

Resilience In The Twin Cities

January 2026



Occupancy Spikes in Upscale Assets

Asking Rent Gains Stand Out

Pipeline Slows Down

TWIN CITIES MULTIFAMILY



Asking Rents Rise, Occupancy Shoots Up

The Twin Cities displayed mostly positive performance as 2025 wrapped up, with some fundamentals outperforming. The average advertised asking rent was up 0.2%, on a trailing three-month basis through November, to \$1,609. In fact, the metro was the only major market that recorded growth during this time frame. Year-over-year, rents were up 3.2%, placing the metro third among larger U.S. markets. Meanwhile, occupancy in stabilized assets shot up 60 basis points over 12 months, clocking in at 95.7% as of October, due to strong performance in Lifestyle assets.

Employment in the Twin Cities expanded by 0.7% as of August, with the metro adding 15,000 net jobs over 12 months. Education and health services led gains with 16,800 jobs, marking a 4.3% expansion year-over-year. The area's unemployment rate stood at 4.1% as of August, 20 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Canterbury Park's planned 27-acre entertainment district is expected to further boost the leisure and hospitality sector. The project would be located south of the current 19,000-seat amphitheater, which is set to open next summer.

Only 4,911 units, or 1.8% of existing stock, came online this year through November across the metro, 100 basis points below the national rate. Meanwhile, transaction activity remains particularly strong, with \$1.5 billion in assets trading in 2025 through November.

Market Analysis | January 2026

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Madalina Pojoga
Associate Editor

Recent Twin Cities Transactions

Bristol Village



City: Bloomington, Minn.
Buyer: Hegenes Properties
Purchase Price: \$58 MM
Price per Unit: \$200,172

ReNew Minnehaha



City: Minneapolis
Buyer: FPA Multifamily
Purchase Price: \$16 MM
Price per Unit: \$89,915

ReNew Meadow Lake



City: New Hope, Minn.
Buyer: FPA Multifamily
Purchase Price: \$15 MM
Price per Unit: \$103,000

The Venue on Knox

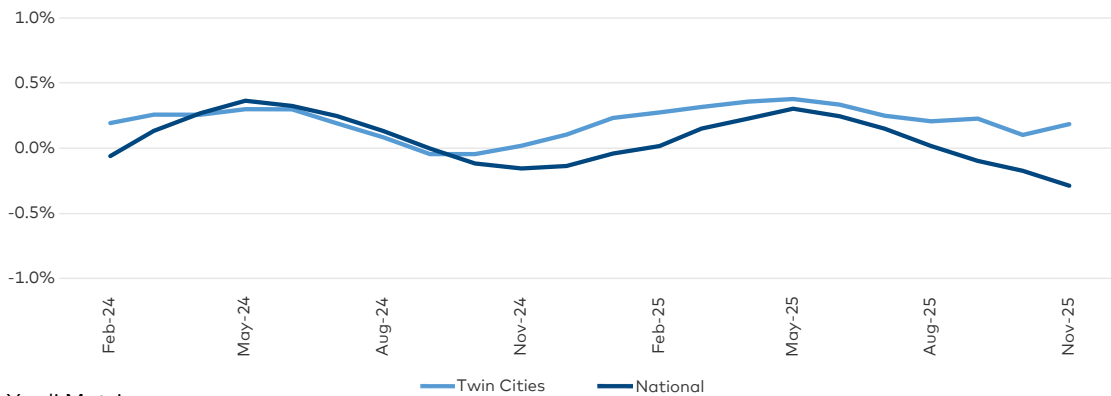


City: Minneapolis
Buyer: FPA Multifamily
Purchase Price: \$12 MM
Price per Unit: \$118,557

RENT TRENDS

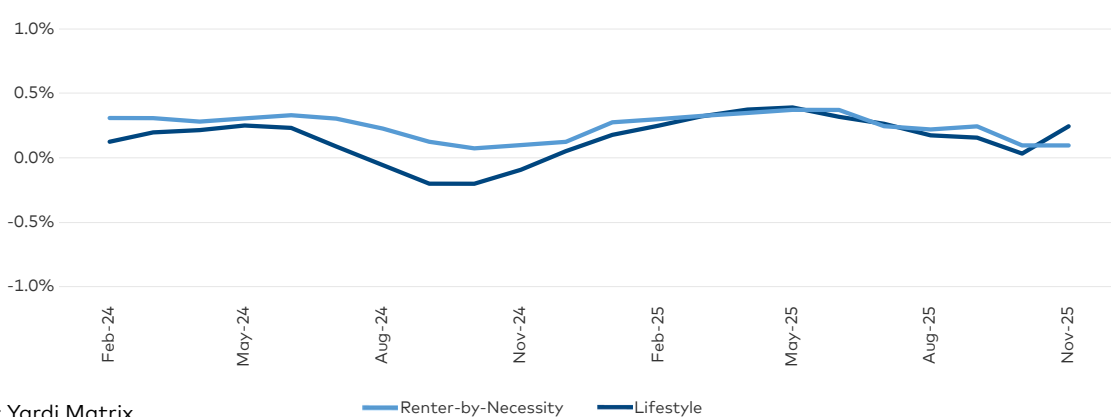
- ▶ Minneapolis-St. Paul's average advertised asking rent was up 0.2%, on a trailing three-month (T3) basis through November 2025, to \$1,609. Meanwhile, the U.S. figure slid 0.2%, to \$1,740. The metro's pace of growth has remained consistently ahead of the national average as of late. In fact, the Twin Cities was the only major metro in the U.S. that recorded an improvement on a T3 basis through November.
- ▶ Year-over-year, the average advertised asking rate in the Twin Cities was up 3.2%, placing the metro third among major markets and trailing only New York City (5.7%) and Chicago (3.8%).
- ▶ Both quality segments saw asking rent increases on a T3 basis through November 2025. Rates in Lifestyle assets were up 0.2%, to \$1,904. Meanwhile, rents in working-class, Renter-by-Necessity properties increased 0.1%, to \$1,358.
- ▶ The metro's average overall occupancy in stabilized properties stood at 95.7% as of October, reflecting a healthy, 60-basis-point increase over 12 months. RBN occupancy recorded a 20-basis-point uptick to 95.9%. Meanwhile, the Lifestyle figure recorded an impressive 110-basis-point jump to 95.4%.
- ▶ Of the 87 submarkets tracked by Yardi Matrix, only three recorded contractions year-over-year as of November 2025. Mendota remained the most expensive area, with asking rents up 7.6% to \$2,135, followed by Minnetonka (9.5% to \$2,036), Edina/Eden Prairie (3.8% to \$2,036) and Maple Grove (3.3% to \$2,025).

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 rose 0.7% through August, 10 basis points below the U.S. rate. Education and health services led net gains, with 16,800 jobs added and marking a 4.3% yearly expansion. Mining, logging and construction, together with manufacturing, added a combined 6,600 jobs. Still, the metro lost jobs across five sectors, shedding 10,300 positions, with financial activities recording the largest loss (-3,900). The metro's net total for the 12 months ending in August clocked in at 15,000 jobs.
- ▶ The area's unemployment rate stood at 4.1% as of August, 20 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Over the previous 12 months,

unemployment in the Twin Cities reached its lowest point in November 2024, at 2.3%. The August 2025 unemployment rate was 50 basis points higher than Minnesota's figure, which stood at 3.6%.

- ▶ Canterbury Park is in the process of planning a roughly 27-acre entertainment district, which will be located south of the current 19,000-seat amphitheater now under construction and scheduled to open next summer. The effort is part of Canterbury's ongoing redevelopment project surrounding its horse-racing venue in Shakopee, Minn., dubbed Canterbury Commons. The developer expects to complete the master plan in 2026.

Twin Cities Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	406.2	19.2%
30	Manufacturing	218.8	10.3%
15	Mining, Logging and Construction	110	5.2%
90	Government	254.5	12.0%
40	Trade, Transportation and Utilities	366.2	17.3%
50	Information	28	1.3%
70	Leisure and Hospitality	205	9.7%
60	Professional and Business Services	297.9	14.1%
80	Other Services	81.4	3.8%
55	Financial Activities	146.9	6.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ The Twin Cities' population increased by 19,172 residents in 2022 alone, marking a 0.5% rise and outpacing the national rate.
- ▶ The most recent Census estimates show the addition of more than 35,000 people across the metro between mid-2023 and mid-2024.

Twin Cities vs. National Population

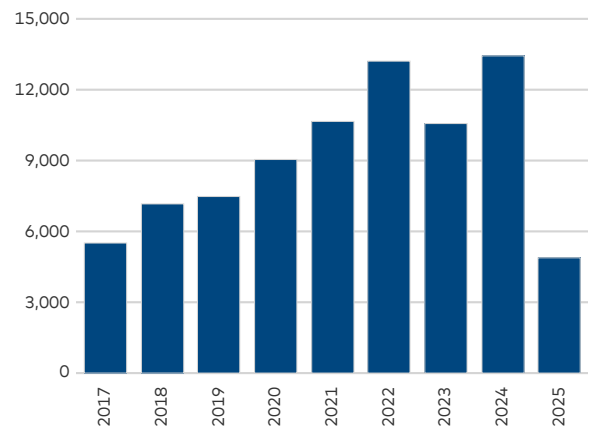
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Twin Cities	3,573,609	3,605,450	3,659,156	3,678,328

Source: U.S. Census

SUPPLY

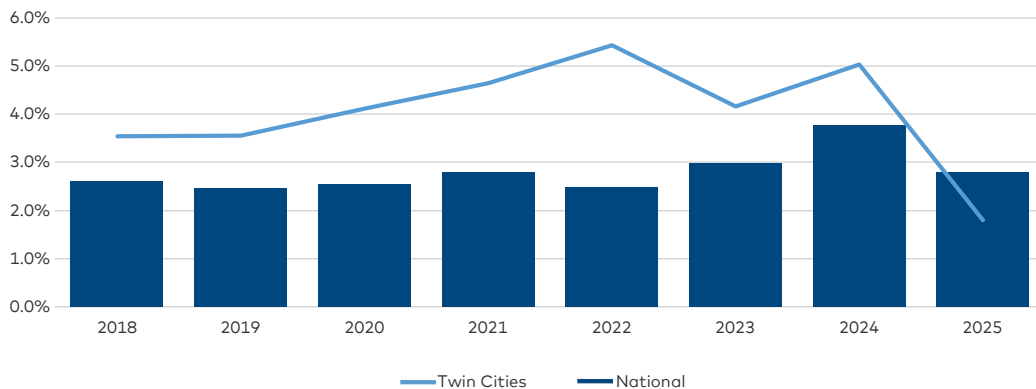
- ▶ Developers brought 4,911 units, or 1.8% of existing stock, online in 2025 through November. The rate of expansion was 100 basis points below the U.S. figure, which clocked in at 2.8%. Of the 28 projects completed, all but eight were Lifestyle assets. Units were relatively evenly distributed across urban and suburban areas, with a slight preference for the suburbs. The metro's delivery volume slowed down significantly in 2025, in contrast with the previous four years, when the yearly average stood at 11,981 apartments.
- ▶ Minneapolis-St. Paul had 6,975 units under construction as of November. Another 52,000 apartments were in the planning and permitting stages. After a slowdown in construction starts, the number of projects taking off in the metro has been increasing lately. Developers broke ground on 4,223 units across 31 properties in 2025 through November, more than double the 2,684 units across 17 projects recorded during the same period in 2024.
- ▶ Urban areas led, with two submarkets having almost 1,000 units underway combined. Yet, suburban submarket Woodbury/Cottage Grove led by number of units, with 600 apartments under construction. Edina/Eden Prairie (484) and Minneapolis–Near North (481) followed.
- ▶ The Plymouth submarket in suburban Twin Cities is home to Rone, the largest development currently underway. Doran Cos. broke ground on the 352-unit project in May 2025, with help from a \$34.4 million construction loan issued by MidWestOne Bank. Completion is scheduled for August 2027. The list of large projects slated for delivery also includes the 303-unit Winn at Golden Valley, the 269-unit Marlowe Opus Station and the 237-unit Meadows at Prairie Ridge.

Twin Cities Completions (as of November 2025)



Source: Yardi Matrix

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



Source: Yardi Matrix

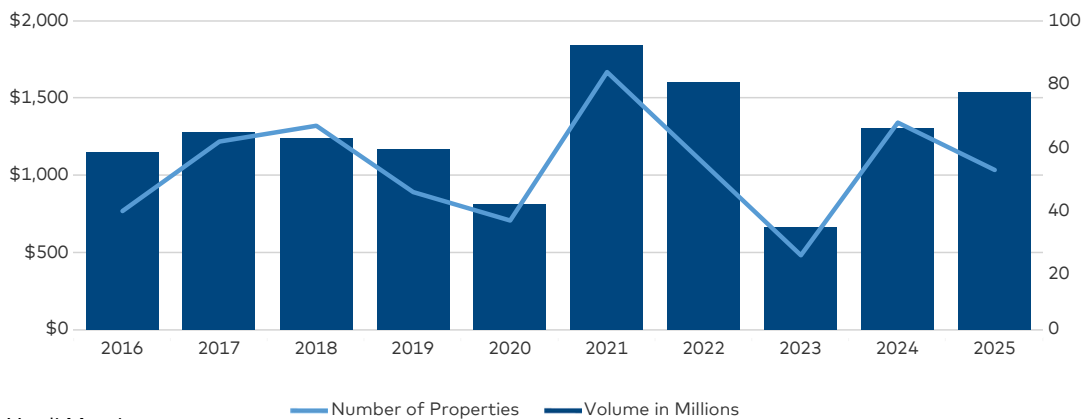
TRANSACTIONS

- ▶ Twin Cities investors traded \$1.5 billion in multifamily properties in 2025 through November. Transaction activity picked up and surpassed the \$1.3 billion recorded last year. Sales during the first 11 months of 2025 also exceeded the 10-year average of \$1.3 billion.
- ▶ The sales composition through November was slightly tilted toward Lifestyle assets, which accounted for 29 of the 53 properties that traded. The price per unit also saw an uptick, as the met-

ro's \$187,623 was \$23,500 higher compared to 2024, but still behind the \$206,794 U.S. average.

- ▶ More than half of the transaction activity in the metro was concentrated in the suburbs in the 12 months ending in November 2025. Yet, a couple of core submarkets led the pack: Minneapolis–Central recorded \$350 million in sales, followed by Minneapolis–Calhoun Isle (\$187 million). Brooklyn Park (\$140 million) rounded out the podium.

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



Source: Yardi Matrix

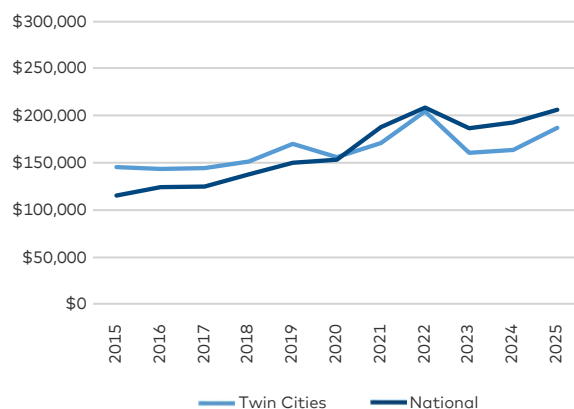
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Minneapolis–Central	350
Minneapolis–Calhoun Isle	187
Brooklyn Park	140
Minneapolis–University	83
Shakopee	66
Burnsville	63
Golden Valley	60

Source: Yardi Matrix

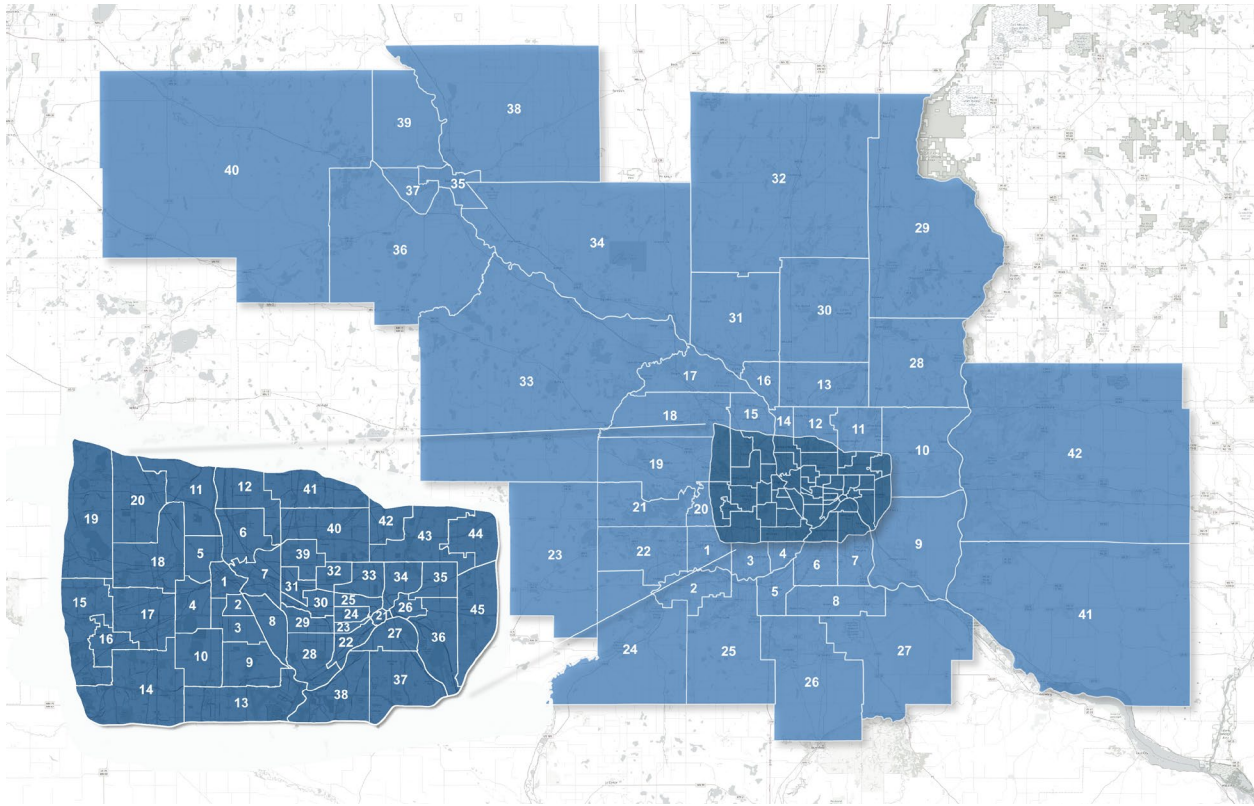
¹ From December 2024 to November 2025

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	Minnnetonka

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	Minnnetonka
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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