

# HOT SHEET



September 2019  
Volume VII, Issue: 9

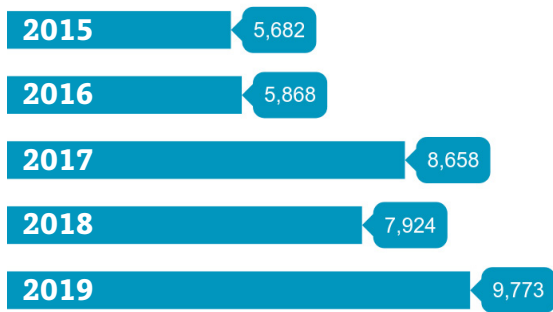
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"It's a good sign to see that builders are ending the summer strong. Housing inventory is still sitting well below what is necessary for a healthy housing market. We hope to see a continued increase in construction activity throughout the rest of the year."

John Rask, president of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date August 2015-2019

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

## Twin Cities Homebuilders End Summer Strong

Homebuilders continue to make up for the slow start to the year with another strong month of permit activity. For the month of August, 711 single-family permits were pulled a nearly 10% increase over August of last year. That brings the yearly total up 2% over 2018 year to date. Multifamily construction had a relatively flat month with permits pulled for a total of 699 units, a 1% drop from August 2018.

"It's a good sign to see that builders are ending the summer strong," said John Rask, president of Housing First Minnesota. "Housing

inventory is still sitting well below what is necessary for a healthy housing market. We hope to see a continued increase in construction activity throughout the rest of the year."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 737 permits issued for a total of 1,410 units during four comparable weeks in the month of August.

"After a bumpy start to a year filled with some ups and downs, it's heartening to see we've caught up to last year," said David

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David Siegel, executive director of Housing First Minnesota

Siegel, executive director of Housing First Minnesota. "Mortgage rates are definitely helping homebuyers, if we could fix our affordability challenge this market would be in overdrive."

For the month, Woodbury took the top spot with 47 permits issued. Otsego and Lakeville came in next both with 43 permits, followed by Blaine with 36 permits issued and Prior Lake with 34 permitted units.

[Ali Wolf, Meyers Research]

## Is Housing Heading Into A Virtuous Cycle?

The current economic expansion recently became the longest on record, but it's showing its age. Concerns around slowing growth have spiked amidst new economic data and gyrations in equity markets, but it's also created opportunities for home buyers.

The upside is that mortgage rates have fallen yet again as investors

flock to the safety of longer-term U.S. government bonds, thereby driving down the 10-year treasury yield and the 30-year mortgage rates that follow it. That means markets expect monetary easing and lower interest rates to spur growth in the short-term.

The risk of recession has grown, but the economy is still buzzing along at a decent pace. Buying a home is an emotional decision, and buyers sometimes pull back at any whiff of turbulence out of fear of hardship.

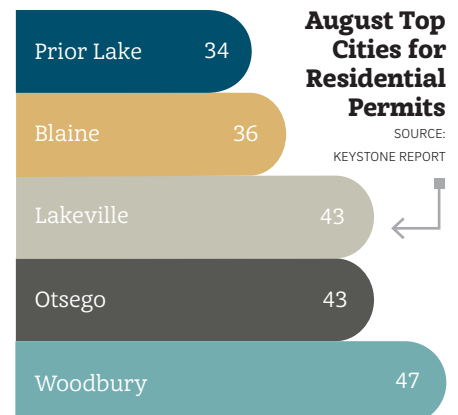
Rebounding from a slow year can provide a bump to the housing market at a time that:

- Mortgage rates are at three consecutive months sub-4.0%
- Home price appreciation is slowing

Expectations about the economy drive behavior. As we see year-over-year increases in home sales throughout the rest of the year, especially double-digit growth rates in some markets, consumers could view now as a good opportunity to enter the market driving additional sales.

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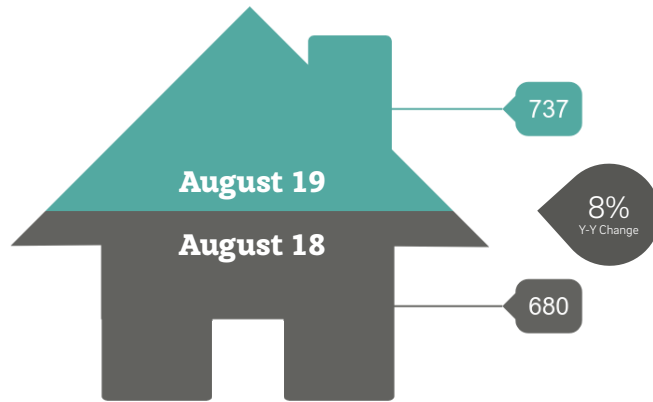
### August Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

Single-family Permits Pulled ↑ 10%  
Compared to August 2018

# 2019 August Metro Building Activity

Homebuilders continue to make up for the slow start to the year with another strong month of permit activity. For the month of August, 711 single-family permits were pulled a nearly 10% increase over August of last year. That brings the yearly total up 2% over 2018 year to date. Multifamily construction had a relatively flat month with permits pulled for a total of 699 units, a 1% drop from August 2018.

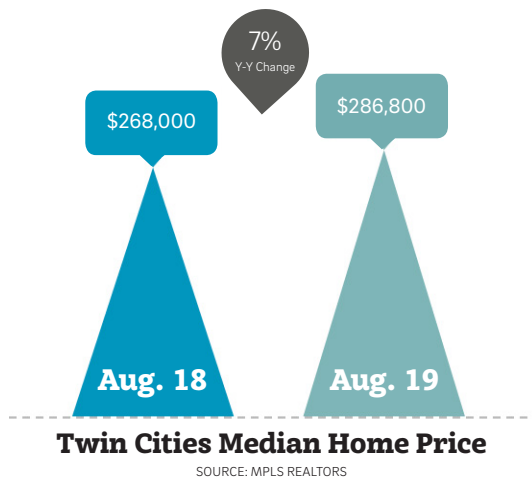


**Units YTD: 9,773**

**Multi-Family 49%**  
of Twin Cities Housing Units Authorized

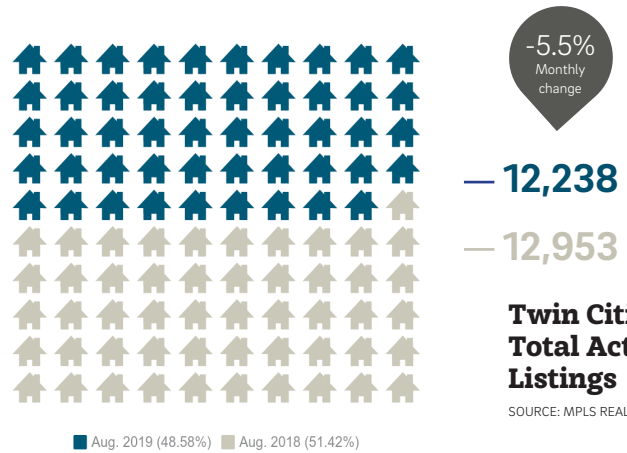
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



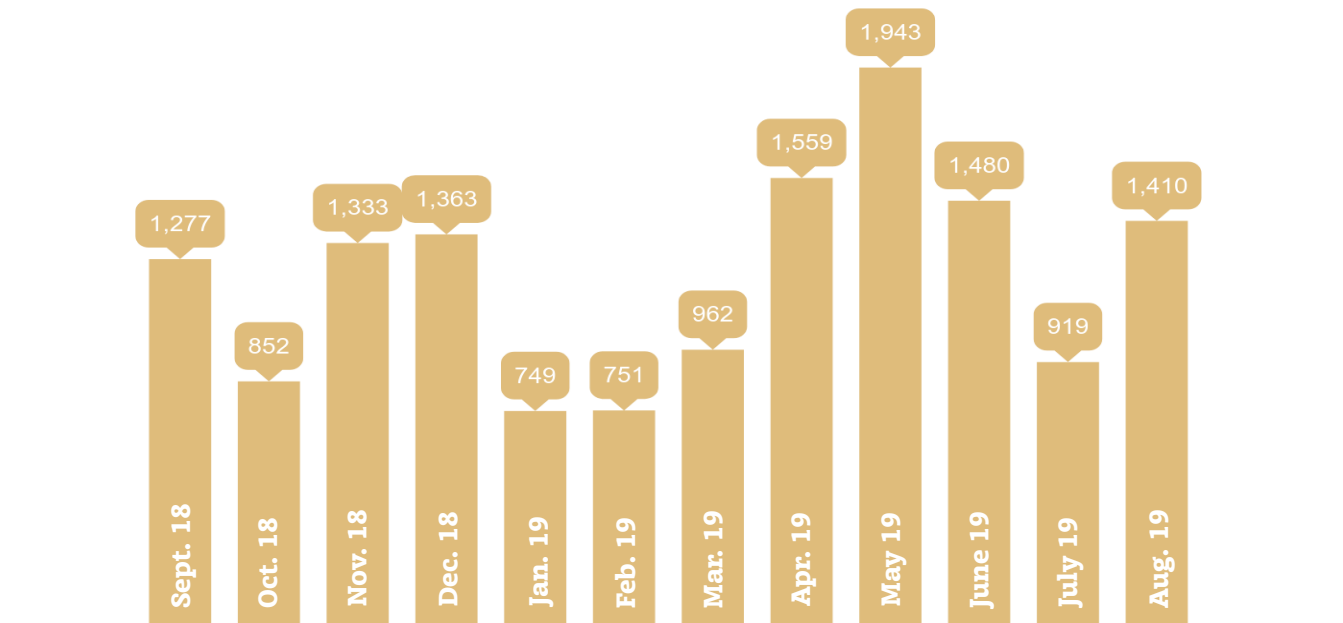
## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



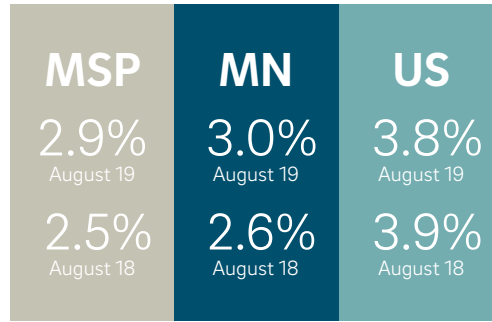
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

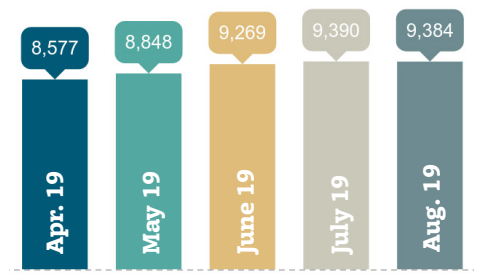
According to the Minnesota Department of Employment and Economic Development, Minnesota gained 1,100 jobs in August.

The state's seasonally adjusted unemployment rate decreased one-tenth percent to 3.3% in August, ending a nine-month stretch where the rate increased from 2.8% last October to 3.4% in July.



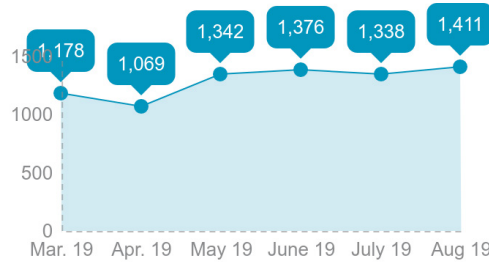
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



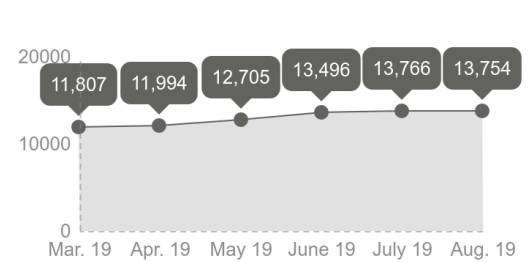
**Twin Cities Construction Employment**

SOURCE: DEED-MN



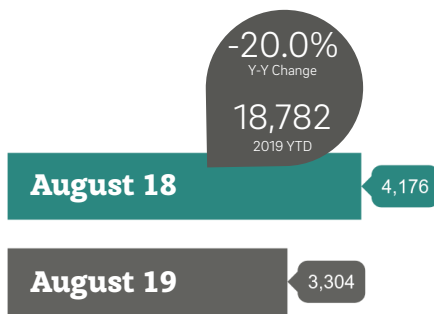
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



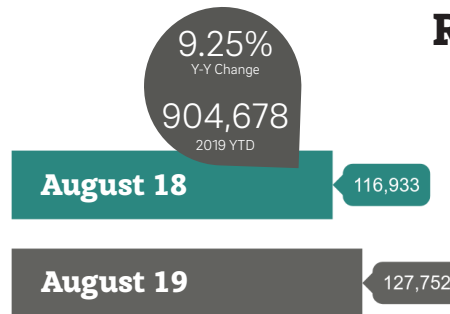
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS

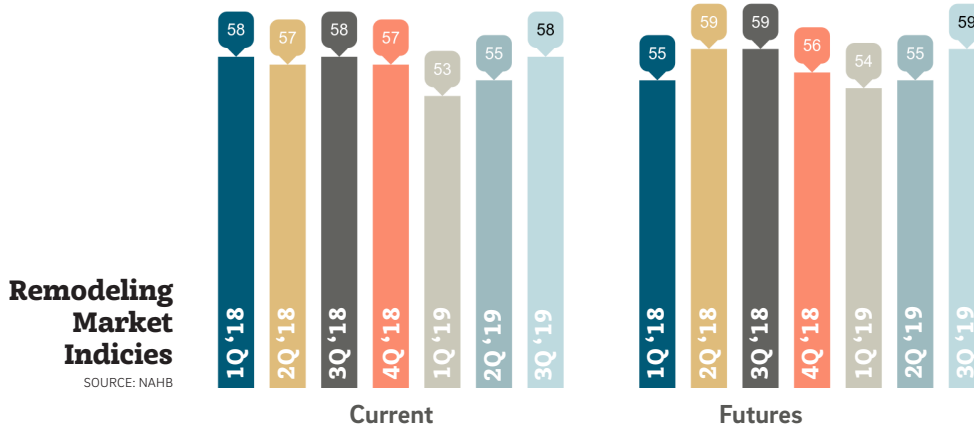


**US Housing Units Authorized**

SOURCE: US CENSUS

# Regional/National Statistics

U.S. homebuilding surged to a 12-year high in August as both single- and multi-family housing construction increased. According to the Commerce Department Housing starts jumped 12.3% to a seasonally adjusted annual rate of 1.364 million units last month, the highest level since June 2007. Single-family housing starts increased in the West, Midwest and the South, but fell in the Northeast.

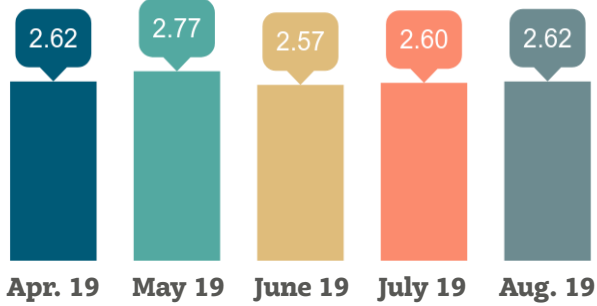


**Remodeling Market Indices**

SOURCE: NAHB

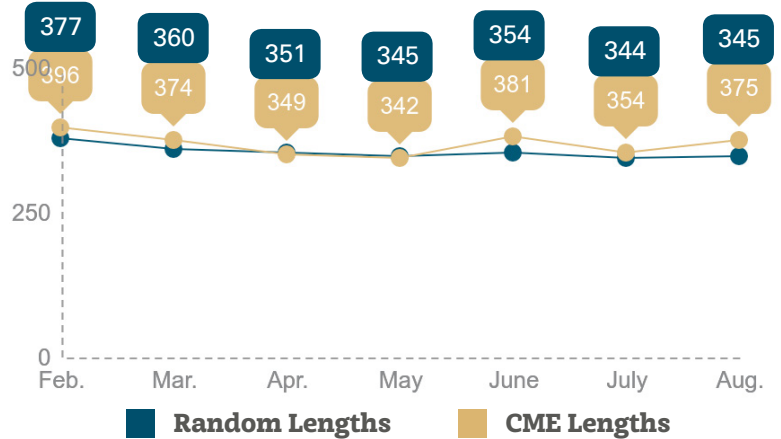
# Key Indicators

The 30-year fixed mortgage rate has dropped more than 130 basis points from the peak in November according to Freddie Mac. Continued production curtailments have kept lumber supply tight and corrected the imbalance between supply and demand that has been present for most of the year. The average U.S. price of regular-grade gasoline has spiked 10 cents per gallon (3.8 liters) over the past two weeks to \$2.73.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM SEPTEMBER 30, 2019  
SOURCE: ASSOCIATED BANK



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