MINNEAPOLIS - ST. PAUL

MULTIFAMILY REPORT

FIRST QUARTER 2021

MARKET AT A GLANCE

OCCUPANCY RATE 95.2%

Down **100 bps** since 1Q20

EFFECTIVE RENT $1,342

Down **2.8%** since 1Q20

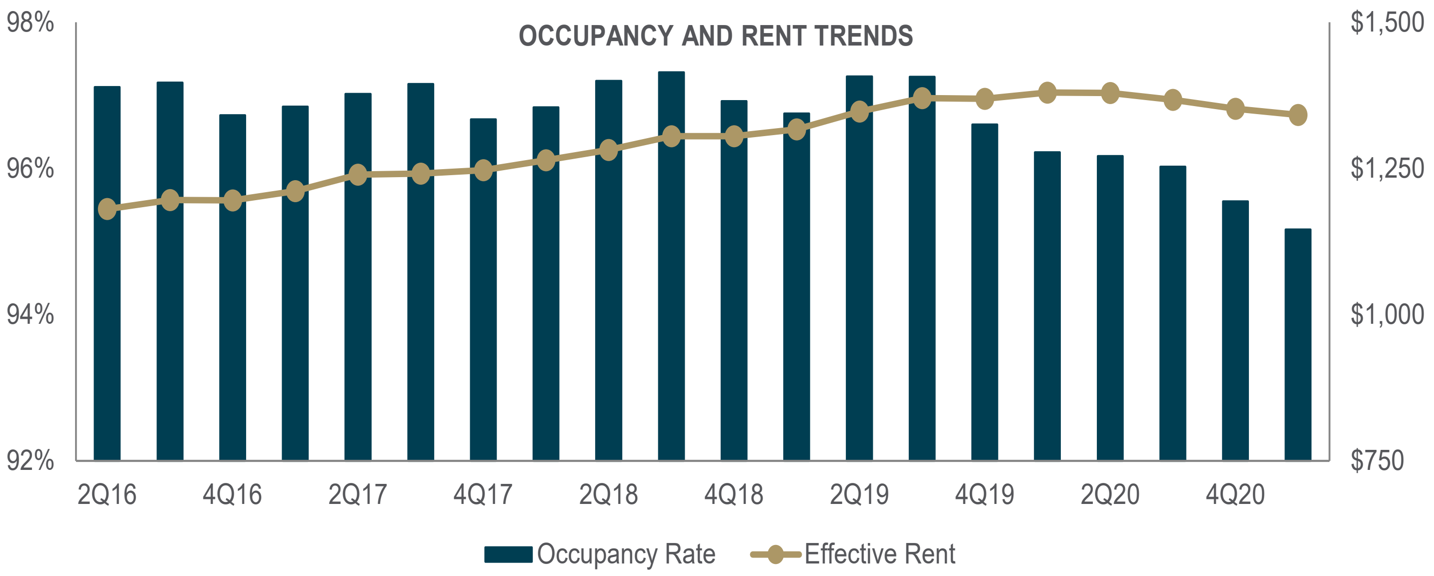
RENT PAYMENT TRACKER (APRIL 1-20) 94.5%

Down **80 bps** YOY

OCCUPANCY AND RENT TRENDS

REDUCTION OF COVID-19 RESTRICTIONS BOLSTER LOCAL ECONOMY

The Minnesota government announced easing several COVID-19 restrictions this quarter, benefiting the economy and apartment market. The executive order allowed indoor gatherings of up to 15 people, outdoor gatherings of up to 50 people, and restaurants and bars were approved to operate at 75% capacity, among other things. The announcement coincided with Minneapolis-St. Paul employers adding over 52,000 jobs year to date, 34,000 of which were in the leisure and hospitality sector. Metrowide multifamily construction this quarter was significant: apartment supply increased by over 2,000 units. Meanwhile, net absorption was recorded at nearly 800 units. Positive leasing activity was driven by new inventory and rebounding employment. Notwithstanding these forces, apartment absorption trailed inventory growth and led to a drop in occupancy to 95.2%. Metro apartment operators continued lowering monthly effective rent as they faced increased competition to an average of $1,342 in the first quarter of 2021. Minnesota plans to further ease COVID-19 restrictions beginning April 1 by allowing entertainment venues to accommodate up to 3,000 people and allowing certain groups of up to 10,000 people to gather.



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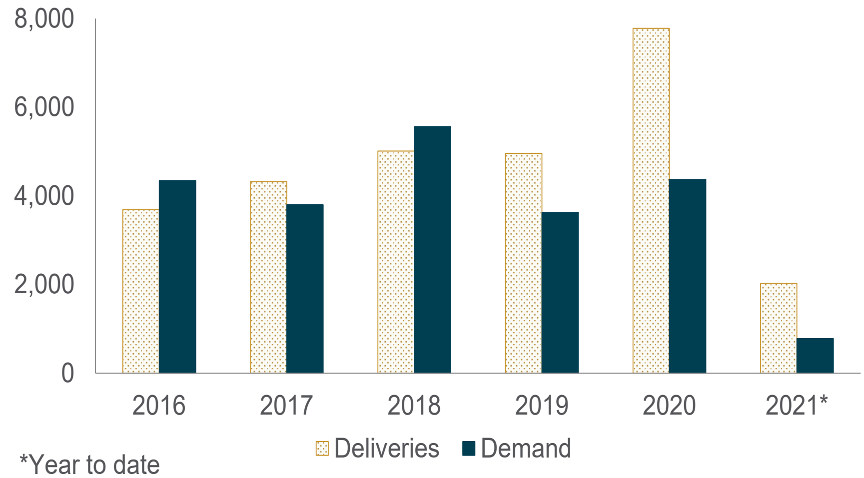
DELIVERIES AND DEMAND

DELIVERIES 2,023 Units YTD

NET ABSORPTION 779 Units YTD



*Year to date

ECONOMIC TRENDS

2020		2021
3.0%	**UNEMPLOYMENT*** **130 BPS CHANGE**	4.3%
2.0m	**EMPLOYMENT*** **-6.7% CHANGE**	1.9m
60.9k	**EXISTING SFH SALES*** **3.6% CHANGE**	63.1k
3.7m	**POPULATION*** **0.9% CHANGE**	3.7m
0.87%	**10-YEAR TREASURY*** **70 BPS CHANGE**	1.61%

*March

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MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

	OCCUPANCY			EFFECTIVE RENT			NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	1Q21	Q-o-Q Change (BPS)	Y-o-Y Change (BPS)	1Q21	Q-o-Q Change	Y-o-Y Change	1Q21	Annual	1Q21	Annual
Anoka County	97.2%	-70	40	$1,217	2.6%	4.3%	-21	519	168	428
Bloomington	95.7%	-40	-140	$1,319	-0.5%	-3.4%	9	288	49	451
Burnsville/Apple Valley	96.1%	-90	-40	$1,348	1.1%	3.4%	-47	762	87	841
Central St. Paul	91.9%	-20	-430	$1,357	-0.4%	-4.8%	42	-395	77	332
Downtown Minneapolis/University	92.7%	30	-210	$1,479	-6.8%	-14.2%	718	989	644	1,934
East St. Paul	97.0%	-50	50	$1,262	0.6%	-0.1%	-64	365	81	233
Eden Prairie/Shakopee/Chaska	96.9%	10	40	$1,414	1.2%	1.3%	189	485	180	447
Minnetonka	95.5%	-30	-170	$1,388	-0.4%	-1.4%	-36	11	0	252
North Minneapolis	96.2%	-20	30	$1,208	0.6%	0.5%	305	832	375	784
Plymouth/Maple Grove	94.9%	-130	-140	$1,466	1.3%	1.1%	-184	-73	16	136
South Minneapolis/Richfield	95.3%	30	-80	$1,397	0.5%	-1.8%	123	185	63	369
South St. Paul/Eagan	96.6%	-50	-60	$1,285	1.1%	0.8%	-75	67	0	158
Uptown/St. Louis Park	92.6%	-100	-340	$1,488	-1.7%	-5.2%	-172	421	115	1,405
West St. Paul	95.9%	-60	-50	$1,190	-0.3%	0.1%	-7	485	168	660
TOTALS	**95.2%**	**-30**	**-100**	**$1,342**	**-0.8%**	**-2.8%**	**779**	**4,942**	**2,023**	**8,430**

Document sources: Berkadia Research; RealPage; Federal Reserve Bank of St. Louis; Moody's

CORPORATE HEADQUARTERS
521 Fifth Avenue
20th Floor
New York, NY 10175
(646) 600-7800 | Fax: (646) 600-7838
www.Berkadia.com

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