

Yardi® Matrix

# Twin Cities' Fast Pace

Multifamily Report Fall 2018

Rent Growth Outperforms US Average

Leisure, Hospitality Services Lead Job Gains

Surging Home Prices Boost Rental Demand

# TWIN CITIES MULTIFAMILY

Yardi® Matrix

## Market Analysis

Fall 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

## Occupancy Rates Remain Sky-High

Underpinned by strong population growth and solid demand, the Twin Cities multifamily market remains healthy. Rent growth continues to outperform the national average, clocking in at 3.6% year-over-year as of August, 50 basis points above the U.S. figure.

Fueled by the hosting of the Super Bowl, the metro’s leisure and hospitality sector led job gains, adding 9,500 positions in the 12 months ending in June. Additionally, of the total 42,400 jobs gained, more than one-third were in the manufacturing and trade, transportation and utilities sectors. The latter is likely to get a noteworthy boost from the planned \$2 billion Light Rail Transit project. Construction is also creating new jobs, with several large projects in the works, including the \$200 million Major League Soccer stadium and the \$500 million Minnesota Vikings project.

Roughly 8,300 units were underway as of August, the vast majority being in upscale developments. That’s on par with last year despite the ongoing labor shortage, high land prices and regulatory hurdles, with working-class renters being hit the most. The occupancy rate, although down 60 basis points over 12 months, remains one of the highest in the U.S.—97.3% as of July, second only to New York City. Yardi Matrix expects the average Twin Cities rent to rise 4.0% in 2018.

### Recent Twin Cities Transactions

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

Stadium View



City: Minneapolis  
Buyer: University Partners  
Purchase Price: \$69 MM  
Price per Unit: \$250,542

Parkway



City: Eden Prairie  
Buyer: FPA Multifamily  
Purchase Price: \$61 MM  
Price per Unit: \$162,667