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Twin Cities Metro

Multifamily Summer Report 2015

Downtown Growth
Boosts Minneapolis

Education, Healthcare
Key Job Segments

University Submarkets
Lead Supply

TWIN CITIES MULTIFAMILY

Market Analysis

Summer, 2015

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Vibrant Downtown Boosts Minneapolis

Minneapolis is a bustling economy with low unemployment, high wages, and a relatively low cost of living, though that may change. Investors, both national and international, are attracted to the opportunity in the Twin Cities and are buying up properties, thus creating a strong demand and higher prices. The Midwest, in general, has grown slower than most of the other regions in the country, but Minneapolis/St. Paul metro is leading the way in changing that.

The labor market seems to be near full employment with the labor force participation rate at 70.5%, significantly higher than the nation's 62.7%. Large financial institutions such as Travelers Insurance and US Bank create job stability, while Amazon is planning to add a distribution center that will employ over 1,000 workers.

All of this leads to new construction, especially in downtown Minneapolis near the University of Minnesota. Local authorities have made an effort to create a vibrant downtown in an effort to retain skilled and educated workers. More than one-third of multifamily construction and transaction activity over the past year has taken place near the University of Minnesota's main campus in the University and Central submarkets. This area is where we expect to see the strongest increase in rent growth, above the 3.5% average we expect for the metro as a whole in 2015.

Recent Twin Cities Transactions

VÉLO



City: Minneapolis, MN
 Buyer: Clarion Partners
 Purchase Price: \$31 MM
 Price per Unit \$306,683

The Walkway



City: Minneapolis, MN
 Buyer: JP Morgan Asset Management
 Purchase Price: \$54 MM
 Price per Unit: \$584,239

Cottage Village of Arden Hills



City: Arden Hills, MN
 Buyer: Weber Properties
 Purchase Price: \$6 MM
 Price per Unit: \$100,000

Blaine Courts



City: Blaine, MN
 Buyer: Lang Nelson & Associates
 Purchase Price: \$3 MM
 Price per Unit: \$52,056