

HOT SHEET



March 2019
Volume VII, Issue: 3

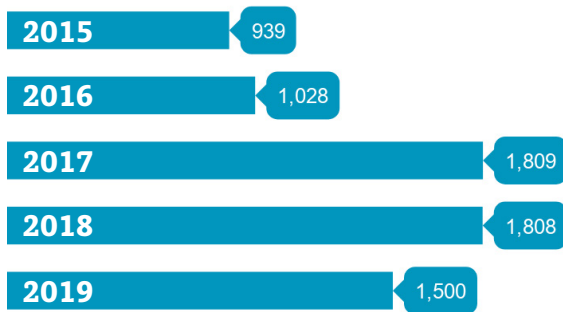
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"Home builders have seen an uptick in homebuyer interest. We're optimistic that the spring thaw and Spring Parade of Homes will bring with it an uptick in homebuyer activity."

John Rask, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date February 2015-2019

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Home Building Activity Cools in February

After a strong start to the year, residential construction slowed in February. With 330 permits pulled, single-family permits fell three percent compared to the 341 permits in February 2018. With nine permits pulled for 421 units, multifamily construction fell by 23 percent compared to the 20 permits for 548 units in February last year.

"The unusually rough weather in February definitely had an impact on home building activity," said David Siegel, executive director of Housing First Minnesota. "Depending

on what kind of weather we have in March and how long road restrictions are in place, we could see a slowdown in activity through the next few months."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 339 permits issued for a total of 751 units during four comparable weeks in the month of January.

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For the month, Lakeville took the top spot with 30 permits issued. Followed by Otsego and Woodbury both with 22 permits. Rounding out the top five was Plymouth and Blaine both with 19 permits issued.

[MAAR]

Extreme February Weather Leaves Dent on Residential Market Stats

Winter sports enthusiasts likely enjoyed the snowiest February on record more than those attempting to buy and sell homes. Even so, the latest numbers for Twin Cities residential real estate show some strength amidst ongoing signs of change. Sellers showed a sizeable, weather-related decline in listing activity, while buyers entered into fewer contracts than last February even while closed sales rose. Market times flattened out as the median sales price continued to rise compared to last year.

"The cold and snow in February was certainly an impediment," said Todd Urbanski, President of Minneapolis Area REALTORS®. "The March numbers will offer more clarity on market direction."

One sign of a changing market is the fact that the ratio of sold to list price has fallen for three of the last four months. This—along with other indicators—suggest the market is improving for buyers, even though sellers still have strong pricing, favorable negotiating leverage and quick market times.

Due to the decline in new listings, the number of active listings for sale decreased compared to the prior year. Even so, buyers have seen inventory gains for four of the last five months. Months supply followed suit, tick down to 1.6 months,

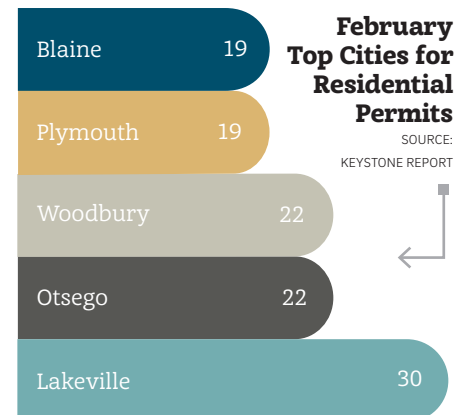
suggesting the market is still tight. Buyers should expect competition on the most sought-after listings and neighborhoods.

"We're still sensing plenty of interest from buyers and sellers," said Linda Rogers, President-Elect of Minneapolis Area REALTORS®. "This spring market should be productive, especially with more inventory."

After increasing to 5.0 percent in November, mortgage rates have settled back down. That's great news for buyers. The supply squeeze is most evident at the entry-level prices, where multiple offers and homes selling for over list price are commonplace. The move-up and upper-bracket segments are less competitive and better supplied. Inventory could rise substantially, and we'd still have a balanced market.

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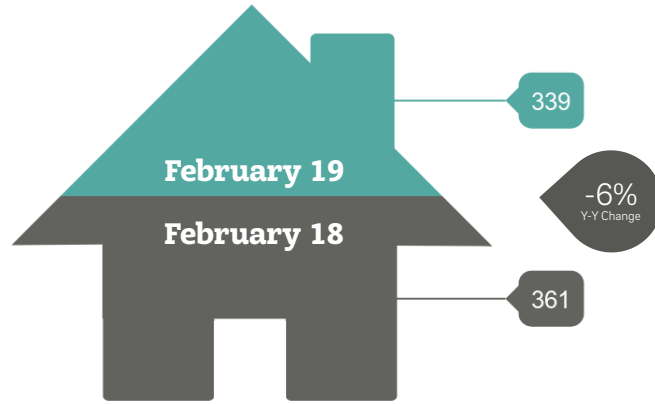
Linda Rogers, President-Elect of MAAR



Single-family Permits Pulled
↓ 3%
Compared to February 2018

2019 February Metro Building Activity

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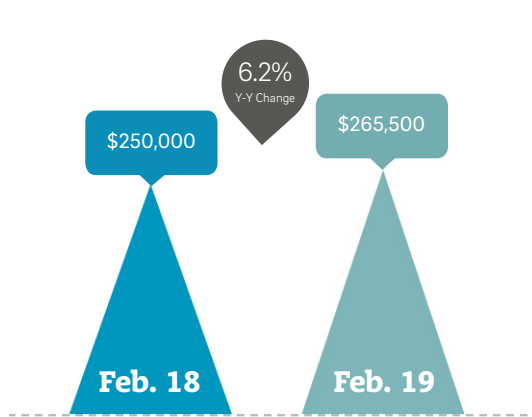


Units YTD: 1,500

Multi-Family 54%
of Twin Cities Housing Units Authorized

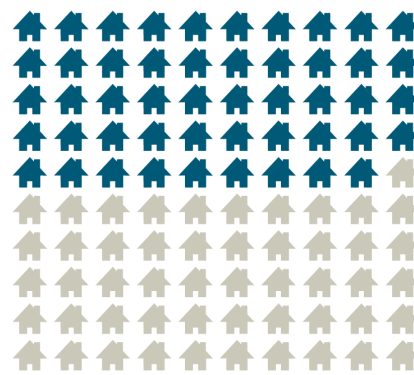
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

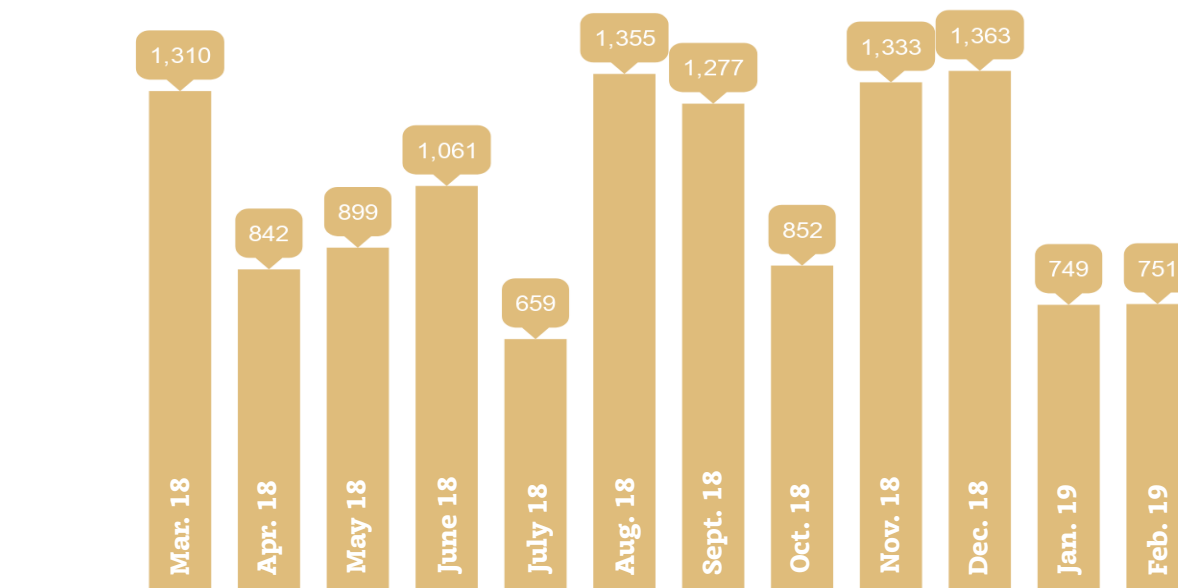
SOURCE: MPLS REALTORS



-5.7%
Monthly change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

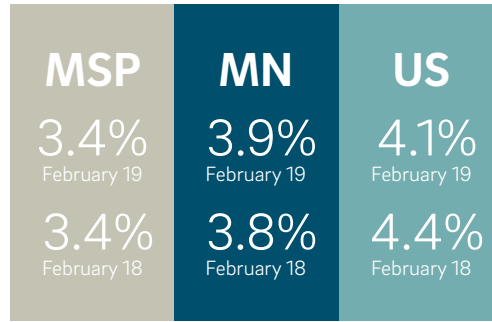


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

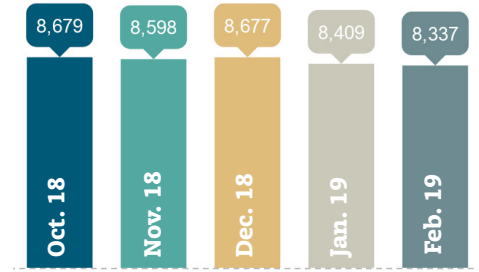
Employment

Minnesota's seasonally adjusted unemployment rate climbed slightly in February, but labor force participation and the employment-to-population ratio were stable. "The most significant decline this month was in construction, losing 3,800 jobs – not shocking given the brutal February weather we had," DEED Commissioner Steve Grove said.



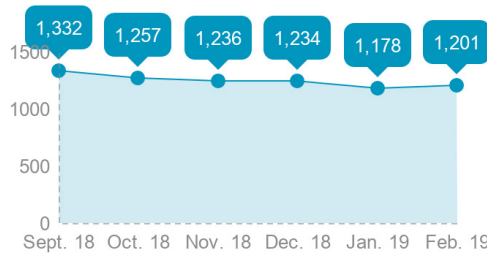
Unemployment Rate Snapshot

SOURCE: DEED-MN



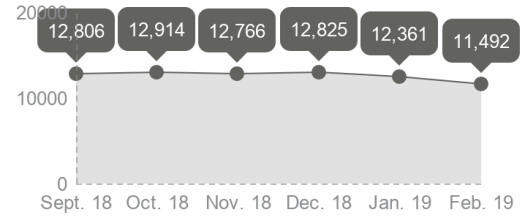
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

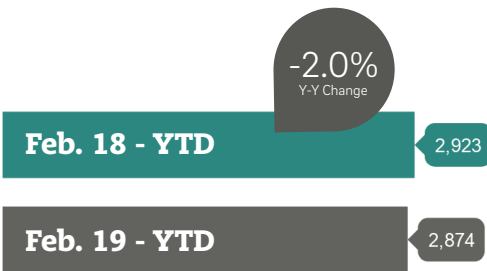
SOURCE: DEED-MN



MN Construction Employment

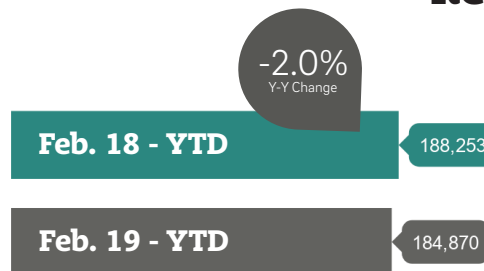
SOURCE: DEED-MN

Regional/National Statistics



MN Housing Units Authorized

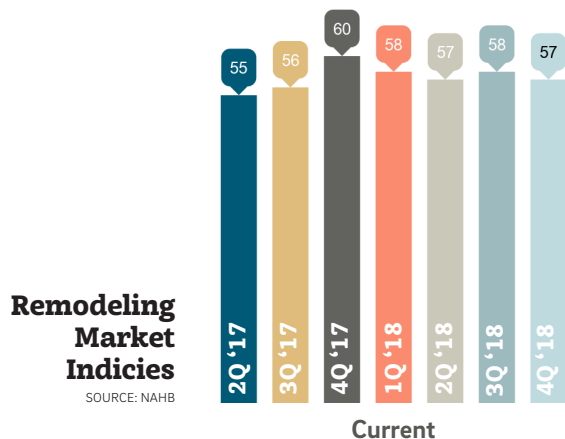
SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

According to the U.S. Commerce Department sales of new U.S. single-family homes increased to an 11-month high in February. New home sales in the South were up 1.8 percent in February to their highest level since July 2007. Sales surged 26.9 percent in the Northeast and jumped 28.3 percent in the Midwest. They were, however, unchanged in the West.

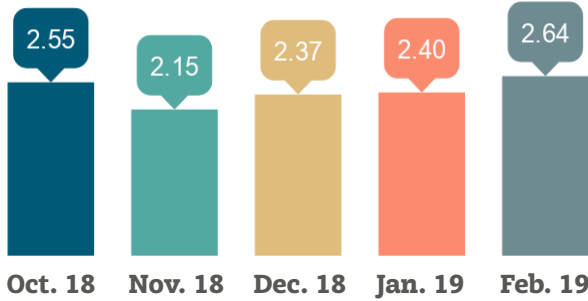


Remodeling Market Indices

SOURCE: NAHB

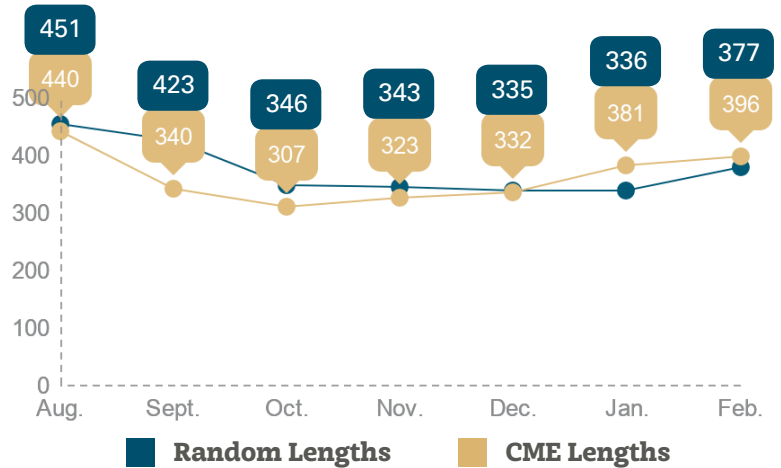
Key Indicators

The Federal Reserve's announcement that they are not planning to raise rates this year sent mortgage rates plummeting. With the rate now down about 75 basis points from November, that's a mortgage savings of \$150 per month. Land and labor shortages remain a challenge for builders. Investment in homebuilding contracted 0.3 percent in 2018, the biggest drop since 2010.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MARCH 15, 2019
SOURCE: ASSOCIATED BANK



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