MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q2 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.5% Stabilized Vacancy Rate	–	–
2,125 Net Absorption, units	▼	▲
$1.81 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment	▲	▲
3.1% Minneapolis Unemployment Rate	▲	▲
0.9% Country Household Growth Rate	▼	▲

Source: BLS

ECONOMIC OVERVIEW

The Minneapolis–St. Paul economy remained healthy in Q2 2025, with total employment rising by 12,500 jobs year over year. The unemployment rate held at 3.1%, 110 basis points below the national average of 4.2%, reflecting ongoing labor market resilience despite broader macroeconomic headwinds.

SUPPLY: DELIVERIES SLOW AS PIPELINE NARROWS

Multifamily development continued to decelerate in Q2 2025, with 1,982 units delivered year-to-date. A total of 5,524 units remain under construction across the region, reflecting a cautious approach from developers amid elevated construction costs and tight financing conditions.

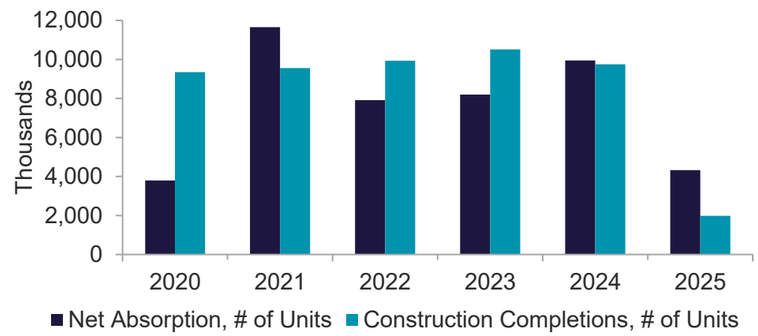
DEMAND: LEASING MOMENTUM SUPPORTS BALANCED VACANCY

The market absorbed 2,125 units in Q2 2025, marking the second consecutive quarter of positive absorption and signaling continued, healthy renter demand. While down from 3,302 units in Q2 2024, recent activity helped bring stabilized vacancy to 5.5%. Improved pricing dynamics and renewed downtown migration trends are gradually restoring renter interest in urban neighborhoods, though activity remains measured.

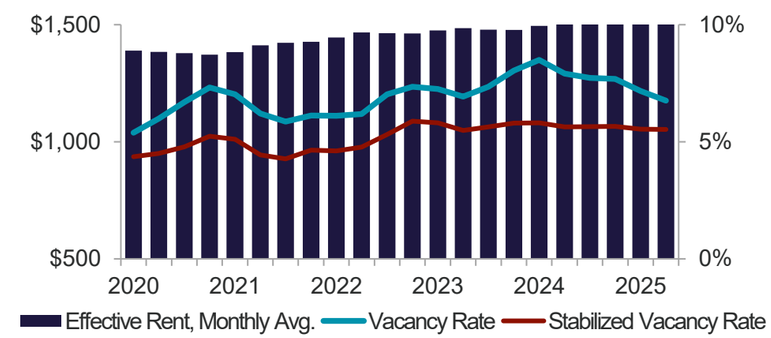
PRICING: RENT GROWTH CONTINUES AS CONCESSIONS FADE

The average effective rent rose to $1,545 per unit and $1.81 per square foot (psf) in Q2 2025, up from $1,527 per unit and $1.79 psf in 1Q 2025. Tightening supply and steady leasing velocity continued to support modest rent growth, allowing landlords to regain some pricing power. Concessions that had been common in early lease-ups declined further, particularly in suburban areas where occupancy remains strong. With limited new deliveries expected in the near term, effective rents are likely to maintain an upward trajectory, especially in stabilized, professionally managed assets.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: Costar

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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	1,173	105	9.8%	0	9	12.5%	4.8%	$1,659	$1.72	4.7%
Apple Valley/Lakeville/Hastings	9,201	250	6.2%	437	271	7.0%	4.4%	$1,608	$1.71	1.4%
Bloomington West	5,881	99	1.7%	201	93	4.5%	4.0%	$1,615	$1.76	4.2%
Carver County	3,733	0	3.1%	430	184	9.3%	5.7%	$1,705	$1.70	2.8%
Coon Rapids/Fridley/Blaine	13,836	0	0.0%	0	98	4.3%	4.1%	$1,424	$1.60	3.8%
Dayton/Champlin Park/Brooklyn Park	6,896	0	1.0%	0	23	4.0%	4.0%	$1,393	$1.56	3.1%
Downtown Minneapolis	18,868	0	5.5%	59	612	8.7%	6.0%	$1,757	$2.32	1.4%
Downtown St. Paul	3,779	187	5.2%	378	37	11.6%	7.8%	$1,570	$1.91	-0.2%
Eagan/Burnsville/Inver Grove Heights	16,229	0	1.5%	220	104	5.3%	4.3%	$1,571	$1.64	2.6%
Eden Prairie	5,581	415	8.0%	0	231	9.6%	6.2%	$1,786	$1.86	4.3%
Edina	6,940	276	4.6%	183	163	8.8%	5.6%	$1,968	$2.09	2.5%
Hennepin Far Western Suburbs	10,177	20	2.2%	536	116	6.0%	5.3%	$1,760	$1.83	2.7%
Highland/Mac Groveland/ Summit	10,032	34	0.3%	0	1	4.6%	4.3%	$1,412	$1.80	2.4%
Maple Grove/Golden Valley/Plymouth	20,619	427	4.5%	655	531	7.6%	5.2%	$1,668	$1.72	2.0%
Maplewood/East Ramsey County	8,760	0	4.5%	355	276	5.5%	4.8%	$1,539	$1.75	3.2%
North Minneapolis	1,921	0	7.8%	0	2	12.5%	12.5%	$1,264	$1.57	1.2%
Northeast Minneapolis	3,953	0	0.0%	0	39	4.7%	4.7%	$1,535	$2.08	2.5%
Outlying St. Paul	21,817	0	1.4%	1,000	102	6.2%	5.5%	$1,288	$1.70	2.6%
Richfield/Bloomington East	9,991	0	2.4%	0	212	5.8%	4.4%	$1,405	$1.77	4.5%
Scott Far Western Suburbs	5,807	45	9.8%	337	253	14.3%	10.7%	$1,598	$1.69	1.0%
South Minneapolis	3,831	0	1.3%	12	-5	4.5%	4.5%	$1,296	$1.72	2.4%
South St. Paul	4,272	0	0.0%	0	32	6.6%	6.6%	$1,336	$1.63	2.1%
St. Louis Park/Hopkins	14,110	0	2.8%	0	274	6.3%	5.5%	$1,621	$1.89	3.5%
University	7,332	0	0.0%	8	-6	7.1%	7.1%	$1,778	$2.22	3.3%
Uptown/West Calhoun/Bryn Mawr	13,241	0	0.1%	0	132	7.9%	7.6%	$1,507	$1.98	2.6%
Washington Far Eastern Suburbs	10,723	0	1.5%	520	392	6.1%	4.8%	$1,856	$1.77	1.1%
West Bank/Central Minneapolis	18,114	38	0.2%	193	-16	5.6%	5.6%	$1,181	$1.75	2.0%
West Ramsey County	11,500	86	0.8%	0	46	7.1%	7.1%	$1,386	$1.62	2.9%
Westside	1,157	0	0.0%	0	64	12.6%	8.2%	$1,371	$1.93	3.7%
West St. Paul	1,028	0	14.0%	0	61	5.9%	4.2%	$2,501	$2.09	0.7%
MARKET	**270,502**	**1,982**	**2.5%**	**5,524**	**4,331**	**6.8%**	**5.5%**	**$1,545**	**$1.81**	**2.6%**

Source: CoStar

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KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
Elwood Apartment Homes, 1610 Emblem Way	Scott Far Western Suburbs	Quarterra/Timberland Partners	288	$65.5M/$227
The Liberty, 2448 Winnetka Ave N	Maple Grove/Golden Valley/Plymouth	Todd Schachtman/The Goodman Group	242	$59.5M/$246
Borealis, 721 N 1st St	Downtown Minneapolis	Solhelm Companies/L&B Realty Advisors	124	$46.3M/$373
Wayzata Woods, 240 Central Ave N	Hennepin Far Western Suburbs	CommonBond Housing/FPA Multifamily LLC	107	$16.3M/$152
The Donegan, 241 Kellog Blvd E	Downtown St Paul	NorthBay/Lumina Property Management	93	$14.3M/$154
The Degree of Honor, 325 Cedar St	Downtown St Paul	Minnwest Bank/Altitude Capital Partners	78	$11.1M/$142
Granite City, 3415 65th Ave N	Brooklyn Center	316 Larpenteur Apartments LLC/Stone Arch Holdings	72	$7.0M/$98

KEY CONSTRUCTION STARTS Q2 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
Doran Harbor Project, 3131 Fernbrook Ln N	Maple Grove/Golden Valley/Plymouth	352	Fernbrook Office Owner LLC/Doran Companies
The Reserve at Settlers Ridge, 417 Karen Dr	Washington Far Eastern Suburbs	252	Real Estate Equities/Big-D Construction Corp

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
The Finch, 4620 77th St W	Edina	276	Solhem Companies
Norheim Townhomes, 17250 98th Wy N	Maple Grove/Golden Valley/Plymouth	208	Enclave

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

MARKET DRIVERS

- Elevated construction costs and cautious lending conditions continue to suppress new development activity, keeping the future supply pipeline limited.
- Resilient job growth and a tight labor market have supported renter demand, helping to stabilize vacancy rates across the metro.
- Private and out-of-state investors are increasingly active, seeking well-located opportunities as market pricing begins to recalibrate.
- Stabilized assets are benefiting from improved rent collections and reduced concessions as market fundamentals regain balance.

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