

YARDI® Matrix

Twin Cities' Tight Quarters

Multifamily Report Spring 2017

Housing Shortage Fuels Rent Growth

Development Targets Downtown

Transaction Volume Hits Record

TWIN CITIES MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2017

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Supply Shortage Pushes Rents High

The Twin Cities multifamily market remains one of the strongest in the Midwest, leading in rent growth and featuring high occupancy rates and healthy population gains. The metro boasts a diverse and steady economy, with opportunity for continued growth.

Although total job growth in the metro trails the national average, sectors such as education and health services, as well as professional and business services, outperformed with the addition of more than 27,000 jobs last year. Local universities provide skilled workers to a variety of employers, including consumer product giants Target and Best Buy, and the world-renowned medical research institute Mayo Clinic. The leisure and hospitality sector suffered significant employment losses in 2016, despite the fact that the metro is preparing to host some major events, such as the 2018 Super Bowl.

Rent growth exceeded the national average over the last year, due to steady employment gains, an increasing population and limited housing supply, as apartment completions slowed in 2016. Occupancy for stabilized properties was 97.2% as of January, the highest rate among major metros. However, a well-stocked pipeline—with more than 5,000 units expected to come online this year—should provide some relief to the tight housing market. Yardi Matrix expects rent growth to stay above trend at 4.2% in 2017.

Recent Twin Cities Transactions

Excelsior & Grand



City: St. Louis Park, Minn.
Buyer: The Connor Group
Purchase Price: \$100 MM
Price per Unit: \$298,084

The Mark at Eden Prairie



City: Eden Prairie, Minn.
Buyer: FPA Multifamily
Purchase Price: \$85 MM
Price per Unit: \$167,322

Fountain Place



City: Eden Prairie, Minn.
Buyer: New York Life Real Estate Investors
Purchase Price: \$80 MM
Price per Unit: \$162,857

The Penfield



City: St. Paul - Downtown, Minn.
Buyer: LaSalle Investment Management
Purchase Price: \$66 MM
Price per Unit: \$257,874

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