



MULTIFAMILY REPORT

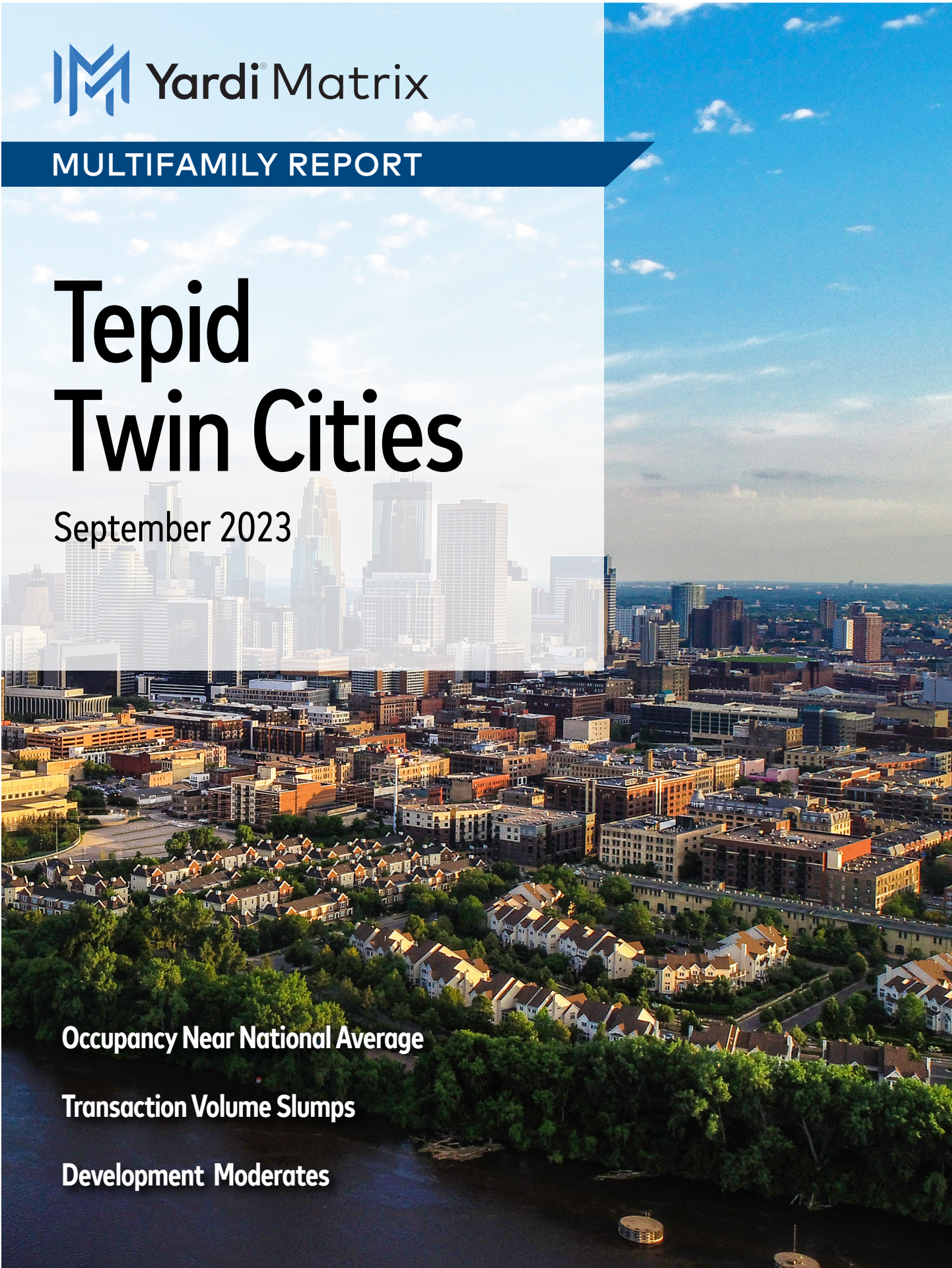
Tepid Twin Cities

September 2023

Occupancy Near National Average

Transaction Volume Slumps

Development Moderates



TWIN CITIES MULTIFAMILY



Market Not Immune To National Trends

Market fundamentals were modest in the Minneapolis-St. Paul market, with rents up 0.2% on a trailing three-month basis through July, to \$1,483. The figure remained below the national average of \$1,729, which advanced 0.3%. Year-over-year, rent growth in Twin Cities hit 1.7%, just above the U.S. figure, which clocked in at 1.6%.

Twin Cities employment growth (1.8%) trailed the national average (2.8%) as of May. Despite only two sectors recording losses, the rate was 100 basis points below the U.S. figure. Sectors recording significant gains included leisure and hospitality (17,700 jobs, up 9.6%), education and health services (12,900 jobs, up 3.5%) and government (7,200 jobs, up 2.8%). Meanwhile, the metro's 3.3% unemployment rate as of June was below the already low national figure, which sat at 3.6%.

Transactions slumped after two years of record volumes. In the first seven months of 2023, investors mainly targeted Renter-by-Necessity properties, with the total year-to-date through July at just \$186.9 million. Developers brought 1,494 units online, with an additional 16,679 units underway as of July. Yardi Matrix expects 6,841 units to come online during 2023, marking a clear change of pace from the previous two years, when nearly 23,000 units came online in 24 months.

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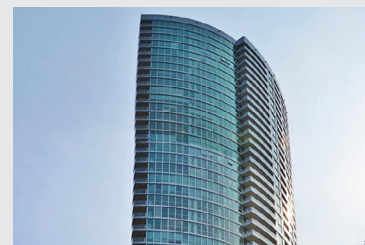
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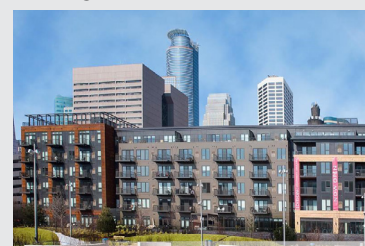
Recent Twin Cities Transactions

LPM



City: Minneapolis
Buyer: Weidner Investment Services
Purchase Price: \$74 MM
Price per Unit: \$209,040

EDITION



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

Park Glen



City: St. Louis Park, Minn.
Buyer: EQT Exeter
Purchase Price: \$54 MM
Price per Unit: \$187,655

ReNew West Bloomington



City: Bloomington, Minn.
Buyer: FPA Multifamily
Purchase Price: \$33 MM
Price per Unit: \$154,061