

Yardi® Matrix

# Twin Cities Grow From the Core

Multifamily Report Winter 2019

**Job Gains Rebound,  
Boost Demand**

**Completions to Hit  
New Cycle Peak**

**Occupancy Rate  
Remains High**



# TWIN CITIES MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2019

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## Strong Demand Keeps Occupancy Up

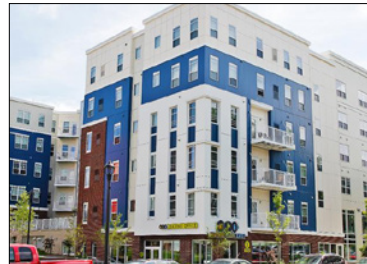
Backed by rebounding job gains and a strong demographic expansion, the Twin Cities' multifamily markets maintain their dynamism. Despite a new cycle peak for deliveries, last year's 3.3% rent growth stayed above the U.S. average. Meanwhile, occupancy remained one of the country's highest—at 97.1% as of November, second only to New York among major metros.

Employment gains were led by trade, transportation and utilities, which added 10,100 jobs in the 12 months ending in October. Large infrastructure projects—such as the \$2 billion light-rail line between downtown Minneapolis and Eden Prairie—are already stimulating development along the way. The Minnesota Vikings moved their practice facility from Mankato to Eagan in 2018, but the team owners are planning to build 1.2 million square feet of office space, as well as hotel, residential and retail space. Work on a 320-key hospitality project has already begun.

Some 9,000 units were under construction in the metro as of December, with downtown Minneapolis—which attracts upscale projects—leading the pipeline. Workforce housing demand is increasing, but with mounting land and materials costs, the segment could face increasing headwinds going forward. Yardi Matrix expects the average Twin Cities rent to advance 3.6% in 2019.

### Recent Twin Cities Transactions

44 North



City: Minneapolis  
Buyer: Harrison Street  
Purchase Price: \$53 MM  
Price per Unit: \$270,928

Variant



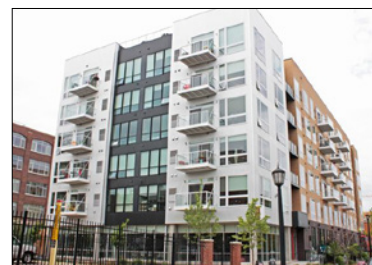
City: Minneapolis  
Buyer: TH Real Estate  
Purchase Price: \$49 MM  
Price per Unit: \$343,392

VELO



City: Minneapolis  
Buyer: LaSalle Investment Management  
Purchase Price: \$30 MM  
Price per Unit: \$300,990

Soltva



City: Minneapolis  
Buyer: LaSalle Investment Management  
Purchase Price: \$29 MM  
Price per Unit: \$292,500