MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q1 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.1% Stabilized Vacancy Rate	▲	–
240 Net Absorption, units	▼	▲
$1.82 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment*	▲	▲
3.8% Minneapolis Unemployment Rate*	▲	–
0.8% Country Household Growth Rate*	▲	▲

Source: BLS
**Q4 2025*

ECONOMIC OVERVIEW

Labor data from the U.S. Bureau of Labor Statistics remained delayed due to the government shutdown at the close of 2025. In Q4 2025, the local unemployment rate was 3.8%, reflecting a 90-basis point (bps) year-over-year (YOY) increase, while remaining 50 bps below the national average, indicating stable underlying employment conditions.

SUPPLY: CONSTRUCTION PIPELINE CONTRACTS FURTHER

Multifamily deliveries totaled 876 units in Q1 2026, with new supply concentrated within select outer submarkets. The development pipeline totaled 6,054 units under construction, up from 5,917 units YOY, reflecting projects already in progress even as new starts remain limited. Elevated construction costs and tighter financing conditions continue to restrict future development, reinforcing expectations for a slower pipeline in future quarters. In the near term, localized oversupply in recently delivered areas is expected to lift vacancy and concessions, while core submarkets remain less volatile with steadier absorption overall.

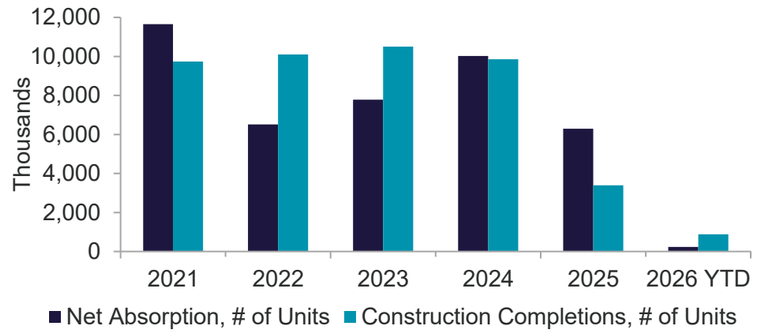
DEMAND: POSITIVE ABSORPTION AMID MODERATING MOMENTUM

Net absorption totaled 240 units in Q1 2026, down from 2,235 units YOY, signaling more measured demand following stronger prior-year performance. Stabilized vacancy increased to 6.1%, rising 20 bps quarter-over-quarter (QOQ) and 60 bps YOY as supply outpaced absorption. Despite this moderation, renter demand continued to be supported by affordability constraints in the for-sale housing market, limiting move-outs. Performance remained uneven across the region, with core infill locations maintaining more consistent leasing activity while outer submarkets faced softer conditions.

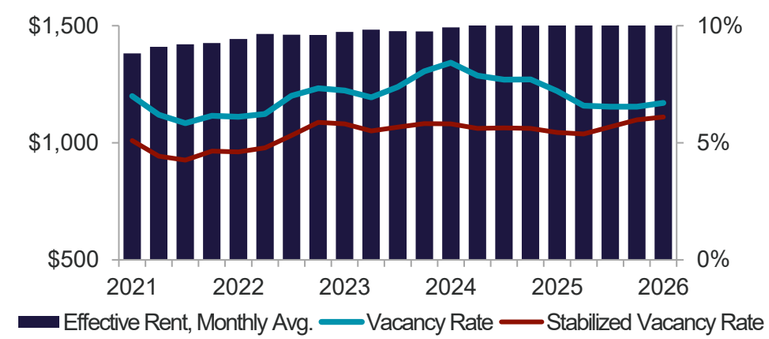
PRICING: MODEST RENT GAINS CONTINUE

Average effective rents reached $1,557 per unit in Q1 2026, increasing 2.6% YOY. Rent growth remained steady and continued to outperform many higher-volatility markets, reflecting the region's more stable demand profile. Concessions persisted in supply-heavy submarkets but are expected to ease as leasing progresses. Core locations continued to exhibit stable rent growth with limited incentives, while outer markets remained more competitive as new deliveries work through lease-up.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

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MINNEAPOLIS
MULTIFAMILY Q1 2026

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	0	0.0%	0	13	18.7%	5.9%	$1,718	$1.73	0.9%
Apple Valley/Lakeville/Hastings	9,628	263	2.8%	351	146	9.1%	7.0%	$1,624	$1.73	1.8%
Bloomington West	5,881	0	0.0%	208	-22	5.1%	5.1%	$1,620	$1.76	1.8%
Carver County	4,089	145	3.7%	814	35	12.2%	8.1%	$1,703	$1.72	1.4%
Coon Rapids/Fridley/Blaine	13,876	0	0.0%	0	-28	4.9%	4.9%	$1,451	$1.62	3.4%
Dayton/Champlin Park/Brooklyn Park	6,914	0	0.0%	189	15	5.7%	5.7%	$1,438	$1.61	2.1%
Downtown Minneapolis	18,835	0	0.0%	0	-38	8.4%	8.0%	$1,760	$2.32	5.2%
Downtown St. Paul	3,968	0	0.0%	378	26	8.1%	6.8%	$1,567	$1.94	3.1%
Eagan/Burnsville/Inver Grove Heights	16,337	0	0.0%	374	-82	5.8%	5.5%	$1,573	$1.65	2.1%
Eden Prairie	5,581	0	0.0%	0	-25	9.7%	6.3%	$1,785	$1.85	0.9%
Edina	7,082	0	0.0%	200	27	6.0%	5.7%	$1,986	$2.11	1.6%
Hennepin Far Western Suburbs	10,396	0	0.0%	476	14	5.9%	5.7%	$1,824	$1.89	2.6%
Highland/Mac Groveland/ Summit	10,039	0	0.0%	97	-7	4.6%	4.6%	$1,415	$1.81	1.3%
Maple Grove/Golden Valley/Plymouth	20,728	303	1.5%	383	108	6.8%	5.2%	$1,704	$1.76	3.0%
Maplewood/East Ramsey County	9,243	0	0.0%	416	32	5.2%	4.0%	$1,544	$1.75	2.3%
North Minneapolis	1,920	0	0.0%	0	2	13.0%	13.0%	$1,295	$1.61	2.4%
Northeast Minneapolis	3,953	0	0.0%	0	-1	5.3%	5.3%	$1,562	$2.11	3.9%
Outlying St. Paul	21,324	0	0.0%	1000	-8	5.9%	5.7%	$1,297	$1.71	1.6%
Richfield/Bloomington East	10,080	0	0.0%	0	-5	6.4%	5.7%	$1,395	$1.75	1.0%
Scott Far Western Suburbs	5,957	105	1.8%	0	61	9.7%	8.1%	$1,633	$1.72	3.2%
South Minneapolis	3,748	0	0.0%	0	-9	4.6%	4.5%	$1,285	$1.72	0.8%
South St. Paul	4,282	0	0.0%	0	0	5.0%	5.0%	$1,338	$1.63	1.9%
St. Louis Park/Hopkins	14,083	0	0.0%	521	-14	5.8%	5.8%	$1,606	$1.87	2.6%
University	7,280	0	0.0%	0	-3	7.3%	7.2%	$1,778	$2.23	4.6%
Uptown/West Calhoun/Bryn Mawr	13,138	0	0.0%	0	-14	7.8%	7.8%	$1,514	$1.98	2.1%
Washington Far Eastern Suburbs	11,055	60	0.5%	531	29	7.2%	6.4%	$1,865	$1.77	1.9%
West Bank/Central Minneapolis	18,095	0	0.0%	116	-39	6.0%	6.0%	$1,175	$1.75	2.1%
West Ramsey County	11,510	0	0.0%	0	17	7.4%	7.4%	$1,393	$1.64	2.5%
Westside	1,157	0	0.0%	0	12	9.5%	9.5%	$1,382	$1.93	2.7%
West St. Paul	806	0	0.0%	0	-2	4.9%	4.9%	$2,522	$2.07	1.4%
MARKET	**272,221**	**876**	**0.3%**	**6,054**	**240**	**6.7%**	**6.1%**	**$1,557**	**$1.82**	**2.4%**

Source: CoStar

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KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
The Burlington Apartments, 1180 Cushing Cir.	Outlying St Paul	White Oak Partners / Highgate Capital Group LLC	438	$64M / $147
Avana Maple Grove, 9325 Garland Ave.	Maple Grove/Golden Valley/Plymouth	Dunbar Development Corp. / Greystar Real Estate Partners	264	$53M / $201
Lyra, 3120 Northdale Blvd.	Coon Rapids/Fridley/Blaine	Sherman Associates / MLG Capital	180	$43M / $238
The Ellory, 225 Portland Ave.	Downtown Minneapolis	Prime Finance Partners / Bigos Management	175	$35M / $200
The Hill, 255 Western Ave. N.	Outlying St Paul	Wolverton Capital LLC / Eaton Vance Real Estate Investment Group	162	$47M / $292
Shamrock Court Apartments, 2236 Lower Afton Rd.	Outlying St Paul	Thies & Talle Management, Inc. / Huber Equity Group	147	$10M / $67
Bass Lake Crossing Apartments, 5601 Quebec Ave. N.	Maple Grove/Golden Valley/Plymouth	Aeon / Eephus Capital | North Lone Star Capital	140	$13M / $90
Country Club Manor Apartments, 1945 Oakdale Ave.	South St Paul	Mann Companies / EquiMax Real Estate, LLC.	105	$15M / $144
The Crest at Lakeville, 17701 Glacier Way	Apple Valley/Lakeville/Hastings	Oppidan / Artemis Real Estate Partners	100	$28M / $278

KEY CONSTRUCTION STARTS Q1 2026

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
Avienda Apartments, Powers Blvd.	Carver County	412	Doran Companies
The Meadows on Prairie Ridge, 580 Manning Ave. S.	Washington Far Eastern Suburbs	237	Broadway Street Development
Terasa, 5401 Gamble Dr.	St Louis Park/Hopkins	223	Hempel

KEY CONSTRUCTION COMPLETIONS Q1 2026

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
The Winn, 8200 Golden Valley Rd.	Maple Grove/Golden Valley/Plymouth	303	Monarch CRE
Olivine Apartments, 2000 Stieger Lake Ln.	Carver County	145	Schafer Richardson
The Rosalyn, 700 American Blvd. W.	Richfield/Bloomington East	128	Schafer Richardson

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

MARKET DRIVERS

- Elevated construction costs and tight capital conditions continue to constrain new development, keeping future pipeline growth limited despite projects currently underway.
- Demand remained supported in part by a lack of affordable starter homes, helping sustain renter retention even as absorption moderates and vacancy trends slightly higher.
- Investment activity remained selective, with increasing interest from out-of-state capital targeting well-located, stabilized assets amid ongoing price discovery.
- Occupancy trends continued to stabilize, contributing to gradually waning concessions and supporting steady rent growth across much of the market.

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