Construction Peaks in the Suburbs
TABLE OF CONTENTS

Introduction 1
Twin Cities Multifamily Submarkets 2
Development Patterns by Submarket 3-6
The Rise of Suburban Projects 7
Maps: Concentrations of New Suburban Multifamily: 2010+ 8
Northwest (Ramsey, Maple Grove) 9-10
West (Minnetonka, Plymouth, Hopkins, Golden Valley, St. Louis Park) 11
Southwest (Edina, Bloomington) 12
Southeast (Eagan, Apple Valley) 13
Case Studies in Multifamily Development 14-18
New Product Pricing Trends 19
Market Outlook: 2017 20-21
About Dougherty Mortgage 22

Market Viewpoint
Twin Cities Multifamily Market 2016-17
Dougherty Mortgage LLC
90 South Seventh Street, Suite 4300
Minneapolis, MN 55402
612-317-2100
www.doughertymarkets.com

For more information about this report, please contact Thomas G. O’Neil at Dougherty Mortgage LLC 612-317-2122, toneil@doughertymarkets.com

ACKNOWLEDGEMENTS
Report Author: Thomas G. O’Neil, Vice President of FHA Operations, Dougherty Mortgage LLC
Report Layout: Shannon Churchward, Churchward Design

This report is provided for educational purposes for our clients and business associates. The unauthorized use of this work is prohibited. © 2017 Dougherty Mortgage LLC.

DISCLAIMER
This report assesses the 7-county Twin Cities multifamily market as of fourth quarter 2016 using data from numerous sources. Projects analyzed generally contain 20 or more units. Market pricing calculations reflect quoted/asking rents before concessions and exclude rents that are restricted per recorded covenants. The information contained herein has been obtained from sources deemed but not guaranteed to be reliable. Accuracy and completeness are not guaranteed. Past performance does not guarantee future results. Dougherty Mortgage LLC warns against the making of site-specific development decisions using this report’s information without a separate and full review of all available information by professional analysts.

For this report, affordable rental housing includes new, permanent units with rent and income restrictions, built by private or public entities for general-occupancy/families and targeted populations (e.g. long-term homeless, homeless youth, persons with mental health or chemical dependency challenges, persons with disabilities and other supportive housing populations). Senior/age restricted units are not included in this report. This report does not tally shelter beds or other short-term accommodations or affordable preservation units.

DATA SOURCES
Market data in this report comes from a variety of widely-available sources including project web sites, rental clearinghouse sites, industry reports, accounts from newspapers and other media outlets, leasing personnel, building managers, and other real estate professionals. Economic data was provided by the Bureau of Labor Statistics, the Bureau of Economic Analysis and the US Department of the Treasury. Minnesota Geospatial Commons provided base-level GIS files for analysis. Marquette Advisors provided vacancy and rent growth data. The Twin Cities Metro Area map was provided by the Met Council.

PHOTO CREDITS
All photos in this report are original from Dougherty Mortgage LLC unless otherwise noted.
The Twin Cities multifamily market continued its strong expansion in 2016, albeit at its slowest pace in four years. Slightly more than 4,200 new, non-senior, multifamily units (market-rate and affordable) opened across the Twin Cities last year, down about 18% over 2014 and 2015, when roughly 5,200 units were delivered each year. The lower 2016 production number is more indicative of construction timing than a lack of developer interest, however. More than 900 units in eight projects are slated to open in the first two months of 2017 and slightly earlier deliveries among these projects could have put 2016 close to 5,000 units delivered.

Despite the overall production decline, new affordable rental deliveries hit a peak in 2016 in the Twin Cities with 1,017 non-senior units opening. This easily topped the 799 units produced in 2015 and finished off the highest two-year production total in ten years or more, perhaps far longer. The combination of low interest rates and strong demand among tax-credit investors spurred affordable production in eight of eleven Twin Cities submarkets last year. The affordable market is more uncertain going forward, however, with possible corporate tax rate reductions and rising interest rates pinching both project debt and equity funding.

Another important trend that came to fruition in 2015 and continued through last year was the rise of development in the second- and third-tier suburbs. Over 36% of all new units in 2016 – 1,533 in number – were delivered in the ring of suburbs that mostly developed in the 1970s and after. This follows 1,667 new units delivered in 2015. Cities such as Apple Valley, Bloomington, Eagan, Maple Grove, Minnetonka, Plymouth and Ramsey saw key commercial districts evolve into mixed-use areas with a notable residential base. Pages 8-12 in our report present detailed maps of eleven such districts, scattered across the northwest, west, southwest and southeast parts of the Twin Cities.

As we move into 2017, the Twin Cities multifamily market again appears to be on solid footing with low overall rental vacancies, strong recent rent growth for owners, very low unemployment, and healthy overall economic growth. These fundamentals should push new multifamily deliveries to about 5,600 units in the Twin Cities in 2017, the highest level since the late 1980s, when the apartment supply surged forward to serve the baby boomers. Fittingly, many of today’s renters are children of the baby boomers, the so-called “echo boomers.”

We at Dougherty Mortgage hope you find valuable information in this year’s Market Viewpoint report. We look forward to working with you in 2017.
This report divides the Twin Cities into 11 multifamily submarkets, each with unique characteristics. Concentrated development in the downtowns of Minneapolis and St. Paul, and in the Uptown area of Minneapolis, has helped transform key cultural and employment districts into desirable housing locations. Similarly, key nodes in select first-ring suburbs and inner-city neighborhoods have seen strong amounts of multifamily investment in recent years as the market acknowledges the wide array of attractions and short commutes offered in the ‘50s and ‘60s development ring. In addition, private investment in student-oriented buildings has created a unique rental submarket in the immediate neighborhoods surrounding the University of Minnesota campus.

**Twin Cities Apartment Submarkets**

1. **Downtown Minneapolis** – the area within the I-94/I-35E freeway ring, plus areas immediately adjacent that have a Downtown orientation, such as St. Anthony/East Bank Riverfront (centered on East Hennepin Avenue and University Avenue SE).

2. **Minneapolis Uptown** – the area in the broader Lake Street corridor, stretching from the West Lake Calhoun district near Chownen Avenue, east to roughly Lyndale Avenue. Includes development within roughly ¼-mile north or south of Lake Street. The 29th Street Greenway is a key feature of this submarket.

3. **U of M Neighborhoods** – the area surrounding both banks of the Minneapolis campus, generally bounded by I-35W on the west, the Burlington Northern rail yards (north of TCF Bank Stadium) on the north, Malcom Avenue SE on the east, and I-94 on the south. Includes all or most of the student-oriented neighborhoods of Marcy-Holmes (includes Dinkytown), University, Prospect Park (includes Stadium Village), and Cedar-Riverside.

4. **Minneapolis Neighborhoods** – the remainder of the City outside of Downtown, Uptown, and the University of Minnesota neighborhoods.

5. **Downtown St. Paul** – the area bounded by the I-94/I-35E freeway loop between roughly Kellogg Boulevard/Chestnut Street on the west and Lafayette Road/Highway 52 on the east. Includes the Upper Landing housing district and the West Side Neighborhood (north of Plato Boulevard) south of the Mississippi River.

6. **St. Paul Neighborhoods** – the remainder of the City outside of Downtown.

7. **First-Ring Suburbs** – includes 23 inner-ring suburbs surrounding Minneapolis and St. Paul. These areas were mostly developed in the 1950s and 1960s and have been the focus of significant redevelopment activity in recent years.

8. **Northwest Suburbs** – includes all suburbs north of I-394/US 12 and west of the Mississippi River, plus the western half of Anoka County (Coon Rapids, Andover, Ramsey, Anoka, etc.)

9. **Southwest Suburbs** – includes all suburbs south of I-394/US 12 and west of I-35W/I-35. Includes Bloomington and all of Scott and Carver Counties.

10. **Northeast Suburbs** – generally covers the suburbs east of the Mississippi River and north of I-94, excluding the western half of Anoka County.

Downtown Minneapolis – By far, Downtown Minneapolis has been the leading Twin Cities multifamily submarket with approximately 5,100 units added between 2010 and 2016, or about 730 new units average each year. However, production totals have dropped each year since peaking in 2014 and Downtown saw just 584 new units open in six projects in 2016, the lowest production level since 2011. New projects included two market-rate developments in the emerging “East Town” area near US Bank Stadium: the three-building, 196-unit Edition Apartments fronting The Commons, Minneapolis’s newest park, and the 123-unit Encore Apartments across from Gold Medal Park near the riverfront. Nolo Flats, a 71-unit project in the North Loop offering small units to younger renters, rounded out the new supply of market-rate units last year.

Downtown Minneapolis has consistently expanded its non-senior affordable rental supply and 2016 was a strong year with 194 new units brought to market, about 19% of the Twin Cities total. Mill City Quarter (150 units) in the Mills District and The Cameron (44 units) in the North Loop comprised the new projects.

Downtown Minneapolis shows signs of picking up in 2017, with 791 new market-rate units slated to open in four projects. An additional 855 market-rate units are under construction for 2018 delivery and proposals for 11 additional projects could add as many as 1,500 more units on top of that. And Downtown Minneapolis continues to go up – literally – with eight new buildings slated as high-rises of 11 to 33 stories. Four of these are completed or under construction, while four others are proposed.

First-Ring Suburbs – By the end of 2017, this submarket will have delivered nearly 1,600 new units in 11 projects over the past two years, the largest such total in the Twin Cities. Nine of the projects delivered during this time are located on the Minneapolis side of the Metro Area (three projects each in Edina, Golden Valley and St. Louis Park), while the St. Paul side holds two, both in Maplewood.

Development has intensified in several existing commercial districts in the first-ring suburbs, and the trend is likely to continue. Near Southdale in Edina in 2016, the second phase of 71 France brought 132 units to market and Onyx Edina delivered 242 units. Two proposed projects could add an additional 585 units in this area in 2018 or after. At the West End in St. Louis Park/Golden Valley, Central Park West will deliver 199 units in phase I in 2017, and another 164 units in phase II are planned for 2018. In addition, two large-scale proposals on the north side of I-394 in Golden Valley could deliver as many as 700 more units in the coming years in the West End. Finally, the broader district around Highways 169 and 55 will see units delivered in 2017 at The Axis (157 mixed-income units) and Hello Apartments (172 market-rate units).

As was the case in 2015, two notable affordable developments will be delivered over the next year in the first-ring suburbs: Cornerstone Creek in Golden Valley (45 units in late 2016) and 66 West in Edina (39 units in 2017). Both will offer a unique housing-with-services model with 100% of units at affordable rents. Cornerstone Creek will provide supportive housing to young, developmentally-disabled adults who can no longer be effectively helped by aging parent caregivers. 66 West will provide homeless youth with permanent housing in the shadow of Southdale Mall, along a key bus line, near many employment opportunities.

First-ring multifamily development promises to lead the Twin Cities in 2018 with 2,000+ units proposed in 11 possible projects. The 480 affordable units possible in 2018 in the first-ring suburbs are second only to the 600 possible units in the neighborhoods of St. Paul. Overall, new rental development will continue to be focused on the Minneapolis side in key districts such as the West End, Southdale and the Excelsior Boulevard corridor; however, several scattered redevelopment sites have also emerged.
Minneapolis Neighborhoods - The Minneapolis neighborhoods continued a strong run of multifamily development in 2016 with nearly 600 units in eight projects. Development spread across the city to many communities: Near North, Northeast, Phillips, Prospect Park, Powderhorn, Longfellow, and Nokomis. In 2017, nine projects are expected to deliver 528 units in many of these same neighborhoods, but also in Linden Hills in the Southwest, where a 29-unit "boutique" project is underway. Projects in this submarket continue to average about 70-75 units, representative of smaller infill sites.

The Minneapolis neighborhoods continue to attract the lion’s share of general-occupancy, affordable development. As has been the case every year this decade except 2012, more affordable units have (or will be) delivered in 2016 and 2017 than market-rate units. It is the only Twin Cities submarket with this characteristic. Since 2010, this submarket has delivered twice as many affordable units as market-rate ones.

The neighborhoods of Minneapolis should see continued strong multifamily development in 2018 and beyond. Ten projects with more than 1,350 units are proposed for 2018 alone, although not all of these will necessarily move forward. Only the first-ring suburbs and Downtown Minneapolis show higher amounts of potential new product.

Southwest Suburbs - The southwest suburbs led the outward push of multifamily development in 2015 and this trend has continued in 2016 and 2017. Four projects delivered 537 units in 2016, while four more should bring 539 units this year. Minnetonka (3 projects) Bloomington (2), and Hopkins (2) added virtually all of the new units over this two-year span. Increasingly, projects are being built in established commercial districts, often as the second or third rental project in recent years. Examples include The Moline in Downtown Hopkins (241 units; 2017) and the Residences at 1700 in the Ridgedale Mall area (115 units; 2017).

Two recent developments in Minnetonka are “mixed-income,” with the City of Minnetonka providing financing incentives to ensure 20% affordability. New projects with 100% affordability are found in Carver at Carver Crossing (68 units; 2016) and in Hopkins at Oxford Village (51 units; 2017).

Both ends of the I-494 Strip in Bloomington are seeing market-rate rental construction. On the west, 179 units are underway at Norman Pointe, just west of Normandale Drive. On the east near MOA, the 395-unit IndiGO should deliver its final units in February 2017. In 2018, the southwest suburbs could see 1,000 new rental units, the fourth-largest such total units among all Twin Cities submarkets.

U of M Neighborhoods - This submarket saw a remarkable drop-off in production in 2016 with just 33 units delivered, all at The Endurance, an infill project in the Marcy-Holmes neighborhood. The previous two years saw 1,055 and 873 new units, respectively, the second-strongest level of production among Twin Cities submarkets in that time. Amazingly, the trend will do an about-face with production in 2017. The U of M neighborhoods should deliver a near-record 984 units in four projects that are all under construction. Three of these projects (Brickhouse Lofts, Prime Place and The Rise at Prospect Park) are in close proximity in the Prospect Park area. All are within walking distance to a Green Line LRT station platform.

In 2018, five projects could add as many as 770 units in the U of M neighborhoods. The largest project -26-stories and 431 units – is under construction at the former Big 10 restaurant site on Washington Avenue. Named The Hub, it will provide immediate access to the East Bank station for the Green Line LRT.
St. Paul Neighborhoods

St. Paul's neighborhoods hit a production high in 2016 with 572 units in six projects, fully one-third of all units delivered in this submarket since the beginning of 2010. Production was anchored by affordable and mixed-income projects near the Green Line LRT in the University Avenue corridor. 2700 University (248 units), Hamline Station – Phase II (51) and Prior Crossing (44) all came on-line last year near LRT station platforms. The remaining units came in the West Seventh neighborhood (190 units), Como (25) and near the University of St. Thomas (14).

Nearness to the Green Line LRT will remain an important factor in 2017 with the delivery of 233 units in three more projects near University Avenue. One of these projects, Ray, will offer 79 “micro units,” testing the market on the size/price tradeoff for rental units in a transit-rich area.

The St. Paul neighborhoods could become the affordable rental hot spot in 2018 with eight possible projects delivering more than 600 units. Five of these are planned in the Green Line LRT corridor while one would be on the East Side in the future Gold Line Bus Rapid Transit (BRT) corridor. Four market-rate projects planned or proposed for 2018 could deliver 625 units, with the broader West Seventh corridor being the recipient of more than 60% of the new supply. Overall, St. Paul's neighborhoods could be a top-five submarket for delivery of new multifamily units in 2018.

Minneapolis Uptown

Multifamily production in 2016 in Uptown dropped by half from the previous year, with just 219 new units. The focus last year was on small infill projects, with Boutique 28 (42 units), Laguna Apartments (45) and Motiv (42) coming on line. The notable exception was The Lakes Residences along Lake Street on the north side of Lake Calhoun. With initial average asking rents well over $3.00 per-square-foot, this 90-unit development sits at the top of the market in the Twin Cities. Eighth-floor penthouse units at The Lakes Residences were listed from $9,299 to $14,533 in monthly rent in 4th quarter 2016, easily surpassing asking rents at all other new projects.

The development pace in Uptown will stay slow in 2017 with 286 new units opening at just two projects: Revel (on the former Cheapo Records site) and Foundry Lake Street (on the former Tryg's restaurant site). In 2018, only one project of 110 units is expected to open, marking Uptown as the second-lowest growth submarket in the Twin Cities next year.

Downtown St. Paul

Downtown St. Paul delivered just one new project in 2016, the 202-unit Custom House in the Lowertown neighborhood. Custom House was an historic renovation and conversion, a product type for which St. Paul is the clear market leader in the Twin Cities.

The multifamily development pace should pick up in 2017 in Downtown St. Paul with the delivery of 191 units at Oxbo (the former Seven Corners Hardware site) and 134 units at 333 on the Park. The latter project is yet another example of an historic renovation and conversion project in Downtown St. Paul.

Unlike Downtown Minneapolis, Downtown St. Paul has seen little affordable rental development since 2010. This could change in 2018 with the delivery of 316 units in two proposed projects. The larger of the two is Opportunity Center Housing from Catholic Charities. It promises to deliver 171 single-room-occupancy (SRO) units for long-term occupancy.
Northwest Suburbs - The northwest suburbs, historically a low-producer of multifamily housing, saw delivery of 387 new units in 2016, the highest such total thus far this decade. Four projects came on-line, three with some measure of affordable units. Developments in 2016 included Skye at Arbor Lakes II in Maple Grove (208 units; 10% affordable), Sunwood Village in Ramsey (47 affordable units), Medina Townhomes in Medina (26 affordable units) and the 106-unit, first phase of 610 West, a massive 484-unit, market-rate development in Brooklyn Park along Highway 610. The project is the city’s first market-rate luxury apartment building in more than 20 years.

Deliveries will drop slightly in 2017 to about 280 new units in the northwest suburbs. The 157-unit Axis Apartments in Plymouth will deliver early in the year, as will Parkview East, a 122-unit market-rate project near the Northstar commuter rail line station in Ramsey’s “COR” district.

More than 1,260 units could deliver in 2018, which would put the northwest suburbs fourth in new production among the 11 submarkets in the Twin Cities. The second and third phases of 610 West in Brooklyn Park and the initial phases of Village at Arbor Lakes in Maple Grove could hit the market. The latter project is an enormous, multi-phase development with as many as 680 rental units planned just east of the Arbor Lakes commercial district.

Southeast Suburbs - The southeast suburbs hit a peak with 472 new multifamily units in 2016, the second year in a row with 450+ units delivered. Most of last year’s production came in Apple Valley’s town center with the opening of Gabella at Parkside (196 units) and The Springs of Apple Valley (280 units total; 240 delivered in 2016). Keystone Crossing in Lakeville, a 36-unit affordable townhome project from the Dakota County CDA, rounded out multifamily production last year in the southeast suburbs.

Production in this submarket should fall back again this year to its typical low level with only 135 new units expected; Remington Cove II (95 units) and the last 40 units at The Springs of Apple Valley comprise the 2017 pipeline.

Production in 2018 in the southeast suburbs is forecast to increase to 310 units, coming in three projects. Hastings (62 units), Eagan (122) and Apple Valley (126) could see new market-rate projects. No affordable developments are in the 2018 pipeline in this submarket.

Northeast Suburbs - This region of the Twin Cities continues to be a low producer of multifamily rental housing. Market-rate production in 2016 was limited to just 101 new units, all in the first phase of Cielo, a multi-phase development at 61st and University in Fridley along the Northstar commuter rail line. Affordable production was limited to the 36-unit second phase of Forest Oak Apartments in Forest Lake.

Slightly fewer than 300 units are in the pipeline for 2017 delivery in the northeast suburbs, third-lowest among the 11 Twin Cities submarkets. Projects include the second phase of Cielo in Fridley (101 units) and Parkway off Central, a 191-unit market-rate project in Blaine. As has been the case all decade, the pace of new development in the northeast suburbs is certainly not keeping up with housing demand due to job growth and new household formation. Relatively low rent potential and rising development costs render the economics unworkable for many areas. Fittingly, the northeast suburbs have just one 58-unit project planned for 2018 while vacancy rates for cities in the region generally run between 1.5% and 3.0%.
A key trend occurring in the Twin Cities multifamily market is the emergence of projects in the second- and third-ring suburbs, (the "outer suburbs"). Following the redevelopment path that has been going for a decade or more in the older 1940s-1960s first-ring suburbs, the outer suburbs are beginning to see increased redevelopment activity in key districts that are 30+ years old and in need of reinvestment.

Underscoring this trend, development activity in the four outer suburban submarkets has grown roughly threefold since 2012, peaking over the past two years at 1,500-1,700 new units per year (chart at right). After a heavier focus on the central cities and the first-ring suburbs of the Twin Cities, developers have set their sights on projects in notable existing commercial districts in the outer suburbs. With a wide variety of destinations for locals but little in the way of housing, many of these areas were ripe for new residential development. Other districts, such as Downtown Hopkins, have been longstanding residential neighborhoods, but were lacking new housing until this decade.

The factors driving developers to existing commercial districts in the outer suburbs are the same ones that have drawn developers to key districts in the urban core and first-ring: 1) quick access to major roadways and/or public transit, 2) close proximity to a wide variety of retail stores and personal services, 3) nearness to an assortment of restaurants, and 4) close-by entertainment options (e.g. movie theaters, nightclubs) and outdoor recreational amenities. All of these elements tie into the lifestyles and preferences of today’s renters, especially energetic younger professionals and active empty-nesters. In particular, the regional shopping destinations of Arbor Lakes, Ridgedale and Southdale have attracted substantial new multifamily development since 2010.

Among the more active districts in outer suburbs are Arbor Lakes in Maple Grove, where 1,301 units have been built or are on track to be built in the coming years. Following this are the Western I-494 Strip in Bloomington (945), Downtown Apple Valley (672), Downtown Hopkins (457) and the “COR” District in Ramsey (449). This latter area sits adjacent to the Northstar commuter rail line, a main attraction for people in northwestern Anoka County who work in the urban center of the Twin Cities.

The maps on the following pages outline new multifamily developments in eight key districts in the outer suburbs plus three more from the first-ring suburbs. Most of the multifamily development activity in such key districts this decade has been in the northwest, west, southwest and southeast. Little activity has occurred in the northeast or east sides of the Twin Cities.

### Concentrations of Multifamily Development in the Outer Suburbs of the Twin Cities 2010+

<table>
<thead>
<tr>
<th>Commercial District or Node</th>
<th>New Units 2010+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbor Lakes District - Maple Grove</td>
<td>1,301</td>
</tr>
<tr>
<td>Western I-494 Strip - Bloomington</td>
<td>945</td>
</tr>
<tr>
<td>Downtown Apple Valley</td>
<td>672</td>
</tr>
<tr>
<td>Downtown Hopkins</td>
<td>457</td>
</tr>
<tr>
<td>Ramsey “COR” District</td>
<td>449</td>
</tr>
<tr>
<td>Highways 169 &amp; 55 - Plymouth and Golden Valley</td>
<td>374</td>
</tr>
<tr>
<td>Town Center - Eagan</td>
<td>359</td>
</tr>
<tr>
<td>Ridgedale/Carlson Center - Minnetonka</td>
<td>357</td>
</tr>
</tbody>
</table>

Total 4,914

* includes proposed projects

Source: Dougherty Mortgage LLC
CONCENTRATIONS OF NEW MULTIFAMILY: NORTHWEST – 2010+

THE CENTER OF RAMSEY (“THE COR”) – RAMSEY

Sunwood Village / 47 Units

Residences at the COR / 230 Units

Seasons Townhomes / 50 Units

Parkview East / 122 Units

ARBOR LAKES DISTRICT – MAPLE GROVE

Skye at Arbor Lakes I / 263 Units

Skye at Arbor Lakes II / 208 Units

Bottineau Ridge I / 50 Units

Bottineau Ridge II (Prop.) / 100 Units

Village at Arbor Lakes I & II (Prop.) / 680 Units

Image Credits pages 8 and 9: Bottineau Ridge II (Daniel K. Duffy Architects, Inc.), Village at Arbor Lakes I & II (Doran Companies), The Aris (Kaas Wilson Architects), Hello Apartments (ESG Architects), The Moline (Doran Companies)
CONCENTRATIONS OF NEW MULTIFAMILY: WEST – 2010+

RIDGEDALE/Carlson Center – Minnetonka

The Island Residences / 178 Units
The Ridge / 64 Units
Residences at 1700 (U/C) / 115 Units

HIGHWAYS 169 & 55 – Plymouth / Golden Valley

The Axis (U/C) / 157 Units
Hello Apartments (U/C) / 172 Units
Cornerstone Creek (U/C) / 45 Units

DOWNTOWN Hopkins

Marketplace & Main / 53 Units
Gallery Flats / 163 Units
The Moline (U/C) / 241 Units

MARKET VIEWPOINT: TWIN CITIES MULTIFAMILY MARKET 2016-17 | 9
CONCENTRATIONS OF NEW MULTIFAMILY: WEST (CONT.) – 2010+

WEST END – ST. LOUIS PARK AND GOLDEN VALLEY

1. The Xenia (Proposed) / 372 Units
2. Arcata / 165 Units
3. Talo Apartments (U/C) / 303 Units
4. Millennium at West End / 158 Units
5. The Flats at West End / 119 Units
6. Central Park West Phase II (Prop.) / 164 Units
7. Central Park West Phase I (U/C) / 199 Units

HIGHWAY 100 SOUTH (ELMWOOD & EXCELSIOR DISTRICTS) – ST. LOUIS PARK

1. PLACE at SLP (Proposed) / ~300 Units
2. Medley Row Townhomes / 22 Units
3. Adagio / 100 Units
4. Verge (fka 36 Park) / 192 Units
5. 4800 Excelsior (U/C) / 164 Units
6. Excelsior & Monterey (Prop.) / 173 Units
7. e2 / 58 Units
8. The Ellipse / 132 Units
CONCENTRATIONS OF NEW MULTIFAMILY: SOUTHWEST – 2010+

SOUTHDALE – EDINA

1. 66 West (U/C) / 39 Units
2. Millennium at Southdale (Proposed) / 375 Units
3. York and 66th (Proposed) / 210 Units
4. Onyx Edina / 242 Units
5. 71 France / 241 Units
6. One Southdale / 231 Units

WESTERN 494 STRIP – BLOOMINGTON

1. The Covington / 250 Units
2. Norman Pointe (U/C) / 179 Units
3. The Luxembourg / 282 Units
4. Genesee Apts. & THs / 234 Units

Image Credits Pages 10-11: Talo Apartments (Tushie Montgomery Architects), The Xenia (BSB Design), Central Park West Phase I (ESG Architects), Central Park West Phase II (ESG Architects), PLACE at St. Louis Park (MSR Design), 4800 Excelsior (Collage Architects), Excelsior and Monterey (BKV Group), 66 West (UrbanWorks Architecture), Millennium at Southdale (ESG Architects), York and 66th (Collage Architects), Norman Pointe (ESG Architects)
EAGAN TOWN CENTER AREA

1. Riverview Ridge THs / 27 Units
2. Lakeshore Townhomes / 50 Units
3. CityVue South (U/C) / 122 Units
4. CityVue Tower / 113 Units
5. CityVue South (Collage Architects)

DOWNTOWN APPLE VALLEY

1. The Springs of Apple Valley / 280 Units
2. Gabella at Parkside / 196 Units
3. Remington Cove / 101 Units
4. Remington Cove II (U/C) / 95 Units

Image Credits: CityVue South (Collage Architects)
HISTORIC CONVERSION IN NE MINNEAPOLIS: 700 CENTRAL

Converting turn-of-the-century warehouses to modern rental housing is a tall order, as Bader Development and Nolan Properties fully understand. The two firms worked as joint venture partners over several years to completely renovate and transform two adjacent four- and seven-story historic buildings on the 700 block of Central Avenue in Northeast Minneapolis. Now known as 700 Central, the final product offers 80 market-rate rental units in a building laden with modern amenities.

Working with the State Historic Preservation Office (SHPO) to gain approval of renovation details was the key critical-path item for the development team. The process required many discussions with SHPO staff and submission of a large array of drawings and documents to sort out numerous details related to building facades, entrance doors, storefront windows, stairways and more. The buildings originally served as warehouse, showroom and office space for McLeod and Smith, Inc., a successful early furniture manufacturer headquartered in Minneapolis from 1888 to 1938. SHPO staff wanted to ensure that important and unique architectural features of this past remained after renovation.

The hard work by the development team resulted in an attractive project that has been well-received by the market. Since opening on December 1, 2016, the building has leased quickly and is expected to be full by spring. Many new residents have come from out-of-state or changing roommate situations, but few have come from other rental buildings due to lack of lease-turns during mid-winter. 700 Central’s new tenants have been drawn to the large workout room in the basement, a rooftop deck with a fantastic view of Downtown Minneapolis and the Bad Waitress restaurant on the first floor.

Additional Sources: Minnesota Historical Society, National Park Service
Image Credits: Bader Development, Nolan Properties Group, Steven Scott Management

MIXED-USE DEVELOPMENT AND JOB CREATION: THE SHOREHAM

A new mixed-use project in St. Louis Park represents the economic benefits of redevelopment in more ways than one. The Shoreham, a five-story building at the southwest corner of County Highway 25 and France Avenue, will offer 118 market-rate units, 30 affordable units and roughly 20,000 square feet of commercial office space when it opens in the spring of 2017. The project is credited with retaining one local business and providing space for a second business, resulting in the creation of more than 50 new jobs. Plus, the project will enable moderate-income working households to find high-quality housing at a good price.

The Shoreham also demonstrates the complexities of urban redevelopment. Bader Development began assembling five parcels and planning the project a full two years before starting construction. Bader had to acquire two older commercial buildings and three single-family homes to gain the 2.9 acres required for the $45 million project.

City of St. Louis Park leaders were very supportive of the opportunity for redevelopment of this key district near its eastern border. The City issued $38.7 million in A-, B- and C-bonds to help fund construction and other necessary costs. The City also encouraged Bader to include 30 affordable units priced for tenants at 50% of the area median income. In return, the City gained a handsome project in a key location, with new mixed-income rental units and valuable new jobs.

Image Credits: DJR Architects, Bader Development
Overall New Product Rents in the Twin Cities

Dougherty Mortgage analyzed pricing data in the 4th quarter of 2016 at 90 “newer” market-rate projects, those that opened in 2014 or after, throughout the 7-county Twin Cities Metro Area (table at right). The survey gathered current asking rents before concessions or discounts, as quoted by building owners or managers. The survey summarizes the rent structure for 13,136 market-rate units delivered since 2014, including roughly 1,430 units to be delivered in the 1st quarter of 2017. Excluding the units expected in 2017, the pricing survey covers about 97% of the new market-rate units delivered since the beginning of 2014.

The overall asking rent for newer market-rate apartments in the Twin Cities was $2.09 per-square-foot (psf) in the 4th quarter of 2016, 1.0% higher than the $2.07 figure reported one year ago by Dougherty Mortgage. As with last year, a large number of deliveries in five middle- and lower-priced submarkets (those below $2.00 psf) skewed the Twin Cities average downward despite continued strong pricing advances in the upper-priced submarkets. Every submarket except the U of M neighborhoods and the northeast suburbs had higher average asking rents for newer product in 2016 compared to 2015.

Downtown Minneapolis led the way again this year with average rent of $2.55 psf for newer product. Uptown rose significantly to $2.43 psf average rent, spurred upward by one new high-rent project. The U of M neighborhoods declined slightly from last year to $2.29 psf, followed by the first-ring suburbs at $2.19 psf, a modest 1% increase from a year ago. Two additional submarkets joined the ranks of submarkets above $2.00 psf – the Minneapolis neighborhoods ($2.09) and Downtown St. Paul ($2.05). Middle-tier markets included the St. Paul neighborhoods ($1.94), the southwest suburbs ($1.79) and the southeast suburbs ($1.72). Lower-tier submarkets included the northeast suburbs ($1.60), and the northwest suburbs ($1.59).

Factors Driving Quoted Rents for New Market-Rate Units

Each submarket had a unique story to tell with the change in rents in 2016. Downtown Minneapolis surged because most existing projects (open at least one year) increased rents by 3-8% and two of the 2016 projects (Nolo Flats and The Encore) opened with asking rents in excess of $2.80 psf. Uptown’s rise came almost exclusively because The Lakes Residence entered the market at over $3.00 psf while most existing projects showed little or no rent growth. The first-ring suburbs showed significant rent gain at one existing project, 5% gains at two others, unchanged rents at three projects, and above average rents at two new projects. The Minneapolis neighborhoods also had a mix of rent increases and decreases with existing projects, but high asking rents of $2.30 and $2.50 psf at two new projects drove a substantial 15% gain overall for the submarket.

The St. Paul neighborhoods saw a nearly 7% increase in newer product rents because of a swell in market-rate production at strong rents. Three new projects opened at $1.87 and above, while one existing project boosted rents by over 10%. Downtown St. Paul saw rent growth among existing projects and strong initial asking rents at Custom House, which opened in 2016. The southwest suburbs showed about 3% growth in the overall asking rent because strong production of units at or above $1.85, but only slight overall rent growth at existing projects. Lastly, the northeast suburbs showed 10% growth in average asking rents because two new projects opened at roughly $1.80 psf average, pushing the overall market figure to roughly equal to the northeast suburbs.

On the flip side, two submarkets saw the overall average asking rent for newer projects decline slightly. Newer project rents in the U of M neighborhoods declined by just under 1% mainly because three sizable projects scaled-back rents. The U of M market has become very competitive with substantial new product planned to hit the market this year. The northeast suburbs – the smallest multifamily submarket in the Twin Cities – declined by about 5% in overall average rent for newer units because two existing projects dropped rents slightly, one stayed the same as last year, and a new project came online at rents below $1.50 psf, near the bottom in market-rate pricing in the Twin Cities.
MARKET VIEWPOINT: TWIN CITIES MULTIFAMILY MARKET 2016-17

For market-rate general-occupancy rental units as of 4th quarter 2016, Downtown Minneapolis and Minneapolis Uptown consistently quoted top-tier average rents across all unit types. Top-end rents for three-bedroom units in Downtown Minneapolis and Uptown hit remarkable figures of $9,074 and $14,533, respectively. The first-ring suburbs and Downtown St. Paul toggled between top-tier and middle-tier depending on unit type. Middle-price submarkets generally included the neighborhoods of Minneapolis and St. Paul. Lower-priced submarkets typically included the U of M neighborhoods, and all four outer suburban submarkets: northeast, northwest, southeast and southwest.

While average quoted rents generally increased across all unit types, nine of the eleven submarkets had one unit type decline in average rent in 2016. This signals a maturing market across the Twin Cities.

### Studio Units – Average Quoted Rents for Newer Units

<table>
<thead>
<tr>
<th>Upper-Tier Submarkets:</th>
<th>Middle-Tier Submarkets:</th>
<th>Lower-Tier Submarkets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Minneapolis</td>
<td>St. Paul Neighborhoods</td>
<td>Minneapolis Neighborhoods</td>
</tr>
<tr>
<td>$1,494</td>
<td>$1,283</td>
<td>$1,132</td>
</tr>
<tr>
<td>Minneapolis Uptown</td>
<td>Southwest Suburbs</td>
<td>Southeast Suburbs</td>
</tr>
<tr>
<td>$1,379</td>
<td>$1,258</td>
<td>$1,095</td>
</tr>
<tr>
<td>First-Ring Suburbs</td>
<td>Downtown St. Paul</td>
<td>Northwest Suburbs</td>
</tr>
<tr>
<td>$1,341</td>
<td>$1,237</td>
<td>$1,086</td>
</tr>
<tr>
<td></td>
<td>U of M Neighborhoods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,188</td>
<td></td>
</tr>
</tbody>
</table>

Range: $1,193 to $1,904

### One-Bedroom Units – Average Quoted Rents for Newer Units

<table>
<thead>
<tr>
<th>Upper-Tier Submarkets:</th>
<th>Middle-Tier Submarkets:</th>
<th>Lower-Tier Submarkets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis Uptown</td>
<td>First-Ring Suburbs</td>
<td>Southwest Suburbs</td>
</tr>
<tr>
<td>$2,166</td>
<td>$1,687</td>
<td>$1,434</td>
</tr>
<tr>
<td>Downtown Minneapolis</td>
<td>St. Paul Neighborhoods</td>
<td>Northeast Suburbs</td>
</tr>
<tr>
<td>$1,944</td>
<td>$1,514</td>
<td>$1,430</td>
</tr>
<tr>
<td>Downtown St. Paul</td>
<td>Minneapolis Neighborhoods</td>
<td></td>
</tr>
<tr>
<td>$1,824</td>
<td>$1,507</td>
<td>$1,418</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Range: $1,202 to $3,755

### Two-Bedroom Units – Average Quoted Rents for Newer Units

<table>
<thead>
<tr>
<th>Upper-Tier Submarkets:</th>
<th>Middle-Tier Submarkets:</th>
<th>Lower-Tier Submarkets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis Uptown</td>
<td>First-Ring Suburbs</td>
<td>U of M Neighborhoods</td>
</tr>
<tr>
<td>$4,479</td>
<td>$2,335</td>
<td>$1,993</td>
</tr>
<tr>
<td>Downtown Minneapolis</td>
<td>Downtown St. Paul</td>
<td>Southwest Suburbs</td>
</tr>
<tr>
<td>$3,133</td>
<td>$2,284</td>
<td>$1,926</td>
</tr>
<tr>
<td></td>
<td>St. Paul Neighborhoods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,213</td>
<td>$1,893</td>
</tr>
<tr>
<td></td>
<td>Minneapolis Neighborhoods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,227</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Range: $1,695 to $7,503

### Three-Bedroom Units – Average Quoted Rents for Newer Units

<table>
<thead>
<tr>
<th>Upper-Tier Submarkets:</th>
<th>Upper-Middle Submarkets:</th>
<th>Lower-Middle Submarkets:</th>
<th>Lower-Tier Submarkets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Minneapolis</td>
<td>First-Ring Suburbs</td>
<td>U of M Neighborhoods</td>
<td>$2,457</td>
</tr>
<tr>
<td>$6,880</td>
<td>$3,570</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis Uptown</td>
<td>Minneapolis Neighborhoods</td>
<td>Southwest Suburbs</td>
<td>$2,350</td>
</tr>
<tr>
<td>$4,779</td>
<td>$2,776</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downtown St. Paul</td>
<td>St. Paul Neighborhoods</td>
<td>Range: $1,603 to $3,150</td>
<td></td>
</tr>
<tr>
<td>$4,053</td>
<td>$2,766</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Range: $3,200 to $14,533

Range: $1,188 to $4,610

Range: $1,550 to $3,210

### New Product Pricing Trends

**Average Asking Rents by Unit Type**

For market-rate general-occupancy rental units as of 4th quarter 2016, Downtown Minneapolis and Minneapolis Uptown consistently quoted top-tier average rents across all unit types. Top-end rents for three-bedroom units in Downtown Minneapolis and Uptown hit remarkable figures of $9,074 and $14,533, respectively. The first-ring suburbs and Downtown St. Paul toggled between top-tier and middle-tier depending on unit type. Middle-price submarkets generally included the neighborhoods of Minneapolis and St. Paul. Lower-priced submarkets typically included the U of M neighborhoods, and all four outer suburban submarkets: northeast, northwest, southeast and southwest.

While average quoted rents generally increased across all unit types, nine of the eleven submarkets had one unit type decline in average rent in 2016. This signals a maturing market across the Twin Cities.
TOP-TIER SUBMARKETS
Greater than $2.15 / sq. ft. average asking rent

Legend:

- **Studio**
- **1BR**
- **2BR**
- **3BR**
- Low Asking Rent
- Average Asking Rent
- High Asking Rent
  - Denotes reduced scale due to space limitations

**Downtown Minneapolis ($2.55 / sq. ft. submarket average)**

- $1,250
- $1,750
- $3,130
- $5,850
- $9,070

**Minneapolis Uptown ($2.43 / sq. ft. submarket average)**

- $1,195
- $1,225
- $1,695
- $3,634
- $7,503
- $14,533

**U of M Neighborhoods ($2.29 / sq. ft. submarket average)**

- $925
- $1,050
- $1,500
- $2,095
- $2,750

**First-Ring Suburbs ($2.19 / sq. ft. submarket average)**

- $1,193
- $1,363
- $1,803
- $2,813
- $3,570
- $4,500
NEW PRODUCT PRICING TRENDS

Pricing Structure by Twin Cities Submarket  |  4th Quarter 2016

MIDDLE-TIER SUBMARKETS
Between $1.85 and $2.15 / sq. ft. average asking rent

Legend: Studio Low Asking Rent Average Asking Rent High Asking Rent

Minneapolis Neighborhoods ($2.09 / sq. ft. submarket average)

Downtown St. Paul ($2.05 / sq. ft. submarket average)

St. Paul Neighborhoods ($1.94 / sq. ft. submarket average)
NEW PRODUCT PRICING TRENDS
Pricing Structure by Twin Cities Submarket | 4th Quarter 2016

LOWER-TIER SUBMARKETS
Less than $1.85 / sq. ft. average asking rent

Legend:

<table>
<thead>
<tr>
<th></th>
<th>Studio</th>
<th>Low Asking Rent</th>
<th>Average Asking Rent</th>
<th>High Asking Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2BR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3BR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Southwest Suburbs ($1.79 / sq. ft. submarket average)

Northeast Suburbs ($1.60 / sq. ft. submarket average)

Northwest Suburbs ($1.59 / sq. ft. submarket average)
MARKET OUTLOOK 2017

Expect a Record Year for Deliveries
Not since the late 1980s have more than 5,500 rental units been delivered in any given year in the 7-county Twin Cities Metro Area. In the coming year, production of general-occupancy rental units is expected to hit about 5,600 units, the largest such total in nearly 30 years. This will extend for the fifth straight year delivery of at least 4,200 units, for a five-year total of slightly less than 24,700 new rental units in the Twin Cities.

Market Conditions Will Remain Tight
The story for 2017 should be similar to that for 2016. According to local firms that closely track apartment vacancies, the overall rental vacancy rate in 2017 for stabilized properties should stay somewhere in the 3%-3.5% range, continuing the trend of tight market conditions. Pressure on the overall housing market will remain if the local economy continues to expand at the 3%-5% rate it has shown each year since 2010, and if the unemployment rate stays at 3% to 4%. As well, if new household formations remain 3,000-4,000 higher than new housing units produced, vacancy rates will stay low. Finally, if single-family production in the Twin Cities shows no dramatic production increase from roughly 5,000 new units in 2016, the multifamily vacancy rate will stay low in 2017. A modest level of new production of owner housing will force many renters to stay put for another year.

First-Ring Production Will Peak; Development Returns to the U of M
The first-ring suburbs should peak this year with 1,113 new units, the highest level this decade and more than double in a typical year. Projects in St. Louis Park and Golden Valley will comprise more than 80% of new units. After near-zero production last year, the U of M neighborhoods will bounce back in a big way with 984 new units. With flat rents at existing projects near the U in 2016, the high volume of new production will likely keep a damper on rent growth in 2017.

Downtown Minneapolis will produce a strong number of units (791), but at about three-quarters its typical pace of 1,050. The southwest suburbs and the Minneapolis neighborhoods are each poised for 530-540 new units, with the latter submarket showing a 25% bump over its typical year. And the northeast suburbs with 292 new units will more than double its usual, annual production. The remainder of the Twin Cities submarkets will remain close to their historical production norms, in terms of number of units delivered.

A Big Pinch on Affordable Supply Will Emerge in 2017
A convergence of four factors will put a great pinch the overall supply of general-occupancy affordable rental housing in the Twin Cities in 2017. First, fewer than 500 new units are expected to be delivered this coming year, a 53% drop from 2016 and the lowest total since 2011. Second, over the past two years, multifamily investors have focused on renovating B- and C-class properties and raising rents, resulting in a continually falling supply of “naturally occurring affordable housing.” Third, equity investors in the low-income housing tax credit (LIHTC) market are either reducing their project funding levels or are slowing investment activity altogether until clear direction is provided on possible reductions in federal corporate tax rates. This issue is part of a larger tax reform effort that Congress and the new administration have yet to complete. Finally, mortgage interest rates seem poised to rise throughout the year as the Federal Reserve completes several quarter-point increases in the base federal funds rate. This will reduce mortgage proceeds for projects that are constrained by debt service.

EXPECTED NEW MULTIFAMILY DELIVERIES
Twin Cities Submarkets

<table>
<thead>
<tr>
<th>Submarket</th>
<th>New Units 2017</th>
<th>Ann. Ave. 2013-2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Ring Suburbs</td>
<td>1,113</td>
<td>484</td>
<td>130%</td>
</tr>
<tr>
<td>U of M Neighborhoods</td>
<td>984</td>
<td>610</td>
<td>61%</td>
</tr>
<tr>
<td>Downtown Minneapolis</td>
<td>791</td>
<td>1,050</td>
<td>-25%</td>
</tr>
<tr>
<td>Southwest Suburbs</td>
<td>539</td>
<td>539</td>
<td>0%</td>
</tr>
<tr>
<td>Minneapolis Neighborhoods</td>
<td>528</td>
<td>422</td>
<td>25%</td>
</tr>
<tr>
<td>St. Paul Neighborhoods</td>
<td>330</td>
<td>386</td>
<td>-15%</td>
</tr>
<tr>
<td>Downtown St. Paul</td>
<td>325</td>
<td>278</td>
<td>17%</td>
</tr>
<tr>
<td>Northeast Suburbs</td>
<td>292</td>
<td>115</td>
<td>154%</td>
</tr>
<tr>
<td>Minneapolis Uptown</td>
<td>286</td>
<td>316</td>
<td>-9%</td>
</tr>
<tr>
<td>Northwest Suburbs</td>
<td>279</td>
<td>300</td>
<td>-7%</td>
</tr>
<tr>
<td>Southeast Suburbs</td>
<td>135</td>
<td>267</td>
<td>-49%</td>
</tr>
<tr>
<td>Twin Cities</td>
<td>5,602</td>
<td>4,767</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Dougherty Mortgage LLC
ABOUT DOUGHERTY MORTGAGE

Dougherty Mortgage LLC
90 South Seventh Street, Suite 4300
Minneapolis, MN 55402
612-317-2100
866-922-0786 Toll-free
www.doughertymarkets.com

For more information about this report, please contact Thomas G. O’Neil at Dougherty Mortgage LLC
612-317-2122, toneil@doughertymarkets.com

A LEADING LENDER WITH A NATIONWIDE PRESENCE
Dougherty Mortgage LLC is a top provider of conventional and affordable multifamily financing, with offices throughout the country. Wherever our clients are, we are also there. Dougherty Mortgage specializes in providing access to federal agency loan programs to customers interested in Fannie Mae DUS®, Freddie Mac Program Plus®, and FHA financing solutions. Dougherty Mortgage LLC has also been awarded designation as a lender/partner with USDA under the Community Facilities guaranteed loan program. In addition to conventional multifamily financing, Dougherty Mortgage also provides financing solutions for affordable housing, senior independent and assisted living residences, hospitals, health care facilities and student housing. Since 2011, Dougherty Mortgage has been a top-10 HUD/FHA lender in terms of the number of loans or dollar amount, or both. Dougherty Mortgage is also one of the country’s leading Fannie Mae DUS® lenders.

AFFORDABLE HOUSING FINANCE – A VARIETY OF SOLUTIONS
In addition to extensive conventional financing experience, Dougherty Mortgage offers comprehensive debt solutions for affordable rental housing projects in all types of settings. As a leading Fannie Mae and HUD/FHA lender, we recognize the challenges associated with affordable housing finance and guide our clients through the process at all stages. Some of the many solutions we help our clients with include Fannie Mae DUS® and FHA-insured mortgages, tax-exempt credit enhancement, low-income housing tax credits, historic and new markets tax credits and various government programs that offer subordinated loans or grants.

Our affordable housing clients include both non-profit and for-profit multifamily housing owners, developers and operators. Whether our clients are looking to refinance, acquire, build or rehabilitate, we offer compelling financial options and work diligently to develop a creative, tailored solution for each transaction.

INTEGRATED FINANCING SOLUTIONS – DOUGHERTY MORTGAGE AND DOUGHERTY & COMPANY
Dougherty Mortgage partners with an affiliated entity, Dougherty & Company LLC, on many affordable transactions that involve 4% low-income housing tax credits coupled with tax-exempt bonds. On all types of housing transactions, Dougherty & Company may also serve as the underwriter for tax increment revenue bonds, subordinate bonds, housing and healthcare bonds, and other types of issuances.
Fannie Mae Transactions

- **Balcones Lofts**
  - $3.3 million
  - Fannie Mae
  - Balcones, TX | Jan. 2017

- **Regency Gardens Apartments**
  - $5.4 million
  - Fannie Mae
  - Pompano Beach, FL | Dec. 2016

- **River Pointe and Cypress Lakes**
  - $14 million
  - Fannie Mae
  - Robinsonville, MS | Dec. 2016

- **Berkshire of Burnsville**
  - $21.7 million
  - Fannie Mae
  - Burnsville, MN | Nov. 2016

- **Buffalo Creek Apartments**
  - $18 million
  - Fannie Mae
  - Indianapolis, IN | Oct. 2016

- **Elements of Linden Hills**
  - $6.2 million
  - Fannie Mae
  - Minneapolis, MN | Aug. 2016

- **Multi-site Credit Facility**
  - $35 million
  - Fannie Mae
  - Multiple Sites | Feb. 2016

- **The Cove at Pleasant View**
  - $11.8 million
  - Fannie Mae

HUD/FHA Transactions

- **Grain Belt Terraces**
  - $28.6 million
  - HUD 223(f)
  - Minneapolis, MN | Jan. 2017

- **Calypso Bay Apartments**
  - $29 million
  - HUD 223(f)
  - Gretna, LA | March 2016

- **Vintage Cooperative of Coralville**
  - $9.8 million
  - HUD 213 New Const.
  - Coralville, IA | March 2016

- **The Timbers**
  - $9.5 million
  - HUD 223(f)
  - Austin, TX | March 2016

- **Reserve at Quebec**
  - $25 million
  - HUD 221(d)(4) New Const.
  - Fort Worth, TX | March 2016

- **Vantage Flats**
  - $2.4 million
  - HUD 223(a)(7)
  - Minneapolis, MN | Dec. 2015

- **700 Central**
  - $15.1 million
  - HUD 221(d)(4) Sub. Rehab
  - Minneapolis, MN | Dec. 2015

- **Village Cooperative of Lee’s Summit**
  - $8.7 million
  - HUD 213 New Const.
  - Lee’s Summit, MO | Nov. 2015