

# Midwest Real Estate Market Outlook (Mid-Year 2025)



**Maxfield**  
Research & Consulting



- The Midwest has positioned itself as a smart and reliable bet for real estate investors seeking stability and consistency.
- Sustained rental demand continues, despite reduced deliveries.
- Significant need and opportunity to find creative housing solutions for 55+ population, first-time home buyers and middle-income earners.
- While population growth in the Midwest has been driven primarily by international migration, recent dynamics around immigration will likely reverse that trend.
- For-sale housing is at record high prices; builders are catering to higher priced buyers.
- Increased risks of severe weather events have led to higher insurance rates.

## Housing Market Trends

As 2025 reaches its midpoint, the Midwest housing market stands at a crossroads. Over the past five years, strong multifamily deliveries have added tens of thousands of units to the housing stock, while single-family deliveries have surged in the outer ring suburbs of major metropolitan areas. Senior housing, hit hard during the pandemic, is making a comeback as more baby boomers "right size" into turnkey living in 55+ housing. Despite headwinds such as higher interest rates, increased underwriting scrutiny, insurance costs, more fees and red tape, strong demographic-driven demand has kept the market moving. Uncertainty abounds in 2025, but there are many opportunities for cities, investors and residents willing to take on today's complex development environment and transform disruption into dynamic, durable properties.

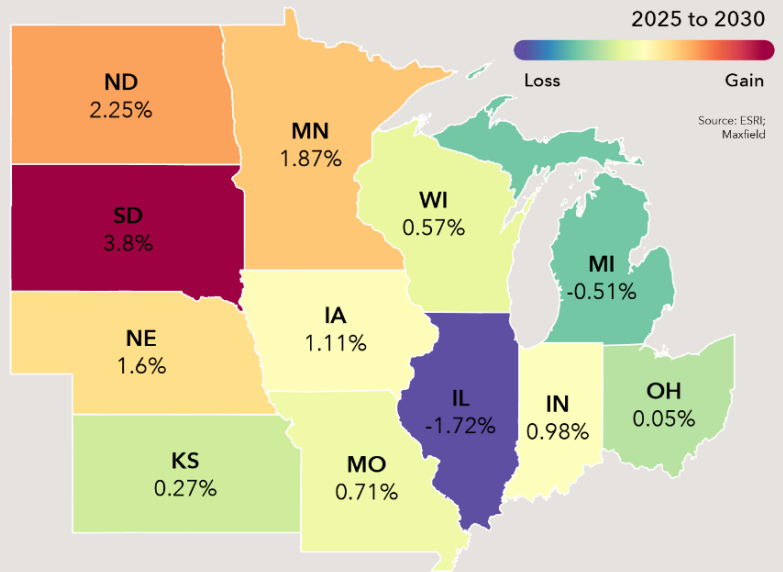


# Demographic Forecast

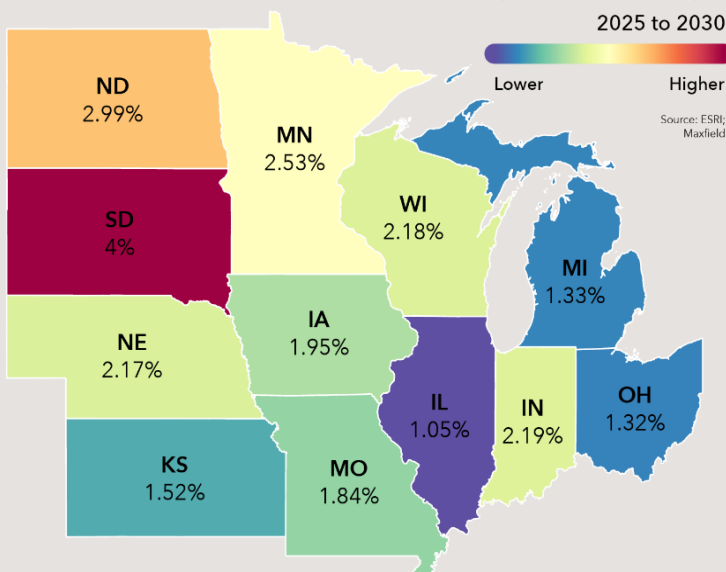
## Demographic Summary

In the Midwest, recent population growth has been driven primarily by international migration, particularly from Central and South America, as individuals flee political and economic turmoil. The native-born birth rate has been steadily declining, mirroring national trends and future population growth is expected to be largely migration-driven. Despite overall population growth being positive but essentially flat, household growth has outpaced population growth in every Midwest state. This trend of household growth leading population growth is indicative of an aging population.

Population Projections (% Change)



Household Projections (% Change)

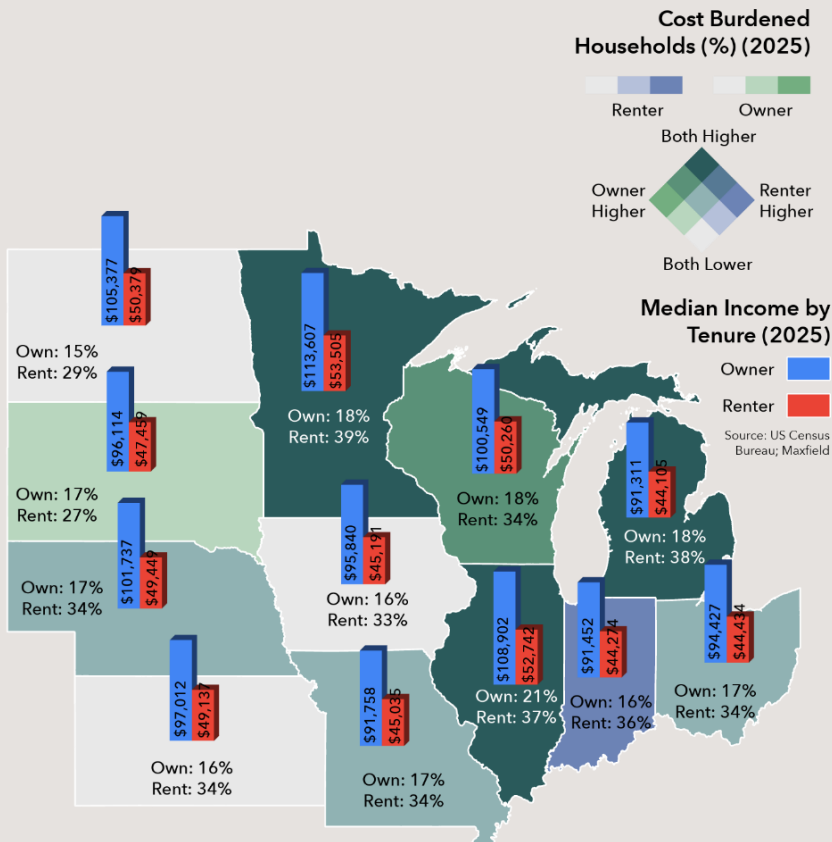


Changes in the ages of the population are going to drive demand for all types of housing. Aging baby boomers will be the largest cohort of retirees that the nation has ever seen, and they will desire low-maintenance housing options. Many communities in the Midwest have a lack of housing specifically for seniors, from 55+ apartments to assisted living and memory care. The lack of housing for seniors has a cascading effect on the housing life cycle, where seniors are remaining in single-family homes longer and in many communities, young families are unable to find affordable entry-level housing to buy. This in turn leads to keeping them in the rental market much longer than they would prefer, thus delaying their plans to start families and build wealth.

# Rental Housing

In larger Midwest cities, the lack of single-family housing contrasts sharply with the abundance of new multifamily rental housing developed over the past five years. This development wave peaked between 2022 and 2024, depending on the state. Strong demographic growth among millennials unable to enter the single-family market has fueled robust rent growth as new units were absorbed. These units were primarily developed in densely populated urban areas, where fears of oversaturation proved short-lived. Significant multifamily development also occurred in suburban areas, with some communities seeing thousands of new apartments alongside new single-family homes. This new development has increased average rents in older properties, as owners and investors modernized units to capitalize on the market, leading to substantial rent hikes. Consequently, the number of cost-burdened renter households has risen, with many spending over half their incomes on housing.

The continued strength of the rental market should support an increase in development activities when interest rates come down, with 'new normal' proformas justifying future investments.



Midwest Homeownership rate: 67%



Median Owner Income: \$93,900



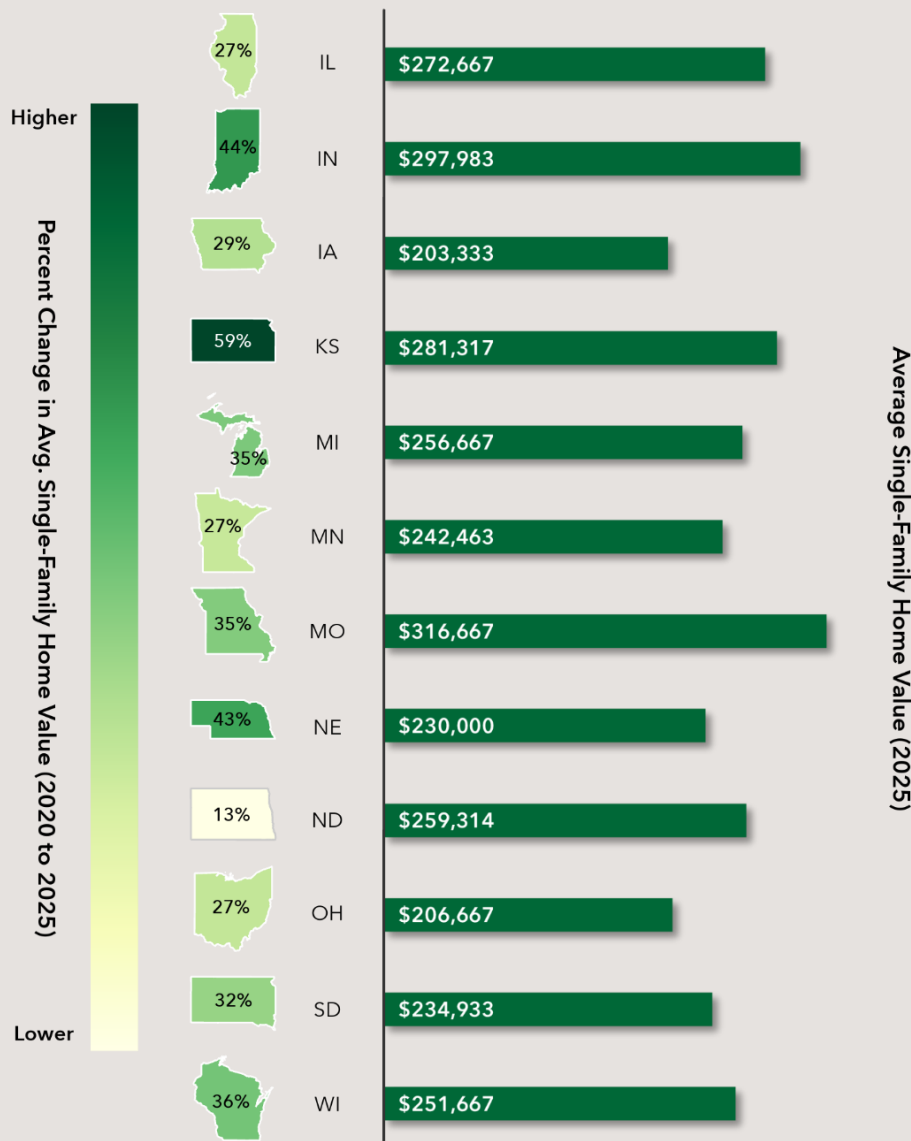
Median Renter Income: \$46,760



# For-Sale Housing

Single-family homes symbolize the American Dream, offering more space for families, stable housing costs via 30-year fixed mortgages and fostering wealth creation for the middle class. They have long been the preferred choice for many.

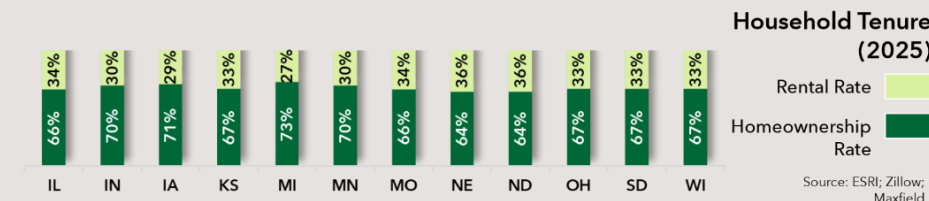
Since March 2022, high interest rates post-COVID-19 and high construction costs have kept many potential homeowners out of the market.



A new normal has emerged with higher activity compared to pre-pandemic levels but also significantly higher prices. Home prices, which had been steadily increasing since 2011, surged ahead of affordability in the pre-pandemic years due to historically low interest rates allowing buyers to bid up prices to unprecedented highs.

Builders are currently focused on the "executive" price range, while many entry-level homeowners are opting to remain in the rental market rather than take on a property with significant improvement needs. This shift is a response to various economic pressures and policy realities, including regulatory costs, land economics, financing, risk considerations and labor shortages.

In today's development environment, it is exceptionally challenging to provide affordable homes for entry-level buyers. A combination of creative solutions is needed to affect change in the traditional market including changes in land use and zoning, financing, public funding initiatives and innovative housing products are strategies to be considered.



Source: ESRI; Zillow; Maxfield

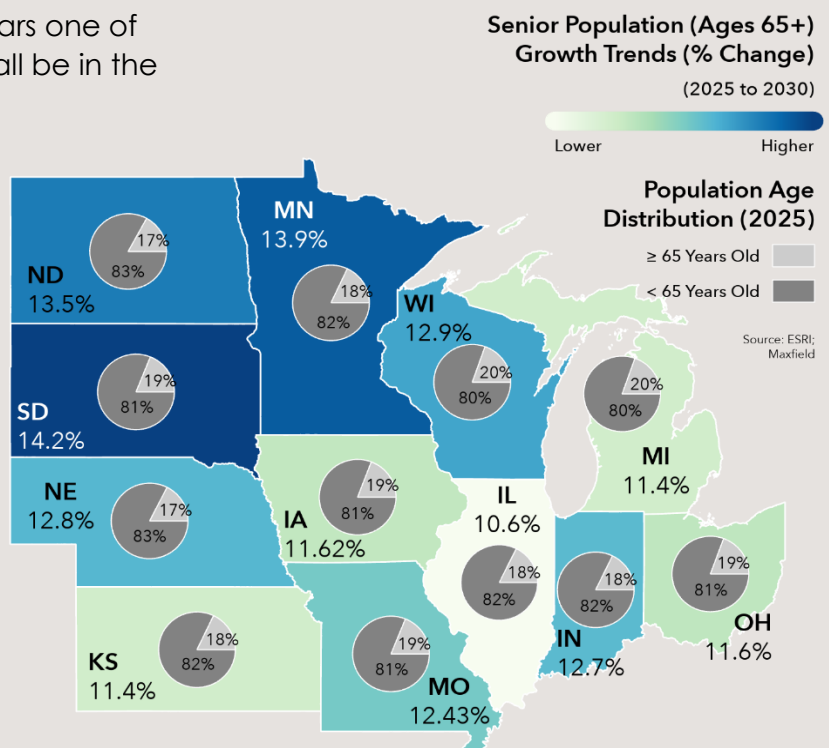
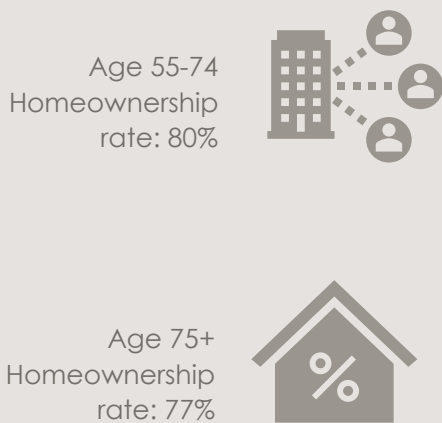


# Senior Housing

Senior housing plays a crucial role in the housing lifecycle, offering various forms to meet the diverse needs of elderly residents. It ranges from age-restricted, low-density housing like townhomes and detached villas to high-density continuum of care facilities providing specialized medical care for frail seniors. These properties are designed with senior-friendly features such as zero-rise entrances, single-level living, and maintenance-free landscaping.

As Midwest populations age, the needs of these populations will change significantly. Seniors are living healthier and longer than ever before, and their needs and preferences will drive significant development in new senior housing products as their needs change from active adult housing to more service intensive senior housing. Communities that can meet the needs of aging residents will also be able to attract younger families to move into the freshly available homes that seniors in the community sell. The degree to which each state is aging varies, but as of 2025 the age 65+ cohort accounts for 17 to 20% of the population. The youngest baby boomer is 61 years old, which means that in four years one of the largest American generations will all be in the traditional retirement age.

A key aspect of senior housing is the sense of community it fosters, significantly enhancing residents' quality of life. Active adult communities allow seniors to live and socialize with peers in age-restricted townhomes and apartments without medical care or community meals. Independent living provides light medical services and one meal in the community dining room, while assisted living offers more medical services and all meals. Nursing homes cater to seniors requiring substantial daily medical care.



# Private Sector Studies

## What:

**Residential**—Assist with information on multifamily, senior housing, tax credit, master-planned communities and residential scenarios.

**Commercial**—Analysis for retail, office, industrial, hospitality, and mixed-use working with private developers on specific projects.

**Land Use**—Highest and best use assessments, redevelopment and development issues, collaborating with planning consultants to provide market data and support land use recommendations.

**Special**—Provide expert testimony and litigation support, economic impact analysis, and financial proformas.

**Consulting Services**—Custom analysis according to specific needs, specified aspects regarding floor plans, unit mix, premium pricing assessments, and competitive shopping.

## Our clients:

**Public Sector**—Recommendations provide decision makers a guide to future planning. Strategic counsel on market trends and real estate activities assists clients with a value-added service.

**Private Sector**—Provides clients with objective and unbiased advice to position themselves to maximize opportunity and reduce risk.

**Institutional Sector**—Extensive experience serving broad spectrum of clients with unique organizational needs.



## Offerings:

Maxfield Research & Consulting offers an extensive array of market studies and consulting assignments.

- Initial Market Assessment
- Full Feasibility Study
- Affordable Tax Credit (LIHTC)
- HUD 221D4
- Hourly Consulting
- Litigation Support

We provide services to the entire spectrum of multifamily rental related products.

- Market Rate Rentals
- Affordable/Tax Credit
- Workforce Housing
- Single Family Homes
- Built-To-Rent
- Mixed-Use
- Short-term Rentals
- Micro-Apartments
- Special Needs Housing
- Naturally Occurring Affordable Housing (NOAH)
- Master Planned Communities



# Maxfield

Research & Consulting

## ANALYSIS THAT DRIVES SUCCESS

Our expert analysis ensures your project is competitive, strategic, and tailored to market realities. Beyond economic, demographic, and industry trends, we consider the human factor—how people live, work, and choose housing.

- Competitive Market Analysis
- Market Positioning & Strategy Development
- Housing Concept Recommendations
- Preconceived Development Concept Reviews
- Competitive “Shops” & Benchmarking
- Demographic & Economic Analysis
- Financial Feasibility Assessments
- Focus Groups & Consumer Insights
- Site Selection Guidance
- GIS Mapping

**Let Maxfield Research & Consulting provide the data-driven expertise to bring your vision to life with confidence.**

## Why Maxfield?

Maxfield conducts over 100 housing studies annually for both public and private sector clients, establishing itself as a **leader in housing research in the Upper Midwest**. We leverage our **proprietary datasets** and **over 40 years of experience** to deliver exceptional value to our clients.

Our comprehensive housing studies are distinguished by a thoughtful, in-depth combination of primary and secondary research.

**Primary research** includes surveys of housing properties and interviews with employers, developers, builders, Realtors, property managers, city staff, and local housing experts.

**Secondary research** involves data from reliable sources such as the Census Bureau, ESRI, state demographic centers, and economic development agencies. This data, combined with local insights from primary research, enables us to create custom, timely reports for our clients.

**The result is a tailored, locally relevant report that guides community leaders and stakeholders in addressing housing challenges and planning future initiatives.**

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Learn more about Maxfield