

# You've heard of modular homes; Minneapolis just got its first prefabricated apartment building

27 factory-built apartment units are trucked in and stacked into place at a south Minneapolis complex.

By Dee DePass (<https://www.startribune.com/dee-depass/10644746/>) Star Tribune |

SEPTEMBER 21, 2020 — 11:45PM

The prefabricated home industry is a well-known entity. South Minneapolis now is getting its first modular apartment buildings, with the pieces placed together like a jigsaw puzzle with cranes last week.

The \$4 million project, dubbed “Mod42,” at the corner of S. 32nd Avenue and E. 42nd Street in the Standish-Ericsson neighborhood, was largely built on an assembly line in Owatonna and then trucked to Minneapolis.

Last week, workers stacked each boxy unit like a Lego toy. The giant boxes — each 16 by 72 feet — were then bolted together to form a 30-unit, three-story apartment complex.

“It’s the first of its kind in the Twin Cities and the first of many to come” for commercial buildings, said Rise Modular CEO and Founder Christian Lawrence.

While prefabricated homes are common, prefabricated and multistory commercial structures such as apartments and hotels are not in Minnesota. They have largely been constructed on the East and West coasts, and even became a go-to solution for much-needed worker housing during North Dakota’s fracking boom about eight years ago.

But the dearth of modular construction options in Minnesota has created a good opportunity here, said Lawrence, who plans to build more apartments and other structures.

“We’d like to do 1,000 units per year and roughly 1 million square feet a year,” Lawrence said.

Using a factory assembly line means construction can be 10% cheaper and “almost 50% faster than a traditional build. So that allows the developer to start collecting rent sooner. And there is less disruption to the neighborhood.”

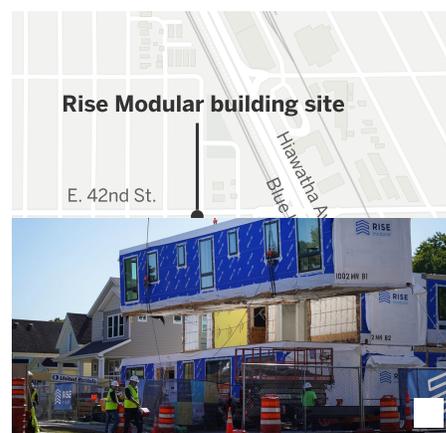
On Thursday and Friday, a towering crane hauled each modular unit through the air as workers below guided them, landing them snugly next to or atop another “mod.”

The process attracted a crowd. Neighbors snapped photos while children watched in wonder as workers stripped the padding off each “mod” to reveal already finished windows and one long hallway that, when done, will connect the pods on each floor.

“Inside you can see the kitchen flooring is in, the walls are painted. The light fixtures are in and the full kitchen and bath are installed. We have done as much as we can in the factory already,” Lawrence said just as a semi-truck bed rolled up the street carrying the next “mod” pod to be hoisted into place.

The commercial modular project is the first of two announced this month by the two-year old Minneapolis-based Rise Modular. In two weeks, the company launches its second project, a seven-story, \$40 million modular apartment building in St. Paul that is being built in partnership with the Ackerberg Group, Northland Real Estate and Opus.

As for the Minneapolis project, it took Rise Modular three months to fabricate the 30 “Mod42” residential units inside the climate-controlled factory an hour south in Owatonna.



SHARI L. GROSS/STAR TRIBUNE

A crane Friday stacks one of 27 box units that will completed the Mod42 apartment complex being built in south Minneapolis.

With process kinks worked out, future builds should go much faster, said Dave Walock, vice president of construction and one of 60 Rise Modular employees. “This is a holistic approach to building. Something like this has been a long time in coming.”

The project is being developed by Rise Development Services and built by Rise Construction Services with DJR Architect as the architect.

Drew Johnson, senior vice president of development at Excelsior-based Oppidan Investment, said commercial modular buildings were previously embraced by McDonald’s and Wendy’s in the Midwest as a way to get a fast-food restaurant open quickly.

The shortened building time “helps with the payments on your construction loans, so you are not paying 16 months of interest on the overall loans,” Johnson said.

As long as a modular project is well built with an attractive exterior, the idea could grow in Minnesota, said Johnson, who years ago watched some modular apartments rise quickly near North Dakota’s oil fields.

One thing, though, that wasn’t an issue in North Dakota but would be in the Twin Cities: Those units were not pretty, he said.

Patrick McGlynn, founder of the Minneapolis development firm McGlynn Partners, expects to try building a modular apartment in the Twin Cities in three to five years.

McGlynn was set to have his three-story project at Franklin and Park avenues in Minneapolis become the first modular apartments in the Twin Cities two years ago. But the contractor, Thor Construction, suffered financial woes, shoving the project back two years.

At the time, a single-family homebuilder named Dynamic Homes was supposed to build McGlynn’s apartment “mods” in Detroit Lakes and truck them three hours to the build site in Minneapolis. The long transportation journey, however, inflated costs, causing McGlynn to abandon modular for traditional construction.

With a factory option now closer to the Twin Cities, McGlynn said he would consider modular construction again.

“It’s just a matter of time,” he said. “I think it needs to catch on. In the next [few] years we will see a lot more of it because of the ease of construction. You don’t need as much space on site.”

Still, modular will never fully replace traditionally built projects, he said.

“The building industry is slow to change because of warranties and working with systems not yet proven,” McGlynn said. “There is a lot of liability that most builders don’t want to take on.”

---

**Dee DePass** is a business reporter for the Star Tribune. She spent the last four years covering Minnesota’s manufacturing and mining industries. She previously covered the economy, workplace issues and banking.

dee.depass@startribune.com    612-673-7725    DePassStrib