

Yardi® Matrix

Twin Cities: Healthier Than Ever

Multifamily Report Summer 2017

Occupancy Rate
Tops Nation

Investors Eye
Class B, C Suburban

Developers Target
Core Submarkets

TWIN CITIES MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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Strong Demand Augments Occupancy Rate

A strong job market has kept the economy on sound footing in Minneapolis–St. Paul, sustaining one of the lowest unemployment rates in the country, at 3.5% as of June. The healthy economy and strong multifamily fundamentals should continue to attract investors and developers to the metro.

The education and health services sector is leading growth, having added 20,000 jobs year-over-year through June. The area’s health-care industry—led by Fortune 500 companies that include powerhouse UnitedHealth Group, as well as St. Jude Medical, which Abbott recently acquired—is bound to remain a constant source of new employment. World-renowned Mayo Clinic is the anchor partner in the \$5.6 billion Destination Medical Center project in Rochester. At the same time, the University of Minnesota and the University of St. Thomas enroll more than 60,000 students, feeding a deep talent pool.

Multifamily demand remains strong—especially for market-rate apartments—and has led to rising rental rates and the highest occupancy rate among major U.S. metros, at 97.7% as of July. However, the roughly 6,500 units slated to come online this year are bound to alleviate some of that demand in the short term. In the 12 months ending in July, rents in the metro rose 4.0%, well above the 2.6% national average. Just shy of \$1,200, Twin Cities rent still trails the \$1,350 U.S. average. These fundamentals have led Yardi Matrix to project rent growth of 3.9% in 2017.

Recent Twin Cities Transactions

Arrive Eden Prairie



City: Eden Prairie, Minn.
Buyer: FPA Multifamily
Purchase Price: \$85 MM
Price per Unit: \$167,323

The Penfield



City: St. Paul, Minn.
Buyer: LaSalle Investment Management
Purchase Price: \$66 MM
Price per Unit: \$257,874

Oxbo



City: St. Paul, Minn.
Buyer: Investors Real Estate Trust
Purchase Price: \$62 MM
Price per Unit: \$321,990

The Quinn at Plymouth



City: Plymouth, Minn.
Buyer: Mesirow Financial
Purchase Price: \$54 MM
Price per Unit: \$180,233

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