

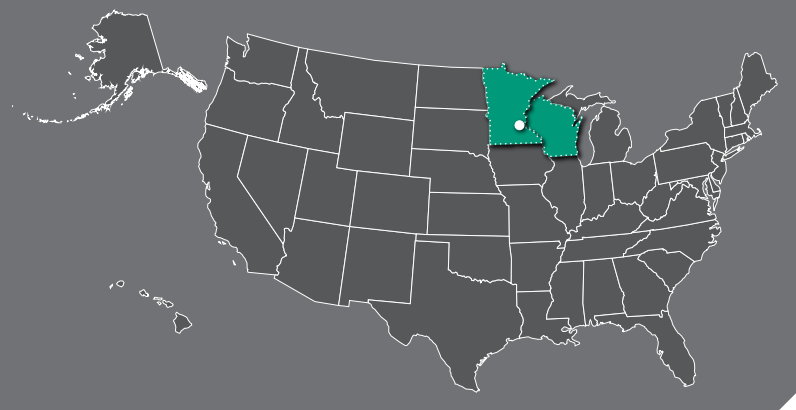
HUD PD&R Housing Market Profiles

Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin



Quick Facts About Minneapolis

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The metropolitan area is a hub for innovation within the medical technologies industry. Medtronic, the largest medical device company in the world, has its operational headquarters in Minneapolis, and the company collaborates with researchers at the University of Minnesota, which ranked 12th among public universities in the nation for research and development in 2023, with research expenditures of \$1.13 billion (Minnesota Department of Employment and Economic Development).



Minneapolis, Minnesota

By [Tomasz Kukawski](#) | As of March 1, 2025

Overview

The Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area (hereafter, Minneapolis metropolitan area) includes 13 counties in southeast Minnesota and 2 counties in western Wisconsin. Along the banks of the Mississippi River, Minneapolis and St. Paul, known as the Twin Cities, are the principal cities in the metropolitan area. The metropolitan area includes the headquarters of 15 Fortune 500 publicly traded companies, including UnitedHealth Group, the Target Corporation, 3M Company, Best Buy Co., Inc., General Mills, Inc., and the largest privately held company in the country, Cargill, Inc. The city of St. Paul is the state capital of Minnesota, and the state government is the largest employer. The local economy continues to recover from the jobs lost during the COVID-19 pandemic and the related economic downturn, but the pace of job gains has been slow. Home sales market conditions are slightly tight despite subdued sales demand caused by high mortgage interest rates, partly because of a low inventory of homes available for sale. Apartment market conditions are balanced, and vacancies declined in the past year, with slowing construction activity and continued absorption of new apartment units.

continued on page 2



PD&R

continued from page 1

- As of March 1, 2025, the estimated population of the metropolitan area was 3.79 million, representing an average gain of 19,750, or 0.5 percent, annually since April 2020. By comparison, the population grew from 2010 to 2020 by an average of 35,650, or 1.0 percent, a year.
- Since 2020, net in-migration to the metropolitan area has slowed to an average of 4,750 people annually compared with an average of 13,450 people a year from 2010 to 2020. Moreover, COVID-19-related deaths and a decline in births have slowed net natural increase, which has averaged

15,000 people a year since 2020 compared with an average of 22,200 people annually from 2010 to 2020.

- The slower net-in migration to the metropolitan area since 2020 has largely been because of net out-migration from densely populated areas following the start of the pandemic. Hennepin and Ramsey Counties, which include Minneapolis and St. Paul, respectively, are the most populous counties in the metropolitan area, with estimated populations of 1.27 million and 543,600, down by 0.1 and 0.3 percent, respectively, since 2020.

Economic Conditions

The economy in the Minneapolis metropolitan area continued to add jobs during the past year, but the recovery from the effects of the pandemic-related downturn in 2020 has been slower than for the nation. Since the end of 2020, nonfarm payroll growth in the metropolitan area has averaged 1.8 percent a year compared with national job growth averaging 2.8 percent annually. Nonfarm payrolls in the metropolitan area are near the level prior to the pandemic, whereas nonfarm payrolls for the nation had fully recovered from the 2020 recession by 2023 and are more than 3 percent higher than the level prior to the pandemic. During the 3 months ending February 2025, the unemployment rate in the metropolitan area averaged 3.1 percent, up from 2.9 percent a year earlier. By comparison, the unemployment rate nationally averaged 4.1 percent during the 3 months ending February 2025, up from 3.9 percent a year earlier.

As of the 3 months ending February 2025—

- Nonfarm payrolls in the metropolitan area grew by 16,600 jobs, or 0.8 percent, from a year earlier to 1.97 million jobs compared with a 0.9-percent gain during the same period a year earlier. Current nonfarm payrolls are slightly below the average of 1.98 million jobs during the 3 months ending February 2020, before the pandemic.
- The education and health services sector expanded by 15,200 jobs, or 4.2 percent, from a year earlier to a new high of 377,200 jobs, and the sector accounted for nearly 92 percent of job growth in the metropolitan area. Fairview Health Services is the largest healthcare provider in the metropolitan area and is one of the top three employers, with approximately 36,850 employees.

continued on page 3

Total nonfarm payrolls increased in the Minneapolis metropolitan area as of the 3 months ending February 2025, although jobs declined in 7 of the 11 nonfarm payroll sectors.

	3 Months Ending		Year-Over-Year Change	
	February 2024 (Thousands)	February 2025 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,956.8	1,973.4	16.6	0.8
Goods-Producing Sectors	281.1	280.1	-1.0	-0.4
Mining, Logging, & Construction	80.8	80.6	-0.2	-0.2
Manufacturing	200.3	199.5	-0.8	-0.4
Service-Providing Sectors	1,675.7	1,693.2	17.5	1.0
Wholesale & Retail Trade	262.6	261.6	-1.0	-0.4
Transportation & Utilities	84.1	85.0	0.9	1.1
Information	27.8	27.4	-0.4	-1.4
Financial Activities	144.3	142.6	-1.7	-1.2
Professional & Business Services	289.8	285.4	-4.4	-1.5
Education & Health Services	362.0	377.2	15.2	4.2
Leisure & Hospitality	176.2	173.3	-2.9	-1.6
Other Services	75.5	77.5	2.0	2.6
Government	253.5	263.2	9.7	3.8
Unemployment Rate	2.9%	3.1%		

Note: Numbers may not add to totals due to rounding.

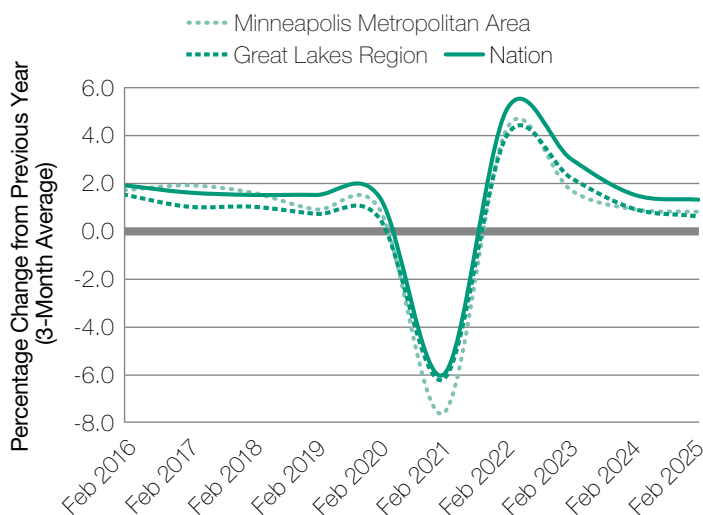
Source: U.S. Bureau of Labor Statistics



continued from page 2

- Notable growth occurred in the government sector, which rose by 9,700 jobs, or 3.8 percent, from a year earlier, to 263,200. Gains of 6,300 and 3,400 jobs occurred in the local and state government subsectors, respectively, whereas jobs in the federal government subsector were relatively unchanged from the previous 12 months.
- Several sectors lost jobs, with the professional and business service sector having the largest decline of 4,400 jobs, or

During the 3 months ending February 2025, nonfarm payrolls grew at a slightly faster rate in the Minneapolis metropolitan area than in the Great Lakes region but lagged behind the national growth rate.



Source: U.S. Bureau of Labor Statistics

1.5 percent, from a year earlier. With 285,400 jobs, the sector is the second largest nonfarm payroll sector in the metropolitan area after the education and health services sector.

The metropolitan area is part of “Medical Alley,” a region that also includes the Rochester and Duluth metropolitan areas in Minnesota. Medical Alley is home to the world’s greatest concentration of health technology companies, including leaders in the medical device, biopharmaceutical, diagnostic, and digital health industries. Companies in these industries typically are categorized within the education and health services sector, which includes healthcare providers; the professional and business services sector, which includes scientific research; or the manufacturing sector, which includes medical device and pharmaceutical production. Since the end of 2020, the three nonfarm payroll sectors have added a combined 49,400 jobs, accounting for 35 percent of all jobs added in the metropolitan area.

Largest Employers in the Minneapolis Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Minnesota	Government	37,100
Fairview Health Services	Education and Health Services	36,850
Target Corporation	Wholesale and Retail Trade	35,000

Note: Excludes local school districts.

Source: Hennepin County, Minnesota

Sales Market Conditions

The sales housing market in the Minneapolis metropolitan area is currently slightly tight, with an estimated vacancy rate of 0.5 percent, down from 0.8 percent in 2020. Home sales price growth accelerated during the past year, and home sales increased, following 2 years of declining sales because of a rapid increase in mortgage interest rates during 2022. During the 12 months ending February 2025, new and existing home sales—including single-family homes, townhomes, and condominiums—totaled approximately 53,850, representing a 4-percent increase from the 51,850 homes sold a year earlier (Zonda). The average home price rose 4 percent to \$439,400 during the 12 months ending February 2025 compared with a 1-percent increase during the previous 12 months. A persistently low supply of homes available for sale supported faster home price growth. The inventory of homes for sale fell to 1.7 months during February 2025 from a 1.8-month supply in February 2024 (Redfin, a national real estate brokerage).

The supply of homes available for sale in the metropolitan area has been below 3 months since 2017.

Mortgage delinquencies declined in the past 4 years and are near historic lows, following a brief spike in 2020, when many homeowners who were unemployed after the outbreak of the pandemic relied on mortgage forbearance. In February 2025, the percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status was 0.8 percent, relatively unchanged from a year earlier (Totality). The current rate is similar to the 0.9-percent rate for Minnesota and less than the 1.1-percent rate for the nation.

As of the 12 months ending February 2025—

- New home sales totaled 6,325, representing an increase of 330 sales, or 6 percent, from the same period a year

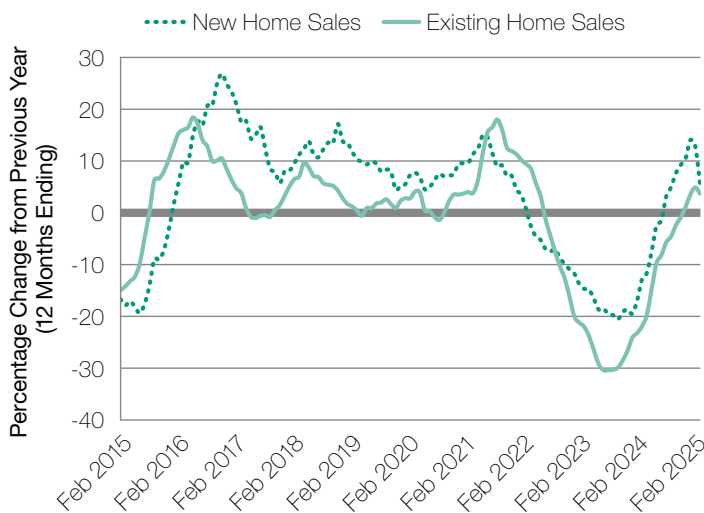
continued on page 4

continued from page 3

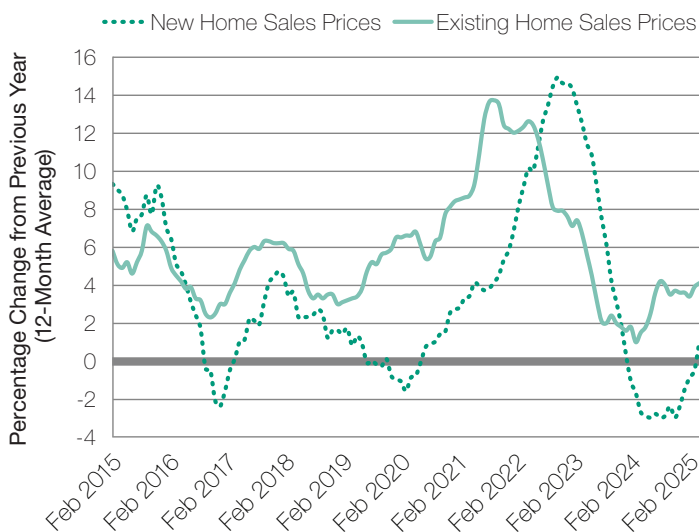
earlier. By comparison, calendar year new home sales in the metropolitan area peaked at 8,150 in 2021, after rising an average of 11 percent annually each year since 2016 and before declining an average of nearly 16 percent a year from 2022 through 2023, when mortgage interest rates increased.

- Existing home sales totaled 47,550, up by 1,700 homes sold, or 4 percent, from the previous 12 months. Existing

Following roughly 2 years of declines, new and existing home sales increased in the Minneapolis metropolitan area during the 12 months ending February 2025.



Both new and existing home sales prices rose during the past year in the Minneapolis metropolitan area.

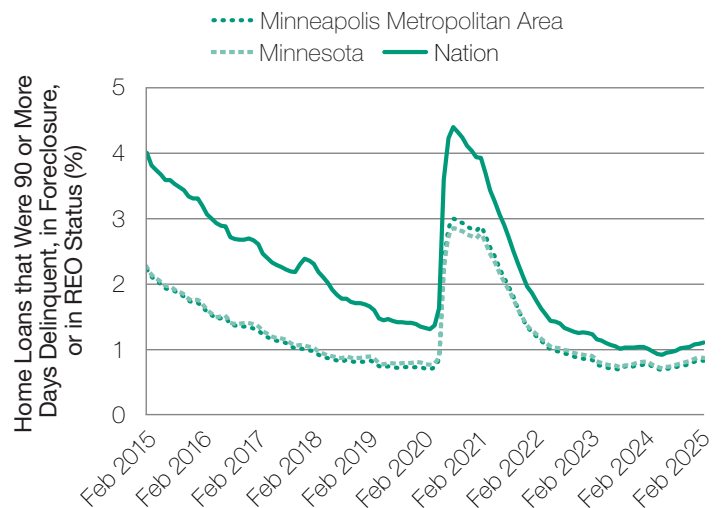


home sales reached a high of 75,850 during 2021, when demand for homes rose during the pandemic, before declining an average of 22 percent a year during 2022 and 2023.

- The average price for a new home rose 1 percent to \$537,600, which followed a 3-percent decline during the previous 12 months. By comparison, new home prices rose an average of 8 percent annually from 2020 through 2022.
 - The average price for an existing home reached a high of \$425,700, representing a 4-percent gain, which followed a 2-percent increase during the 12 months ending February 2024. Prices for existing homes in the metropolitan area grew an average of approximately 5 percent annually from 2016 through 2019, before accelerating to an average annual increase of 9 percent from 2020 through 2022.
- Homebuilding activity, as measured by the number of sales units permitted, increased during the past year. However, the construction of new homes has not kept pace with overall sales demand, contributing to slightly tight market conditions.
- During the 12 months ending February 2025, the number of sales units permitted totaled 9,450 homes, representing an increase of 1,025 homes, or 12 percent, from a year earlier (preliminary data, with adjustments by the analyst).

continued on page 5

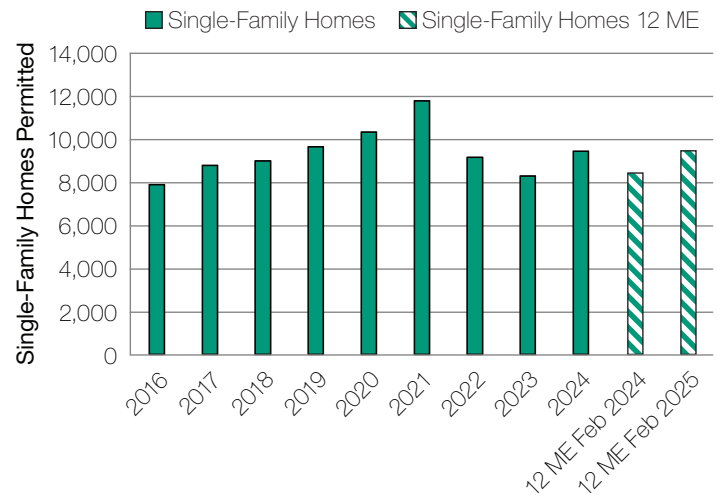
The percentage of home loans in the Minneapolis metropolitan area that were 90 or more days delinquent, in foreclosure, or transitioned to REO status was near historical lows during the past year and below the national rate.



continued from page 4

- Since the recent low of 7,900 homes permitted during 2016, new home construction has risen an average of 8 percent annually to a recent high of 11,800 homes permitted in 2021. Following that peak, construction activity moderated to 9,150 homes permitted in 2022, a decline of 22 percent.
- During the past year, approximately 2,100 homes, or 22 percent of the metropolitan area total, were permitted in Hennepin County, where 34 percent of the metropolitan area population resides.
- In suburban Washington and Dakota Counties, where approximately 20 percent of the total population in the metropolitan area resides, 1,250 and 1,225 homes, respectively, were permitted during the 12 months ending February 2025, accounting for a combined 27 percent of the metropolitan area total.
- Recent developments include the 72-home River's Edge subdivision on the border of Hennepin and Wright Counties. This development offers two- and three-bedroom single-family homes starting at \$380,000. The 41-home Mississippi Landing in Washington County offers three- to five-bedroom single-family homes starting at \$370,000.

Construction of homes for sale in the Minneapolis metropolitan area increased during the 12 months ending February 2025 but was below the recent high during 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2016–23—final data and estimates by the analyst; 2024 and past 24 months of data—preliminary data and estimates by the analyst

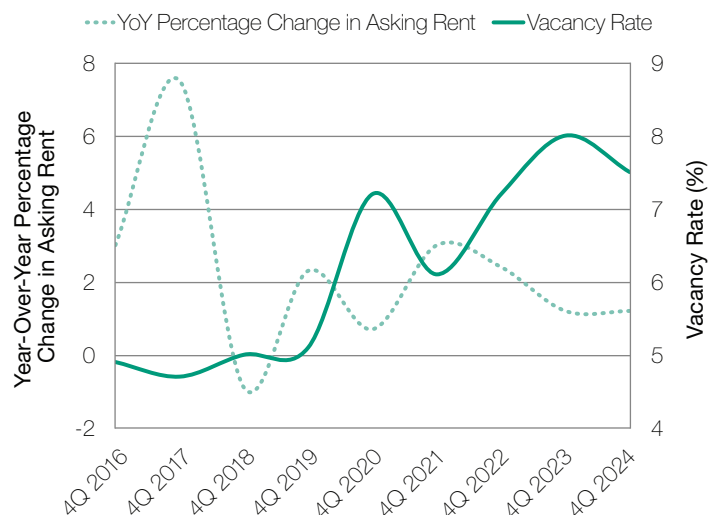
Apartment Market Conditions

Apartment market conditions in the Minneapolis metropolitan area are balanced, with a 7.5-percent vacancy rate as of the fourth quarter of 2024, down from 8.0 percent a year earlier but above the 5.1-percent vacancy rate as of the fourth quarter of 2019, before the pandemic (CoStar Group). The apartment vacancy rate declined during the past year because new apartment completions decreased, whereas absorption rose because of continued net in-migration. Construction, as measured by the number of apartments permitted, rose sharply in 2021 and remained robust in 2022 as builders responded to rent growth and stronger apartment absorption, which averaged 2,475 units a year in 2021 and 2022 compared with an average of 1,175 units absorbed annually in 2019 and 2020. Construction of new apartments slowed during the past year, partly because apartment vacancies rose in 2023 and development costs increased following the rapid rise in interest rates in 2022. Nevertheless, 11,100 units were absorbed in 2024, up 24 percent from the 8,975 units absorbed in 2023.

As of the fourth quarter of 2024—

- The average rent for an apartment was \$1,524, up by \$18, or 1 percent, from the fourth quarter of 2023, matching the rate of growth a year earlier. By comparison, rent growth averaged nearly 3 percent annually from the fourth quarters of 2021 to 2022.

As of the fourth quarter of 2024, apartment rent growth remained steady compared with a year earlier, and the vacancy rate declined from a year ago in the Minneapolis metropolitan area.



4Q = fourth quarter. YoY = year-over-year.

Source: CoStar Group

- Average rents in the metropolitan area were \$1,130, \$1,345, \$1,710, and \$2,243 for studio and one-, two-, and three-bedroom units, respectively.

continued on page 6

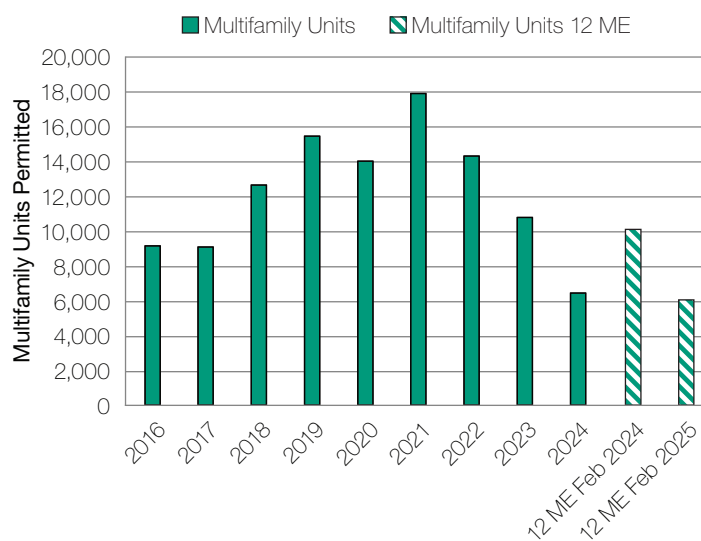
continued from page 5

- Apartment market conditions in the city of Minneapolis were slightly soft but improving, with an 8.0-percent vacancy rate, down from 8.9 percent a year earlier. The average monthly rent in the city was \$1,506, relatively unchanged from the fourth quarter of 2023.
- Apartment market conditions were balanced in the city of St. Paul, with an apartment vacancy rate of 6.7 percent, up from 6.2 percent as of the fourth quarter of 2023. The average monthly rent in the city rose nearly 2 percent from a year earlier to \$1,365.

Construction of new apartments in the metropolitan area, as measured by the number of units permitted, slowed substantially during the past year because builders responded to softening apartment market conditions from 2021 to 2023.

- During the 12 months ending February 2025, approximately 6,025 units were permitted, a 40-percent decline from 10,050 units permitted during the same period a year ago (preliminary data, with adjustments by the analyst).
- From 2016 through 2017, construction activity averaged 9,100 units a year before rising to an average of 14,850 units permitted annually from 2018 through 2022.
- Approximately 5,325 units are under construction in the metropolitan area, with 2,230 units, or 44 percent of the total, in Hennepin County and 1,850 units, or 35 percent, in Ramsey County.
- Recent developments include The Hall Lofts in Minneapolis, a nine-story, 358-unit apartment building with monthly rents

Multifamily construction activity in the Minneapolis metropolitan area declined from a year earlier during the 12 months ending February 2025, continuing the trend that began in 2022.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2016–23—final data and estimates by the analyst; 2024 and past 24 months of data—preliminary data and estimates by the analyst

for studio and one-, two-, and three-bedroom units ranging from \$1,230 to \$4,625. Juliette Apartments, in the city of St. Paul, is a five-story, 113-unit property that opened in 2023, with monthly rents for studio and one- and two-bedroom units ranging from \$1,214 to \$4,295.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The HUD Great Lakes region includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.