

Yardi® Matrix

# Twin Cities Stand Tall

Multifamily Report Spring 2018

Education, Health Services Lead Job Gains

Affordability Concerns Escalate

Investors Eye Value-Add Properties

# TWIN CITIES MULTIFAMILY

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## Market Analysis

Spring 2018

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## Robust Demand Keeps Occupancy Up

Boasting strong population growth and accelerated job gains, the Twin Cities has become a magnet for multifamily investors. Meanwhile, solid demand has kept stabilized properties across the metro near full occupancy—97.2% as of February, the highest rate among major U.S. metros.

Anchored by several Fortune 500 companies and a strong education system, the Twin Cities added almost 48,000 jobs in 2017. Education and health services continues to lead job growth, with more than 13,000 new positions. Fueled by strong development along major thoroughfares, the transportation and construction sectors generated 16,500 jobs and are likely to continue to be an important employment engine. United Properties revealed design plans for a 33-story tower on the north end of Nicollet Mall in Minneapolis, a project that is estimated to cost about \$330 million. Additionally, Vermillion Development intends to convert a block along the Green Line in Prospect Park to condos, apartments and commercial space.

Roughly 7,500 units were under construction in the metro as of March, with the completion of new luxury projects and the repositioning of several value-add properties providing an additional boost to rents. Demand coming from the working-class segment is also poised to remain high, leading Yardi Matrix to forecast rent growth of 3.7% in 2018.

### Recent Twin Cities Transactions

The Grand Reserve at Eagle Valley



City: Woodbury, Minn.  
Buyer: Goldman Sachs & Co.  
Purchase Price: \$97 MM  
Price per Unit: \$245,622

Park Place



City: Plymouth, Minn.  
Buyer: Investors Real Estate Trust  
Purchase Price: \$92 MM  
Price per Unit: \$182,600

Vintage on Selby



City: St. Paul, Minn.  
Buyer: Zurich Alternative Asset Management  
Purchase Price: \$87 MM  
Price per Unit: \$414,286

Stadium View



City: Minneapolis  
Buyer: University Partners  
Purchase Price: \$69 MM  
Price per Unit: \$250,542