

Minnesota Cost of Living 2024 Data – Release Notes, January 2025

The Cost of Living estimates are designed to be a metric of basic needs – what it takes to make ends meet for an individual or family – in Minnesota. Each year the estimates are released for various family compositions and regions, using a variety of inputs from other agencies. While no methodological adjustments were made this year and many of the component categories were stable over the year, there are some specific trends and their impacts on the numbers that are worth noting.

Housing

The biggest category in household budgets as estimated by the Cost of Living is housing. For that, our input is the Department of Housing and Urban Development’s Fair Market Rents. Those are released annually by county, so they’re used without any need to adjust geographically. In the aggregate, housing costs went up by 10.4 percent, but the metro tended to have higher increases of about 14.6 percent. When calculating state averages, county values are weighted by population, so the more populous metro has a disproportionate impact. These impacts were distributed across all family types, scaled for the size of housing. This was the biggest contributor by far to over the year increases in cost of living. HUD has released preliminary data for 2025 and it’s unlikely that increases on this scale will occur next year.

Transportation

There was also a moderate increase of about 5% in the aggregate in transportation. The transportation calculation brings together inputs from three different data sources to combine fixed and variable costs and calculate them for the amount a given family type will typically drive. The inputs for fixed and variable costs for car ownership and operation declined slightly, which was expected after the significant inflationary increases in fuel and vehicle costs of the previous two years. However, the time spent commuting increased across most counties, resulting in an overall increase in costs.

Taxes

In the calculation, taxes increased slightly for most family compositions. While there are changes to tax policies every year, these increases appear to be more closely tied to the increase in calculated base income resulting from Housing and Transportation cost than any major policy change. They’re moderate and don’t impact any family characteristic disproportionately to others.