MARKETBEAT

# MINNEAPOLIS

MULTIFAMILY Q3 2026



CUSHMAN & WAKEFIELD

## MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **5.3%** Stabilized Vacancy Rate | ▼ | ▲ |
| **3,987** YTD Net Absorption, units | ▼ | ▼ |
| **$1.80** Effective Rent, PSF | ▲ | – |

*(Overall, All Property Classes)*

## ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **2.0M** Minneapolis Employment | ▲ | ▲ |
| **4.1%** Minneapolis Unemployment Rate | ▲ | ▼ |
| **0.8%** Country Household Growth Rate | ▲ | ▲ |

*Source: BLS*

## ECONOMIC OVERVIEW

The Minneapolis–St. Paul economy showed signs of cooling in Q3 2026. Nonfarm employment held at just over 2.0 million workers, while the local unemployment rate climbed 30 basis points (bps) year-over-year (YOY) to 4.1%. At just 10 bps below the U.S. average of 4.2%, the gap between local and national labor market conditions narrowed, reflecting a departure from the metro's longstanding pattern of outperforming national employment trends.

## SUPPLY: DELIVERIES SLOW AS PIPELINE CONTINUES TO CONTRACT

Deliveries totaled 1,070 units in Q3 2026, lifting year-to-date (YTD) completions to 3,267 units, nearly equal to the 3,364 units delivered in all of 2025, and pushing total inventory to 274,491 units. Units under construction shrank to 5,705 units, a 5.4% decline quarter-over-quarter (QOQ), as higher borrowing costs and uncertainty about the direction of debt markets kept new starts in check. Upcoming supply is largely confined to projects already underway. The starts that did proceed relied on financing already in-place or alternative capital sources, while conventional ground-up development remains difficult to launch.

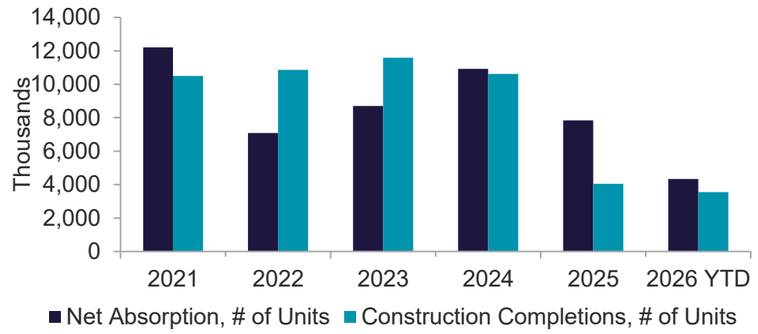
## DEMAND: HOMEOWNERSHIP COSTS SUPPORT RENTAL DEMAND

Renters absorbed 1,141 units in Q3 2026, below the 1,664 units recorded in Q2 2026 but roughly even with the 1,169 units in Q3 2025, lifting YTD absorption to 3,987 units. New inventory continued to lease without disrupting occupancy, with stabilized vacancy flat QOQ at 5.3% and 30 bps lower YOY. With conventional mortgage rates climbing back above 7.0% and home prices still elevated, ownership has moved further out of reach for households already priced out, keeping renters firmly anchored to rental housing and sustaining strong demand for the foreseeable future.

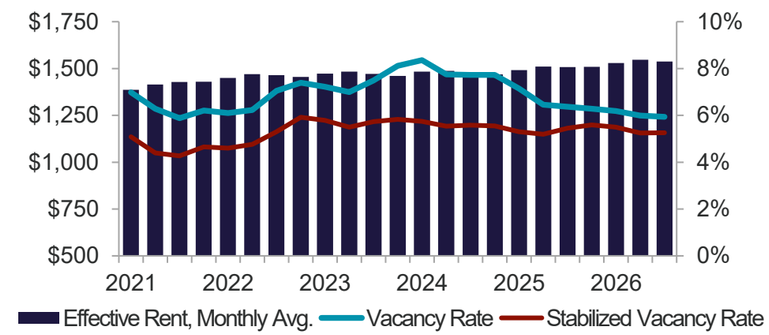
## PRICING: RENT GROWTH SLOWS AS OWNERS PRIORITIZE RETENTION

Effective rents averaged $1,535 per unit and $1.80 per square foot (psf) in Q3 2026, representing 2.0% YOY growth as gains cooled across much of the market. Owners continued to work off concessions and prioritized occupancy and resident retention over aggressive rent increases. As a result, rent growth remained below operating expense growth and short of peak levels recorded two years ago, with performance strongest in select neighborhoods rather than broad-based across the metro.

## 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 | 1,252 | 0 | 0.0% | 0 | 78 | 15.1% | 7.4% | $1,608 | $1.62 | -2.5% |
| Apple Valley/Lakeville/Hastings | 9,945 | 580 | 6.2% | 313 | 387 | 9.3% | 5.7% | $1,634 | $1.66 | -0.5% |
| Bloomington West | 5,873 | 208 | 3.7% | 0 | 72 | 6.8% | 4.7% | $1,600 | $1.76 | 1.6% |
| Carver County | 4,183 | 237 | 6.0% | 856 | 213 | 9.3% | 6.5% | $1,663 | $1.67 | 1.2% |
| Coon Rapids/Fridley/Blaine | 13,847 | 0 | 0.0% | 17 | 47 | 4.0% | 4.0% | $1,453 | $1.62 | 2.5% |
| Dayton/Champlin Park/Brooklyn Park | 7,103 | 189 | 2.7% | 0 | 131 | 6.4% | 4.7% | $1,441 | $1.62 | 3.2% |
| Downtown Minneapolis | 18,908 | 0 | 0.0% | 42 | 267 | 6.4% | 6.4% | $1,689 | $2.23 | 1.1% |
| Downtown St. Paul | 4,144 | 178 | 4.5% | 166 | 105 | 10.2% | 6.8% | $1,491 | $1.85 | 4.3% |
| Eagan/Burnsville/Inver Grove Heights | 16,658 | 159 | 1.0% | 217 | 270 | 4.3% | 3.9% | $1,586 | $1.66 | 1.1% |
| Eden Prairie | 5,581 | 0 | 0.0% | 195 | 37 | 8.0% | 8.0% | $1,730 | $1.80 | 1.9% |
| Edina | 7,128 | 47 | 0.7% | 153 | 130 | 4.7% | 4.4% | $1,948 | $2.07 | 2.9% |
| Hennepin Far Western Suburbs | 10,780 | 334 | 3.2% | 228 | 174 | 7.1% | 5.0% | $1,770 | $1.83 | 1.5% |
| Highland/Mac Groveland/Summit | 10,137 | 97 | 1.0% | 90 | 100 | 4.7% | 4.2% | $1,408 | $1.81 | 1.6% |
| Maple Grove/Golden Valley/Plymouth | 20,922 | 479 | 2.3% | 207 | 486 | 5.7% | 4.7% | $1,696 | $1.76 | 3.3% |
| Maplewood/East Ramsey County | 9,343 | 56 | 0.6% | 524 | 189 | 3.8% | 3.5% | $1,564 | $1.77 | 3.6% |
| North Minneapolis | 1,810 | 0 | 0.0% | 0 | -14 | 18.2% | 18.2% | $1,302 | $1.54 | 0.9% |
| Northeast Minneapolis | 3,972 | 0 | 0.0% | 0 | 10 | 4.9% | 4.9% | $1,501 | $2.04 | 2.9% |
| Outlying St. Paul | 21,380 | 0 | 0.0% | 1,000 | 113 | 5.4% | 5.4% | $1,281 | $1.69 | 1.8% |
| Richfield/Bloomington East | 10,083 | 0 | 0.0% | 0 | 172 | 4.3% | 4.3% | $1,390 | $1.75 | 3.5% |
| Scott Far Western Suburbs | 5,934 | 105 | 1.8% | 105 | 163 | 7.8% | 7.3% | $1,622 | $1.71 | 2.5% |
| South Minneapolis | 3,748 | 0 | 0.0% | 0 | -36 | 4.7% | 4.7% | $1,302 | $1.74 | 1.8% |
| South St. Paul | 4,288 | 0 | 0.0% | 0 | 12 | 4.5% | 4.5% | $1,350 | $1.65 | 3.3% |
| St. Louis Park/Hopkins | 13,900 | 0 | 0.0% | 562 | 85 | 4.9% | 4.9% | $1,584 | $1.85 | 2.1% |
| University | 7,273 | 0 | 0.0% | 0 | 64 | 6.7% | 6.7% | $1,761 | $2.21 | 2.9% |
| Uptown/West Calhoun/Bryn Mawr | 13,171 | 0 | 0.0% | 228 | 46 | 7.4% | 7.4% | $1,477 | $1.94 | 2.0% |
| Washington Far Eastern Suburbs | 11,563 | 566 | 5.1% | 719 | 527 | 6.7% | 5.2% | $1,779 | $1.72 | 2.3% |
| West Bank/Central Minneapolis | 17,962 | 32 | 0.2% | 83 | 50 | 5.4% | 5.4% | $1,173 | $1.76 | 2.1% |
| West Ramsey County | 11,640 | 0 | 0.0% | 0 | 51 | 5.0% | 5.0% | $1,344 | $1.58 | 0.5% |
| Westside | 1,157 | 0 | 0.0% | 0 | 72 | 6.5% | 6.5% | $1,296 | $1.82 | 1.1% |
| West St. Paul | 806 | 0 | 0.0% | 0 | -14 | 6.8% | 6.8% | $2,304 | $1.90 | -9.1% |
| **MARKET** | **274,491** | **3,267** | **1.2%** | **5,705** | **3,987** | **6.0%** | **5.3%** | **$1,535** | **$1.80** | **2.0%** |

*Source: CoStar*



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## KEY SALES TRANSACTIONS Q3 2026

| PROPERTY | SUBMARKET | SELLER / BUYER | UNITS | PRICE / $ UNIT ($000) |
|---|---|---|---|---|
| City Walk at Woodbury, 10225 City Walk Dr | Washington Far Eastern Suburbs | The Connor Group / Waterton | 453 | $124M / $274 |
| Twelve 501 Apartment Homes, 12501 Portland Avenue South | Eagan/Burnsville/Inver Grove Heights | FPA Multifamily LLC / Osso Capital | 336 | $55M / $162 |
| Point of America, 7870 Zane Avenue North | Dayton/Champlin/Brooklyn Park | Bader Companies / Farris Gosea Capital | 270 | $21M / $79 |
| Shoreview Grand, 577 Harriet Avenue | Maplewood/East Ramsey County | Bader Companies / Main Street Companies, Inc. | 240 | $36M / $150 |
| Shoreview Hills, 4130 Lexington Avenue North | Maplewood/East Ramsey County | Carew Properties / ARTISAN Capital Group | 240 | $25M / $106 |
| Moonraker Apartments, 5521 Brookdale Drive North | Dayton/Champlin/Brooklyn Park | Bader Companies / Farris Gosea Capital | 205 | $20M / $96 |
| The Fairways Apartments at Edinburgh, 8617 Edinbrook Crossing | Dayton/Champlin/Brooklyn Park | Weidner Property Management LLC / GL Capital Partners | 198 | $41M / $208 |
| Woodland North Apartments, 9240 University Avenue Northwest | Coon Rapids/Fridley/Blaine | Gaughan Companies / Bender Companies \| Eastham Capital, Inc. | 198 | $26M / $133 |
| Knollwood Towers West, 1010 Lake Street Northeast | St Louis Park/Hopkins | Investment Property Group / FPA Multifamily LLC | 187 | $14M / $76 |

## KEY CONSTRUCTION STARTS Q3 2026

| PROPERTY | SUBMARKET | UNITS | OWNER / DEVELOPER |
|---|---|---|---|
| Shoreview Krew Apartments, 3377 Rice Street | Maplewood/East Ramsey County | 293 | City of Shoreview / Enclave |
| The Melrose, 5905 Sycamore Lane North | Maple Grove/Golden Valley/Plymouth | 212 | Roers Companies |
| The Garraway, 6436 City West Parkway | Eden Prairie | 195 | Roers Companies |

## KEY CONSTRUCTION COMPLETIONS Q3 2026

| PROPERTY | SUBMARKET | UNITS | OWNER / DEVELOPER |
|---|---|---|---|
| The Brook, 6001 94th Avenue North | Dayton/Champlin/Brooklyn Park | 189 | Olympus Ventures, LLC |
| Stella, 386 Wabasha Street North | Downtown St Paul | 178 | Kaeding Development Group |
| Rone, 3060 Harbor Lane North | Maple Grove/Golden Valley/Plymouth | 176 | Doran Companies |

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

## MARKET DRIVERS

- Ownership remains out of reach for many households, as higher mortgage rates and elevated home prices keep renters in place and support demand for rental housing.
- A limited number of new projects are breaking ground, with borrowing costs and debt market uncertainty holding back market-rate starts, keeping the future supply pipeline thin.
- Owners are prioritizing retention over rent increases, working off remaining concessions, as overall rent growth moderates.
- Investors continue to see Minneapolis–St. Paul as a reliable place to park capital, with limited supply and a persistent housing shortage drawing outside buyers despite higher borrowing costs and cap rates.

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