



## MARKET AT A GLANCE



**OCCUPANCY RATE** **97.7%**

Up **10 bps** since 3Q16



**ASKING RENT** **\$1,273**

Up **3.8%** since 3Q16



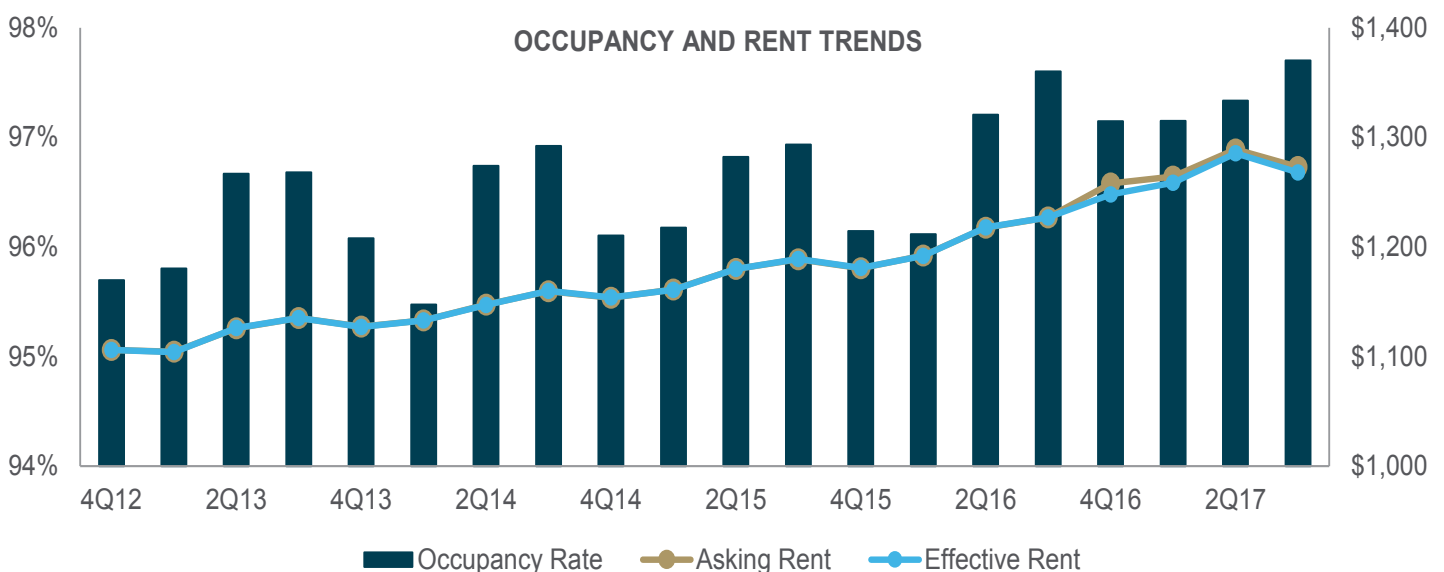
**CONCESSIONS** **0.4%**

Up **20 bps** since 3Q16

## OCCUPANCY AND RENT TRENDS

### THIRD QUARTER ABSORPTION LIFTS OCCUPANCY HIGHER

Average asking rent in the metro Minneapolis apartment market reached \$1,273 per month during the third quarter of 2017, a 3.8% annual increase as operators capitalized on increased apartment demand in the midst of decreased single-family home sales. Metrowide rent growth was bolstered by positive rent growth in 10 of 13 submarkets, including five submarkets with rent growth above 3.0%. Effective rent grew by 3.3% to \$1,268 per month as concessions increased 20 basis points to 0.4% of asking rent, 70 basis points below the national rate. At 97.7%, the occupancy rate reflected a year-over-year increase of 10 basis points, buoyed by third quarter net absorption outpacing deliveries by 767 units. Encompassing the downtown Minneapolis area, leasing and construction activity was the highest in the Minneapolis submarket, accounting for 39% of new leases signed and 27% of deliveries. The University of Minnesota continued to be a key demand generator as students moved into new apartments for the upcoming school year and developers scouted off-campus housing options for an expanding student population.



# MINNEAPOLIS-ST. PAUL

MULTIFAMILY REPORT

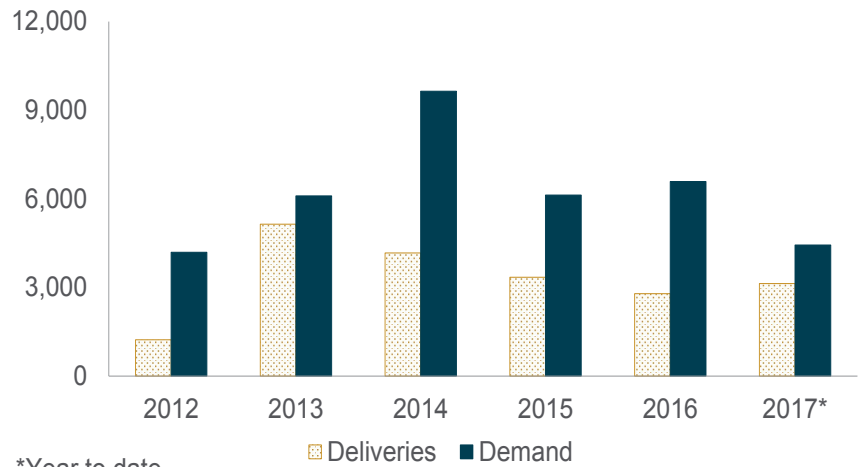
## DELIVERIES AND DEMAND



**DELIVERIES** 3,132  
Units YTD



**NET ABSORPTION** 4,437  
Units YTD



\*Year to date

## ECONOMIC TRENDS

2016 **UNEMPLOYMENT\*** 2017  
3.6% ..... **-10 BPS CHANGE** ..... 3.5%

2016 **EMPLOYMENT\*** 2017  
1.97m ..... **1.9% CHANGE** ..... 2.01m

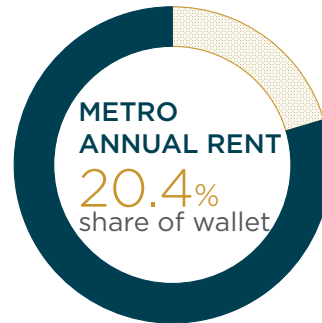
2016 **EXISTING SFH SALES\*\*** 2017  
65.4k ..... **-2.0% CHANGE** ..... 64.1k

2016 **MEDIAN SFH PRICE\*\*** 2017  
\$232.0k ..... **8.7% CHANGE** ..... \$252.1k

2016 **10-YEAR TREASURY\*\*** 2017  
1.63% ..... **60 BPS CHANGE** ..... 2.20%

Employers added 38,300 new jobs throughout Greater Minneapolis during the 12-month period ending in August 2017, equating to a 1.9% annual increase. The increase surpassed the national growth rate by 50 basis points and matched the metro's previous year growth rate. One of the top five health care and life science research markets in the country supported a rapidly expanding education and health services sector that accounted for 40% of jobs added over the last year. A combined 12,000 positions were added as companies in the professional and business services sector grew to support customer demands, while state and local governments, and the University of Minnesota expanded to support increased population demands. Companies supporting blue-collar workers in the manufacturing sector bolstered payrolls over the past 12 months, adding 4,200 jobs, a 2.1% annual gain. With job losses of 1,000 limited to the information and financial activities sector, the unemployment rate dropped 10 basis points to 3.5% in August.

\*August; \*\*September



# MINNEAPOLIS-ST. PAUL

MULTIFAMILY REPORT

## SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Carver County/Other	94.0%	98.0%	6.7%	4.1%	\$1,021	\$1,063	-32	100	0	0
Dakota County	97.2%	97.8%	1.5%	4.0%	\$1,134	\$1,179	77	318	0	144
Isanti County	-	97.9%	-	-	-	\$1,029	-15	5	0	0
Minneapolis	96.3%	96.2%	-4.2%	2.7%	\$1,645	\$1,688	665	836	251	926
Northeast	98.4%	98.7%	2.6%	1.1%	\$1,011	\$1,023	94	112	30	30
Northwest/Anoka County	98.3%	98.5%	15.4%	0.8%	\$1,138	\$1,147	416	590	225	523
Scott County	98.3%	98.9%	-6.2%	5.5%	\$1,096	\$1,157	4	23	0	0
Sherburne County	96.3%	97.9%	3.6%	1.7%	\$1,083	\$1,101	-30	53	0	0
Southwest	97.8%	98.0%	5.2%	3.9%	\$1,273	\$1,323	216	755	98	706
St. Paul	97.0%	97.2%	-1.1%	-2.1%	\$1,312	\$1,284	130	1,108	194	1,051
Washington County	97.9%	97.3%	-5.0%	0.3%	\$1,324	\$1,328	75	-65	0	0
West	96.9%	97.3%	-2.6%	3.6%	\$1,298	\$1,345	135	912	150	775
Wright County	-	98.8%	-	-	-	\$863	-20	-35	0	78
<b>TOTALS</b>	<b>97.6%</b>	<b>97.7%</b>	<b>3.2%</b>	<b>3.8%</b>	<b>\$1,227</b>	<b>\$1,273</b>	<b>1,715</b>	<b>4,711</b>	<b>948</b>	<b>4,233</b>



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