

2016  
3rd Quarter

# Twin Cities Multifamily Market Report





## TWIN CITIES MULTIFAMILY OVERVIEW

The multifamily market in the Twin Cities Metro Area (TCMA) metro area continues to thrive. There are numerous factors contributing to the long-term robust performance of the multifamily market in the TCMA. The TCMA is well into its fifth year of sub-3% vacancy with an overall average rate of 2.88%. Market rate product is a little higher at 3.8%, mixed income assets are at 2.5% and affordable properties are at 2.3% overall.

This is particularly noteworthy because 17,114 units of market rate and mixed income product and 1,818 units of affordable product have been delivered since 2012. These numbers do not include the 7,237 market rate and mixed income units and 647 affordable units currently under construction.

According to Mary Bujold, President of Maxfield Research, in the 12 years between 2000 and 2011 there were 14,362 units delivered - approximately 1,200+/- units per year. During this period vacancy rates were more often than not, in excess of 5%, concessions were the norm and the net effective rental rates were below stated rates.

More units have been absorbed, approximately 17,000 in the last four years, compared to the approximately 14,000 units delivered in the previous 12 years. During this time, we have achieved remarkably lower vacancy rates and consistent growth in rental rates in an overall stable market.

At this point in the market, it is accurate to assume we have seen an intentional shift in historical norms away from home ownership for a significant segment of the population. The growing pool of “renters by choice” has become a lifestyle rather than a statistical anomaly. One successful multifamily young developer was quoted in the Wall Street Journal as saying he was part of “Generation Rent”. This lifestyle choice has transcended demographic lines, with many choosing the convenience of renting over home ownership.

## MINNEAPOLIS OVERVIEW

Downtown Minneapolis has long held the distinction of being the business and financial capital of the Upper Midwest region, but now it's adding to that luster by emerging as one of the most "livable" downtowns in the United States.

The website Livability.com in 2015 ranked Minneapolis as the second-most-livable downtown in the country, trailing only Pittsburgh. Its walkability, skyway connections, booming entertainment scene and proximity to amenities such as the Mississippi Riverfront and the Minneapolis Chain of Lakes contributed to the high ranking.

Also praised was the strategic plan developed by the Minneapolis Downtown Council which calls for an expansion of its residential population to 70,000 by 2025 (it is currently 40,000). The effort is already seeing success: Downtown's population has surged 25 percent since 2006, by some 8,056 residents. The 2025 goals call for adding 15,000 units, four million square feet of Class A multi-tenant office space (approximately three million square feet of that goal has been built since 2011 or is under construction), 1,100 new hotel rooms and 200,000 square feet of retail.

A key project aimed at further enhancing downtown's livability is the \$50 million reconstruction of the Nicollet Mall, a transit-and-pedestrian spine that includes many of the city's key businesses and cultural attractions. The busy street was converted into one of the country's first urban malls in the early 1970's, anchored by department stores and banks. The Nicollet Mall project includes additional trees, enhanced sidewalk spaces, improved lighting and more gathering places. It is on target for a 2017 completion.

Two distinct areas of Downtown Minneapolis are seeing large-scale redevelopment. Downtown West, the core of the business district is booming with new activity around the Target Field (home of the Minnesota Twins) and Target Center (home of the Minnesota Timberwolves NBA club, which is now undergoing a \$130 million renovation).

The nearby North Loop neighborhood is a residential and business start-up hotbed, attracting significant new office, retail and residential development.

A bit more than a mile away at the eastern end of downtown, the newly-renamed “East Town” district is seeing a massive redevelopment effort of its own. East Town is centered around the now-completed construction of the \$1.1 billion U.S. Bank Stadium, the new home of the Minnesota Vikings NFL team. The stadium is the site of the 2018 Super Bowl and the 2019 NCAA Men’s Basketball Tournament Finals. Some 4.2 acres of the area has been converted into a major new public amenity – the Downtown East Commons, a multi-use park for downtown residents and visitors to enjoy, which officially opened in July 2016.

The five-block area adjacent to the stadium, once notorious for its underutilization, is being redeveloped by Ryan Companies in a \$500 million project. Included are 1.2 million square feet of office space for a Wells Fargo Bank campus, 195 residential apartments in three buildings, 26,000 square feet of retail space, a Radisson Red hotel, and a six-level parking ramp. Wells Fargo began moving employees into their new campus in March. The remaining developments consisting of office, retail, grocer and multifamily will be delivered in 2017 and 2018. Ryan is also building a four-story, 172,000 square-foot, multi-tenant office building that will become its new corporate headquarters by Spring 2017.

There is currently 1.5 million square feet of office space being built or recently completed throughout Downtown Minneapolis, including the Wells Fargo Towers, the T3 project from Hines Interests and Xcel Energy’s new Nicollet Mall headquarters. The market is attractive to commercial and residential tenants as it is skyway connected, provides a walkable environment to work, restaurants, grocery stores, the new park, entertainment venues, etc. Continuing strong demand for downtown living has resulted in rental rates between \$1.95 psf and \$2.75 psf, for new product. It all makes for a very vibrant market.

## SAINT PAUL OVERVIEW

St. Paul has been known for most of its history as the smaller of the Twin Cities of Minneapolis/St. Paul, and as the capitol city of Minnesota. But now it is emerging as its own distinct and vibrant market, attracting thousands of new residents to its suddenly trendy, growing downtown area. The addition of the St. Paul Saints minor league baseball stadium in March 2015 in the Lowertown neighborhood of downtown St. Paul has been a catalyst for revitalization. Since the opening of the new stadium there has been an abundance of new restaurants, bars and entertainment venues. The newly-built Green Line light rail connecting the two cities' central business districts and the University of Minnesota has also contributed to the growth and popularity of downtown St. Paul.

To be sure, St. Paul and its eastern metro suburbs have always boasted a strong economic presence with a large contingent of city, county and state jobs, as well as corporate employers including the headquarters for 3M, Ecolab, Boston Scientific and HealthEast Care. Its unemployment rate was 2.9% in November 2015, and 3.8% in May of this year, according to the Minnesota Department of Employment and Economic Development - well below the average national unemployment rate of 5%.

According to the St. Paul Building Owners and Managers Association, as of Oct. 2016, downtown St. Paul has a total office space universe of 16 million square feet, of which 7.8 million square feet is competitive (not owner or government occupied). The government occupies 5.3 million square feet and 3.2 million square feet is owner occupied. The overall vacancy rate of the competitive space market was 16.6%, a decrease from 17.7%. Among downtown's 2.2 million square feet of Class A space vacancies are at 15%, while vacancies stood at 17.6% among its 5.1 million square feet of Class B space and at 12.9% for Class C space.

The universe of competitive space shrank by 284,000 square feet in 2016 due to the conversions of Sibley Square (208,000 square feet) and Liberty Square (37,000 square feet) into apartments. More conversions of office space are undergoing redevelopment and/or are in planning stages. Downtown St. Paul has five hospitals. They include Regions Hospital, which boasts a Level-1 trauma emergency center; United Hospital, the largest hospital in the Twin Cities East Metro; Children's Hospital, specializing in pediatric care; St. Joseph's Hospital, Minnesota's oldest hospital, founded in 1853; and Bethesda Hospital, a long-term, acute care facility. Together they employ more than 7,000 people.

Other major employers in downtown include Travelers Insurance, Securian Financial Group, US Bancorp, Ecolab, Comcast and CenturyLink.

St. Paul is also staking a claim as a cultural hotspot for millennials and others, thanks to a strong, individual character that separates it from its larger neighbor.

## CONSTRUCTION TRENDS

Construction activity is down year-over-year allowing time for new units to be absorbed. However, the number of units in the planning stages and those proposed by developers has increased to 15,935. There were approximately 4,800 units delivered in 2013, 4,600 units delivered in 2014 and approximately 3,300 in 2015. Approximately 3,000 units are expected to be delivered by year-end 2016.

There are 35 market rate developments under construction across the TCMA, with a total of 6,327 units expected to deliver between 2016 and 2017. There are 964 of these units in downtown Minneapolis; 760 in the Southeast metro and 1,028 in non-downtown Minneapolis neighborhoods.

In addition to the market rate projects currently under construction, there are 93 additional developments in planning or proposed across the TCMA, which totals 15,935 market rate units.

There are six affordable developments under construction totaling 384 units across the TCMA which are projected for delivery between 2016 and 2017. An additional 16 affordable developments are planned or proposed across the TCMA, totaling 1,605 units.

## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Opened 2010</b>					
Sydney Hall Apartments	Minneapolis	308 15th Ave SE	125	Doran	University of Minnesota
The Lyric at Carleton Place	St. Paul	765 N Hampden Ave	171	Dominium	Non-Downtown St. Paul
Ellipse on Excelsior	St Louis Park	3920 Excelsior Blvd	134	Bader Development, LLC	West Suburbs
<b>Total</b>			<b>430</b>		
<b>Opened 2011</b>					
Mill District City Apartments	Minneapolis	225 Portland Ave	175	Village Green	North Loop Minneapolis
Gateway Lofts	Minneapolis	2623 W Broadway Ave	46	Alliance Housing Incorporated	North Minneapolis
Station 38 Apartments	Minneapolis	3725 29th Ave S	65	Paul Klodt	South Minneapolis
412 Lofts	Minneapolis	412 12th Ave SE	102	Doran	University of Minnesota
Floco Fusion Landmark Apartments	Minneapolis	1000 University Ave SE	85	Clark Gassen/Brad Roberts	University of Minnesota
Solhaus	Minneapolis	2428 Delaware St	150	Gunsbury	University of Minnesota
1800 Lake on Calhoun	Minneapolis	1800 W Lake St	57	Shelard Group Inc and CPM	Uptown Minneapolis
Uptown at City Walk	Woodbury	10300 Citywalk Dr	245	LeCesse Development Corp.	East Suburbs
<b>Total</b>			<b>925</b>		
<b>Opened 2012</b>					
Soltva	Minneapolis	701 N 2nd St	100	TE Miller / Gunsbury	North Loop Minneapolis
The Copham	Minneapolis	607 N Washington Ave	120	Greco	North Loop Minneapolis
Oaks Station Place	Minneapolis	3550 E 46th St	104	Oaks Properties	South Minneapolis
Stadium Village Flats	Minneapolis	818-850 SE Washington Ave	120	Opus	University of Minnesota
The Edge on Oak	Minneapolis	309 Oak St SE	65	Doran	University of Minnesota
Flux	Minneapolis	2838 Fremont Ave S	216	Greco, LLC	Uptown Minneapolis
Lofts at Farmers Market	St. Paul	260 5th St E	57	City of St. Paul	Downtown St. Paul
Hopkins Marketplace & Main Apartments	Hopkins	712-786 Mainstreet	53	Beard Group	West Suburbs
The View at Long Lake	New Brighton	1300 Northwest Pky	124	StuartCo	North Suburbs
Lyndale Plaza Apartments	Richfield	6401 Lyndale Ave S	94	Michael Development	Southeast Suburbs
The Genesee Apartments/Townhomes	Minneapolis	8055 Penn Ave S	242	StuartCo	Southwest Suburbs
<b>Total</b>			<b>1,295</b>		



## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Opened 2013</b>					
7 West Apartments	Minneapolis	1800 Washington Ave S	243	TE Miller Development LLC	Downtown Minneapolis
Vue	Minneapolis	415 Oak Grove St	119	Continental Property Group	Downtown Minneapolis
430 Oak Grove	Minneapolis	430 Oak Grove Street	75	Continental Property Group	Downtown Minneapolis
Abbott Apartments	Minneapolis	110 East 18th Street	123	Gateway Commons, LLC	Downtown Minneapolis
Soo Line Building City Apartments	Minneapolis	101 S 5th Street	254	Village Green	Downtown Minneapolis
Brunsfeld North Loop	Minneapolis	915 Washington Ave N	47	Brunsfeld Place LLC	North Loop Minneapolis
Dock Street Flats	Minneapolis	333-345 Washington Ave N	185	Hines	North Loop Minneapolis
Solhavn	Minneapolis	815 N 2nd St	137	TE Miller Development LLC	North Loop Minneapolis
Third North Apartments	Minneapolis	800 N 3rd St	204	Schafer Richardson Inc	North Loop Minneapolis
222 Hennepin Apartments	Minneapolis	222 Hennepin Ave	286	Ryan Companies US, Inc.	North Loop Minneapolis
ElseWarehouse	Minneapolis	730 Washington Avenue	116	Greco	North Loop Minneapolis
Longfellow Station Apartments	Minneapolis	3845 Hiawatha Ave	180	Sherman Associates, Inc.	South Minneapolis
Parkway West Apartments	Minneapolis	4556 46th Street E	48	Lander Group/At Home Apts	South Minneapolis
Mill & Main Apartments- East	Minneapolis	501 Main St SE	180	Doran Companies	University of Minnesota
The Elysian	Minneapolis	711 4th St SE	56	CPM Development	University of Minnesota
The Knoll	Minneapolis	1101 University Ave SE	101	Doran Companies	University of Minnesota
The Station on Washington	Minneapolis	310 Oak St SE	97	The The Opus Group	University of Minnesota
525 Tenth	Minneapolis	525 10th Avenue SE	10	CPM Development	University of Minnesota
Elan Uptown	Minneapolis	2837 Emerson Ave S	590	Greystar Real Estate Partners	Uptown Minneapolis
Track 29 City Apartments	Minneapolis	2841 Bryant Ave S	198	Phoenix Dev. Co of Minneapolis, LLC	Uptown Minneapolis
The Penfield	St. Paul	101 10th St E	254	City of St. Paul	Downtown St. Paul
EastRiver Apartments	St. Paul	2318 Marshall Ave	44	Lander Group	Non-Downtown St. Paul
C&E Lofts	St. Paul	2402 University Avenue	104	Exeter Realty (Ironon Asset Fund LLC)	Non-Downtown St. Paul
Be @ The Calhoun Greenway	Minneapolis	3144 Chowen Ave S	185	Bigos Management	West Suburbs
36 Park	St. Louis Park	3601 Park Center Blvd	192	E. J. Plesko & Associates/Fiduciary	West Suburbs
E2 Apartments	St. Louis Park	3924 Excelsior Blvd	58	Bader Development	West Suburbs
The Flats at West End Property Logo 10	St. Louis Park	5310 W 16th St	119	The Excelsior Group	West Suburbs
Adagio	St. Louis Park	5655 35th Street W	122	Dunbar Development Corp.	West Suburbs
North Bay	Blaine	3195 124th Avenue NE	163	Hans Hagen	North Suburbs
The Residence at the COR	Ramsey	7700 Sunwood Dr NW	230	Flaherty & Collins Properties	North Suburbs
E Street Flats	Arden Hills	1195 W County Rd E	74	The Davidson Companies/StuartCo	North Suburbs
<b>Total</b>			<b>4,794</b>		

# Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Opened 2014</b>					
LPM Apartments	Minneapolis	1369 Spruce Pl	354	DeBartolo Development LLC	Downtown Minneapolis
Coze Flats	Minneapolis	628 University Ave SE	48	Hupp Holdings	Northeast Minneapolis
Red 20	Minneapolis	20 S 6th St SE	130	Schafer Richardson Inc	Northeast Minneapolis
The Grain Belt	Minneapolis	1215 Marshall St NE	150	Everwood Development	Northeast Minneapolis
Junction Flats	Minneapolis	643 N 5th St	183	Doran Companies	North Loop Minneapolis
The Nic on 5th	Minneapolis	465 Nicollet Mall	253	The The Opus Group	North Loop Minneapolis
Gurley Lofts	Minneapolis	900 Third Street N	30	Schafer Richardson	North Loop Minneapolis
Velo	Minneapolis	115 N 2nd St	101	Opus Development Corporation	North Loop Minneapolis
700 on Washington	Minneapolis	716 Washington Ave SE	98	The Michaels Organization	University of Minnesota
The Bridges	Minneapolis	930 University Ave SE	210	Doran Companies	University of Minnesota
The Marshall	Minneapolis	515 14th Ave SE	314	Gem Realty Capital Inc	University of Minnesota
The Rail Minneapolis	Minneapolis	814 15th Ave SE	100	CPM Development	University of Minnesota
Metro Park East	Minneapolis	2701-2717 4th St SE	194	DRA Advisors, LLC	University of Minnesota
The Venue at Dinkytown	Minneapolis	428 13th Avenue SE	140	HSRE Dinkytown LLC & Opus	University of Minnesota
Lime	Minneapolis	2904 Lyndale Ave S	174	Greco	Uptown Minneapolis
The Walkway	Minneapolis	1320 W Lake St	91	Uptown Minneapolis Gassen LLC	Uptown Minneapolis
Pioneer Endicott	St. Paul	141 4th St E	234	RC Enterprises, LLC	Downtown St. Paul
Rayette Lofts	St. Paul	261 E 5th St E	88	Sherman Associates	Downtown St. Paul
West Side Flats	St. Paul	84 Wabasha St S	179	Sherman Associates	Downtown St. Paul
Victoria Park	St. Paul	740 Victoria St S	215	Chase Real Estate	Non-Downtown St. Paul
Arcata	Golden Valley	5500 Wayzata Blvd	165	Trammell Crow Co/High St. Residential	West Suburbs
Gallery Flats	Hopkins	50 8th Ave S	179	Klodt Companies	West Suburbs
Skye at Arbor Lakes	Maple Grove	11851 Central Park Way	263	LeCesse Development Corp.	North Suburbs
Bottineau Ridge	Maple Grove	11875 80th Ave N	50	Duffy Development Company	North Suburbs
Arden Flats	Arden Hills	1290 County Road F W	60	Sand Companies, Inc.	North Suburbs
Lakeview Terrace	Shoreview	3595 Owasso St	104	Tycon Companies	North Suburbs
One Southdale Place	Edina	6800 York Ave S	232	StuartCo	Southeast Suburbs
The Covington	Bloomington	5800 American Blvd W	250	Dunbar Development Corp.	Southeast Suburbs
<b>Total</b>			<b>4,589</b>		

# Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Opened 2015</b>					
Latitude 45	Minneapolis	301 Washington Ave	318	Alatus LLC	Downtown Minneapolis
Five 15 on the Park	Minneapolis	515 E 15th St	259	Fine Associates, LLC	Downtown Minneapolis
The Rose	Minneapolis	1920-1928 Portland Ave	90	Aeon	Downtown Minneapolis
4Marq	Minneapolis	400 Marquette Ave	261	M. A. Mortenson Company	North Loop Minneapolis
The Paxon	Minneapolis	360 N 1st St	140	Sherman Associates	North Loop Minneapolis
Mill & Main Apartments - West	Minneapolis	401 Main St SE	162	Doran Companies	University of Minnesota
400 2nd Ave SE	Minneapolis	400 2nd Ave SE	50	Mpls Leased Housing Assc Vi	University of Minnesota
Elements of Linden Hills Apts	Minneapolis	4525 France Ave S	31	Hunter Emerson LLC	Uptown Minneapolis
The Vintage on Selby	St. Paul	1555 Selby Ave	210	Ryan Companies US, Inc.	Non-Downtown St. Paul
Boatworks Commons	White Bear Lake	4495 Lake Ave S	85	Lander Group	East Suburbs
The Island Residences at Carlson Center	Minnnetonka	501 Carlson Pky	174	Trammell Crow Company	West Suburbs
Millennium West End	St. Louis Park	5245 Wayzata Blvd	157	Dolce Living Homes, LLC	West Suburbs
Gates of New Hope	New Hope	9390 Medicine Lake Rd	42	Aaron Baruch	West Suburbs
Quayside Wayzata	Wayzata	350 Superior Blvd	26	Presbyterian Homes & Services	West Suburbs
Siena Apartment Homes	St. Louis Park	6800 Cedar Lake Rd S	138	Hunt Associates	North Suburbs
5 Central Apartments	Osseo	20 6th St NW	140	Beard Group, Inc.	North Suburbs
71 France	Edina	7161 France Ave S	181	Schafer Richardson Inc	Southeast Suburbs
Parkside at Gabella	Apple Valley	6859 152nd St W	196	IMH Financial Corporation	Southeast Suburbs
Remington Cove Apartments	Apple Valley	15430 Founders Ln	101	Lyon Contracting & Development	Southeast Suburbs
CityVue Apartments	Eagan	3435 Promenade Ave	113	Interstate Partners LLC	Southeast Suburbs
Flats at Cedar Grove	Eagan	3825 Cedar Grove Pky	192	Stonebridge Communities	Southeast Suburbs
MartinBlu	Eden Prairie	14301 Martin Dr	191	Steven Scott Management- Martin Blu	Southeast Suburbs
Springs at Egan Drive	Savage	14125 Louisiana Ave	51	Continental Properties Company, Inc.	Southeast Suburbs
<b>Total</b>			<b>3,308</b>		

**Twin Cities Construction Pipeline  
Multi Family Market Rate Developments  
As of 11/01/2016**

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Opened 2016</b>					
Edition	Minneapolis	511 S 4th St	29	Ryan Companies US, Inc.	Downtown Minneapolis
District 600	Minneapolis	600 5th Street N	78	Michael Development	Downtown Minneapolis
Edition Phase II	Minneapolis	511 N 4th St	165	Excelsior - Edition	North Loop Minneapolis
Zest Apartments	Minneapolis	5426 Nicollet Ave	44	Steven Scott- Zest	South Minneapolis
Lagoon Apartments	Minneapolis	1620 Lagoon Ave	45	CPM Companies - The Elysian	Uptown Minneapolis
Overlook on the Creek	Minnetonka	9731 Minnetonka Blvd	100	CPM Companies - The Elysian	West Suburbs
Luxembourg	Bloomington	5100 W 82nd St	283	The Richdale Group	Southeast Suburbs
<b>Total</b>			<b>744</b>		

## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Under Construction</b>					
Skye at Arbor Lakes - Phase II	Maple Grove	11851 81st Ave N	107	LeCesse Development Corporation	North Suburbs
Emberwood	Blaine	12664 Central Ave NE	112	Kason	North Suburbs
610 West - Phase 1	Brooklyn Park	6717 N Oak Grove Pky	287	Doran Companies	North Suburbs
71 France Phase II	Edina	7161 France Ave S	60	Schafer Richardson Inc	Southeast Suburbs
Indigo Apartments	Bloomington	8001 33rd Ave S	420	Lennar	Southeast Suburbs
Springs at Apple Valley	Apple Valley	14650 Foliage Ave	280	Continental Properties	Southeast Suburbs
Onyx	Edina	6725 York Avenue	242	Lennar Group	Southwest Suburbs
Springs at Egan Drive Phase II	Savage	14125 Louisiana Ave	237	Continental Properties Company, Inc.	Southwest Suburbs
<b>Total</b>			<b>6,327</b>		
<b>Planned &amp; Proposed 2016 or later</b>					
113 E 26th St	Minneapolis	113 E 26th St	70	CPM Companies - The Elysian	Downtown Minneapolis
Elliot Park	Minneapolis	1400 Park Ave S	243	Weidner Apartment Homes	Downtown Minneapolis
811 S Washington St	Minneapolis	811 S Washington St	180	Sherman Associates, Inc.	Downtown Minneapolis
Printers Exchange Building	Minneapolis	16 4th St. N.	55	VoR Development	Downtown Minneapolis
801 Marquette Avenue S	Minneapolis	801 Marquette Ave S	250	Franklin Street Properties	Downtown Minneapolis
Iron Clad	Minneapolis	Washington and Chicago	166	Graves/Kharbonda Mgmt	Downtown Minneapolis
Portland Tower (Condominium)	Minneapolis	Portland and 8th	112	Jim Stanton	Downtown Minneapolis
Legacy Condominiums	Minneapolis	13th Ave & 2nd St.S	374	Jim Stanton	Downtown Minneapolis
Eclipse Condominiums	Minneapolis	Washington and Hennepin	320	Jim Stanton	Downtown Minneapolis
Handicraft Guild Apartments	Minneapolis	1001 Nicollet Ave	293	Village Green	Downtown Minneapolis
112-116 E Hennepin Ave	Minneapolis	112-116 E Hennepin Ave	189	Schafer Richardson Inc	Northeast Minneapolis
Corner Apartments	Minneapolis	24 NE University Ave	56	Hunt Associates	Northeast Minneapolis
315 1st Ave NE - Phase I	Minneapolis	315 1st Ave NE	278	Lennar	Northeast Minneapolis
315 1st Ave NE Phase II	Minneapolis	315 1st Ave NE	490	Lennar	Northeast Minneapolis
802 SE 9th Avenue	Minneapolis	802 SE 9th Avenue	97	CPM Development	Northeast Minneapolis
The McMillan	Shoreview	157 County Rd. E.	148	Elevage Development Group	Northeast Minneapolis
LoMa Apartments	Minneapolis	2435 Marshall Street NE	155	Master Properties	Northeast Minneapolis
Arbor Ridge Apartments	Forest Lake	1516 8th St. S.E.	73	Summit Management	Northeast Minneapolis
Gateway Green	Forest Lake	22552 Everton Ave No	84	Kason Inc	Northeast Minneapolis
761 Washington	Minneapolis	761 Washington Ave N	150	Greco, LLC	North Loop Minneapolis
721 First Street N	Minneapolis	721 First Street N	124	Gunsbury/TE Miller	North Loop Minneapolis



## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Planned &amp; Proposed 2016 or later</b>					
Ritz Block Tower	Minneapolis	315 Nicollet Mall	364	The The Opus Group	North Loop Minneapolis
The Loop	Minneapolis	314 6th Ave N	143	The The Opus Group	North Loop Minneapolis
North Star Center	Minneapolis	625 Marquette Ave	266	PCCP LLC / BKV Group	North Loop Minneapolis
729 Washington Ave	Minneapolis	729 Washington Ave N.	44	United Properties	North Loop Minneapolis
Satori Minneapolis	Minneapolis	800 - 1000 W Broadway Ave	254	Pinnacle Management	North Minneapolis
2200 Snelling Ave	Minneapolis	2200 Snelling Ave	119	Schafer Richardson Inc	South Minneapolis
L&H Station	Minneapolis	2225 E Lake St	125	Launch Properties	South Minneapolis
Midtown Crossing	Minneapolis	2839 11th Ave S	55	Urban DRC	South Minneapolis
38th Street Mixed Use Project	Minneapolis	2707 38th St. E.	53	Lander Group	South Minneapolis
18 West 15th Street Apts	Minneapolis	18 W. 15th St.	75	DRJ Architecture	South Minneapolis
117 SE 27th Ave	Minneapolis	117 SE 27th Ave	201	Eisey Partners	University of Minnesota
200 Central Ave SE	Minneapolis	200 Central Ave SE	290	Alatus LLC	University of Minnesota
333 E Hennepin Ave	Minneapolis	333 E Hennepin Ave	250	Mortenson Development Company	University of Minnesota
600-612 Washington Ave SE	Minneapolis	600-612 Washington Ave SE	431	Harbor Bay Real Estate Advisors	University of Minnesota
Prospect Park	Minneapolis	2901 4th St SE	200	The Cornerstone Group	University of Minnesota
Rampton	Minneapolis	201 2nd St SE	93	Cunningham Group Architecture	University of Minnesota
Rise at Prospect Park	Minneapolis	2929 University Ave SE	336	CA Ventures, LLC	University of Minnesota
1501 Como Ave	Minneapolis	1501 Como Ave S.E.	30	CPM Companies	University of Minnesota
Cheapo Records Redevelopment	Minneapolis	1300 W Lake St	130	CPM Companies - The Elysian	Uptown Minneapolis
2905 Harriet Ave S	Minneapolis	2905 Harriet Ave S	110	Gunsbury/TE Miller	Uptown Minneapolis
4624 Upton Avenue	Minneapolis	4624 Upton Avenue S	24	43UP	Uptown Minneapolis
Marquee Apartments	Minneapolis	2018 Lyndale Avenue S	85	Master Properties	Uptown Minneapolis
Graves Uptown	Minneapolis	3041 Holmes Ave S	9	Graves Hospitality	Uptown Minneapolis
W 26th St/Lyndale Ave S	Minneapolis	2601 Lyndale Avenue S	76	Master Properties	Uptown Minneapolis
2505 W 7th St	St. Paul	2505 W 7th St	120	Bader Development	Downtown St. Paul
2751 Shepard Rd	St. Paul	2751 Shepard Rd	211	Johnson Brothers Liquor Company	Downtown St. Paul
217 Chestnut St	St. Paul	217 Chestnut St	175	Schafer Richardson Inc	Downtown St. Paul

## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Planned &amp; Proposed 2016 or later</b>					
West Side Flats - Phase II	St. Paul	86 Wabasha St S	266	Sherman Associates, Inc.	Downtown St. Paul
745 Cleveland Ave S	St. Paul	745 Cleveland Ave S	53	The Ackenberg Group	Downtown St. Paul
Fillmore Avenue/Livingston Avenue	St. Paul	NW Corner Fillmore and Livingston	184	Sherman Associates	Downtown St. Paul
345 Cedar Street	St. Paul	345 Cedar Street	150	Stencil Development	Downtown St. Paul
Sibley Plaza Site	St. Paul	2401 W 7th Street	120	Paster Enterprises/Bader Dev	Downtown St. Paul
773-785 University Ave W	St. Paul	773-785 University Ave W	54	Model Cities, Inc.	Non-Downtown St. Paul
Raymond Ave Flats	St. Paul	2390-2400 W University Ave	119	Exeter Realty	Non-Downtown St. Paul
Handicraft Guild	Roseville	2785 Fairview Avenue N	190	Sherman Associates	East Suburbs
Woodbury Flats	Woodbury	7760 Hargis Parkway	305	Commercial Investment Properties	East Suburbs
The Xenia	Minneapolis	700-800 Xenia Ave S	372	Slosburg Company	West Suburbs
4001-4025 Highway 7	St. Louis Park	4001-4025 Highway 7	150	Sela Investments, LLC	West Suburbs
Bridgewater	St. Louis Park	4400-4424 Excelsior Blvd	164	Dominium	West Suburbs
Three. Nine. Four.	Golden Valley	5410 Wayzata Blvd	303	Global One Commercial	West Suburbs
Arlington Row East	St. Louis Park	7805 Wayzata Blvd	27	Melrose Co	West Suburbs
PLACE	St. Louis Park	5725 Highway 7	324	PLACE	West Suburbs
Minnetonka Hills Phase II	Minnetonka	2828 Jordan Ave So	75	CSM Corp	West Suburbs
9422 Ulysses St	Blaine	9422 Ulysses Street NE	191	Oppidan Investment Company	North Suburbs
Parkview East	Ramsey	E. Ramsey Parkway/Rhinestone St	210	PSD, LLC	North Suburbs
610 West - Phase 2	Brooklyn Park	6717 N Oak Grove Pky	193	Doran Companies	North Suburbs
Cielo- Phase II & III	Fridley	6051 University Ave NE	155	Trident Development	North Suburbs
Ecology	Elk River	Yale Court @ 170th Ave NW	92	Modern Construction	North Suburbs
Bass Lake Road Apartments	New Hope	8400 Bass Lake Road	183	Alatus LLC	North Suburbs
Mississippi Crossings	Champlin	Miller Rd @ Hwy 169	50	Doran Companies	North Suburbs
205 Park	Minneapolis	205 Park (Washington)	115	Sherman on Grand	Mill District
6612 Xerxes Ave S	Minneapolis	6612 Xerxes Ave S	210	Schulze Richard M	Southeast Suburbs
Cedar Point North	Richfield	16th Avenue and 65th Street	230	Boisclair	Southeast Suburbs
Cedar Pointe South	Richfield	E 66th St	300	Anderson Companies	Southeast Suburbs
DLC Phase 2	Edina	6550 York Ave	145	DLC Residential	Southeast Suburbs
Millennium at Southdale Phase One	Edina	3250 W 66th St	227	DLC Residential	Southeast Suburbs
Norman Pointe Residential	Bloomington	5650 American Blvd W	179	Commercial Investment Properties	Southeast Suburbs
1555 Yankee Doodle Road	Eagan	1555 Yankee Doodle Road	250	Gratus Development	Southeast Suburbs

## Twin Cities Construction Pipeline Multi Family Market Rate Developments As of 11/01/2016

Property Name	City	Address	No. of Units	Developer	Map Reference
<b>Planned &amp; Proposed 2016 or later</b>					
The Gates of Eagan	Eagan	4215 Nicols Road	148	Ramada Company/Nichols Park, LLC	Southeast Suburbs
Great Rivers Landing	Hastings	200 W Second Street	60	Confluence Development	Southeast Suburbs
CityVue Apartments Phase II	Eagan	Town Ctr Dr at Promenade Ave	122	At Home Apartments	Southeast Suburbs
Lyndale Gardens	Richfield	6400 Lyndale Avenue South	151	Cornerstone Group	Southeast Suburbs
Mendota Plaza	Mendota Heights	720 Hwy 110	150	At Home Apartments	Southeast Suburbs
Harmony Apartments	Rosemount	Bronze Pkwy. @ Brockway Ave	81	Metro Land Holdings	Southeast Suburbs
4916 France Avenue	Edina	4916 France Avenue	64	Semper Development	Southwest Suburbs
7200 France	Edina	7200 France Avenue S	160	DJR /NHH Properties/Boisclair Corp	Southwest Suburbs
The York	Edina	3200 Southdale Circle	210	Collage Architects	Southwest Suburbs
The Lincoln Drive Residences	Edina	5901 Lincoln Dr	220	The The Opus Group	Southwest Suburbs
Hy-Vee Site	Shakopee	Vierling Srive W. @ Adams St	100	Trident Development	Southwest Suburbs
Killarney Hills Apartments	Shakopee	Canterbury Rd. @ 17th Ave E.	160	Trident Development	Southwest Suburbs
Lake Jonathan Flats	Chaska	2905 N. Chestnut St.	117	Lake Jonathan Investment LLC	Southwest Suburbs
Opus Business Park	Minnetonka	10101 Bren Road E.	350	LeCesse Development Corporation	Southwest Suburbs
Victoria Flats	Victoria	1699 Stieger Lake Lane	80	Beard Group	Southwest Suburbs
<b>Total</b>			<b>15,935</b>		

**Twin Cities Construction Pipeline  
Multi Family Affordable Developments  
As of 11/01/2016**

Property Name	City	Address	County	Zip	No. of Units	Developer	Map Reference
<b>Opened 2010</b>							
Central Avenue Lofts	Minneapolis	2338 NE Central Avenue	Hennepin	55418	66	Sherman Associates	Northeast Minneapolis
Audubon Crossing Apartments	Minneapolis	951 NE Lowry Ave	Hennepin	55418	30	MetroPlains Properties, Inc.	Northeast Minneapolis
The Wellstone	Minneapolis	620 E Franklin Avenue	Hennepin	55404	49	Hope Community, Inc/Aeon	South Minneapolis
Brook Commons	Minneapolis	941 12th Avenue SE	Hennepin	55414	50	Project for Pride in Living/Cabrini Partnership	University of Minnesota
Hoffman Place	White Bear Lake	3656 Hoffman Rd	Ramsey	55110	60	Sand Companies, Inc	East Suburbs
<b>Total</b>					<b>110</b>		
<b>Opened 2011</b>							
The Greenleaf	Minneapolis	2741-2743 Lyndale Ave S	Hennepin	55408	63	Brighton Dev Inc	Uptown Minneapolis
<b>Total</b>					<b>63</b>		
<b>Opened 2012</b>							
Bi Di Gain Dash Anwebi	Minneapolis	2400 Bloomington Ave	Hennepin	55404	80	CommonBond Communities Corporation	South Minneapolis
Buzza Lofts	Minneapolis	2900 Coffax Ave	Hennepin	55408	136	Dominium	Uptown Minneapolis
Minnesota Building	Saint Paul	46 4th St E	Ramsey	55101	133	Sand Companies, Inc.	Downtown St. Paul
Fort Road Flats	Saint Paul	2242 W 7th Street	Ramsey	55116	44	Project for Pride in Living	Non-Downtown St. Paul
Sienna Green II	Roseville	2275 Snelling Ave N	Ramsey	55113	50	Aeon	East Suburbs
Plymouth West View Estates	Plymouth	6125 Vicksburg Ln N	Hennepin	55446	67	Sand Companies, Inc.	West Suburbs
<b>Total</b>					<b>510</b>		
<b>Opened 2013</b>							
City Place Lofts	Minneapolis	730 Hennepin Ave	Hennepin	55403	55	Steven Scott Management	Downtown Minneapolis
Jackson Flats	Minneapolis	901 18 1/2 Ave NE	Hennepin	55418	35	Artspace Projects Inc	Northeast Minneapolis
Views at City Walk	Woodbury	375 Lake View Dr	Washington	55129	45	CommonBond Communities Corporation	East Suburbs
The Ridge	Minnetonka	12708 Wayzata Blvd	Hennepin	55305	64	Duffy Development	West Suburbs
Northwood Townhomes	Eagan	1140 Northwood Dr	Dakota	55121	47	Dakota County Community Dev. Agency	Southeast Suburbs
<b>Total</b>					<b>246</b>		
<b>Opened 2014</b>							
West Broadway Crescent	Minneapolis	2022-1926 W Broadway Ave	Hennepin	55411	54	CommonBond Communities Corporation	North Minneapolis
Stone Arch 2 Apartments	Minneapolis	520 2nd St SE	Hennepin	55414	91	Lupe Development Partners	University of Minnesota
Schmidt Artist Lofts	Saint Paul	876 7th St W	Ramsey	55102	260	Dominium	Non-Downtown St. Paul
<b>Total</b>					<b>405</b>		

## Twin Cities Construction Pipeline Multi Family Affordable Developments As of 11/01/2016

Property Name	City	Address	County	Zip	No. of Units	Developer	Map Reference
<b>Opened 2015</b>							
The Commons at Penn Avenue	Minneapolis	2211 Golden Valley Rd	Hennepin	55411	47	Building Blocks Community Developers	North Minneapolis
Greenway Heights Family Housing	Minneapolis	2845 Bloomington Ave	Hennepin	55407	42	Phoenix Development Inc.	South Minneapolis
A-Mill Artist Lofts	Minneapolis	301 Main St SE	Hennepin	55414	251	Dominium	University of Minnesota
Hamline Station Apartments	Saint Paul	1333 University Ave W	Ramsey	55104	108	Anderson Companies	Non-Downtown St. Paul
Western U Plaza	Saint Paul	470 Western Ave	Ramsey	55103	60	Sand Companies, Inc.	Non-Downtown St. Paul
Compass Pointe	New Hope	6113 W Broadway Ave	Hennepin	55428	68	Ron Clark Construction	West Suburbs
Maple Village II	Maple Grove	9220 Zanzibar Lane N	Hennepin	55311	48	Sand Companies	North Suburbs
<b>Total</b>					<b>624</b>		
<b>Under Construction</b>							
The Cameron	Minneapolis	756 N 4th St	Hennepin	55401	44	Schafer Richardson Inc	North Loop Minneapolis
Mill City Quarter	Minneapolis	300 S 2nd St	Hennepin	55401	140	Lupe Development Partners	North Loop Minneapolis
Brownstone	St. Paul	849 University Ave W.	Ramsey	55104	35	Model Cities	Non-Downtown St. Paul
The Villages at Frost-English	Maplewood	1955 English St N	Ramsey	55109	92	Sherman Associates, Inc.	East Suburbs
Sunwood Village	Ramsey	7750 NW Sunwood Dr	Anoka	55303	47	CommonBond Communities Corporation	North Suburbs
Medina Townhomes	Maplewood	510 Clydesdale Trl	Medina	55340	26	Dominium	North Suburbs
<b>Total</b>					<b>384</b>		
<b>Planned &amp; Proposed 2016 or later</b>							
714 Park Avenue	Minneapolis	714 Park Avenue S	Hennepin	55415	65	House of Charity Housing	Downtown Minneapolis
East Town Apartments	Minneapolis	815 6th St. S.	Hennepin	55415	154	Community Housing Development Corporation	Downtown Minneapolis
Great River Landing	Minneapolis	813 N 5th Street	Hennepin	55401	72	Beacon Interfaith Housing Collaborative	North Loop Minneapolis
Hawthorne EcoVillage Apartments	Minneapolis	617 Lowry Avenue N	Hennepin	55411	75	Project for Pride in Living	North Minneapolis
Nicollet @ 36th	Minneapolis	3601 Nicollet Ave S	Hennepin	55409	57	Nicollet @ 36th LLC	South Minneapolis
Former Lake Street Sash & Door Co	Minneapolis	4041 Hiawatha Ave	Hennepin	55406	78	Dominium	South Minneapolis
Corcoran Triangle	Minneapolis	3120 24th Ave S	Hennepin	55406	141	Wellington Management	South Minneapolis
Fort Snelling Upper Post	Saint Paul	61 Taylor Ave	Hennepin	55111	190	Dominium	South Minneapolis
Bunge Grain Elevator	Minneapolis	937 13th Ave S.E.	Hennepin	55414	93	Project for Pride in Living	University of Minnesota
District del Sol	Saint Paul	80 Cesar Chavez St	Ramsey	55107	40	Neighborhood Development Alliance	Downtown St. Paul
Wilson Ridge II	Saint Paul	1254-76 Wilson Ave	Ramsey	55106	113	Lupe Development Partners	Non-Downtown St. Paul
839 University Avenue	St. Paul	839 University Avenue W	Ramsey	55104	35	Model Cities	Non-Downtown St. Paul
Oxford Green	Hopkins	1202-1304 Oxford St	Hennepin	55343	51	Project For Pride Of Living Inc.	West Suburbs
Balsam Apartments	Dayton	13500 Balsome Lane N.	Hennepin	55327	49	Sand Companies	Northwest Suburbs
Cornerstone Village II	St. Michael	St. Michael Parkway @ 1st St S.W Wright	Hennepin	55376	49	Sand Companies	Northwest Suburbs
3330 W 66th St	Edina	3330 W 66th Street	Hennepin	55435	39	Beacon Interfaith Housing Collaborative	Southwest Suburbs
Southbridge Crossings	Shakopee	Crossings Blvd. @ Stagecoach Rd.	Dakota	55379	304	Sand Companies	Southwest Suburbs
<b>Total</b>					<b>1,301</b>		



## SALES ACTIVITY

There were 17 sale transactions in the third quarter of 2016 totaling \$277 million. The average price per unit in the TCMA in Q3 2016 was \$155,400, which is a 17% increase from the third quarter of 2015. The largest transaction by sales price in Q3 2016 was the 254 unit Penfield in downtown St. Paul for \$65.5 million/\$257,875 per unit. Additional notable large transactions include Jefferson at Plymouth with 301 units for \$54.3 million/\$180,230 per unit and The Woodlands of Minnetonka with 252 units for \$44.9 million/\$178,175 per unit.

Capital demand for multifamily assets in the TCMA continues to be at an all-time high, although more buyers are targeting value-add properties in urban and suburban locations. There continues to be demand for well-located Class A properties, especially for urban locations.

The TCMA is on pace to exceed \$1 billion in transaction volume which would set a record for the third straight year. The combination of historically low interest rates, a surplus of capital, low vacancy rates, increasing rental rates and a lack of available product have contributed to the record transaction volume.

Institutional, REITs, private equity, and foreign investors are drawn to the stability of the TCMA multifamily market. Although there are signs of change on the horizon, the continued lack of supply and capital demand has kept cap rates at record lows year-to-date. Well located Class A urban properties are trading in mid 4% cap rate range and well located value-add urban and suburban assets are trading in a range from the high 4% to high 5% cap rates. The top 25% of sales were below a 4.6% cap rate, with the top sale being The Penfield in downtown St. Paul at a 3.02% cap rate. Class B urban, as well as Class A suburban assets are trading in the mid-to-low 5% cap rate range. This quarter, 50% of all sales transactions traded at a 5.4% cap rate. Suburban Class B and C assets are also experiencing cap rate compression - the bottom 25% of all transactions sold at an average 5.7% cap rate. The protracted low cap environment has enticed more local owners to sell, which has allowed more institutional owners to enter the market.

## TOP SALES Year-to-Date 2016

<b>Property Name</b>	<b>City</b>	<b>Units</b>	<b>Price in \$</b>	<b>\$/Units</b>
Excelsior And Grand	Minneapolis	338	97,500,000	288,462
Fountain Place	Eden Prairie	490	79,800,000	162,857
Park Place	Minneapolis	500	77,000,000	154,000
Hampshire Hills	Minneapolis	526	68,050,000	129,373
The Penfield	Saint Paul	254	65,500,000	257,874
Burlington	Saint Paul	427	64,000,000	149,883
Jefferson at Plymouth	Minneapolis	301	54,250,000	180,233
Covington	Minneapolis	250	48,550,000	194,200
The Addison	Shakopee	290	47,625,000	164,224
Metro Park East	Minneapolis	194	47,500,000	244,845
Southwind Village	Burnsville	320	45,311,000	141,597
The Woodlands of Minnetonka	Hopkins	252	44,900,000	178,175
White Bear Woods	Saint Paul	304	43,500,000	143,092
Seward Towers	Minneapolis	640	41,810,000	65,328
Madison Atrium	Burnsville	348	41,000,000	117,816
Royal Oaks	Saint Paul	231	34,950,000	151,299
Cinnamon Ridge Apartments	Saint Paul	264	33,950,000	128,598
Madison Trailway	Burnsville	240	31,500,000	131,250
Pavilion on Berry	Saint Paul	150	31,500,000	210,000
The Paragon Apartment Homes	Minneapolis	216	20,737,500	96,007
Meadows of Coon Rapids	Minneapolis	148	18,750,000	126,689
Colonial Village	Saint Paul	188	18,300,000	97,340
Boulder Ridge	Saint Paul	112	16,272,000	145,286
Aspen Glen	Saint Paul	172	15,750,000	91,570
3021 Holmes	Minneapolis	60	15,675,000	261,250
Century North	Saint Paul	177	14,725,000	83,192

## About NAI Everest

Minneapolis-based NAI Everest is a privately owned commercial real estate firm with in-depth local knowledge and a network of global relationships. Through our affiliation with NAI Global, and its offices in more than 375 cities world-wide, we provide clients with access to the most powerful network of owner-operated commercial real estate brokerage firms in the world.

NAI Everest brings industry-leading resources to its disposition, acquisition and equity placement services. Speed, agility, and keen insight are hallmarks of our firm.

At NAI Everest, we focus on the long-term success of our clients, endeavoring to understand their needs in order to assist them in achieving their goals and objectives. NAI Everest leverages the latest technology, marketing vehicles, and research in order to provide the absolute highest levels of representation and services for its clients.



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NAI Everest  
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Q3 2016



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