MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q4 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.0% Stabilized Vacancy Rate	▲	—
6,288 Net Absorption, units	▼	▲
$1.81 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment*	▲	—
3.5% Minneapolis Unemployment Rate*	▲	▲
0.8% Country Household Growth Rate*	▲	▲

Source: BLS
**Q3 2025*

ECONOMIC OVERVIEW

Employment data for Q4 2025 was interrupted by the government shutdown. As of Q3 2025, the Minneapolis–St. Paul market was showing slower momentum, with the local unemployment rate rising 40 basis points year-over-year (YOY) to 3.5%. Even with the uptick, the metro remained 110 bps below the national average of 4.6%, extending its streak of more than 20 consecutive quarters of outperforming national unemployment levels.

SUPPLY: CONSTRUCTION PIPELINE CONTRACTS FURTHER

Multifamily deliveries slowed significantly in Q4 2025, with 385 units completed, bringing total 2025 deliveries to 3,391 units, down sharply from 9,750 units delivered in 2024. The development pipeline remained relatively flat, with 5,480 units under construction at the end of Q4 2025 compared to 5,601 units YOY. New construction starts totaled 708 units in Q4, reflecting a trend of ongoing caution among developers amid elevated financing costs and tighter capital markets. The slowdown in new supply positions the market for tighter conditions in 2026 as fewer projects advance to completion.

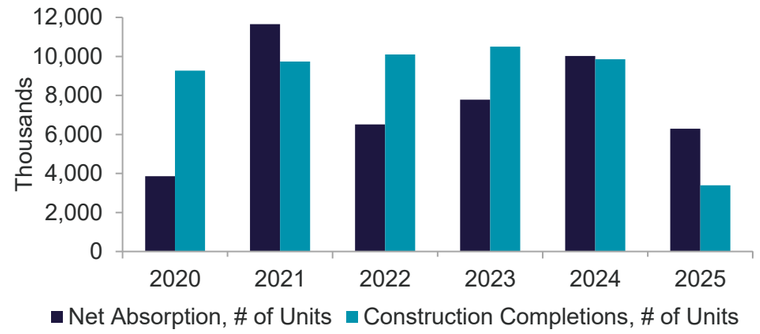
DEMAND: POSITIVE ABSORPTION AMID MODERATING MOMENTUM

Net absorption remained positive in Q4 2025 at 353 units, pushing total 2025 absorption to 6,288 units, though this represents a notable decline from 9,910 units in 2024. Leasing activity was steady but moderated as affordability challenges persisted and economic uncertainty weighed on household formation. Stabilized vacancy edged higher to 6.0%, up from 5.6% YOY, signaling a slight loosening in fundamentals as demand growth slowed relative to prior years.

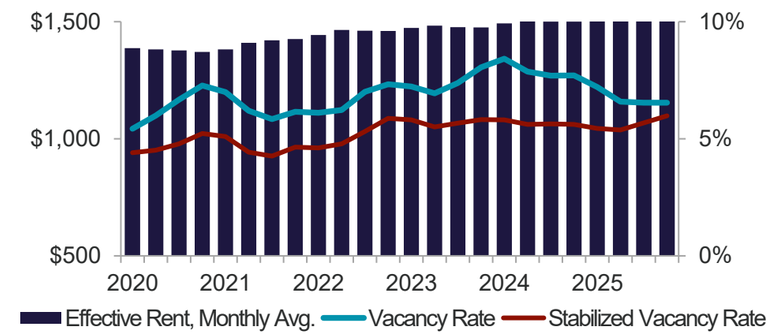
PRICING: MODEST RENT GAINS CONTINUE

Effective rents averaged $1,543 per unit and $1.81 per square foot in Q4 2025, marking a 2.9% YOY increase from Q4 2024. Pricing trends reflect sustained landlord leverage despite softer absorption, supported by limited new deliveries and a shrinking construction pipeline. Overall pricing stability suggests incentive levels remain minimal across most submarkets, particularly at stabilized locations.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

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MINNEAPOLIS
MULTIFAMILY Q4 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	1,236	238	19.3%	0	85	16.1%	5.3%	$1,704	$1.71	1.0%
Apple Valley/Lakeville/Hastings	9,330	418	1.8%	344	452	7.0%	5.2%	$1,632	$1.73	3.7%
Bloomington West	5,881	99	1.7%	208	86	4.7%	4.7%	$1,611	$1.75	4.8%
Carver County	3,942	193	4.9%	547	301	10.8%	9.3%	$1,688	$1.70	1.4%
Coon Rapids/Fridley/Blaine	13,870	0	0.0%	0	51	4.7%	4.7%	$1,439	$1.61	2.8%
Dayton/Champlin Park/Brooklyn Park	6,902	6	0.1%	189	-100	6.3%	6.3%	$1,417	$1.58	3.7%
Downtown Minneapolis	18,835	0	0.0%	0	671	8.3%	7.6%	$1,762	$2.32	4.6%
Downtown St. Paul	3,915	187	4.8%	378	96	10.3%	8.5%	$1,546	$1.92	-0.4%
Eagan/Burnsville/Inver Grove Heights	16,277	48	0.3%	159	107	5.5%	5.1%	$1,578	$1.65	1.4%
Eden Prairie	5,581	415	0.0%	0	285	8.6%	6.3%	$1,757	$1.83	3.2%
Edina	7,082	276	3.9%	200	307	6.4%	6.0%	$1,925	$2.05	0.9%
Hennepin Far Western Suburbs	10,404	247	2.4%	476	316	6.4%	5.9%	$1,769	$1.84	3.9%
Highland/Mac Groveland/ Summit	10,039	34	0.3%	97	-20	4.8%	4.8%	$1,408	$1.80	1.4%
Maple Grove/Golden Valley/Plymouth	20,417	427	0.0%	862	914	5.8%	5.0%	$1,670	$1.72	2.7%
Maplewood/East Ramsey County	9,243	299	3.2%	56	478	6.3%	4.6%	$1,546	$1.76	2.3%
North Minneapolis	1,915	0	0.0%	0	-5	12.9%	12.9%	$1,268	$1.57	1.2%
Northeast Minneapolis	3,952	0	0.0%	0	18	5.3%	5.3%	$1,533	$2.08	2.4%
Outlying St. Paul	21,438	0	0.0%	1,000	189	5.9%	5.6%	$1,286	$1.70	1.8%
Richfield/Bloomington East	10,031	0	0.0%	0	176	6.4%	5.7%	$1,403	$1.76	2.2%
Scott Far Western Suburbs	5,907	235	4.0%	105	652	9.3%	7.6%	$1,618	$1.70	4.9%
South Minneapolis	3,824	12	0.3%	0	19	4.2%	4.1%	$1,302	$1.74	2.8%
South St. Paul	4,282	0	0.0%	0	87	5.1%	5.1%	$1,361	$1.66	3.6%
St. Louis Park/Hopkins	14,083	0	0.0%	152	344	5.8%	5.6%	$1,600	$1.86	2.7%
University	7,269	14	0.2%	0	-8	7.0%	7.0%	$1,755	$2.20	3.4%
Uptown/West Calhoun/Bryn Mawr	13,138	0	0.0%	0	206	7.3%	7.3%	$1,524	$2.00	2.3%
Washington Far Eastern Suburbs	10,994	119	1.1%	591	454	7.4%	6.7%	$1,853	$1.78	3.4%
West Bank/Central Minneapolis	18,083	38	0.2%	116	6	5.7%	5.6%	$1,181	$1.76	2.3%
West Ramsey County	11,492	86	0.7%	0	1	7.6%	7.6%	$1,384	$1.63	2.8%
Westside	1,157	0	0.0%	0	79	10.9%	10.9%	$1,362	$1.92	2.7%
West St. Paul	806	0	0.0%	0	41	5.6%	4.7%	$2,595	$2.13	6.0%
MARKET	**271,325**	**3,391**	**0.8%**	**5,480**	**6,288**	**6.5%**	**6.0%**	**$1,544**	**$1.81**	**2.7%**

Source: CoStar

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MINNEAPOLIS
MULTIFAMILY Q4 2025

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
Bristol Village Apartments, 7301 Bristol Village Dr.	Bloomington West	TIAA / Hegenes Management, Inc.	290	$58M / $200
The BCP Portfolio, 1500 LaSalle Ave.	Downtown Minneapolis	Sentinel Real Estate Corporation / Lion Rock Properties	238	$16M / $68
Livery Modern Apartments, 5076 161st St. W.	Apple Valley/Lakeville/Hastings	The Garrett Companies / RPM	204	$56M / $275
The Eddi, 4911 W. 77th St.	Edina	Solomon Real Estate Group / Oaks Properties, LLC	202	$50M / $250
Dock Street Flats, 325-327 Washington Ave. N.	Downtown Minneapolis	The Connor Group / L&B Realty Advisors, LLP	185	$57M / $305
HELIX, 7450 Highway 7	St. Louis Park/Hopkins	Goodman Real Estate Inc. / QT Holdings	167	$33M / $198
Overlook on 100, 2524 Highway 100 S.	St. Louis Park/Hopkins	Sterling Multifamily Trust / QT Holdings	151	$18M / $122
Venue on 78th, 541 W. 78th St.	Carver County	Roers Companies / Highland Management Group Inc.	134	$38M / $285
Hillcrest Place, 165 County Road B2 E.	West Ramsey County	Curtis Capital Group LLC / Ridgeview Property Group	111	$16M / $146
Creamette Historic Lofts, 432 1st St. N.	Downtown Minneapolis	Marquette Historic Limited Partnership / Trellis Management	100	$19M / $190

KEY CONSTRUCTION STARTS Q4 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
The Dorian, 140 Julia Ave. N.	Washington Far Eastern Suburbs	190	Roers Companies
Argenta Townhomes, 7398 Arch Way	Eagan/Burnsville/Inver Grove Heights	159	Stuart Co

KEY CONSTRUCTION COMPLETIONS Q4 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
Rye Apartments, 21401 Dushane Pky.	Apple Valley/Lakeville/Hastings	168	Yellow Tree Development
Skyline On Sunwood, 7545 Sunwood Dr. N.W.	Anoka Northern Suburbs	133	Lyon Contracting Inc. / PSD Land Development
Amira Villas Minnetonka, 901 Carlson Pkwy.	Hennepin Far Western Suburbs	30	United Properties

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

MARKET DRIVERS

- Elevated construction costs and tight capital conditions continue to suppress new development, leading to fewer deliveries and a thinner pipeline heading into 2026.
- Demand remained strong despite slower economic momentum, with positive absorption and stabilized vacancy supported by limited housing options.
- Investment activity remained selective, with capital targeting well-located, stabilized assets amid cautious underwriting and continued price discovery.
- Rent growth stabilized, supported by constrained supply and improving balance between leasing activity and new deliveries.

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