MINNEAPOLIS-ST. PAUL, MN

2022 MARKET AT A GLANCE

Occupancy Rate
95.9%
DOWN 20 BPS YOY

Effective Rent
$1,439
UP 4.0% YOY

Rent Share of Wallet
20.5%
UP 20 BPS YOY

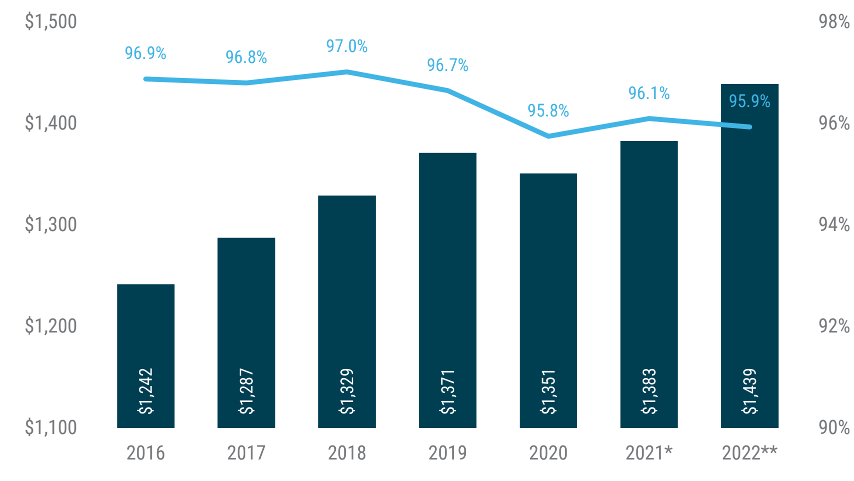
Rising Rent Expected with Robust Apartment Demand and Employment Growth

Minneapolis-St. Paul metro apartment rent growth is forecast to accelerate this year with vigorous leasing amid continued hiring. Average effective rent is projected to reach $1,439 per month by the fourth quarter of 2022. The 4.0% year-over-year rise would outperform the 2.4% appreciation in 2021 and will be the biggest annual increase since 2016. The enhanced growth will come as more than 49,000 jobs are expected to be added to payrolls, increasing employment 2.5% annually. As the world's No. 1 health technology cluster, the Minneapolis-St. Paul metro's education and health services sector is projected to add the most jobs, with 14,000 positions. A new 44,000-square-foot, multiuse medical center is projected to be completed in August 2022, with one story dedicated to MNGI Digestive Health. Meanwhile, as more residents and visitors return to Downtown Minneapolis, leisure and hospitality employment is expected to continue to increase with 9,700 projected new jobs. The expanded lifestyle options will contribute to apartment leasing activity to being highest in the Downtown Minneapolis/University submarket in 2022. Meanwhile, the suburban Anoka County submarket ranks third in highest projected leasing activity in the metro while remaining a more affordable submarket in the metro. The demand in both submarkets is attributed to lofty amounts of incoming supply and new residents moving to the Minneapolis-St. Paul metro for its economic opportunity. Net migration is forecast to accelerate this year with 11,500 more people moving to the metro than leaving, up from 10,600 people in 2021.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2021 are projected values. 2022 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of $2.5 million or more, unless otherwise indicated.

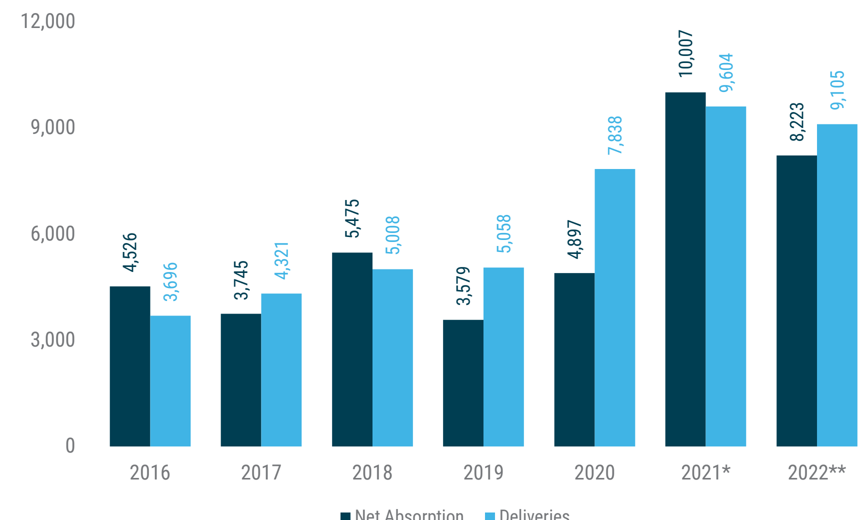
APARTMENT TRENDS

Effective Rent & Occupancy



*Projected **Forecast

Absorption & Deliveries

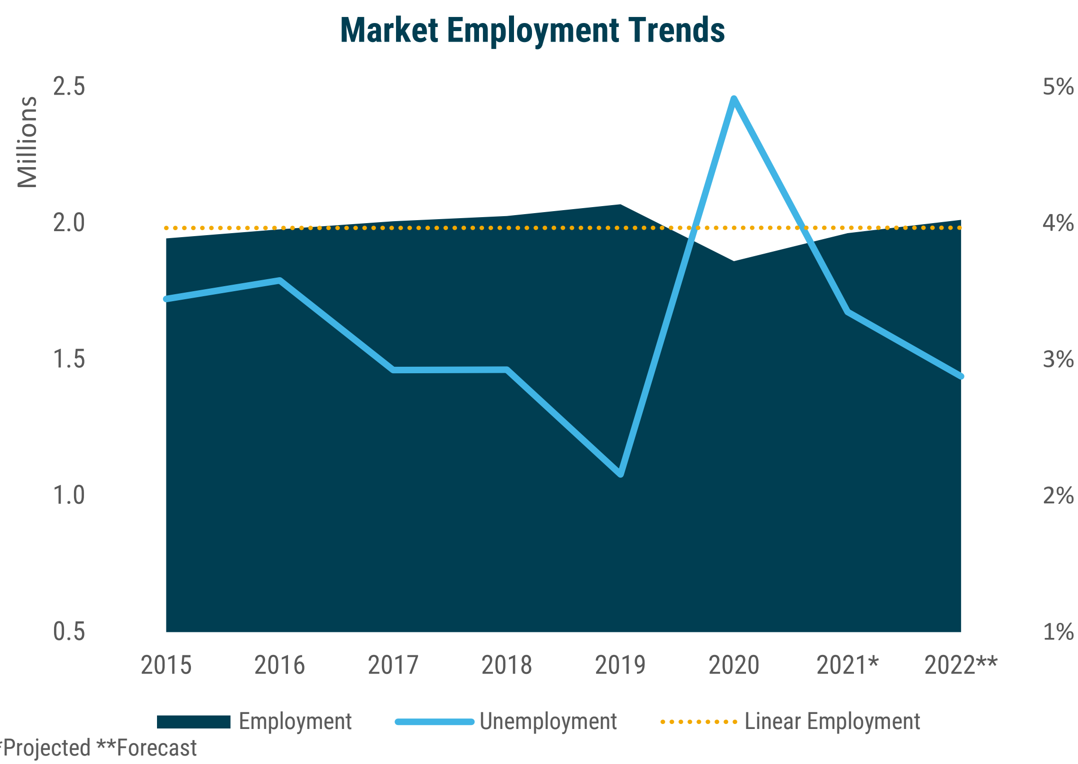


*Projected **Forecast

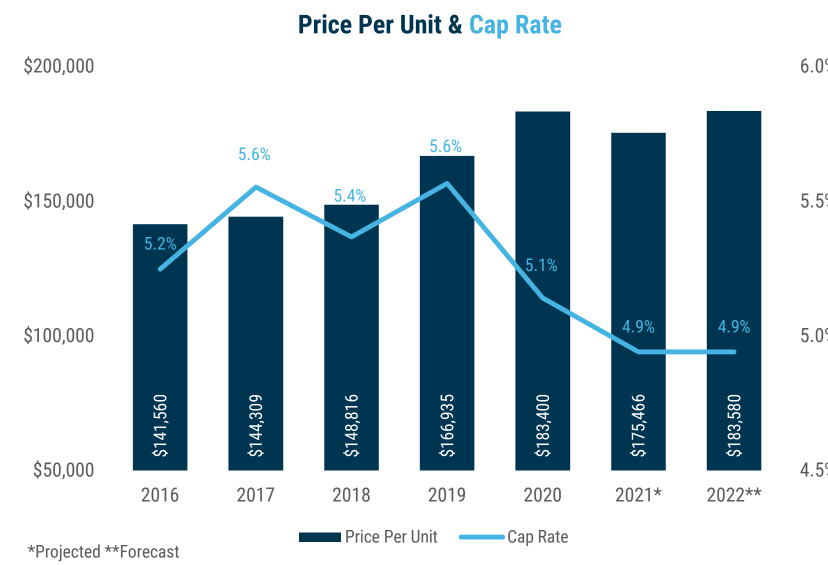
MINNEAPOLIS-ST. PAUL, MN

BERKADIA®

EMPLOYMENT TRENDS



SALES TRENDS



Employment	Unemployment	Median Household Income	Price Per Unit	Cap Rate
2,012,900	2.9%	$84,429	$183,580	4.9%
UP 2.5% YOY	DOWN 40 BPS YOY	UP 3.3% YOY	UP 4.6% YOY	UNCHANGED YOY