



MULTIFAMILY REPORT

Twin Cities: Reset In Progress

May 2023

Construction Starts Slow Down

Transaction Volume Decelerates

Short-Term Rent Gains Above Nation

TWIN CITIES MULTIFAMILY



A Return to Sustainable Growth

Twin Cities' record run during the past two years began to weaken at the beginning of 2023. Development slowed, transaction activity took a dive and occupancy slid more than a full percentage point in 12 months. However, this correction will likely spur a more sustainable pace of growth in the long term, especially when economic uncertainty subsides. While U.S. rent growth plateaued in the first quarter—clocking in at \$1,706—Minneapolis-St. Paul rates improved by 0.2%, to \$1,465.

The metro's job market remained on a positive track, with employment expanding by 3.5%, or 70,600 positions, in 2022. Two sectors—education and health services and leisure and hospitality—accounted for half of the job gains, while mining, logging and construction was the only sector to contract, losing 3,400 positions. As of February, the Twin Cities unemployment rate was 40 basis points below the 3.6% national figure. One of the largest investments announced in the metro was Xcel Energy's \$575 million solar power plant in Becker, Minn., which will replace three coal-fired facilities that will be closed by 2030.

In the first quarter, developers brought online only 475 units, following two of the metro's best years for deliveries, when a combined 22,311 apartments were added to stock. The past two years also saw unprecedented investment, with sales surpassing \$3.2 billion in 24 months.

Market Analysis | May 2023

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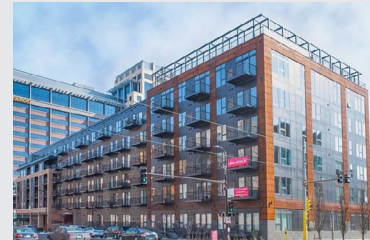
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Recent Twin Cities Transactions EDITION



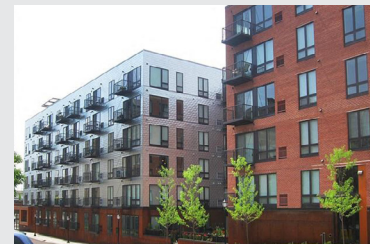
City: Minneapolis
 Buyer: Weidner Investment Services
 Purchase Price: \$55 MM
 Price per Unit: \$282,051

Park Glen



City: St. Louis Park, Minn.
 Buyer: EQT Exeter
 Purchase Price: \$54 MM
 Price per Unit: \$187,655

Dock Street Flats



City: Minneapolis
 Buyer: The Connor Group
 Purchase Price: \$47 MM
 Price per Unit: \$254,054

ReNew West Bloomington



City: Bloomington, Minn.
 Buyer: FPA Multifamily
 Purchase Price: \$33 MM
 Price per Unit: \$154,061