

TWIN CITIES Q2 2022 REVIEW MULTIFAMILY MARKET

OVER \$2.4B IN APARTMENT PROPERTIES SOLD!



STEVE MICHEL
President
612.850.4539



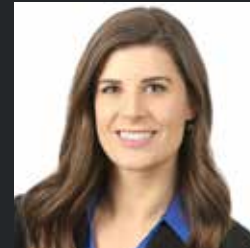
PETER MICHEL
Vice President
612.790.8246



PHIL REESNES
Vice President
612.759.5000



BEN MICHEL
Senior Associate
612.991.4900



HEIDI ADDO
Senior Associate
612.805.5023

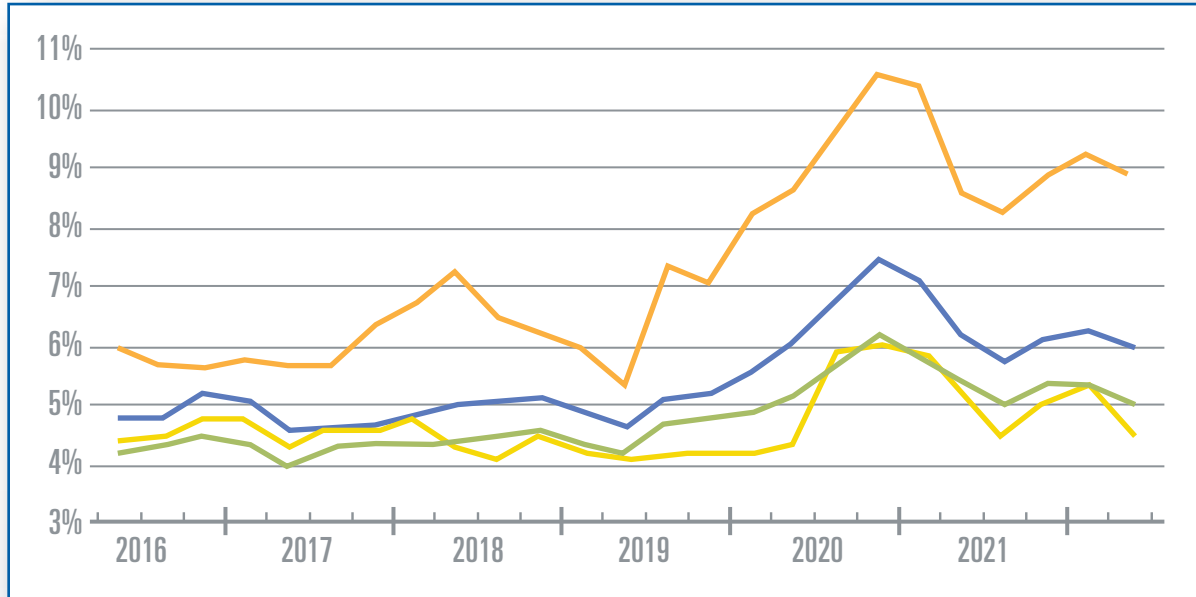


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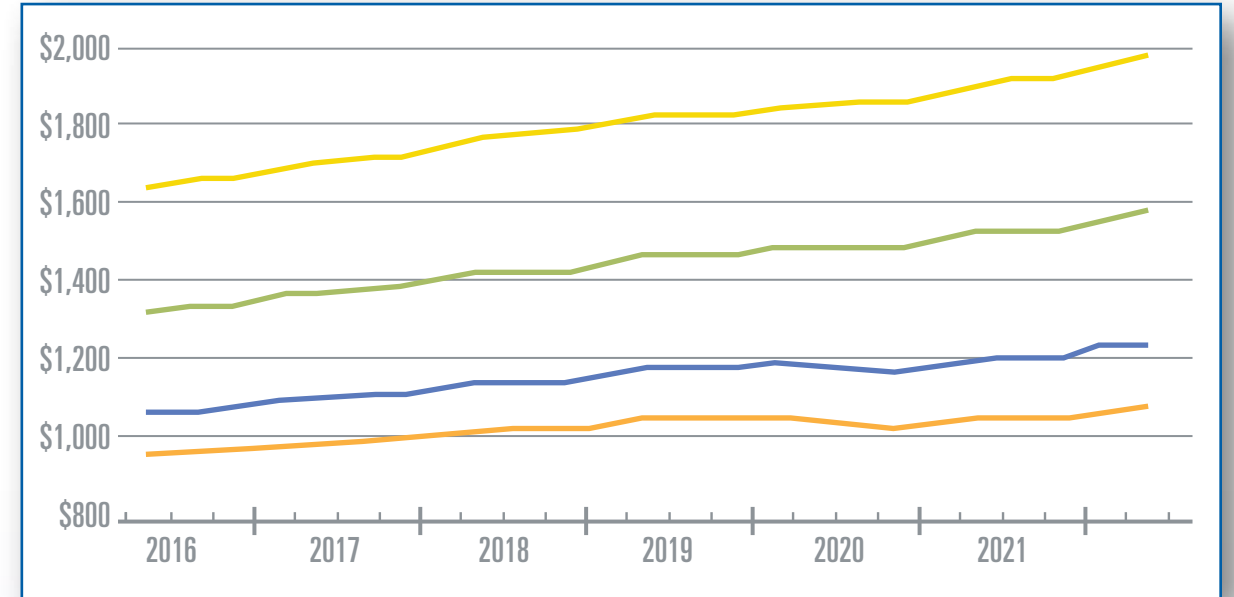
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Q2 2022 TWIN CITIES MARKET STATS

VACANCY BY BEDROOM



MARKET RENT PER UNIT BY BEDROOM



Studio

1 Bedroom

2 Bedroom

3 Bedroom



5.7%
Avg. Vacancy Rate



\$1,413/month
Avg. Asking
Rent/Unit



3.6%
Rent Growth

The Twin Cities multifamily market peaked in the second quarter of 2022. Buyers were able to lock-in incredibly low interest rates and many Sellers enjoyed multiple offers and record-breaking sale prices.

Interest Rates Increased

May of 2022 brought a swift change to the market with the increase in interest rates. Buyers, nationally and locally, have had to adjust their underwriting to reflect the interest rate changes. This has resulted in a slight softening in pricing, however, pricing is still historically high and buyer demand remains strong.

Rents are Increasing

Rents continue to increase across the Twin Cities, especially in the suburbs. Several factors are driving this trend, including: high wages, strong occupancy, and a tight single-family housing market.

Most of the millennial generation is well into the traditional home-buying age, however, entry into the single-family housing market is more difficult than it has been for previous generations. An increasing number of baby boomers are choosing to age-in-place, leading to low inventory. Rising interest rates have also contributed to a challenging market for first-time home buyers. **These factors and more, have continued the multifamily “flight to quality” trend with young professionals willing to pay premium rental rates for spacious, luxurious, and amenity-rich apartments.**

Rents in the urban core have also been experiencing rent increases, though muted in comparison to the suburbs. Many new deliveries in the urban core have been gaining ground with occupancy improving and fewer concessions being offered.

While rent growth in the Twin Cities is lower than most major MSAs, **the Twin Cities remains one of the top MSAs for median household income, availability of high-paying jobs across multiple industries, and a highly educated workforce.**

Outlook

Investors continue to pour money into well-maintained and well-located multifamily properties. In an inflationary environment, the basic need for housing makes real estate an even more attractive investment vehicle and we predict that the demand for multifamily properties will continue.

The rising interest rates have caused Buyers to adjust their underwriting in order to pencil out deals. As a result, many property owners are eager to list their multifamily properties as soon as possible to improve their chances of securing a strong sale price before rising interest rates drive bids down. **In Q3, we predict that many long-time owners will decide to sell their multifamily properties to take advantage of the still positive market fundamentals and this will provide Buyers with an opportunity to acquire long-held assets.**

MICHEL COMMERCIAL REAL ESTATE Q2 2022 HIGHLIGHTS



UNDER CONTRACT

NORTHLAKE LOFTS
208 UNITS | LAKEVILLE, MN



SOLD

THE CLIFFS OF MINNETONKA
456 UNITS | MINNETONKA, MN



SOLD

SPRINGBROOK APARTMENTS
361 UNITS | FRIDLEY, MN

**VIEW OUR CURRENT LISTINGS AT
[MICHELCOMMERCIALRE.COM](https://www.michelcommercialre.com)**

Q2 2022 TWIN CITIES MULTIFAMILY REAL ESTATE TRANSACTIONS

A = CLASS "A"

B = CLASS "B"

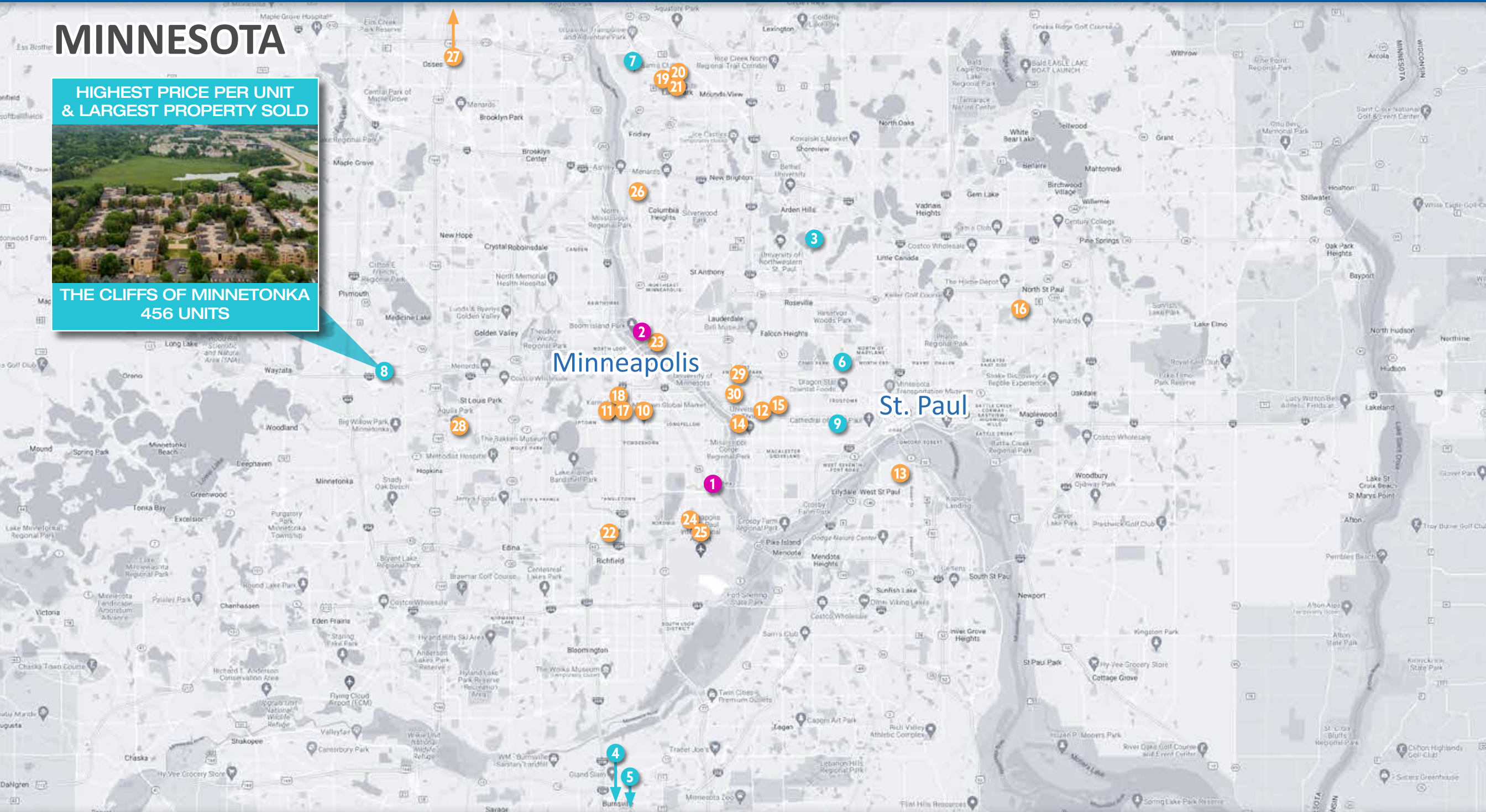
C = CLASS "C"

MINNESOTA

HIGHEST PRICE PER UNIT
& LARGEST PROPERTY SOLD



THE CLIFFS OF MINNETONKA
456 UNITS



Q2 2022 TWIN CITIES MULTIFAMILY TRANSACTIONS

A = CLASS "A"

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C = CLASS "C"

No.	Property Name	Property Address	Property City	Year Built	No. Of Units	Building Class	Price/Unit	Sale Price	Sale Date
1	MN46	4561 Minnehaha Ave	Minneapolis	2020	54	A	\$224,352	\$12,115,008	6/3/2022
2	Sawyer & Huck	338 2nd St NE	Minneapolis	2021	49	A	\$265,306	\$13,000,000	4/22/2022
3	The Shores	3150 Lexington Ave N	Shoreview	2002	68	B	\$205,882	\$14,000,000	5/20/2022
4	Woods of Burnsville	14701 Portland Ave S	Burnsville	1984	400	B	\$223,267	\$89,306,709	5/19/2022
5	Meridian Pointe	51 McAndrews Rd W	Burnsville	1988	339	B	\$226,008	\$76,616,619	5/19/2022
6	Arbor Pointe	635 Maryland Ave W	Saint Paul	2003	47	B	\$138,298	\$6,500,000	5/17/2022
7	SpringBrook Apartments	111 83rd Ave NE	Fridley	1986	361	B	\$203,601	\$73,500,000	4/28/2022
8	The Cliffs of Minnetonka	12300 Marion Ln	Minnetonka	1985	456	B	\$276,316	\$126,000,000	4/26/2022
9		708-730 Marshall Ave	Saint Paul	1981	12	B	\$170,833	\$2,050,000	4/5/2022
10		2630 Chicago Ave	Minneapolis	1968	23	C	\$127,174	\$2,925,000	6/2/2022
11		2637 Pleasant Ave S	Minneapolis	1966	25	C	\$113,000	\$2,825,000	6/2/2022
12		1923 Feronia Ave	Saint Paul	1917	12	C	\$83,333	\$1,000,000	6/2/2022
13	Stryker Apartments	714-720 Stryker Ave	Saint Paul	1960	22	C	\$91,818	\$2,020,000	6/1/2022
14	Montrose Place	221 Montrose Pl	Saint Paul	1922	11	C	\$120,000	\$1,320,000	5/27/2022
15	Sherburne Place	1688 Sherburne Ave	Saint Paul	1964	17	C	\$144,118	\$2,450,000	5/18/2022
16	Granite Pointe Apartments	2210 7th Ave E	North Saint Paul	1963	17	C	\$124,118	\$2,110,000	5/16/2022
17		2222-2300 Nicollet Ave	Minneapolis	1915	50	C	\$148,535	\$7,426,763	5/10/2022
18		15 W 22nd St	Minneapolis	1915	17	C	\$142,543	\$2,423,237	5/10/2022
19	VILLA ROSA II	8070 Central Ave NE	Spring Lake Park	1974	30	C	\$115,000	\$3,450,000	5/5/2022
20	1200 81st Ave Apartments	1200 81st Ave NE	Spring Lake Park	1972	22	C	\$115,000	\$2,530,000	5/5/2022

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21	Fireside Apartments	8050 Central Ave	Spring Lake Park	1972	46	C	\$115,000	\$5,290,000	5/5/2022
22		323 59th St W	Minneapolis	1975	12	C	\$116,667	\$1,400,000	5/2/2022
23	Maple Oak Apartments	214 4th St SE	Minneapolis	1903	15	C	\$91,667	\$1,375,000	4/29/2022
24		5734 Sander Dr	Minneapolis	1963	12	C	\$125,000	\$1,500,000	4/22/2022
25		5760 33rd Ave S	Minneapolis	1962	10	C	\$114,000	\$1,140,000	4/22/2022
26	Excelsior Apartments	4965 3rd St NE	Fridley	1959	12	C	\$101,250	\$1,215,000	4/20/2022
27		2320 N Ferry St	Anoka	1976	12	C	\$127,083	\$1,525,000	4/14/2022
28	White Gate Manor	8300 31st St W	Saint Louis Park	1962	36	C	\$145,833	\$5,250,000	4/12/2022
29		1029 Raymond Ave	Saint Paul	1967	12	C	\$110,000	\$1,320,000	4/11/2022
30		2396 Myrtle Ave	Saint Paul	1894	12	C	\$77,500	\$930,000	4/5/2022

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Disclaimer: Data analytics provided by CoStar™ Realty Information, Inc. Michel Commercial Real Estate is not responsible for the accuracy of content provided herein. More information may be available online at www.CoStar.com.

Total Averages	1965	74	\$146,083	\$15,483,778
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Total Class A Averages	2021	52	\$244,829	\$12,557,504
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Total Class B Averages	1990	240	\$206,315	\$55,424,761
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Total Class C Averages	1951	20	\$116,602	\$2,448,810
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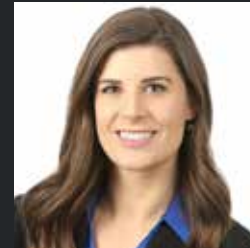
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