

Yardi® Matrix

MULTIFAMILY REPORT

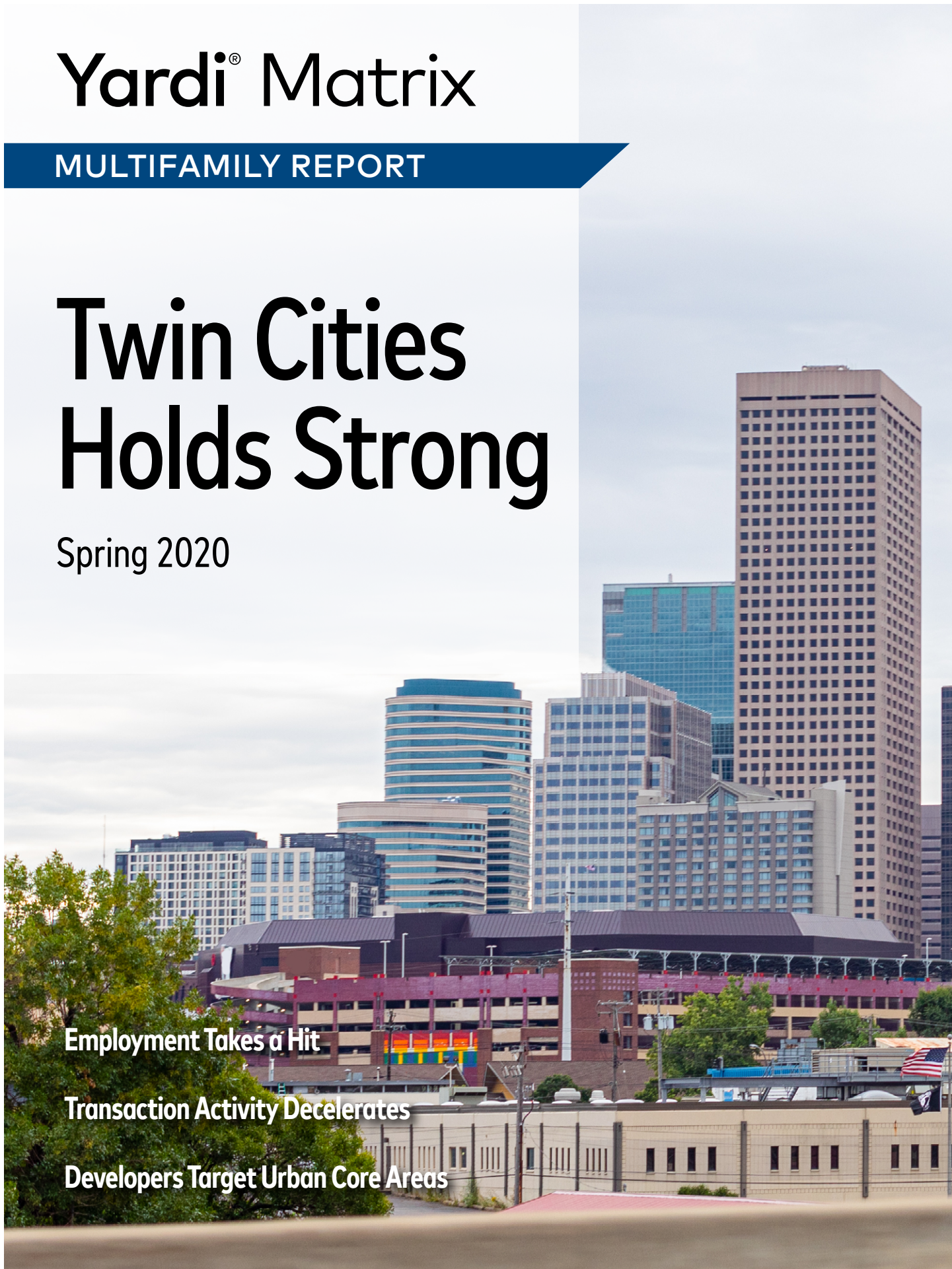
Twin Cities Holds Strong

Spring 2020

Employment Takes a Hit

Transaction Activity Decelerates

Developers Target Urban Core Areas



TWIN CITIES MULTIFAMILY

Yardi® Matrix

Economic Growth Faces New Challenges

Fueled by steady demographics, Twin Cities' multifamily market has remained stable, despite headwinds caused by the coronavirus outbreak. Although on a downward trajectory, rent growth in Minneapolis-St. Paul is still above the national rate. On a trailing three-month basis as of March, rents were up by 0.3% to an average of \$1,339.

Employment growth plateaued last year, due to significant losses in education and health services and professional and business services (-9,100 jobs combined). The beginning of the year also brought new trials for hospitality, retail and construction. As of mid-April, 14% of Minnesota's workers had applied for unemployment insurance, according to the Minnesota Department of Employment and Economic Development. To help offset costs associated with the health crisis, the state is expected to receive \$2.2 billion through the federal coronavirus relief package. Another helpful measure is the Pandemic Emergency Unemployment Compensation program, which provides a 13-week extension of unemployment benefits.

Multifamily sales volume was limited in the first quarter and investors will likely wait for the market to stabilize. With many new landlords already offering rent concessions, demand is likely to soften in the short and medium term.

Market Analysis | Spring 2020

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Recent Twin Cities Transactions

Huntington Place



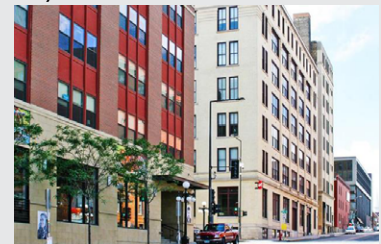
City: Brooklyn Park, Minn.
Buyer: Aeon
Purchase Price: \$75 MM
Price per Unit: \$89,928

Eitel



City: Minneapolis
Buyer: Sentinel Real Estate
Purchase Price: \$55 MM
Price per Unit: \$256,338

Rayette Lofts



City: St. Paul, Minn.
Buyer: The Goodman Group
Purchase Price: \$21 MM
Price per Unit: \$240,909

The Tradewinds



City: New Hope, Minn.
Buyer: Relay Properties
Purchase Price: \$12 MM
Price per Unit: \$100,417