



MULTIFAMILY REPORT

# Twin Cities' 2020 Fight

Winter 2021

**Transaction Activity Hits the Brakes**

**Demand for Lifestyle Units Declines**

**Rents Dip Into Negative Territory**

# TWIN CITIES MULTIFAMILY



## Investors Hesitate as Volatility Lingers

The Minneapolis-St. Paul multifamily market has proven relatively resilient in the face of adversity, even while rent gains entered negative territory on a trailing three-month basis in September. Rates were down 0.3% to \$1,332 on a trailing three-month basis through November, while the U.S. average stayed flat at \$1,465.

Gradual efforts to reopen the economy brought Twin Cities' unemployment rate to 4.2% in October, 270 basis points below the U.S. figure and the lowest figure among Midwestern markets. And while service and entertainment businesses are still facing difficulties, the construction industry is beginning to pick up steam again. Ryan Cos. officially began work on Highland Bridge—a 122-acre redevelopment project on the site of the former Ford plant in St. Paul's Highland Park—and Mortenson Co. broke ground on phase two of Destination Medical Center's Discovery Square project in Rochester, the largest public-private partnership in Minnesota history.

In 2020 through November, multifamily transactions totaled \$509 million, less than half the figure recorded in 2019. Meanwhile, pandemic-induced restrictions did not have a similar impact on the market's pipeline, with construction deemed essential. Some 5,200 units came online through November, in line with the metro's five-year average of 5,544 units.

## Market Analysis | Winter 2021

### Contacts

#### Jeff Adler

Vice President & General Manager of Yardi Matrix  
[Jeff.Adler@Yardi.com](mailto:Jeff.Adler@Yardi.com)  
(303) 615-3676

#### Jack Kern

Director of Research and Publications  
[Jack.Kern@Yardi.com](mailto:Jack.Kern@Yardi.com)  
(800) 866-1124 x2444

#### Ron Brock, Jr.

Industry Principal, Matrix  
[JR.Brock@Yardi.com](mailto:JR.Brock@Yardi.com)  
(480) 663-1149 x2404

#### Author

#### Laura Calugar

Senior Associate Editor

### Recent Twin Cities Transactions

#### Valley Creek



City: Woodbury, Minn.  
Buyer: DRA Advisors  
Purchase Price: \$72 MM  
Price per Unit: \$178,109

#### The Grain Belt



City: Minneapolis  
Buyer: JLL  
Purchase Price: \$42 MM  
Price per Unit: \$275,677

#### The Grove



City: St. Paul, Minn.  
Buyer: Continental Properties  
Purchase Price: \$31 MM  
Price per Unit: \$261,941

#### Stadium Village



City: Minneapolis  
Buyer: The University of Minnesota Foundation  
Purchase Price: \$25 MM  
Price per Unit: \$204,918