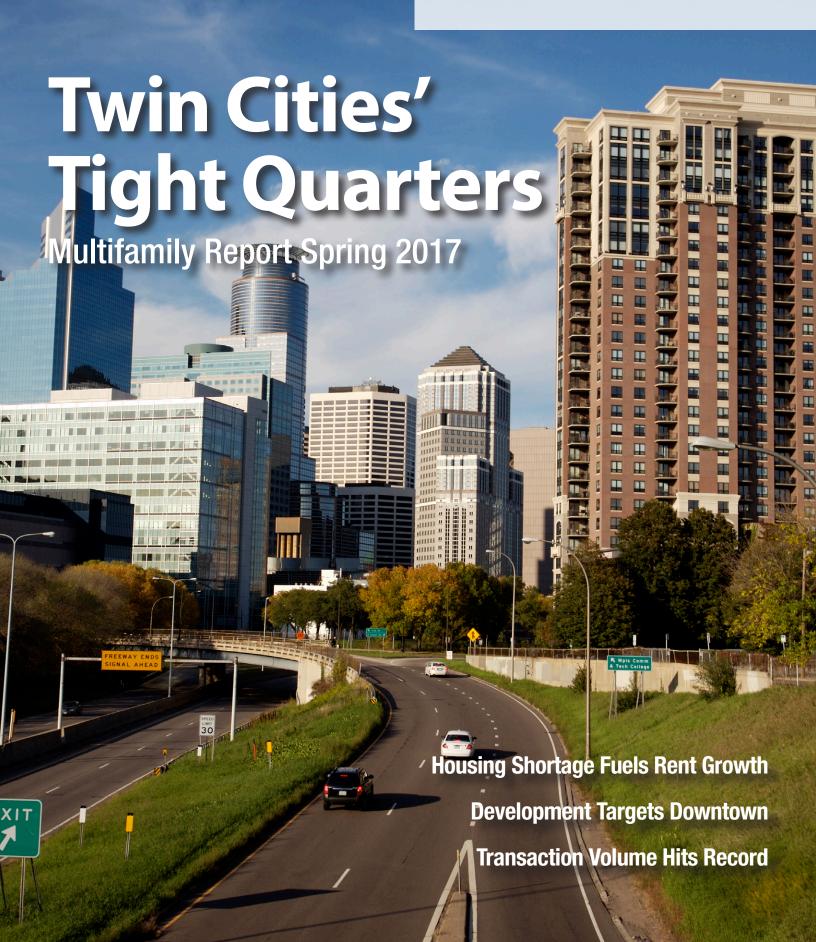
YARDI[®] Matrix



TWIN CITIES MULTIFAMILY

YARDI[®] Matrix

Market Analysis

Spring 2017

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

Supply Shortage Pushes Rents High

The Twin Cities multifamily market remains one of the strongest in the Midwest, leading in rent growth and featuring high occupancy rates and healthy population gains. The metro boasts a diverse and steady economy, with opportunity for continued growth.

Although total job growth in the metro trails the national average, sectors such as education and health services, as well as professional and business services, outperformed with the addition of more than 27,000 jobs last year. Local universities provide skilled workers to a variety of employers, including consumer product giants Target and Best Buy, and the world-renowned medical research institute Mayo Clinic. The leisure and hospitality sector suffered significant employment losses in 2016, despite the fact that the metro is preparing to host some major events, such as the 2018 Super Bowl.

Rent growth exceeded the national average over the last year, due to steady employment gains, an increasing population and limited housing supply, as apartment completions slowed in 2016. Occupancy for stabilized properties was 97.2% as of January, the highest rate among major metros. However, a well-stocked pipeline—with more than 5,000 units expected to come online this year—should provide some relief to the tight housing market. Yardi Matrix expects rent growth to stay above trend at 4.2% in 2017.

Recent Twin Cities Transactions

Excelsior & Grand



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

The Mark at Eden Prairie



City: Eden Prairie, Minn. Buyer: FPA Multifamily Purchase Price: \$85 MM Price per Unit: \$167,322

Fountain Place



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

The Penfield



City: St. Paul - Downtown, Minn. Buyer: LaSalle Investment Management Purchase Price: \$66 MM Price per Unit: \$257,874

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Hollie Zepke

Audience Development Specialist Hollie.Zepke@Yardi.com (800) 866-1124 x5389