



**February 2019**  
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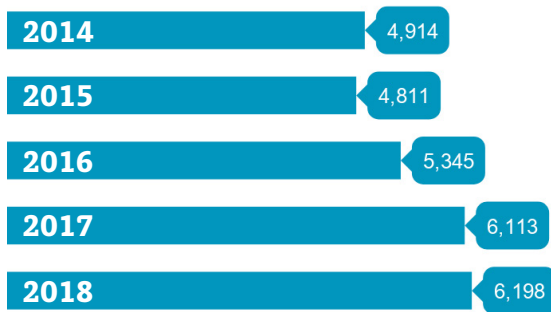
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"Despite slower growth than expected in 2018 it was a very strong year for new home construction."

Tom Wiener, 2018 president of BATC-Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date December 2014-2018

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

## Twin Cities Homebuilding Surges Ahead in December

A surge in single-family construction in December brought the 2018 year-end permit numbers slightly higher than the 2017 year-end permit numbers. Single-family construction saw a 36 percent increase in the number of permits pulled over December 2017, and ended the year with less than 1 percent increase in total permits pulled in 2018 compared to 2017. Multifamily construction surged ahead in December with a 33 percent increase in permitted units, but for the year multifamily construction activity fell by 9 percent compared to 2017.

"Despite slower growth than expected in 2018 it was a very strong year for new home construction,"

said Tom Wiener, 2018 president of Housing First Minnesota. "There's high demand for new housing in the Twin Cities and builders are innovating to meet homebuyers needs and budgets."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 523 permits issued for a total of 1,363 units during four comparable weeks in the month of December. For the year, there were 6,198 permits issued for a total of 12,749 units.

"Rising construction and regulatory costs combined with increasing mortgage rates is only adding to the housing affordability problem in the Twin Cities,"

*"We need to address this issue so we can bring down the cost of housing for Minnesota families."*

David Siegel, executive director of Housing First Minnesota

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For the year, Lakeville took the top spot with 506 permits issued. Plymouth came in next with 338 permits, followed by Woodbury with 320 permits. Rounding out the top five are Otsego with 272 permits and Lake Elmo with 265 permits issued.

[MAAR]

## HOME PRICES REACH RECORD HIGH; SALES DOWN BUT INVENTORY UP

Beauty is in the eye of the beholder. Sometimes, so are market statistics. For sellers, the big stories of 2018 were three records: prices, market times and percent of list price received at sale. For buyers, the major themes were increased new listings toward year-end, an annual inventory increase, changing interest rates and affordability pressure. Driven by sizable gains in new listings later in 2018 combined with moderating sales, for-sale

housing supply finally bounced off its 15-year low.

The ongoing housing shortage has created a competitive environment where multiple offers have become common. Thus, sellers are receiving strong offers in record time, but this fast-paced market can frustrate some consumers. Market times continued to shrink while absorption rates remained tight but showed signs of easing. Mortgage rates on a 30-year fixed loan started the year around 4.0 percent but touched 5.0 percent before settling on 4.5 percent.

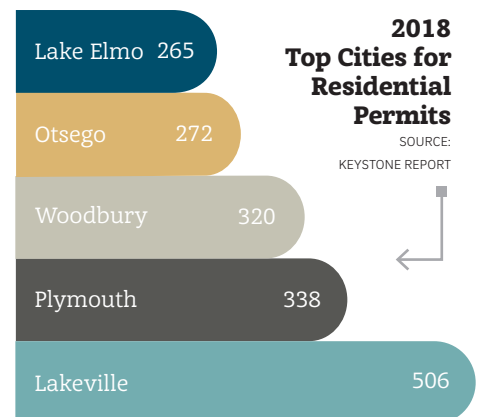
"The year definitely had some ups and downs. Beyond record prices and lower-but-still-strong sales, inventory finally turned around while some affordability

concerns persisted. Our region is extremely high-performing when it comes to homeownership, employment, income, education, civic engagement and quality of life. Despite some manageable headwinds, homeownership and real estate is still a compelling investment for Minnesota," said Todd Urbanski, President of the Minneapolis Area REALTORS®.

Foreclosure activity fell for a seventh straight year and is back around 2005 levels. Although single-family homes made up about 74.0 percent of all sales, both townhomes and condos had better sales performances. Similarly, previously-owned homes made up about 91.0 percent of sales but new construction showed a much stronger gain.

*"Many sellers are enjoying rising prices and quick market times but are waiting for more inventory choices before listing."*

David Arbit, MAAR



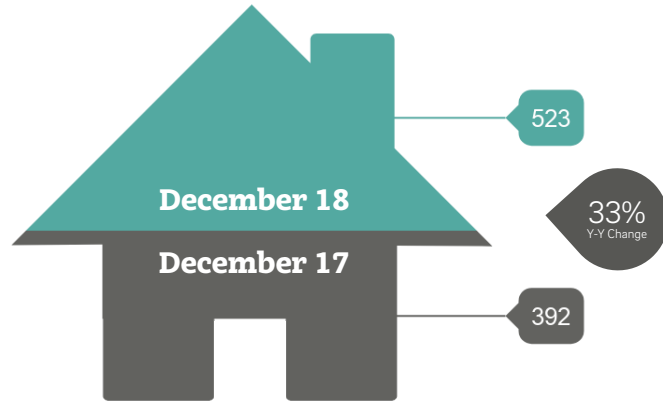
### 2018 Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

Single-family Permits Pulled  
↑ 36%  
Compared to December 2017

# 2018 December Metro Building Activity

A surge in single-family construction in December brought the 2018 year-end permit numbers slightly higher than the 2017 year-end permit numbers. Single-family construction saw a 36 percent increase in the number of permits pulled over December 2017, and ended the year with less than 1 percent increase in total permits pulled in 2018 compared to 2017. Multifamily construction surged ahead in December with a 33 percent increase in permitted units, but for the year multifamily construction activity fell by 9 percent compared to 2017.

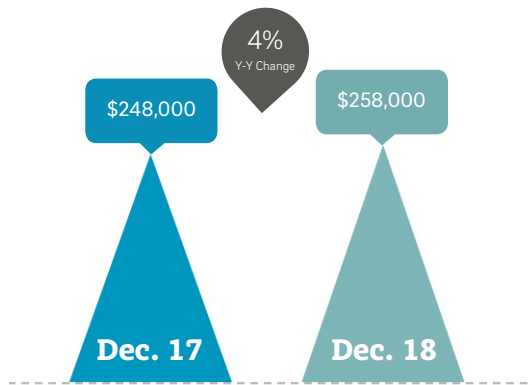


**Units YTD:**  
12,749

**Multi-Family**  
53%  
of Twin Cities Housing Units Authorized

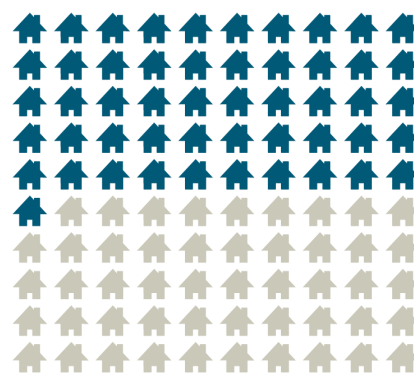
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



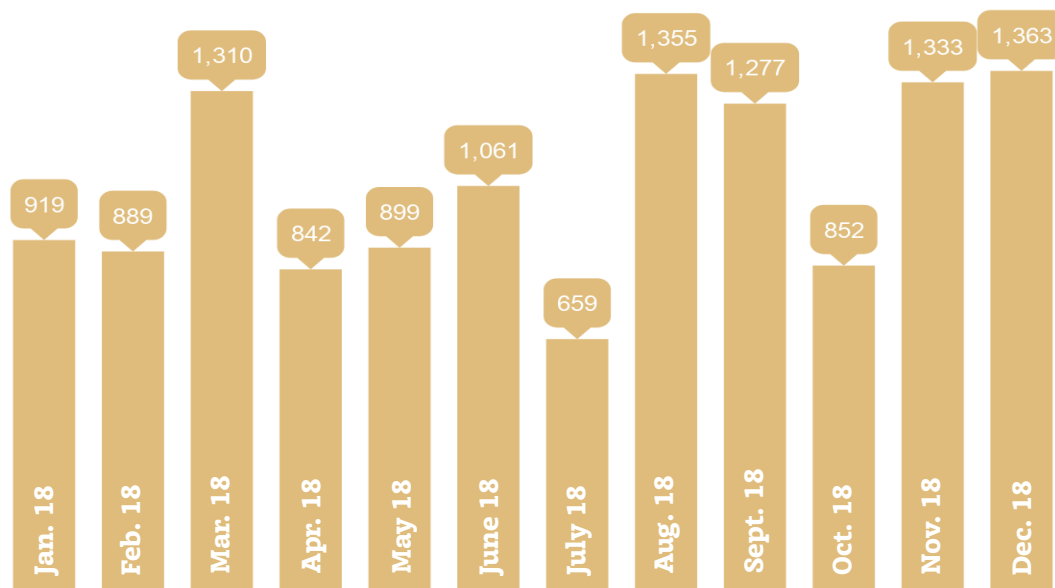
4.5% Monthly change

10,181  
9,948

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Dec. 2018 (51.11%) ■ Dec. 2017 (48.89%)

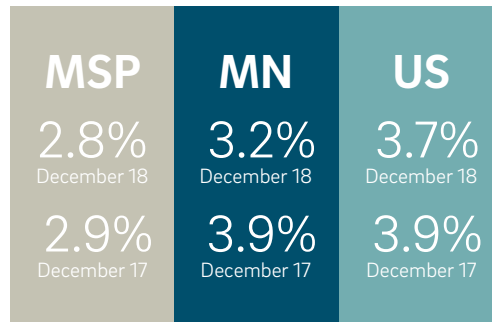


## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

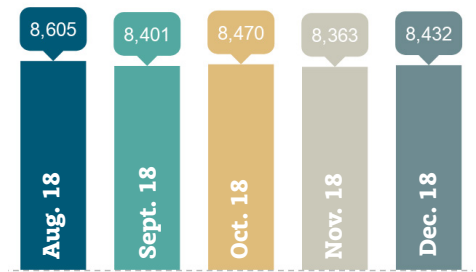
# Employment

Overall DEED reports that the state added 31,441 non-farm jobs during 2018. But the state's job growth rate of 1.1 percent is notably lower than the national job growth rate of 1.8 percent over the same period. Minnesota's job growth during 2018 was dominated by three sectors: leisure and hospitality, construction and manufacturing.



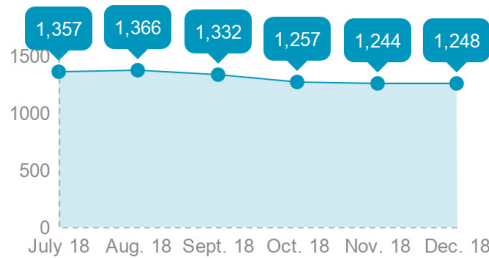
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



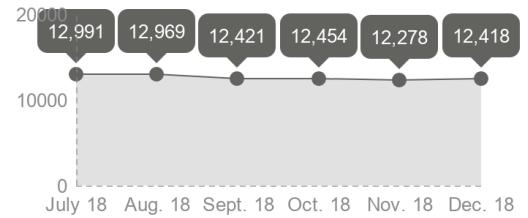
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

SOURCE: DEED-MN

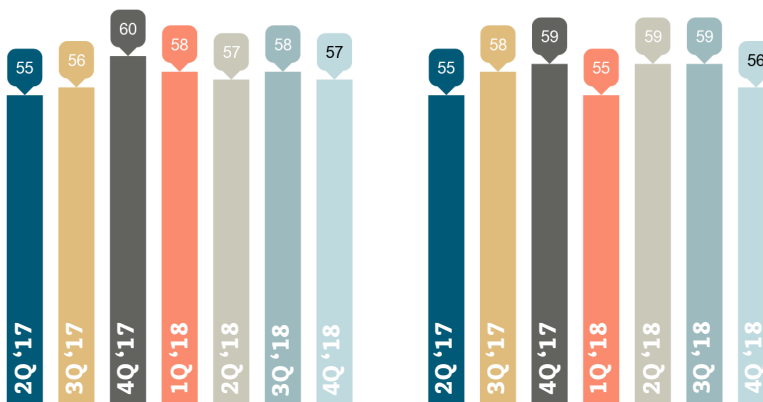
	YTD DEC. 2017	YTD DEC. 2018	% CHANGE
<b>All Properties</b>	<b>61,281</b>	<b>59,068</b>	<b>-3.6%</b>
<b>Existing Properties</b>	<b>55,774</b>	<b>53,291</b>	<b>-4.5%</b>
<b>New Construction</b>	<b>4,961</b>	<b>5,287</b>	<b>6.6%</b>

**Pending Sales**

A count of properties on which offers have been accepted – Based on a rolling 12-month total

## Remodeling Market Indices

SOURCE: NAHB



**Current**

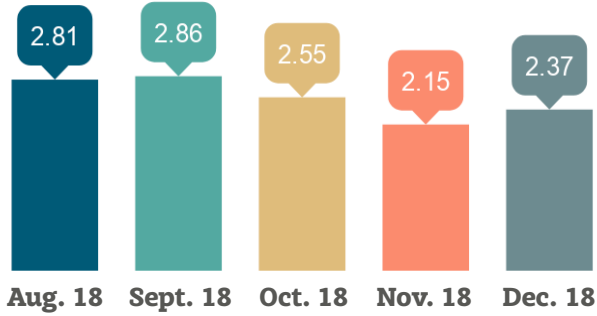
**Futures**

# Regional/National Statistics

Although existing housing inventory continues to grow across the country the housing market is still suffering from an inventory shortage. Despite these inventory problems, sales of new homes in all four major U.S. regions dropped in the last two months of 2018. Nationally the typical new home was on the market for 91 days, five days less than the year before. Existing homes spent a median of 43 days on market, two days less than the year before.

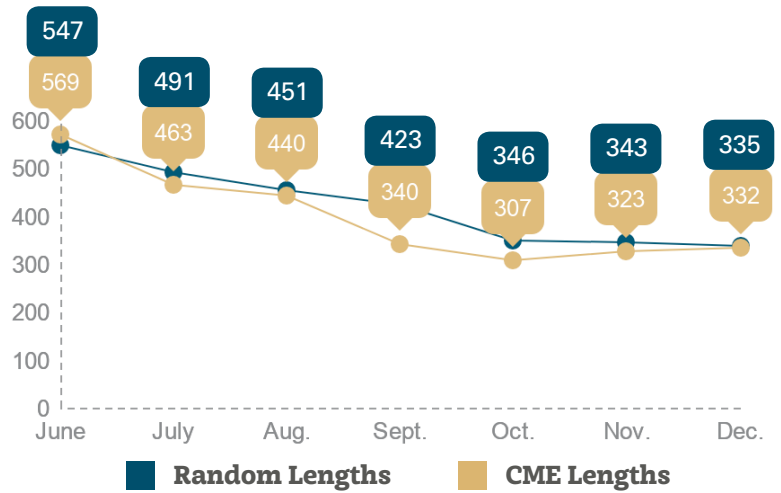
# Key Indicators

There are several factors that should help new home sales in the coming months. The recent decline in mortgage rates, continued job growth combined with a slight drop in the cost of building materials. The price of materials came down 1.8% in December, according to Redfin.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM FEBRUARY 21, 2019  
SOURCE: ASSOCIATED BANK



## A DREAM HOME

### DOESN'T HAVE TO BE A DREAM.

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NMLS: 524057

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St. Louis Park  
952-591-2897  
NMLS: 524058

**Stuart Mansk**  
Savage  
651-306-1874  
NMLS: 553805

**Daniel Nugent**  
Plymouth  
763-694-2844  
NMLS: 500985

**Mark Tripp**  
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