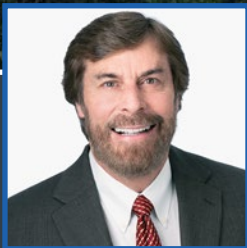
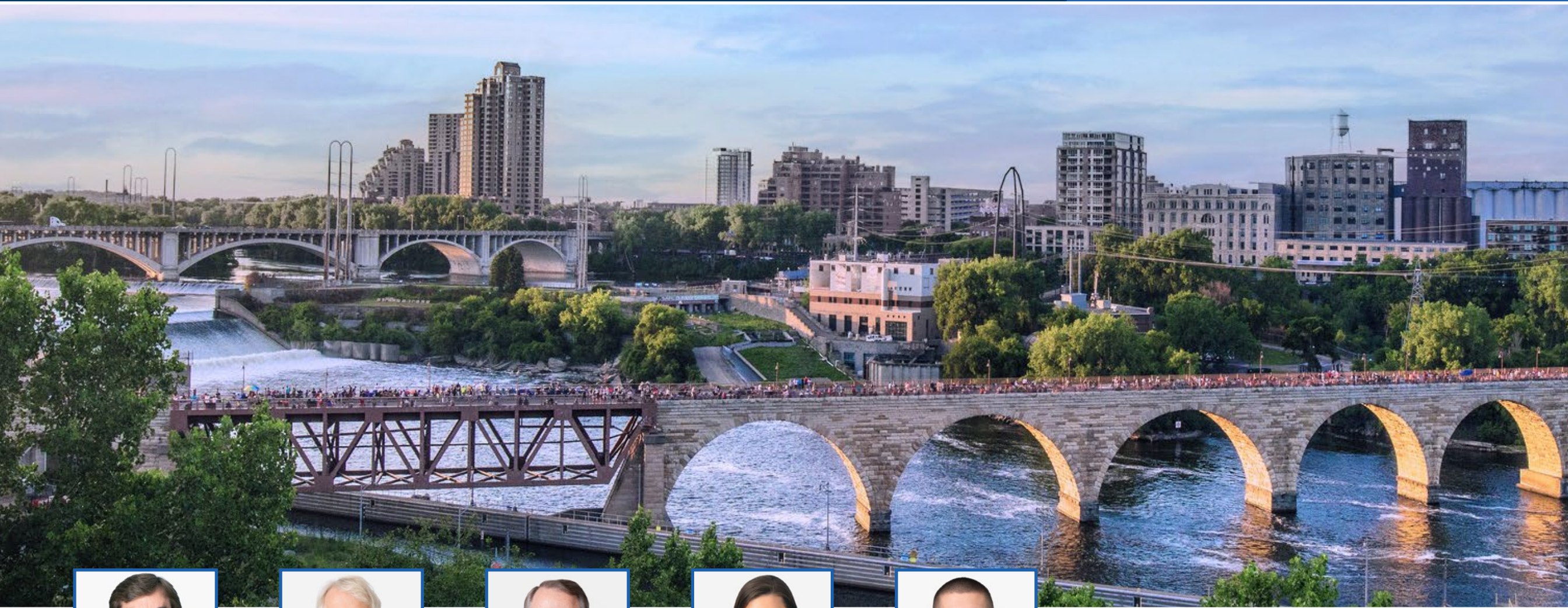


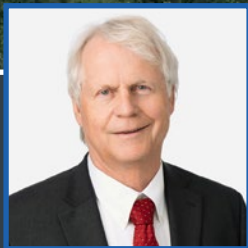
TWIN CITIES | MULTIFAMILY MARKET

Q1 2024 Review

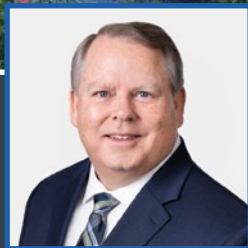
OVER **\$2.4B**
IN APARTMENT
PROPERTIES
SOLD!



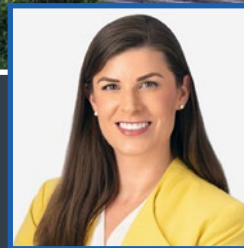
STEVE MICHEL
612.850.4539



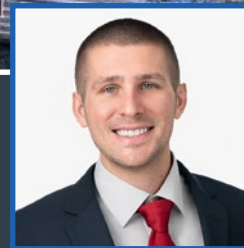
PETER MICHEL
612.790.8246



PHIL REESNES
612.759.5000



HEIDI ADDO
612.805.5023



JESSE THURSTON
651.380.9058



**MICHEL
COMMERCIAL**
REAL ESTATE™

MICHELCOMMERCIALRE.COM

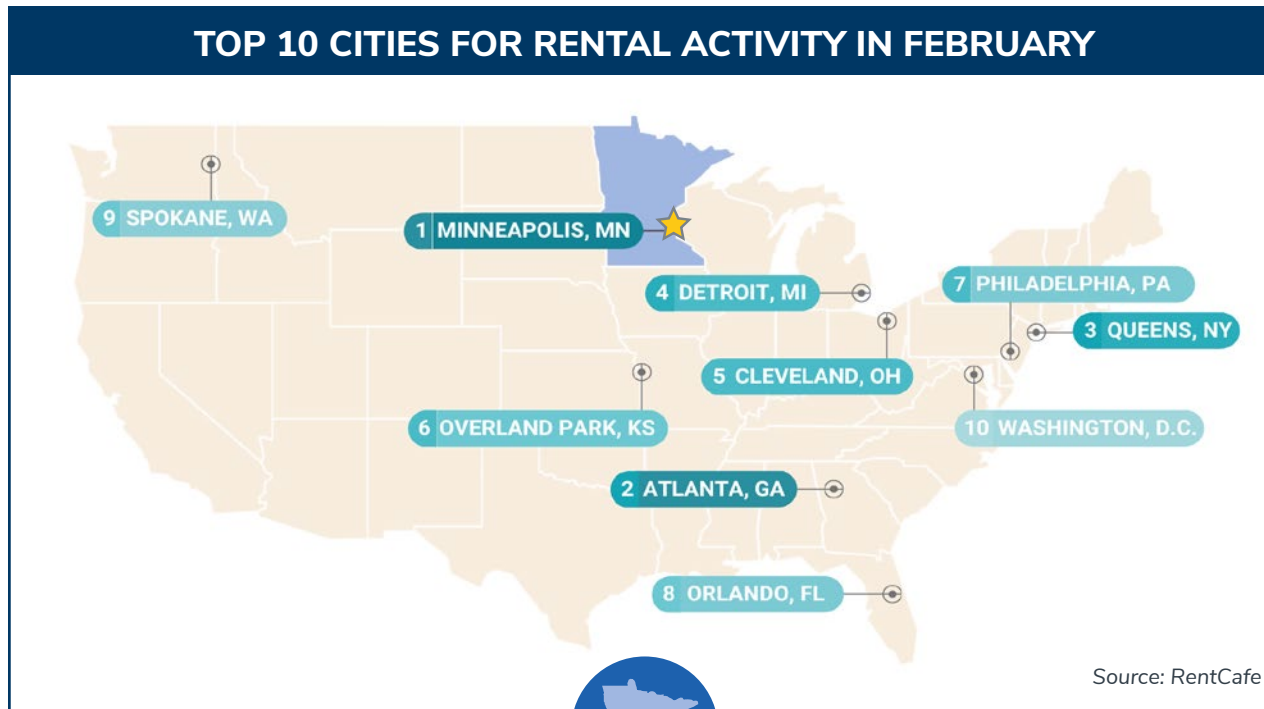
The Health of the Twin Cities Multifamily Market

The Twin Cities multifamily market remains **stable, reliable, and predictable**, standing out as a secure and desirable investment choice amid fluctuating markets nationwide. This strength is supported by robust wage growth, excellent schools, and a high quality of life, attracting both investors and residents.



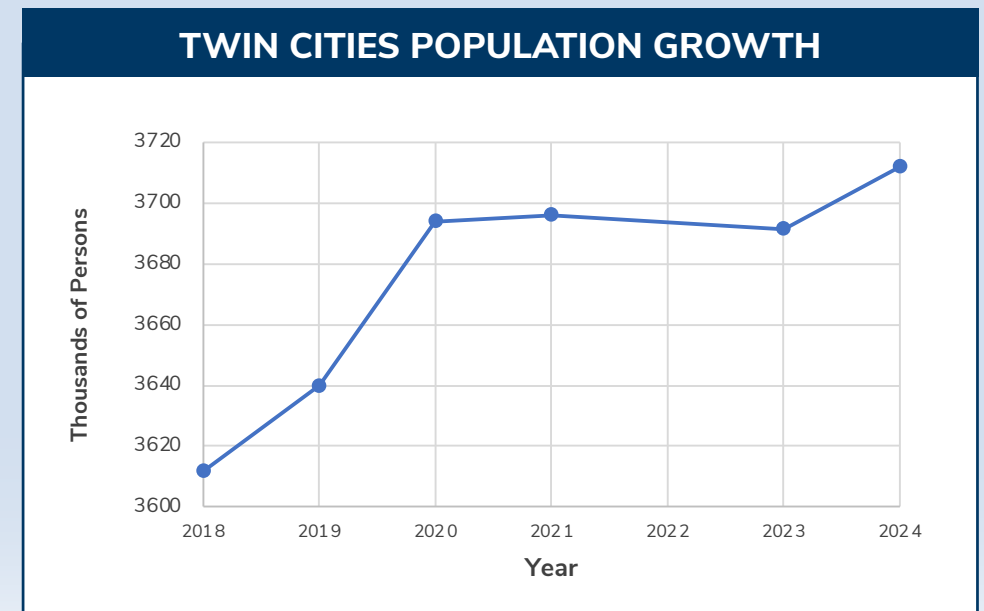
The Twin Cities experienced its most substantial population growth since before the pandemic, welcoming 20,000 new residents. Additionally, the area's labor market has demonstrated remarkable resilience, with **job growth emerging as a primary driver of apartment demand.**

TOP 10 CITIES FOR RENTAL ACTIVITY IN FEBRUARY

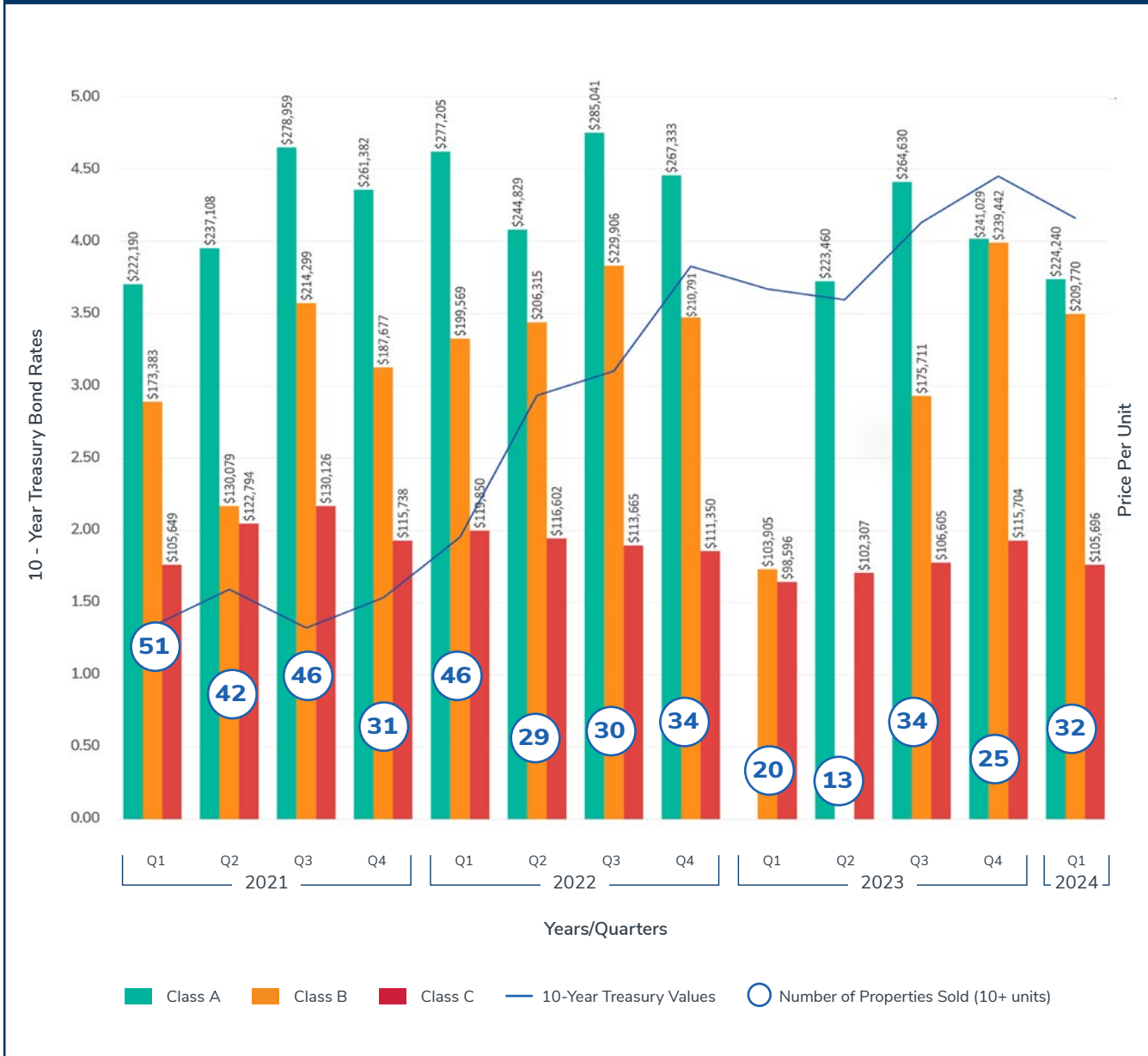


MINNEAPOLIS IS THE
MOST SOUGHT-AFTER CITY
by renters, for the third consecutive month.

TWIN CITIES POPULATION GROWTH



10-YEAR TREASURY RATE AND PRICE PER UNIT COMPARISON (TWIN CITIES)



Emergence of Market Stability

While the anticipated decrease in interest rates hasn't occurred as quickly or as much as expected, the current rates are lower than their peak in 2023 and the market is benefiting from the stability.

Transaction volume has been steadily increasing, driven by stabilizing interest rates and sellers' growing familiarity with the new, reduced pricing norms. This adjustment gains momentum with each sale, offering a clearer perspective on the evolving pricing landscape.

TWIN CITIES Q1 AVERAGE PRICE PER UNIT

(COMPARED TO 2023)



TRANSACTIONS
(COMPARED TO Q1 2023)

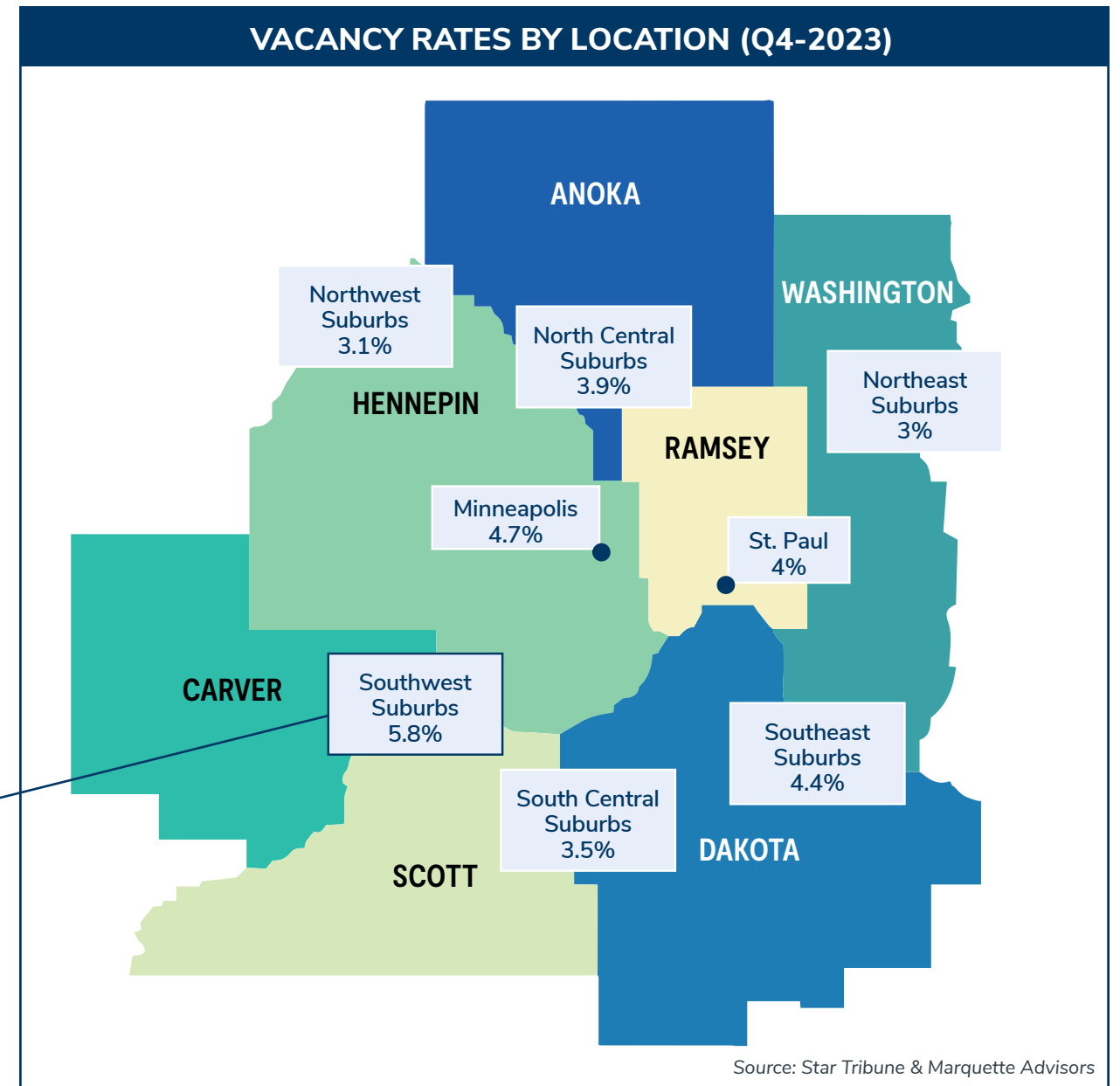
↑ **37.5%**

Vacancy Trends and Rent Growth

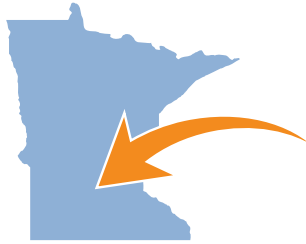
The rise in vacancies, observed in certain submarkets, is attributed to the record-breaking number of new developments, over the last few years. This is expected to stabilize by mid to late 2024, as the market absorbs the influx of thousands of new units and experiences a slowdown in construction due to the impact of high interest rates, which have deterred many prospective projects due to exorbitant costs.

Once these new units are fully absorbed, we anticipate a return to healthy rent growth, lower vacancy rates, and sustained demand for high-quality apartments, particularly from the Gen Z cohort (born between 1997 to 2021), often referred to as “forever renters.”

1/3 One-third of all new units, in 2023, were located in the SW suburbs



Disclaimer: The vacancy locations shown are for visual representation only and do not represent precise geography.



Making an **ENTRANCE**

New, Out-of-State Buyers are **ENTERING** the Twin Cities Multifamily Market

Other regions across the nation have seen dramatic ups and downs, the Twin Cities multifamily market has remained steady and predictable. Additionally, there's currently a pricing reset taking place, which out-of-state buyers are keen to take advantage of.

The influx of new, out-of-state buyers highlights the strength of the Twin Cities' real estate ecosystem and reflects positively on the people of MN and our economy. Factors like job opportunities, good schools, and overall quality of life add to the area's appeal. These new buyers have recently bought mid-sized properties in the suburbs and we anticipate this trend will continue.



Emberwood Apartments
Blaine, MN

BUYER'S LOCATION: COLORADO



Silvan Townhomes
Maple Grove, MN

BUYER'S LOCATION: IDAHO



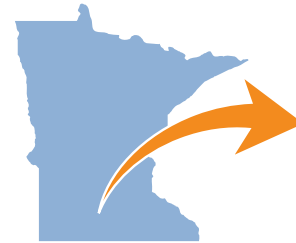
Nic on 5th – MINNEAPOLIS



LPM Apartments – MINNEAPOLIS



4 Marq – MINNEAPOLIS



Making an **EXIT**

Numerous Institutional Groups are **EXITING** the Twin Cities Multifamily Market

The bulk of groups exiting the Twin Cities primarily held assets in downtown Minneapolis and St. Paul. These urban hubs have experienced a notable downturn, initially spurred by the shift to remote work during the pandemic. This decline was further compounded by the tragic murder of George Floyd, leading to a lack of police presence and culminating in safety concerns among residents.

Consequently, renters are gravitating towards suburban living. This migration has left downtown properties grappling with substantial vacancies, escalating operational costs, and the need for costly security measures. Moreover, the market has witnessed an influx of new supply, which struggles to both attract and retain residents, resulting in instances of negative rent growth.

In light of these challenges, institutional groups are compelled to exit the market, seeking to mitigate their losses and clean-up their balance sheets of underperforming assets.

Gaining Confidence

We expect the transaction volume to further improve, particularly following the anticipated interest rate drops. **We foresee a potential surge in activity as pent-up demand and capital eagerly await opportunities in sought-after locations and with well-maintained properties.** However, we anticipate both buyers and lenders will continue to proceed with caution in their financial evaluations and assumptions, in contrast to the more optimistic sentiments observed during the market's peak a few years ago.

Q1 STATS



Q1 TWIN CITIES MULTIFAMILY TRANSACTIONS

A = CLASS "A"

B = CLASS "B"

C = CLASS "C"



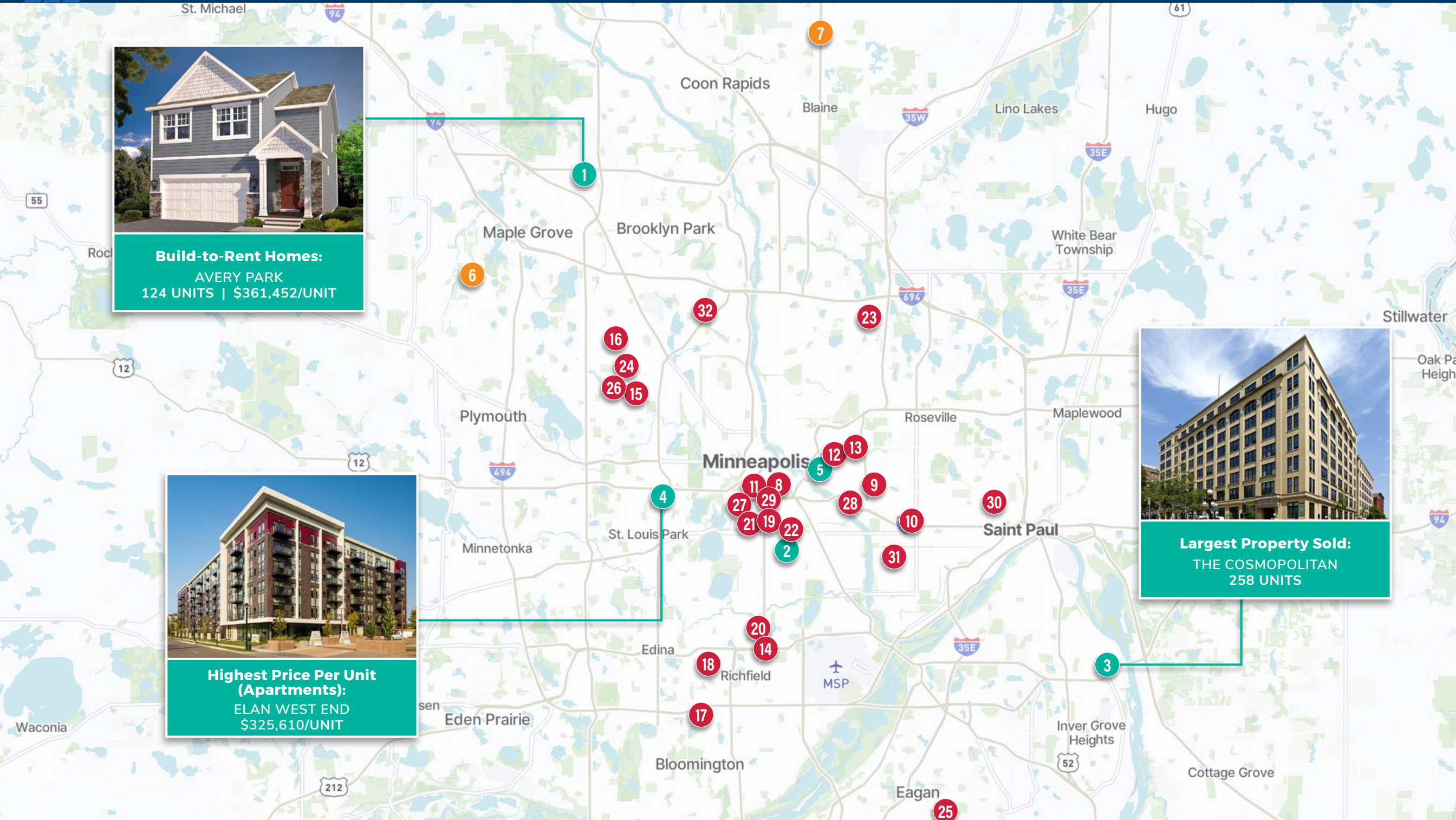
Build-to-Rent Homes:
AVERY PARK
124 UNITS | \$361,452/UNIT



Highest Price Per Unit (Apartments):
ELAN WEST END
\$325,610/UNIT



Largest Property Sold:
THE COSMOPOLITAN
258 UNITS



No.	Property Name	Property Address	Property City	Year Built	No. Of Units	Building Class	Price Per Unit	Sale Price	Sale Date
1	Avery Park (Build-to-Rent-Homes)	9713 95th Pl	Maple Grove	2023	124	A	\$361,452	\$44,820,000	3/28/2024
2	SoPHI Apartments	811 E Lake St	Minneapolis	2020	48	A	\$157,813	\$7,575,000	2/13/2024
3	The Cosmopolitan	250 E 6th St E	Saint Paul	1915	258	A	\$131,395	\$33,900,000	1/31/2024
4	Elan West End	1325 Utica Ave S	Saint Louis Park	2020	164	A	\$325,610	\$53,400,000	1/18/2024
5	Trademark	1119 4th St SE	Minneapolis	2020	69	A	\$144,928	\$10,000,000	1/24/2024
Total Class A Averages				2000	133	A	\$224,240	\$29,939,000	
6	Silvan Townhomes	6876 Vicksburg Ln	Maple Grove	1997	48	B	\$213,021	\$10,225,000	2/26/2024
7	Emberwood	12664 Central Ave NE	Blaine	2016	112	B	\$206,518	\$23,130,000	2/20/2024
Total Class B Averages				2007	80	B	\$209,770	\$16,677,500	
8		1900 S Clinton Ave	Minneapolis	1965	12	C	\$108,333	\$1,300,000	3/28/2024
9	Raymond Place Apartments	22 Raymond Pl	Saint Paul	1965	12	C	\$97,500	\$1,170,000	3/21/2024
10		425 Roy St N	Saint Paul	1937	16	C	\$85,156	\$1,362,500	3/18/2024
11		1900 1st Ave S	Minneapolis	1919	52	C	\$54,615	\$2,840,000	3/14/2024
12	924 17th Ave	924 17th Ave SE	Minneapolis	1969	11	C	\$170,909	\$1,880,000	3/8/2024
13	1724-1732 Rollins Ave	1724-1732 Rollins Ave SE	Minneapolis	1958	14	C	\$115,000	\$1,610,000	3/8/2024
14		6141 Nicollet Ave S	Minneapolis	1958	11	C	\$97,727	\$1,075,000	3/7/2024
15	Barcelona Apartments	3501 Louisiana Ave N	Crystal	1972	71	C	\$93,521	\$6,640,000	3/6/2024
16	Wingate Apartments	7700 49th Ave N	New Hope	1967	136	C	\$94,118	\$12,800,000	3/5/2024
17	Washburn Circle Townhomes	8001-8011 Washburn Cir	Bloomington	1963	24	C	\$157,333	\$3,776,000	3/1/2024
18	Southdale Parc Apartments	2720 W 66th St	Richfield	1962	69	C	\$89,855	\$6,200,000	2/29/2024

No.	Property Name	Property Address	Property City	Year Built	No. Of Units	Building Class	Price Per Unit	Sale Price	Sale Date
19		2535 Clinton Ave S	Minneapolis	1969	52	C	\$111,538	\$5,800,000	2/29/2024
20		2545-2549 Blaisdell Ave	Minneapolis	1914	21	C	\$119,048	\$2,500,000	2/29/2024
21		2633 Pleasant Ave	Minneapolis	1964	24	C	\$99,167	\$2,380,000	2/29/2024
22	Midtown Plaza Apartments	2644 Chicago Ave S	Minneapolis	1971	26	C	\$51,923	\$1,350,000	2/29/2024
23		462 9th Ave NW	New Brighton	1961	11	C	\$104,545	\$1,150,000	2/15/2024
24	New Hope Apartments	4111-4121 Nevada Ave N	Minneapolis	1961	41	C	\$62,195	\$2,550,000	2/9/2024
25	Lexington Hills	4100-4160 Lexington Ave S	Eagan	1988	168	C	\$126,518	\$21,255,000	2/8/2024
26	Bella Vista Apartments	8100 36th Ave N	New Hope	1973	24	C	\$121,250	\$2,910,000	2/6/2024
27	Harriet Apartments - Uptown	2300 Harriet Ave	Minneapolis	1915	20	C	\$102,500	\$2,050,000	2/5/2024
28		2000 Sharon Ave SE	Minneapolis	1963	11	C	\$115,455	\$1,270,000	2/2/2024
29	2111 2nd Ave	2111 2nd Ave S	Minneapolis	1951	10	C	\$100,000	\$1,000,000	2/1/2024
30		333 Atwater St	Saint Paul	1964	10	C	\$115,000	\$1,150,000	1/31/2024
31	1947 Grand Ave	1947 Grand Ave	Saint Paul	1939	20	C	\$130,000	\$2,600,000	1/30/2024
32	Gateway Commons	2850 Northway Dr	Brooklyn Center	1968	252	C	\$119,183	\$30,034,000	1/1/2024
Total Class C Averages				1957	45	C	\$105,696	\$4,746,100	

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.

MICHEL COMMERCIAL HIGHLIGHTS

SOLD



Barcelona Apartments
3501 Louisiana Ave N, Crystal

BUILT: 1972 UNITS: 71 SALE PRICE: \$6,640,000 (\$93,521/unit)

SOLD



The Nexus at Gray's Landing
415 SW 11th St, Des Moines

BUILT: 2018 UNITS: 142 SALE PRICE: \$29,000,000 (\$204,225/unit)

SOLD



M2 Lofts
1050 March St, Mankato

BUILT: 2016 UNITS: 89 SALE PRICE: \$20,500,000 (\$230,337/unit)

UNDER CONTRACT



Ventura Flats
1818 14th Ave S, Minneapolis

BUILT: 1967 UNITS: 74



Michel Commercial is pleased to
welcome

Jesse Thurston

Senior Associate

Jesse joins the firm with a background in multifamily investment sales. He is known for his ability to navigate transactions with a solution-oriented approach. Jesse's reputation for fostering strong client relationships stems from his approachable demeanor and collaborative style, making him a preferred partner with clients.


Jesse enjoys spending time with his wife, Jillian, and their son, Jax. Together, they embrace their love for travel by exploring new destinations around the globe. During the summer months, you can find Jesse on the river, indulging in his passion for boating.


Complimentary Valuation of your Multifamily Property

Includes comprehensive market and financial analysis as well as recent like-kind rent and sale comparables.

The Lily Apartment Homes

150 APARTMENT HOMES






SALES PROPOSAL

Pricing Guidance

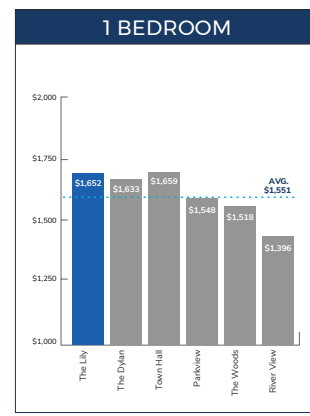
Investment Summary	Low	Most Likely	High
Pricing			
Acquisition Price:	\$15,580,000	\$16,400,000	\$17,220,000
Price Per Unit:	\$144,259	\$151,852	\$159,444
Cap Rates			
Cap Rate (T12):	4.96%	4.71%	4.49%
Cap Rate Year 1:	6.28%	5.97%	5.68%
Cap Rate Year 1 (tax adjusted):	5.80%	5.43%	5.08%
Returns			
Cash on Cash Return Year 1:	5.49%	4.52%	3.64%
Cash on Cash Return Year 3:	9.52%	8.08%	6.78%
10-Year All Cash IRR:	11.32%	10.44%	9.61%
10-Year Leveraged IRR:	19.15%	17.38%	15.66%
Operating Data			
Net Operating Income Year 1 (tax adjusted):	\$904,032	\$889,742	\$875,452
Annual Debt Service:	\$702,549	\$739,525	\$776,502
Debt Service Coverage Ratio:	1.29	1.20	1.13
Cash Flow After Debt:	\$201,483	\$150,216	\$98,950
Financing Data			
Down Payment:	\$4,674,000	\$4,920,000	\$5,166,000
Closing/Financing Costs:	\$351,130	\$366,300	\$381,470
Loan Amount:	\$10,906,000	\$11,480,000	\$12,054,000
Financing Assumptions			
LTV:	70%		
Int. Rate:	5.00%		
Term:	10		
Amortization:	30		



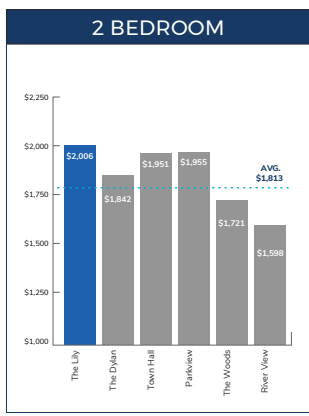
THE LILY APARTMENT HOMES
MICHEL COMMERCIAL REAL ESTATE **2**

Bedroom/Rent Comparison

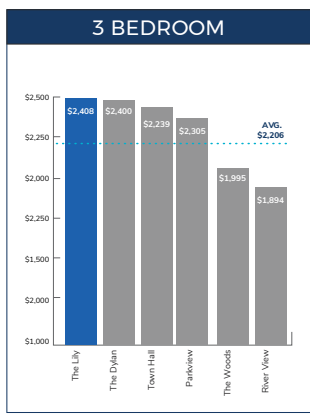
1 BEDROOM



2 BEDROOM



3 BEDROOM



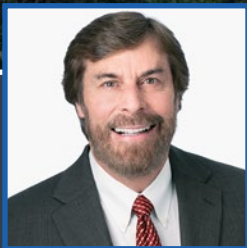
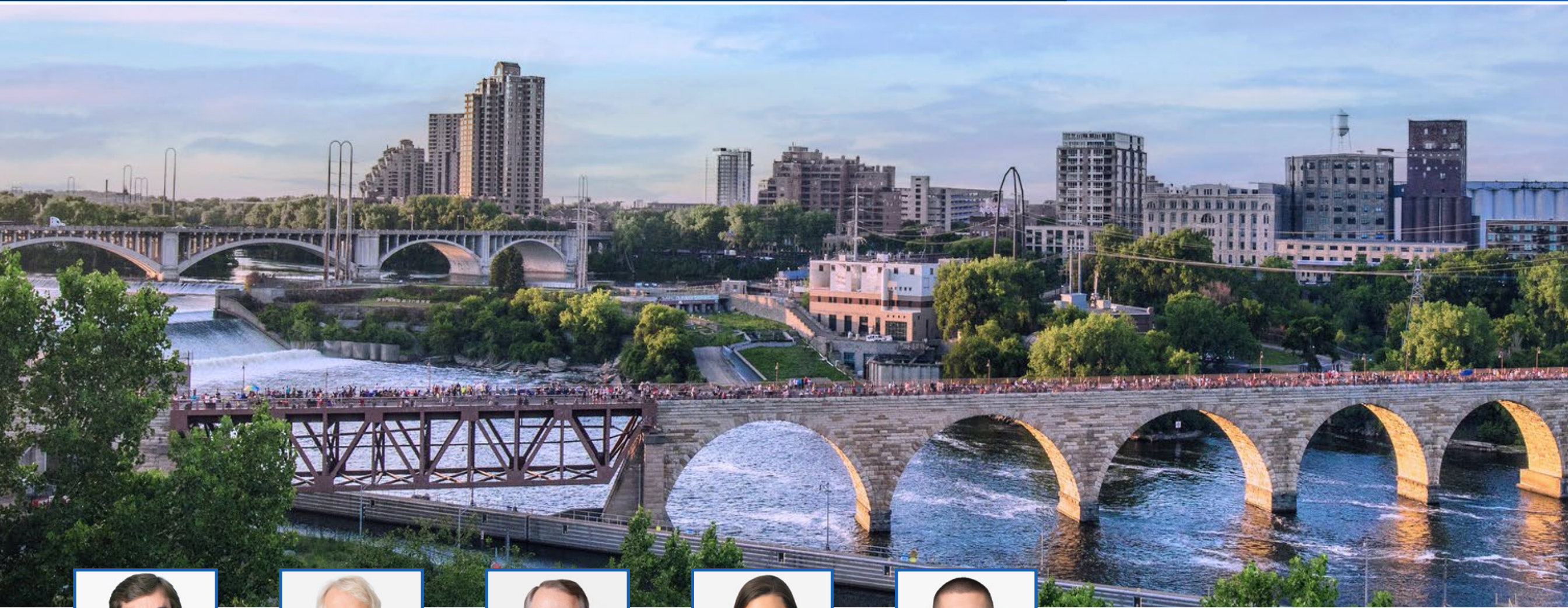
THE LILY APARTMENT HOMES
MICHEL COMMERCIAL REAL ESTATE **3**

Valuation Example with Pricing Guidance and Bedroom/Rent Comparison

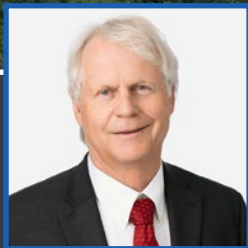
TWIN CITIES | MULTIFAMILY MARKET

Q1 2024 Review

OVER **\$2.4B**
IN APARTMENT
PROPERTIES
SOLD!



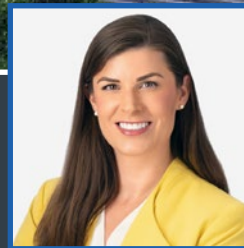
STEVE MICHEL
612.850.4539



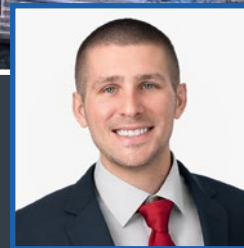
PETER MICHEL
612.790.8246



PHIL REESNES
612.759.5000



HEIDI ADDO
612.805.5023



JESSE THURSTON
651.380.9058



**MICHEL
COMMERCIAL**
REAL ESTATE™

MICHELCOMMERCIALRE.COM