

Yardi® Matrix

MULTIFAMILY REPORT

The Twin Cities Move On

Winter 2020



Employment Gains Plateau

Rent Growth Falls Behind US Average

New Supply Targets Downtown

TWIN CITIES MULTIFAMILY

Yardi® Matrix

Healthy Demographics Sustain Demand

In the face of a slowdown in employment, the Twin Cities' multifamily market has remained stable, fueled by above-trend population growth and demand. Despite losing some traction, the average occupancy rate of 96.5% as of December was the highest among Mid-western metros. Rent expansion also decelerated, with rates dipping below national averages for the first time since August 2016.

Employment growth stagnated in the 12 months ending in November, with significant losses in education and health services (-9,900 jobs) counteracted by gains in leisure and hospitality (5,500 jobs). Due to the metro's increasing number of visitors, hotel owners and developers have embarked on a slew of modernization and construction projects. St. Paul is undergoing a significant makeover; the city launched its new \$250 million Allianz Field soccer stadium last year; and work on the \$1 billion redevelopment of the old Ford assembly plant is set to begin this spring. Ryan Cos. is overseeing the billion-dollar mixed-use development, which is expected to create more than 13,000 construction jobs.

Multifamily transaction volume crossed the \$1 billion mark for the fourth consecutive year in 2019. Urban core submarkets continued to attract both investors and developers. With more than 2,000 units underway, Minneapolis-Central is still leading development. We expect rent growth to come in at 3.1% in 2020.

Market Analysis | Winter 2020

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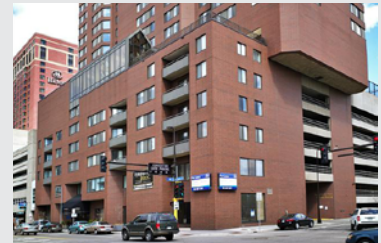
Recent Twin Cities Transactions

The Loden



City: Edina, Minn.
Buyer: Eaton Vance Investment
Managers
Purchase Price: \$69 MM
Price per Unit: \$279,163

Bolero Flats



City: Minneapolis
Buyer: Investment Property Group
Purchase Price: \$59 MM
Price per Unit: \$226,209

Eitel



City: Minneapolis
Buyer: Sentinel Real Estate
Purchase Price: \$55 MM
Price per Unit: \$256,338

Avana on Seven



City: St. Louis Park, Minn.
Buyer: Goodman Real Estate
Purchase Price: \$37 MM
Price per Unit: \$218,563