

Yardi® Matrix

# Twin Cities' Solid Foundation

Multifamily Report Winter 2018



**Occupancy Rate Tops Nation**

**Education, Health Services Employment Soars**

**Affordability Concerns Mount**



# TWIN CITIES MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2018

### Contacts

#### Paul Fiorilla

Associate Director of Research  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

#### Jack Kern

Director of Research and Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

### Author

#### Laura Calugar

Associate Editor

## Strong Demand Pushes Occupancy to Top

Twin Cities' multifamily market remains one of the most vigorous in the region, as evidenced by steady employment gains and an increasing population. Although investor appetite continues to be high, deliveries—especially for low-income renters—haven't kept up with demand. One result is that the market boasts the highest occupancy rate among major U.S. metros, at 97.7%, enabling 3.9% year-over-year rent growth through November, well above the 2.5% national average.

Benefiting from a strong talent pool coming from prominent universities and a thriving health-care industry, the metro added 44,200 jobs in the 12 months ending in September, about one-third of which were in the education and health services sector. Apart from the \$5.6 billion DMC initiative that broke ground on its first phase, Health Partners opened a \$75 million Neuroscience Center in St. Paul. One of the largest infrastructure projects—the light-rail line linking downtown Minneapolis to Eden Prairie—will spur more opportunities for transit-oriented development, with authorities slated to begin work on the extension in 2018.

Roughly 6,700 units were underway as of November, most targeting high-income residents. This has put pressure on affordability, leading municipalities to step in by endorsing nonprofits to acquire Class B/C buildings in exchange for keeping rents low. The issue might escalate going forward, especially since investors are looking for old suburban stock that can be renovated into higher-rent housing.

### Recent Twin Cities Transactions

The Grand Reserve at Eagle Valley



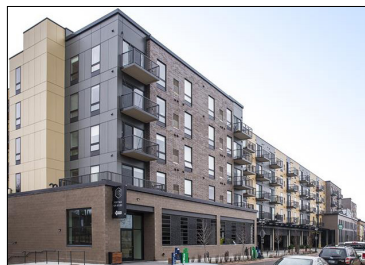
City: Woodbury, Minn.  
Buyer: Goldman, Sachs & Co.  
Purchase Price: \$97 MM  
Price per Unit: \$245,622

Park Place



City: Plymouth, Minn.  
Buyer: Investors Real Estate Trust  
Purchase Price: \$92 MM  
Price per Unit: \$184,600

Vintage on Selby



City: St. Paul, Minn.  
Buyer: Zurich Alternative Asset Management  
Purchase Price: \$87 MM  
Price per Unit: \$414,286

Arrive Eden Prairie



City: Eden Prairie, Minn.  
Buyer: FPA Multifamily  
Purchase Price: \$85 MM  
Price per Unit: \$166,831

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#### Hollie Zepke

Audience Development Specialist  
Hollie.Zepke@Yardi.com  
(800) 866-1124 x5389