



**March 2020**  
Volume VIII, Issue: 3

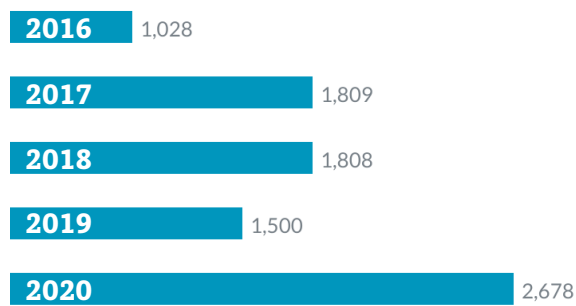
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"With the existing housing market reporting a continued drop in inventory, we expect homebuilding activity to continue as there is a strong desire for homeownership in Minnesota."

Gary Kraemer, president of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date February 2016-2020

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Residential Construction Moving Full Steam Ahead Before COVID-19

Both single-family and multifamily construction saw double digit gains in February. Single-family construction increased by 19% over February 2019 with 393 permits pulled. With permits pulled for 487 units, multifamily activity increased by 16% from this time last year.

"Our market needs all types of housing in order to meet the needs in our communities," said

Gary Kraemer, president of Housing First Minnesota.

"With the existing housing market reporting a continued drop in inventory, we expect homebuilding activity to continue as there is a strong desire for homeownership in Minnesota."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 406 permits issued for a total of

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Gary Kraemer, president of Housing First Minnesota

880 units during four comparable weeks in the month of February.

For the month, Lakeville took the top spot with 37 permits issued. Blaine and Plymouth came in next both with 25 permits, followed by Victoria with 23 permits and Woodbury with 20 permits issued.

[Minnesota REALTORS®]

## New Listings Spike as Interest Rates Drop, but Inventory Remains Low

Residential real estate surged in the metro area and southern Minnesota as spring fever hit the markets early. New listings were up +17.3% statewide over last February, and closed sales climbed to +4.1% compared to the 12-month average of +1.4%. Warm weather, low interest rates, and a higher affordability index fueled the trend. But even with the increased number of homes on tap, inventory is low.

"Through February, there is only a 63-day supply statewide" observed Chris Galler, CEO of Minnesota Realtors®. "By contrast, a typical housing market has between 120-180-day supply."

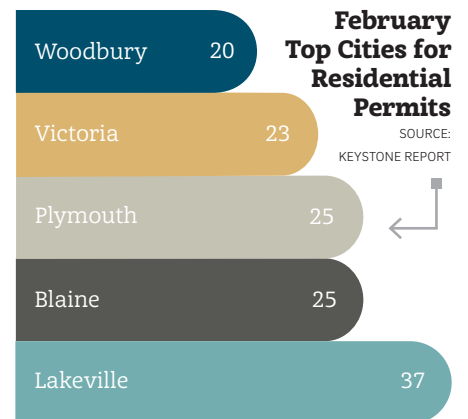
Regionally, the Twin Cities matched the statewide increase in new listings, but homes moved twice as fast with an +8.2% increase in closed sales. Houses in the Twin Cities 7-country region are on the market only 51 days – nearly 2 weeks less than the state-wide average of 63 days. The central and northwestern regions of the state bucked the positive trend, with new listings in the Arrowhead dropping -11.1% and North Central sinking -3.4% over last year.

Average sale prices continued their upward trend reaching \$290,202. Although that's up +6.2% from a year ago, it's still below the yearly average of \$291,697. Statewide the median sales price was up +7.6% for February at \$255,000. Much of that was driven by the seven-county Metro where the median is \$288,250. However, in most areas of the state the median home price is considerably more affordable.

Galler predicts that the early spring and recent reductions in the 30 and 15-year mortgage rate will continue accelerating the housing market, bringing in many more first-time home buyers.

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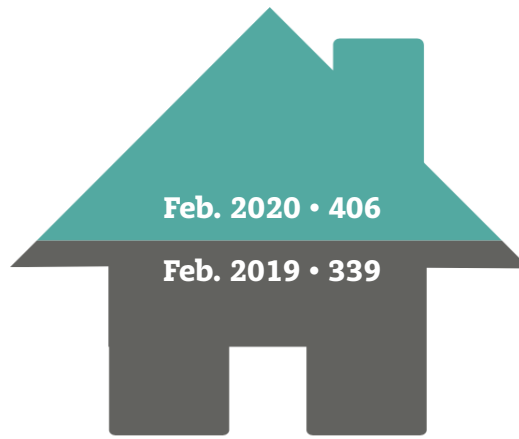
Chris Galler, CEO of Minnesota Realtors®



**Single-family Permits Pulled**  
**↑ 19%**  
Compared to February 2019

# 2020 February Metro Building Activity

Both single-family and multifamily construction saw double digit gains in February. Single-family construction increased by 19% over February 2019 with 393 permits pulled. With permits pulled for 487 units, multifamily activity increased by 16% from this time last year.



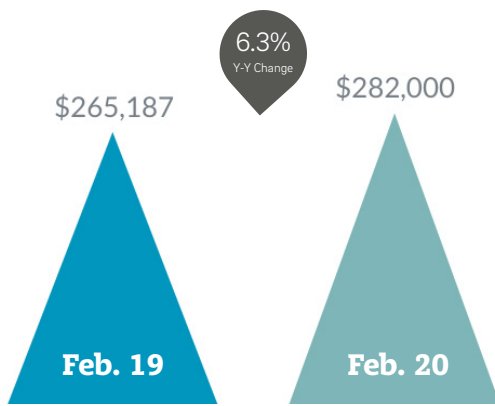
14.0%  
Y-Y Change

**Units YTD:**  
**2,678**

**Multi-Family**  
**68%**  
of Twin Cities Housing Units Authorized

## Twin Cities Housing Permits Authorized

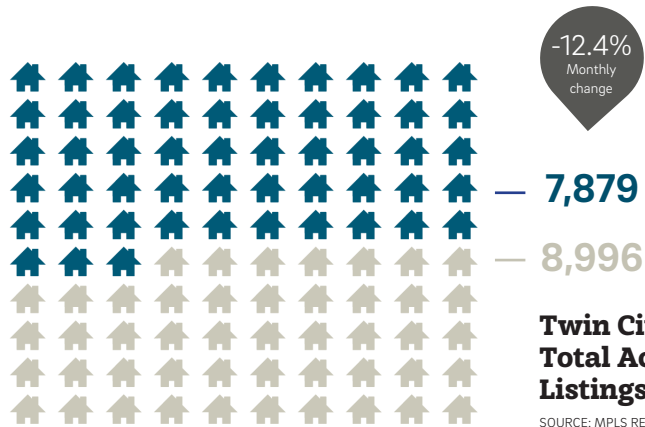
SOURCE: KEYSTONE REPORT



6.3%  
Y-Y Change

## Twin Cities Median Home Price

SOURCE: MPLS REALTORS

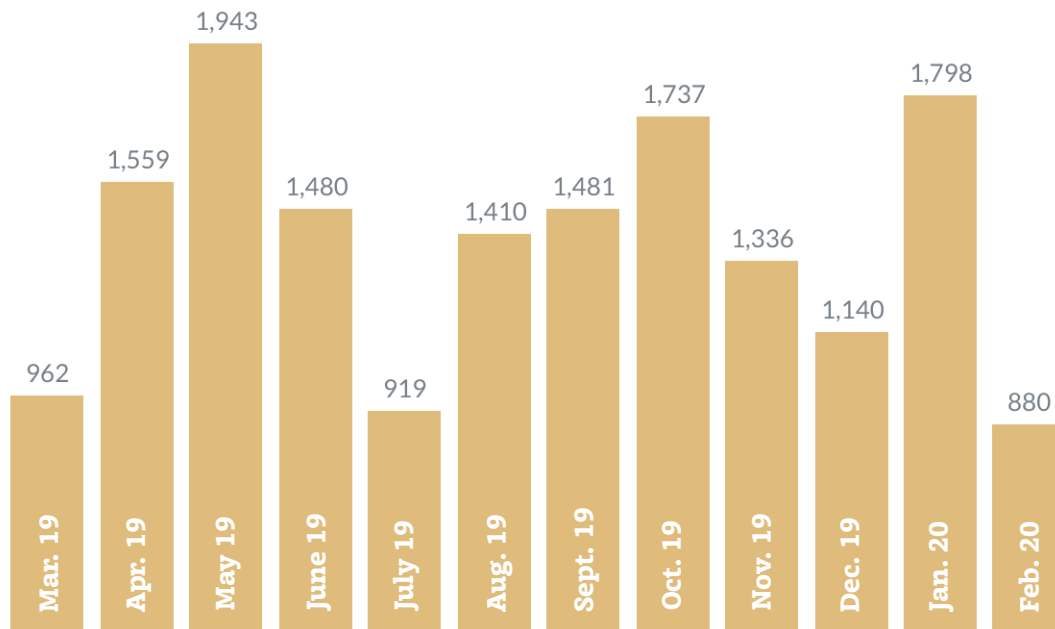


-12.4%  
Monthly change

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Feb. 2020 (53.31%) ■ Feb. 2019 (46.69%)



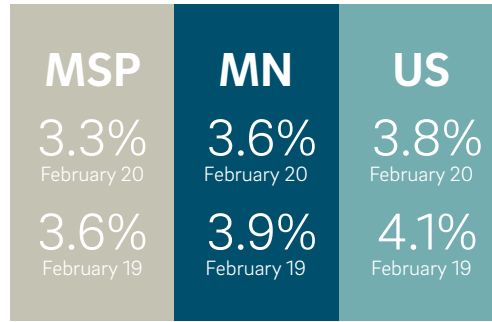
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

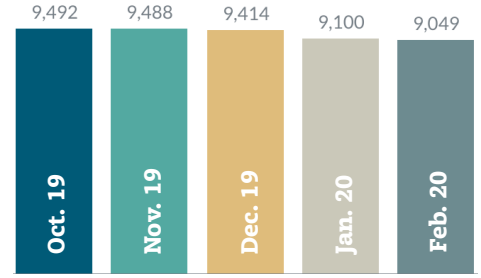
Minnesota lost 4,900 private sector jobs and gained 400 government sector jobs in February, prior to significant impacts from COVID-19 on Minnesota employment numbers, according to seasonally adjusted figures released today by the Minnesota Department of Employment and Economic Development (DEED).

"It's important to note that February employment numbers don't reflect the significant impact on Minnesota employment we've seen due to COVID-19," said DEED Commissioner Steve Grove.



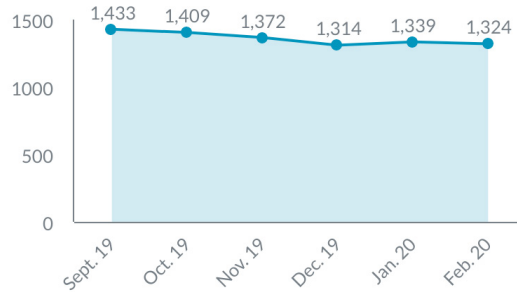
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



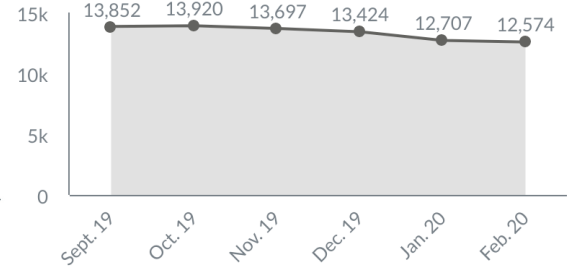
**Twin Cities Construction Employment**

SOURCE: DEED-MN



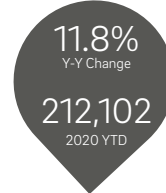
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



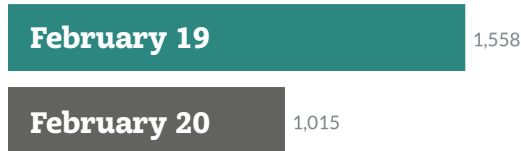
**MN Construction Employment**

SOURCE: DEED-MN



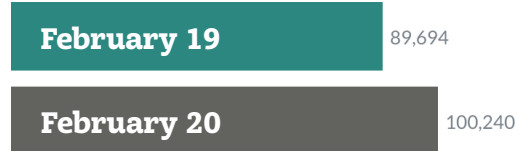
## Regional/National Statistics

Single-family homebuilding, which accounts for the largest share of the housing market, increased 6.7% to a rate of 1.072 million units in February. Single-family housing starts increased in the Northeast, Midwest and South, but fell in the West.



**MN Housing Units Authorized**

SOURCE: US CENSUS

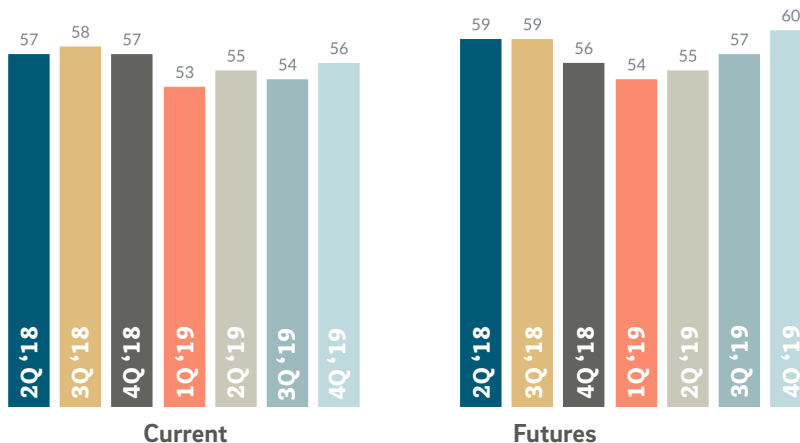


**US Housing Units Authorized**

SOURCE: US CENSUS

## Remodeling Market Indices

SOURCE: NAHB

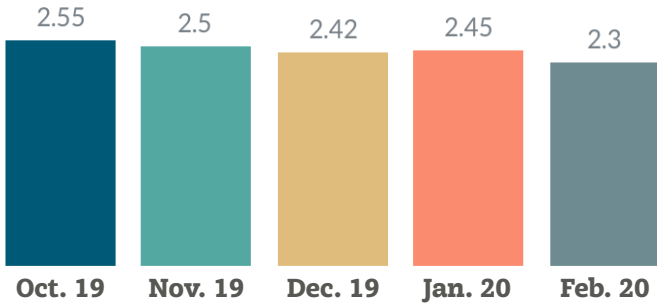


# Key Indicators

The Federal Reserve aggressively slashed interest rates to near zero following the growing concern over COVID-19.

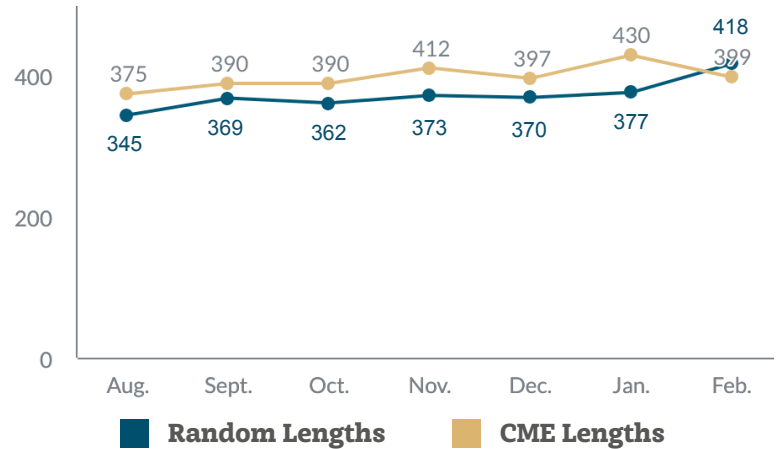
"Similar to other segments of the economy, real estate demand is softening. However, the combination of the Fed's actions and pending economic stimulus will provide substantial support to the mortgage markets," said Sam Khater, Freddie Mac's Chief Economist.

As the nation deals with the coronavirus pandemic, gas prices continue to drop. The national average price for a gallon of gas is \$2.00, according to AAA. That down 13 cents from last week.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

# Mortgage Rates

FROM MARCH 31, 2020  
SOURCE: ASSOCIATED BANK



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