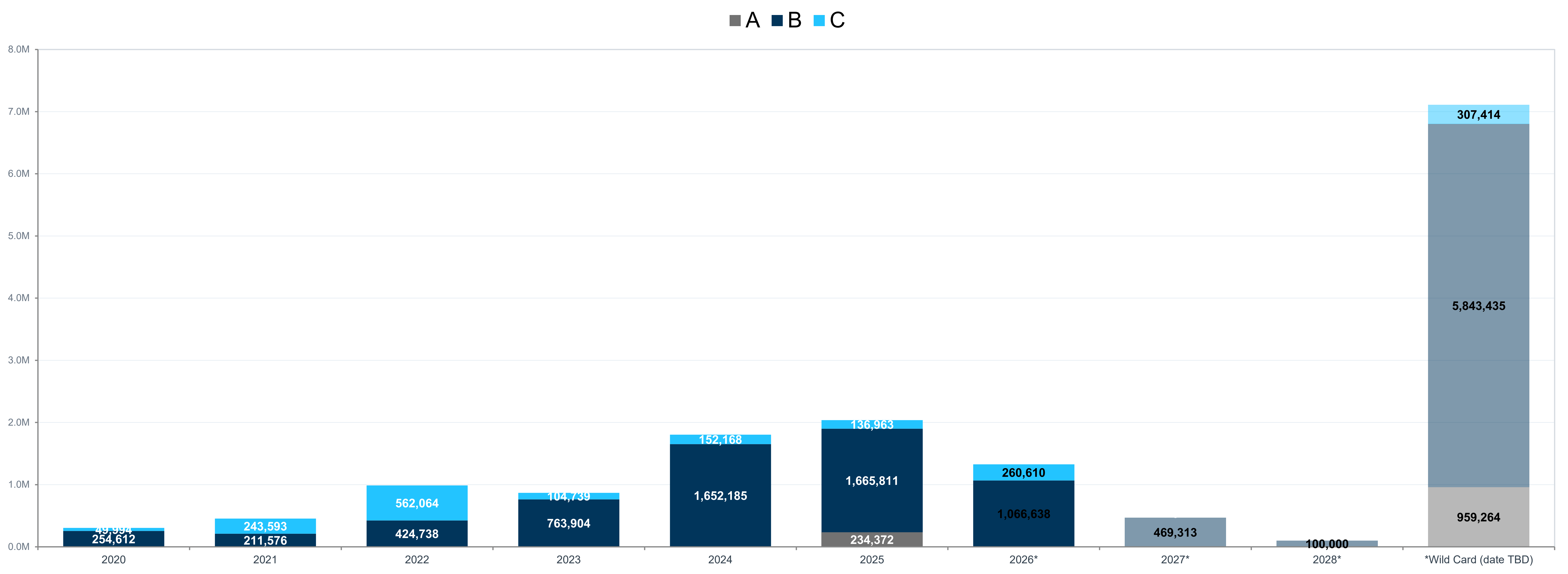
**Wild Card: Initial statements by a buyer, city, or professional community about potential redevelopment due to significant vacancy, financial challenges, or obsolescence.*

Source: Newmark Research Costar, MNCAR

570,000 SF Proposed for Removal, 7.2M SF Identified as Office Removal Candidates

570,000 SF is proposed for removal and an additional 7.2M SF is classified as “Wild Card,” meaning a buyer, city or professional community has made initial statements about potential redevelopment due to significant vacancy, financial challenges or obsolescence. In the St. Paul CBD, for example, a study by Gensler and the St. Paul Downtown Alliance identified 10 properties as “good candidates for conversion, success likely.” Other properties have been purchased by investors that have discussed conversion but have not established a timeline or obtained initial city approvals.

SF Removed by Class

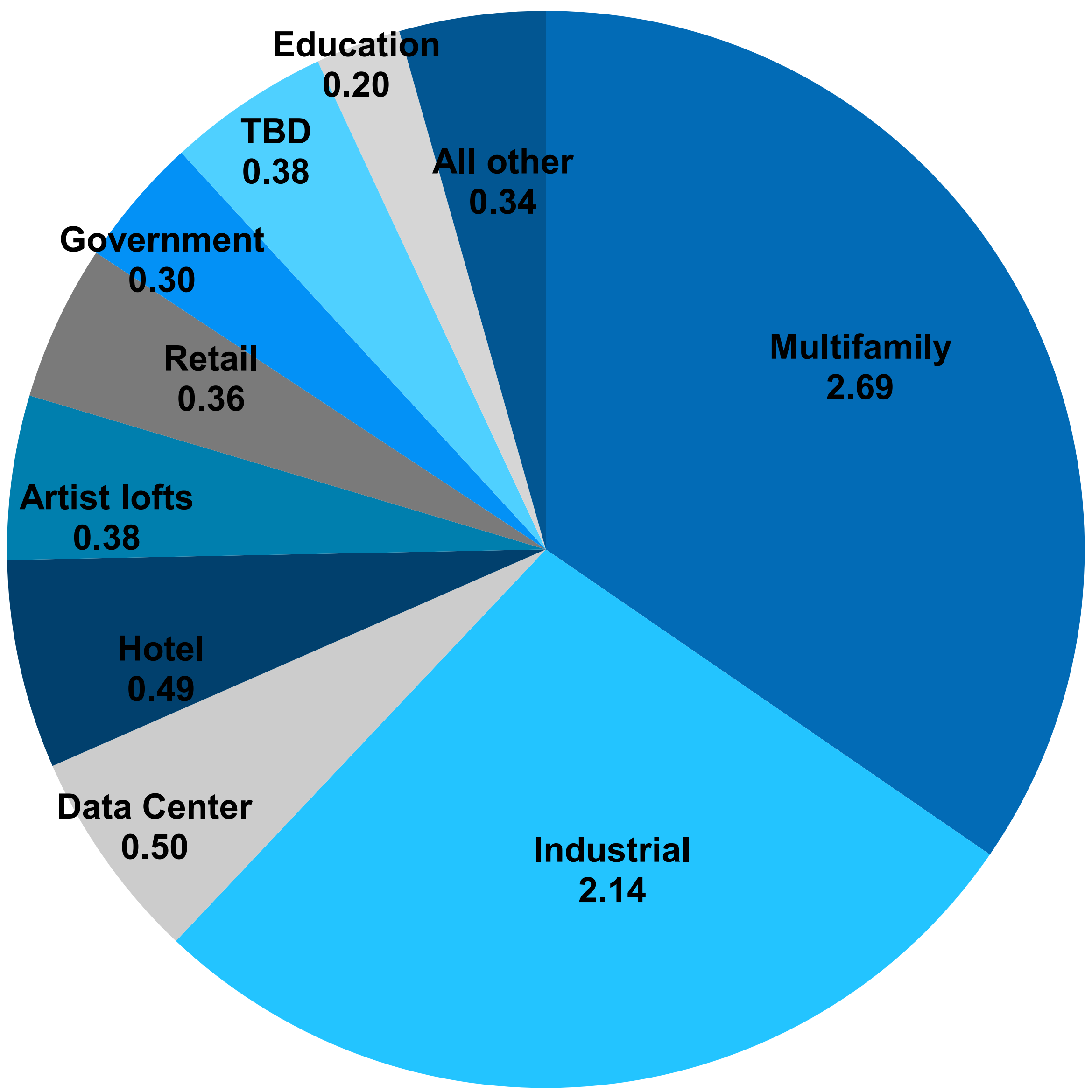


Source: Newmark Research, Costar, MNCAR
*Forecast

Multifamily and Industrial Are the Primary Outcomes of Office Conversions

Multifamily properties, from low-income and market-rate apartments to senior living, are the main conversion type, totaling 2.7 million SF, with an additional 2.1 million SF converted to industrial use. More than half of the conversions in the market are to multifamily or industrial space. Government incentives, including tax increment financing (TIF) and historic tax credits, along with streamlined zoning and approval processes, particularly for multifamily, support these conversions amid strong housing demand.

SF Removed by Proposed Use (millions)



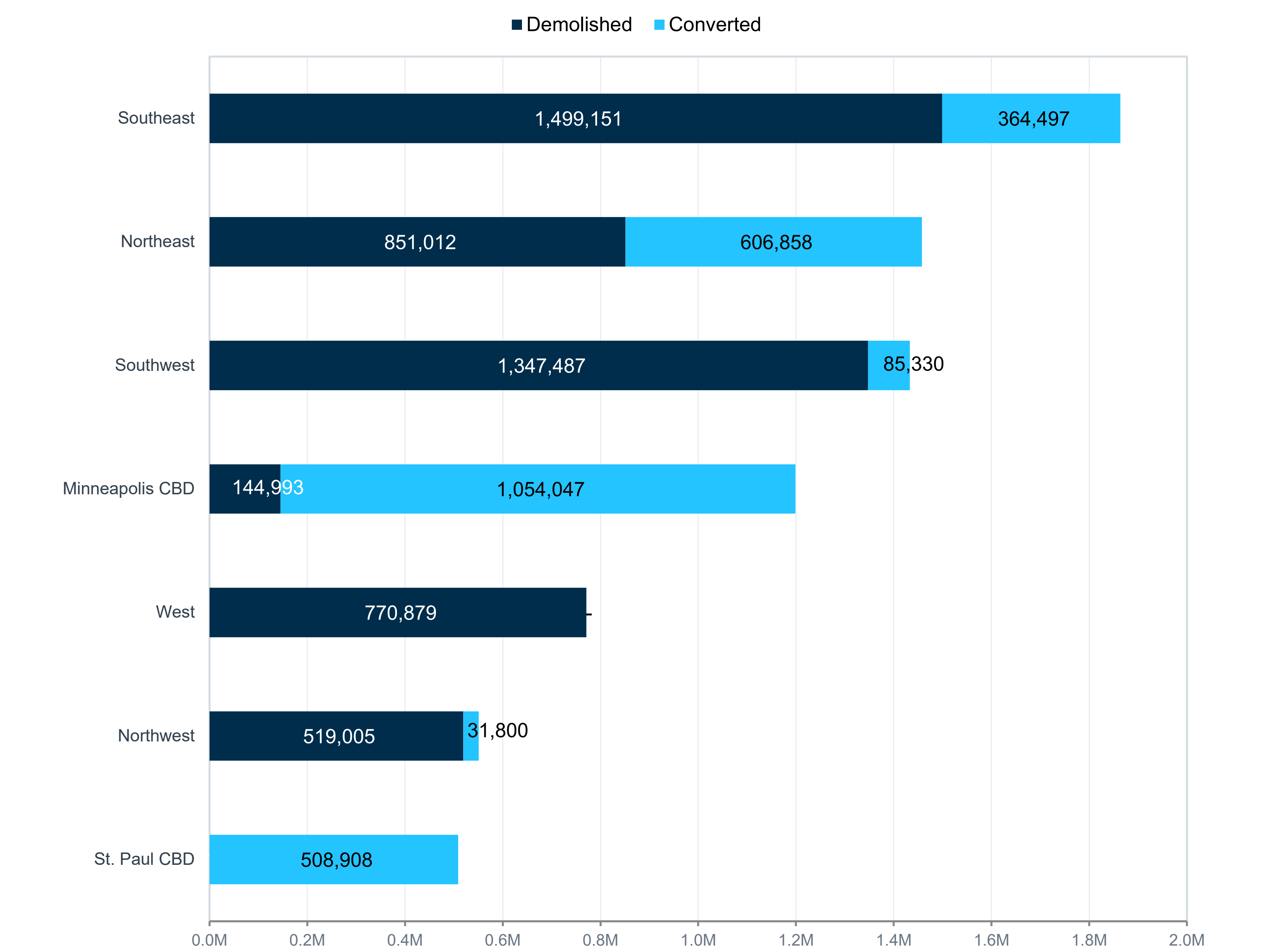
Source: Newmark Research, Costar, MNCAR

Southeast Submarket Leads Overall Removals While CBDs See More Conversions

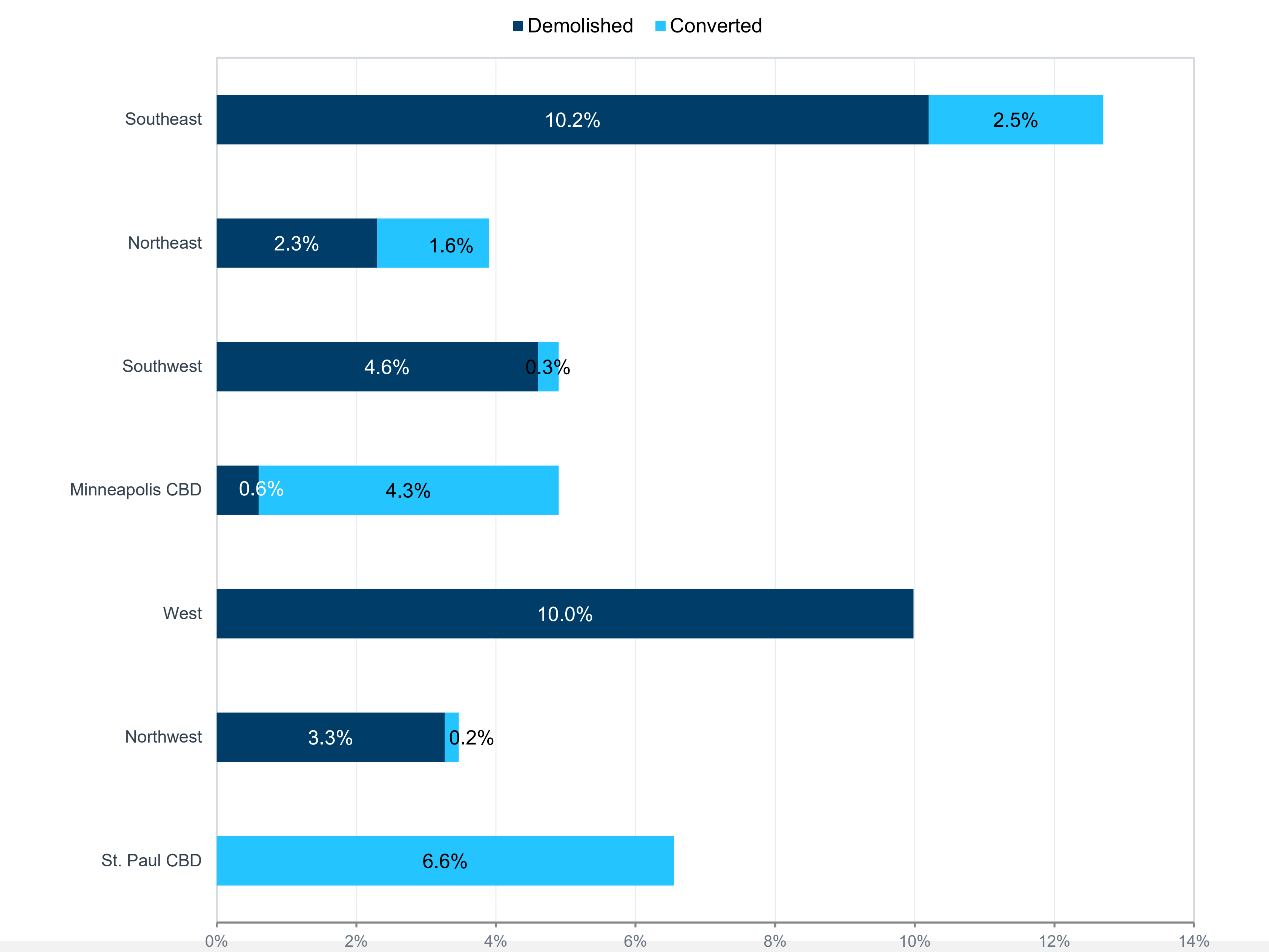
In the Southeast submarket, 1.86 million SF has been removed, 12.7% of the space in that market.

Conversions (rather than demolitions) are concentrated in the CBDs, where taller buildings and the logistics of demolition in dense areas make it less likely and more expensive. The CBDs also have a higher concentration of older office buildings with smaller floor plates and more windows, which are more appropriate for renovation.

SF Removed



% Removed

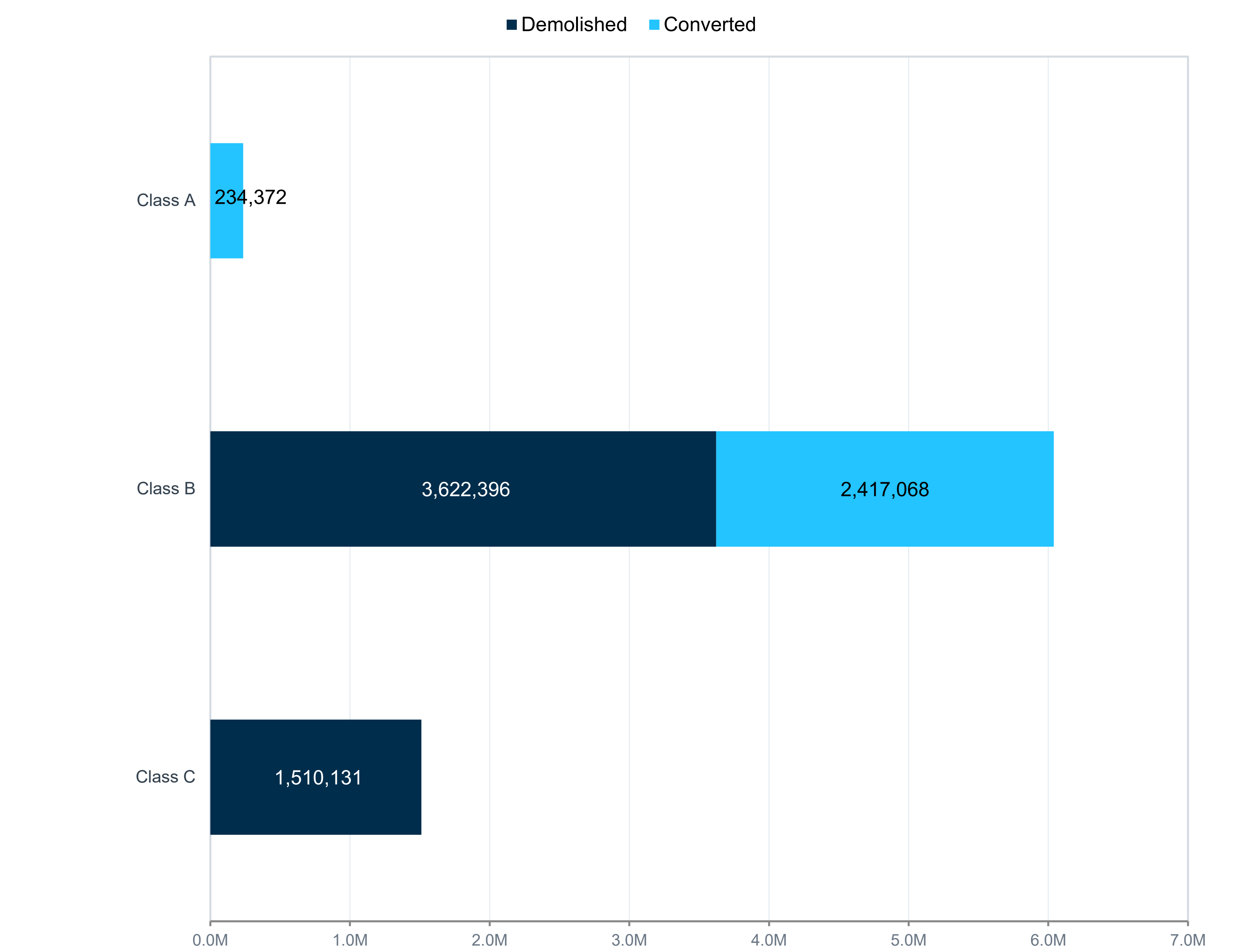


Source: Newmark Research, Costar, MNCAR

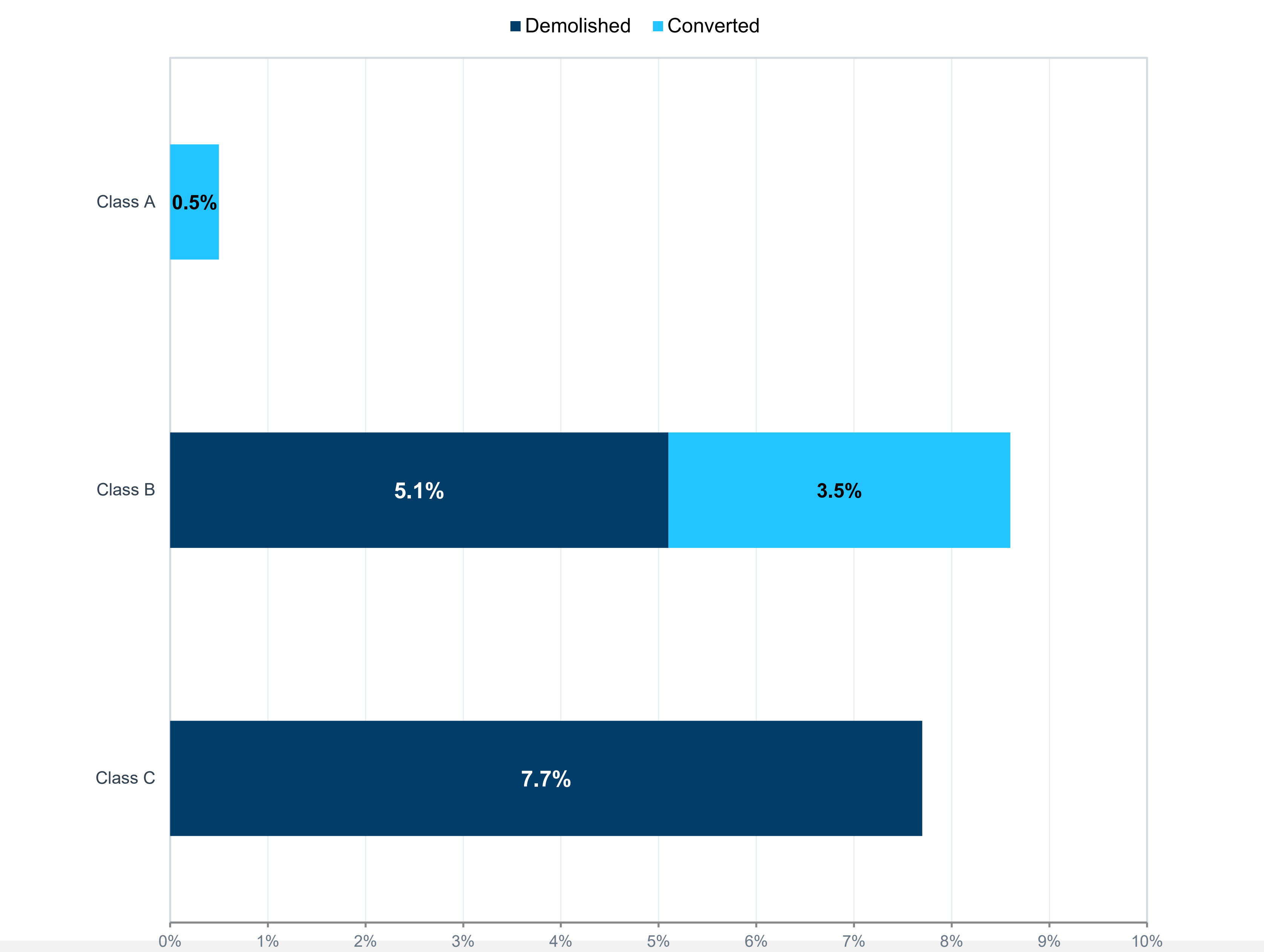
Class B and C Buildings Most Conducive to Conversion

The largest share of removed properties is in Class B, with 6.0 million SF taken out of inventory, representing 8.9% of Class B space. Older, obsolete Class B and C buildings are generally more viable candidates for removal or conversion than Class A buildings, which tend to have higher valuations due to recent construction or major renovations. In addition, Class A buildings have larger floor plates with less space near windows for access to natural light suitable for living spaces.

SF Removed



% Removed



Source: Newmark Research, Costar, MNCAR

Corporate Campus Conversions Total 2.2M SF, Led by 1.4M SF Thomson Reuters Campus

With a strong presence of large corporate office space users, Minneapolis has seen a significant amount of space converted from corporate campuses to different uses. 2.2M SF of corporate campus space has been renovated or removed for conversion, 28.2% of all conversions across the market. In the Southeast suburban submarket, more than 1.4M SF has been removed or renovated at the Thomson Reuters Campus in the city of Eagan to make way for warehouse space, a data center and multifamily residential.

2.2M SF

Total SF of corporate campus office space removed/demolished 2020-2026

28.2% of Total Removed

Over a quarter of office space removed was on a corporate campus

65.2% in Eagan

Over 1.4M SF of corporate campus space removed or converted was in the Southeast submarket city of Eagan due to the Thomson Reuters corporate campus.

	City	Submarket	SF Removed	Use/Status	Year Converted
Thomson Reuters	Eagan	Southeast	1,428,999	Amazon warehouse & Centra data center under construction; warehouse space proposed; multifamily preliminary	2025
Wells Fargo Home Mortgage	Minneapolis	Southeast	1,033,739	Preliminary/Wild Card: Currently vacant with potential for non-office conversion	TBD
Prudential	Plymouth	Northwest	450,000	Coborn's Grocery and Summit Orthopedics open; additional multifamily units under construction	2024
Blue Cross Blue Shield of MN	Eagan	Southeast	442,542	Preliminary/Wild card: Mixed-use	TBD
Deluxe	Shoreview	Northeast	314,000	Completed: Industrial	2023

Source: Newmark Research, Costar, MNCAR

05

Statistics

Statistics – Multitenant Properties (page 1 of 2)

Submarkets – Minneapolis CBD

	Inventory	Direct Vacant	Sublease Vacant	Vacancy % (w/sublease)	Q1 Absorption	Q2 Absorption	YTD Absorption	Weighted AVG Rate (FSG)	UC
Class A	16,211,963	5,284,185	211,165	33.9%	43,645	(6,816)	36,829	$35.76	0
Class B	5,813,780	1,907,663	101,204	34.6%	(13,582)	3,867	(9,715)	$30.45	0
Class C	75,738	15,277	0	20.2%	0	(4,183)	(4,183)	$21.00	0
Core Total	**22,101,481**	**7,207,125**	**312,369**	**34.0%**	**30,063**	**(7,132)**	**22,931**	**$34.25**	**0**
Class A	163,400	65,415	0	40.0%	0	4,512	140	$35.15	0
Class B	527,912	131,501	0	24.9%	(2,696)	4,583	8,241	$31.31	0
Class C	109,111	48,807	0	44.7%	0	0	7,230	$21.50	0
East Total	**800,423**	**245,723**	**0**	**30.7%**	**(2,696)**	**9,095**	**15,611**	**$32.01**	**0**
Class B	48,012	0	0	0.0%	11,043	3,597	(14,640)	$20.51	0
Class C	96,724	0	0	0.0%	0	0	3,207		0
Loring Total	**144,736**	**0**	**0**	**0.0%**	**11,043**	**3,597**	**(11,433)**	**$20.51**	**0**
Class A	200,739	4,162	0	2.1%	0	0	0	$28.14	0
Class B	1,420,507	192,151	28,890	15.6%	(663)	9,231	(4,300)	$27.88	0
Class C	989,285	49,777	0	5.0%	18,743	(900)	(8,709)	$20.04	0
Northeast Total	**2,610,531**	**246,090**	**28,890**	**10.5%**	**18,080**	**8,331**	**(13,009)**	**$26.39**	**0**
Class A	1,330,973	234,089	82,738	23.8%	(21,228)	0	(21,228)	$39.95	0
Class B	1,087,351	267,418	5,293	25.1%	16,768	40,163	56,931	$35.50	0
Class C	273,320	59,473	0	21.8%	0	(5,643)	(5,643)	$27.44	0
Northloop Total	**2,691,644**	**560,980**	**88,031**	**24.1%**	**(4,460)**	**34,520**	**30,060**	**$36.69**	**0**
Class A	434,333	19,838	0	4.6%	0	166	166	$33.79	0
Class B	1,367,110	370,566	21,039	28.6%	(6,537)	(2,060)	(8,597)	$29.72	0
Class C	161,093	70,591	0	43.8%	11,323	(2,864)	8,459	$22.01	0
Warehouse Total	**1,962,536**	**460,995**	**21,039**	**24.6%**	**4,786**	**(4,758)**	**28**	**$28.91**	**0**
Class A	18,341,408	5,607,689	293,903	32.2%	22,417	(2,138)	20,279	$36.01	0
Class B	10,264,672	2,869,299	156,426	29.5%	4,333	59,381	63,714	$30.49	0
Class C	1,705,271	243,925	0	14.3%	30,066	(13,590)	16,476	$23.83	0
Mpls CBD Total	**30,311,351**	**8,720,913**	**450,329**	**30.3%**	**56,816**	**43,653**	**100,469**	**$33.81**	**0**

Source: Newmark Research, MNCAR, Costar
Data includes multitenant office properties 20,000 SF or larger.

Statistics – Multitenant Properties (page 2 of 2)

Submarkets – Minneapolis CBD

	Inventory	Direct Vacant	Sublease Vacant	Vacancy % (w/sublease)	Q1 Absorption	Q2 Absorption	YTD Absorption	Weighted AVG Rate (FSG)	UC
Class A	2,005,781	390,220	108,576	24.9%	24,353	1,577	25,930	$30.26	0
Class B	3,814,416	1,703,190	38,495	45.7%	1,282	(27,103)	(25,821)	$20.81	0
Class C	345,484	79,617	0	23.0%	(741)	4,129	3,388	$17.10	0
St. Paul CBD Total	**6,165,681**	**2,173,027**	**147,071**	**37.6%**	**24,894**	**(21,397)**	**3,497**	**$25.21**	**0**
Class A	535,976	37,992	29,080	12.5%	4,235	0	4,235	$26.94	0
Class B	6,174,999	563,545	0	9.1%	(13,421)	16,690	3,269	$21.01	0
Class C	1,157,609	112,736	0	9.7%	(328)	7,513	7,185	$21.69	0
Northeast Total	**7,868,584**	**714,273**	**29,080**	**9.4%**	**(9,514)**	**24,203**	**14,689**	**$21.70**	**0**
Class A	451,567	26,176	0	5.8%	19,496	(4,550)	14,946	$22.64	0
Class B	2,278,607	409,345	5,960	18.2%	17,867	9,515	27,382	$20.56	0
Class C	337,658	1,442	2,742	1.2%	(16,078)	1,406	(14,672)	$7.56	0
Northwest Total	**3,067,832**	**436,963**	**8,702**	**14.5%**	**21,285**	**6,371**	**27,656**	**$20.38**	**0**
Class A	1,583,842	443,048	10,501	28.6%	61,494	20,974	82,468	$35.73	0
Class B	4,163,738	806,536	63,011	20.9%	(55,802)	(15,429)	(71,231)	$22.59	0
Class C	1,360,107	150,217	0	11.0%	(6,519)	4,934	(1,585)	$17.99	0
Southeast Total	**7,107,687**	**1,399,801**	**73,512**	**20.7%**	**(827)**	**10,479**	**9,652**	**$26.18**	**0**
Class A	6,634,336	1,438,118	238,563	25.3%	(200,377)	13,654	(186,723)	$34.91	268,621
Class B	7,010,632	1,418,523	161,795	22.5%	(12,247)	31,586	19,339	$28.79	0
Class C	1,933,276	302,527	0	15.6%	32,346	5,114	37,460	$25.93	0
Southwest Total	**15,578,244**	**3,159,168**	**400,358**	**22.8%**	**(180,278)**	**50,354**	**(129,924)**	**$31.97**	**268,621**
Class A	3,809,631	637,445	14,183	17.1%	27,175	25,579	52,754	$40.46	0
Class B	5,253,964	669,676	62,696	13.9%	(2,997)	(20,545)	(23,542)	$27.53	0
Class C	1,061,592	90,877	41,823	12.5%	(10,962)	(2,345)	(13,307)	$25.52	0
West Total	**10,125,187**	**1,397,998**	**118,702**	**15.0%**	**13,216**	**2,689**	**15,905**	**$31.23**	
Class A	33,362,541	8,580,688	694,806	27.8%	(41,207)	55,096	13,889	$35.50	268,621
Class B	38,961,028	8,440,114	488,383	22.9%	(60,985)	54,095	(6,890)	$26.95	0
Class C	7,900,997	981,341	44,565	13.0%	27,784	7,161	34,945	$22.63	0
Overall Total	**80,224,566**	**18,002,143**	**1,227,754**	**24.0%**	**(74,408)**	**116,352**	**41,944**	**$31.10**	**268,621**

Source: Newmark Research, MNCAR, Costar
Data includes multitenant office properties 20,000 SF or larger.

Statistics Single & Multitenant (page 1 of 2)

Submarkets – Minneapolis CBD

	Inventory	Direct Vacant	Sublease Vacant	Vacancy % (w/sublease)	Q1 Absorption	Q2 Absorption	YTD Absorption	Weighted AVG Rate (FSG)	UC
Class A	17,647,759	5,284,185	211,165	31.1%	43,645	(6,816)	36,829	$35.76	0
Class B	5,968,561	1,907,663	101,204	33.7%	(13,582)	3,867	(9,715)	$30.45	0
Class C	110,657	15,277	0	13.8%	0	(4,183)	(4,183)	$21.00	0
Core Total	**23,726,977**	**7,207,125**	**312,369**	**31.7%**	**30,063**	**(7,132)**	**22,931**	**$34.25**	**0**
Class A	263,400	65,415	0	24.8%	0	4,512	4,512	$35.15	0
Class B	879,568	131,501	0	15.0%	(2,696)	4,583	1,887	$31.31	0
Class C	203,845	63,670	0	31.2%	0	0	0	$11.23	0
East Total	**1,346,813**	**260,586**	**0**	**19.3%**	**(2,696)**	**9,095**	**6,399**	**$30.38**	**0**
Class B	58,312	0	0	0.0%	11,043	3,597	14,640	$20.51	0
Class C	169,048	0	0	0.0%	0	0	0	$13.00	0
Loring Total	**227,360**	**0**	**0**	**0.0%**	**11,043**	0	**14,640**	**$15.83**	**0**
Class A	200,739	4,162	0	2.1%	0	0	0	$28.14	0
Class B	1,559,461	192,151	28,890	14.2%	(663)	9,231	8,568	$27.88	0
Class C	1,149,702	71,313	0	6.2%	18,743	(900)	17,843	$19.64	0
Northeast Total	**2,909,902**	**267,626**	**28,890**	**10.2%**	**18,080**	**8,331**	**26,411**	**$25.90**	**0**
Class A	1,623,973	234,089	152,988	23.8%	(21,228)	0	(21,228)	$39.95	0
Class B	1,199,143	273,818	5,293	23.3%	16,768	40,163	56,931	$35.20	0
Class C	329,449	59,473	0	18.1%	0	(5,643)	(5,643)	$27.44	0
Northloop Total	**3,152,565**	**567,380**	**158,281**	**23.0%**	**(4,460)**	**34,520**	**30,060**	**$36.59**	**0**
Class A	434,333	19,838	0	4.6%	0	166	166	$33.79	0
Class B	1,367,110	370,566	21,039	28.6%	(6,537)	(2,060)	(8,597)	$29.72	0
Class C	205,565	70,591	0	34.3%	11,323	(2,864)	8,459	$22.01	0
Warehouse Total	**2,007,008**	**460,995**	**21,039**	**24.0%**	**4,786**	**(4,758)**	**28**	**$28.91**	**0**
Class A	20,170,204	5,607,689	364,153	29.6%	22,417	(2,138)	20,279	$36.01	0
Class B	11,032,155	2,875,699	156,426	27.5%	4,333	59,381	63,714	$30.49	0
Class C	2,168,266	280,324	0	12.9%	30,066	(13,590)	16,476	$22.37	0
MPLS CBD Total	**33,370,625**	**8,763,712**	**520,579**	**27.8%**	**56,816**	**43,653**	**100,469**	**$33.73**	**0**

Source: Newmark Research, MNCAR, Costar
Data includes single and multitenant leased office properties

Statistics Single & Multitenant (page 2 of 2)

Submarkets – Minneapolis CBD

	Inventory	Direct Vacant	Sublease Vacant	Vacancy % (w/sublease)	Q1 Absorption	Q2 Absorption	YTD Absorption	Weighted AVG Rate (FSG)	UC
Class A	2,005,781	390,220	108,576	24.9%	24,353	1,577	25,930	$30.26	0
Class B	4,232,981	1,839,190	38,495	44.4%	1,282	(27,103)	(25,821)	$20.81	0
Class C	345,484	79,617	0	23.0%	(741)	4,129	3,388	$17.10	0
St. Paul CBD Total	**6,584,246**	**2,309,027**	**147,071**	**37.3%**	**24,894**	**(21,397)**	**3,497**	**$25.21**	**0**
Class A	1,405,396	37,992	29,080	4.8%	19,496	0	19,496	$26.94	0
Class B	11,733,831	787,978	5,893	6.8%	21,781	18,512	40,293	$21.20	0
Class C	3,281,241	162,615	0	5.0%	(17,757)	13,312	(4,445)	$20.98	0
Northeast Total	**16,420,468**	**988,585**	**34,973**	**6.2%**	**23,520**	**31,824**	**55,344**	**$21.63**	**0**
Class A	972,899	184,688	0	19.0%	30,969	(4,550)	26,419	$28.60	0
Class B	3,549,441	434,784	8,812	12.5%	(2,911)	(7,442)	(10,353)	$21.03	0
Class C	1,005,771	9,611	2,742	1.2%	(616)	661	45	$18.03	0
Northwest Total	**5,528,111**	**629,083**	**11,554**	**11.6%**	**27,442**	**(11,331)**	**16,111**	**$23.02**	**0**
Class A	2,773,041	553,110	258,027	29.3%	49,968	20,974	70,942	$33.43	0
Class B	7,627,278	874,387	78,887	12.5%	(25,531)	(33,714)	(59,245)	$22.32	0
Class C	3,032,505	159,716	3,778	5.4%	(3,748)	2,767	(981)	$17.41	0
Southeast Total	**13,432,824**	**1,587,213**	**340,692**	**14.4%**	**20,689**	**(9,973)**	**10,716**	**$25.43**	**0**
Class A	7,752,330	1,446,921	238,563	21.7%	(208,220)	54,506	(153,714)	$34.90	268,621
Class B	9,838,293	2,428,437	311,513	27.8%	79,850	25,294	105,144	$28.66	0
Class C	4,220,917	368,410	9,240	8.9%	13,922	1,604	15,526	$24.81	0
Southwest Total	**21,811,540**	**4,243,768**	**559,316**	**22.0%**	**(114,448)**	**81,404**	**(33,044)**	**$31.59**	**268,621**
Class A	3,931,631	637,445	14,183	16.6%	27,175	25,579	52,754	$40.46	0
Class B	5,639,355	674,668	62,696	13.1%	(6,770)	(15,869)	(22,639)	$27.46	0
Class C	1,769,372	128,546	41,823	9.6%	(9,532)	(11,945)	(21,477)	$24.48	0
West Total	**11,340,358**	**1,440,659**	**118,702**	**13.8%**	**10,873**	**(2,235)**	**8,638**	**$31.00**	**0**
Class A	39,011,282	8,858,065	1,012,582	25.3%	(33,842)	95,948	62,106	$35.26	268,621
Class B	53,653,334	9,915,143	662,722	19.7%	72,034	19,059	91,093	$26.78	0
Class C	15,823,556	1,188,839	57,583	7.9%	11,594	(3,062)	8,532	$21.68	0
Overall Total	**108,488,172**	**19,962,047**	**1,732,887**	**20.0%**	**49,786**	**111,945**	**161,731**	**$30.71**	**268,621**

Source: Newmark Research, MNCAR, Costar
Data includes single and multitenant leased office properties

06

Submarkets

Minneapolis CBD

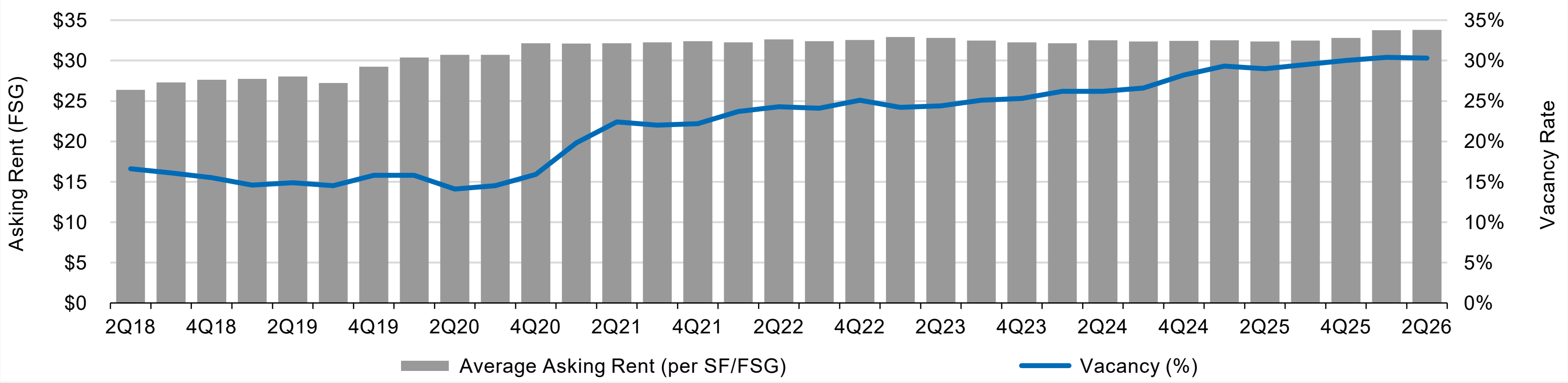
Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	30.3M	30.3M	30.6M
Vacancy Rate	30.3%	30.4%	29.0%
Quarterly Net Absorption (SF)	43,653	56,816	47,207
Average Asking Rent/SF	$33.81	$33.76	$32.36
Under Construction (SF)	0	0	0

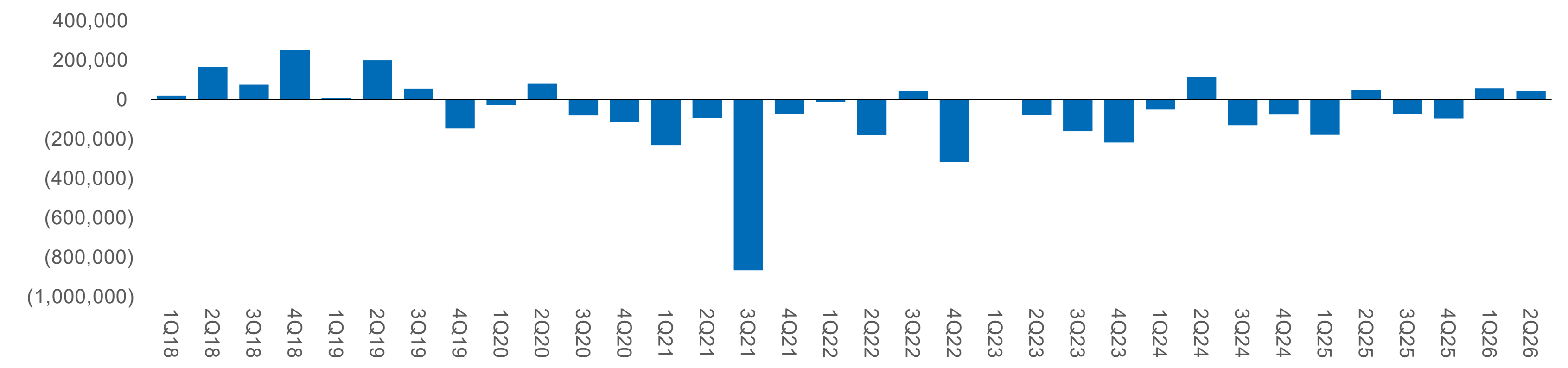
Current Market Trends

- Cozen O'Connor signed a long-term lease to relocate to Wells Fargo Center in downtown Minneapolis, nearly doubling its footprint to 47,886 SF across two floors and contributing to rising occupancy in the tower.
- Industrious will open a 21,000 SF "Indy by Industrious" coworking location at the Riverplace complex along St. Anthony Main in Minneapolis by December, its third Minneapolis site.
- Dorsey & Whitney, a major anchor at Fifty South Sixth where it occupies approximately 200,000 SF, is actively in the market for new downtown Minneapolis office space, signaling potential future relocation while remaining in the CBD.
- Korn Ferry allowed its 75,000 SF lease at downtown Minneapolis' City Center to expire and consolidated its Minneapolis operations into a 12,000 SF space in the Loose Wiles building in the North Loop, adding to occupancy challenges at City Center and highlighting North Loop's appeal for office relocations.
- The Public Buildings Reform Board recommended that the federal government dispose of the 143,000 SF historic Paul D. Wellstone Federal Building in downtown Minneapolis, citing $6.79 million in deferred maintenance and an estimated $21 million in long-term taxpayer savings with the opportunity for adaptive reuse supported by historic tax credits.
- The Dayton's Project's developer 601WCos. has regained control of the former Dayton's department store building in downtown Minneapolis, after it spent two years in receivership.
- A proposed tax-increment financing (TIF) district for the Minneapolis Grain Exchange area advanced, positioning developer Sherman Associates to move forward with its plans for redeveloping the site into apartments.
- The Northstar Center parking ramp in downtown Minneapolis is headed to foreclosure auction as owner Taconic Capital Advisors struggles to secure tenants for the office portion of the property. The parking ramp is the only portion of the project included in the planned foreclosure auction.
- Swervo Development and Greco are converting the historic Textile Building in downtown Minneapolis into 80 affordable artists' lofts, retaining ground-floor Pizza Lucé and adding art studios and creative-focused amenities with completion targeted for fall 2027.

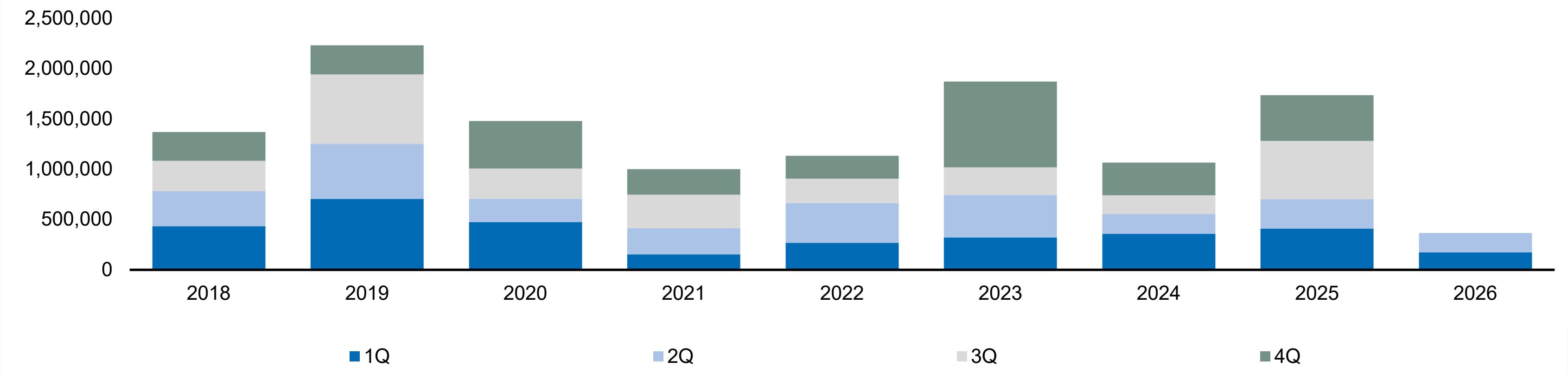
Asking Rent & Vacancy Rate



Net Absorption (SF)



Overall Leasing Activity



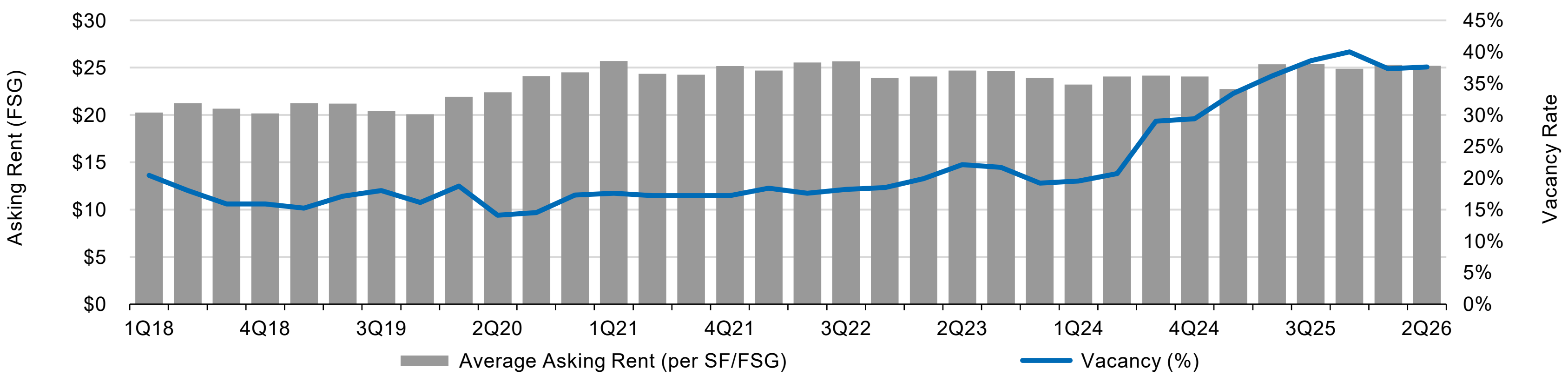
Source: Newmark Research, MNCAR, Costar

St. Paul CBD

Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	6.2M	6.2M	6.4M
Vacancy Rate	37.6%	37.3%	36.2%
Quarterly Net Absorption (SF)	(21,397)	24,894	(85,804)
Average Asking Rent/SF	$25.21	$25.30	$25.34
Under Construction (SF)	0	0	0

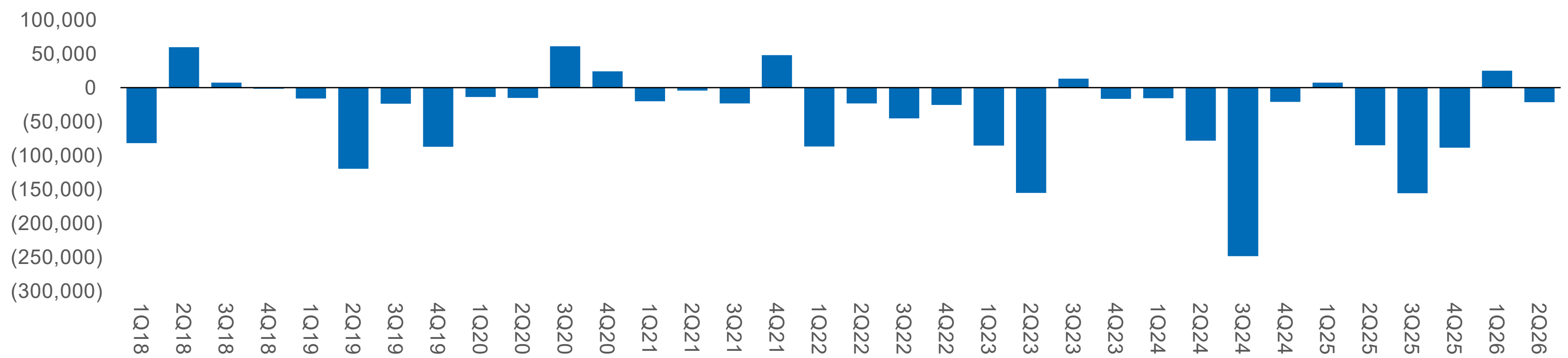
Asking Rent & Vacancy Rate



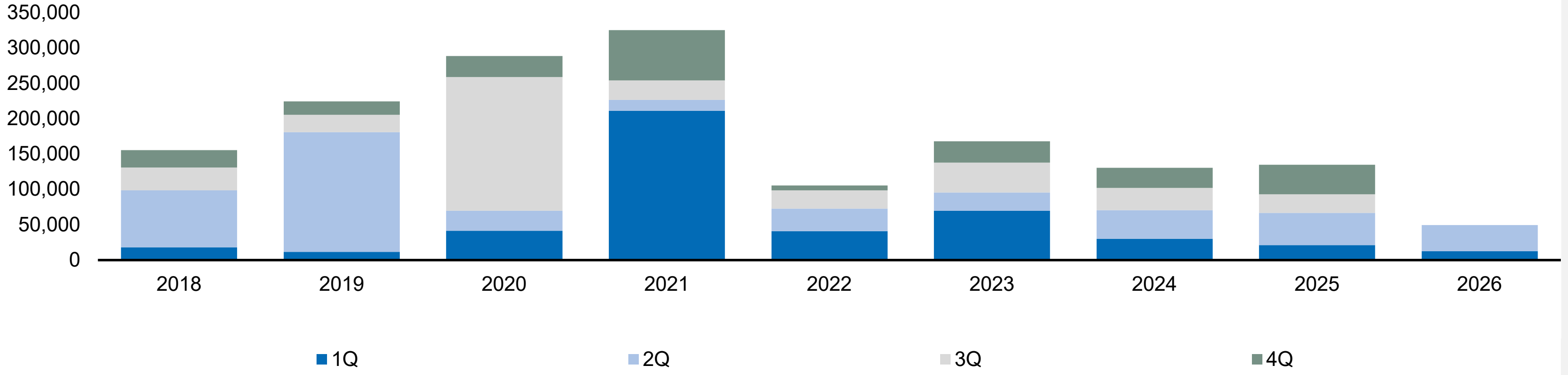
Current Market Trends

- Public- and private-sector capital is flowing into the St. Paul CBD, with both sides investing to help revitalize the downtown core.
- St. Paul Downtown Development Corp. acquired the 26-story, 361,000 SF U.S. Bank Center via deed in lieu of foreclosure after buying its bank note, with plans to stabilize and redevelop the downtown St. Paul office tower while retaining existing tenants.
- Ramsey County has proposed investing about $170 million into downtown St. Paul projects, aiming to catalyze redevelopment through public spending on key sites and infrastructure to support the urban core.
- St. Paul city leaders plan to reopen key downtown skyway segments at Alliance Bank Center, Central Station and St. Paul Athletic Club that have been closed since 2025, with funding likely from the city's Downtown Vitality fund and ongoing discussions over ownership, insurance and maintenance responsibilities.
- A recently formed investment entity called the Downtown Revival Trust acquired two St. Paul CBD properties, the historic First National Bank Building and the Great Northern Building at deep discounts. The trust was formed to acquire, restore and reposition properties in the St. Paul CBD.
- The 670,000 SF Great Northern Building sold for $1.92 million after foreclosure.
- The 660,000 SF historic First National Bank Building sold for $3.8 million, a 90% discount since its last sale. The property was part of the Madison Equities portfolio.

Net Absorption (SF)



Overall Leasing Activity



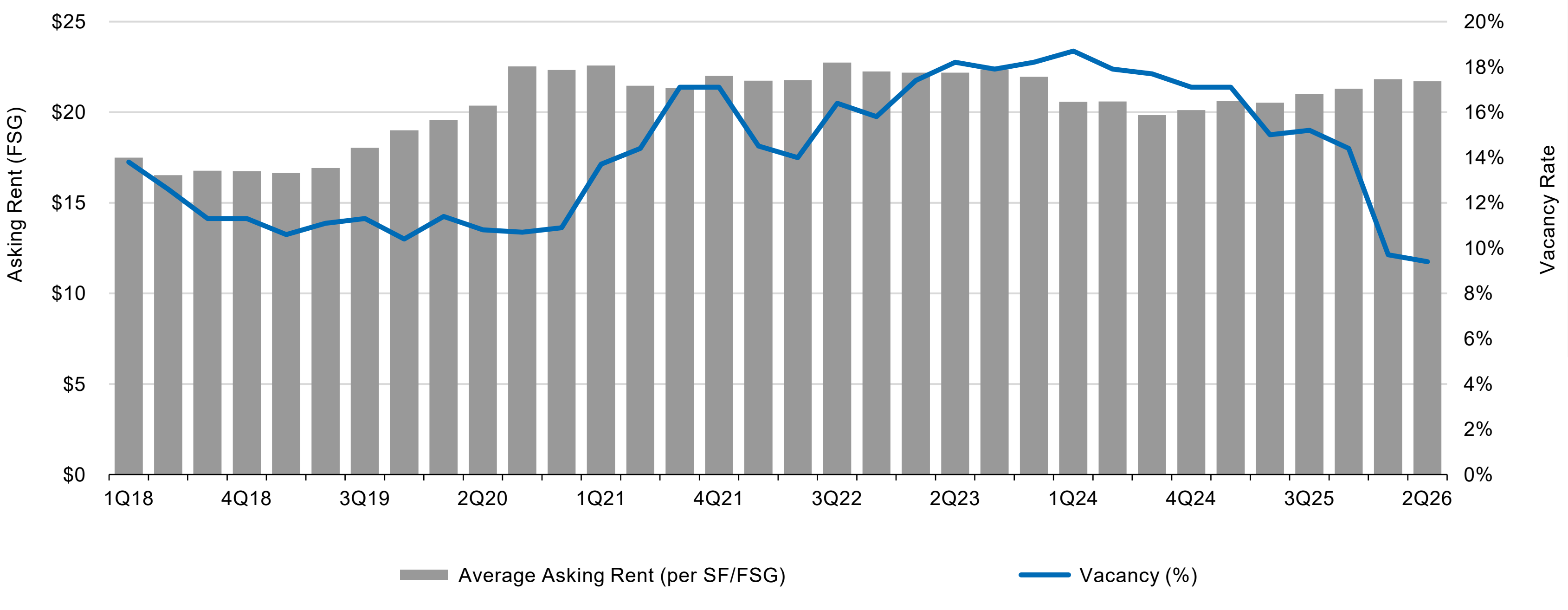
Source: Newmark Research, MNCAR, Costar

Northeast

Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	7.9M	7.9M	8.5M
Vacancy Rate	9.4%	9.7%	15.0%
Quarterly Net Absorption (SF)	24,203	(9,514)	(13,330)
Average Asking Rent/SF	$21.70	$21.83	$20.53
Under Construction (SF)	0	0	0

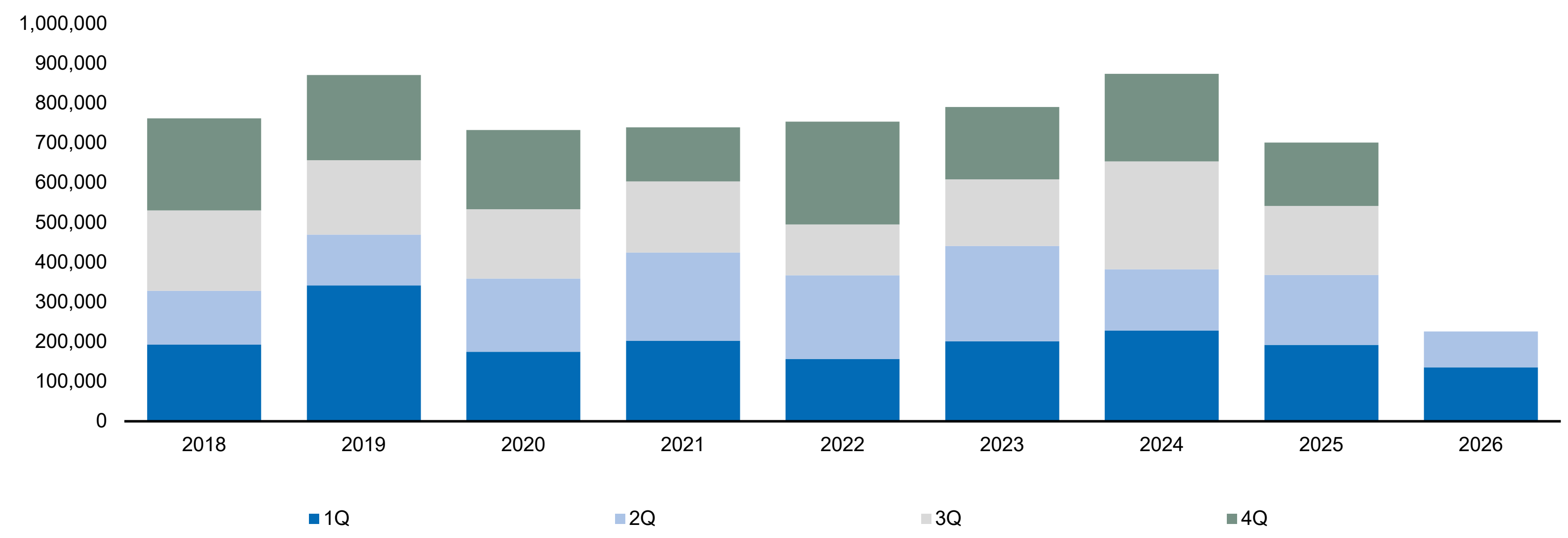
Asking Rent & Vacancy Rate



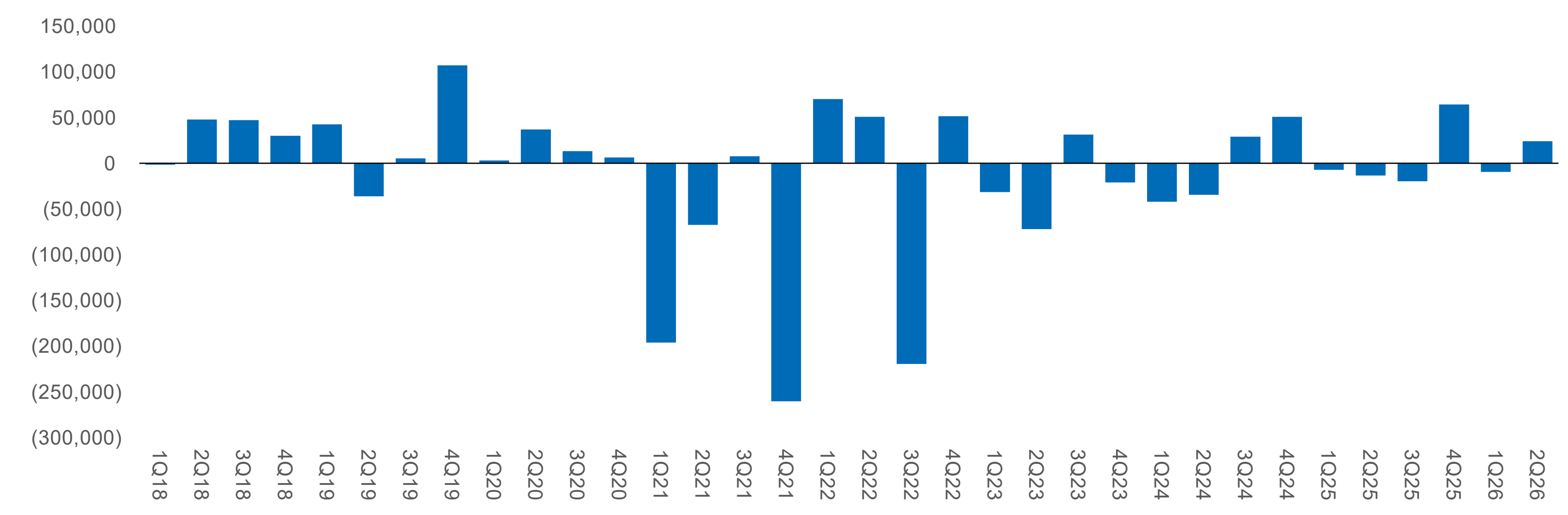
Current Market Trends

– Renewal by Andersen expanded its Twin Cities footprint by purchasing the 79,000 SF building at 300 Ninth Ave. SW in New Brighton for $8.9 million. The building includes 12,116 SF of office space.

Overall Leasing Activity



Net Absorption (SF)



Source: Newmark Research, MNCAR, Costar

Northwest

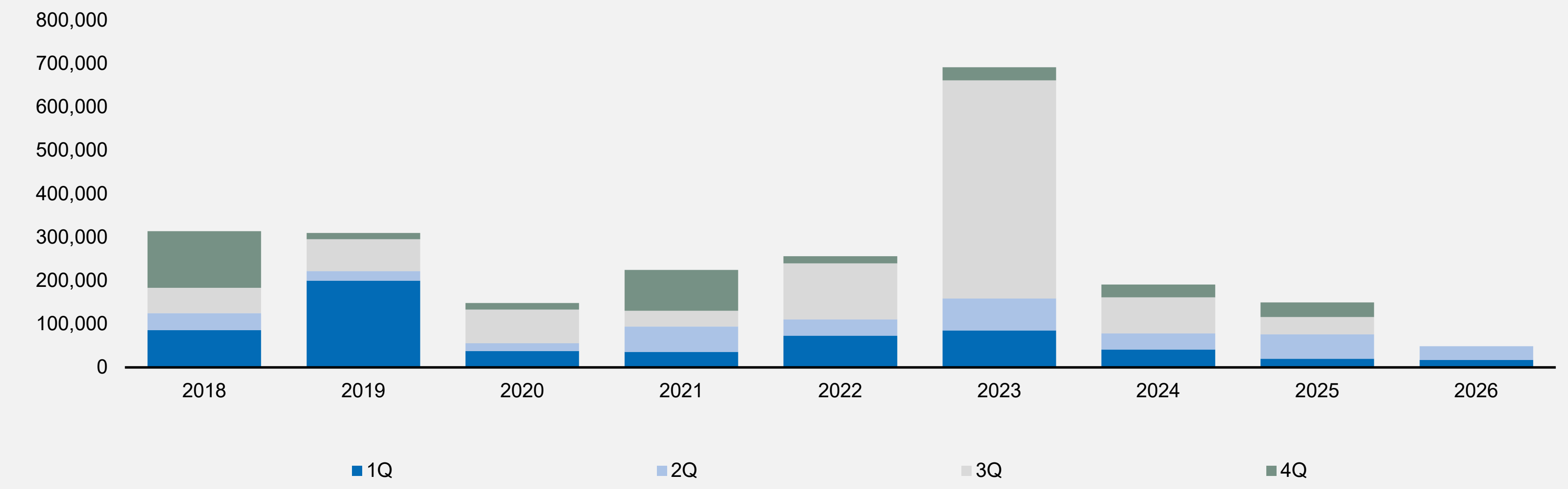
Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	3.1M	3.1M	3.1M
Vacancy Rate	14.5%	14.6%	15.9%
Quarterly Net Absorption (SF)	6,371	21,285	18,492
Average Asking Rent/SF	$20.38	$20.78	$21.03
Under Construction (SF)	0	0	0

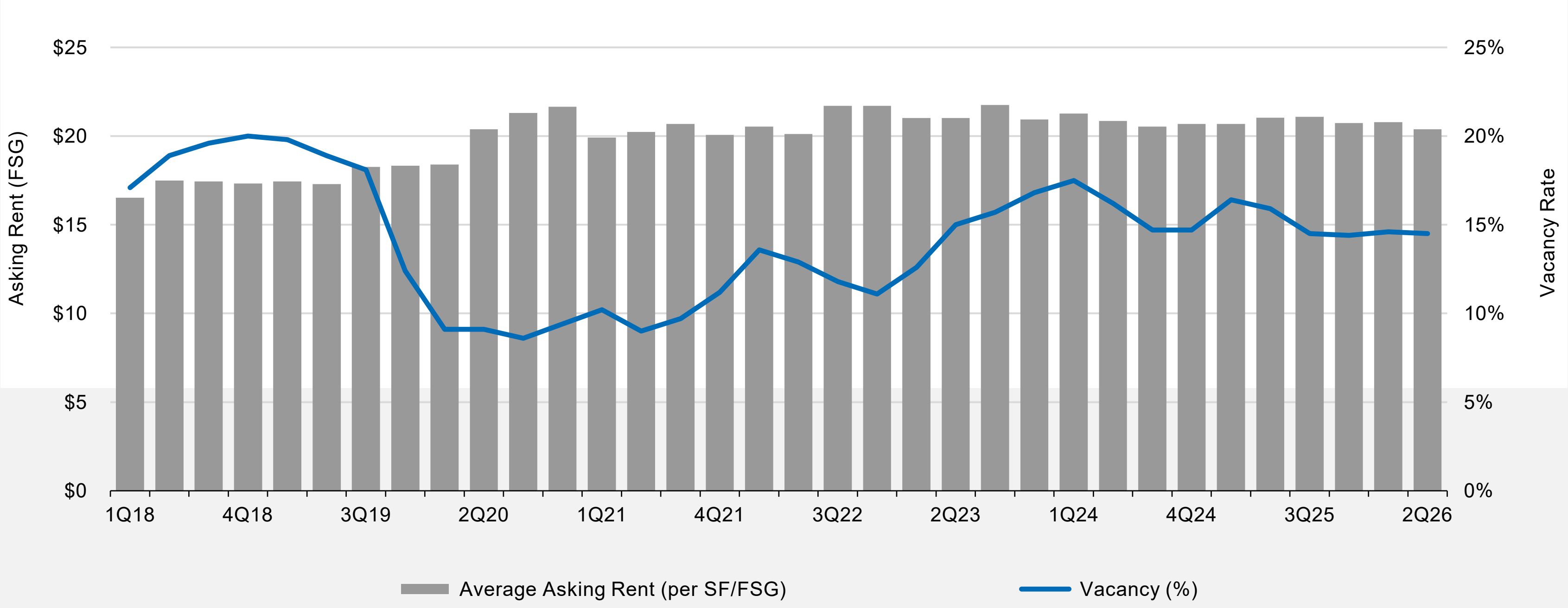
Current Market Trends

- The Northwest submarket vacancy rate among multitenant properties is 14.5%, with absorption of 6,371 SF.
- The Northwest is the smallest suburban multitenant submarket tracked at 3.1 MSF, compared with the next largest, the Northeast, at 8.5 MSF. Despite its size, the submarket has seen notable corporate campus activity in recent quarters.
- Boston Scientific completed and opened its 400,000 SF, $170 million campus in Maple Grove, consolidating office, R&D and operations for more than 1,500 employees.

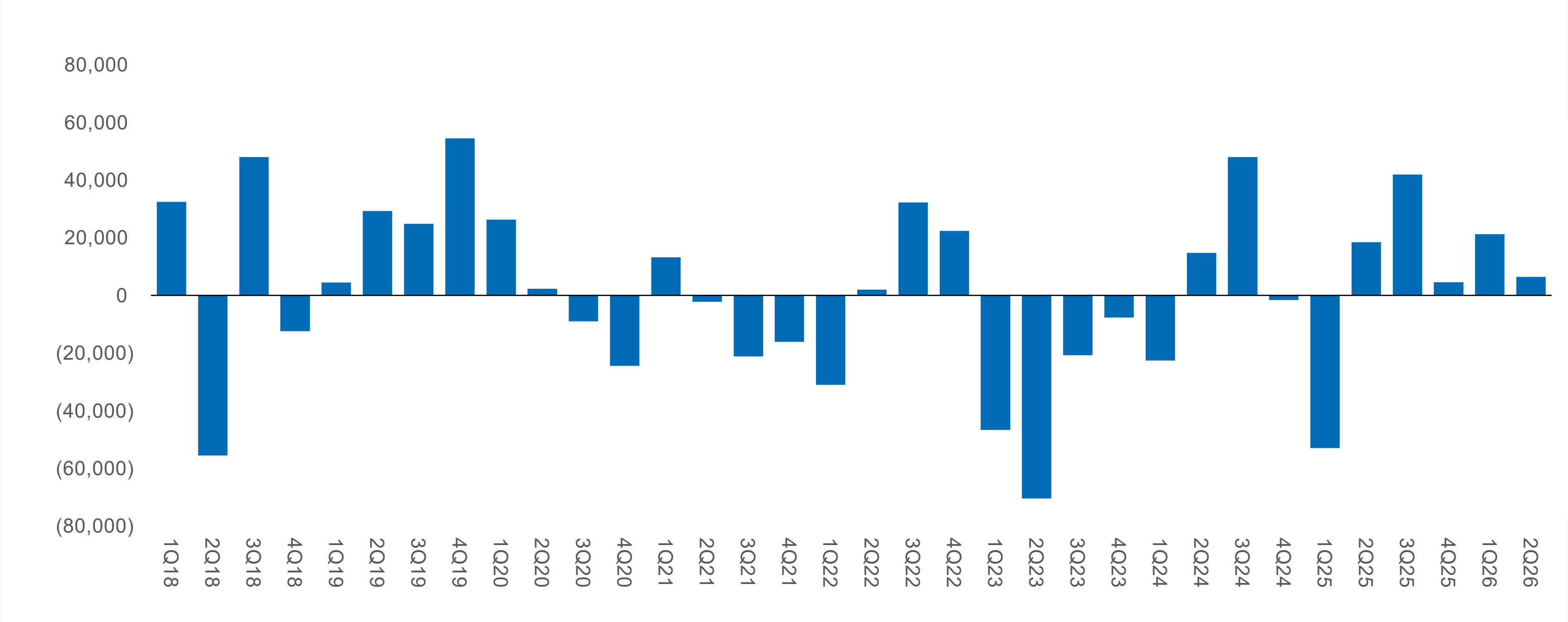
Overall Leasing Activity



Asking Rent & Vacancy Rate



Net Absorption (SF)



Source: Newmark Research, MNCAR, Costar

Southeast

Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	7.1M	7.2M	7.3M
Vacancy Rate	20.7%	21.0%	23.2%
Quarterly Net Absorption (SF)	10,479	(827)	45,144
Average Asking Rent/SF	$26.18	$25.97	$23.13
Under Construction (SF)	0	0	0

Current Market Trends

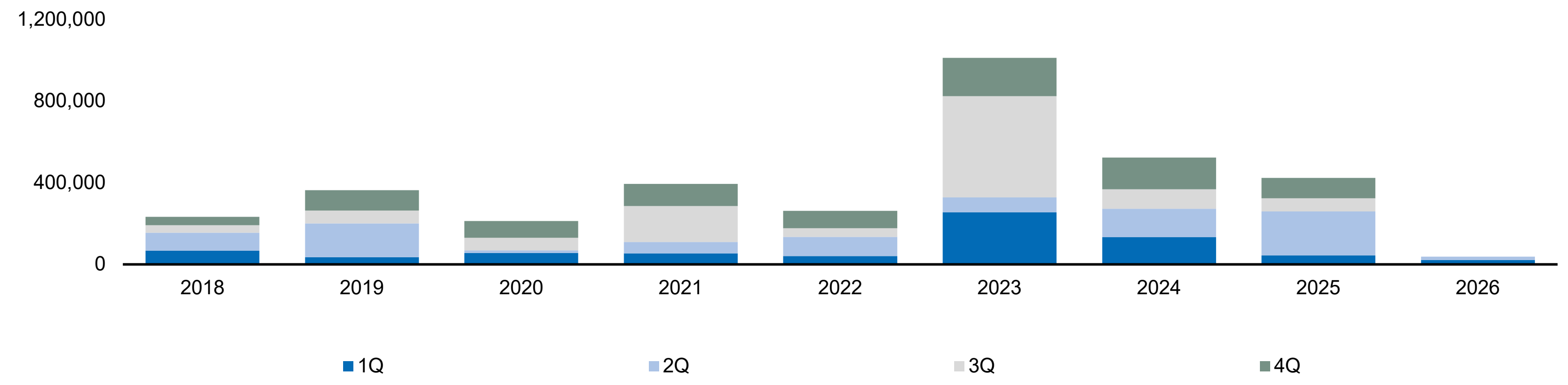
– A proposed Opus/Capital Partners redevelopment of the former Blue Cross Blue Shield headquarters in Eagan that included four business park buildings plus 626 housing units was withdrawn after resident pushback due to traffic and density concerns, though the developers say they remain committed to pursuing future redevelopment aligned with city goals.

– Novarum Development Partners acquired the 25-acre former Wells Fargo Home Mortgage campus in Minneapolis and plans a major mixed-use redevelopment called “Iconic Plaza” with roughly 1,000 housing units plus retail, health care, school and technology uses.

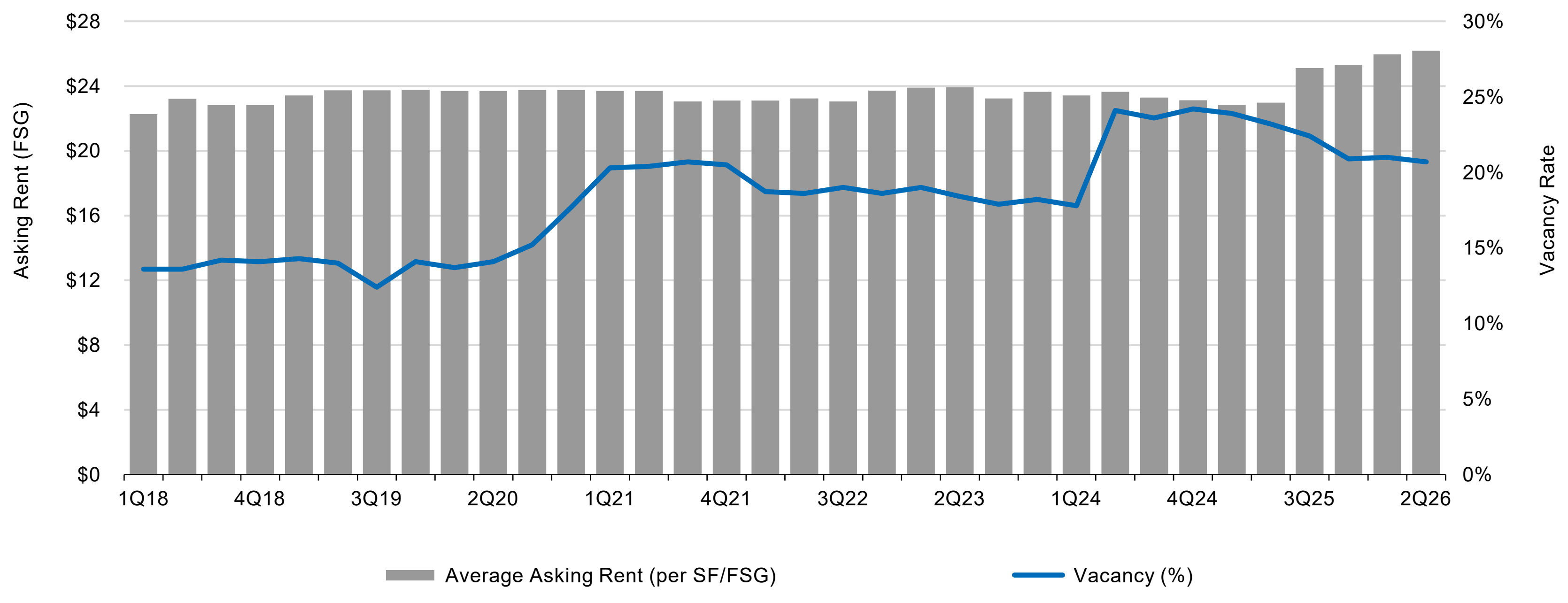
– The group purchased the campus for $15 million and will leverage historic tax credits and plan a multi-year buildout.

– Best Buy’s Richfield headquarters saw its assessed value cut nearly in half to about $32 million, reducing the city’s commercial tax base by 5% for 2027 while the company continues to occupy and lease portions of its 1.5 million SF campus.

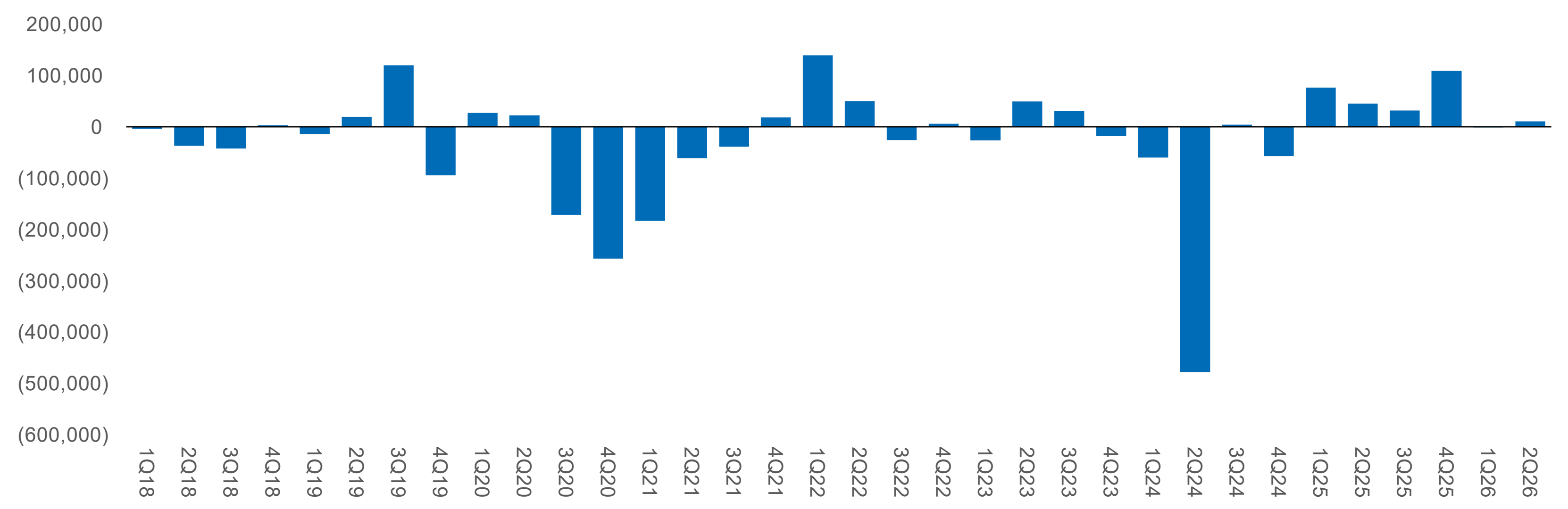
Overall Leasing Activity



Asking Rent & Vacancy Rate



Net Absorption (SF)



Source: Newmark Research, MNCAR, Costar

Southwest

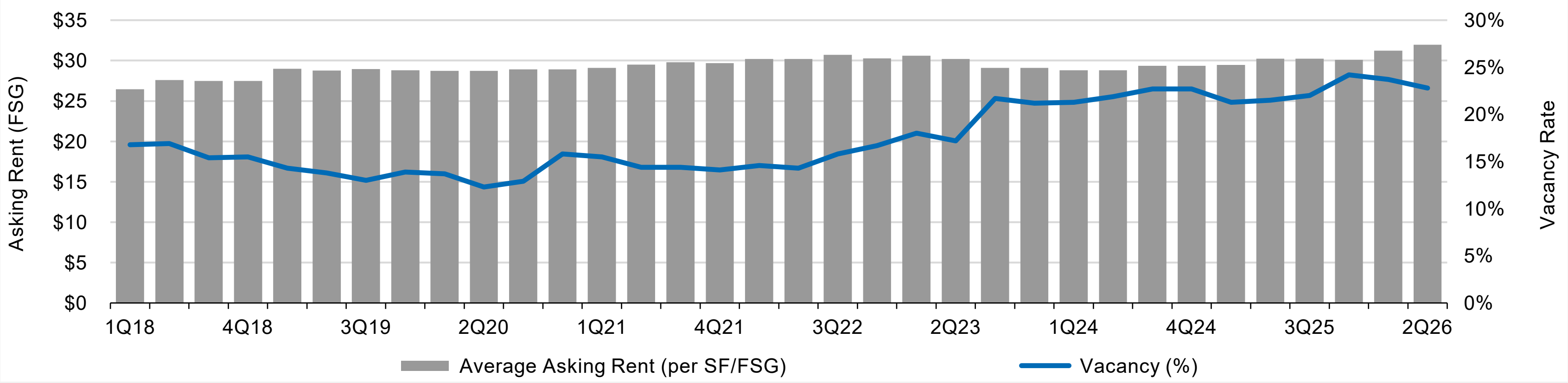
Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	15.6M	15.7M	16.6M
Vacancy Rate	22.8%	23.7%	21.5%
Quarterly Net Absorption (SF)	50,354	(180,278)	(32,292)
Average Asking Rent/SF	$31.97	$31.23	$30.24
Under Construction (SF)	268,621	268,621	0

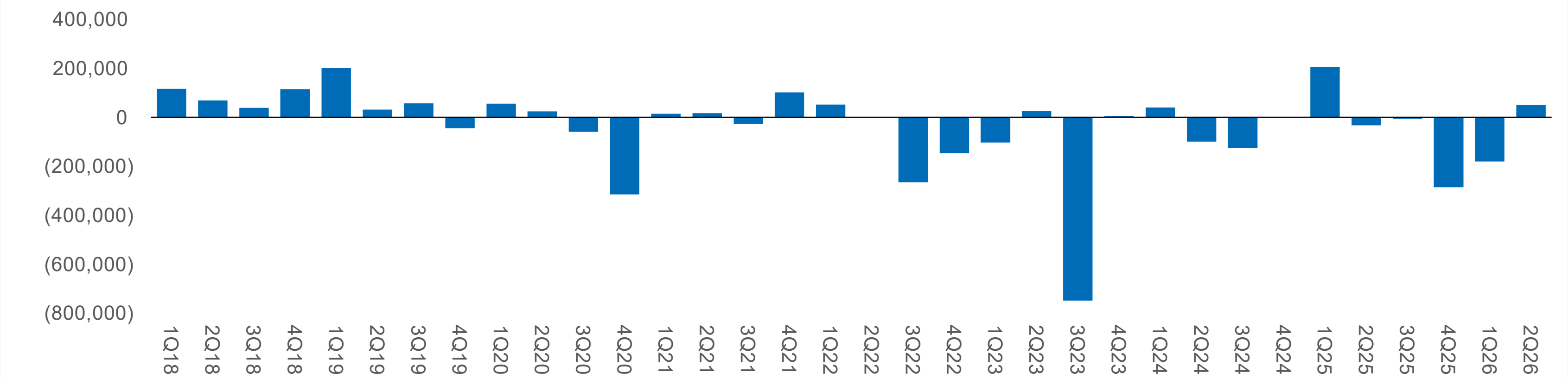
Current Market Trends

- Swervo Development Corp. bought the 131,000 SF France Commons office building in Edina for $9.475 million and plans a renovation of the existing building plus three new 5,000 SF service-retail/office buildings on the land at the 6.6-acre site.
- Endeavor Development plans to demolish Boston Scientific's 225,000 SF Minnetonka building and replace it with a 273,000 SF industrial facility on the 24-acre campus as Boston Scientific consolidates in Maple Grove.
- Wings Financial Credit Union and Opal Holdings reached a settlement ending a two-year, $41.3 million mortgage dispute tied to the 8200 Tower at Normandale Lake Office Park in Bloomington, closing the case with settlement terms and the tower's future undisclosed.
- WM Capital Partners filed a foreclosure lawsuit seeking $31.1 million against the owner of the 240,000 SF 8000 Tower at Normandale Lake Office Park, making it the fifth tower in the 1.6 million SF Bloomington campus to enter foreclosure or receivership.
- Expanded Ventures plans to replace a 1990s, 12,700 SF office building at 5900 Rowland Road in Minnetonka with a six-story, up-to-130-unit, 55-plus senior apartment community on the 4.2-acre site, pending city approvals.

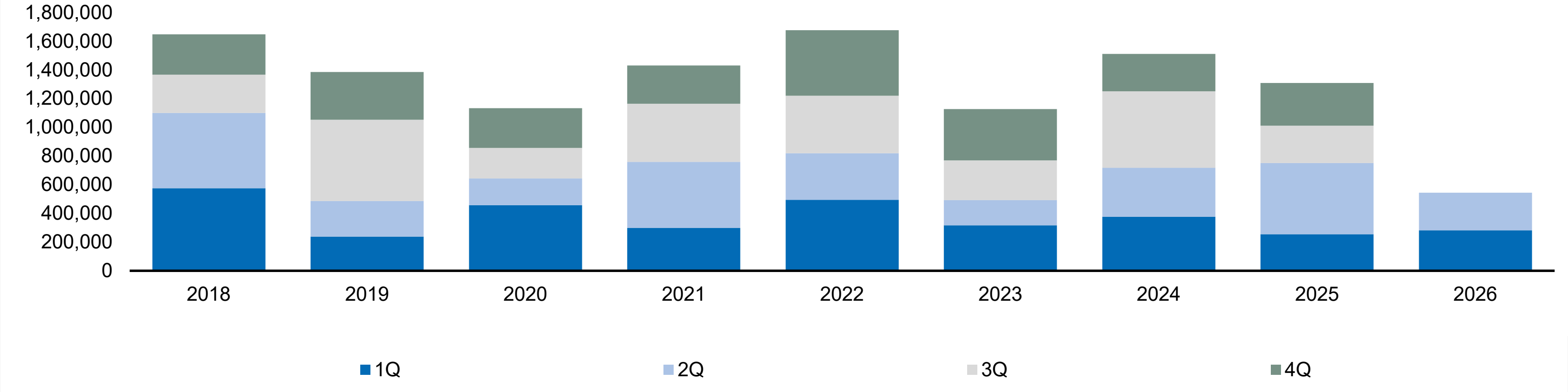
Asking Rent & Vacancy Rate



Net Absorption (SF)



Overall Leasing Activity



West

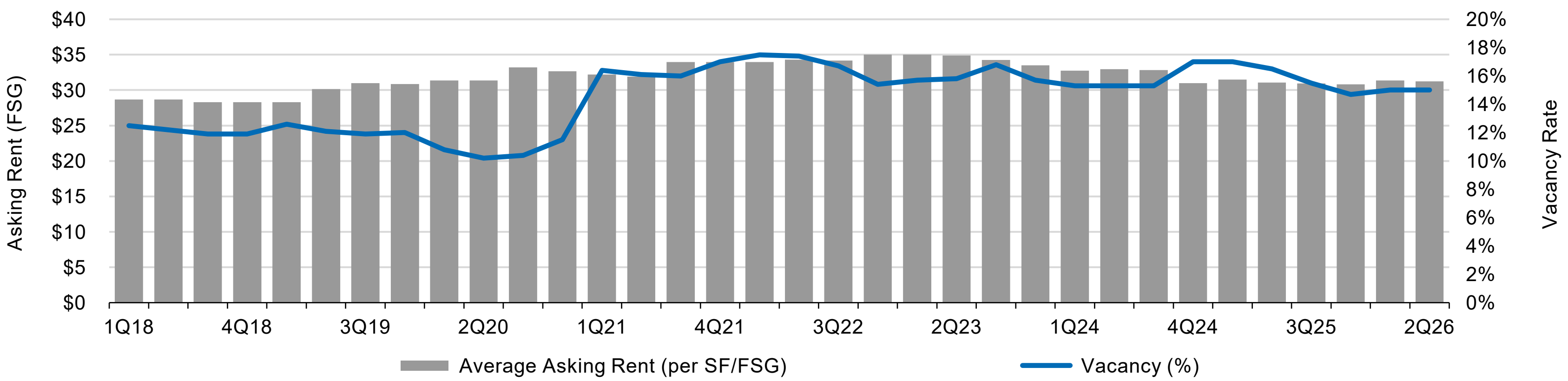
Statistical Summary

	Current Quarter	Prior Quarter	Year Ago Period
Total Inventory (SF)	10.1M	10.2M	10.4M
Vacancy Rate	15.0%	15.0%	16.5%
Quarterly Net Absorption (SF)	2,689	13,216	48,521
Average Asking Rent/SF	$31.23	$31.35	$31.09
Under Construction (SF)	0	0	0

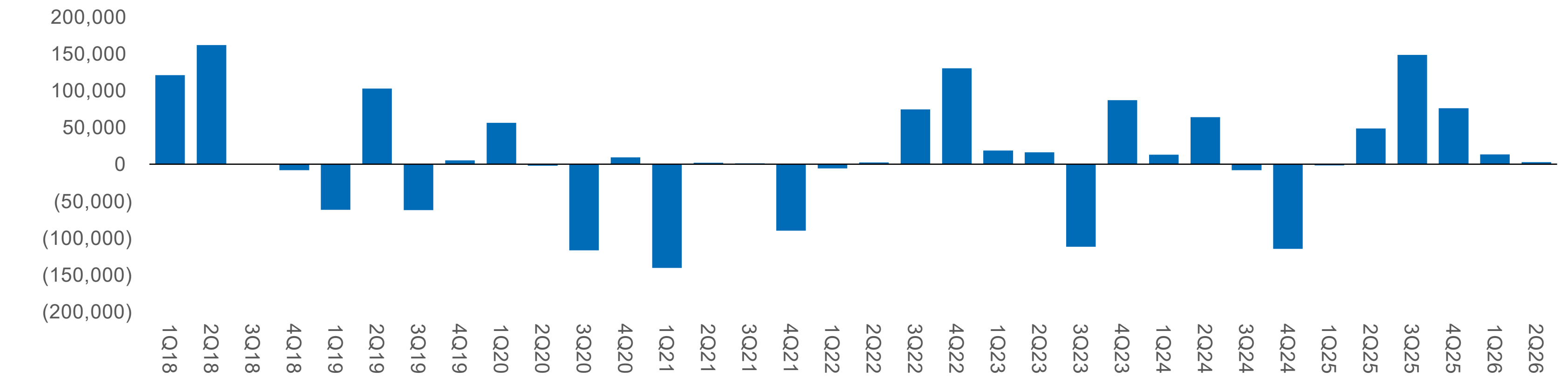
Current Market Trends

- Real Capital Solutions purchased the 309,000 SF former Target West office building in St. Louis Park from Opus for $34 million; the 99%-leased, amenitized property is a Class A asset.
- This price represents a 54% increase over its 2018 sale price, illustrating that well-leased, amenity-rich office properties can command premium valuations despite broader market softness.
- Hempel Real Estate bought the vacant West End Two office building in St. Louis Park for $6.5 million and plans a redevelopment with approximately 150 senior independent living units and 5,500 SF of retail, or potentially an alternative reuse via a build-to-suit occupier.

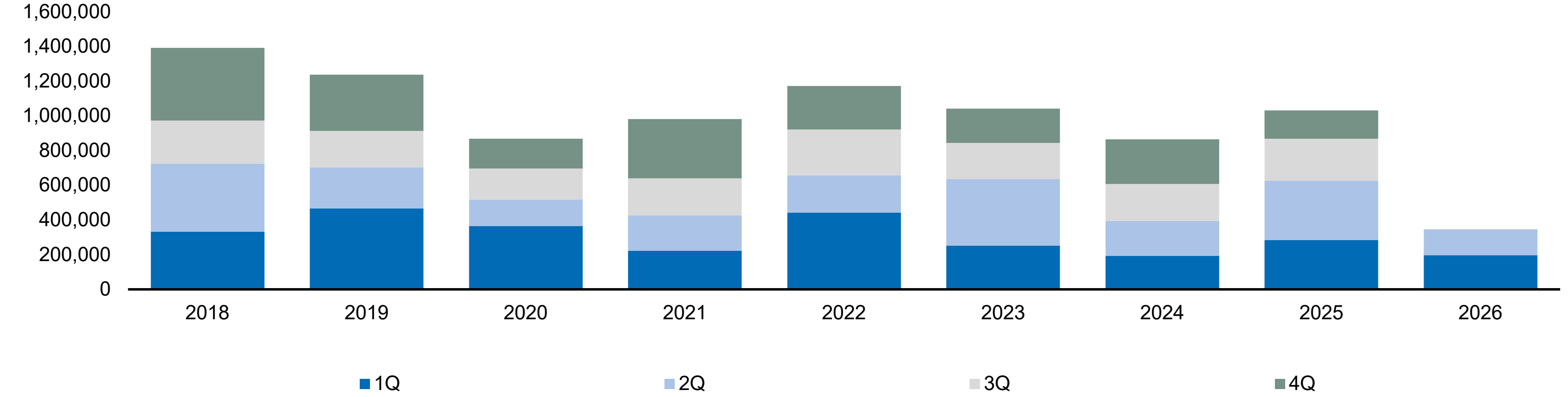
Asking Rent & Vacancy Rate



Net Absorption (SF)



Overall Leasing Activity

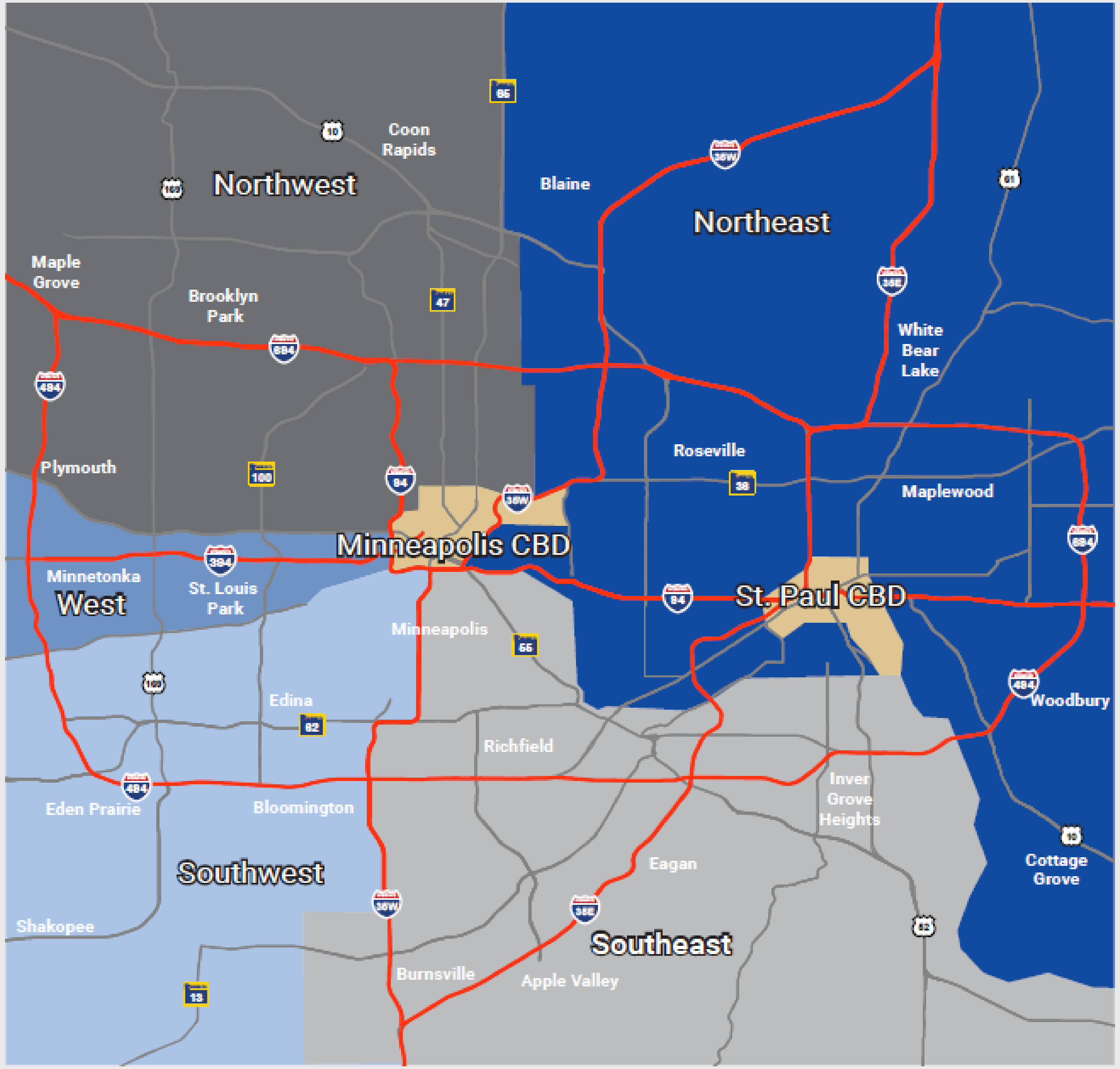


Source: Newmark Research, MNCAR, Costar

07

Map

Submarket Map



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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.