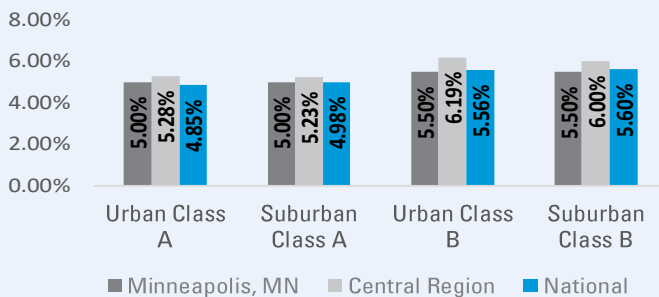


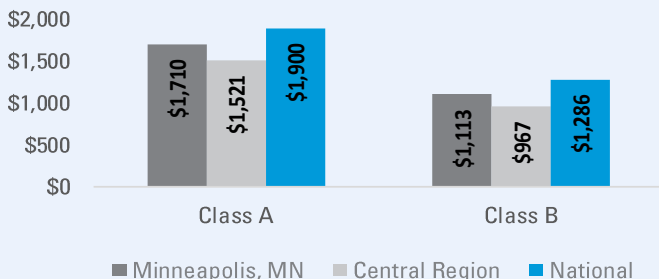
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	◀▶	▲

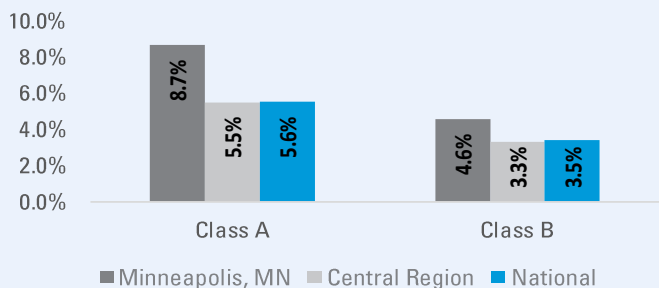
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



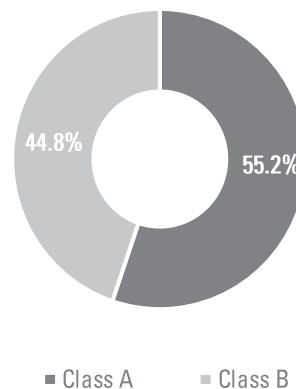
Vacancy Rates (%)



Minneapolis, MN Multifamily Market Overview

From about 2010 through 2021 the Twin Cities multifamily market was one of the healthiest in the country, with steady year-over-year rent growth, consistent absorption of new supply, and strong marketability overall. Beginning in 2021, the pace of rent growth began to slow, and vacancy began to creep above 5% in some submarkets, including the urban markets. The Twin Cities market recently posted the slowest overall rent growth among the top 30 markets at just under 3% annually, compared to a 9.4% national average through September 2022. Suburban rent growth is slightly better than urban rent growth, and the majority of new supply continues to be built in suburban markets. However, numerous small to medium size projects are being built in both central cities on infill sites in popular locations due in part to adoption of the City of Minneapolis Comprehensive Plan, which effectively permitted urban density on nearly all residential land in the city. Although the plan is facing a long-term legal challenge, implementation of the plan continues. The new St. Paul Rent Control Ordinance, which was approved by city voters in late 2021 and implemented in 2022, limits rent growth to 3% per year, with some exceptions. In September of 2022 the City Council adopted several significant changes to the ordinance, including exempting low-income housing, exempting new construction for 20 years, and allowing rents to increase more than 3% after tenants move out. These changes have been received positively by developers, and several projects that had been on hold are now proceeding. Brokers report that some institutional investors continue to approach Twin Cities area investments with caution, due to both regulatory and security concerns. The suburban markets continue to benefit from this perception.

Distribution of Total Inventory



202,768 Units
Multifamily Inventory

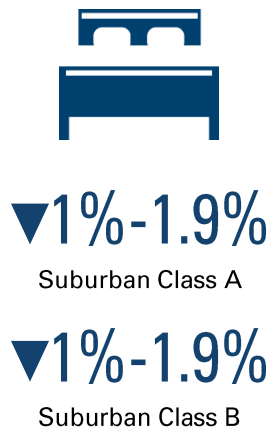
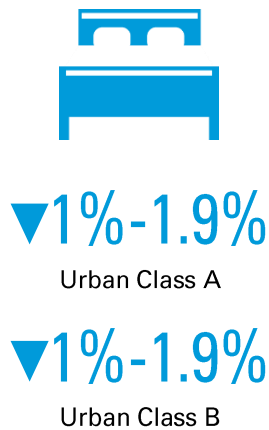
1.44% - 12 Mo. Proj.
Construction/Inventory

2023 MINNEAPOLIS, MN MULTIFAMILY ANNUAL REPORT

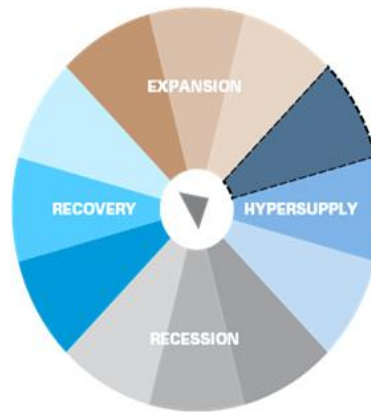
An Integra Realty Resources Publication / irr.com



Change In Value Next 12 Months



Market Cycle: Hypersupply Stage 1



- Increasing Vacancy Rates
- Med/Low Rental Rate Growth
- Low/Negative Absorption
- Moderate/Low Employment Growth
- Moderate/High New Construction

Forecasts

Minneapolis, MN 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Construction (Units)	2,928			
Market Rent Change	+2.00%	+2.00%	+2.00%	+2.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	In Balance			

Minneapolis, MN 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.32%			
Change in Value	Increase 2%-2.9%	Increase 2%-2.9%	Increase 2%-2.9%	Increase 2%-2.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

For more information, visit www.irr.com.