Rents

Median Rents¹

<table>
<thead>
<tr>
<th>Type</th>
<th>September 2022</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>$1,000</td>
<td>$1,045</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$1,375</td>
<td>$1,399</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>$1,688</td>
<td>$1,650</td>
</tr>
</tbody>
</table>

-4% Decrease YOY

Income Required to Rent a Home in September 2022

Figures are based on the common landlord screening requirement that an applicant must earn 2.5 times the rent in income.

<table>
<thead>
<tr>
<th>Type</th>
<th>Income Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>$2,500</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$3,438</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>$4,219</td>
</tr>
</tbody>
</table>

-2% Decrease YOY

2% Increase YOY

Vacancy Distribution by Building Type²

<table>
<thead>
<tr>
<th>Type</th>
<th>September 2022</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>72%</td>
<td>79%</td>
</tr>
<tr>
<td>Single Family Home</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>Other (Condo, Duplex, Townhome)</td>
<td>17%</td>
<td>15%</td>
</tr>
</tbody>
</table>

-4% Decrease YOY

² Different than “vacancy rate,” we are saying that OF the vacancy rate (around 3%), xx% of the vacancies are apartments, xx% are single family homes, and xx% are of another building type.

Source: HousingLink’s Rental Revue data.

¹ To learn more about HousingLink rent data, watch this video.

Source: HousingLink.org
Median One Bedroom Rents¹

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 2022</th>
<th>SEPTEMBER 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Credit Properties</td>
<td>$1,038</td>
<td>$1,048</td>
</tr>
<tr>
<td>Market Rate Properties</td>
<td>$1,000</td>
<td>$1,045</td>
</tr>
<tr>
<td>Listed on HousingLink</td>
<td>$969</td>
<td>$1,061</td>
</tr>
</tbody>
</table>

¹ Source: HousingLink’s Rental Revue data.

Number of NOAH Rental Vacancies²

<table>
<thead>
<tr>
<th></th>
<th>ONE BEDROOM</th>
<th>TWO BEDROOM</th>
<th>THREE BEDROOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2022</td>
<td>595</td>
<td>335</td>
<td>122</td>
</tr>
<tr>
<td>September 2021</td>
<td>776</td>
<td>317</td>
<td>66</td>
</tr>
</tbody>
</table>

² Ibid. For purposes of this report, we define “NOAH” private market housing that is affordable to 60% of Area Median Income, including likely utility costs, depending on number of bedrooms and building type. HousingLink follows widely-accepted basic practices for analyzing housing affordability, which involve comparing rents to area median incomes provided every year by HUD. Their adjustments, tied closely to inflation, resulted in much higher income estimates this year and, thus, much higher thresholds for affordability. It is important to remember that an overall standard of “affordability” is a broad brush and individual families looking for housing can only evaluate the notion of “affordable” relative to their own circumstances. To learn more about how HousingLink calculates affordability by area median income, watch this video. To learn more about NOAH rental supply, watch this video.
Rental Housing Affordability

% of Minneapolis Rental Vacancies Affordable by Income Level¹

<table>
<thead>
<tr>
<th>Income Level</th>
<th>September 2022</th>
<th>September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI*</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>50% AMI*</td>
<td>39%</td>
<td>19%</td>
</tr>
<tr>
<td>60% AMI*</td>
<td>64%</td>
<td>51%</td>
</tr>
<tr>
<td>80% AMI*</td>
<td>87%</td>
<td>82%</td>
</tr>
<tr>
<td>100% AMI*</td>
<td>97%</td>
<td>96%</td>
</tr>
</tbody>
</table>

¹ AMI (Area Median Income) is $82,200 for an individual and $117,300 for a family of four in the Twin Cities Metro (HUD, 2022). HousingLink follows widely-accepted basic practices for analyzing housing affordability, which involve comparing rents to area median incomes provided every year by HUD. Their adjustments, tied closely to inflation, resulted in much higher income estimates this year and, thus, much higher thresholds for affordability. It is important to remember that an overall standard of “affordability” is a broad brush and individual families looking for housing can only evaluate the notion of “affordable” relative to their own circumstances. To learn more about how HousingLink calculates affordability by area median income, watch this video. To learn more about NOAH rental supply, watch this video.

Source: HousingLink’s Rental Revue data.
Subsidized Housing in Minneapolis

Housing Choice Vouchers forfeited in Q3 2022

This figure refers to vouchers families were unable to place in service. Traditionally, this has usually resulted from rent exceeding the Public Housing Authority’s ability to adequately subsidize the voucher holder’s portion of, or a landlord’s unwillingness to participate in, the Section 8 Housing Choice Voucher program.

Another scenario resulting in forfeiture can involve Public Housing residents who ultimately make a choice to stay in their current unit. This is not uncommon, as the individuals may find that living with a voucher is more costly than living in a public housing unit.

And some simply do not search for a unit because they have existing housing, they are not ready or willing to leave, or have circumstances otherwise preventing a housing search.

September 2022 Waiting List Openings

↑ up from 12 last year.

September housing openings with one or more accessible features

↓ down from 102 last year.

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1 Source: Minneapolis Public Housing Authority. Q2 data unavailable as of our September report.

2 Source: Waiting list openings advertised on HousingLink include Public Housing, Project Based Section 8, Tax Credit, and more.

3 Source: Advertised vacancies on HousingLink.org featuring one or more accessible features.
Rental Housing Stock
Licensed Rental Units – Q2 2022¹

105,352
Licensed units
+3.2% since 2021

460
“Tier 3” rental units
-71.0% since 2021

23,923
Units in 1 and 2 Unit Licenses
-2.5% since 2021

1,690
Units of Short-Term Rental Stock
(↑ 2.3% from 2021)

1296
entire home rentals listed²

¹ Source: Analysis of City of Minneapolis Regulatory Services rental license data. Note: The City of Minneapolis uses a tiered rating system as part of their rental process. Tier 3 rentals are those which require excessive city services, are poorly maintained or managed, and may be at a higher risk for fire damage. Tier 3 rentals are additionally on the most frequent inspection cycle (one-year). In 2020 Regulatory Services updated the Tiering system to better reflect the known property conditions of rental units and to prioritize inspections.

Apartment Sales & Development

Multifamily (5+) Units Permitted for New Construction¹

Q4 2021 through Q3 2022

4,547 Units

+92% year over year

5-year view

Average Price-Per-Unit Apartment Sales²

Four quarters ending Q3 2022

$268,608 Per unit

44% up from previous 12 months

¹ Source: HUD’s SOCDS Building Permits Database, which contains data on permits for residential construction collected in the Census Bureau’s Building Permits Survey. While some multifamily construction may contain units built for sale (e.g. condominiums), recent analysis by the Urban Institute recently indicated those units only account for 5.4% of all permitted multifamily units, nationwide (The Housing Market Needs More Condos. Why Are So Few Being Built?, Neal, Goodman; January 2022).

² Source: This analysis is based on research conducted since 2011 exclusively on projects vetted or written about by Finance & Commerce publication for its Twin Cities Apartment Sales Tracker, available at finance-commerce.com.
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