

**YARDI**<sup>®</sup> Matrix

# Fueling the Twin Cities Economy

Multifamily Summer Report 2016



**New Stadium, Mall Expansion  
Highlight Retail Growth**

**Large Employers Add Jobs**

**Investment Volume on the Rise**



# TWIN CITIES MULTIFAMILY

**YARDI**® Matrix

## Market Analysis

Summer 2016

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## Hungry for Multifamily

As a regional hotspot with strong employment gains, high wages and a relatively low cost of living, the Minneapolis-St. Paul area's multifamily market is bustling with activity. Though Twin Cities job growth trails the nation, sectors such as health care, education, hospitality and financial services are adding jobs and have pushed unemployment to one of the lowest rates in the country.

Leisure and hospitality play a big part in fueling the Twin Cities economy, as Minneapolis will host the 2018 Super Bowl and the National Football League's Minnesota Vikings will kick off this season at their new, \$1 billion U.S. Bank Stadium. The team has also purchased the former Northwest Airlines headquarters in Eagan and plans to relocate its headquarters and training facility from Eden Prairie. Retail is another major factor driving development in the area, with several large projects currently in the works, including the Mall of America's \$500 million expansion, scheduled for completion in late 2018.

Multifamily demand is high, especially as large employers such as UnitedHealthcare, Mayo Clinic and Target add young workers. Occupancy was a robust 96.6% as of April. Investor demand is strong, as deal flow and prices have been on the upswing. We expect that demand is likely to remain elevated in the near future, although a wave of new completions will dampen rent growth in the metro. As a result, we forecast a moderate 1.5% increase in rents in 2016.

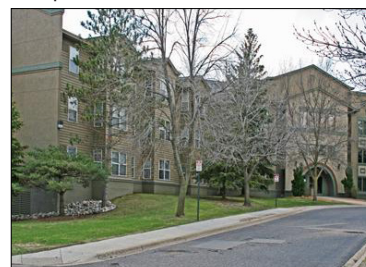
## Recent Twin Cities Transactions

Park Place



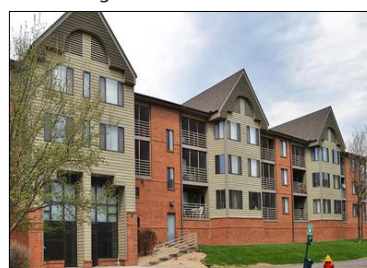
City: Plymouth, Minn.  
Buyer: The Blackstone Group  
Purchase Price: \$78 MM  
Price per Unit: \$155,314

Hampshire Hill



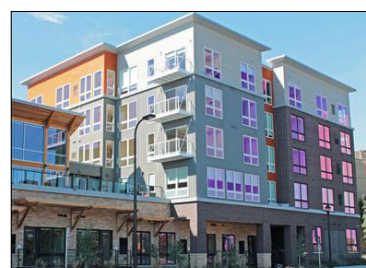
City: Bloomington, Minn.  
Buyer: Investcorp  
Purchase Price: \$66 MM  
Price per Unit: \$123,738

The Burlington



City: St. Paul, Minn.  
Buyer: Abacus Capital Group  
Purchase Price: \$64 MM  
Price per Unit: \$149,883

7West



City: Minneapolis  
Buyer: Weidner Investment Services  
Purchase Price: \$55 MM  
Price per Unit: \$254,673