



## MULTIFAMILY REPORT

# Twin Cities: Headwinds Ahead

Summer 2020

**Investor Appetite Slows Down**

**Deliveries Lag Behind U.S. Average**

**Rents Positive Amid Steady Demand**



# TWIN CITIES MULTIFAMILY



## Coronavirus Hits Employment Market

Despite headwinds caused by the pandemic, the Minneapolis-St. Paul multifamily rental market remained resilient in the first seven months of 2020. Rents avoided negative territory; on a trailing three-month basis through July, rates were up 0.2% to \$1,351. Meanwhile, the average U.S. figure contracted by 0.1% to \$1,460.

However, the metro's economy as a whole was not immune to fallout from the ongoing health crisis and the civil unrest that Minneapolis faced at the end of May. The Twin Cities unemployment rate hit 10.1% in the fifth month of the year, according to data from the Bureau of Labor Statistics, with leisure and hospitality bleeding the most jobs. Other sectors were also severely impacted. Mattress maker and retailer Sleep Number was among the first of the state's public companies to announce mass furloughs. The firm laid off 40% of its 4,400 employees. Many restrictions have now been lifted, but doubts about when the economy will rebound are still widespread.

Roughly 340 million in multifamily assets traded across the metro in the first seven months of the year, while 2,356 units came on-line. Despite the average occupancy level remaining above 95% as of June, we expect both construction and transactions to slow down this year. Additionally, the lingering effects of the pandemic will likely inhibit rent expansion going forward.

## Market Analysis | Summer 2020

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## Recent Twin Cities Transactions

### The Felix



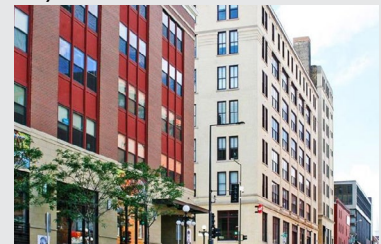
City: Burnsville, Minn.  
Buyer: Peak Capital Partners  
Purchase Price: \$55 MM  
Price per Unit: \$156,897

### Olympic Ridge



City: Eden Prairie, Minn.  
Buyer: Heartland Realty Investors  
Purchase Price: \$26 MM  
Price per Unit: \$178,322

### Rayette Lofts



City: St. Paul, Minn.  
Buyer: The Goodman Group  
Purchase Price: \$21 MM  
Price per Unit: \$240,909

### JAX



City: Minneapolis  
Buyer: TE Miller Development  
Purchase Price: \$15 MM  
Price per Unit: \$228,846