

# TWIN CITIES Q3 2022 REVIEW MULTIFAMILY MARKET

OVER \$2.4B IN APARTMENT PROPERTIES SOLD!



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# Q3 2022 TWIN CITIES MARKET STATS

## TWIN CITIES HISTORICAL AVERAGE PRICE PER UNIT

Year	Overall	Class A	Class B	Class C
2020	\$141,133	\$266,588	\$156,426	\$112,133
2021	\$134,135	\$246,287	\$159,241	\$120,057
2022 YTD	\$153,924	\$269,025	\$211,930	\$116,707



About a  
**13% INCREASE**  
 IN OVERALL AVERAGE  
 PRICE PER UNIT  
 from 2021 to 2022 YTD



**The Twin Cities multifamily market experienced a strong third quarter in 2022.** The stability of the Twin Cities continues to attract investors, and rents (and interest rates) are on the rise.

## Rents Continue to Rise

Rents continue to rise, which is beneficial to investors, though rent increases are causing affordability issues for households. The law of supply and demand is at play in the Twin Cities with low vacancies being reported throughout the metro, despite the over 9,000 units that were delivered in 2022 YTD and the more than 15,000 that are currently under construction. More demographic groups are continuing to rent rather than buy, for a variety of reasons (i.e. inventory, affordability, interest rates, etc.).

Suburban properties remain popular among renters and investors alike with rental growth in the suburbs outpacing rental growth in the urban core. Renters continue to favor the suburbs of St. Louis Park, Maple Grove, and Lakeville- just to name a few. However, the urban core has gained ground since the pandemic lull, with renewed interest in city living, especially among young people. The most desirable CBD location for renters continues to be the North Loop in Minneapolis.

## The Impact of Rising Interest Rates

Rising interest rates continue to influence multifamily real estate pricing. Many long-term sellers are choosing to sell now to secure the highest possible sale price before interest rates increase further and the market shifts.

Interest rate increases have caused lenders to tighten up their lending criteria. Lenders are showing less risk tolerance than they have in the recent past. They are relying heavily on the historical financial performance of a property to determine their lending decisions, regardless of proforma projections or like-kind rent and sale comparables in the submarket.

## Outlook

The indication of ongoing interest rate increases has created a sense of urgency with both sellers and buyers. Many sellers have become eager to sell or exchange in order to take advantage of this window of opportunity, while pricing and demand for multifamily properties remains high. Buyers remain eager to buy and acquire long-held assets, however, the unpredictable interest rates have made properties more difficult to underwrite. **We predict that the demand for well-located, multifamily properties will continue and that Q4 will maintain the trend of multiple offers, strong sale prices, and continued rent growth.**

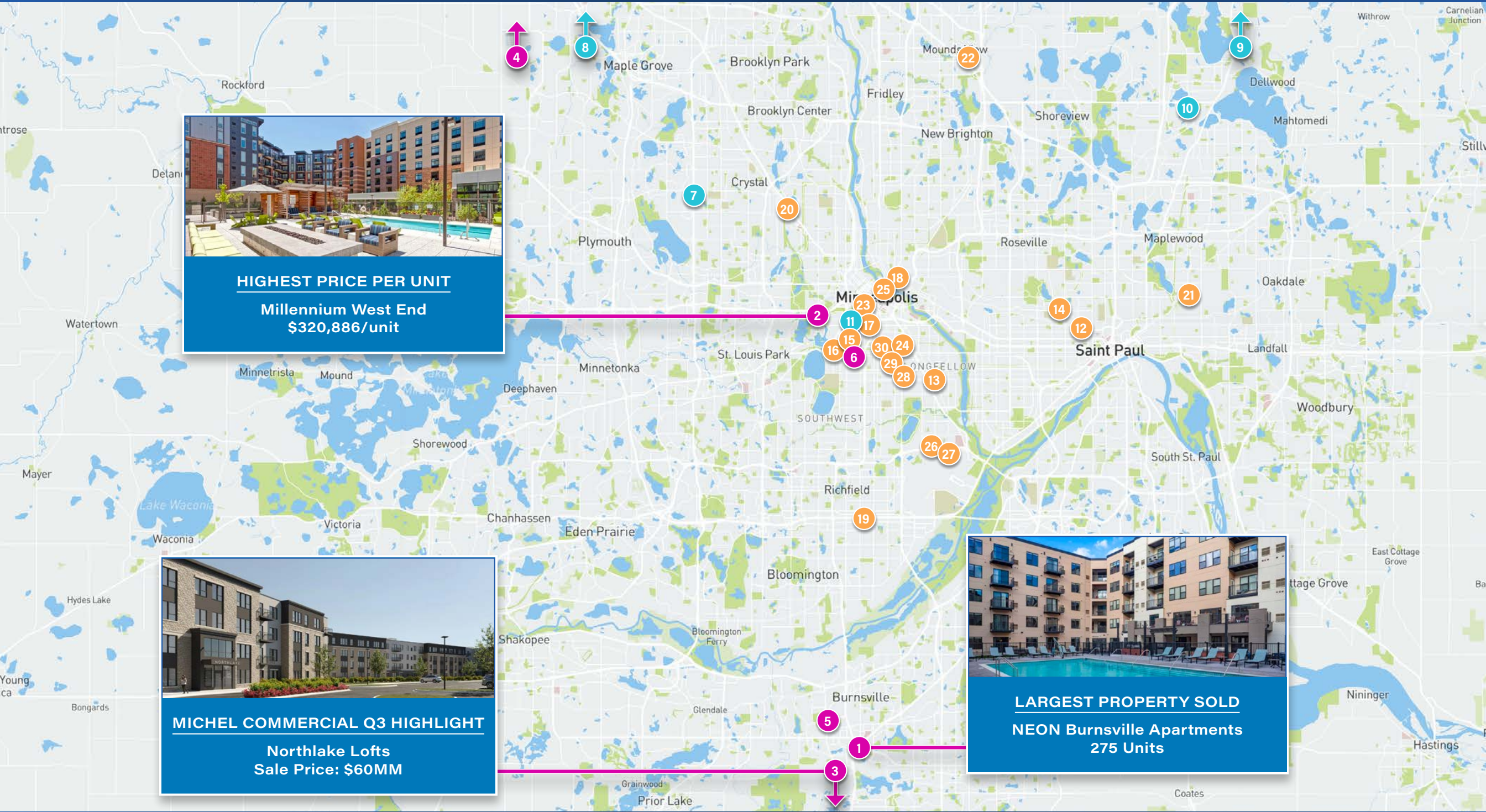


# Q3 2022 TWIN CITIES MULTIFAMILY TRANSACTIONS

A = CLASS "A"

B = CLASS "B"

C = CLASS "C"



**HIGHEST PRICE PER UNIT**  
**Millennium West End**  
**\$320,886/unit**



**MICHEL COMMERCIAL Q3 HIGHLIGHT**  
**Northlake Lofts**  
**Sale Price: \$60MM**



**LARGEST PROPERTY SOLD**  
**NEON Burnsville Apartments**  
**275 Units**



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No.	Property Name	Property Address	Property City	Year Built	No. Of Units	Building Class	Price Per Unit	Sale Price	Sale Date
1	NEON Burnsville Apartments	14501 Grand Ave S	Burnsville	2021	275	A	\$278,182	\$76,500,000	8/23/22
2	Millennium West End	5245 Wayzata Blvd	Minneapolis	2021	158	A	\$320,886	\$50,700,000	8/23/22
3	Northlake Lofts	18400 Orchard Trl	Lakeville	2021	208	A	\$288,462	\$60,000,000	7/28/22
4	Rush Creek Apartments	7148 Brockton Ln N	Maple Grove	2021	246	A	\$299,797	\$73,750,000	7/25/22
5	Flats at Neill Park	1995 136th St W	Burnsville	2022	120	A	\$250,000	\$30,000,000	7/1/22
6	The Curtis Apartments	4101 W 31st St	Minneapolis	1903	12	A	\$272,917	\$3,275,000	8/5/22
7	Talus	3925 Lancaster Ln N	Plymouth	1972	192	B	\$179,688	\$34,500,000	9/13/22
8	Park View East Apartments	14450 Rhinestone St	Ramsey	2017	121	B	\$236,033	\$28,560,000	9/13/22
9	Jack Pine Place	14672 N Finale Ave	Hugo	2021	84	B	\$261,905	\$22,000,000	8/30/22
10	Majestic Pines Apartment Community	1501 Park St	White Bear Lake	1986	126	B	\$146,905	\$18,510,000	8/15/22
11	Franklin Commons Co-Op	2109 Blaisdell Ave	Minneapolis	1905	16	B	\$325,000	\$5,200,000	7/22/22
12	Van Buren Apartments	984 Van Buren Ave	Saint Paul	1960	11	C	\$92,727	\$1,020,000	9/19/22
13		3710 Minnehaha Ave	Minneapolis	1966	12	C	\$97,417	\$1,169,000	9/16/22
14		700 Como Ave	Saint Paul	1963	17	C	\$100,000	\$1,700,000	9/15/22
15	Modesto	2545 Garfield Ave	Minneapolis	1923	20	C	\$161,600	\$3,232,000	9/14/22
16	Emerson Manor	2514-2518 Emerson Ave S	Minneapolis	1911	18	C	\$182,917	\$3,292,500	8/31/22
17	1929 3rd Avenue	1929 S 3rd Ave	Minneapolis	1913	25	C	\$52,500	\$1,312,500	8/22/22
18	St. Anthony Historic Apartments	210 E Hennepin Ave	Minneapolis	1900	20	C	\$75,506	\$1,510,114	8/19/22
19		9840 Nicollet Ave S	Bloomington	1961	11	C	\$136,364	\$1,500,000	8/15/22
20	Windsor Court	3737 Hubbard Ave N	Robbinsdale	1963	84	C	\$145,833	\$12,250,000	8/2/22
21	Cedar Park Apartments	1264 Hazelwood St	Saint Paul	1970	96	C	\$86,563	\$8,310,000	7/26/22

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No.	Property Name	Property Address	Property City	Year Built	No. Of Units	Building Class	Price Per Unit	Sale Price	Sale Date
22		5401 Jackson Dr	Mounds View	1968	17	C	\$123,529	\$2,100,000	7/25/22
23		1821 1st Ave S	Minneapolis	1915	21	C	\$130,000	\$2,730,000	7/22/22
24	Picasso 17	3057 14th Ave S	Minneapolis	1960	17	C	\$126,471	\$2,150,000	7/15/22
25		2022 S Park Ave	Minneapolis	1967	29	C	\$110,345	\$3,200,000	7/14/22
26	34th Avenue Apartments	5700 34th Ave S	Minneapolis	1959	12	C	\$108,333	\$1,300,000	7/14/22
27		5712 34th Ave S	Minneapolis	1958	12	C	\$91,667	\$1,100,000	7/14/22
28	Bloomington Avenue Apartments	3412 Bloomington Ave S	Minneapolis	1962	18	C	\$115,278	\$2,075,000	7/13/22
29		3201 14th Ave S	Minneapolis	1930	12	C	\$138,933	\$1,667,190	7/13/22
30		3052 11th Ave S	Minneapolis	1929	12	C	\$83,651	\$1,003,810	7/13/22

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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](http://www.CoStar.com).

<b>Total Averages</b>	1963	67		\$167,314	\$15,187,237
<b>Total Class A Averages</b>	2002	170	A	\$285,041	\$49,037,500
<b>Total Class B Averages</b>	1980	108	B	\$229,906	\$21,754,000
<b>Total Class C Averages</b>	1946	24	C	\$113,665	\$2,769,585





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