

Minnesota
Market Reports

For Experts
and Enthusiasts

Twin Cities

411

Multifamily



1st SELECT

Q1 2025

INTRODUCTION

If you were mildly conscious in Q1 2025, you've likely noticed the country's administration transfer has sparked divisive responses across the country. How you interpret the results may depend entirely on your media feed. But while national politics continue to dominate headlines, we're not here to give political wisdom. Our focus here is firmly local and we're talking real estate.

A lot happened in Q1. Two major reports dropped in the past month—both years in the making and backed by industry task forces of 30+ members. They examine the state of Minnesota's multifamily housing sector, and both paint a sobering picture.

The Reports:

1. *Task Force on the Long-Term Sustainability of Affordable Housing* commissioned by the Minnesota Legislature
2. *Distressed Property Data Project* commissioned by the Family Housing Fund and Greater Minnesota Housing Fund

Key findings include:

- “Property distress has been driven by a wide range of societal and macroeconomic factors beyond the control of operators... eviction moratoria, bad debt, inflation, rising wages, pandemic isolation, increased drug use, post-George Floyd unrest, and labor market instability.”
- “Insurance premiums increased by 70% to 370% above inflation between 2018 and 2023 statewide.”
- “Average cash flow declined \$1,875 per unit from 2018 to 2023, resulting in cash flow \$1,226 per unit below breakeven.”
- “Interest rates for FHA-insured affordable loans rose nearly 2 points from 2021 to 2023, cutting mortgage proceeds by 19%.”

For many of us in the industry, these findings confirm what we've long observed firsthand. While it's encouraging to see these realities formally recognized, will policymakers translate this data into meaningful action?

Only time can tell.

Meanwhile, regulatory changes continue to ripple across the Twin Cities:

- St. Paul is on the verge of passing a new “SAFE” tenant protection act after a judge deemed their last attempt unlawful.
- Minneapolis is exploring rent control, perhaps inspired by St. Paul's cautionary tale.
- St. Louis Park extended its pre-eviction notice period from 14 to 30 days likely due to the state legislature passing the exact same 14-day requirement.

So, is the outlook all doom and gloom?
Not at all.

In fact, I'm cautiously optimistic. Here's why:

- Many owners are overleveraged and unable to refinance—creating buying opportunities at 20–30% below recent highs.
- New construction is dead in St. Paul and is slowing statewide, which will likely drive improved occupancy and rental growth in 2025 and 2026.
- With credible task force data now available, there's a chance that the government may finally ease up.
- And perhaps best of all, we're seeing a shift away from some of the more counterproductive narratives around property and safety that we've seen in recent years.

As Warren Buffett wisely said: “Be fearful when others are greedy, and greedy when others are fearful.” Right now, fear reigns.

We believe the current moment, however challenging it may be, offers real opportunity for those who stay informed and act decisively.

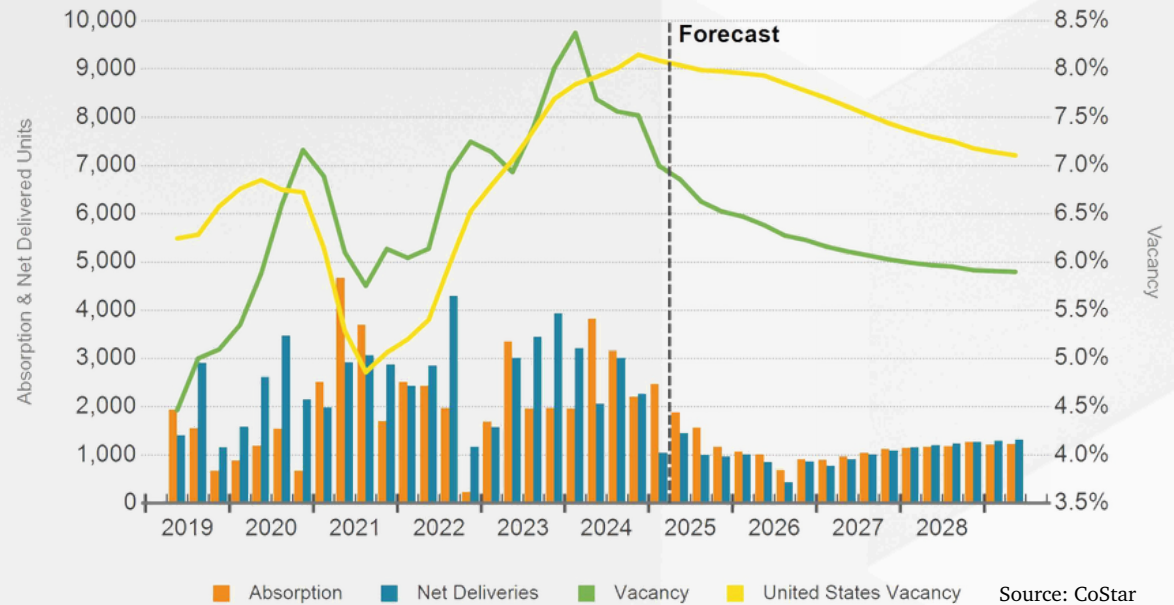
Here at 1st Select our mission is “We help owners succeed so communities prosper.” If you are thinking of buying or selling, please call for a free consultation. Or if you're one of the many owners struggling to manage in this anti-housing-provider environment, we're here for you. Our Management and Maintenance team is fantastic. We'd love to free you from the day-to-day property management grind. Let us be your partner in success.

Rent & Vacancy

2025 Q1 Metrics:

- **Vacancy Rate: 5.1%**
*for 10-100 unit class B & C buildings
- **Rent per Unit: \$1,267**
*for 10-100 unit class B & C buildings

ABSORPTION, NET DELIVERIES & VACANCY



4 & 5 Star	3 Star	1 & 2 Star	Market
\$1,885	\$1,520	\$1,171	\$1,543

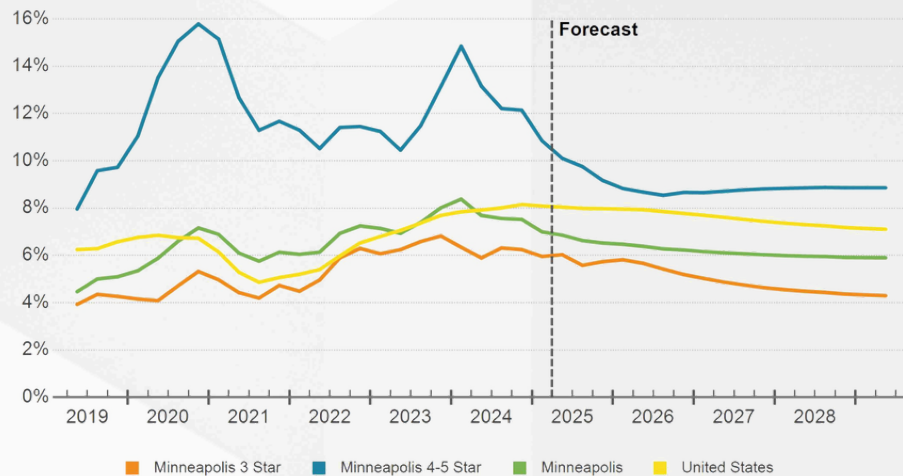
Source: CoStar

4 & 5 Star	3 Star	1 & 2 Star	Market
10.8%	5.9%	4.6%	7.0%

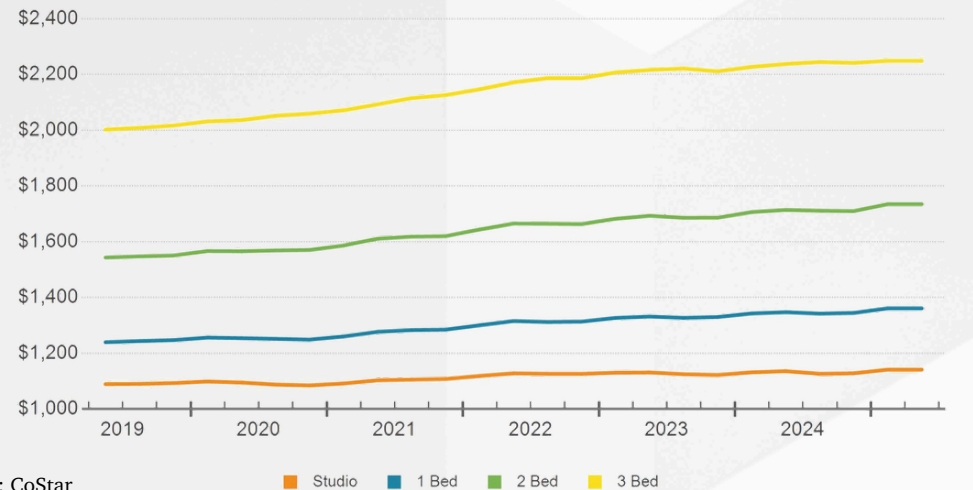
Source: CoStar

Rent & Vacancy

VACANCY RATE for all building sizes and classes



MARKET RENT PER UNIT BY BEDROOM for all building sizes and classes



Source: CoStar

Source: CoStar

Studio	1 Bedroom	2 Bedroom	3 Bedroom
\$953	\$1,127	\$1,408	\$1,667

Source: CoStar

**Average Rent for 10-100
Unit Class B or C Buildings**

Sales Volume

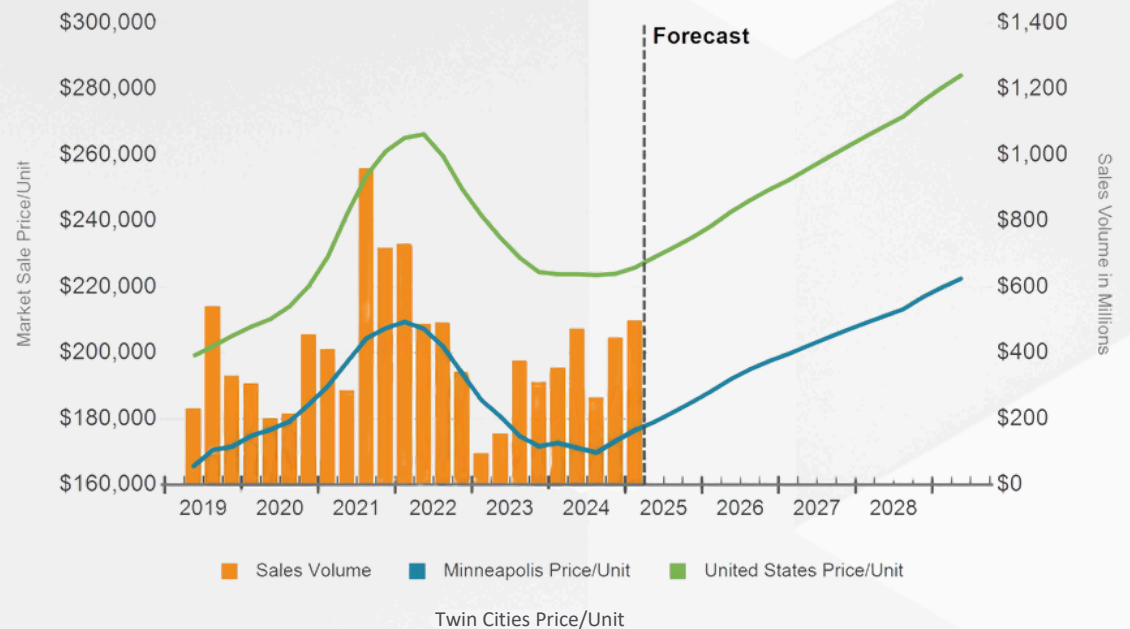
2025 Q1 for 10-100 Unit Class B & C Buildings in the Twin Cities

Sales Volume	\$120M	▲ +33%
Properties Sold	28	▼ -3.5%
Avg. Price/Unit	\$138,072	▲ +29%
Months to Sale	13.8	▲ +76%
Avg. Cap Rate	7.4%	▲ +17%
Avg. Vacancy at Sale	3.3%	● 3.3%

^^^
compared
to Q1 2024

Sales Volume & Market Sale Price Per Unit

for all Q1 2025 multifamily transactions



Source: CoStar

Q1 Sales

Building Address	City	Class	Built	Units	Price/Unit
5010 W Old Shakopee Rd	Bloomington	B	1986	10	\$150,000
411 Dayton Rd	Champlin	C	1971	96	\$94,792
3826 Stinson Blvd NE	Columbia Hts	C	1964	17	\$94,368
9900 Bluebird St NW	Coon Rapids	C	1972	60	\$121,667
805 School St NW	Elk River	B	1970	12	\$144,118
1105 Lions Park Dr	Elk River	C	1995	68	\$100,000
816-848 12th St SW	Forest Lake	C	1979	42	\$129,881
450 Brad St	Hamburg	C	1970	12	\$86,631
10213-10253 34th St W	Hopkins	C	1966	40	\$97,600
2205 Bryant Ave S	Minneapolis	C	1956	13	\$95,082
2517 Golden Valley Rd	Minneapolis	C	1929	35	Portfolio Sale Total: \$1.75M
2601 Golden Valley Rd	Minneapolis	C	1928		
1900 Thomas Av	Minneapolis	C	1928		

Building Address	City	Class	Built	Units	Price/Unit
2641 Girard Ave S	Minneapolis	C	1910	11	\$128,091
112-114 E Lake St	Minneapolis	C	2022	13	\$188,462
2528 17th Ave S	Minneapolis	C	1963	10	\$60,000
3848 Cedar Ave S	Minneapolis	C	1929	10	\$94,000
5308-5380 Raymond Ave	Mounds View	C	1965	20	\$136,250
751 1st Ave NW	New Brighton	C	1964	72	\$105,556
5892-5896 Elm St	North Branch	C	1978	14	\$75,714
1343 Gentry Ave N	Oakdale	C	1980	42	\$276,548
7088 11th St N	Oakdale	C	2014	65	\$292,308
7232 Portland Ave	Richfield	C	1963	68	\$91,176
1456 Magnolia Ave E	Saint Paul	C	1970	35	\$51,688
1831 Portland Ave	Saint Paul	C	1926	10	\$120,000
2450 Island Dr	Spring Park	C	1974	81	\$203,704
1451 Greeley St	Stillwater	C	1979	40	\$113,750

Our Listings

620 S 9th ST
Minneapolis



Year Built	1886
Units	3
Listed at	\$899,000

2515 Birchview LN
Minnetonka



UNDER CONTRACT

Year Built	1983
Units	2
Listed at	\$350,000

3803 Brookdale CIR N
Brooklyn Park




UNDER CONTRACT


Year Built	1983
Type	Townhome
Listed at	\$250,000

Sold Listings

	SOLD by John Stiles
5749 33rd AVE S Minneapolis	March, 2025

	SOLD by John Stiles
358 1st AVE S South Saint Paul	February, 2025

	SOLD by John Stiles
5737 33rd AVE S Wenonah	December, 2024

	SOLD by Brian Leneweaver
30528 Revere AVE Shafer	February, 2025

	SOLD by Brian Leneweaver
6407 Fawn LN Circle Pines	January, 2025

The 1st Select Difference

Brokerage

This is where it all starts. With a commitment to personalized service and deep understanding of local markets, we navigate your real estate journey with precision and professionalism.

We offer unparalleled expertise in:

- Investment Analysis
- Buying
- Selling
- Leasing

Property Management

We know the journey doesn't end after a purchase. Turning your investment into a long-term success has just begun.

Our team of agents, managers, and back of house experts manage your property as if it was their own. Whether it's multifamily or commercial, stop spending time making calls and worrying about the details, let us do it instead.

Property Maintenance

Our facility team boasts over 100 years of combined experience, ensuring top-tier expertise in:

- General Maintenance
- HVAC Repairs & Maintenance
- Painting & Unit Turns
- Remodeling & Repairs
- Custodial Services

Plus, our **24/7 emergency service** guarantees peace of mind when you need it most. Experience the 1st Select difference.

For more: www.1stSelect.net

Our Team



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About Us



John Stiles

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Meet Your Agent

John's journey started with a bad experience as a tenant, inspiring him to become a better landlord.

In 2010, he earned his MN real estate license and joined a property management company. After four years, he shifted focus to helping people buy and sell properties.

In 2017, John joined Bridge Realty, bringing value to multifamily investors.

He founded the Twin Cities Multifamily team in 2021 and joined 1st Select in 2024 to specialize in the multifamily industry.