MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q2 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Stabilized Vacancy Rate	–	–
1,590 Net Absorption, units	▼	▲
$1.81 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment*	▲	▲
4.2% Minneapolis Unemployment Rate*	▲	▼
0.4% Country Household Growth Rate*	▼	▲

Source: BLS
**Q2 2026*

ECONOMIC OVERVIEW

The Minneapolis–St. Paul economy remained stable in Q2 2026. Nonfarm employment held steady at just over 2.0 million workers, while the unemployment rate rose 60 basis points (bps) year-over-year (YOY) to 4.1%, remaining 10 bps below the U.S. average of 4.2%.

SUPPLY: DELIVERIES CONTINUE WHILE FUTURE PIPELINE MODERATES

Multifamily deliveries totaled 1,319 units in Q2 2026, bringing year-to-date (YTD) completions to 2,195 units and increasing total inventory to 273,765 units. The construction pipeline declined to 6,001 units, down nearly 14.0% quarter-over-quarter (QOQ), as elevated construction costs and financing conditions continued to limit new project starts. With fewer developments moving forward, future supply growth is expected to moderate, with deliveries concentrated in projects already underway. Redevelopment and incentive-supported projects continue to provide additional sources of future housing supply as traditional ground-up development remains challenged.

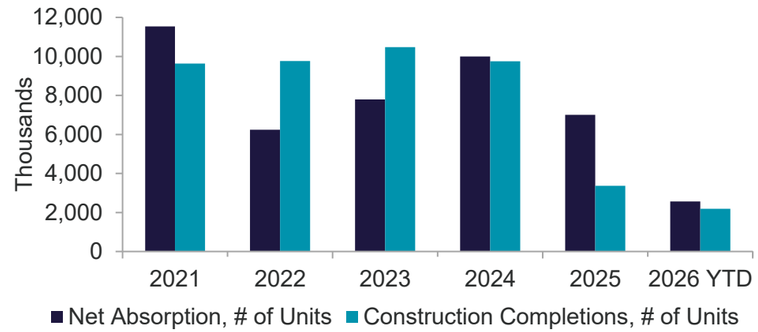
DEMAND: POSITIVE ABSORPTION AMID STABLE VACANCY

Net absorption totaled 1,590 units in Q2 2026, increasing from 978 units QOQ and bringing YTD absorption to 2,568 units. While demand moderated from stronger leasing activity in the first half of 2025, the market continued to absorb new inventory while maintaining stable occupancy. Stabilized vacancy held steady at 5.4%, unchanged YOY, reflecting balanced market conditions despite continued deliveries. Renter demand remained supported by affordability challenges in the for-sale housing market, as elevated home prices and mortgage rates continued to delay transitions into homeownership.

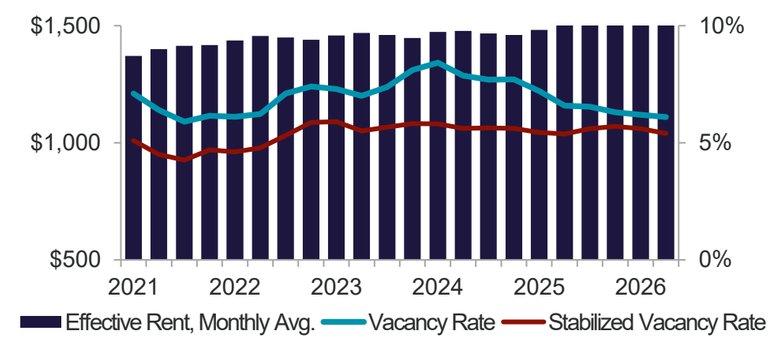
PRICING: RENT GROWTH CONTINUES AS MARKET NORMALIZES

Average effective rents increased to $1,546 per unit and $1.81 per square foot (psf) in Q2 2026, representing 2.1% YOY growth. Rent growth remained steady as the market continued to normalize following elevated development activity in recent years. Concessions remained concentrated in select recently delivered communities but continued to improve as lease-up activity progressed. With a moderating development pipeline and stable operating fundamentals, Minneapolis–St. Paul continues to attract interest as a market positioned for consistent long-term rent growth.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

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MINNEAPOLIS
MULTIFAMILY Q2 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	1,252	0	0.0%	0	72	13.8%	4.5%	$1,702	$1.73	0.3%
Apple Valley/Lakeville/Hastings	9,769	404	4.3%	489	217	9.4%	6.6%	$1,606	$1.66	-0.5%
Bloomington West	6,089	208	3.5%	0	47	6.9%	4.4%	$1,604	$1.75	-0.5%
Carver County	4,178	237	6.0%	722	144	11.3%	7.2%	$1,643	$1.65	-1.6%
Coon Rapids/Fridley/Blaine	13,871	0	0.0%	0	39	4.2%	4.2%	$1,451	$1.62	2.1%
Dayton/Champlin Park/Brooklyn Park	6,914	0	0.0%	189	56	5.0%	5.0%	$1,455	$1.64	4.9%
Downtown Minneapolis	18,727	0	0.0%	0	119	7.4%	7.4%	$1,730	$2.28	4.4%
Downtown St. Paul	3,966	0	0.0%	378	63	6.9%	6.0%	$1,525	$1.89	4.6%
Eagan/Burnsville/Inver Grove Heights	16,656	157	1.0%	217	111	5.2%	4.5%	$1,580	$1.65	1.7%
Eden Prairie	5,581	0	0.0%	0	97	7.4%	5.1%	$1,796	$1.86	4.2%
Edina	7,134	47	0.7%	153	96	5.5%	4.8%	$1,977	$2.10	2.9%
Hennepin Far Western Suburbs	10,740	334	3.2%	226	112	7.6%	5.0%	$1,822	$1.88	2.4%
Highland/Mac Groveland/ Summit	10,040	0	0.0%	97	39	4.1%	4.1%	$1,430	$1.84	2.7%
Maple Grove/Golden Valley/Plymouth	20,744	303	1.5%	383	340	5.4%	4.5%	$1,698	$1.75	3.2%
Maplewood/East Ramsey County	9,280	56	0.6%	360	190	3.7%	3.1%	$1,544	$1.75	2.9%
North Minneapolis	1,920	0	0.0%	0	33	11.2%	11.2%	$1,293	$1.61	3.0%
Northeast Minneapolis	3,964	0	0.0%	0	29	4.4%	4.4%	$1,527	$2.07	4.5%
Outlying St. Paul	21,369	0	0.0%	1,000	44	5.7%	5.7%	$1,287	$1.70	2.9%
Richfield/Bloomington East	10,091	0	0.0%	0	89	5.4%	5.4%	$1,380	$1.73	1.6%
Scott Far Western Suburbs	6,008	105	1.8%	105	161	7.8%	7.3%	$1,585	$1.67	1.0%
South Minneapolis	3,748	0	0.0%	0	3	4.1%	4.0%	$1,311	$1.75	2.5%
South St. Paul	4,294	0	0.0%	0	10	4.6%	4.6%	$1,358	$1.66	3.5%
St. Louis Park/Hopkins	14,169	0	0.0%	521	57	5.1%	5.1%	$1,578	$1.84	1.8%
University	7,273	0	0.0%	0	24	7.0%	7.0%	$1,765	$2.21	4.5%
Uptown/West Calhoun/Bryn Mawr	13,156	0	0.0%	228	-27	7.8%	7.8%	$1,508	$1.97	4.8%
Washington Far Eastern Suburbs	11,317	312	2.8%	850	231	7.4%	5.2%	$1,803	$1.74	3.4%
West Bank/Central Minneapolis	17,940	32	0.2%	83	28	5.7%	5.6%	$1,177	$1.78	3.2%
West Ramsey County	11,612	0	0.0%	0	90	4.7%	4.7%	$1,381	$1.63	3.1%
Westside	1,157	0	0.0%	0	61	7.6%	7.6%	$1,327	$1.84	2.4%
West St. Paul	806	0	0.0%	0	-7	5.9%	5.9%	$2,398	$1.97	3.7%
MARKET	**273,765**	**2,195**	**0.8%**	**6,001**	**2,568**	**6.1%**	**5.4%**	**$1,546**	**$1.81**	**2.1%**

Source: CoStar

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KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
Afton View Apartments, 371 Winthrop St S	Outlying St Paul	Thies & Talle Management, Inc. / Tareen Development Partners	268	$64M / $147
Villa Del Coronado Apartments, 8104 Zane Ave	Dayton/Champlin/Brooklyn Park	Real Estate Equities / Ellsbury Commercial Group	192	$53M / $201
Broadwell Senior Living, 3025 Harbor Ln	Maple Grove/Golden Valley/Plymouth	Goldenrod Companies / American Healthcare REIT, Inc.	130	$43M / $238
Cambridge Towers, 1301 Cambridge St	St Louis Park/Hopkins	Investment Property Group / Christopherson Properties	110	$35M / $200
1510 on Main, 1510 Mainstreet	St Louis Park/Hopkins	Investment Property Group / Christopherson Properties	109	$47M / $292
Creek Point Apartments, 1045 Hiawatha Ave	St Louis Park/Hopkins	Investment Property Group / Christopherson Properties	101	$10M / $67
Anderson Plaza Apartments, 1800 NE Hayes St	Northeast Minneapolis	Anderson Plaza Apartments / Zehra Sultana	100	$13M / $90
Boulders Senior Living Apartments, 3533 Willow Ave	Maplewood/East Ramsey County	Kelly Brothers LTD | John R & Christine M Otteson | Frank Tschida / Nationwide Housing Corporation	93	$15M / $144
Drexel Apartments, 1009 Park Ave	Downtown Minneapolis	Mark M. Orfield / Ahmad Kian	75	$5M / $81

KEY CONSTRUCTION STARTS Q2 2026

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
7900 Xerxes Ave S, 7900 Xerxes Ave S	Bloomington West	270	Prime Finance Partners / Chase Real Estate
The Melrose, 5905 Sycamore La N	Maple Grove/Golden Valley/Plymouth	212	Scannell Properties / Roers Companies
The Brook Apartments, 6001 94th Ave N	Dayton/Champlin Park/Brooklyn Park	192	Olympus Ventures

KEY CONSTRUCTION COMPLETIONS Q2 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

- Development activity continues to moderate as higher construction costs and financing constraints limit new project starts, resulting in a smaller future supply pipeline.
- Renter demand remains supported by housing affordability challenges, with elevated home prices and mortgage rates delaying transitions into homeownership.
- Performance continues to reflect varying stages of market maturity, with established urban and suburban locations maintaining strong fundamentals while newer communities continue to stabilize.
- Investor interest continues to favor the Minneapolis–St. Paul market due to stable occupancy, consistent rent growth, and a more limited future supply outlook compared to markets with higher volatility..

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