



MULTIFAMILY REPORT

The Twin Cities Keep Up

September 2025

Rent Growth Stays Above US

Occupancy Still High

Supply Slows

TWIN CITIES MULTIFAMILY



Rent Growth Solid, Occupancy Up

Minneapolis–St. Paul maintained its performance at the beginning of the third quarter, building on the previous months' solid footing. Average advertised asking rents were up 0.3%, on a trailing three-month basis through July, to \$1,590, 10 basis points ahead of the national figure. Year-over-year, rents were up 2.2%, placing the metro in the top 10 among the markets tracked by Yardi Matrix. The average occupancy for stabilized assets remained high, even after four years of record supply growth, at 95.5% in June.

Employment growth was 0.7% year-over-year through May, 10 basis points behind the national average. The metro added 15,700 net jobs over the 12-month period ending in May, with education and health services leading gains (14,200 jobs). The area's jobless rate stood at 3.7% as of June, 40 basis points below the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. The Twin Cities industrial market continues to attract investors. Hempel Real Estate and TPG Angelo Gordon formed a \$300 million joint venture that will target development and acquisition, including the construction of Brockton Business Park.

Developers completed 3,437 units this year through July, accounting for 1.3% of existing stock, reflecting an expected slowdown after record-breaking numbers in the past four years. Multifamily investment also slowed, with \$588 million changing hands in the first seven months, in line with nationwide economic uncertainty.

Market Analysis | September 2025

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Recent Twin Cities Transactions

365 Nicollet



City: Minneapolis
Buyer: Waterton
Purchase Price: \$112 MM
Price per Unit: \$301,351

Borealis



City: Minneapolis
Buyer: L&B Realty Advisors
Purchase Price: \$46 MM
Price per Unit: \$372,984

The Haven of Battle Creek



City: St. Paul, Minn.
Buyer: Huber Equity Group
Purchase Price: \$22 MM
Price per Unit: \$99,537

Granite City

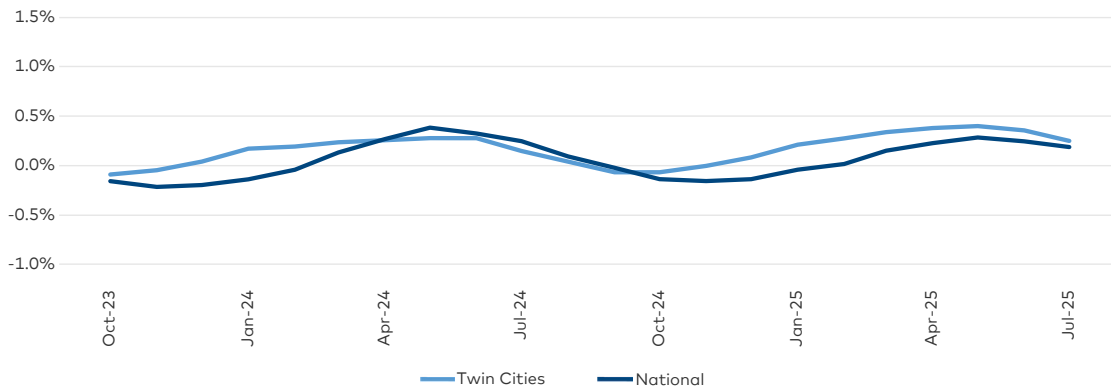


City: Brooklyn Center, Minn.
Buyer: Stone Arch Holdings
Purchase Price: \$4 MM
Price per Unit: \$53,472

RENT TRENDS

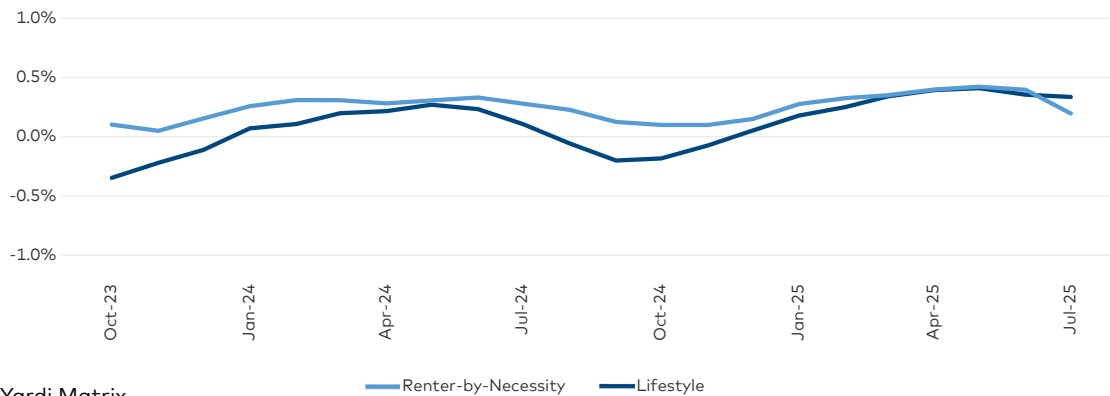
- ▶ Minneapolis–St. Paul’s average advertised asking rents ticked up 0.3% on a trailing three-month (T3) basis through July, to \$1,590, 10 basis points above the U.S. rate. The metro’s figure remained consistently ahead of the national average for the past eight months, albeit by a slight margin. Year-over-year, rents were up 2.2% through July, placing the metro in the top 10 among the 30 markets tracked by Yardi Matrix. The national average was 0.8%.
- ▶ Average advertised asking rents for upscale, Lifestyle assets were up 0.3%, on a T3 basis through July, to \$1,883. Rents for the working-class, Renter-by-Necessity segment were up 0.2%, to \$1,347. Although recording a slower pace, the latter figure registered no contractions in the past 12 months, unlike the Lifestyle segment.
- ▶ The metro’s average overall occupancy rate in stabilized properties stood at 95.5% as of June, up 20 basis points year-over-year. Lifestyle occupancy recorded a 60-basis-point increase, to 95.1%, while the RBN figure stood unchanged, at 95.8%. The national average was 95.0% in the same month.
- ▶ Of the 87 submarkets tracked by Yardi Matrix, Edina/Eden Prairie remained the most expensive, with its average advertised asking rent up 3.6% year-over-year through July, to \$2,034, followed by Maple Grove (up 2.7%, to \$2,002) and Woodbury/Cottage Grove (up 3.7%, to \$1,971).
- ▶ Advertised asking rents for the Twin Cities’ SFR sector improved 3.5% year-over-year, to \$2,604—significantly ahead of the 0.4% national figure.

Twin Cities vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Twin Cities Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Minneapolis–St. Paul employment growth stood at 0.7% year-over-year through May. After being in lockstep with the national average for the previous three months, the rate dipped 10 basis points below the U.S. figure.
- The Twin Cities added 15,700 net jobs over the 12-month period ending in May. Education and health services remained one of the metro's key employment drivers, adding 14,200 new jobs to the workforce, for a 3.6% increase. Significant gains were also recorded in government (6,900 jobs) and manufacturing (3,800 jobs). Five sectors lost a total of 10,200 positions. Leisure and hospitality registered the biggest loss, down 4,300 jobs.
- The metro's unemployment rate stood at 3.7% as of June, 40 basis points below the U.S. rate, according to preliminary data from the BLS. Over the previous 12 months, it reached its lowest point in November 2024, at 2.4%. The rate was 40 basis points higher than Minnesota's.
- Hempel Real Estate, together with TPG Angelo Gordon, has launched a \$300 million joint venture to invest in the Twin Cities industrial market. The partnership will target development and acquisition and its first project is Brockton Business Park in Corcoran, Minn., which will encompass almost 300,000 square feet in the first phase, and is slated for completion in the second quarter of 2026.

Twin Cities Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	405.2	19.1%
90	Government	280.8	13.2%
30	Manufacturing	218.1	10.3%
15	Mining, Logging and Construction	102.3	4.8%
80	Other Services	82.1	3.9%
40	Trade, Transportation and Utilities	367.4	17.3%
50	Information	28	1.3%
60	Professional and Business Services	299	14.1%
55	Financial Activities	145.5	6.8%
70	Leisure and Hospitality	196.4	9.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- The Twin Cities gained 19,172 residents between 2021 and 2022, marking a 0.5% uptick.
- Growth was only 10 basis points higher than the U.S. rate of expansion, which settled at 0.4% during the same period.

Twin Cities vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Twin Cities	3,573,609	3,605,450	3,659,156	3,678,328

Source: U.S. Census

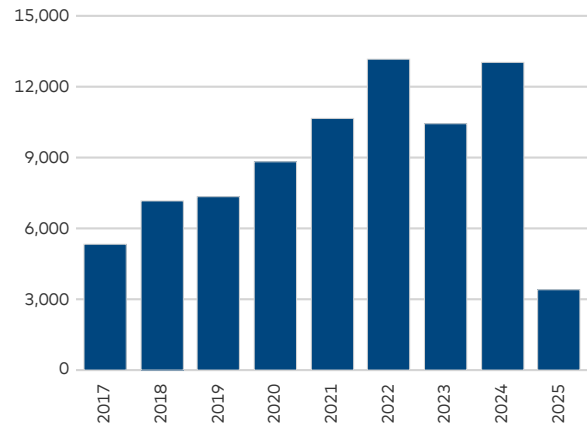
SUPPLY

- ▶ Developers brought 3,437 units, or 1.3% of existing stock, online this year through July. The rate was 30 basis points below the national figure. Completions were down 47.6% year-over-year, in line with nationwide trends. This was a sharp contrast with the previous four years, when an average of 11,832 units were delivered annually. All but five of the 18 properties that came online in the first seven months were Lifestyle assets, with more than half of the total in suburban markets.
- ▶ Minneapolis–St. Paul developers had 7,704 units under construction in July, along with another 53,000 in the planning and permitting stages. More than two-thirds of all units under construction were in Lifestyle developments, while only about a quarter were in fully affordable assets.
- ▶ Developers broke ground on 2,432 units across 16 projects in the first seven months of 2025, slightly more than the 1,812 units across 11 assets that work was started on in the same period last year. Tightening lending conditions combined with four strong years for supply growth led to a slowdown nationwide, but activity in the Twin Cities remains solid for now.
- ▶ Urban areas led in construction activity. Minneapolis–Near North had 571 units

underway in July, followed by Edina/Eden Prairie (484) Minnetonka (466). On the suburban side, Plymouth led with 431 apartments under construction.

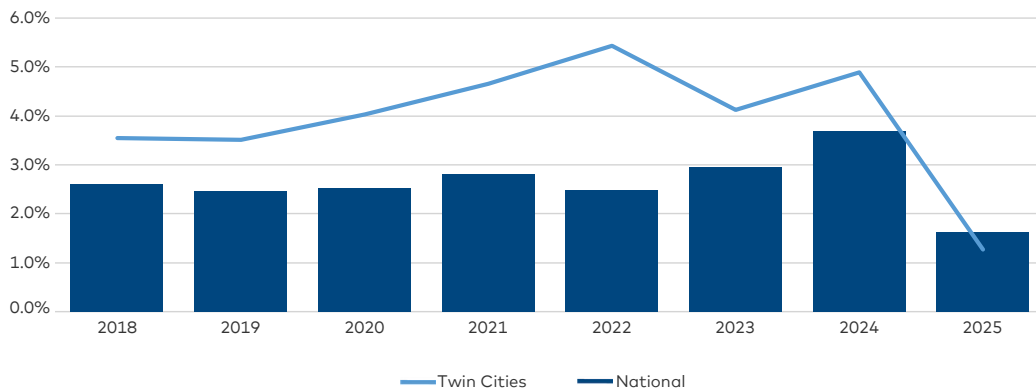
- ▶ Plymouth also had the largest project underway. Doran Cos. is developing the 352-unit Fernbrook and Harbor Lane, with the aid of a \$34.4 million construction loan. The project is slated for delivery in August 2027.

Twin Cities Completions (as of July 2025)



Source: Yardi Matrix

Twin Cities vs. National Completions as a Percentage of Total Stock (as of July 2025)

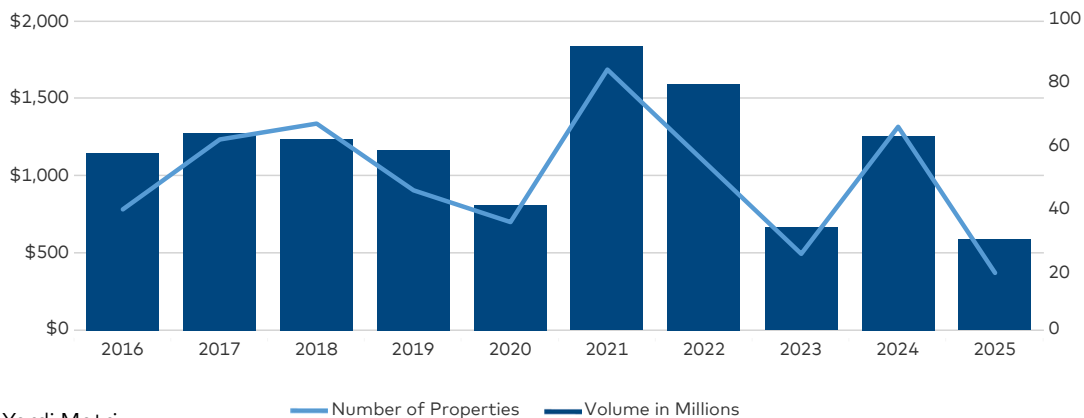


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investment in the Twin Cities amounted to \$589 million in the first seven months of 2025, down 26.8%, when compared to the same period last year. The annual average for sales volume over the last decade was \$1.2 billion.
- ▶ Investors favored both quality segments, with 20 properties changing hands so far this year. The metro's average price per unit was \$202,177, up 20.4% from last year, but still below the \$207,299 U.S. figure.
- ▶ Investors focused on urban submarkets in the 12-month period ending in July. Minneapolis–Central led with \$249 million, followed by Minneapolis–Calhoun Isle (\$90 million) and Minneapolis–University (\$83 million). On the suburban side, Brooklyn Park recorded \$140 million in sales during that period.
- ▶ Waterton paid \$112 million for the 370-unit community at 365 Nicollet Mall—the largest transaction year-to-date through July. The Opus Group sold the asset for \$301,351 per unit.

Twin Cities Sales Volume and Number of Properties Sold (as of July 2025)



Source: Yardi Matrix

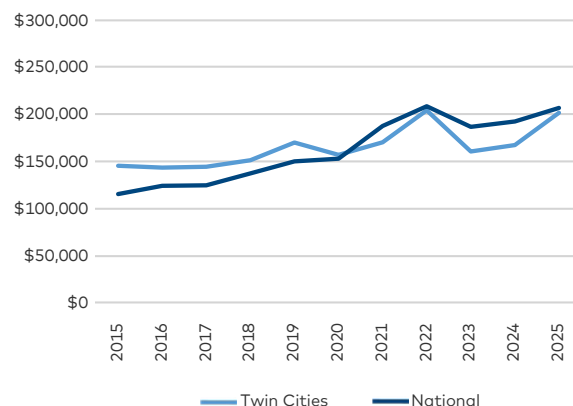
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Minneapolis–Central	249
Brooklyn Park	140
Minneapolis–Calhoun Isle	90
Minneapolis–University	83
Richfield	58
Anoka	54
Eagan	40

Source: Yardi Matrix

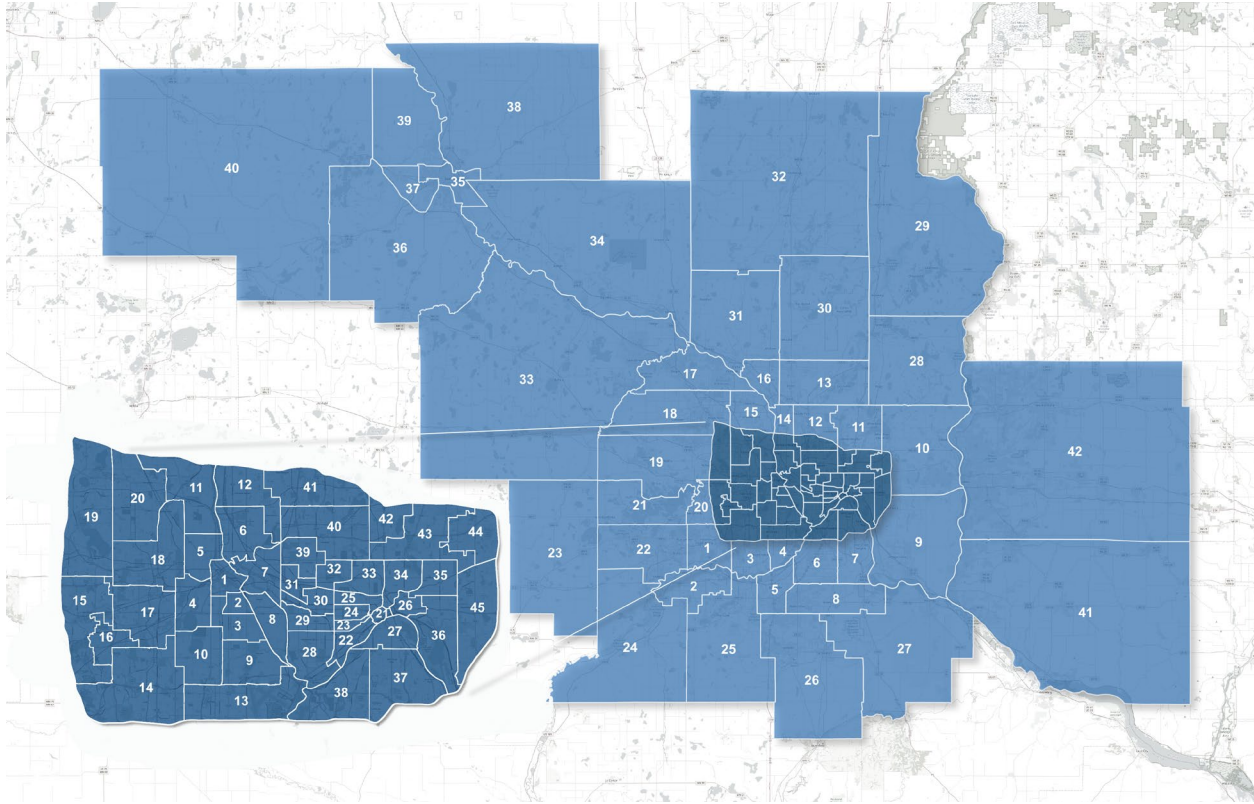
¹ From August 2024 to July 2025

Twin Cities vs. National Sales Price per Unit



Source: Yardi Matrix

TWIN CITIES SUBMARKETS



Area No.	Submarket
1	Minneapolis-Central
2	Minneapolis-Phillips
3	Minneapolis-Powderhorn
4	Minneapolis-Calhoun Isle
5	Minneapolis-Near North
6	Minneapolis-Northeast
7	Minneapolis-University
8	Minneapolis-Longfellow
9	Minneapolis-Nokomis
10	Minneapolis-Southwest
11	Brooklyn Center/Camden
12	Columbia Heights
13	Richfield
14	Edina/Eden Prairie
15	Mnetonka

Area No.	Submarket
16	Hopkins
17	St. Louis Park
18	Golden Valley
19	Plymouth
20	New Hope/Crystal
21	St. Paul-Downtown
22	St. Paul-West Seventh
23	St. Paul-Summit Hill
24	St. Paul-Summit-University
25	St. Paul-Thomas-Dale
26	St. Paul-Dayton's Bluff
27	St. Paul-West Side
28	St. Paul-Highland
29	St. Paul-Macalester-Groveland
30	St. Paul-Lexington Hamline

Area No.	Submarket
31	St. Paul-St. Anthony
32	St. Paul-Como
33	St. Paul-North End
34	St. Paul-Payne-Phalen
35	St. Paul-Greater East Side
36	St. Paul-Sunray-Battlecreek
37	West St. Paul
38	Mendota
39	Falcon Heights
40	Roseville
41	New Brighton
42	Little Canada
43	Maplewood
44	Oakdale-North
45	Oakdale-South

Area No.	Submarket
1	Eden Prairie
2	Shakopee
3	Bloomington-West
4	Bloomington-East
5	Burnsville
6	Eagan
7	Inver Grove Heights
8	Apple Valley
9	Woodbury/Cottage Grove
10	Stillwater
11	White Bear Lake
12	Mounds View
13	Blaine
14	Fridley

Area No.	Submarket
15	Brooklyn Park
16	Coon Rapids
17	Champlin-Rogers
18	Maple Grove
19	Plymouth
20	Mnetonka
21	Spring Park
22	Chaska
23	Wacoma
24	Jordan
25	Savage
26	Lakeville
27	Hastings
28	Forest Lake

Area No.	Submarket
29	Chisago City
30	Andover
31	Anoka
32	Cambridge
33	Buffalo
34	Elk River
35	St. Cloud-North
36	St. Cloud-South
37	Waite Park
38	Sauk Rapids
39	Sartell
40	Melrose
41	River Falls
42	Hudson

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent.

Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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