



## MULTIFAMILY REPORT

# Twin Cities Hang On Tight

January 2024

**Construction Starts Stay Elevated**

**YoY Rent Gains Remain Positive**

**Transaction Volume Slides**



# TWIN CITIES MULTIFAMILY



## Performance Stays Moderate Metrowide

The Minneapolis-St. Paul market showed moderate results toward the end of 2023, with rents down 0.3% on a trailing three-month basis, to \$1,473. That was similar to the slide in the national average, which was down 0.2% to \$1,713 as of November. Both were affected by seasonal trends. In a rare feat for this year, the average overall occupancy rate in stabilized properties was flat over 12 months in the Twin Cities, at 95.1% in October.

The metro added 32,800 net jobs in the 12 months ending in September 2023, up 1.8%, 60 basis points below the national rate. The unemployment rate clocked in at a very tight 2.9% as of October, 100 basis points lower than the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. A survey conducted by the Minneapolis branch of the Federal Reserve found that high interest rates had a less significant impact on the infrastructure and industrial sectors than on the residential market.

Developers had 18,416 units under construction as of November 2023. Of the apartments underway, more than 8,000 units broke ground in 2023 through November, keeping the pipeline's pace close to figures recorded in 2022. Investment, on the other hand, saw a major slowdown, with only \$631 million in multifamily transactions in the first 11 months of the year. That fell significantly short of the \$1.5 billion recorded during the same time frame of 2022.

## Market Analysis | January 2024

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### Recent Twin Cities Transactions

#### Inspire



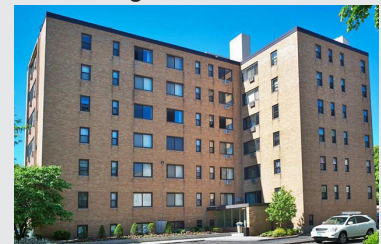
City: Minneapolis  
Buyer: Weidner Investment Services  
Purchase Price: \$113 MM  
Price per Unit: \$191,875

#### Arrive Minnetonka



City: Minnetonka, Minn.  
Buyer: FPA Multifamily  
Purchase Price: \$89 MM  
Price per Unit: \$204,598

#### The Portage



City: Minneapolis  
Buyer: Classic City Apartments  
Purchase Price: \$7 MM  
Price per Unit: \$116,129

#### Phalen Shores



City: St. Paul, Minn.  
Buyer: Global Health Link  
Purchase Price: \$5 MM  
Price per Unit: \$94,528