

YARDI[®] Matrix

Twin Cities: Millennial Hotspot

Multifamily Fall Report 2016

**Rent Growth Aligns
With National Average**

**Developers Target
Core Submarkets**

**Transaction Volume
Hits Cycle High**

TWIN CITIES MULTIFAMILY

YARDI® Matrix

Market Analysis

Fall 2016

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

Ioana Neamt

Senior Associate Editor

Sports Triple Play Enhances Growth

As an emerging Millennial hotspot boasting strong wage gains and one of the lowest unemployment rates in the country, the Minneapolis-St. Paul area is becoming increasingly attractive to multifamily investors. Job growth continues to be led by core sectors such as healthcare, education, hospitality and financial services, creating demand for amenity-rich, transit-oriented housing.

The Twin Cities' diverse economy is bustling with activity, as Minneapolis prepares to host the ESPN X games in 2017 and 2018, the Super Bowl in 2018 and the NCAA Final Four in 2019. Consequently, the areas surrounding the new \$1 billion U.S. Bank stadium are undergoing revitalization, as developers keep adding apartments, hotels and a variety of leisure and entertainment options. The retail sector is another factor driving development in the region, as the Mall of America—the largest enclosed shopping center in the U.S.—is in the midst of a \$500 million expansion, scheduled for completion in late 2018.

With more and more young professionals landing high-paying jobs in the metro, multifamily demand is high, driving rental rates up and vacancies down. The average occupancy rate for stabilized properties was a strong 97.7% as of September. We expect demand to remain elevated in the near future, as nearly 29,000 units are currently in the pipeline.

Recent Twin Cities Transactions

Excelsior & Grand



City: St. Louis Park, Minn.
Buyer: The Connor Group
Purchase Price: \$100 MM
Price per Unit: \$298,084

Fountain Place



City: Eden Prairie, Minn.
Buyer: New York Life Real Estate Investors
Purchase Price: \$80 MM
Price per Unit: \$162,857

Park Place



City: Plymouth, Minn.
Buyer: LivCor
Purchase Price: \$78 MM
Price per Unit: 155,314

Hampshire Hill



City: Bloomington, Minn.
Buyer: Investcorp
Purchase Price: \$66 MM
Price per Unit: \$123,738