



April 2019
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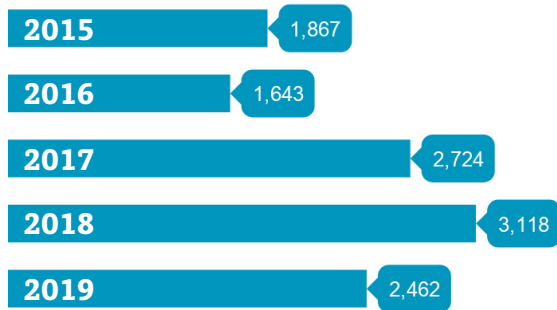
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"Even with rising wages and lower mortgage rates there are still too many Minnesota families that are being priced out of the housing market. We need to address the housing affordability problem here in our state."

David Siegel, executive director of BATC-Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date March 2015-2019

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Twin Cities Home Building Permits Hit 4-Year Low in March

The Twin Cities saw the fewest number of residential construction permits pulled for the month of March since 2015. Both single-family and multifamily permitted units fell by double digits. Single-family units fell to 339, a 12 percent drop from the 389 units in March of 2018. With permits pulled for 623 units in March 2019, multifamily fell by 24 percent compared to the 821 units permitted in March of last year.

"We are still feeling the lingering effects of a longer than usual winter on the housing market," said John Rask, president of BATC-Housing First Minnesota. "We have

seen homebuyers out in numbers during the Spring Parade of Homes, and we expect homebuilding activity to pick up in the coming months."

According to data compiled by the Keystone Report for BATC-Housing First Minnesota, there were 359 permits issued for a total of 962 units during four comparable weeks in the month of March.

"The recent drop in mortgage rates will certainly help homebuyers this spring," said David Siegel, executive director of BATC-Housing First Minnesota. "Even with rising wages and lower mortgage rates there are



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still too many Minnesota families that are being priced out of the housing market. We need to address the housing affordability problem here in our state."

For the month, Lakeville took the top spot with 35 permits issued. Lake Elmo came in next with 30 permits, followed by Woodbury with 27 permits and Plymouth with 21 permits issued. Rounding out the top five were Otsego and Dayton both with 17 permits issued.

[MAAR]

Buyer and seller activity down; weather partly to blame

If February was the month of record snowfall, March was the month of record wet basements. The effects of extreme weather continue to impact the market. Despite that, the latest numbers for Twin Cities residential real estate show some strength amidst ongoing signs of change.

"The extremes of February and March are still noticeable," said Todd Urbanski, President of Minneapolis Area REALTORS®.

"It's difficult to disentangle weather-induced market shifts with organic market shifts."

Prices continued to climb, reaching a new record. New listings fell 8.8 percent as fewer sellers listed their properties. Closed sales were down 9.3 percent as some buyers waited on soggy properties as well as additional inventory options.

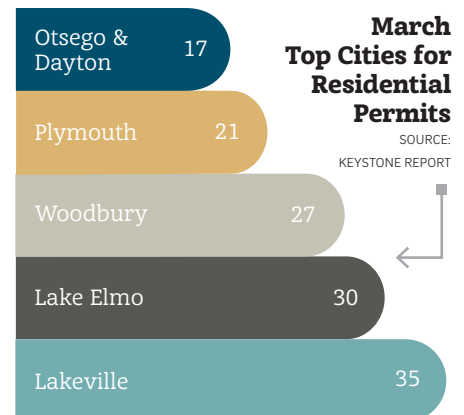
Market times rose year-over-year for the first time since March 2015. Another sign of a changing market is the ratio of sold to list price has fallen for four of the last five months. This—along with other indicators—suggest the market is improving for buyers, even though sellers still have strong pricing power, favorable negotiating leverage and quick market times.

The number of active listings for sale decreased compared to the prior year. Even so, buyers have seen inventory gains for five of the last six months. Months supply, however, was flat at 1.8 months, suggesting the market is still tight but realigning. Buyers should still expect competition on the most coveted listings.

After touching 5.0 percent in November, mortgage rates have settled back down around 4.1 percent, which is 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.

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Todd Urbanski, President of MAAR



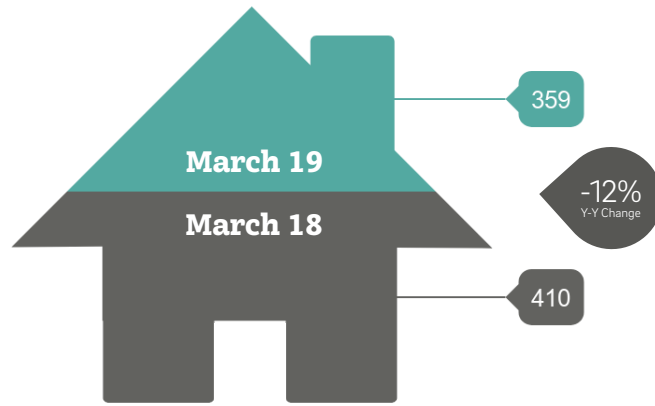
March Top Cities for Residential Permits

SOURCE:
KEYSTONE REPORT

Single-family Permits Pulled
↓ 12%
Compared to March 2018

2019 March Metro Building Activity

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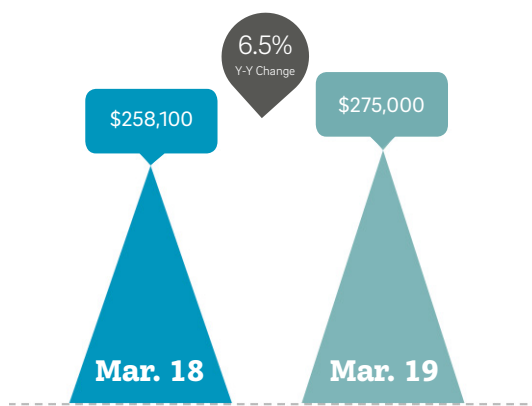


Units YTD:
2,462

Multi-Family
55%
of Twin Cities Housing
Units Authorized

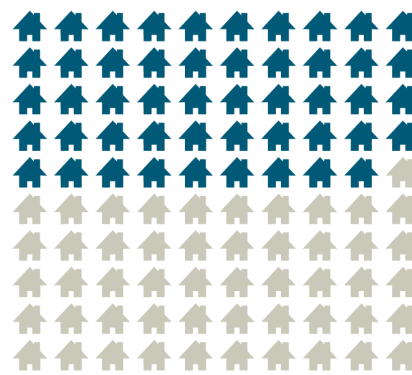
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



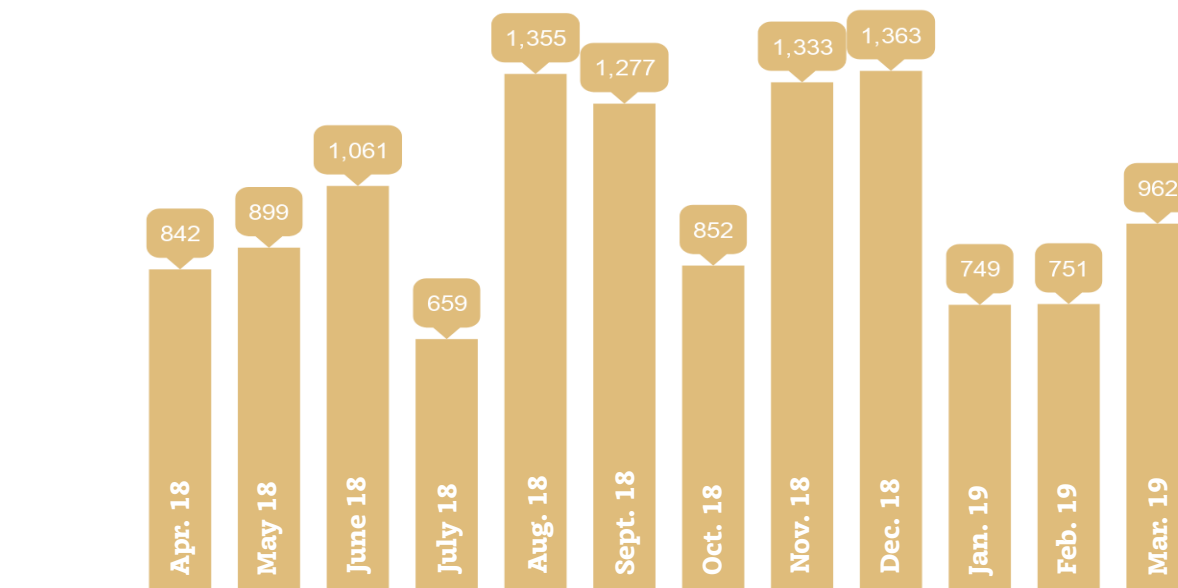
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

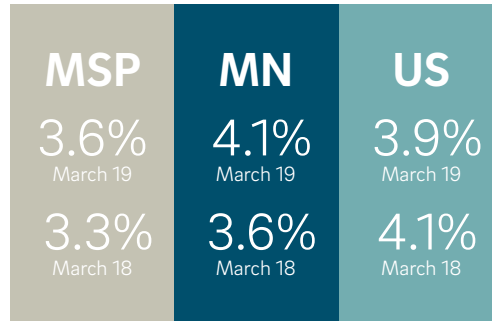


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

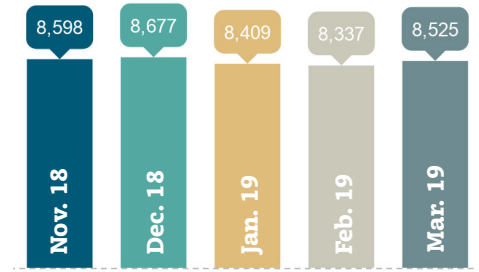
Employment

With help from employment gains in construction, Minnesota added 1,300 jobs in March. Even with that the state's unemployment rate rose to 4.1 percent. Six of eleven major industry sectors lost jobs during the month. The U.S. unemployment rate was 3.9 percent.



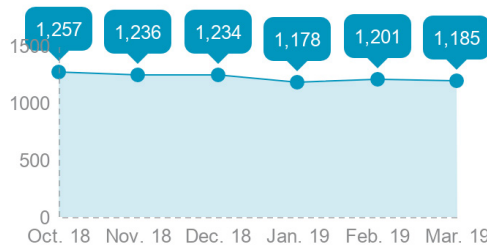
Unemployment Rate Snapshot

SOURCE: DEED-MN



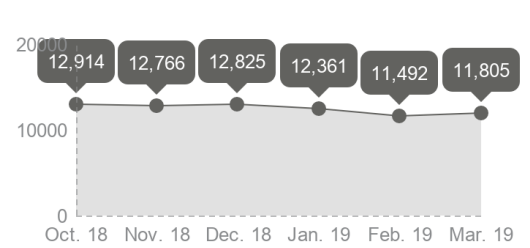
Twin Cities Construction Employment

SOURCE: DEED-MN



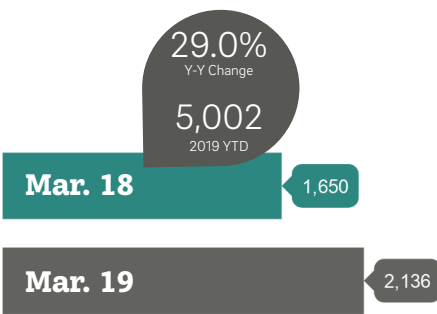
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



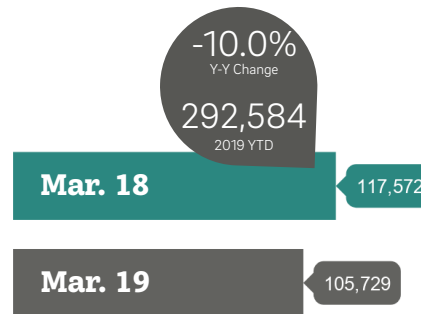
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

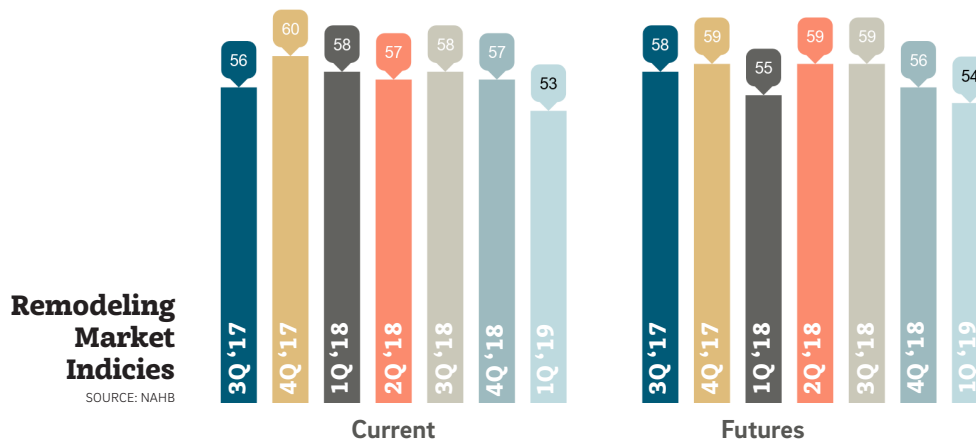


US Housing Units Authorized

SOURCE: US CENSUS

Regional/National Statistics

U.S. homebuilding permits dropped to a near two-year low in March. Weakness in the single-family unit segment continued, despite falling mortgage rates. Housing starts in the Midwest dropped 17.6 percent. Homebuilding also fell in the Northeast and South, but surged in the West.

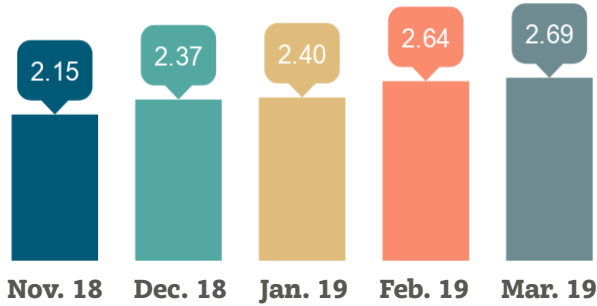


Remodeling Market Indices

SOURCE: NAHB

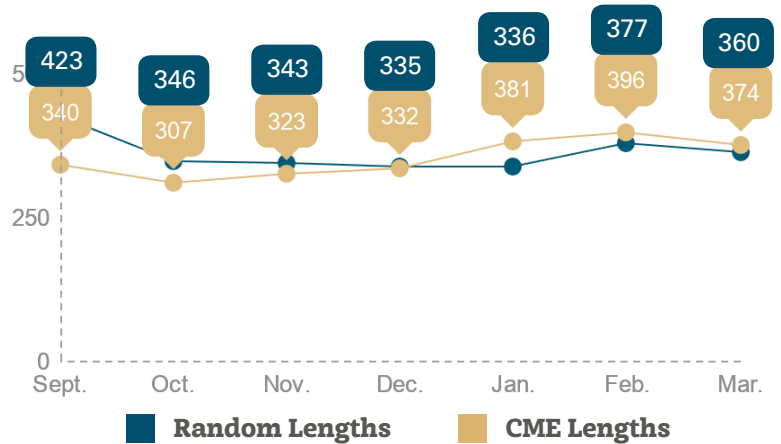
Key Indicators

Mortgage rates plummeted to the lowest level in more than a year in March. According to the latest Producer Price Index (PPI) released by the Bureau of Labor Statistics, prices paid for goods used in residential construction increased 1.5% in March. The cost of gas is nearly 20 cents more than a month ago and 63 cents more expensive than at the beginning of the year, according to AAA.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM APRIL 30, 2019
SOURCE: ASSOCIATED BANK



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