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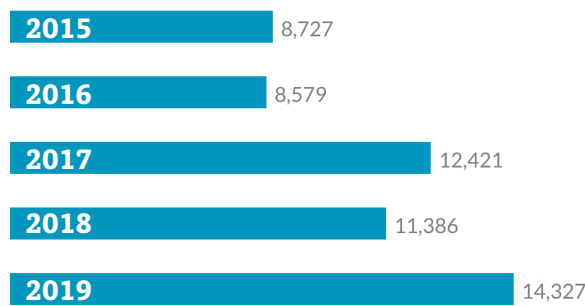
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"Our housing market is in desperate need of new single-family inventory. This end-of-the-year surge is much needed and is a great step in the right direction to balancing out our housing market."

John Rask, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date November 2015-2019

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Single-Family Permits Surge in November

Single-family construction continued on a hot streak in November with 645 permits pulled, a 45% increase over this month last year. Multifamily construction slowed slightly with permits pulled for 691 units, falling 12% from November 2018.

"Our housing market is in desperate need of new single-family inventory," said John Rask, president of Housing First Minnesota. "This end-of-the-year surge is much needed and is a great step in the right direction to balancing out our housing market."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 680 permits issued for a total of 1,336 units during four comparable weeks in the month of November.

"The greatest demand in our housing market is for single-family homes at entry-level prices," said David Siegel, executive director of Housing First Minnesota. "Builders are working to meet this demand, but unfortunately building even townhomes at that price point is becoming increasingly difficult. While this surge in new

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David Siegel, executive director of Housing First Minnesota

housing inventory will help our interconnected market, it will do little to help our entry-level homebuyers who are facing great barriers to homeownership."

For the month, Lakeville took the top spot with 66 permits issued. Cottage Grove came in next with 58 permits, followed by Blaine with 36 permits issued, Plymouth with 34 permits issued and Andover with 32 permitted units.

[MAAR]

November a mixed bag; new listings up, sales down

The Twin Cities real estate market showed a mostly positive but slightly mixed bag of results for November. New listings were up 0.1 percent year-to-date but down slightly in November. Helping to offset that decline was a 25.0 percent gain in newly built homes from last November. That's because a builder doesn't have to buy a home after selling one. Despite a sellers' market and

depending on price point, sellers still face the challenge of securing the next property while listing their current home.

Closed sales were also down slightly in November, but year-to-date closings are almost even with 2018. Sales have risen for the previous four consecutive months. Additionally, pending sales—a signed contract indicating a forthcoming closing—have now risen for five consecutive months, including November. This points to solid demand heading into the new year. Despite tight inventory, surprisingly low borrowing rates are helping to support this demand.

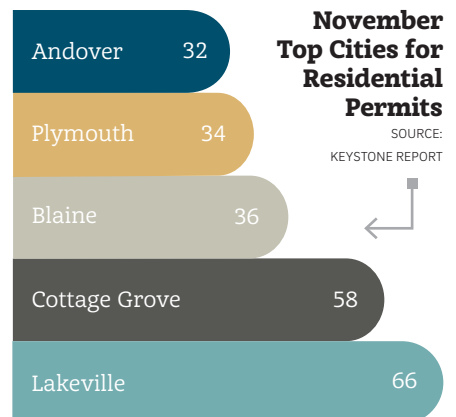
The number of homes for sale

declined overall, but most price ranges have shown some growth this year. Over the last 12 months, housing inventory levels have increased for homes priced between \$200K-\$300K, \$300K-\$500K and over \$500K but fell for homes under \$200K. That first-time buyer segment still hasn't seen supply growth.

The median home price in the Twin Cities has risen for 93 months or nearly 8 years, reaching new record highs every year since 2016. This isn't the case for every market segment or area. The supply-demand imbalance pushes prices higher along with a changing mix of homes selling. There's been growth in luxury activity and in square footage.

"More inventory would be nice, but rates are fantastic, the economy is still growing and consumers are confident."

Todd Urbanski, President of Minneapolis Area REALTORS®



Single-family Permits Pulled

↑ **45%**

Compared to November 2018

2019 November Metro Building Activity

Single-family construction continued on a hot streak in November with 645 permits pulled, a 45% increase over this month last year. Multifamily construction slowed slightly with permits pulled for 691 units, falling 12% from November 2018.



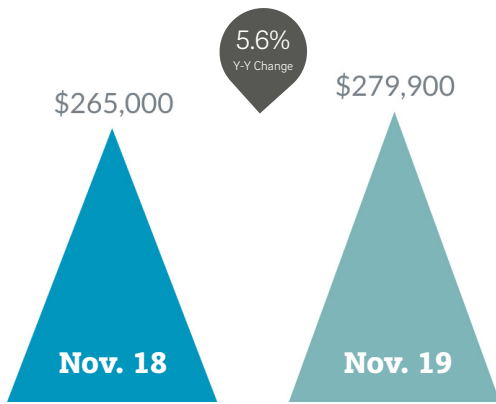
26%
Y-Y Change

Units YTD:
14,327

Multi-Family
62%
of Twin Cities Housing Units Authorized

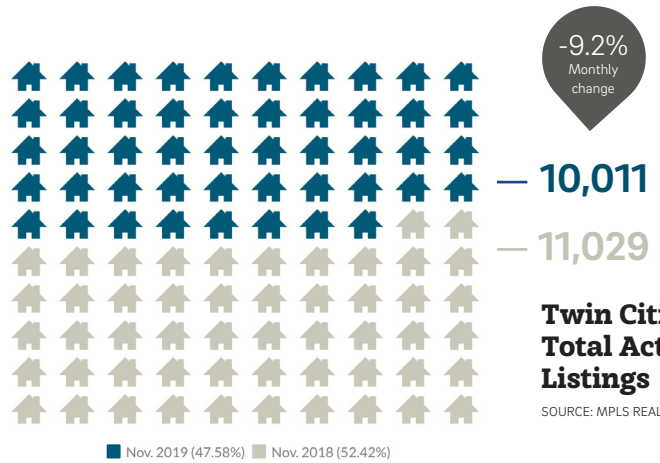
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



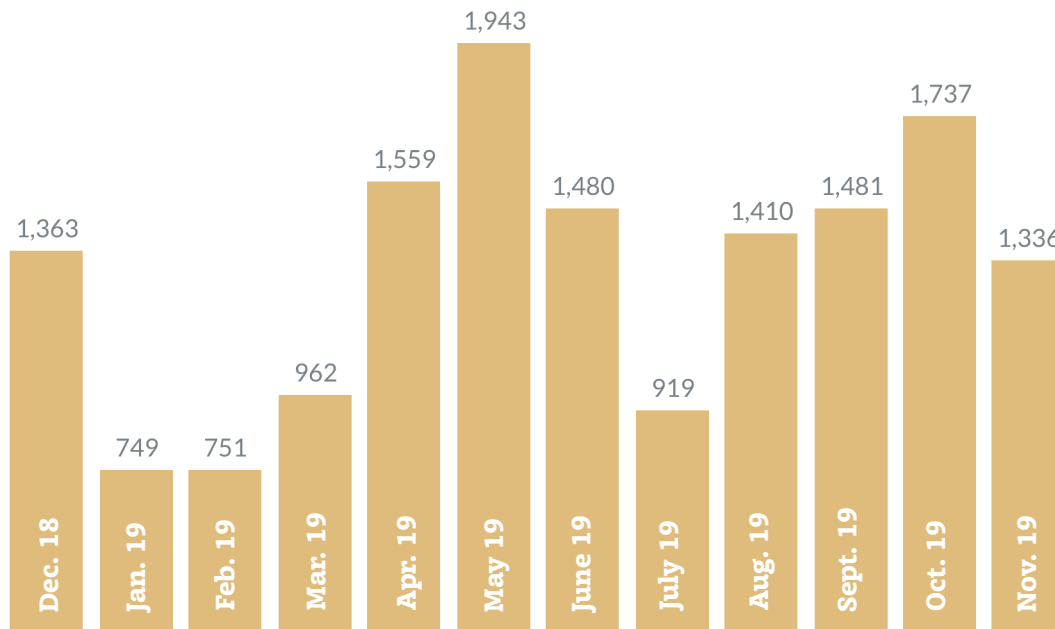
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



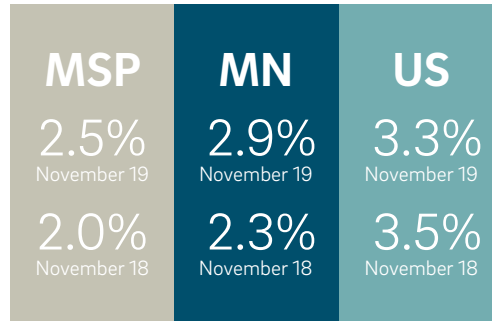
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

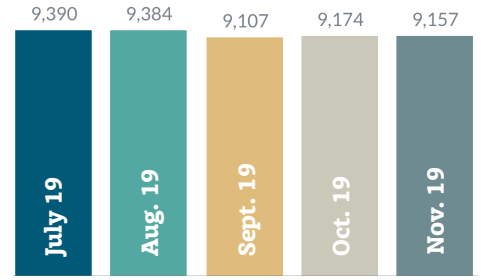
According to the Minnesota Department of Employment and Economic Development (DEED), Minnesota gained 5,911 jobs from November 2018 to November 2019, a 0.2% increase. The private sector average wage rate went up 18 cents in November for a 5.2% rise over the year.

"The fall and winter months tend to be unpredictable for job growth because of the seasonal effects of weather," said DEED Commissioner Steve Grove.



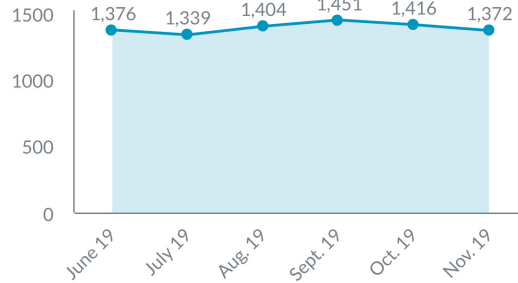
Unemployment Rate Snapshot

SOURCE: DEED-MN



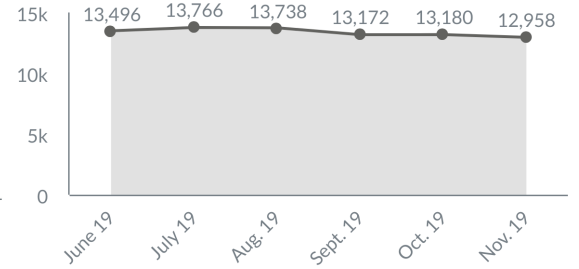
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



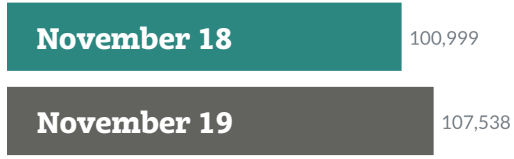
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

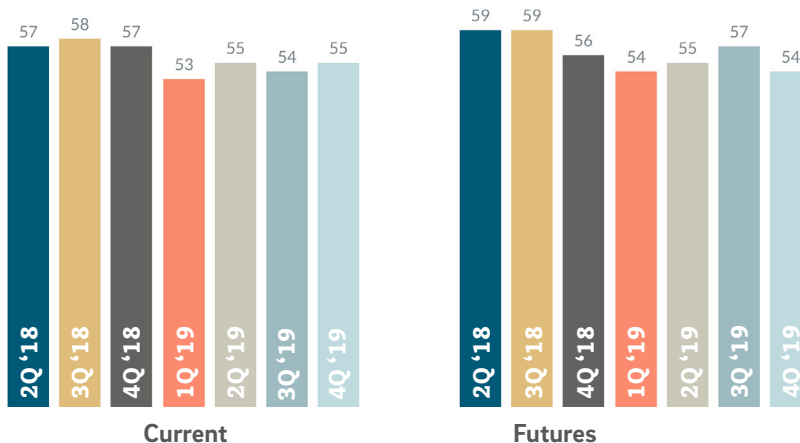
SOURCE: US CENSUS

Regional/National Statistics

U.S. homebuilding increased more than expected in November and permits for future home construction surged to a 12-year high, according to the U.S. Commerce Department. Nationally housing starts jumped 13.6% on a year-on-year basis in November. U.S. building permits increased 1.4% to a rate of 1.482 million units in November, the highest level since May 2007. Single-family housing starts rose in the West and Northeast but fell in the Midwest and South.

Remodeling Market Indices

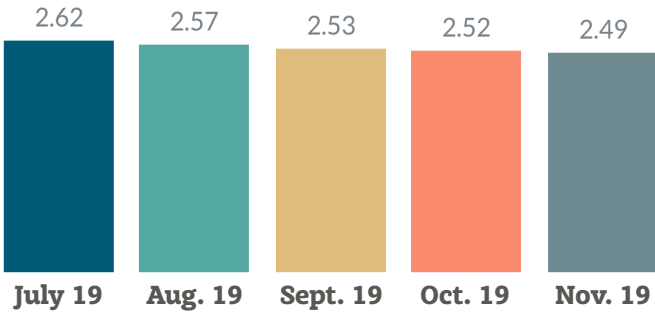
SOURCE: NAHB



Key Indicators

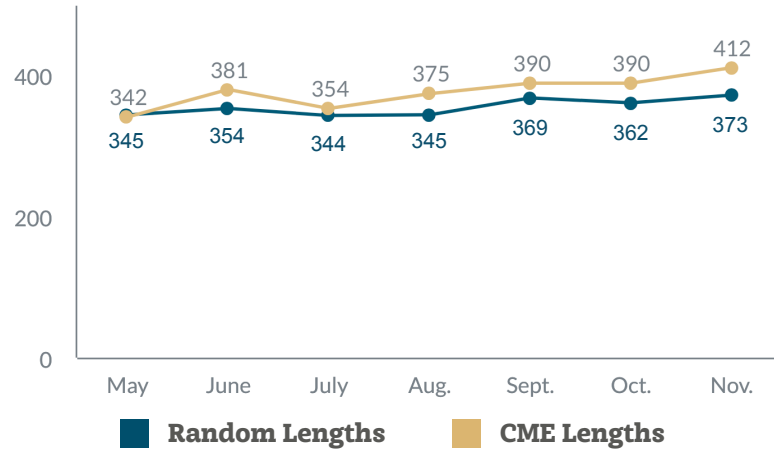
Heading into 2020, low mortgage rates and the improving economy will be the major drivers of the housing market with steady increases in home sales, construction and home prices, according to Freddie Mac's Chief Economist.

According to the National Association of Home Builders Building materials prices have declined an average of 0.1% per month over the last 12 months, and the price of goods used in residential construction has risen 1.3% in 2019. NAHB states that not only is that price growth roughly one-third the pace of increases in 2018 (+3.8% YTD), it is the slowest year-to-date growth in four years.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM DECEMBER 30, 2019
SOURCE: ASSOCIATED BANK



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