



MULTIFAMILY REPORT

Twin Cities Toughs It Out

May 2022

Unemployment Well Below US Average

Rent Growth Decelerates, Remains Healthy

Leisure and Hospitality Sector Dominates Job Gains

TWIN CITIES MULTIFAMILY



Investment Stays Strong, Deliveries Moderate

Although rent growth is decelerating, the Twin Cities multifamily market is steadily recovering. In the first quarter of 2022, rates inched up 0.2%. Year-over-year through March, rates were up 5.1%. While this trails nearly all top metros around the country, which continue to record double-digit gains, rent growth across Minneapolis-St. Paul remains healthy compared to pre-pandemic levels.

The Minneapolis-St. Paul unemployment rate dropped to a tight 2.8% in February—190 basis points below the national rate—according to preliminary Bureau of Labor Statistics data. Nearly half of the 48,700 jobs that the metro gained in the 12 months ending in February were in the leisure and hospitality sector, but manufacturing and construction also posted solid additions.

Transactions hit \$452 million in the first quarter, already exceeding the \$434 million closed during the same period of 2021. Meanwhile, development activity is beginning to moderate. Only 1,018 units came online, significantly below the 2,738 apartments that developers completed in the first quarter of last year. Persistent supply chain issues and rising inflation, coupled with the recent local rent stabilization ordinance, are generating obstacles for developers. However, Yardi Matrix expects sustained demand to keep rent growth positive this year, at 3.7% for all of 2022.

Market Analysis | May 2022

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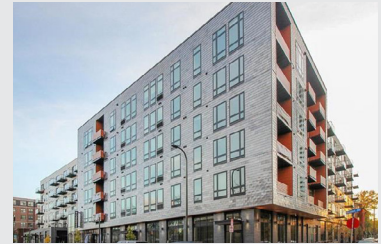
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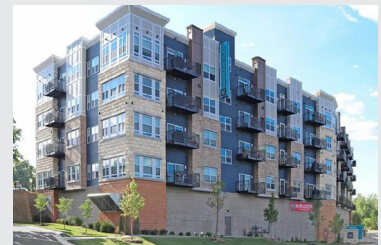
Recent Twin Cities Transactions

Marquee



City: Minneapolis
Buyer: KC Venture Group
Purchase Price: \$62 MM
Price per Unit: \$266,667

Birdtown Flats



City: Robbinsdale, Minn.
Buyer: The Shelard Group
Purchase Price: \$40 MM
Price per Unit: \$263,816

MartinBlu



City: Eden Prairie, Minn.
Buyer: Centerspace
Purchase Price: \$20 MM
Price per Unit: \$103,837

Cherry Lux



City: Fridley, Minn.
Buyer: Monument Capital
Management
Purchase Price: \$10 MM
Price per Unit: \$136,944