Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	36,995
UNITS DELIVERED	24,260

MARKET FUNDAMENTALS

VACANCY RATE	5.5%
YEAR-OVER-YEAR CHANGE	-10bps
ASKING RENTS	$1,594
YEAR-OVER-YEAR CHANGE	2.1%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$186,400

MIDWEST MULTIFAMILY
Q3 2025

MARKET INSIGHTS

Fundamentals continue to improve across the Midwest

HIGHLIGHTS

- Conditions in the Midwest multifamily market improved in the third quarter, with vacancy tightening and asking rents climbing. Year to date, approximately 24,300 new units have been completed in the region, with roughly 37,000 additional units under construction.
- The vacancy rate in the Midwest dipped by 30 basis points during the third quarter to 5.5%. Year over year, the regional vacancy rate is down 10 basis points. Milwaukee continued to post the lowest vacancy rate in the region at 3.6%.
- Asking rents continued to climb, rising 1.0% during the third quarter to a regional average of $1,594 per month. Year over year, all markets in the region recorded rent growth, averaging a 2.1% increase over the past 12 months.
- The pace of sales remains strong to this point in the year, now roughly in line with levels recorded a year ago. The median sale price has risen 33% to $186,400 per unit, with an average cap rate of 5.7%.

MIDWEST MULTIFAMILY MARKET OVERVIEW

Multifamily operating conditions have improved in the Midwest overall, though performance at the market level has varied. All major markets in the region posted rent growth over the past 12 months, with Minneapolis leading the pack at 3.5%, while Chicago and Kansas City recorded year-over-year increases of 2.7% and 2.6%, respectively. Shifts in vacancy were less favorable, with the vacancy rate in half of these markets rising over the past year. The largest driver of the region-wide vacancy improvement was Minneapolis-St. Paul, where the vacancy rate declined by 60 basis points from one year ago. Excluding the Twin Cities, the regional vacancy rate increased by 20 basis points during this period. Multifamily deliveries are down 14% compared to 2024. Approximately 31,000 units are on pace to be completed in 2025, a 20% decline from last year.

The third quarter has been the strongest quarter of 2025 for multifamily sales activity in the Midwest, with over 40% of year-to-date transactions taking place during this period. Minneapolis-St. Paul continued to account for the largest share of sales, representing 35% of all transactions, while Chicago and Kansas City made up 25% and 22%, respectively. Pricing picked up alongside the increase in activity. Year to date, the median sale price in the Midwest is $186,400 per unit, up 33% from 2024. Half of the markets in the region posted price gains exceeding 45% this year, with Cincinnati leading the way. The greatest annual decrease in pricing was recorded in Milwaukee, though this is due to the transaction mix; pricing here is still higher than in 2023. Cap rates have dipped slightly in 2025, averaging 5.7%, roughly 20 basis points lower than last year.

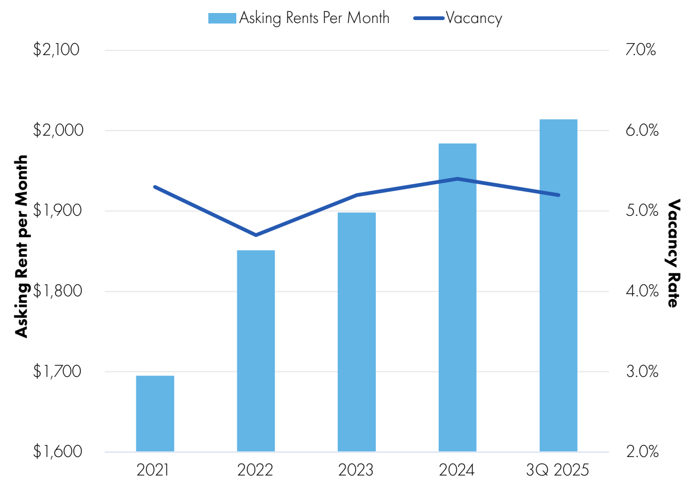
CHICAGO

CONSTRUCTION | VACANCY | RENTS

- Developers continue to deliver units at a slower pace, completing roughly 2,600 units year to date. While completions are down, the development pipeline has grown 32% from one year ago with 8,400 units under construction in Chicago.
- Vacancy went unchanged from the second quarter to the third quarter. In the earlier months of the year there was fluctuation, though the vacancy rate is now the same as it was 12 months ago at 5.2%.
- Asking rents also recorded minimal movement in the third quarter, remaining within 0.1% of the previous quarter at $2,014 per month. Year over year, asking rents have increased by 2.7%.
- **FORECAST:** The number of completions in 2025 is expected to be much lighter than in recent years, with projects totaling roughly 3,500 units on pace for delivery. The vacancy rate is forecast to improve by 10 basis points in the fourth quarter, ending the year at 5.1%. Asking rents are expected to post an annual increase of 2.5%, reaching $2,035 per month.

Year over year, asking rents have increased by 2.7%.

VACANCY & RENT TRENDS



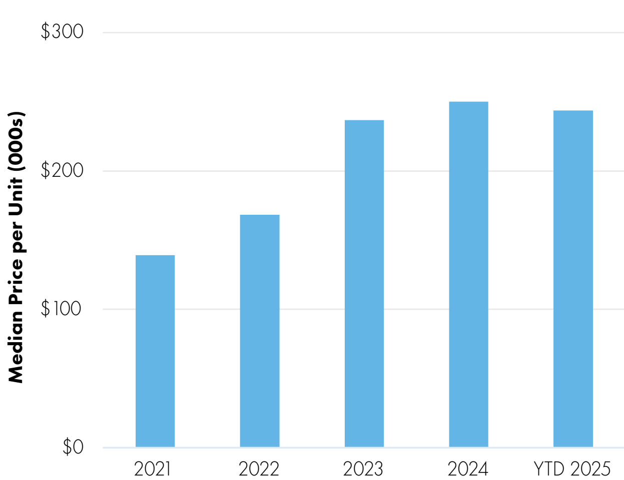
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price in Chicago is $243,800 per unit.

- The number of multifamily sales to this point in the year is outpacing the same period of the previous two years. Compared to the same point in 2024, there have been 40% more transactions in 2025.
- The median sale price in Chicago year-to-date is $243,800 per unit, closely in line with the trailing two years. Compared to 2022, the median sale price has risen by 45%.
- Average cap rates for multifamily transactions remain in the 5.5% to 6.0% range, consistent with 2024 levels and approximately 25 to 50 basis points higher than 2023 cap rates.

SALES TRENDS

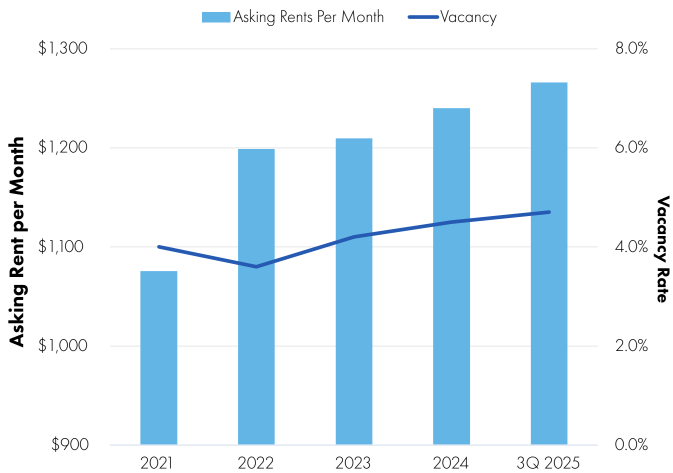


Sources: Northmarq, CoStar

CINCINNATI

Over the past 12 months asking rents increased by 2.2%.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION | VACANCY | RENTS

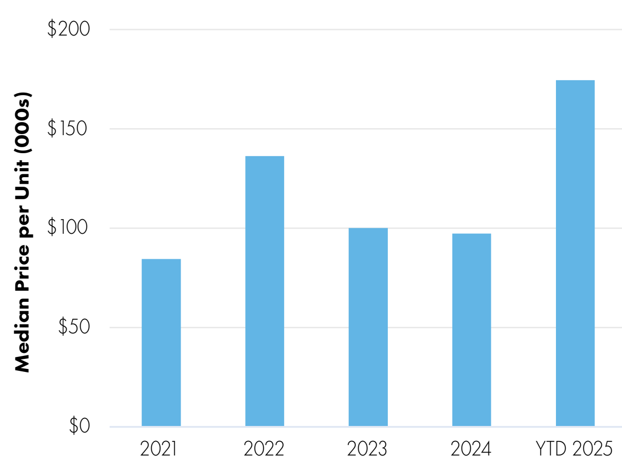
- The pace of deliveries in Cincinnati slowed in the third quarter after a stronger first half of the year. So far in 2025, there have been roughly 2,500 units completed, with 5,250 units currently under construction.
- The vacancy rate inched higher by 10 basis points to 4.7% in the third quarter. Year over year, vacancy has also risen by 10 basis points.
- Rent growth remains positive, rising 0.2% during the third quarter, following strong increases in the first half of the year. Over the past 12 months, asking rents increased by 2.2% to $1,266 per month.
- **FORECAST:** Cincinnati multifamily developers are on track to deliver approximately 4,300 units in 2025, a 20% increase from last year. There will still be some pressure on vacancy rates during the closing months of the year, though a shift greater than 10 basis points is not expected. Asking rents are forecast to continue rising, ending the year at $1,270 per month, a 2.5% annual increase.

MULTIFAMILY SALES

The median sale price is $ 174,500 per unit.

- Following a slow first half of the year, multifamily sales activity has accelerated. So far in 2025, sales in Cincinnati have roughly matched the total for all of 2024, though current levels still lag historical norms.
- Pricing has also improved this year after decreasing during the trailing two years. The 2025 median sale price is $174,500 per unit, up 80% from last year and reaching a new peak.
- Cap rates continue to fall within the same range as they did in the earlier months of the year, between roughly 6.5% and 7.0%. Compared to 2022 and 2023, this is an increase of roughly 100 basis points.

SALES TRENDS



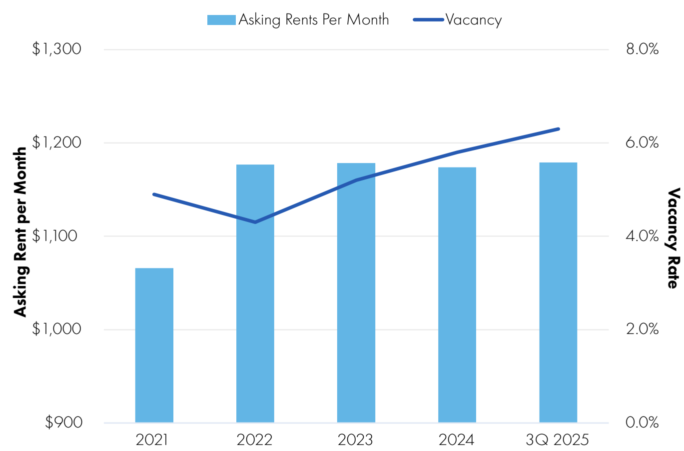
Sources: Northmarq, CoStar

CONSTRUCTION | VACANCY | RENTS

- The pace of construction accelerated in the third quarter, bringing year-to-date deliveries to nearly 3,800 units. Projects totaling over 4,200 units remain under construction in Indianapolis.
- Vacancy continued to climb during the third quarter, increasing by 20 basis points to 6.3%. Year over year, vacancy has increased by 60 basis points. Class B and Class C combined vacancy has performed better than Class A, rising by just 30 basis points over the past year.
- Asking rents dipped in the third quarter, decreasing by 0.7%. Over the past 12 months, asking rents are up by 0.1% to $1,179 per month.
- **FORECAST:** Deliveries in 2025 are expected to reach roughly 4,100 units, although some early phases of large projects could enter the market. With a substantial number of new units already delivered in the second half of the year, vacancy is likely to rise modestly in the fourth quarter, while modest rent growth should return.

Over the past 12 months, asking rents are up by 0.1%.

VACANCY & RENT TRENDS



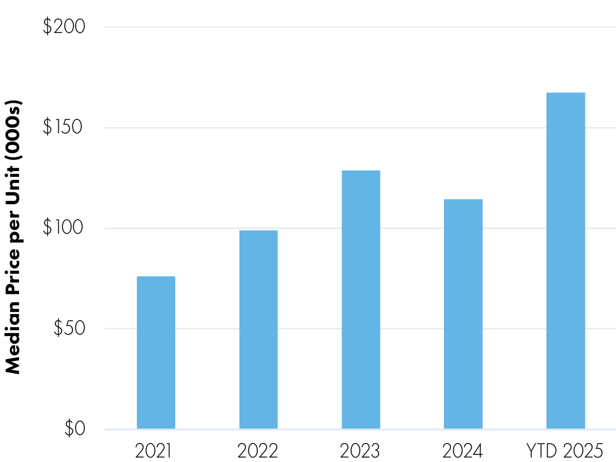
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price is $167,500 per unit.

- Following a light second quarter, multifamily sales activity in Indianapolis picked up in the third quarter. The total number of sales at this point in the year is in line with 2024, though still lagging historical norms.
- Pricing in Indianapolis remains strong. Year to date, the median sale price is $167,500 per unit, representing a 46% increase compared to 2024. Class B properties were the primary driver of this growth, accounting for more than half of all trades and posting a 60% year-over-year increase in pricing.
- Cap rates have remained relatively flat in recent months. This year, the average cap rate in Indianapolis ranges between 6.0% and 6.5%. Compared to 2024, cap rates are up by roughly 50 basis points.

SALES TRENDS



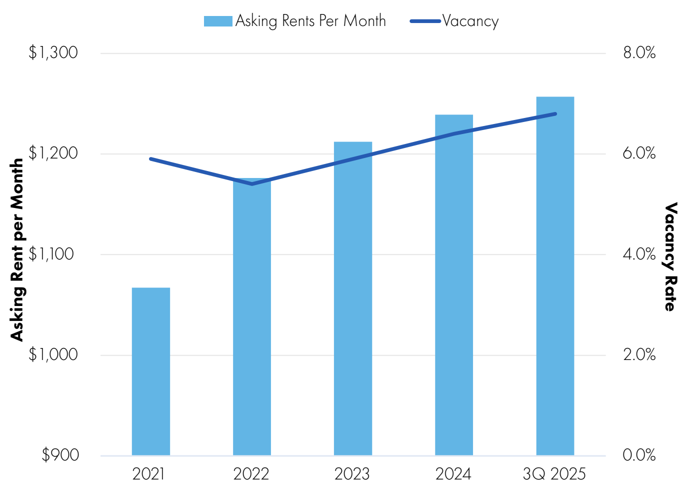
Sources: Northmarq, CoStar

KANSAS CITY

CONSTRUCTION | VACANCY | RENTS

Asking rents rose 2.6% over the past 12 months.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

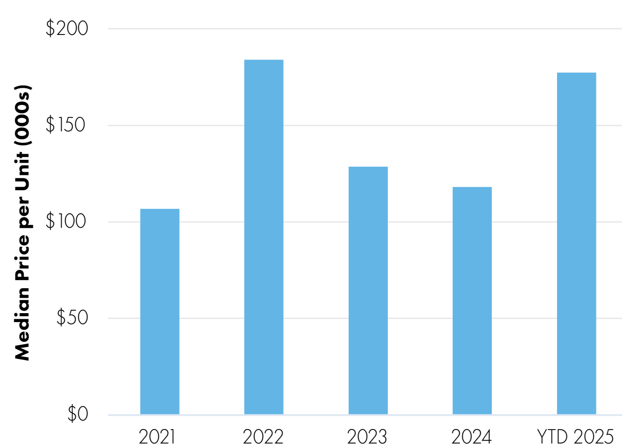
- Multifamily deliveries in Kansas City were robust in the third quarter, bringing the total number of units completed so far this year to approximately 3,650, up 18% from the same point in 2024. Roughly 5,500 units are currently under construction.
- Vacancy ticked higher in the third quarter, rising 10 basis points after posting a similar increase in the previous quarter. Year over year, area vacancy has climbed 80 basis points to 6.8%.
- Area rents softened during the third quarter, decreasing by 0.5% to $1,257 per month. Longer term rent growth continues to be positive, with asking rents rising 2.6% over the past 12 months.
- **FORECAST:** Multifamily completions in 2025 are expected to remain elevated through year end, reaching approximately 4,800 units, a 19% increase over 2024. The vacancy rate is projected to continue rising during the fourth quarter, finishing the year at 7.0%, while asking rents are anticipated to reach $1,265 per month, up 2.2% year-over-year.

MULTIFAMILY SALES

The median sale price in Kansas City is $177,400 per unit.

- Multifamily sales activity accelerated in the third quarter, bringing the total number of properties sold to this point in the year up 90% from the same point in 2024. Recently, there has been an uptick in Class A and Class B sales, with Class B now representing the largest share of trades this year.
- Pricing for multifamily properties in Kansas City that have traded in 2025 has increased significantly. The median sale price this year is $177,400 per unit, up 50% from 2024. Still, this is 4% lower than peak pricing recorded in 2022.
- Cap rates have begun to trend lower at this point in the year as higher-tier Class A and Class B properties are making up a greater share of trades. Year to date, the average cap rate is 5.5%, with most sales ranging between 5.0% and 6.3%.

SALES TRENDS



Sources: Northmarq, CoStar

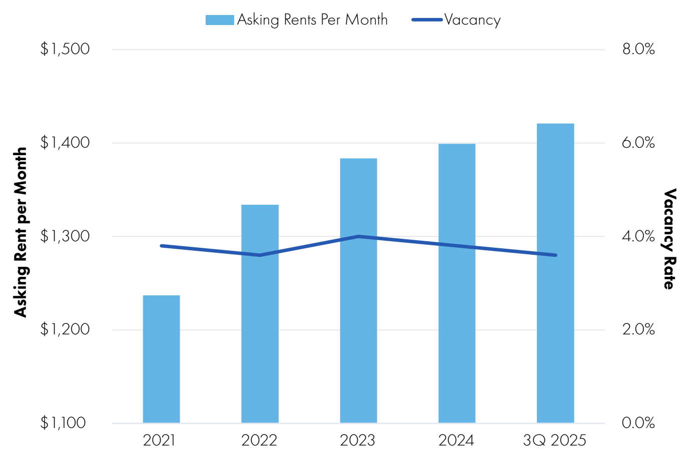
MILWAUKEE

CONSTRUCTION | VACANCY | RENTS

- The pace of construction in Milwaukee slowed in the third quarter, though total deliveries to this point in the year remain elevated. Year to date, roughly 1,950 units have been delivered, up 50% from the same point last year. Over 2,200 units are currently under construction.
- The vacancy rate ticked higher during the third quarter, rising by 20 basis points to 3.6% after improving during the earlier months of the year. Year over year, area vacancy has remained flat.
- Milwaukee asking rents inched lower in recent months, decreasing by 0.2% during the third quarter. Year over year, rents are up 1.6%, reaching $1,421 per month.
- **FORECAST:** The pace of deliveries is expected to total 2,200 units this year. The vacancy rate should tighten, though it may remain flat through the end of 2025. Asking rents are projected to reach 2.0% growth in 2025, rising to $1,430 per month.

Year over year, asking rents are up 1.6%.

VACANCY & RENT TRENDS



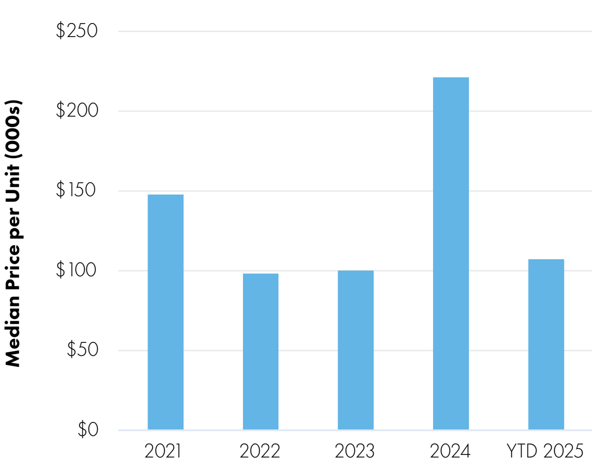
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price so far in 2025 is $107,200 per unit.

- Multifamily investment sales in Milwaukee have been light this year, with no significant transactions taking place during the third quarter. Despite the lack of recent activity, the number of properties that have changed hands so far this year outpaces the same point in each of the previous two years.
- In the sales that have taken place so far this year, the median sale price is $107,200 per unit, down 52% from last year. This decrease in pricing is largely due to the transaction mix, which has been primarily Class B properties. In 2024, Class A properties accounted for the bulk of the sales, pushing per-unit prices to elevated levels.
- In recent years, cap rates in this market have fluctuated, rising in 2023 and declining in 2024. In 2025, Milwaukee cap rates remained steady, averaging 6.75% year to date.

SALES TRENDS



Sources: Northmarq, CoStar, MSCI Real Capital Analytics

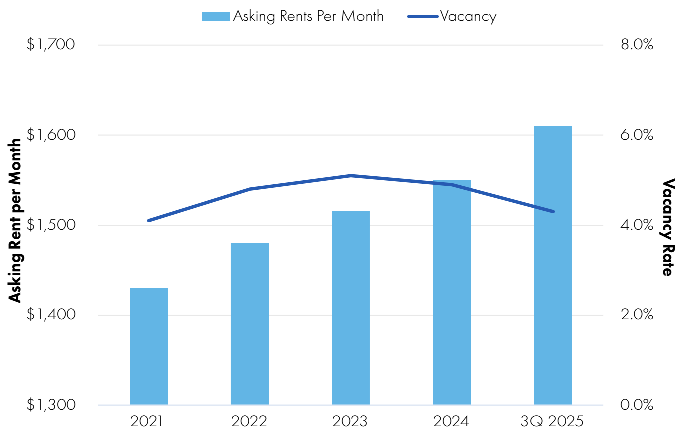
MINNEAPOLIS

CONSTRUCTION | VACANCY | RENTS

Year over year, vacancy fell by 60 basis points.

- The pace of construction in the Minneapolis-St. Paul market slowed considerably in the third quarter, bringing total deliveries to this point in the year to under 4,600 units, down 33% from the same point last year. Roughly 3,900 units are still under construction in the area.
- The vacancy rate improved in recent months, decreasing by 40 basis points in the third quarter to 4.3%. Year over year, vacancy fell by 60 basis points.
- Asking rents rose by 0.9% during the third quarter, following even greater growth in the second quarter. Over the past 12 months, asking rents increased 3.5% to $1,610 per month.
- **FORECAST:** Deliveries are expected to remain modest, with roughly 5,000 total units projected to come online in 2025, a 50% decline from last year. The vacancy rate is expected to continue tightening in the fourth quarter, ending the year at 4.2%. Asking rents in the Twin Cities are projected to rise 4.0% annually, reaching $1,612 per month.

VACANCY & RENT TRENDS



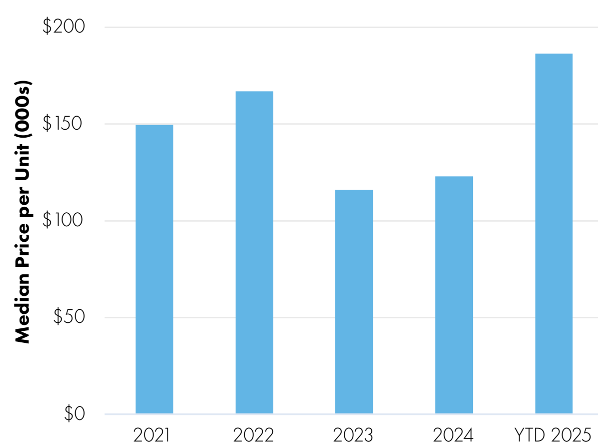
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price is $186,400 per unit.

- The number of multifamily transactions in the Minneapolis-St. Paul market remains elevated. There have been 51 multifamily properties sold in the area since the beginning of the year, 40% more than the trailing five-year average for the first nine months of the year.
- Multifamily pricing has increased considerably this year. So far in 2025, the median sale price is $186,400 per unit, up 52% from 2024. Compared to the previous peak pricing recorded in 2020, current levels are up 4%.
- Year to date, the average cap rate in Minneapolis-St. Paul is 5.3%, down roughly 100 basis points from last year. Class A properties generally traded with cap rates in the low-5% range, while older and lower-tier value-add properties recorded cap rates in the mid-6% to low-7% range.

SALES TRENDS



Sources: Northmarq, CoStar

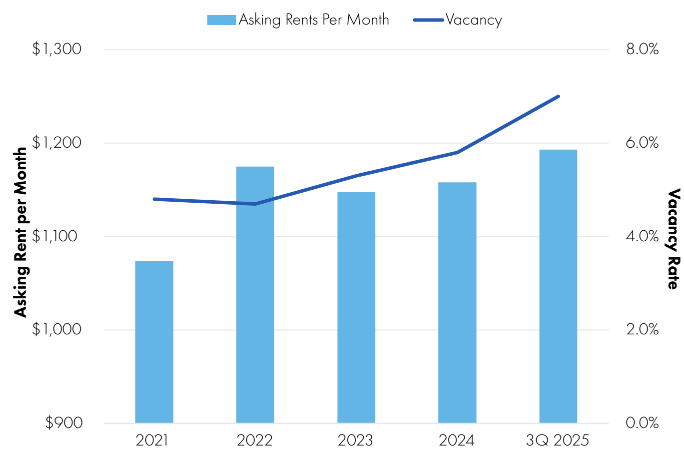
OMAHA

CONSTRUCTION | VACANCY | RENTS

- Multifamily construction in Omaha maintained an elevated pace in the third quarter. Deliveries in 2025 have exceeded a 10-year high, with additional units still expected by year end. Over 3,400 units have been completed so far this year, up more than 160% from the same point in 2024.
- Area vacancy continued to rise in recent months, climbing 30 basis points in the third quarter. During the past 12 months, the vacancy rate has risen 120 basis points to 7.0%.
- Rent growth accelerated in the third quarter, with asking rents rising 0.8% to $1,193 per month. Year over year, asking rents are up 2.3%.
- **FORECAST:** Despite already reaching a cyclical high, additional deliveries are expected in the fourth quarter, with roughly 4,000 total units projected for completion in 2025. The vacancy rate is forecast to end the year at 7.3%, driven higher by this spike in deliveries. Asking rents are expected to continue rising, reaching roughly $1,200 per month by year end.

Year over year, asking rents are up 2.3%.

VACANCY & RENT TRENDS



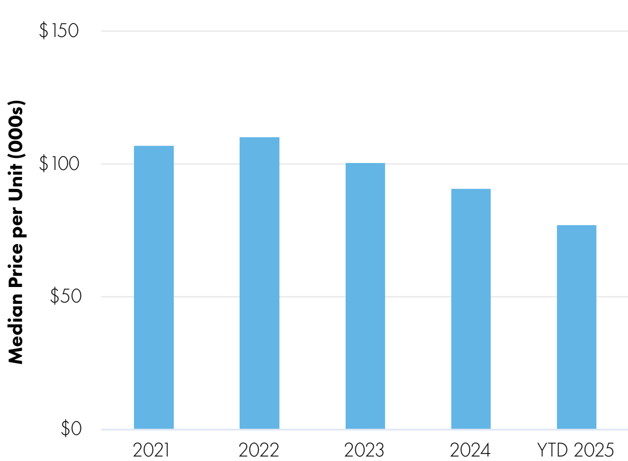
Sources: Northmarq, Reis

MULTIFAMILY SALES

The median sale price in Omaha is $77,000 per unit.

- Multifamily investment sales activity in Omaha slowed to a halt in the third quarter, with no significant transactions taking place since June. Compared to the same point in 2024, the number of multifamily trades that have been recorded this year is down 33%.
- Multifamily pricing has been decreasing steadily since reaching a peak in 2022. Year to date, the median sale price in Omaha is $77,000 per unit, down 15% from 2024 and down 30% from the 2022 peak. Nearly all sales this year have been Class C properties built in the 1970s.
- Cap rates in Omaha have remained unchanged since early 2024, holding between 6.5% and 7.0%. Compared to 2023, current cap rates are up roughly 50 basis points.

SALES TRENDS



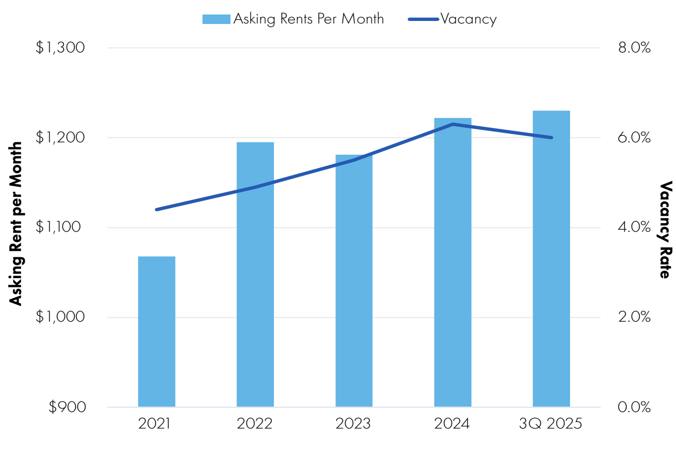
Sources: Northmarq, CoStar

ST. LOUIS

CONSTRUCTION | VACANCY | RENTS

Vacancy improved during the third quarter.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

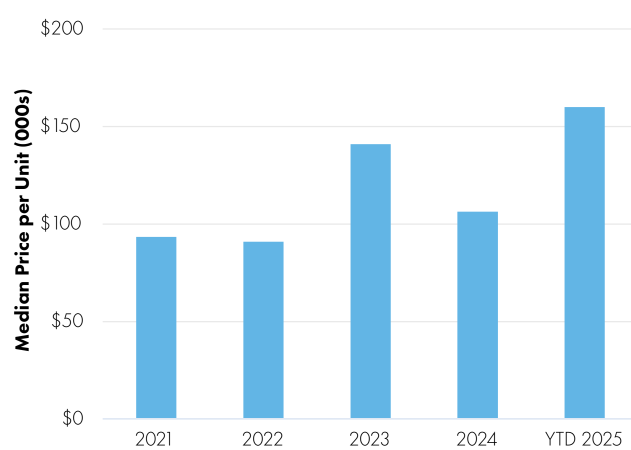
- Developers in St. Louis delivered roughly 800 units during the third quarter, bringing year-to-date completions to approximately 1,900 units, a 6% increase compared to the same point in 2024. There are 2,200 units currently under construction in the area.
- Vacancy improved during the third quarter, tightening by 30 basis points. Year over year, the vacancy rate decreased by 10 basis points to 6.0%.
- Asking rents continued to climb during the third quarter, rising by 0.1% after recording stronger increases during the previous quarter. Over the past 12 months, asking rents have risen 0.5% to $1,230 per month.
- **FORECAST:** Total completions in 2025 are expected to trail 2024 by 7%, with approximately 2,600 units projected to deliver this year. As the pace of deliveries slows, vacancy is expected to remain flat, ending the year at 6.0%, down 30 basis points annually. Rents are projected to continue rising through year end, reaching roughly $1,235 per month, a 1.2% annual increase.

MULTIFAMILY SALES

The median sale price is $159,900 per unit.

- Transaction activity in St. Louis decelerated in the third quarter following a stronger pace earlier in the year. The total number of multifamily sales that have taken place in 2025 nearly matches the number of sales recorded during the same period in both 2023 and 2024.
- Pricing on the properties that are changing hands this year has been rising in recent months. So far this year, the median sale price is $159,900 per unit, a 50% increase from 2024. Compared to peak pricing recorded in 2023, current pricing has increased by 13%.
- Cap rates in St. Louis recorded strong increases in 2022 and 2023 before leveling off in 2024. Since then, cap rates have remained between 5.0% and 6.5%.

SALES TRENDS



Sources: Northmarq, CoStar

Northmarq

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