



MULTIFAMILY REPORT

Twin Cities Gain Strength

Summer 2021

Investment Stays Strong

Deliveries Slated for Decade Peak

Leisure and Hospitality Slowly Rebounds

TWIN CITIES MULTIFAMILY



Rent Growth Moderates, Completions Speed Up

After a healthy run following the shock brought by the health crisis—when many residents fled gateway metros—the Twin Cities multifamily market seems to be returning to its pre-pandemic trend of slower growth. Rent expansion was flat month-over-month as of July, while on a trailing three-month basis rates were up a relatively low 0.5%, 110 basis points below the U.S. rate.

Unemployment remained above pre-pandemic levels—4.5% as of June, according to preliminary Bureau of Labor Statistics data. The Minneapolis downtown area was particularly hard hit by the latest economic downturn, as companies started to embrace flex work arrangements. After Target Corp. announced it will vacate nearly 1 million square feet of office space in City Center, nonprofit Portico Benefit Services also disclosed plans to relocate its workers from downtown Minneapolis to Edina. Job losses in the city's core will be partially offset by Deluxe Corp., a company that is bringing its 525 workers to the 801 Marquette Building in Minneapolis' CBD this fall.

In 2021 through July, developers completed 4,232 units. Yardi Matrix expects almost 8,400 units to be added to Twin Cities' stock this year, which would mark a decade high. Some urban areas are under intense pressure to absorb recently delivered units, with occupancy in stabilized properties for the metro's urban section declining from 95.1% in June 2020 to 94.2% in June 2021.

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Recent Twin Cities Transactions

Hello



City: Golden Valley, Minn.
Buyer: Peak Capital Partners
Purchase Price: \$45 MM
Price per Unit: \$260,191

Lake Jonathan Flats



City: Chaska, Minn.
Buyer: Steven Scott Management
Purchase Price: \$29 MM
Price per Unit: \$250,437

The Haven of Battle Creek



City: St. Paul, Minn.
Buyer: DRA Advisors
Purchase Price: \$26 MM
Price per Unit: \$120,833

Ridgebrook



City: Brooklyn Park, Minn.
Buyer: North Shore Development Partners
Purchase Price: \$15 MM
Price per Unit: \$104,861