Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	37,580
UNITS DELIVERED	29,950

MARKET FUNDAMENTALS

VACANCY RATE	5.9%
YEAR-OVER-YEAR CHANGE	+20bps
ASKING RENTS	$1,573
YEAR-OVER-YEAR CHANGE	0.8%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$188,400

MIDWEST MULTIFAMILY

Q4 2025

MARKET INSIGHTS

Transaction activity accelerates in 2025

HIGHLIGHTS

- Multifamily operating conditions in the Midwest softened in the fourth quarter, with the vacancy rate climbing while asking rents ticked lower. There were just under 30,000 units delivered in 2025, while roughly 37,600 units remain under construction.
- Vacancy conditions fluctuated throughout the year. During the fourth quarter, the vacancy rate increased 40 basis points to 5.9%. Year over year, vacancy rose by just 20 basis points.
- Rent growth in the Midwest was uneven throughout the year. During the fourth quarter, asking rents declined 1.3%. Despite recent softness, rents were up 0.8% year over year, reaching $1,573 per month.
- The Midwest multifamily investment market improved in 2025, with transaction activity increasing and prices rising. During the past year, the region-wide median price reached $188,400 per unit, up 34% from 2024. Cap rates averaged 5.7%, down 20 basis points from 2024.

MIDWEST MULTIFAMILY MARKET OVERVIEW

Although rents and vacancy conditions softened in the closing months of the year, annual trends in the Midwest multifamily market were favorable. Vacancy conditions were split across the region, with half of the markets recording improvements. A significant rise in vacancy in Omaha weighed on the regional average despite being the smallest market in the region. When excluding Omaha, year-end regional vacancy is nearly even with 2024. Rental trends varied as well, with three markets recording rent improvements in the fourth quarter, led by Minneapolis-St. Paul with a 0.6% increase. Year over year, rents climbed in every individual market within the Midwest. New construction in the region declined 22% overall in 2025. Omaha was the exception, posting an increase in completions and reaching the highest multifamily delivery levels in more than 20 years. This surge in new units contributed to the sharp rise in vacancy in the market.

The past year was a particularly strong one for multifamily investment sales in the Midwest. The total transaction count in 2025 was up 21% from the previous year, with nearly all individual markets posting annual increases in activity. Minneapolis-St. Paul stood out with a 45% increase in total sales from 2024 to 2025, following its position as the most active Midwest market last year. Pricing increased considerably, with the median sale price rising by more than 30% in 2025 to $188,400 per unit. Across individual markets, only Chicago and Milwaukee recorded annual price decreases, though the difference in Chicago was minimal. In Indianapolis, St. Louis, and Minneapolis-St. Paul, there was an annual increase of approximately 60% for per-unit pricing in each market. The average cap rate in the Midwest remained at 5.7%, in line with the earlier months of the year. Compared with 2024, cap rates declined by roughly 20 basis points. The decrease was driven by Minneapolis-St. Paul, while most other markets saw little to no annual change.

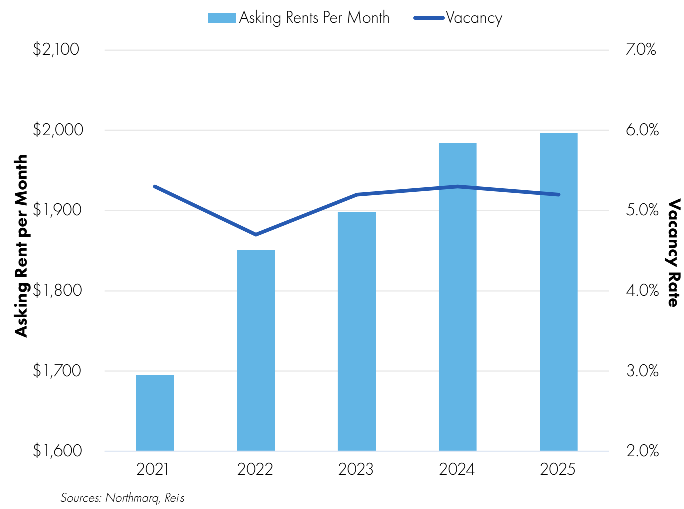
CHICAGO

CONSTRUCTION | VACANCY | RENTS

- Multifamily construction in Chicago slowed in 2025, with roughly 4,000 units delivered for the full year, down 43% from the prior year. Projects totaling 7,600 units are currently under construction in the market.
- The vacancy rate went unchanged after improving during the opening months of the year, remaining at 5.2%. Year over year, the vacancy rate decreased by 10 basis points.
- Asking rents in Chicago decreased 0.7% during the fourth quarter, ending the year at $1,997 per month. Despite the recent dip, asking rents increased by 0.7% since the end of 2024.
- **FORECAST:** Development is expected to remain modest, though it should rise from the 2025 lows, with 4,500 units projected to be completed in 2026. The vacancy rate is expected to improve in 2026, decreasing by 20 basis points to 5.0%, while asking rents climb to roughly $2,035 per month.

Asking rents increased by 0.7% since the end of 2024.

VACANCY & RENT TRENDS

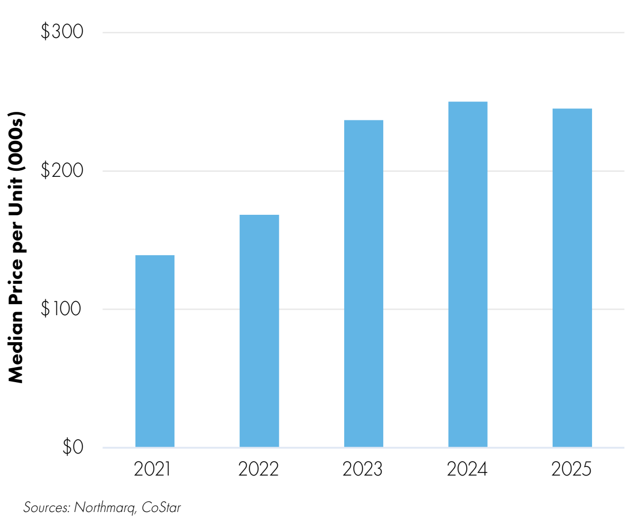


MULTIFAMILY SALES

In 2025, the median sale price was $245,200 per unit.

- Multifamily sales activity accelerated during the past year, with the transaction count in 2025 rising 32% compared to 2024. This increase pushed the total number of deals in the past year to within 5% of the trailing 10-year average.
- Median multifamily pricing in Chicago edged slightly downwards, although several submarkets and asset classes still posted gains. In 2025, the median sale price was $245,200 per unit, a 2% decline from the previous year.
- Cap rates held within a consistent range throughout 2025, continuing to average between 5.5% and 6.0%. This was in line with 2024 and approximately 25 to 50 basis points higher than the average recorded in 2023.

SALES TRENDS

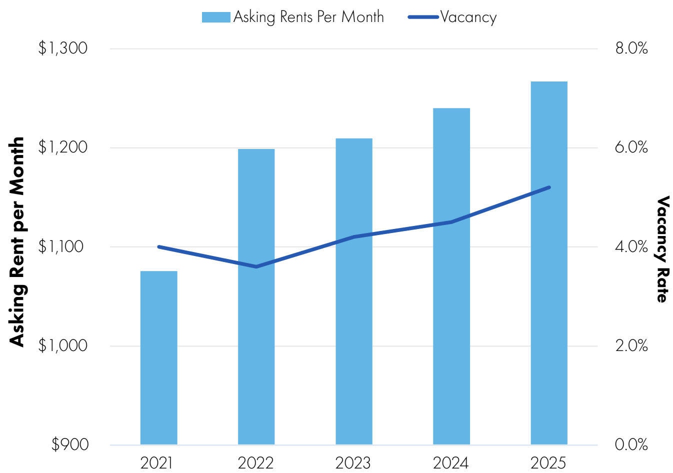


CINCINNATI

CONSTRUCTION | VACANCY | RENTS

In 2025, asking rents rose 2.2% to $1,267 per month.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

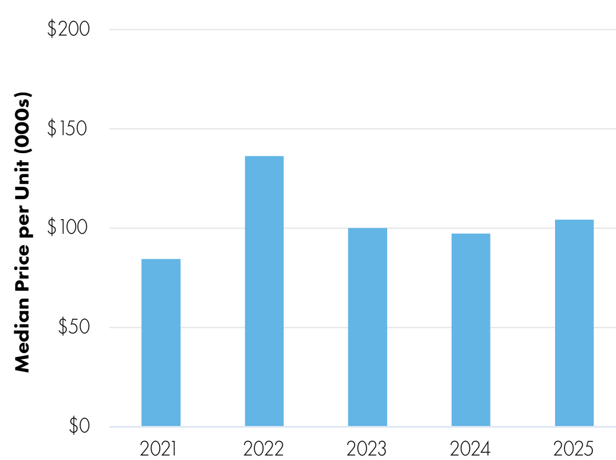
- Multifamily deliveries in Cincinnati slowed in 2025 with approximately 3,300 units completed, down 13% from 2024. There are projects totaling roughly 4,300 units currently under construction.
- The vacancy rate jumped 50 basis points in the fourth quarter, after recording lighter increases in earlier quarters. Year over year, the vacancy increased by 70 basis points to 5.2%.
- Cincinnati asking rents inched lower by 0.2% during the fourth quarter, though increases from earlier in the year kept annual rent growth positive. In 2025, asking rents rose 2.2% to $1,267 per month.
- **FORECAST:** Completions are projected to continue to decline in 2026, with approximately 2,700 units slated for delivery, down 18% from 2025. As completions slow, vacancy increases should remain limited, with vacancy forecast to rise 50 basis points to 5.7% by year-end. Rent growth is expected to remain positive as operators prioritize maintaining occupancy, with rents forecast to rise 2.0% in 2026 to roughly $1,290 per month.

MULTIFAMILY SALES

The median sale price rose 7% year over year.

- The pace of multifamily sales in Cincinnati continued to accelerate throughout the fourth quarter, pushing yearly activity significantly higher than in the previous year. In 2025 there were roughly twice as many multifamily sales as in 2024.
- Pricing rose alongside activity in recent periods. The median sale price rose 7% year over year to $104,300 per unit. This is still down 24% from peak pricing recorded in 2022.
- Cap rates in 2025 remained within the same range as they did in 2024. In 2025, the average cap rate was between 6.5% and 7.0%. In 2022 and 2023, cap rates in Cincinnati were generally within the 5.5% to 6.0% range.

SALES TRENDS



Sources: Northmarq, CoStar

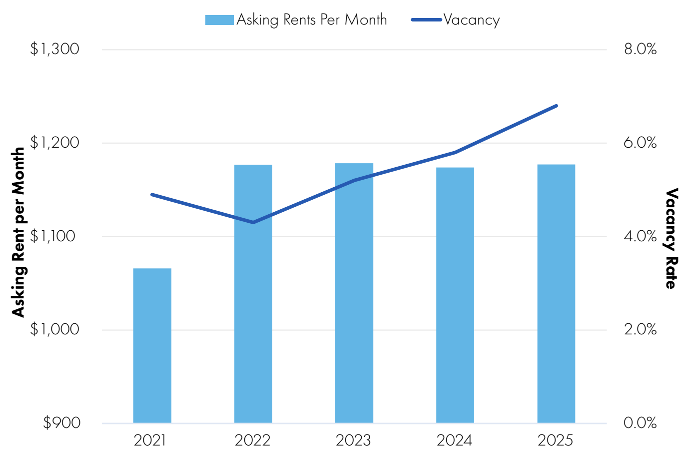
INDIANAPOLIS

CONSTRUCTION | VACANCY | RENTS

- Multifamily construction in Indianapolis slowed in the past year. Projects totaling approximately 4,400 units were delivered in 2025, down 35% from 2024. Roughly 5,000 units are currently under construction.
- The vacancy rate continued to rise in the fourth quarter, increasing by 40 basis points during the closing three months of the year. Year over year, the vacancy rate trended higher by 100 basis points to 6.8%.
- Asking rents in Indianapolis trended lower in the fourth quarter, decreasing by 0.5%. Year over year, rent growth remained positive, rising 0.3% to $1,177 per month in 2025.
- **FORECAST:** The pace of multifamily construction should continue to subside in 2026, with just 3,100 units on track for completion, down 29% from 2025. Vacancy increases should slow in the coming year, with the rate rising just 50 basis points by year-end. Asking rents are forecast to rise 0.5% to roughly $1,185 per month.

Projects totaling approximately 4,400 units delivered in 2025.

VACANCY & RENT TRENDS



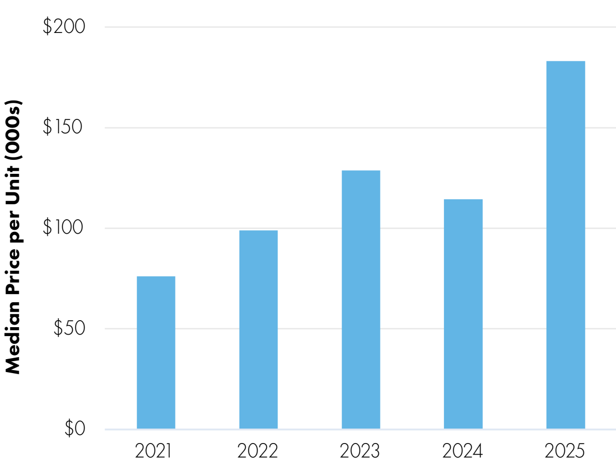
Sources: Northmarq, Reis

MULTIFAMILY SALES

In 2025, the median sale price was $183,200 per unit.

- Multifamily sales activity in Indianapolis slowed during the fourth quarter, following a particularly strong third quarter. There were roughly the same number of multifamily transactions in 2025 as there were in 2024.
- While the number of properties that traded in 2025 was similar to the prior year, pricing increased substantially. In 2025, the median sale price was $183,200 per unit, or 60% higher than in 2024.
- Cap rates kept within the same range throughout most of the year. On average, multifamily transactions in 2025 recorded cap rates between 6.0% and 6.5%, though there were a few outliers below 5.0% and above 6.5%.

SALES TRENDS

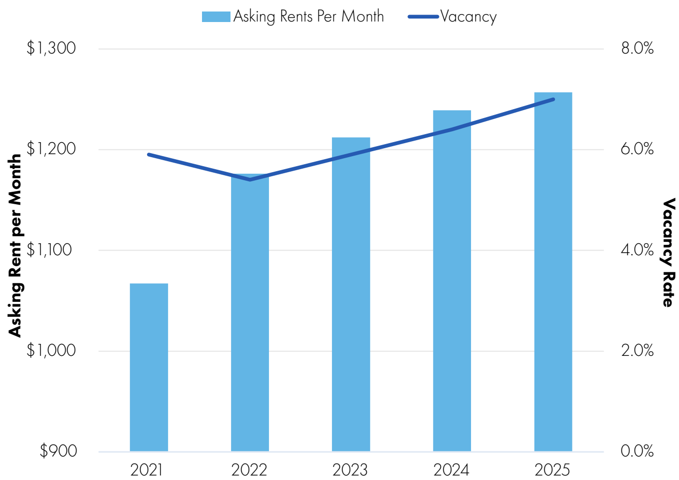


Sources: Northmarq, CoStar

KANSAS CITY

In 2025, asking rents rose 1.5% to $1,257 per month.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION | VACANCY | RENTS

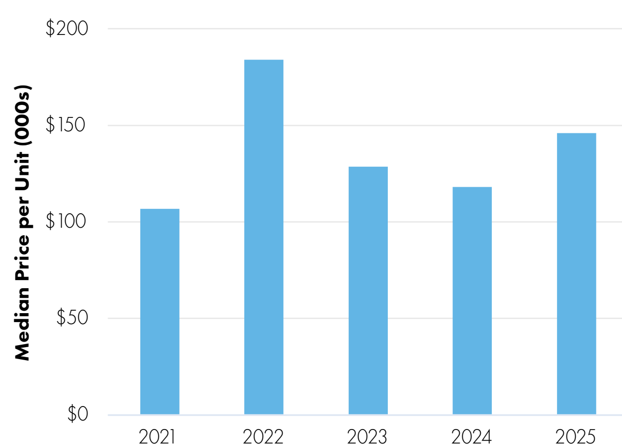
- The pace of construction in Kansas City in 2025 was roughly in line with the trailing five-year average, with just over 4,100 units completed. More than 7,000 units remain under construction, up 7.0% from the end of 2024.
- The vacancy rate ticked higher during the fourth quarter, increasing by 10 basis points to 7.0%. During the past year, the vacancy rate climbed 70 basis points.
- Asking rents in Kansas City softened in the fourth quarter, dipping 0.3% during the closing three months of the year. In 2025, asking rents rose 1.5% to $1,257 per month.
- **FORECAST:** In 2026, approximately 5,000 units are expected to be delivered, marking a near-decade high. As deliveries continue to outpace demand, the vacancy rate is forecast to increase by 50 basis points to 7.5%. Rent growth should be similar to 2025. In the coming year, rents are forecast to advance by 1.5% to roughly $1,275 per month.

MULTIFAMILY SALES

The median sale price reached $146,000 per unit in 2025.

- Multifamily sales activity in Kansas City cooled near the end of the year, though the overall transaction count remained strong. The number of multifamily deals in 2025 rose 35% compared to the previous year.
- Pricing remained strong in 2025, though it remained below peak levels. The median sale price reached $146,000 per unit, a 24% increase from 2024. Pricing peaked in 2022 at $183,900 per unit.
- Cap rates trended higher as the year came to a close. The average cap rate in 2025 was approximately 6.0%. During the first half of the year, the average cap rate was closer to 5.5%.

SALES TRENDS



Sources: Northmarq, CoStar

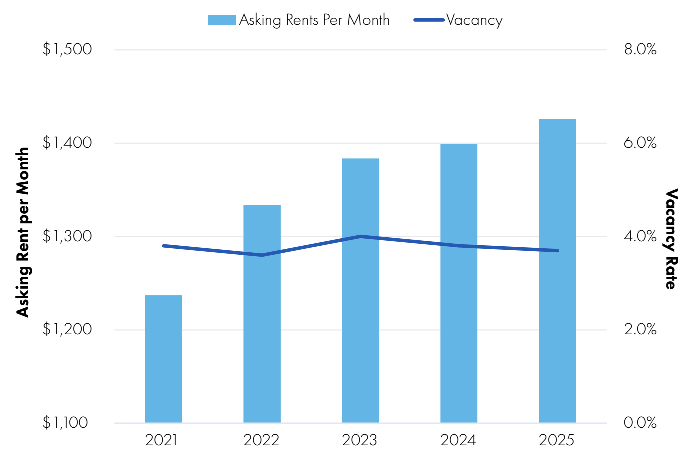
MILWAUKEE

CONSTRUCTION | VACANCY | RENTS

- Multifamily deliveries in 2025 lagged 2024, as developers completed roughly 2,200 units, down 12% from the previous year. Projects totaling more than 2,600 units are currently under construction.
- Vacancy inched higher during the fourth quarter, increasing 10 basis points to 3.7%. Year over year, vacancy improved, decreasing by 10 basis points.
- Asking rents in Milwaukee rose 0.4% in the fourth quarter after posting a slight decrease in the third quarter. Year over year, asking rents are up 1.9%, ending 2025 at $1,426 per month.
- **FORECAST:** Deliveries in Milwaukee are projected to drop off considerably in 2026, with around 1,000 units scheduled for completion. This should support rent and vacancy improvements. The vacancy rate is forecast to decrease 20 basis points in the next year, while asking rents are forecast to rise 2.0% to roughly $1,450 per month.

Year over year, asking rents are up 1.9%.

VACANCY & RENT TRENDS



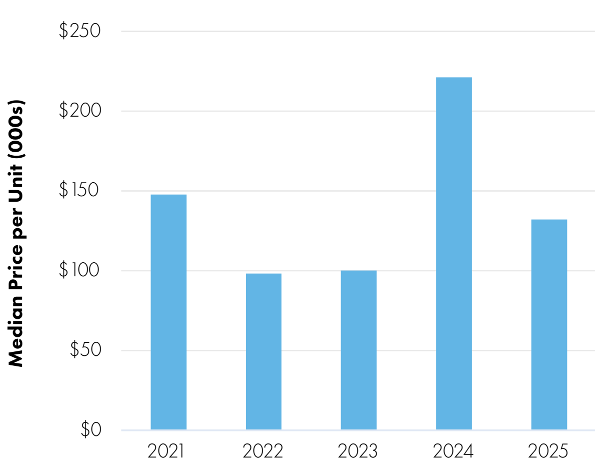
Sources: Northmarq, Reis

MULTIFAMILY SALES

In 2025, the median sale price was $132,000 per unit.

- The number of multifamily sales in Milwaukee rose from 2024 to 2025, though activity in both years remained limited compared to most major markets. The 2025 multifamily transactions spanned a broad mix of property types, whereas 2024 activity was limited to Class A properties.
- Pricing declined in 2025 due to the mix of properties that traded. In 2025, the median sale price in Milwaukee was $132,000 per unit, down 40% from peak levels recorded in 2024 when Class A properties dominated the transaction mix. Compared to 2023, pricing is up 32%.
- After fluctuating throughout 2023 and 2024, cap rates in Milwaukee stabilized in 2025, averaging between 6.5% and 7.0%. By comparison, cap rates ranged from approximately 6.0% to 7.25% from early 2023 through late 2024.

SALES TRENDS



Sources: Northmarq, CoStar, MSCI Real Capital Analytics

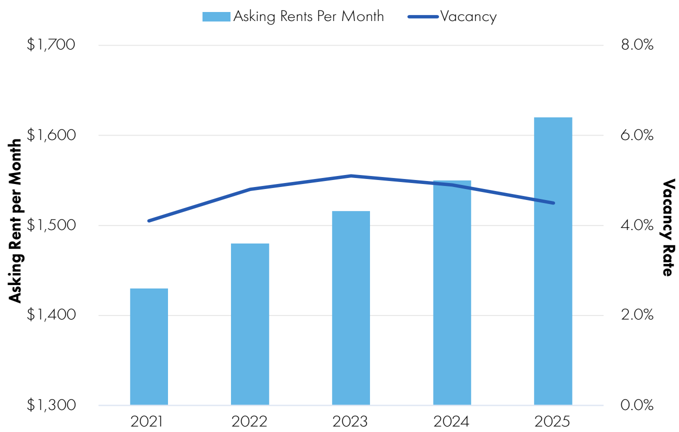
MINNEAPOLIS

CONSTRUCTION | VACANCY | RENTS

Asking rents increased by 4.5% in 2025.

- There was a sharp decline in multifamily construction in Minneapolis-St. Paul. Roughly 5,400 units came online in 2025, down 46% from 2024. With just under 5,000 units currently underway, the construction pipeline contracted 18% from one year ago.
- The vacancy rate ticked higher during the fourth quarter, though it still improved on an annual basis. In 2025, the vacancy rate decreased 40 basis points to 4.5%.
- Asking rents in Minneapolis-St. Paul increased by 0.6% in the fourth quarter to $1,620 per month. Annual growth was strong, with asking rents up by 4.5% in 2025.
- **FORECAST:** Projects totaling 4,850 units are scheduled for completion in 2026, marking the slowest year for new construction since 2019. As deliveries decelerate, vacancy is expected to improve, with the vacancy rate projected to decrease 20 basis points to 4.3% by year-end. Rent growth is expected to remain strong, though slightly lighter than in 2025, rising 3.1% to $1,670 per month in 2026.

VACANCY & RENT TRENDS



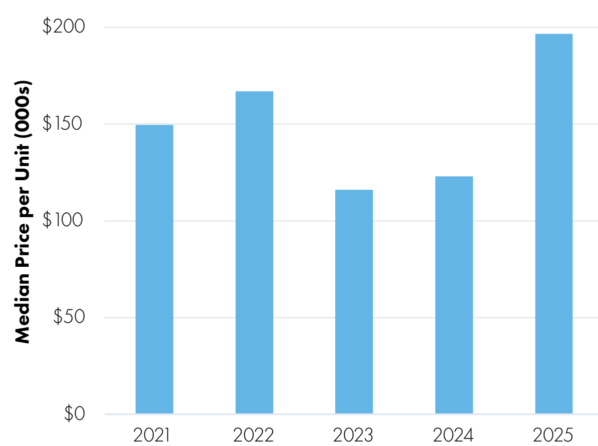
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price in 2025 was $196,600 per unit.

- The pace of multifamily sales in Minneapolis-St. Paul surged in 2025, with the number of transactions rising 45% year over year. The Downtown submarket was a key driver, accounting for nearly 20% of all sales in 2025. This is a notable increase from the prior five-year average of just two to three transactions per year.
- Pricing also posted a strong improvement. The median sale price in 2025 was $196,600 per unit, up 60% from 2024. The increase was largely driven by a smaller share of Class C sales in the transaction mix. Higher activity in dense urban areas, where per-unit prices are typically higher, also contributed to the growth.
- Cap rates in the Minneapolis-St. Paul market trended lower in 2025, decreasing roughly 25 to 50 basis points. In Class A multifamily assets, properties have generally been trading with cap rates in the upper-4% to mid-5% range.

SALES TRENDS



Sources: Northmarq, CoStar

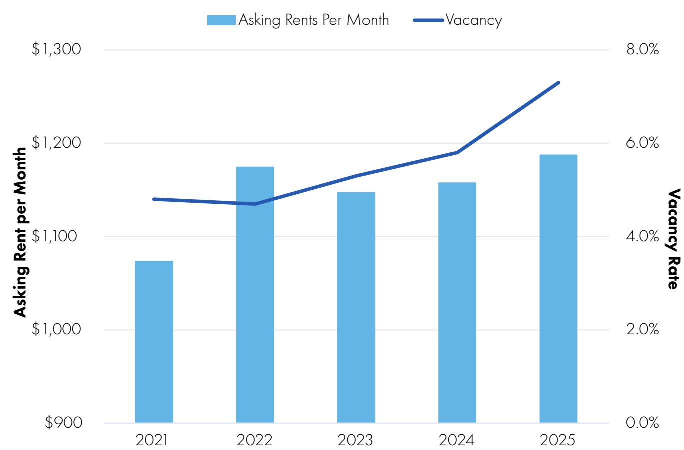
OMAHA

CONSTRUCTION | VACANCY | RENTS

- Multifamily construction in Omaha reached the highest levels in decades during the past year. In 2025, approximately 4,100 units were completed, more than double the 2024 total. Nearly 3,100 units were still under construction at the end of 2025.
- The vacancy rate continued to trend higher during the fourth quarter, rising 20 basis points in the closing three months of the year to 7.3%. Overall, the vacancy rate increased 150 basis points in 2025.
- Rents dipped 0.8% during the closing months of the year, though annual growth remained strong. Asking rents increased 2.6% year over year to $1,188 per month.
- **FORECAST:** Supply growth is projected to dip from last year's peak, but annual growth should remain above trend. Projects totaling approximately 2,300 units are slated for delivery in 2026. Vacancy is forecast to rise more slowly than in 2025, reaching 8.0% by year-end. Rent growth is expected to remain positive, increasing 2.0% in 2026 to roughly $1,210 per month.

Asking rents increased 2.6% year over year to $1,188 per month.

VACANCY & RENT TRENDS



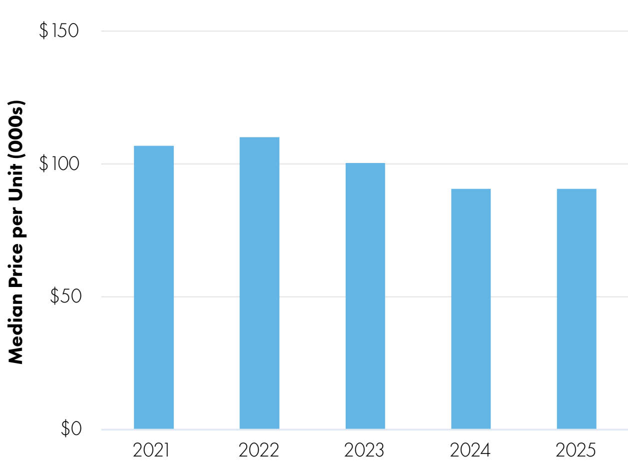
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price in 2025 was $90,700 per unit.

- The pace of multifamily investment sales in Omaha decelerated in 2025, with roughly half as many properties changing hands compared to 2024. The properties that traded in the past year were all Class B and Class C assets, primarily located in Bellevue.
- Despite the decline in sales activity, multifamily pricing remained effectively unchanged from the previous year. The median sale price in 2025 was $90,700 per unit. Compared to peak pricing recorded in 2022, current pricing is down 18%.
- Cap rates stayed steady in 2025, averaging 6.5% to 7.0%, similar to levels recorded since early 2024. By comparison, cap rates in 2023 generally ranged from 6.0% to 6.5%.

SALES TRENDS



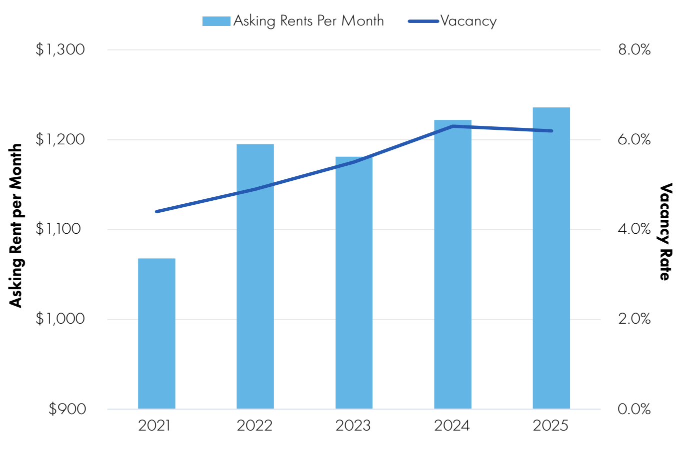
Sources: Northmarq, CoStar

ST. LOUIS

CONSTRUCTION | VACANCY | RENTS

Multifamily completions declined for a third consecutive year.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

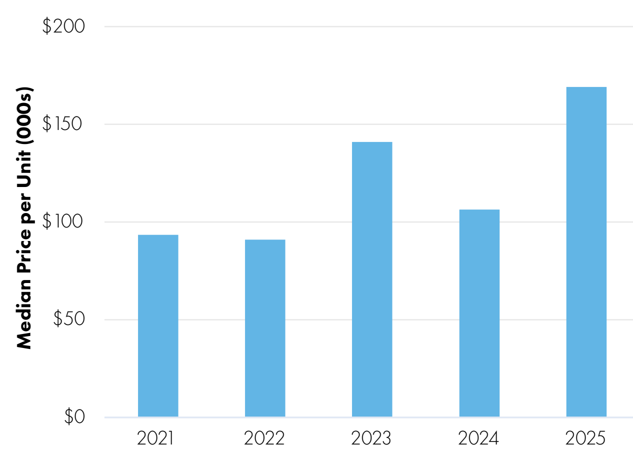
- Multifamily completions in St. Louis declined for the third consecutive year, with roughly 2,400 units completed in 2025, a 13% decrease from 2024. Despite the slowdown in deliveries, construction activity picked up, with the pipeline rising 49% year over year to 2,900 units underway.
- The vacancy rate in St. Louis increased slightly in the fourth quarter, rising 10 basis points to 6.2%. Year over year, vacancy still improved, decreasing by 10 basis points overall.
- Asking rents continued advancing in the fourth quarter, growing 0.4% during the final three months of the year. In the past 12 months, asking rents climbed 1.1% to $1,236 per month.
- **FORECAST:** Multifamily deliveries are expected to trend lower in 2026, with roughly 1,200 units projected to come online. This slowdown should support further tightening, with the vacancy rate forecast to dip 20 basis points by year-end. Asking rents are projected to rise 1.5% in 2026, reaching $1,255 per month.

MULTIFAMILY SALES

The median price in 2025 was $169,100 per unit.

- Sales activity in the St. Louis multifamily market was limited during the fourth quarter. Total annual transactions in 2025 were down 35% from the prior year.
- Pricing surged, reaching a new peak in recent periods. The median price in 2025 was $169,100 per unit, up 59% from last year. The increase was largely driven by a shift toward higher-priced submarkets, including the Central West End. This trend reflects stronger demand in more premium areas of the market.
- After remaining relatively stable from early 2024 through the first half of 2025, cap rates trended higher during the latter half of the year. The average cap rate in 2025 settled around 6.5%, up roughly 50 to 100 basis points from the prior year.

SALES TRENDS



Sources: Northmarq, CoStar

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