



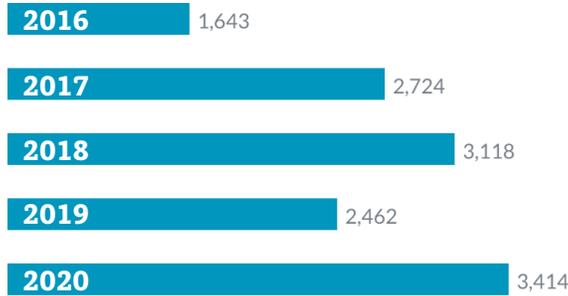
April 2020
Volume VIII, Issue: 4



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Gary Kraemer, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date March 2016-2020

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Single-Family Construction Continues Strong Start to the Year

Despite growing concerns over COVID-19 and the impact it is having on the economy, permits for single-family construction sailed ahead. Single-family permits saw another double-digit increase in March with 409 permits pulled, a 20% increase over 2019. Multifamily activity did see a slowdown compared to the past few months, making up for less than 50% of total residential activity for the first time in seven months.

"There is a serious shortage of single-family homes in the Twin Cities," said Gary Kraemer, president of Housing First Minnesota. "Builders clearly saw this pent-up demand as homebuyers

were very active to start the year. While we expect to see a slowdown in activity from this unprecedented pandemic event, it does not change the fact that we have an undersupply of housing."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 418 permits issued for a total of 736 units during four comparable weeks in the month of March.

"We're pleased the governor declared residential construction a critical sector as it has become even more evident during this time how important safe, quality housing is for

"We're pleased the governor declared residential construction a critical sector ..."

David Siegel, executive director of Housing First Minnesota

our communities," said David Siegel, executive director of Housing First Minnesota. "We've advised our builders to take additional precautions on job sites to ensure safety. Our ability to move ahead with construction will help us continue to address the area's housing shortage and affordability crisis."

For the month, Lakeville took the top spot with 52 permits issued. Cottage Grove came in next with 28 permits, followed by Woodbury with 24 permits, Minnetrista with 18 permits issued and Shakopee with 16 permits.

[Minnesota REALTORS®]

A Silver Lining: Some Early Signs of Turnaround in Showings

According to new data from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the number of Twin Cities residential real estate showings displayed the first signs of a turnaround since they began declining during the onset of the coronavirus in mid-March.

Since reaching their valley around April 2, showings have been on the rise. As of April 10, overall showings were up 16.1 percent

compared to a week earlier. Reduced activity during the Easter and Passover holidays eroded that gain slightly, but that is likely a temporary blip.

"Despite some concerns among buyers and sellers, there's clearly still activity occurring," said Linda Rogers, President of Minneapolis Area REALTORS®. "It is still vital that REALTORS® continue to follow best practices for showing homes safely and to consider other options such as virtual tours."

Both new listings and pending sales also saw declines in the second half of March and into April. New listings began to decline around March 26 and are now roughly 36.8 percent below their 2020 peak. The decline in buyer activity was earlier but not as severe. Pending sales began to

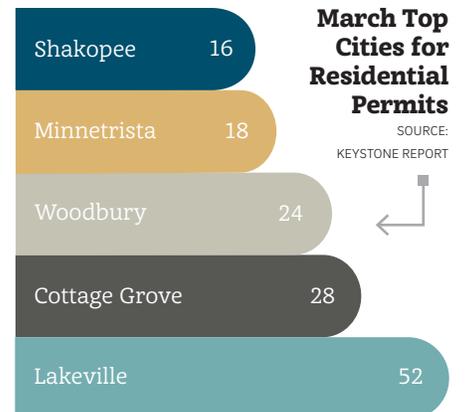
decline around March 18 and are now about 19.1 percent below their peak.

"March was off to a strong start until the middle of the month when everything changed," said Patrick Ruble, President of St. Paul Area Association of REALTORS®. "We even saw a double-digit gain in new listings, providing more options for buyers facing limited choices. The strength of the market preceding this crisis bodes well for a relatively quick recovery once this crisis is over."

For March, the median Twin Cities home price was up 8.0 percent to \$297,000. While recessions can pause market activity, they typically have only a minor impact on home prices. The undersupplied market—especially at the affordable end—should also shield prices.

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Patrick Ruble, President of St. Paul Area Association of REALTORS®



March Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

Single-family Permits Pulled
↑ 20%
Compared to March 2019

2020 March Metro Building Activity

Despite growing concerns over COVID-19 and the impact it is having on the economy, permits for single-family construction sailed ahead. Single-family permits saw another double-digit increase in March with 409 permits pulled, a 20% increase over 2019. Multifamily activity did see a slowdown compared to the past few months, making up for less than 50% of total residential activity for the first time in seven months.



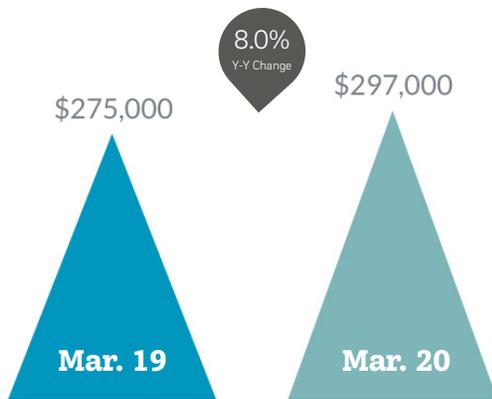
16.4%
Y-Y Change

Units YTD:
3,414

Multi-Family
44%
of Twin Cities Housing
Units Authorized

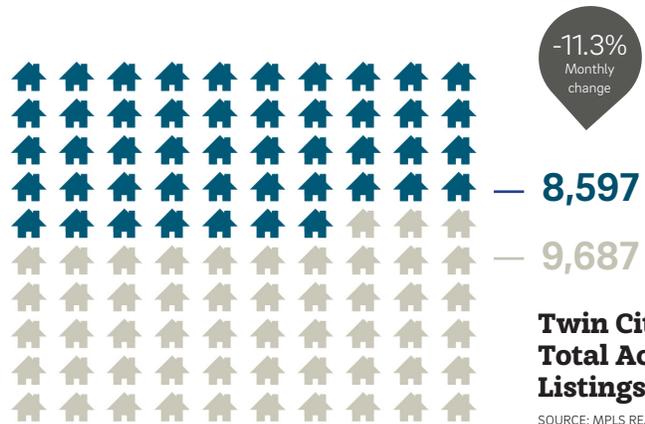
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

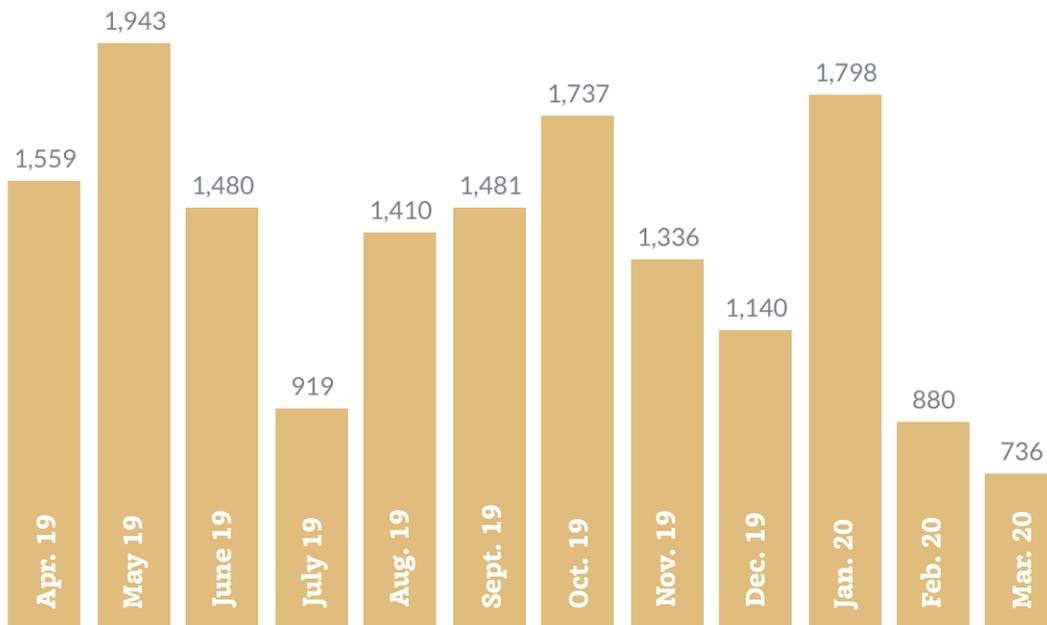
SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Mar. 2020 (47.02%) ■ Mar. 2019 (52.98%)



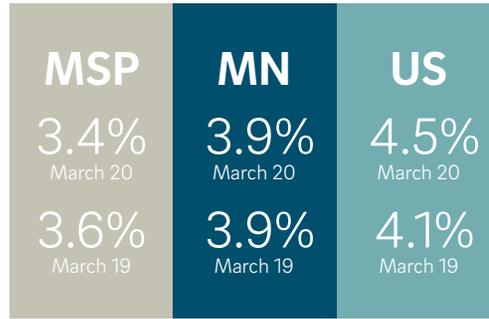
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

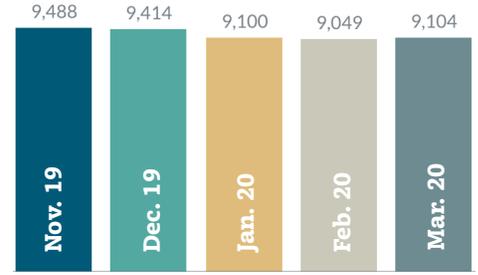
Minnesota lost 15,400 private sector jobs in the first part of March, prior to significant impacts from COVID-19, according to the Minnesota Department of Employment and Economic Development (DEED). The latest daily Unemployment Insurance report showed 464,513 new applications and reactivated accounts from March 16 through April 14.

"March employment numbers show only the leading edge of the unprecedented impact on Minnesota employment we've seen since March 16 due to steps taken to slow the spread of COVID-19," said DEED Commissioner Steve Grove.



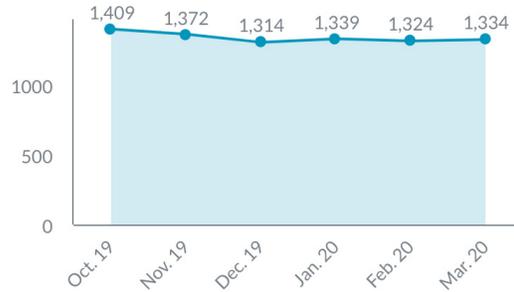
Unemployment Rate Snapshot

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

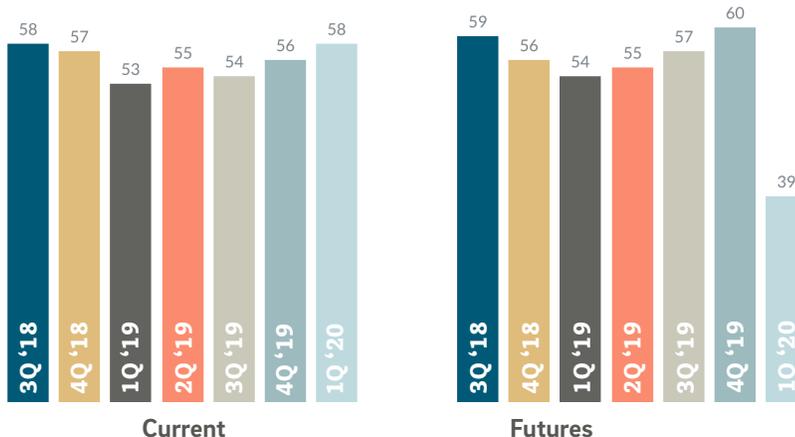
Regional/National Statistics

U.S. homebuilding activity had its worst monthly decline in March since 1984 as housing starts fell by over 22% from the previous month, according to the Commerce Department.

According to the National Association of Home Builders (NAHB) homebuilder confidence recorded the largest monthly drop in the history of the index 42 points in April to 30. Looking at regional scores, the Northeast fell 45 points in April to 19, the Midwest dropped 42 points to 25, the South fell 42 points to 34 and the West dropped 47 points to 32.

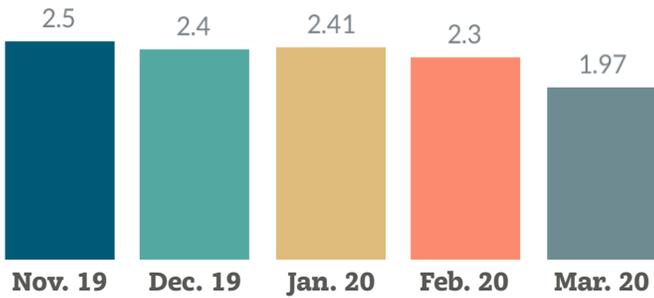
Remodeling Market Indices

SOURCE: NAHB



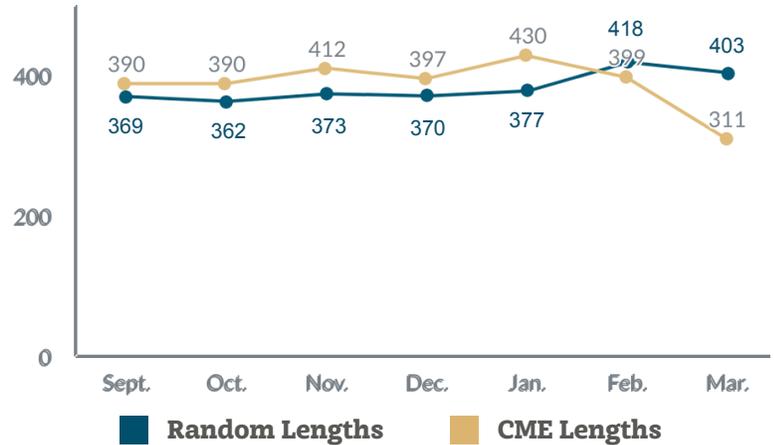
Key Indicators

According to the Mortgage Bankers Association mortgage rates fell to a record low on their index in April adding incentives for buyers. Oil prices hit new lows with too much crude and a shrinking number of places to put it. Lumber prices also fell in March as wood product makers cut output to offset losses in demand.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM APRIL 30, 2020
SOURCE: ASSOCIATED BANK

30 Year	3.25%
30 Year Fixed FHA	3.25%
15 Year	2.625%
5 Year ARM	3.0%
30 Year Jumbo	3.5%

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