MARKETBEAT

MINNEAPOLIS

MULTIFAMILY Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.5% Stabilized Vacancy Rate	▼	—
1,371 Net Absorption, units	▼	▲
$1.81 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.0M Minneapolis Employment	▲	▲
3.4% Minneapolis Unemployment Rate	▲	▲
0.9% Country Household Growth Rate	▲	▲

Source: BLS

ECONOMIC OVERVIEW

The Minneapolis–St. Paul economy moderated slightly in Q3 2025, with the region posting a net loss of jobs year-over-year (YOY). The local unemployment rate rose to 3.8% but remained below the U.S. average of 4.3%. Despite some cooling, the labor market continued to show underlying resilience, helping support overall economic stability.

SUPPLY: CONSTRUCTION SLOWDOWN TIGHTENS OUTLOOK

Multifamily deliveries slowed in Q3 2025, with 947 units completed and 2,935 units delivered year-to-date (YTD). A total of 5,004 units remained under construction, down from 7,370 units YOY. The contraction reflects elevated construction costs and continued financing constraints but also sets the stage for future rental growth as limited new supply is brought to the market. Developers remain cautious, primarily focused on affordable projects, while much of the market-rate activity has stalled. The slowdown will further tighten competition for existing products as demand remains steady.

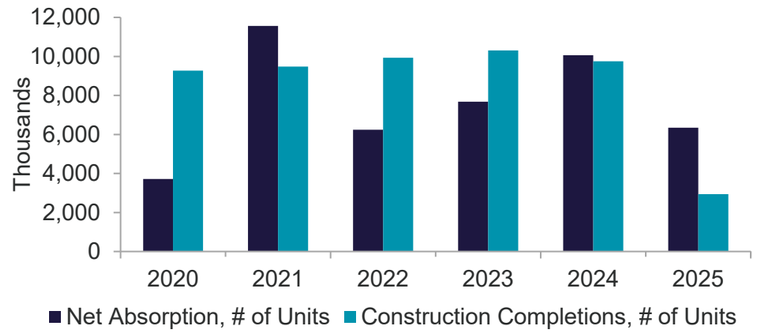
DEMAND: STEADY ABSORPTION SUPPORTS BALANCED VACANCY

The market absorbed 1,371 units in Q3 2025, bringing YTD absorption to 6,340 units. Although down quarter-over-quarter (QOQ) and YOY, limited affordable options in the single-family market and elevated interest rates contributed to renter demand which led to ongoing positive absorption. Stabilized vacancy edged slightly higher to 5.5%, which represents a 20-basis point increase QOQ. Leasing momentum has held up across much of the region, with urban neighborhoods showing strong activity as relative affordability and renewed interest support occupancy. Suburban assets also continued to perform well, benefitting from limited concessions and consistent demand.

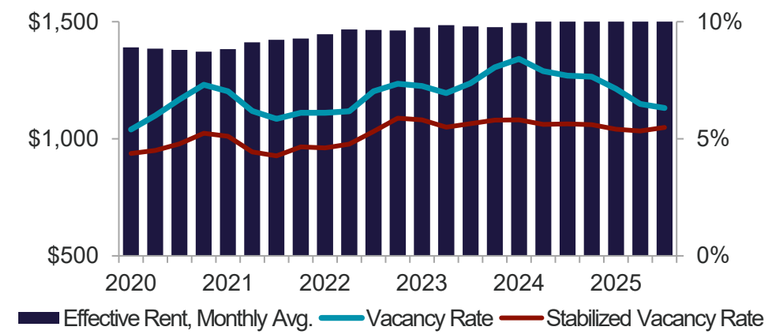
PRICING: RENT GAINS BUILD AS CONCESSIONS FADE

Effective rents averaged $1,543 per unit and $1.81 per square foot (psf) in Q3 2025, essentially flat from the prior quarter but an increase of 2.8% YOY. Landlords continued to regain pricing power as concessions receded, particularly in suburban submarkets with strong occupancy. With limited deliveries ahead and steady leasing velocity, effective gross income growth is expected to accelerate into 2026. The combination of tightening supply, improved leasing conditions, and fading concessions should allow well-located assets to maintain gradual rent increases.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: Costar

MINNEAPOLIS
MULTIFAMILY Q3 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	1,173	105	9.8%	133	28	10.5%	4.7%	$1,613	$1.67	1.2%
Apple Valley/Lakeville/Hastings	9,171	250	2.5%	512	320	6.7%	5.1%	$1,628	$1.73	2.4%
Bloomington West	5,881	99	1.7%	208	113	4.2%	4.2%	$1,612	$1.75	6.7%
Carver County	3,918	185	5.0%	555	251	11.9%	9.1%	$1,692	$1.69	5.0%
Coon Rapids/Fridley/Blaine	13,862	0	0.0%	0	106	4.2%	4.1%	$1,424	$1.59	2.5%
Dayton/Champlin Park/Brooklyn Park	6,902	6	0.1%	189	-23	5.0%	5.0%	$1,405	$1.57	3.2%
Downtown Minneapolis	18,858	0	0.0%	59	766	7.8%	6.7%	$1,766	$2.33	4.4%
Downtown St. Paul	3,915	187	5.0%	378	101	9.9%	7.2%	$1,542	$1.91	-1.5%
Eagan/Burnsville/Inver Grove Heights	16,277	48	0.3%	0	182	5.0%	4.4%	$1,587	$1.66	2.6%
Eden Prairie	5,581	415	8.0%	0	288	8.6%	6.3%	$1,750	$1.82	1.6%
Edina	7,087	276	4.1%	47	289	6.7%	5.6%	$1,942	$2.07	0.9%
Hennepin Far Western Suburbs	10,374	217	2.1%	369	267	6.5%	5.6%	$1,742	$1.81	4.1%
Highland/Mac Groveland/ Summit	10,053	34	0.3%	0	64	3.9%	3.9%	$1,402	$1.79	1.4%
Maple Grove/Golden Valley/Plymouth	20,504	427	2.1%	655	745	6.6%	5.3%	$1,666	$1.72	1.9%
Maplewood/East Ramsey County	9,127	234	2.6%	121	431	6.0%	4.0%	$1,539	$1.75	1.9%
North Minneapolis	1,921	0	0.0%	0	10	12.1%	12.1%	$1,265	$1.57	1.5%
Northeast Minneapolis	3,953	0	0.0%	0	52	4.5%	4.5%	$1,536	$2.08	2.6%
Outlying St. Paul	21,455	0	0.0%	1,000	233	5.7%	5.2%	$1,294	$1.71	3.1%
Richfield/Bloomington East	10,135	0	0.1%	0	192	6.2%	5.2%	$1,386	$1.74	2.2%
Scott Far Western Suburbs	5,860	189	3.3%	151	520	10.8%	7.3%	$1,605	$1.69	1.8%
South Minneapolis	3,843	12	0.3%	0	27	3.9%	3.8%	$1,302	$1.73	2.7%
South St. Paul	4,277	0	0.0%	0	54	5.9%	5.9%	$1,344	$1.64	4.2%
St. Louis Park/Hopkins	14,083	0	0.0%	0	356	5.7%	5.4%	$1,599	$1.86	2.8%
University	7,328	8	0.1%	0	18	6.8%	6.7%	$1,780	$2.23	3.1%
Uptown/West Calhoun/Bryn Mawr	13,156	0	0.0%	0	224	7.1%	6.9%	$1,506	$1.98	2.2%
Washington Far Eastern Suburbs	10,934	119	1.1%	401	461	6.4%	5.1%	$1,845	$1.77	2.3%
West Bank/Central Minneapolis	18,037	38	0.2%	226	66	5.1%	5.1%	$1,180	$1.75	2.1%
West Ramsey County	11,500	86	0.8%	0	65	7.1%	7.1%	$1,383	$1.62	1.8%
Westside	1,157	0	0.0%	0	75	11.3%	8.4%	$1,338	$1.88	-0.2%
West St. Paul	806	0	0.0%	0	59	3.3%	1.5%	$2,608	$2.15	5.2%
MARKET	**271,128**	**2,935**	**1.1%**	**5,004**	**6,340**	**6.3%**	**5.5%**	**$1,543**	**$1.81**	**2.6%**

Source: CoStar

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT ($000)
365 Nicollet, 365 Nicollet Mall, Minneapolis	Downtown Minneapolis	The Opus Group / Waterton	370	$111.5M / $301
Meridian Pointe, 251 McAndrews Rd. W., Burnsville	Eagan/Burnsville/Inver Grove Heights	LivCor / Abacus Capital Group	339	$63.5M / $186
The Beach Club Residences, 2900 Thomas Ave S., Minneapolis	Uptown/West Calhoun/Bryn Mawr	AIR Communities / RPM	332	$103.25M / $310
Cortland Mill District, 313 Washington Ave., Minneapolis	Downtown Minneapolis	Cortland / Weidner Property Management LLC	318	$77.0M / $242
Axle Apartments, 6530 University Ave., Fridley	Coon Rapids/Fridley/Blaine	Roers Companies / Eaton Vance Real Estate Investment Group	262	$59.4M / $227
Flux, 2838 Fremont Ave. S., Minneapolis	Uptown/West Calhoun/Bryn Mawr	Nuveen / Shoregate Residential	216	$36.1M / $167
LakeHaus, 3100 W. Lake St., Minneapolis	Uptown/West Calhoun/Bryn Mawr	Brickstone Partners / Weidner Property Management LLC	200	$75.5M / $377
Track 29, 2841 Bryant Ave. S., Minneapolis	UptownWest Calhoun/Bryn Mawr	DWS Asset Management / FPA Multifamily LLC	198	$37.0M / $187
Waterstone Place, 9700 Waterstone Pl., Minnetonka	Hennepin Far Western Suburbs	Bader Companies / Granite Towers Equity Group	165	$39.0M / $236
Lamplighter Village Apartments, 1512 Woodbridge St., St. Paul	Outlying St. Paul	Stuart Co / Huber Equity Group	150	$12.66M / $84

KEY CONSTRUCTION STARTS Q3 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
The Bennett Apartments, 591 W. 78th St., Chanhassen	Carver County	184	Roers Chanhassen / Roers Companies
The Harlow, 575 W. 78th St., Chanhassen	Carver County	126	Roers Chanhassen / Roers Companies

KEY CONSTRUCTION COMPLETIONS Q3 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
Decatur Landing, 9500 Decatur Dr. N., Brooklyn Park	Dayton/Champlin/Brooklyn Park	350	City of Brooklyn Park / Real Estate Equities
Vale Apartments, 11816 Wayzata Blvd., Minnetonka	Hennepin Far Western Suburbs	197	Doran Companies / Inland Development Partners
Oberon, 1160 Frost Ave., St. Paul	Maplewood/East Ramsey County	150	Roers Companies / Reuter Walton Development
The Rowe, 7980 Rose St., Victoria	Carver County	125	Roers Companies

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.
- Despite a net employment loss YOY, multi-family housing demand remained resilient as vacancy continued to stabilize as new deliveries moderated and lack of affordable starter homes persisted.
- 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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