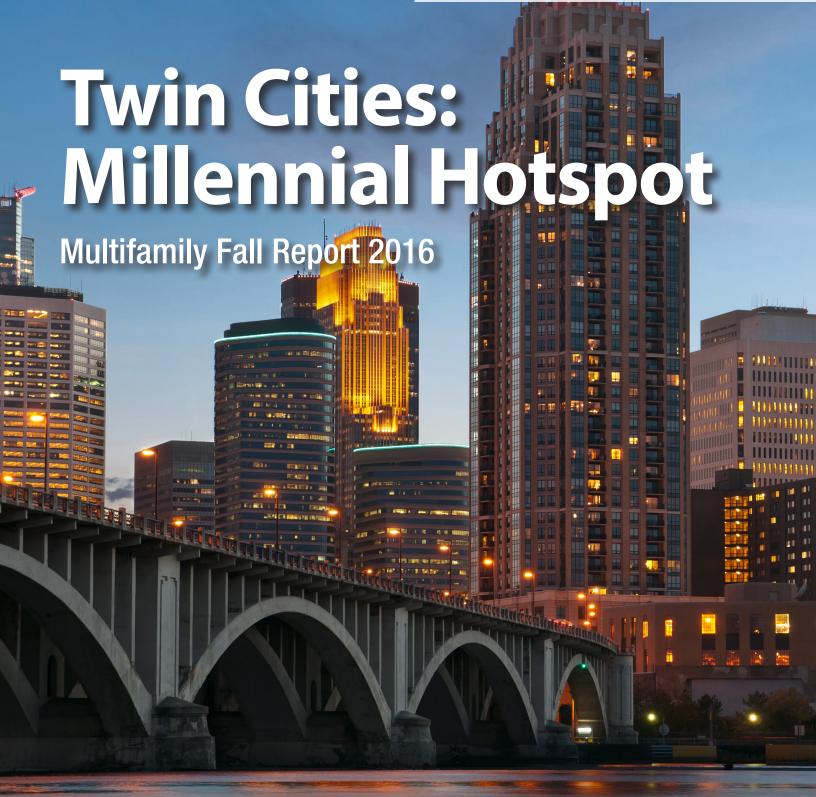
# **YARDI**<sup>®</sup> Matrix



Rent Growth Aligns
With National Average

**Developers Target Core Submarkets** 

**Transaction Volume Hits Cycle High** 

## TWIN CITIES MULTIFAMILY

## **YARDI**<sup>®</sup> Matrix

### **Market Analysis**

Fall 2016

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## **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

#### Park Place



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

#### Fountain Place



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

#### Hampshire Hill



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