



MULTIFAMILY REPORT

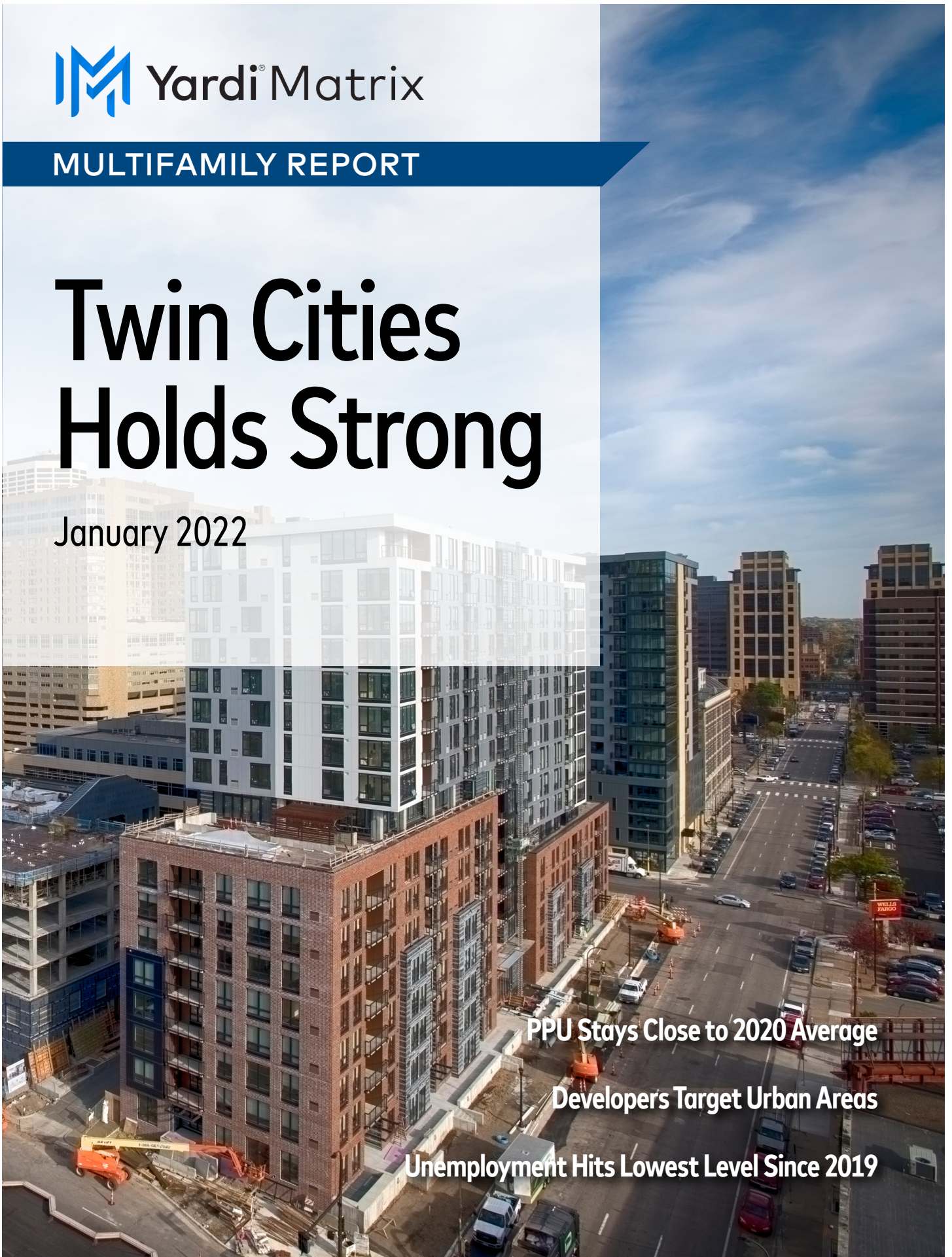
Twin Cities Holds Strong

January 2022

PPU Stays Close to 2020 Average

Developers Target Urban Areas

Unemployment Hits Lowest Level Since 2019



TWIN CITIES MULTIFAMILY



Investment Bounces Back, Development Explodes

Showing a great deal of resilience, the Twin Cities multifamily market is making strides toward full recovery as health-crisis-induced difficulties fade away. Mirroring pre-pandemic trends, rent growth is slow, but steady. On a trailing three-month basis through November, rates inched up 0.5% to an average of \$1,425. Meanwhile, U.S. rents increased by 1.0% to \$1,590.

Employment improved by 5.7% in the 12 months ending in September, with leisure and hospitality leading growth with 23,500 jobs. Preliminary Bureau of Labor Statistics data shows that the unemployment rate in Minneapolis-St. Paul decreased to 2.6% in October, marking the lowest level reported since December 2019. This has put great pressure on employers, who are having a hard time finding and retaining talent, despite increased pay. Four employment sectors contracted by a combined 7,200 jobs, including government, financial activities and information. Several newspapers and publications closed or moved to a digital structure, resulting in hundreds of employees being furloughed.

Investors' appetite for Twin Cities multifamily assets picked up in 2021, hitting \$1.2 billion through November. This was a significant improvement from 2020's \$883 million total investment volume. Developers delivered 7,382 units in the first 11 months of 2021 and had another 18,028 apartments under construction.

Market Analysis | January 2022

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Recent Twin Cities Transactions

Equinox



City: St. Anthony, Minn.
Buyer: DRA Advisors
Purchase Price: \$44 MM
Price per Unit: \$164,474

RiZE at Opus Park



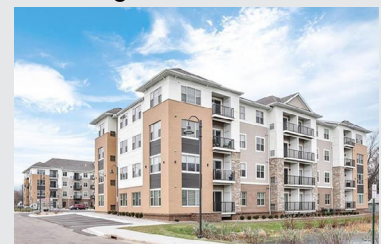
City: Minnetonka, Minn.
Buyer: Virtus Real Estate Capital
Purchase Price: \$42 MM
Price per Unit: \$130,016

Eagle Pointe



City: West St. Paul, Minn.
Buyer: Monument Capital Management
Purchase Price: \$30 MM
Price per Unit: \$140,046

Frost English Silver



City: Maplewood, Minn.
Buyer: Axial Real Estate Advisors
Purchase Price: \$27 MM
Price per Unit: \$251,916