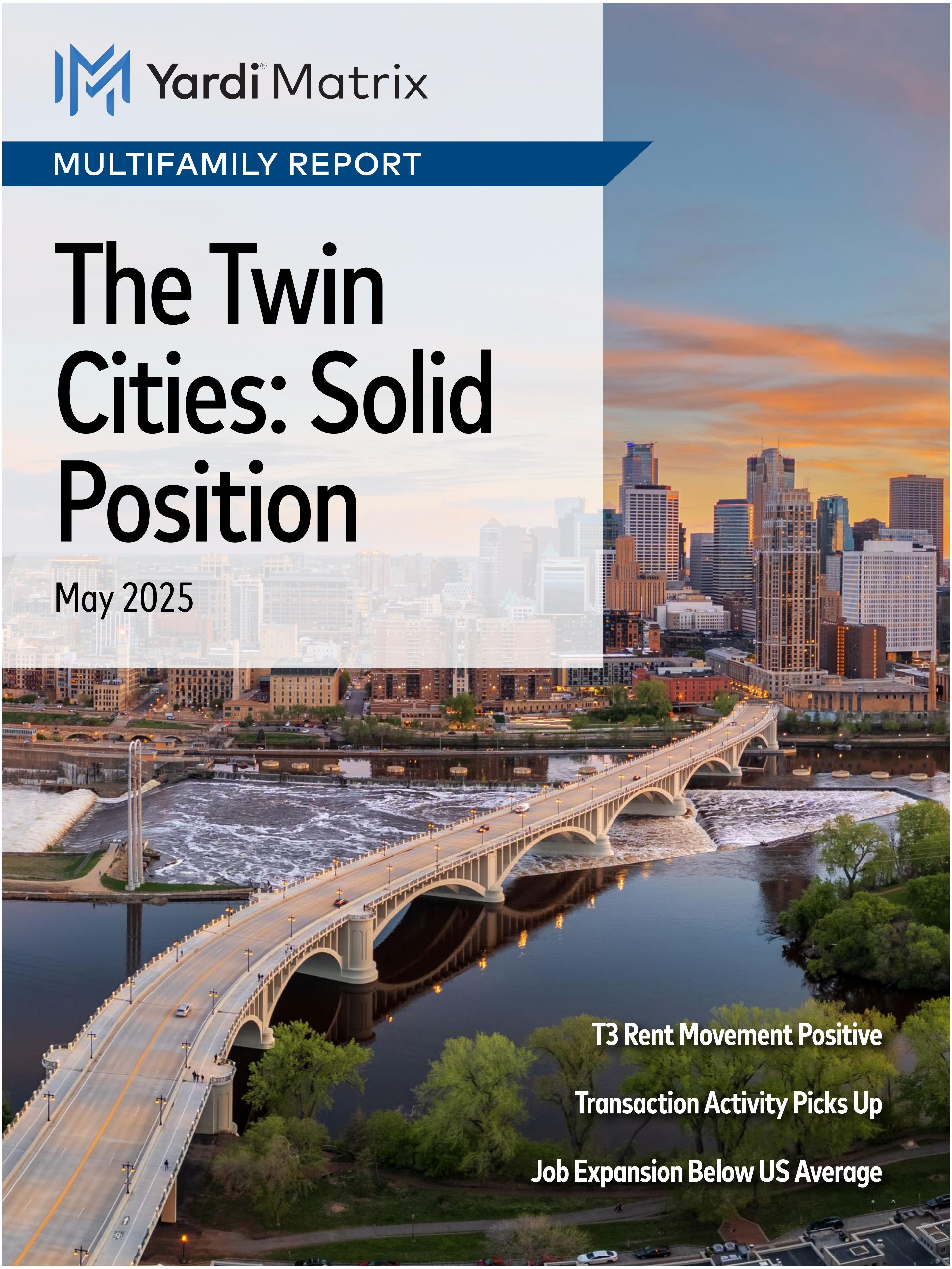
Yardi® Matrix

MULTIFAMILY REPORT

The Twin Cities: Solid Position

May 2025



T3 Rent Movement Positive

Transaction Activity Picks Up

Job Expansion Below US Average

TWIN CITIES MULTIFAMILY

Yardi Matrix

Solid First-Quarter Performance

The Minneapolis–St. Paul multifamily market showed signs of improvement in the first quarter of 2025. The average advertised asking rate was up 0.4% on a trailing three-month basis, to $1,568. This was also 30 basis points above the U.S. figure, which registered a modest 0.1% uptick during the same time frame. Despite a 10-basis-point decrease year-over-year, the metro's average overall occupancy in stabilized properties stood at 95.0% as of March.

Employment in Minneapolis–St. Paul was up 0.9% year-over-year through January, 10 basis points lower than the national average. Despite job losses in four sectors, education and health services remained one of the metro's key employment drivers, adding 16,900 new jobs to the workforce. The metro's unemployment rate stood at 3.5% as of February, 60 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Another portion of the former Thomson Reuters 263-acre campus in Eagan, Minn., has been acquired. In February, Amazon paid $53 million for 95 acres.

Development is slowing down, as only 1,159 units came online this year through March, accounting for 0.3% of stock and 20 basis points below the national rate. Construction is also slowing, with only half the number of units breaking ground compared to the same period last year. Meanwhile, transaction activity remains solid, recording $370 million in assets changing hands.

Market Analysis | May 2025

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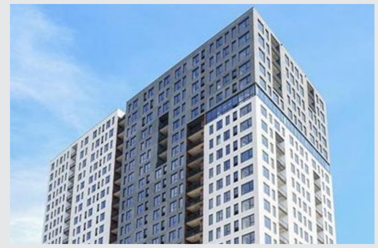
Recent Twin Cities Transactions

Rafter

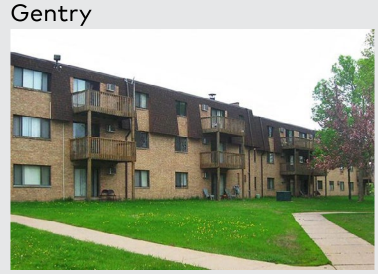


City: Minneapolis, Minn.
Buyer: Roundhouse
Purchase Price: $83 MM
Price per Unit: $292,756

5 Central

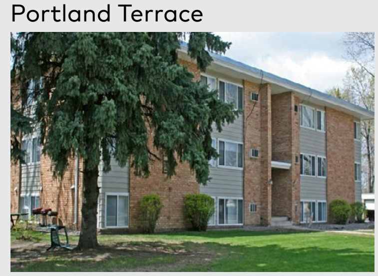
City: Osseo, Minn.
Buyer: Zurich Alternative Asset Management
Purchase Price: $30 MM
Price per Unit: $214,071

Gentry



City: Oakdale, Minn.
Buyer: METIS Development Group
Purchase Price: $12 MM
Price per Unit: $129,056

Portland Terrace



City: Richfield, Minn.
Buyer: PAK Properties
Purchase Price: $6 MM
Price per Unit: $91,176

RENT TRENDS

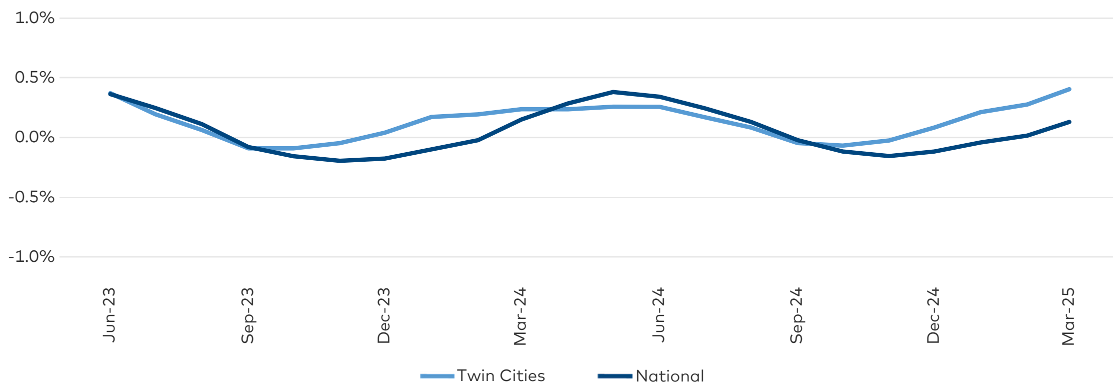
- Minneapolis–St. Paul saw improvements in rent growth, as the average advertised asking rate was up 0.4% on a trailing three-month (T3) basis, to $1,568. This was also 30 basis points above the U.S. rate, which registered a modest 0.1% uptick during the same time frame. Over the 12-month period ending in March, the metro remained within positive margins, apart from its 0.1% decrease registered in October 2024. On a year-over-year basis, average advertised asking rents in Minneapolis–St. Paul were up 2.1%, placing the Twin Cities in the upper half of the top 30 metros tracked by Yardi Matrix. Rent growth is expected to reach 1.2% by the end of 2025.

- Both quality segments saw an increase in rent growth. Advertised asking rates for Lifestyle assets were up 0.5%, to $1,859. Rents in working-class, Renter-by-Necessity properties also increased 0.4%, to $1,331.

- The metro's average overall occupancy in stabilized properties stood at 95.0% as of March, a 10-basis-point decrease year-over-year. Lifestyle occupancy also recorded a 10-basis-point contraction, to 94.3%. Meanwhile, despite posting the largest occupancy rate, at 95.6%, RBN figures were also down 10 basis points.

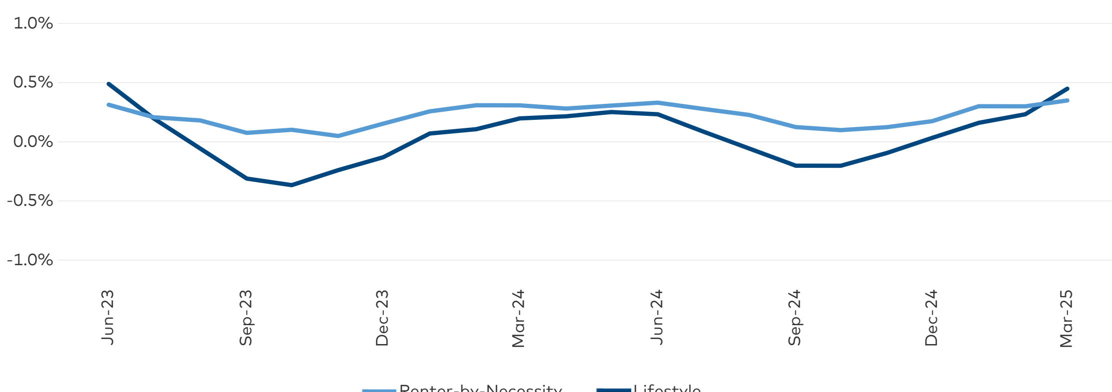
- Of the 87 submarkets tracked by Yardi matrix, only 10 recorded contractions year-over-year as of March. Edina/Eden Prairie remained the most expensive area, up 0.6%, to $1,987, followed by Maple Grove (up 2.7% to $1,980) and Woodbury/Cottage Grove (up 4.6% to $1,946).

Twin Cities vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Twin Cities Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Employment in Minneapolis–St. Paul expanded 0.9% year-over-year through January, 10 basis points lower than the national average. The metro added 18,700 net jobs during that period. The total also accounted for 10,300 positions lost across five sectors. Education and health services remained one of the metro's key employment drivers, adding 16,900 new jobs to the workforce, marking a 4.4% increase. Other significant gains were recorded in government (9,000 jobs) and other services (2,000 jobs), among others.

- The metro's unemployment rate stood at 3.5% as of February, 60 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Over the previous 12 months, unemployment in the Twin Cities reached its lowest point in October and November 2024, at 2.4%. The unemployment rate was 50 basis points higher than Minnesota's figure, which rested at 3.0% as of February.

- Amazon paid $53 million for 93 acres of the former Thomson Reuters 263-acre campus in Eagan, Minn. Another large portion of the campus is also currently being redeveloped by Ryan Cos. for residential and industrial purposes, with plans calling for four industrial buildings, 100 townhomes, a 10-acre park and Project Nova, a 3.6 million-square-foot multistory industrial building.

Twin Cities Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	398.6	19.2%
90	Government	277.4	13.4%
80	Other Services	81.1	3.9%
15	Mining, Logging and Construction	86.3	4.2%
40	Trade, Transportation and Utilities	367.8	17.8%
50	Information	28.8	1.4%
70	Leisure and Hospitality	182	8.8%
30	Manufacturing	212.9	10.3%
55	Financial Activities	147.3	7.1%
60	Professional and Business Services	289.9	14.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- The Twin Cities' population increased by 0.5% between in 2022, with 19,172 new residents.

- This growth was just 10 basis points higher than the U.S. rate of expansion, which rested at 0.4% during the same period.

Twin Cities vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Twin Cities	3,573,609	3,605,450	3,659,156	3,678,328

Source: U.S. Census

SUPPLY

- Developers brought 1,159 units online this year through March, accounting for 0.3% of stock and 20 basis points below the national rate. Four of the five properties that came online during the first quarter were in the Lifestyle segment. Despite some slowdown in 2023 following a few years of continuous growth, developers picked up the pace in Minneapolis–St. Paul in 2024, with 11,714 units delivered, accounting for 4.4% of unventory.

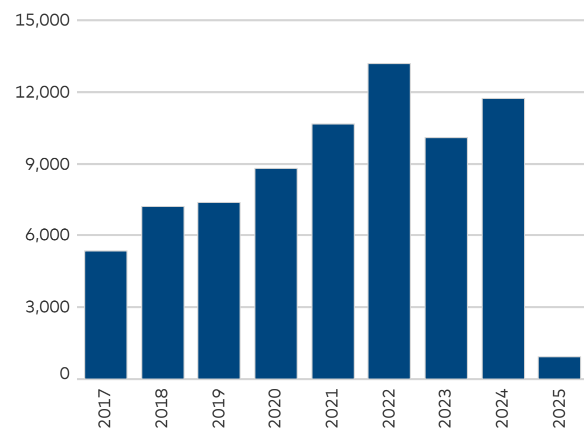
- The Twin Cities had 8,362 units under construction as of March. Another 53,300 units were in the planning and permitting stages. The metro has also been affected by the overall national slowdown and limited capital availability. Only 691 units across six projects broke ground in the first quarter of 2025, marking a 48.9% decrease from the 1,351 units across eight projects that started construction during the same period in 2024.

- Urban areas led the development pipeline in the Twin Cities, with only one submarket having more than 1,000 units underway. Edina/Eden Prairie led with 1,129 units, followed by Minnetonka (466 units). On the suburban side, Shakopee led with 402 apartments under construction.

- Edina/Eden Prairie is also home to the largest property underway. The 408-unit The Fred is being developed by Solhem Cos. and is slated for delivery in the first half of 2025.

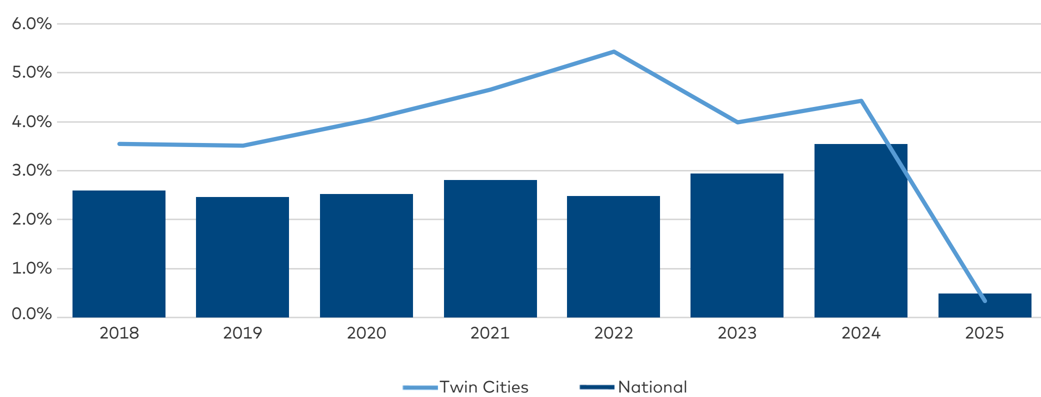
- The largest completed community so far this year was The Nine at Lexington Station. Developed by Alatus, the 304-unit property is partially affordable.

Twin Cities Completions (as of March 2025)



Source: Yardi Matrix

Twin Cities vs. National Completions as a Percentage of Total Stock (as of March 2025)



Source: Yardi Matrix

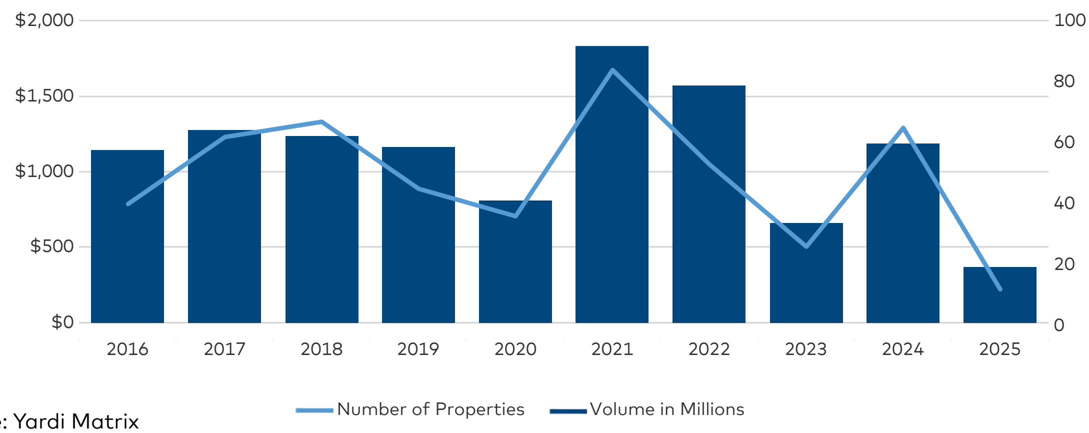
TRANSACTIONS

- Multifamily investment in the metro reached $370 million in the first quarter of 2025. Volume has been increasing, as last year ended with $1.2 billion. The metro's annual average in the last decade clocked in at $1.1 billion, indicating that the market is getting back on track.

- In the first quarter of 2025, investment was evenly distributed between the Lifestyle and RBN segments, but the price per unit increased, with the metro's $209,944 significantly up from $166,301 at the end of 2024. The U.S. average was $220,599. While the Lifestyle and RBN segments saw equal investment in the first quarter, the metro's per-unit price jumped to $209,944, a notable jump from the $166,301 at the end of 2024.

- Three submarkets exceeded the $100 million mark for multifamily transactions during the 12 months ending in March. Minneapolis–University led with $157 million, followed by Minneapolis–Central ($150 million) and Brooklyn Park ($149 million).

Twin Cities Sales Volume and Number of Properties Sold (as of March 2025)



Source: Yardi Matrix

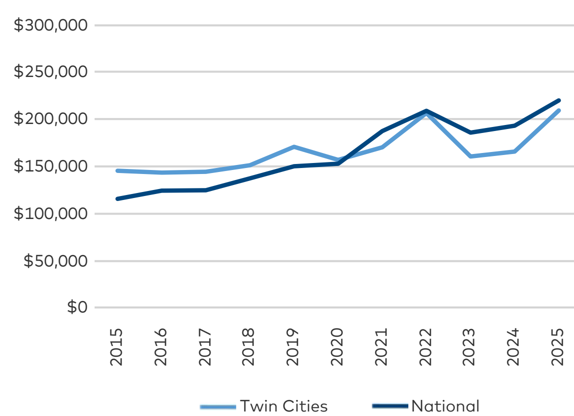
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Minneapolis–University	157
Minneapolis–Central	150
Brooklyn Park	149
Minneapolis–Calhoun Isle	90
Richfield	58
Anoka	54
Plymouth	46

Source: Yardi Matrix

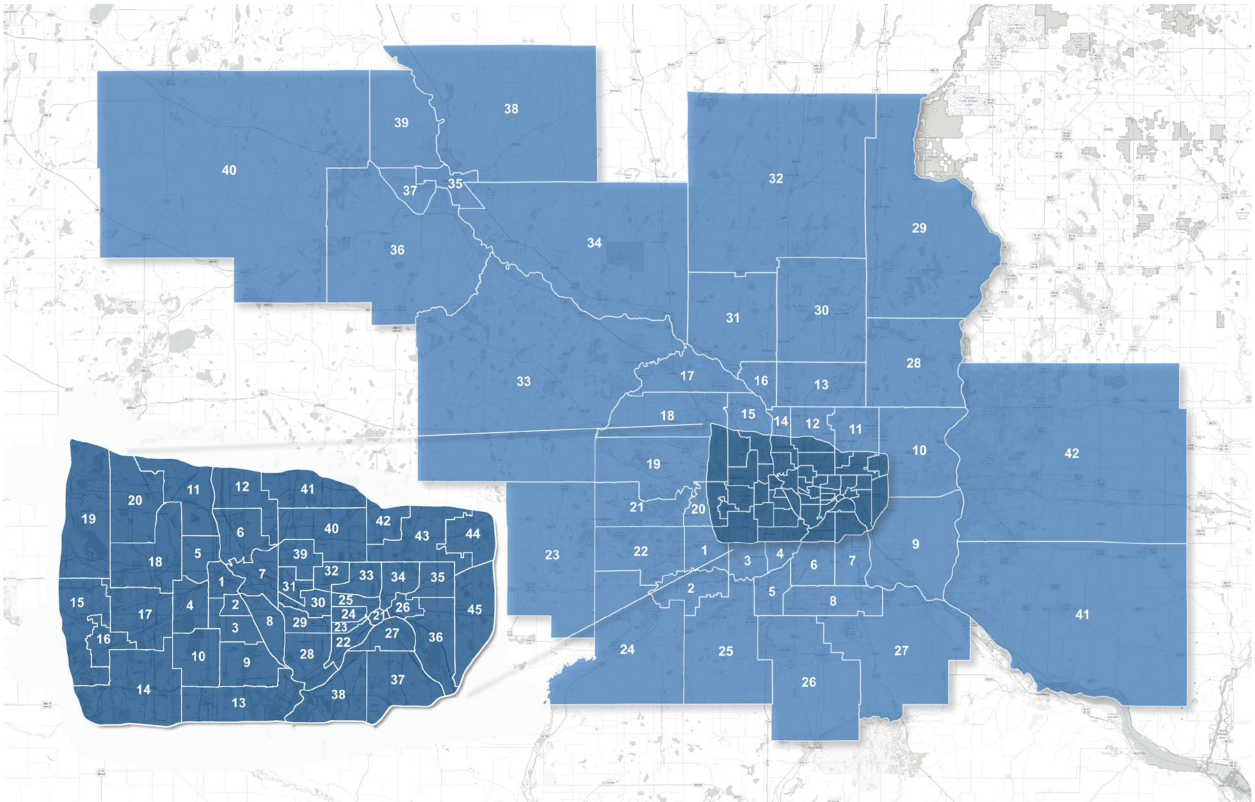
[1] From April 2024 to March 2025

Twin Cities vs. National Sales Price per Unit



Source: Yardi Matrix

TWIN CITIES SUBMARKETS



Area No.	Submarket
1	Minneapolis–Central
2	Minneapolis–Phillips
3	Minneapolis–Powderhorn
4	Minneapolis–Calhoun Isle
5	Minneapolis–Near North
6	Minneapolis–Northeast
7	Minneapolis–University
8	Minneapolis–Longfellow
9	Minneapolis–Nokomis
10	Minneapolis–Southwest
11	Brooklyn Center/Camden
12	Columbia Heights
13	Richfield
14	Edina/Eden Prairie
15	Minnetonka

Area No.	Submarket
16	Hopkins
17	St. Louis Park
18	Golden Valley
19	Plymouth
20	New Hope/Crystal
21	St. Paul–Downtown
22	St. Paul–West Seventh
23	St. Paul–Summit Hill
24	St. Paul–Summit-University
25	St. Paul–Thomas-Dale
26	St. Paul–Dayton's Bluff
27	St. Paul–West Side
28	St. Paul–Highland
29	St. Paul–Macalester-Groveland
30	St. Paul–Lexington Hamline

Area No.	Submarket
31	St. Paul–St.Anthony
32	St. Paul–Como
33	St. Paul–North End
34	St. Paul–Payne-Phalen
35	St. Paul–Greater East Side
36	St. Paul–Sunray-Battlecreek
37	West St. Paul
38	Mendota
39	Falcon Heights
40	Roseville
41	New Brighton
42	Little Canada
43	Maplewood
44	Oakdale–North
45	Oakdale–South

Area No.	Submarket
1	Eden Prairie
2	Shakopee
3	Bloomington–West
4	Bloomington–East
5	Burnsville
6	Eagan
7	Inver Grove Heights
8	Apple Valley
9	Woodbury/Cottage Grove
10	Stillwater
11	White Bear Lake
12	Mounds View
13	Blaine
14	Fridley

Area No.	Submarket
15	Brooklyn Park
16	Coon Rapids
17	Champlin–Rogers
18	Maple Grove
19	Plymouth
20	Minnetonka
21	Spring Park
22	Chaska
23	Wacoma
24	Jordan
25	Savage
26	Lakeville
27	Hastings
28	Forest Lake

Area No.	Submarket
29	Chisago City
30	Andover
31	Anoka
32	Cambridge
33	Buffalo
34	Elk River
35	St. Cloud–North
36	St. Cloud–South
37	Waite Park
38	Sauk Rapids
39	Sartell
40	Melrose
41	River Falls
42	Hudson

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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Yardi Matrix

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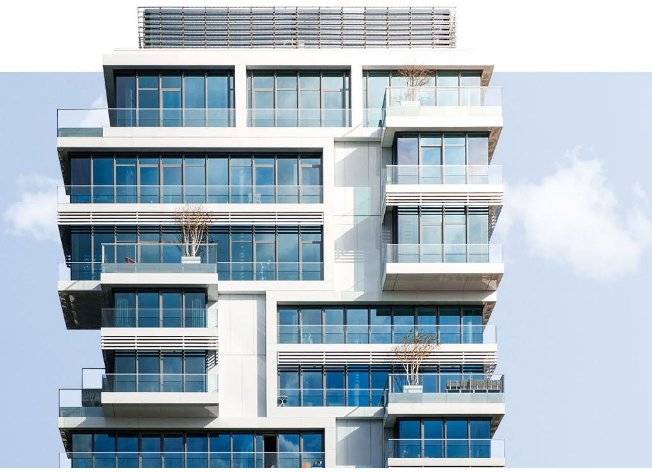
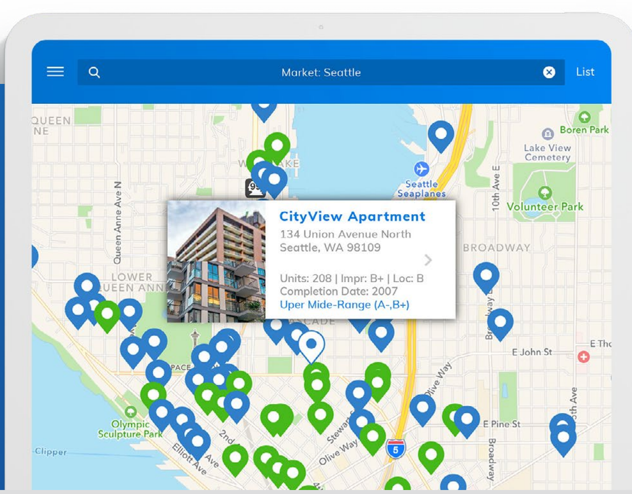


MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23 million units**, covering over **92% of the U.S. population.**

YARDI

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