MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q1 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Stabilized Vacancy Rate	▼	▼
2,092 Net Absorption, units	▼	▲
$1.78 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment	▼	▲
2.7% Minneapolis Unemployment Rate	—	▲
1.1% Country Household Growth Rate	▲	▲

Source: BLS

ECONOMIC OVERVIEW

The Minneapolis-St. Paul economy remained stable in Q1 2025, adding 19,300 jobs year-over-year (YOY). The local unemployment rate of 2.7% was 140 basis points (bps) lower than the U.S. average.

SUPPLY: CONSTRUCTION SLOWDOWN CONTINUES

After delivering just over 20,500 units since 2023, new construction starts were limited in Q1 2025. New construction in the Twin Cities is expected to decline throughout 2025 as high interest rates and construction costs remain elevated. Developers have shown increasing caution, with fewer projects breaking ground compared to previous years. The lack of new deliveries is expected to contribute to stronger pricing power for landlords moving into the new year.

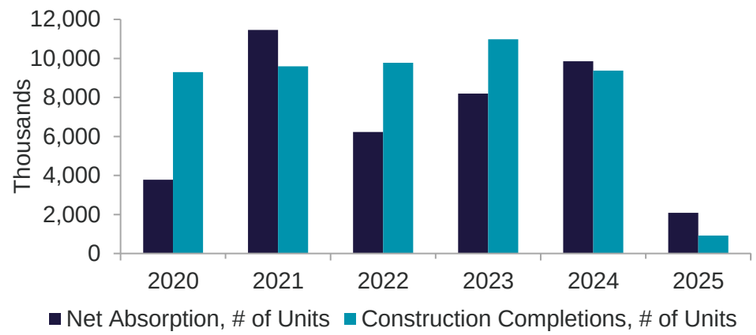
DEMAND: STABILIZED VACANCY IMPROVES OUTLOOK

A total of 2,092 units were absorbed in Q1 2025, which surpassed deliveries of 922 units by 127%. This comes as a reversal to the YOY metric, in which 3,211 units delivered had exceeded 1,837 units absorbed by 75%. Stabilized vacancy has also shown improvement, nearing levels that have been historically balanced. Suburban assets continue to outperform urban properties, with stronger leasing activity and fewer concessions.

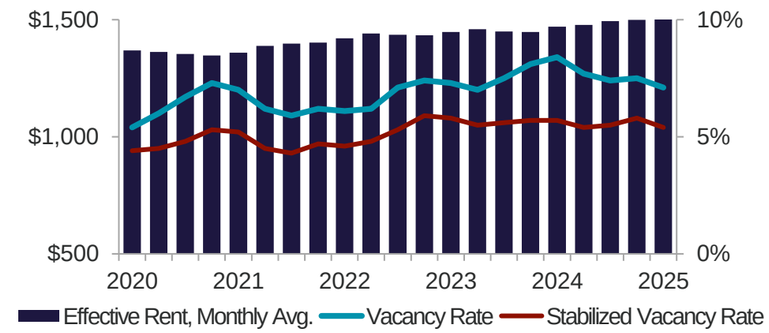
PRICING: VALUES STEADY AS CONCESSIONS FADE

Rental rates held a steady upward trend as supply tightened and leasing concessions burned off. The average effective rent reached $1,542 per unit and $1.78 per square foot. While urban submarkets continued to face some pricing pressure due to elevated vacancy, suburban assets showed stronger rent resilience. As landlords continue to regain pricing power, effective rents are expected to increase further through the rest of the year, particularly in well-leased, professionally managed assets.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: Costar

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MINNEAPOLIS
MULTIFAMILY Q1 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	STABILIZED VACANCY RATE	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Anoka Northern Suburbs	1,068	0	0.0%	105	5	4.4%	4.4%	$1,643	$1.71	5.4%
Apple Valley/Lakeville/Hastings	9,606	250	5.9%	168	126	8.3%	4.2%	$1,591	$1.69	1.7%
Bloomington West	5,778	0	0.0%	300	19	4.1%	3.7%	$1,588	$1.73	2.8%
Carver County	3,733	0	3.1%	225	92	10.8%	5.6%	$1,693	$1.73	2.0%
Coon Rapids/Fridley/Blaine	14,203	0	0.00%	0	51	4.9%	4.6%	$1,395	$1.56	1.7%
Dayton/Champlin Park/Brooklyn Park	6,963	0	1.0%	0	4	4.4%	4.3%	$1,390	$1.55	4.6%
Downtown Minneapolis	18,724	0	5.6%	59	305	10.2%	6.6%	$1,705	$2.25	-1.0%
Downtown St. Paul	3,528	0	0.0%	565	-1	8.5%	8.5%	$1,592	$1.95	1.7%
Eagan/Burnsville/Inver Grove Heights	16,229	0	1.5%	0	15	5.8%	4.4%	$1,551	$1.62	1.8%
Eden Prairie	5,581	415	8.0%	0	130	11.4%	6.0%	$1,775	$1.85	1.7%
Edina	6,665	0	0.4%	323	53	6.3%	5.0%	$1,959	$2.07	1.7%
Hennepin Far Western Suburbs	10,337	0	1.9%	536	76	6.4%	5.0%	$1,742	$1.81	3.2%
Highland/Mac Groveland/ Summit	10,037	0	0.0%	0	24	3.9%	3.9%	$1,404	$1.79	3.9%
Maple Grove/Golden Valley/Plymouth	20,780	219	3.4%	873	219	8.1%	5.5%	$1,649	$1.69	1.1%
Maplewood/East Ramsey County	8,778	0	4.5%	215	170	6.7%	4.7%	$1,525	$1.73	2.6%
North Minneapolis	2,036	38	5.2%	0	45	12.2%	12.2%	$1,353	$1.62	1.0%
Northeast Minneapolis	4,006	0	0.0%	0	17	4.6%	4.2%	$1,499	$2.01	1.1%
Outlying St. Paul	21,696	0	1.4%	1,096	62	6.3%	5.1%	$1,277	$1.69	2.4%
Richfield/Bloomington East	10,033	0	2.4%	0	84	7.0%	4.2%	$1,396	$1.75	3.5%
Scott Far Western Suburbs	6,007	0	8.6%	235	90	15.7%	10.2%	$1,575	$1.67	0.5%
South Minneapolis	3,789	0	1.3%	0	12	4.0%	4.0%	$1,284	$1.70	1.6%
South St. Paul	4,272	0	0.0%	0	33	6.5%	6.0%	$1,326	$1.62	2.3%
St. Louis Park/Hopkins	14,124	0	2.8%	0	104	7.0%	5.3%	$1,595	$1.85	2.0%
University	7,371	0	0.0%	8	13	6.5%	6.5%	$1,737	$2.17	1.7%
Uptown/West Calhoun/Bryn Mawr	13,313	0	0.1%	0	50	8.0%	7.6%	$1,495	$1.97	1.1%
Washington Far Eastern Suburbs	10,822	0	1.5%	117	206	7.6%	5.1%	$1,841	$1.76	1.7%
West Bank/Central Minneapolis	17,998	0	0.0%	239	13	5.3%	5.1%	$1,160	$1.72	0.1%
West Ramsey County	11,414	0	0.0%	248	-1	6.6%	6.6%	$1,372	$1.61	2.8%
Westside	1,177	0	0.0%	0	43	14.4%	7.7%	$1,330	$1.87	-4.9%
West St. Paul	1,028	0	14.0%	0	33	8.7%	6.1%	$2,519	$2.11	2.7%
MARKET	**271,096**	**922**	**2.1%**	**2,660**	**2,092**	**7.1%**	**5.4%**	**$1,542**	**$1.78**	**1.8%**

Source: CoStar

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KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
610 West, 6717 N. Oak Grove Pkwy, Brooklyn Park	Dayton/Champlin/Brooklyn Park	The Doran Group / Spyglass Capital Partners, LLC	480	$110M / $275
IndiGO Apartments, 8001 33rd Ave S., Bloomington	Richfield/Bloomington East	Quarterra / Timberland Partners	395	$80M / $123
Lexington Lofts, 9001 Griggs Ave, Lexington	Coon Rapids/Fridley/Blaine	Norhart / Sterling Multifamily Trust	355	$44.6M / $251
Rafter, 333 East Hennepin Ave, Minneapolis	University	The Excelsior Group / Roundhouse	283	$82.85M / $348
The Barrington, 7225-7255 Guider Dr., Woodbury	Washington Far Eastern Suburbs	CAPREIT / Nuveen	282	$48.6M / $133
Nordhaus Apartment Homes, 309-315 1st Ave NE., Minneapolis	University	Quarterra / FPA Multifamily LLC	280	$74.25M / $144
Equinox, 2808 Silver Ln NE., Saint Anthony	West Ramsey County	DRA Advisors / ARTISAN Capital Group	266	$35.1M / $151

KEY CONSTRUCTION STARTS Q1 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
2536 Rice St.	West Ramsey County	162	TWR Family Limited Partnership / Norsq Companies
17425 101st Ave N.	Maple Grove/Golden Valley/Plymouth	155	Reuter Walton Development

KEY CONSTRUCTION COMPLETIONS Q1 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
6901 Flying Cloud Dr.	Eden Prairie	415	Greco, LLC.
1003 148th St. W.	Apple Valley/Lakeville/Hastings	250	The Garret Companies

Data Sources: CoStar, Cushman & Wakefield, MNCAR, Real Capital Analytics

MARKET DRIVERS

- Steady employment levels have sustained rental demand, contributing to declining vacancy rates across key submarkets.
- High construction and borrowing costs continue to limit new multifamily development, which will limit future supply through 2025.
- Existing properties are seeing improved rent stability as concessions continue to burn off and occupancy levels trend upward.
- Investors are targeting well-positioned assets, as distressed sales gradually work their way through the Twin Cities market.

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