



MULTIFAMILY REPORT

Stabilizing Twin Cities

January 2023



Construction Starts Pick Up

Unemployment Near Record Lows

Investment Activity Keeps Momentum

TWIN CITIES MULTIFAMILY



Market Fundamentals Stay Healthy

The Twin Cities multifamily market is stable, despite decelerating rent growth, which is visible in most major U.S. metros. On a trailing three-month basis through November, rents were flat, with the average rate clocking in at \$1,469. Year-over-year, rate gains fell to 2.9% in Minneapolis-St. Paul, with only Phoenix (2.5%) and Las Vegas (2.0%) posting lower rent increases among major U.S. metros.

Employment growth steadily improved last year, hitting 3.2% year-over-year through September, but still trailing the national rate by 100 basis points. All sectors added jobs, with professional and business services (19,300 positions) leading the way, followed by education and health services (14,900 jobs). Twin Cities employers are having a hard time filling open roles. The metro's 1.7% unemployment rate as of October was near record lows, as labor force participation is still down significantly from before the pandemic.

Last year through November, both completions and transactions posted solid performances. Developers brought online 9,781 units, which was above the 8,888-unit average for the previous three years. Investment activity was also intense, with \$1.4 billion in multifamily assets trading across the metro. Although investor interest was almost equally split between quality segments, the average per-unit price surpassed the \$200,000 mark for the first time, up 21.4% from 2021.

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Recent Twin Cities Transactions

EDITION



City: Minneapolis
Buyer: Weidner Investment
Services
Purchase Price: \$55 MM
Price per Unit: \$282,051

Millennium at West End



City: St. Louis Park, Minn.
Buyer: West Freeman Properties
Purchase Price: \$51 MM
Price per Unit: \$320,886

Summit Townhomes



City: Burnsville, Minn.
Buyer: Oak Residential Partners
Purchase Price: \$40 MM
Price per Unit: \$346,491

Talus



City: Plymouth, Minn.
Buyer: Monument Capital
Management
Purchase Price: \$35 MM
Price per Unit: \$179,688