

COMPREHENSIVE HOUSING MARKET ANALYSIS

Minneapolis-St. Paul- Bloomington, Minnesota-Wisconsin

**U.S. Department of Housing and Urban Development,
Office of Policy Development and Research**

As of May 1, 2025



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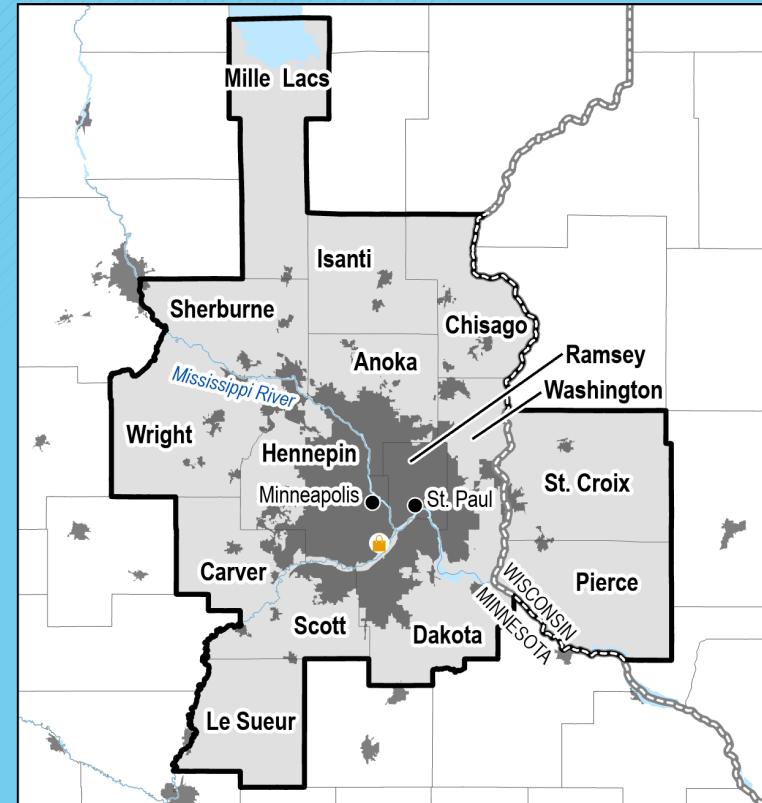


Executive Summary

Housing Market Area Description

The Minneapolis-St. Paul-Bloomington Housing Market Area (hereafter, Minneapolis HMA) is coterminous with the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA). The HMA includes Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Mille Lacs, Ramsey, Scott, Sherburne, Washington, and Wright Counties in Minnesota and Pierce and St. Croix Counties in Wisconsin. Located along the banks of the Mississippi River, the twin cities of Minneapolis and St. Paul are the most populous in the HMA and are the principal cities in Hennepin and Ramsey Counties, respectively.

The current population of the HMA is estimated at 3.85 million.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Stable: During the 12 months ending April 2025, nonfarm payrolls averaged 1.99 million, an increase of 14,900 jobs, or 0.8 percent, from the previous 12 months, slowing from a gain of 1.2 percent a year earlier.

Nonfarm payrolls in the Minneapolis HMA during the past year exceeded the previous high of 1.98 million in 2019, before the downturn caused by the COVID-19 pandemic. Despite the recent gain, nonfarm payrolls rose from a year ago in only 4 of the 11 sectors. The largest gain during the past 12 months occurred in the education and health services sector, which increased by 14,100 jobs, or 3.9 percent. The average unemployment rate in the HMA during the 12 months ending April 2025 was 3.0 percent, up from 2.7 percent a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.9 percent annually.

Sales Market



Slightly Tight: The inventory of homes available for sale in the HMA is low, representing a 2.0-month supply during April 2025, up slightly from a 1.9-month supply a year ago (Redfin, a national real estate brokerage, with adjustments by the analyst).

The sales vacancy rate in the HMA is estimated at 0.5 percent as of May 1, 2025, below the 0.8-percent rate in April 2020, when the sales market was balanced. Home sales market conditions tightened as demand for homes outpaced supply, partly because production of new homes has slowed since the end of 2021. During the 12 months ending April 2025, home sales totaled approximately 53,800, up 2 percent from a year earlier, and the average home sales price rose 4 percent to \$442,800 (Zonda, with adjustments by the analyst). Demand is estimated for 30,450 new homes during the forecast period; a portion of that demand will be met by the 3,350 homes under construction.

Rental Market



Balanced: The estimated rental vacancy rate is 6.6 percent, up from 5.3 percent in April 2020, when rental market conditions were slightly tight.

Apartment market conditions are also balanced. As of the first quarter of 2025, the apartment vacancy rate declined 1.3 percentage points from a year earlier to 7.1 percent, and the average monthly rent increased nearly 2 percent to \$1,527 (CoStar Group). The apartment vacancy rate decrease during the past year was partly due to a decline in the supply of new apartments entering the market. During the forecast period, demand is expected for 32,700 new rental units. The 5,500 units under construction are expected to satisfy a portion of the demand during the first year of the forecast period.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Minneapolis HMA	Total Demand	30,450
	Under Construction	3,350

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2025. The forecast period is May 1, 2025, to May 1, 2028.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

During the past year, nonfarm payrolls in the HMA reached a new high and fully recovered from the significant job losses that occurred during the 2020 pandemic; however, the rate of job growth was slow compared with that of the nation.

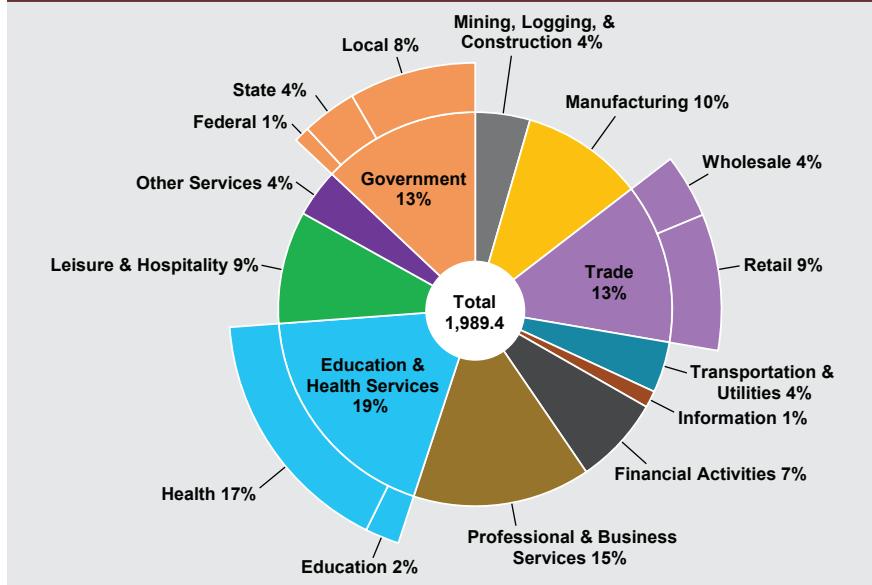
Primary Local Economic Factors

With ample natural resources in surrounding areas, including farmland, forests, and waterways, the local economy developed around the food production industry, including flour milling, and the lumber industry during the 19th century, later growing and diversifying. The education and health services, the professional and business services, and the trade sectors are currently the three largest private nonfarm payroll sectors in the Minneapolis HMA (Figure 1). The HMA economy is one of the largest in the Great Lakes Region by number of jobs, second only to the Chicago-Naperville-Elgin MSA. The HMA includes the headquarters of 15 publicly traded Fortune 500 companies, including UnitedHealth Group Incorporated, Medtronic plc, Target Corporation, 3M Company, Best Buy Co., Inc., and General Mills, Inc. and the largest privately held company in the country, Cargill, Incorporated.

The education and health services sector is the largest nonfarm payroll sector in the HMA, with 373,400 jobs as of the 12 months ending April 2025. The sector gained the most jobs since 2011 by a wide margin (Figure 2), with growth occurring each year except 2020. Fairview Health Services and Allina Health System are major providers of health care and among the top five employers in the HMA, with approximately 36,850 and 29,150 employees, respectively.

The HMA is part of “Medical Alley,” a region that also includes the Rochester and Duluth MSAs in Minnesota. As a research, investment, and product development hub, Medical Alley is home to the greatest concentration of healthtech companies in the world, including leaders in the medical device,

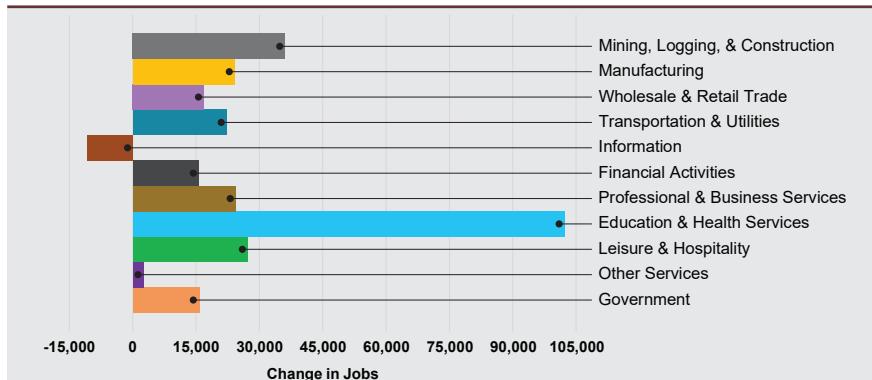
Figure 1. Share of Nonfarm Payroll Jobs in the Minneapolis HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Based on 12-month averages through April 2025.

Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Minneapolis HMA, 2011 to Current



Note: Current data are based on the 12-month averages ending April 2025.
Source: U.S. Bureau of Labor Statistics

biopharmaceutical, diagnostic, and digital health industries. Companies in these industries are typically categorized within three sectors: the education and health services sector, which includes healthcare providers; the professional and business services sector—the second largest nonfarm payroll sector—which includes scientific research; and the manufacturing sector, which includes the production of pharmaceuticals and medical devices. In 2024, Medical Alley included approximately 1,500 companies, up 15 percent from a year earlier, with more than \$1 billion spent on investments and acquisitions statewide (Medical Alley Association).

Medtronic plc is a prominent Medical Alley firm and the largest medical device company in the world. 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). With approximately 56,650 students enrolled at the Twin Cities campus during the fall of 2024, the university has an estimated \$10.2 billion economic impact on the HMA and directly or indirectly supports nearly 78,000 jobs in the HMA as of 2024, including about 27,875 university employees (University of Minnesota). Moreover, the state capital in the city of St. Paul supports a large number of public sector jobs. The State of Minnesota is the largest employer in the HMA,

with approximately 37,100 employees (Table 1). The presence of public sector employers in the HMA helps moderate the impact of business cycle changes in economic conditions.

The wholesale and retail trade sector is the third largest nonfarm payroll sector in the HMA, with 261,400 jobs. Jobs in the sector are partly supported by the Mall of America (MOA), which opened in 1992 in a suburb south of Minneapolis and is the largest single retail and entertainment destination in North America (MOA). The MOA includes 5.6 million square feet of retail space, restaurants, and entertainment venues and features an indoor theme park and the SEA LIFE Minnesota Aquarium. With approximately 11,000 year-round employees, the MOA is a major tourist destination, attracting more than 40 million visitors each year. The mall is estimated to have an annual economic impact of \$2 billion on the HMA (Mall of America).

Current Conditions—Nonfarm Payrolls

Jobs grew at a slow pace in the HMA during the past year as the local economy transitioned from recovery to expansion following the pandemic-related downturn in 2020. Nonfarm payrolls during the 12 months ending April 2025 totaled 1.99 million, representing an increase of 14,900 jobs, or 0.8 percent, from the previous 12 months. By comparison, payrolls grew by 24,100, or 1.2 percent, during the 12 months ending April 2024. Moreover, job growth in the HMA during the past 12 months was slower than the national rate of 1.3 percent. Nonfarm payrolls in the HMA are currently 0.2 percent above the prepandemic high of 1.98 million during 2019. Recovery in the HMA lagged behind that of the nation,

Table 1. Major Employers in the Minneapolis HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Minnesota	Government	37,100
Fairview Health Services	Education & Health Services	36,850
Target Corporation	Wholesale & Retail Trade	35,000
Allina Health System	Education & Health Services	29,150
University of Minnesota	Government	27,875
HealthPartners Inc.	Education & Health Services	26,400
Walmart Inc.	Wholesale & Retail Trade	24,400
U.S. Federal Government	Government	20,800
UnitedHealth Group Incorporated	Financial Activities	19,000
U.S. Bancorp	Financial Activities	13,000

Note: Excludes local school districts.

Source: *Minneapolis/St. Paul Business Journal* Book of Lists

which recovered the number of jobs lost during the 2020 recession in 2022, with payroll levels currently 5 percent above prepandemic levels.

During the 12 months ending April 2025, job gains in the HMA occurred mainly in the education and health services and the government sectors, increasing by 14,100 and 10,100 jobs, or 3.9 and 4.1 percent, respectively (Table 2). Demand for healthcare services from an aging population supported job growth in the education and health services sector. Nearly two-thirds of job growth in the sector occurred in the nursing and residential care facilities and the social assistance industries, which expanded by 5,200 and 3,900 jobs, respectively, during the 12 months ending April 2025. In the government sector, the local and state government subsectors added 6,800 and 3,300 jobs, respectively, during the same period, whereas jobs in the federal government subsector were relatively unchanged.

Overall job gains in the HMA were limited because of declines in 6 of the 11 nonfarm payroll sectors during the 12 months ending April 2025. The professional and business services sector led job losses, with a decrease of 6,700 jobs, or 2.3 percent, to 290,200 jobs. The decline in the sector was mostly due to the loss of 3,700 and 2,700 jobs in the management of companies and enterprises and the administrative and support services industries, respectively. Job losses in the professional and business services sector in

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Minneapolis HMA, by Sector

	12 Months Ending April 2024	12 Months Ending April 2025	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,974.5	1,989.4	14.9	0.8
Goods-Producing Sectors	291.8	289.6	-2.2	-0.8
Mining, Logging, & Construction	89.9	89.4	-0.5	-0.6
Manufacturing	201.9	200.2	-1.7	-0.8
Service-Providing Sectors	1,682.7	1,699.8	17.1	1.0
Wholesale & Retail Trade	262.5	261.4	-1.1	-0.4
Transportation & Utilities	82.0	83.1	1.1	1.3
Information	28.1	27.5	-0.6	-2.1
Financial Activities	145.8	143.5	-2.3	-1.6
Professional & Business Services	296.9	290.2	-6.7	-2.3
Education & Health Services	359.3	373.4	14.1	3.9
Leisure & Hospitality	184.0	184.0	0.0	0.0
Other Services	76.3	78.5	2.2	2.9
Government	247.9	258.1	10.1	4.1

Notes: Based on 12-month averages through April 2024 and April 2025. Numbers may not add to totals due to rounding. Data are in thousands.

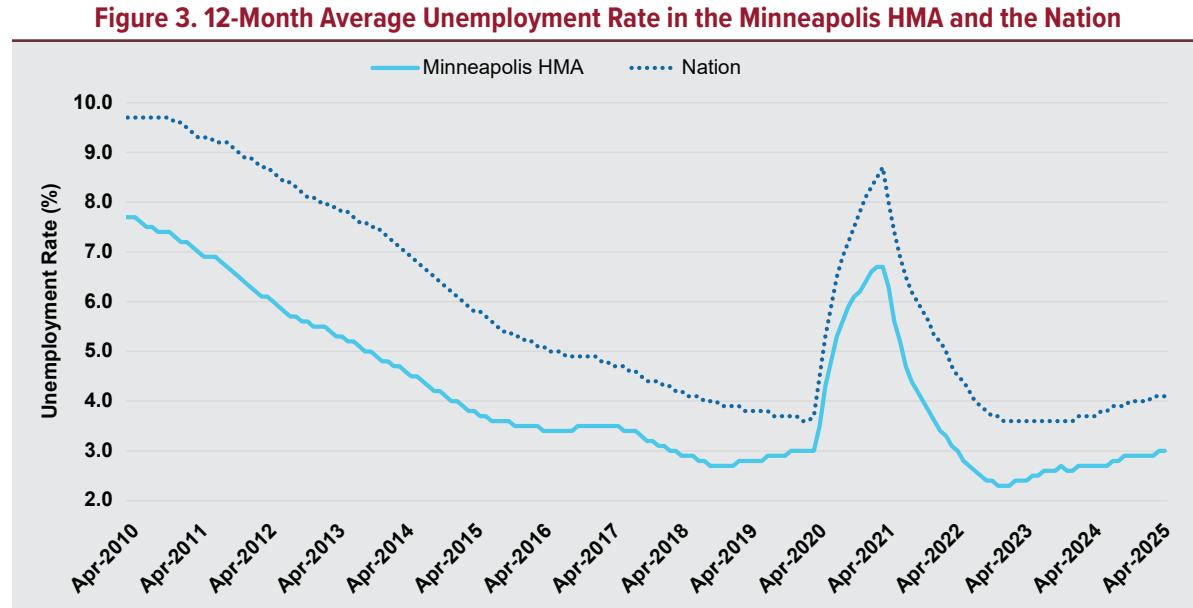
Source: U.S. Bureau of Labor Statistics

the HMA were similar to the national trend of decline but were steeper than in the nation, where payrolls in the sector fell 0.5 percent during the 12 months ending April 2025. The financial activities sector in the HMA decreased by 2,200 jobs, or 6.6 percent, during the past 12 months, to 143,500 jobs. The sector has declined every year since 2020 after jobs in the sector peaked at 155,600 in 2019. Automation within the financial services industry and reduced demand for financial products, including mortgages, due to the rapid increase in interest rates since 2022 have contributed to job losses in the sector.

Current Conditions—Unemployment

The unemployment rate rose slightly during the past year but remains low and currently matches the prepandemic rate in 2019. During the 12 months ending April 2025, the unemployment rate averaged 3.0 percent, up from 2.7 percent a year earlier and 2.4 percent 2 years ago (Figure 3). The unemployment rate in the HMA rose during the past 12 months because the labor force growth of 0.6 percent exceeded the resident employment growth of 0.3 percent. Since 2010, the unemployment rate in the HMA has been

below the national unemployment rate, which averaged 4.1 percent during the 12 months ending April 2025.



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2019—Economic Recovery

In 2011, the economy of the Minneapolis HMA began to recover from the downturn caused by the Great Recession. From 2011 through 2019, nonfarm payrolls rose by an average of 30,200 jobs, or 1.6 percent, annually to 1.98 million (Figure 4). The local economy recovered the number of jobs lost during the recession by 2013, a year earlier than the national economic recovery. Growth occurred in 10 of the 11 nonfarm payroll sectors; however, roughly 80 percent of the job gains in the HMA during the period occurred in the service-providing sectors. From 2011 through 2019, the education and health services sector led job growth in the HMA, expanding by an average

of 8,000 jobs, or 2.6 percent, annually. Other sectors tied to Medical Alley also had strong job growth. The professional and business services and the manufacturing sectors grew by annual averages of 4,900 and 2,700 jobs, or 1.7 and 1.4 percent, respectively.

2020—COVID-19 and the Recession

The outbreak of COVID-19 and subsequent countermeasures to reduce its spread caused the economy to weaken and led to a brief recession with steep job losses. All nonfarm payroll sectors lost jobs during 2020, with an overall decrease of 139,600 jobs, or 7.0 percent, from a year earlier to 1.85 million, the lowest level of nonfarm payrolls since 2014. A decline in travel and temporary closures of restaurants and entertainment venues led to significant losses in

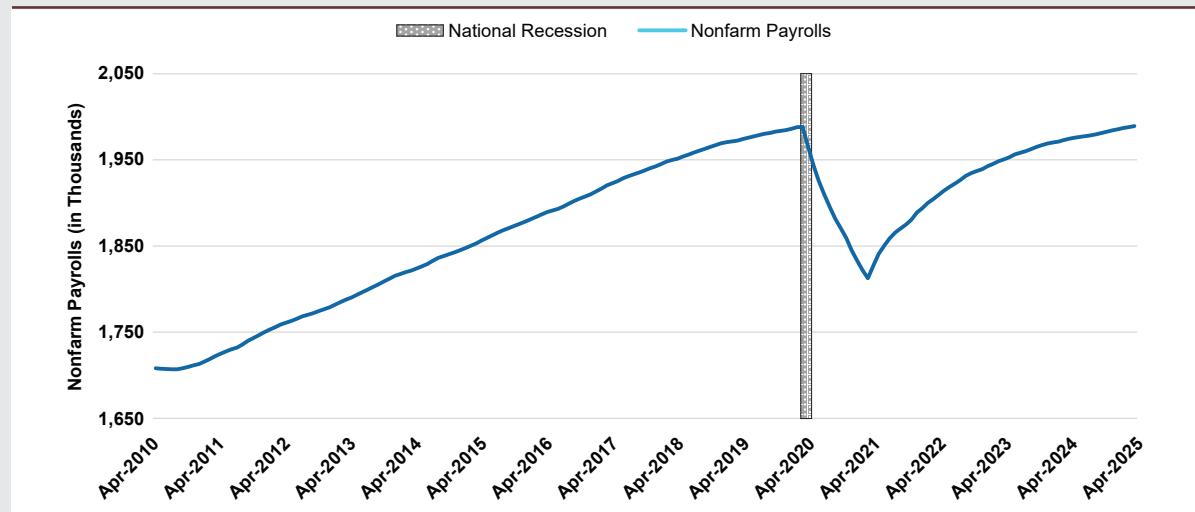


the leisure and hospitality sector, down by 53,800 jobs, or 28.2 percent, and accounting for 39 percent of the job losses in the HMA that year. The downturn ended a decade of growth in the professional and business services and the education and health services sectors, which declined by 18,400 and 14,300 jobs, or 5.9 and 4.2 percent, respectively. In the government sector, a decrease of 10,500 jobs, or 4.2 percent, was largely due to a decline of 9,900 jobs, or 6.1 percent, in the local government subsector. In the goods-producing industries, significant losses occurred in the manufacturing sector, down by 8,000 jobs, or 4.0 percent.

2021 Through 2023—The Start of Recovery

During 2021, the local economy started to recover from the downturn in 2020, with nonfarm payrolls increasing on an annual basis. From 2021 through 2023, nonfarm payrolls in the HMA grew by an average of 40,100 jobs, or 2.1 percent, annually; however, this growth rate was slower than the national average growth rate of 3.1 percent a year. The leisure and hospitality sector rebounded strongly, averaging a gain of 14,800 jobs, or 9.3 percent, annually. A resumption of elective medical procedures and the reopening of schools supported growth in the education and health services sector, and with an average annual gain of 8,500 jobs, or 2.5 percent, the sector recovered the number of jobs lost in 2020

Figure 4. 12-Month Average Nonfarm Payrolls in the Minneapolis HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research.

in 2023 and reached a new high of 354,300 jobs. The manufacturing and the government sectors each added an average of 4,100 jobs, annual increases of 2.1 and 1.7 percent, respectively. The recovery in the professional and business services sector was much more subdued, averaging a gain of 1,500 jobs, or 0.5 percent a year, to 301,200 jobs. At the end of 2023, jobs in the sector were 3 percent below the prepandemic high of 309,900 in 2019.

Forecast

A moderate pace of job growth is expected to continue in the HMA during the forecast period. Nonfarm payrolls during the next 3 years are expected to increase an average of 0.9 percent annually. Both the goods-producing and the service-providing sectors are expected to contribute to payroll growth. States Manufacturing Corporation plans to open a 500,000-square-foot facility by 2027 that will produce custom electrical and metal components in the HMA, creating 340 new jobs. In 2026, Allina Health is expected to complete a \$596 million, 10-story addition to Abbott Northwestern Hospital in Minneapolis. The number of new jobs to be created from the expansion has not been reported. A \$50 million expansion by medical equipment producer Beckman Coulter, Inc. of its facilities in Carver County will contribute an additional 300 jobs.

Population and Households

Current Population: 3.85 million

Since 2020, the population of the Minneapolis HMA has grown at a slower pace compared with the 2010s because a slowdown in net natural increase has outweighed stronger net in-migration.

Population Trends

The population of the HMA as of May 1, 2025, is estimated at 3.85 million, reflecting an average annual gain of 31,850, or 0.8 percent, since 2020. By comparison, the HMA population increased by an average of 35,700, or 1.0 percent, annually from 2010 to 2020, roughly corresponding to the long period of economic growth (U.S. Census Bureau decennial census counts; Table 3). From 2010 to 2020, net natural increase was the main contributor to population growth, averaging 22,200 people annually, whereas net in-migration averaged 13,450 people a year (Minnesota State Demographic Center; Wisconsin Demographic Services Center; estimates by the analyst; Figure 5). COVID-19-related deaths early in the 2020s contributed to slower net natural increase in the HMA in recent years, which modestly slowed the overall population growth rate. Since 2020, net in-migration to the HMA has increased to an average of 18,550 people a year. At the same time, net natural increase has slowed to

an average of 13,300 people annually. The rise in net in-migration to the HMA since 2020 occurred despite job growth that was comparatively slower than that of the nation. The increase in net in-migration was partly due to stronger international net in-migration and to residents moving from more expensive areas in the nation, helped by the availability of remote work after the outbreak of the pandemic.

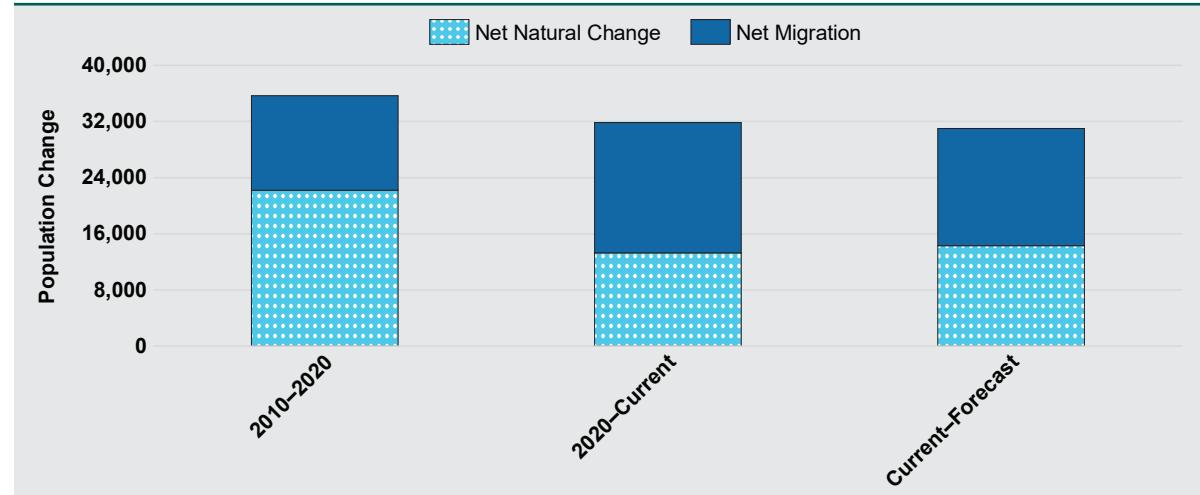
Table 3. Minneapolis HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast	
	Population	3,690,261	3,852,000	3,945,000
	Average Annual Change	35,700	31,850	31,000
	Percentage Change	1.0	0.8	0.8
Household Quick Facts	2020	Current	Forecast	
	Households	1,434,315	1,539,900	1,592,000
	Average Annual Change	14,050	20,800	17,400
	Percentage Change	1.0	1.4	1.1

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (May 1, 2025) to May 1, 2028.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Minneapolis HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (May 1, 2025) to May 1, 2028.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



Migration Trends

Approximately 5,150 residents relocated to the HMA from the Chicago-Naperville-Elgin MSA from 2016 to 2020 (U.S. Census Bureau Metro-to-Metro Migration Flows; American Community Survey [ACS] 5-year data; Table 4). People relocating from other MSAs in Minnesota, with some seeking economic opportunities in the HMA, accounted for 25 percent of the total domestic net in-migration. In aggregate, however, more people relocated from the HMA to the nearby St. Cloud, Duluth, and Mankato MSAs than from those areas, partly because those areas have lower housing costs. International net in-migration of approximately 17,750 people generally offset domestic net out-migration from 2016 to 2020.

Population by Geography

Hennepin and Ramsey Counties are the most populous counties in the HMA, with estimated populations of 1.30 million and 553,400, respectively, which, combined, account for 48 percent of the total HMA population. The populations of Hennepin and Ramsey Counties rose at average rates of 1.1 and 0.9 percent, respectively, during the 2010s, but their populations have been relatively unchanged since 2020, largely because of population declines in their central cities. As of July 1, 2023, the populations of the cities of Minneapolis and St. Paul were estimated at 433,600 and

Table 4. Metro-to-Metro Migration Flows in the Minneapolis HMA, 2016–20

Into the HMA	
Chicago-Naperville-Elgin, IL-IN-WI	5,150
St. Cloud, MN	4,125
Duluth, MN-WI	3,575
Mankato, MN	3,125
Rochester, MN	2,800
Out of the HMA	
Duluth, MN-WI	6,100
St. Cloud, MN	5,425
Phoenix-Mesa-Chandler, AZ	3,400
Mankato, MN	3,150
Chicago-Naperville-Elgin, IL-IN-WI	3,075

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

311,000, down nearly 1 and 2 percent, respectively, from 435,900 and 315,900 in 2019 (Minnesota State Demographic Center). Net out-migration from the densely populated twin cities, partly to purchase generally less expensive homes in suburbs; a slowdown in international net in-migration following the outbreak of the pandemic; and concerns about public safety following civil unrest in the city of Minneapolis in 2020 contributed to the population declines in the central cities. Moreover, commuting within the HMA has become easier because of the additions of new transportation lines and extensions of Metro Transit light rail and bus rapid transit lines, connecting downtown Minneapolis and downtown St. Paul to other neighborhoods and the suburbs.

Since 2020, the population in the remaining counties in the HMA has grown, with the largest average annual gain of 9,800, or 2.1 percent, in Wright County, where the population reached 151,150 as of July 1, 2023 (Map 1). By comparison, the population of the county rose an average of 1.3 percent a year from 2010 to 2020. In nine other counties, the population growth exceeded the average annual growth rate for the HMA since 2020. Anoka County is the most populous of the suburban counties in the HMA, with an estimated population of 371,300, representing an average gain of 7,375, or 0.6 percent, annually from 2020 to 2023, slower than the average increase of 1.0 percent a year during the 2010s.



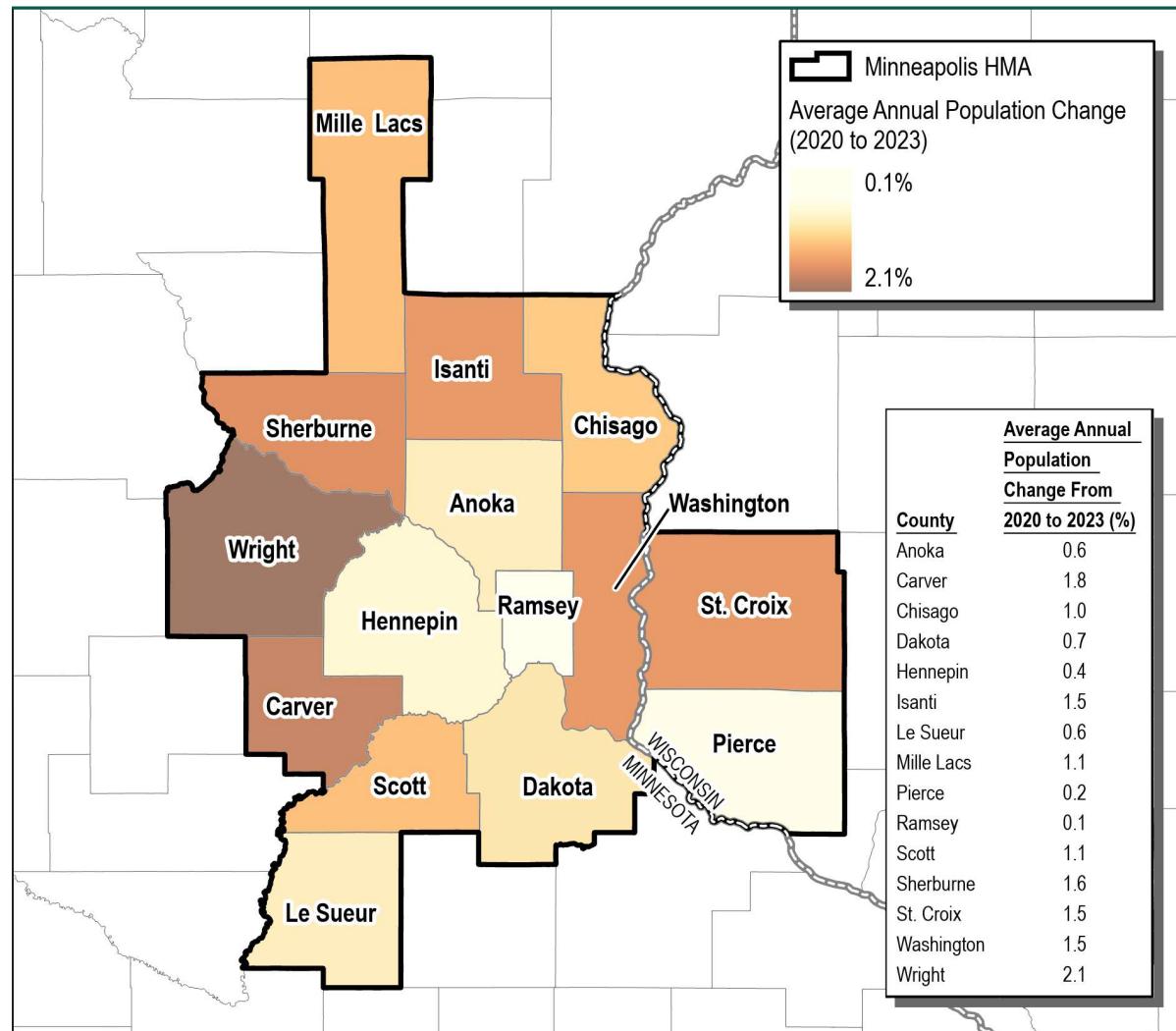
Age Cohort Trends

The population in the HMA is slightly younger than in the nation overall, partly because of international net in-migration that includes young adults and children. In 2023, 38.3 years was the median age in the HMA, compared with a median age of 39.2 years nationally (ACS 1-year data). The largest cohort of residents, those aged 20 to 44, represented 34 percent of the population in 2023, declining slightly from 35 percent in 2010. Similarly, the cohort of those aged 19 years and younger declined to 25 percent of the HMA population compared with nearly 28 percent in 2010, and the cohort of those aged 45 to 64 fell from 27 percent in 2010 to approximately 25 percent in 2023. As people in the HMA grew older, the cohort of those aged 65 years and older was the only cohort to increase, accounting for 16 percent of the HMA population in 2023 and up from 11 percent in 2010 (Figure 6). However, the share of the population aged 65 and older in the HMA was lower than the 18-percent share in the nation in 2023.

Household Trends

In contrast to the slowdown in population growth in the HMA since 2020, household growth accelerated. Demand for living space increased rapidly following the onset of the pandemic, as many households shifted leisure and work activities to their private residences. In addition,

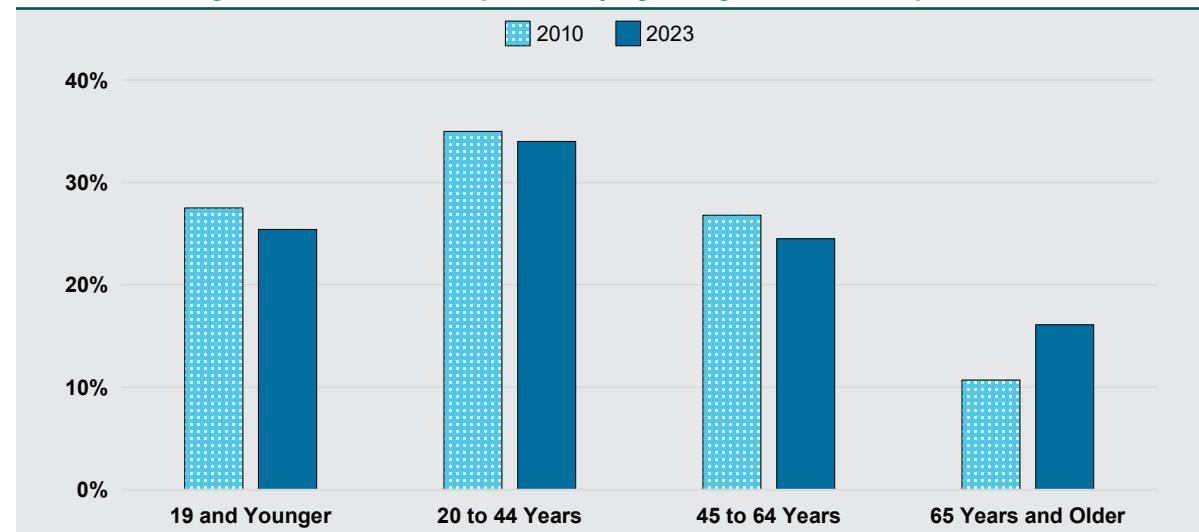
Map 1. Average Annual Population Growth Rate by County in the Minneapolis HMA, 2020 to 2023



Sources: Minnesota State Demographic Center; Wisconsin Demographic Services Center

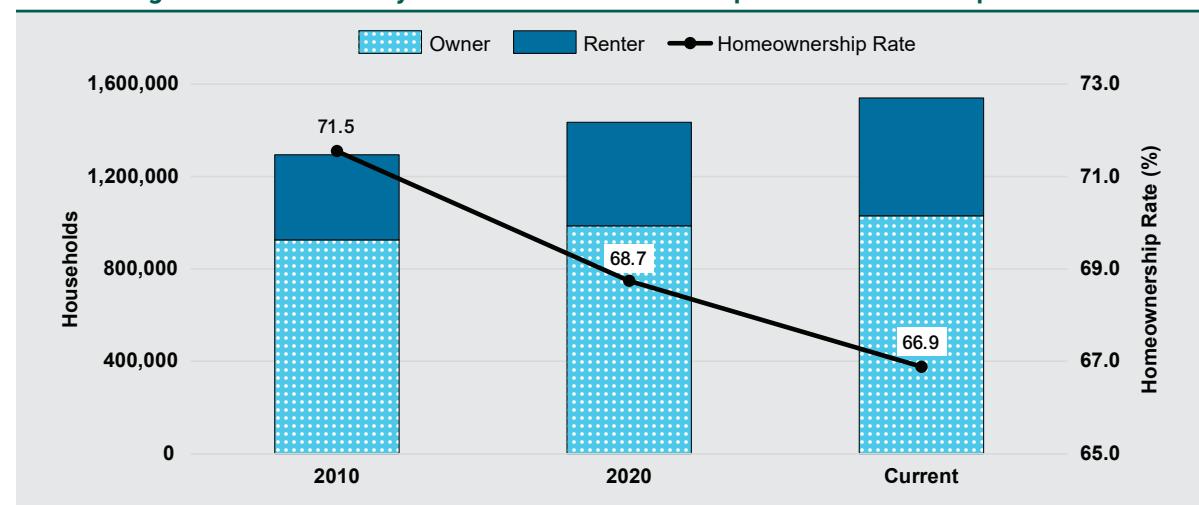
many individuals in multiperson households dispersed and formed separate households. Relatively affordable rental housing and government stimulus payments encouraged household formation. Moreover, low mortgage interest rates early in the 2020s temporarily boosted home sales demand. As of May 1, 2025, the number of households in the HMA is estimated at 1.54 million, an average increase of 20,800 households, or 1.4 percent, annually since 2020. By comparison, from 2010 to 2020, household growth in the HMA averaged 14,050 households, or 1.0 percent, annually. Approximately 51 percent of the HMA total, or 791,500 households, reside in the central Hennepin and Ramsey Counties. Household growth occurred in all areas of the HMA but was slower in Hennepin and Ramsey Counties because of weak population growth. In these counties combined, households have grown an average of 1.2 percent a year since 2020, compared with an average annual growth rate of 1.7 percent in the remaining suburban counties. The homeownership rate in the HMA is currently estimated at 66.9 percent, down from 68.7 percent in 2020 and below 71.5 percent in 2010 (Figure 7). Since 2022, substantial increases in mortgage interest rates and rising home sales prices have made homebuying less affordable to households in the HMA.

Figure 6. Share of the Population by Age Range in the Minneapolis HMA



Source: 2010 and 2023 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the Minneapolis HMA



Note: The current date is May 1, 2025.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, the population and number of households in the HMA are expected to grow by averages of 31,000 and 17,400 a year, or 0.8 and 1.1 percent, respectively. Net in-migration is expected to decline modestly and account for about 54 percent of population growth. Although this decline will also contribute to a slower overall rate of household growth compared with the period since 2020, household growth is expected to continue to outpace population growth. Slower household growth will continue in Hennepin and Ramsey Counties compared with the remaining suburban counties. The increases in renter and owner households in the HMA are expected to be roughly similar.

Home Sales Market

Market Conditions: Slightly Tight

Steady demand for homes, a limited supply of existing homes for sale, and a slowdown in production of new homes for sale since the end of 2021 have contributed to slightly tight market conditions in the Minneapolis HMA.

Current Conditions

Sales housing market conditions in the HMA are slightly tight. The estimated sales vacancy rate is 0.5 percent (Table 5), down from 0.8 percent in April 2020, when conditions were also slightly tight, and the rate is substantially down from 1.9 percent in April 2010, when conditions were slightly soft. Despite increases in mortgage interest rates, sales demand is strong, supported by increased net in-migration. A low inventory of homes available for sale has also contributed to price growth. The inventory is low partly because many owners are reluctant to sell their homes if a subsequent purchase would require financing at a higher mortgage rate. Nationwide, the rate for a 30-year fixed-rate mortgage averaged 6.7 percent during the 12 months ending April 2025, slightly less than 7.0 percent a year earlier but well above the average of 3.0 percent during the 12 months ending April 2021 (Freddie Mac). The 2.0-month supply of homes available for sale in the HMA during April 2025 is low—similar to the 1.9-month supply a year earlier and below

Home Sales Quick Facts

Table 5. Home Sales Quick Facts in the Minneapolis HMA

	Minneapolis HMA	Nation
Vacancy Rate	0.5%	NA
Months of Inventory	2.0	3.2
Total Home Sales	53,800	4,822,000
1-Year Change	2%	-3%
New Home Sales Price	\$540,400	\$512,900
1-Year Change	1%	1%
Existing Home Sales Price	\$429,400	\$478,900
1-Year Change	4%	6%
Mortgage Delinquency Rate	0.8%	1.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2025; and months of inventory and mortgage delinquency data are as of April 2025. The current date is May 1, 2025.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate—Cotality; home sales and prices—Zonda

the 3.6-month supply in April 2019, before the pandemic (Redfin, a national real estate brokerage, with adjustments by the analyst). Home sales in the HMA rose during the past 12 months, supported by strong demand despite the rising costs of purchasing a home.

Current Home Sales and Prices

During the 12 months ending April 2025, new and existing home sales rose by 890, or 2 percent, from a year earlier to 53,800 homes sold (Zonda, with adjustment by the analyst). The increase followed a year-over-year decline of 8,600, or 14 percent, during the 12 months ending April 2024 (Figure 8). The number of homes sold in the HMA during the past year was 36 percent below the recent high of 84,000 home sales during the 12 months ending December 2022. During the 12 months ending April 2025, existing home sales increased nearly 2 percent to 47,600, and new home sales rose 3 percent to 6,200 homes sold.

The average price for new and existing homes in the HMA increased by \$16,800, or 4 percent, during the 12 months ending April 2025 to a high of \$442,800, following a 2-percent gain during the same period a year earlier. Existing home prices rose 4 percent to \$429,400, whereas the average price for new homes was \$540,400, up 1 percent from a year earlier. During the past year, existing homes priced from \$200,000 to \$399,999 represented the largest share of sales, accounting for 50 percent of all existing



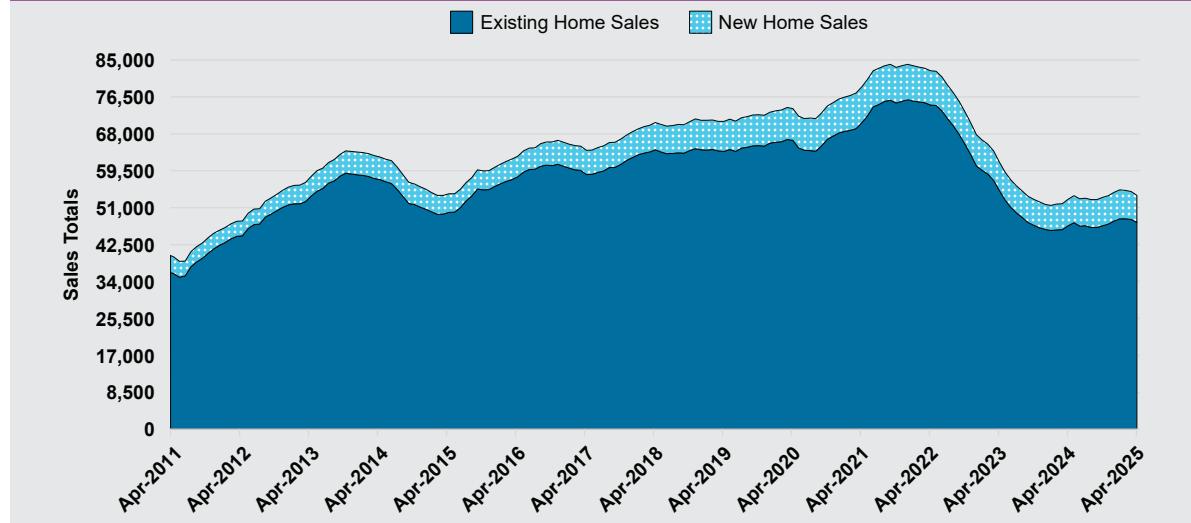
homes sold, whereas new homes priced from \$400,000 to \$599,999 accounted for 43 percent of all new home sales (Figure 9).

Home Sales Trends

Early in the 2010s, the housing market began to recover from the housing crisis and the recession of the late 2000s. Home sales in the HMA totaled 39,200 during 2010 and, by 2013, rose to 63,800 homes sold, representing an average increase of 18 percent annually. Home sales briefly decreased, falling 13 percent during 2014; however, continued economic growth supported strengthening demand, and home sales rose an average of 5 percent annually from 2015 through 2020. After the onset of the pandemic, demand for homes rose sharply during 2021, partly because low mortgage interest rates made homebuying more attainable. Home sales increased 11 percent to a peak of 84,000 but fell sharply during the next 2 years when mortgage interest rates rose rapidly, with declines of 22 percent a year to a recent annual low of 51,750 homes sold during 2023.

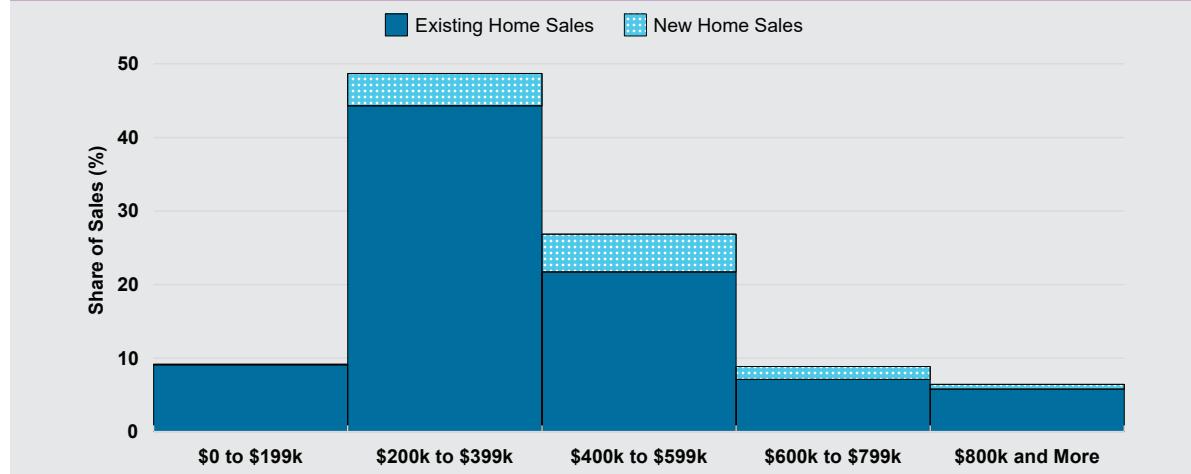
During the past 12 months, new home sales accounted for 12 percent of all homes sold in the HMA. By comparison, new home sales represented 8 percent of total homes sold from 2011 through 2017. The share increased to 10 percent of total home sales from 2018 through 2023, reflecting increased demand for new homes, partly because of a decline in the inventory of existing homes available for sale.

Figure 8. 12-Month Home Sales Totals by Type in the Minneapolis HMA



Source: Zonda, with adjustments by the analyst

Figure 9. Share of Overall Home Sales by Price Range During the 12 Months Ending April 2025 in the Minneapolis HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.

Source: Zonda



Home Sale Price Trends

In the early 2010s, during the recovery from the housing crisis, home prices increased an average of 1 percent annually, from \$225,600 in 2010 to \$231,500 in 2012. With strengthening home sales demand, however, price growth from 2013 through 2019 strengthened to an average of 5 percent a year, to \$320,300. With increased demand for larger homes following the outbreak of the pandemic, home price growth in the HMA accelerated to an average of 9 percent annually from 2020 through 2022 but then slowed to a gain of 1 percent during 2023 as demand subsided after interest rates increased.

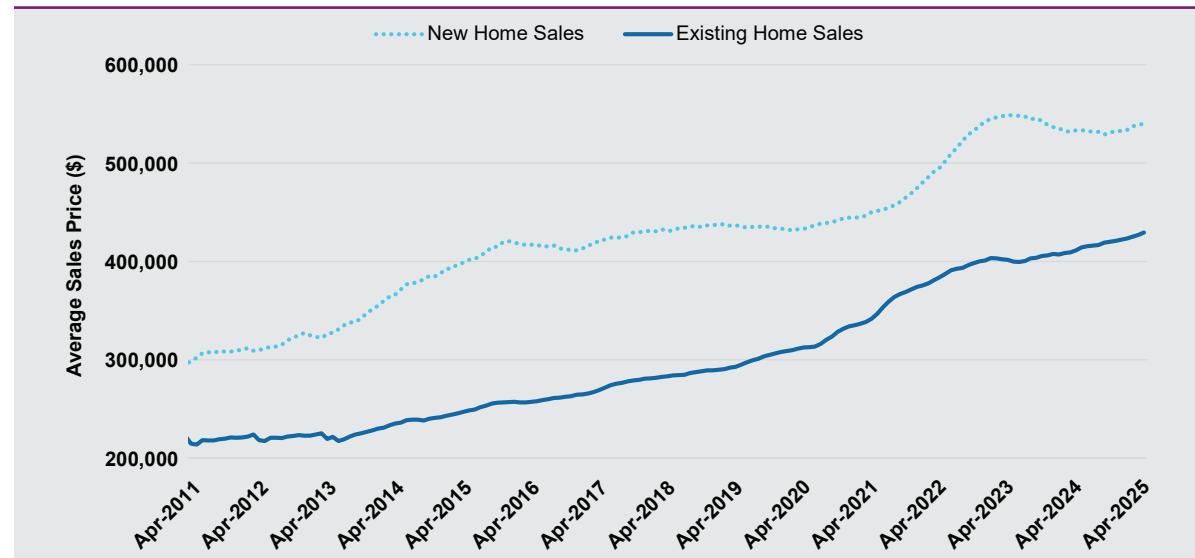
The average price of a new home during the past 12 months, \$540,400, was 26 percent higher than the \$429,400 average price of an existing home. By comparison, during 2011, the \$309,400 average price of a new home was 40 percent higher than the \$220,700 existing home price, and from 2012 through 2015, new home prices rose faster than prices for existing homes, partly because of rising construction costs, including higher labor and material costs. During 2015, the average new home price of \$420,650 was 64 percent higher than the average existing home price of \$256,900. The difference between the average prices of new and existing homes subsequently narrowed because a diminishing supply of for-sale housing supported

comparatively stronger price increases of existing homes. Figure 10 shows the average prices of new and existing homes in the HMA since April 2011.

Distressed Sales and Delinquent Mortgages

Distressed sales in the HMA have decreased substantially since the early 2010s. The sharp rise in mortgage delinquencies and foreclosures following the housing crisis led to an increase in distressed home sales, which averaged 12,800 a year from 2011 through 2013 and represented 23 percent of all home sales in the HMA (Zonda, with adjustments by the analyst). From 2014 through 2022, distressed home sales declined an average of 26 percent a year when housing market conditions improved and because of tighter lending standards in the aftermath of the housing market downturn. Since 2022, distressed home sales decreased at a slower average rate of 8 percent a year and reached a low of 710 homes sold during the 12 months ending April 2025, accounting for less than 2 percent of total home sales.

Figure 10. 12-Month Average Home Sales Price by Type of Sale in the Minneapolis HMA



Source: Zonda, with adjustments by the analyst



The low inventory of distressed properties available for sale during the past year, caused by a continued decline in seriously delinquent mortgages, contributed to a sharp increase in distressed home prices. The average price of a distressed home during the 12 months ending April 2025 was \$325,400, representing a 12-percent increase from a year earlier, following a decline of 2 percent during the previous 12 months. By comparison, from 2014 through 2022, the average distressed home price in the HMA rose 7 percent annually.

As of April 2025, 0.8 percent of home loans in the HMA were seriously delinquent or had transitioned into real estate owned (REO) status, up slightly from 0.7 percent a year earlier (Cotality). The rate fell steadily from 6.3 percent in January 2010 to 0.7 percent in April 2020. The rate rose briefly to 3.0 percent in August 2020, after the onset of the pandemic, because of job losses and an increase in reliance on mortgage forbearance, but it has declined since. The rate of seriously delinquent mortgages and REO properties in the HMA is slightly lower than the 1.0-percent rate for the nation.

Sales Construction

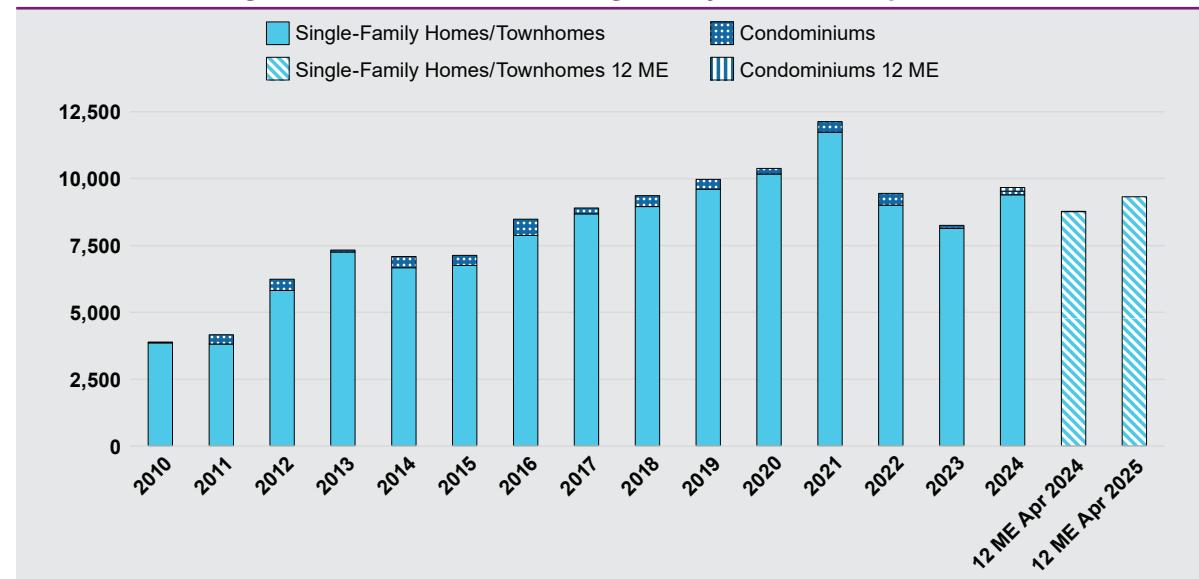
Home sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted (building permits)—rose during the past year following 2 years of declining home production. During the 12 months ending April 2025, approximately 9,325 homes were permitted, representing a

5-percent increase from the 8,900 homes permitted a year earlier (preliminary data, with adjustments by the analyst; Figure 11). By comparison, permitting averaged 4,025 homes annually during 2010 and 2011. Construction activity rose an average of 11 percent annually to 12,150 homes permitted during 2021 because of improved economic conditions and increased demand for new homes, particularly after the outbreak of the pandemic. From 2022 through 2023, new home construction activity decreased an average of 18 percent annually after rapidly rising mortgage interest rates reduced demand. The number of sales units permitted has exceeded new home sales during most years since 2010. Many new homes sold directly by home builders are not reported on multiple-listing services and are excluded from new home sales totals. In addition, many custom-built homes, which require a building permit, are not counted in new home sales.

Construction by County

Suburban homes are often large, and an increased consumer preference for more living space since 2020, following the outbreak of the pandemic, contributed to a notable increase in the construction of for-sale homes in the suburban counties adjacent to the central Hennepin and Ramsey Counties,

Figure 11. Annual Sales Permitting Activity in the Minneapolis HMA



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–24—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

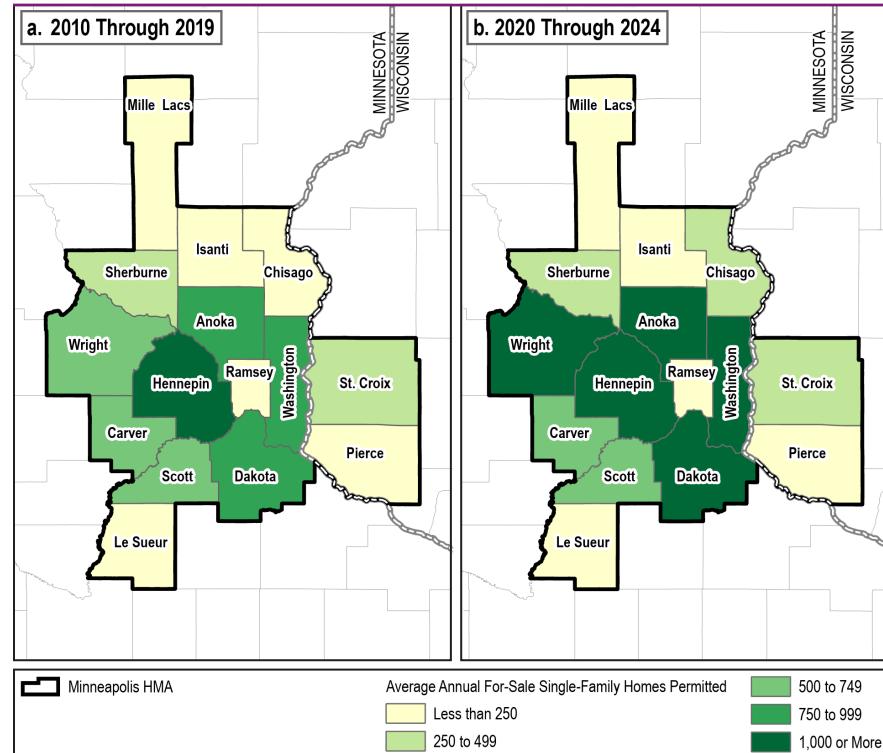
although a significant share of the construction continued to occur in Hennepin County. An average of 1,550 homes were permitted annually in Hennepin County from 2010 through 2019 (Map 2a). Permitting in the county increased 23 percent, to an average of 1,900 homes a year from 2020 through 2024 (Map 2b). From 2020 through 2024, permitting in Anoka, Dakota, Washington, and Wright Counties each averaged more than 1,000 single-family homes a year, representing increases ranging from 30 percent in Anoka County to 105 percent in Wright County, when compared with average annual construction levels during the 2010s. Permitting in Ramsey County was very limited, however, because much of the county is built out. Hennepin and Ramsey Counties combined accounted for nearly 22 percent of homes permitted in the HMA from 2020 through 2024, declining from 25 percent during the 2010s, whereas permitting in Anoka, Dakota, Washington, and Wright Counties accounted for 50 percent of the HMA total from 2020 through 2024, up from 43 percent from 2010 through 2019.

Recent developments include the 72-home River's Edge subdivision on the border of Hennepin and Wright Counties. The development offers two- and three-bedroom single-family homes starting at \$380,000. Seven new homes and five home sites are currently available for sale. The 41-home Mississippi Landing in Washington County offers three- to five-bedroom single-family homes starting at \$370,000. Nine homes at the subdivision are currently available for sale.

Forecast

During the 3-year forecast period, demand is estimated for 30,450 new homes in the HMA (Table 6). The 3,350 units under construction are expected to meet a portion of the demand during the first year of the forecast period. New home demand is expected to increase gradually each year of the forecast period because of continued employment growth and net in-migration. Demand for new homes in the HMA is expected to be strongest in Hennepin, Wright, and Anoka Counties.

Map 2. Average Annual For-Sale Homes Permitted, 2010–19 and 2020–24



Source: U.S. Department of Housing and Urban Development; State of Cities Data Systems

Table 6. Demand for New Sales Units in the Minneapolis HMA During the Forecast Period

Sales Units	
Demand	30,450 Units
Under Construction	3,350 Units

Note: The forecast period is May 1, 2025, to May 1, 2028.

Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

Construction of new rental units in the Minneapolis HMA fell during the past 12 months to the lowest level since 2012.

Current Conditions and Recent Trends

Rental market conditions in the HMA are balanced. The current rental vacancy rate is estimated at 6.6 percent, up from 5.3 percent in April 2020 (Table 7). Rental unit permitting, which is primarily for apartments, increased from the late 2010s through the early 2020s but has moderated substantially during the past 24 months. Since 2020, the supply of new rental units that entered the market has mostly kept pace with rising demand, despite accelerated household growth. After a large number of new units were completed beginning in 2020, conditions in the apartment market in the HMA softened.

Table 7. Rental and Apartment Market Quick Facts in the Minneapolis HMA

Rental Market Quick Facts	2020 (%)	Current (%)	
	Rental Vacancy Rate	5.3	6.6
	2021 (%)	2023 (%)	
Occupied Rental Units by Structure			
Single-Family Attached & Detached	17	15	
Multifamily (2–4 Units)	11	11	
Multifamily (5+ Units)	71	73	
Other (Including Mobile Homes)	0	0	
Apartment Market Quick Facts	1Q 2025	YoY Change	
	Apartment Vacancy Rate (%)	7.1	-1.3
	Average Rent	\$1,527	2%
	Studio	\$1,145	1%
	One-Bedroom	\$1,364	2%
	Two-Bedroom	\$1,742	2%
	Three-Bedroom	\$2,248	1%

1Q = first quarter. YoY = year-over-year.

Notes: The current date is May 1, 2025. Percentages may not add to 100 due to rounding.

Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

The market shifted to balanced conditions during the past 12 months, however, largely because of continued growth in demand supported by net in-migration. Approximately 53 percent of all rental units in the HMA are in larger multifamily structures with 20 units or more, typically apartments, whereas only 26 percent of all renter households nationally live in such structures.

Single-family homes account for 15 percent of all occupied rental units in the HMA, compared with 31 percent nationally. Professionally managed, single-family homes represent a small portion of the overall rental market. The market for single-family rental units is tight in the HMA, and the vacancy rate among single-family homes has been at or below 2 percent since late 2020 (Cotability). As of April 2025, the median monthly rent for a three-bedroom, professionally managed, single-family home in the HMA was \$2,235, representing an increase of 1 percent from a year earlier. By comparison, the median monthly rent rose an average of 6 percent a year from 2020 to 2024.

Apartment Market Conditions

The apartment market in the HMA is currently balanced, and the apartment vacancy rate was 7.1 percent as of the first quarter of 2025, down from the recent high of 8.4 percent a year earlier, when conditions were slightly soft (CoStar Group; Figure 12). The number of new rental units entering the market decreased in the past year, contributing to the decline in the apartment vacancy rate. By comparison, the national apartment vacancy rate as of the first quarter of 2025 was 8.2 percent, a recent high and above the 7.9-percent rate during the first quarter of 2024. Significant new apartment construction in some markets contributed to the recent high apartment vacancy rates nationally. From 2010 to 2019, comparatively strong growth in renter households bolstered demand, leading to balanced apartment market conditions in the HMA, with the first quarter apartment vacancy rate declining from 6.2 to 4.7 percent. Early in the 2020s, apartment market conditions were balanced; the apartment vacancy rate rose to 6.9 percent as of the first quarter of 2021 but moderated to 6.0 percent as of the first quarter of 2022. Apartment market conditions started to ease, however, because an



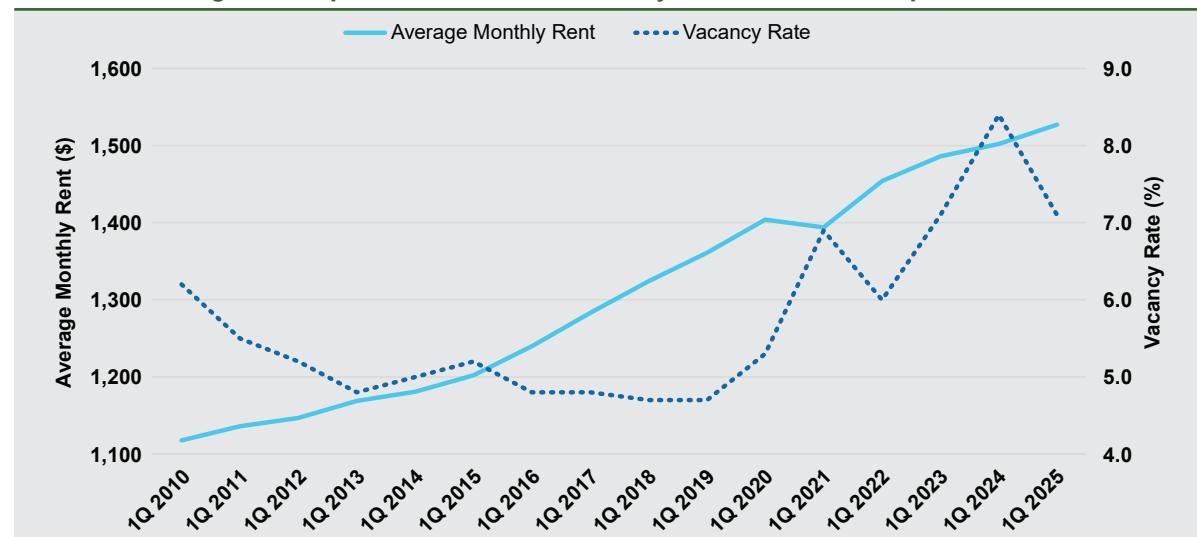
increase in apartment completions contributed to rising vacancy rates, which peaked as of the first quarter of 2024.

The average monthly apartment rent was \$1,527 as of the first quarter of 2025, representing an increase of less than 2 percent from a year earlier. Rent growth in the HMA has generally been slow and stable since 2010. The average rent in the HMA increased every year from 2011 through 2020, averaging a gain of slightly more than 2 percent annually. Rents declined less than 1 percent in 2021, but from the first quarter of 2022 through the first quarter of 2024, rent growth averaged nearly 3 percent annually. As of the first quarter of 2025, the average monthly rents for studios and one-bedroom apartments rose 1 and 2 percent from a year earlier to \$1,145 and \$1,364, respectively, and rents for two- and three-bedroom apartments rose 2 and 1 percent year over year to \$1,742 and \$2,246, respectively.

Market Conditions by Geography

As of the first quarter of 2025, apartment vacancy rates in the 37 CoStar Group-defined market areas in the HMA ranged from 2.6 percent in the Pierce Far Eastern Suburbs market area, where conditions were tight, to 15.9 percent in the Scott Far Western Suburbs market area, where conditions were soft. Apartment vacancy rates fell from the same quarter a year earlier in 27 of the 37 market

Figure 12. Apartment Rents and Vacancy Rates in the Minneapolis HMA



1Q = first quarter.

Source: CoStar Group

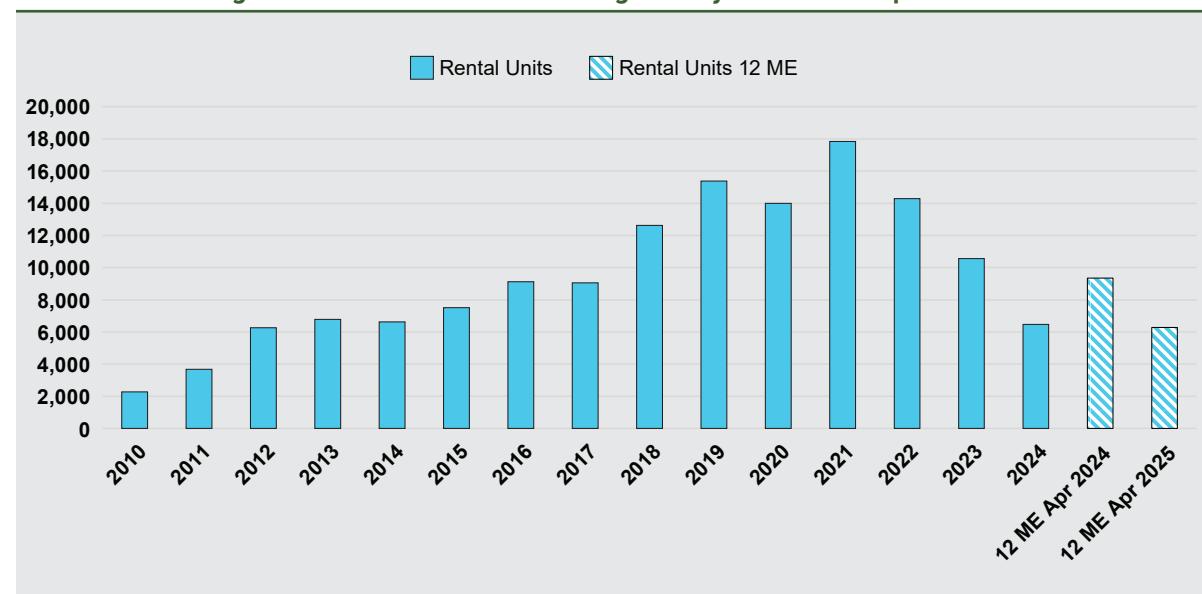
areas, with the largest declines in the Carver County and Anoka Northern Suburbs market areas, where rates decreased by 9.2 and 8.4 percentage points to 10.8 and 4.5 percent, respectively, and average monthly rents rose 1 and 4 percent, respectively. The slowdown in deliveries of new apartment units contributed to the declines in apartment vacancies. During the past year, 230 units were completed in the Carver County market area, down from 770 units a year earlier, and no units were completed in the Anoka Northern Suburbs market area, compared with 150 units a year earlier. The average rents rose in 33 of the 37 market areas in the HMA. As of the first quarter of 2025, the strongest year-over-year rent increases—4 percent each—occurred in the Dayton/Champlin/Brooklyn Park, the Anoka Northern Suburbs, and the Chisago Outlying Northern Suburbs market areas. Apartment market conditions in those market areas were generally tight, with vacancy rates below 4.5 percent each. During the same period, rents in the North Minneapolis and the Downtown St. Paul market areas were unchanged from a year earlier at \$1,506 and \$1,604, respectively, and in the Wright Far Western Suburbs and the West Side market areas, average rents fell 1 and 5 percent to \$1,443 and \$1,359, respectively. As of the first quarter of 2025, average apartment rents among the 37 CoStar Group-defined market areas ranged from \$1,061 in the Pierce Far Eastern Suburbs market area to \$2,537 in the West St. Paul market area.



Rental Construction

Rental building activity, as measured by the number of rental units permitted, declined during the 12 months ending April 2025 and was substantially lower than the recent high in 2021 (Figure 13). When apartment vacancies increased after 2022, developers slowed new apartment production. The slowdown allowed the excess supply of vacant apartment units to be absorbed. In addition, builders responded to a rent control ordinance that went into effect in the city of St. Paul in 2022 that capped annual rent increases at 3 percent for all units. The ordinance was later amended to exempt units built since 2004. During the 12 months ending April 2025, approximately 6,275 rental units were permitted in the HMA (preliminary data and estimates by the analyst), down by nearly 3,075 units, or more than 33 percent, from rental permitting during the same period a year earlier. Early in the 2010s, new rental production was very low, averaging 2,975 units permitted annually during 2010 and 2011, when the local economy was recovering following the Great Recession. With improving economic conditions, permitting rose to an average of 6,800 units permitted annually from 2012 through 2015. Responding to stronger demand from the growing population, rental permitting increased to average 9,100 units annually during 2016 and 2017 before accelerating to an average of 14,800 permits

Figure 13. Annual Rental Permitting Activity in the Minneapolis HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–24—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

issued annually during a 5-year period from 2018 through 2022. This increase in rental permitting in the HMA led to the recent uptick in apartment vacancy rates when the units entered the market, contributing to the current decline in rental production in the HMA.

Approximately 49 percent of apartment units constructed in the HMA since 2020 have been in Hennepin County, with robust building activity in the Uptown neighborhood in southwestern Minneapolis and the North Loop and the Warehouse District northwest of downtown Minneapolis. Recent developments include the Hall Lofts in Minneapolis, a nine-story, 358-unit apartment building that opened in August 2024, with monthly rents for studio and one-, two-, and three-bedroom units ranging from \$1,230 to \$4,625. The Article No. 7 apartment development in the city of North St. Paul is a four-story, 82-unit property that opened in early 2025, with monthly rents for one- and two-bedroom units ranging from \$1,900 to \$2,250.

Forecast

During the 3-year forecast period, demand is estimated for 32,700 additional rental units in the HMA (Table 8). Demand for new rental units is expected to gradually increase each year, partly because the recent amendments to exclude newly constructed units from the rent control ordinances are expected to take effect. The current supply of units under construction in the HMA, estimated at 5,500, will meet a portion of expected rental demand during the first year of the forecast period. Demand for new apartments is expected to be strongest in Hennepin and Ramsey Counties, which account for 44 and 24 percent, respectively, of all units under construction in the HMA.

Table 8. Demand for New Rental Units in the Minneapolis HMA During the Forecast Period

Rental Units	
Demand	32,700 Units
Under Construction	5,500 Units

Note: The forecast period is May 1, 2025, to May 1, 2028.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes regular resales and REO sales.
Forecast Period	05/01/2025–5/01/2028—Estimates by the analyst.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Great Lakes Region	Includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.



Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated July 21, 2023.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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