



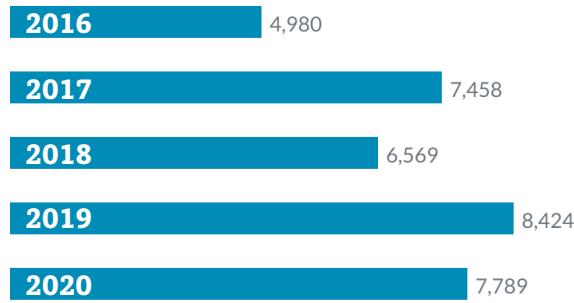
August 2020  
Volume VIII, Issue: 8



"While COVID-19 may have put many families' plans to purchase homes on hold, the pent-up housing demand, lack of inventory in the market and low mortgage rates are prompting many to consider building new."

Gary Kraemer, president of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Twin Cities Residential Permits Rebound After Slow Spring

After showing signs of a major slowdown in May and June, residential construction activity bounced back in July with double-digit gains in both permits issued and units planned. Single-family home permits jumped 13% in July compared to July 2019 with 580 permits pulled. Multifamily activity also saw a boost with 559 units permitted, up 38% from this month last year.

"While COVID-19 may have put many families' plans to purchase homes on hold, the pent-up housing demand, lack of inventory in the market and low mortgage rates are prompting many to consider building new," said Gary Kraemer,

president of Housing First Minnesota.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 604 permits issued for a total of 1,139 units during four comparable weeks in the month of July.

"We're pleased to see homebuilding pick back up as the housing shortage in the Twin Cities is dire," said David Siegel, executive director of Housing First Minnesota. "In order to make a dent in our region's housing availability and affordability problem, we need a surge in new housing at an affordable

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David Siegel, executive director of Housing First Minnesota

price. Unfortunately, until we have major changes in our state's regulatory environment and remove roadblocks, the second piece of that solution will not be feasible."

For the month, Lakeville took the top spot with 60 permits issued. Cottage Grove and Rosemount, both with 31 permits issued, came in second. Blaine with 29 permits and Woodbury and Corcoran both with 27 permits rounded out the top five cities in July.

[Minnesota REALTORS®]

## July Signed Purchase Agreements Reach Highest Level Since 2003

According to new data from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, buyer and seller activity in the 16-county Twin Cities metro both increased from 2019.

After double-digit declines in April and May, the number of signed purchase

agreements rose 7.5% in June and another 10.3% in July, both compared to last July. At 6,866, July 2020 saw the highest pending sales figure since at least 2003, and likely longer. However, some of the pent-up demand from April and May was shifted into June and July, meaning sellers accepted about as many offers this July as they typically have in May of each of the prior four years. Nevertheless, the gain has turned even year-to-date pending sales positive—now up 1.3% compared to 2019.

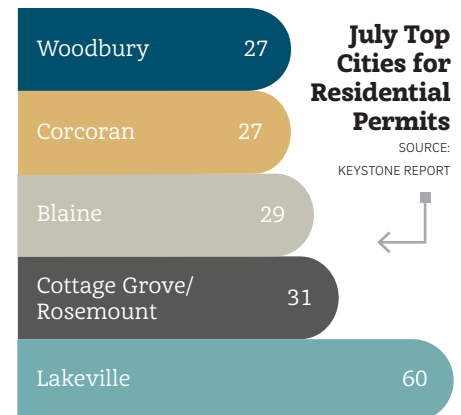
"With interest rates at record lows, in some cases below 3.0%, we are experiencing

strong demand from buyers to lock in their purchases," said Patrick Ruble, president of the Saint Paul Area Association of REALTORS®. "If not for the pandemic, some of these accepted offers in July that set new records might have taken place in May or June."

Although new listings increased 0.8% from last July, sellers struggled to keep up with all the demand. Those that did sell received, on average, 100.1% of their original asking price—the second highest figure on record since 2003 after June 2018. Price growth also accelerated; the median price jumped 10.4% to \$312,500.

*"It is still very busy, but there is little inventory. Buyers enticed by historically low mortgage rates in April or May can still capitalize on those rates now; however, because there is no inventory, we really need to see an increase in listings."*

Patrick Ruble, president of the St. Paul Area Association of REALTORS®



Single-family Permits Pulled

↑ 13%

Compared to July 2019

# 2020 July Metro Building Activity

After showing signs of a major slowdown in May and June, residential construction activity bounced back in July with double-digit gains in both permits issued and units planned. Single-family home permits jumped 13% in July compared to July 2019 with 580 permits pulled. Multifamily activity also saw a boost with 559 units permitted, up 38% from this month last year.



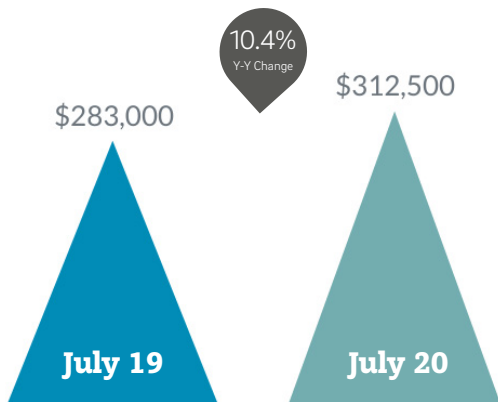
14.4%  
Y-Y Change

**Units YTD:**  
**7,789**

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

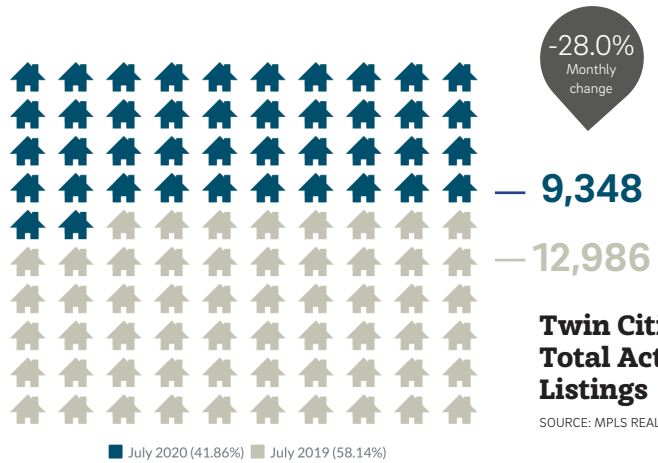
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

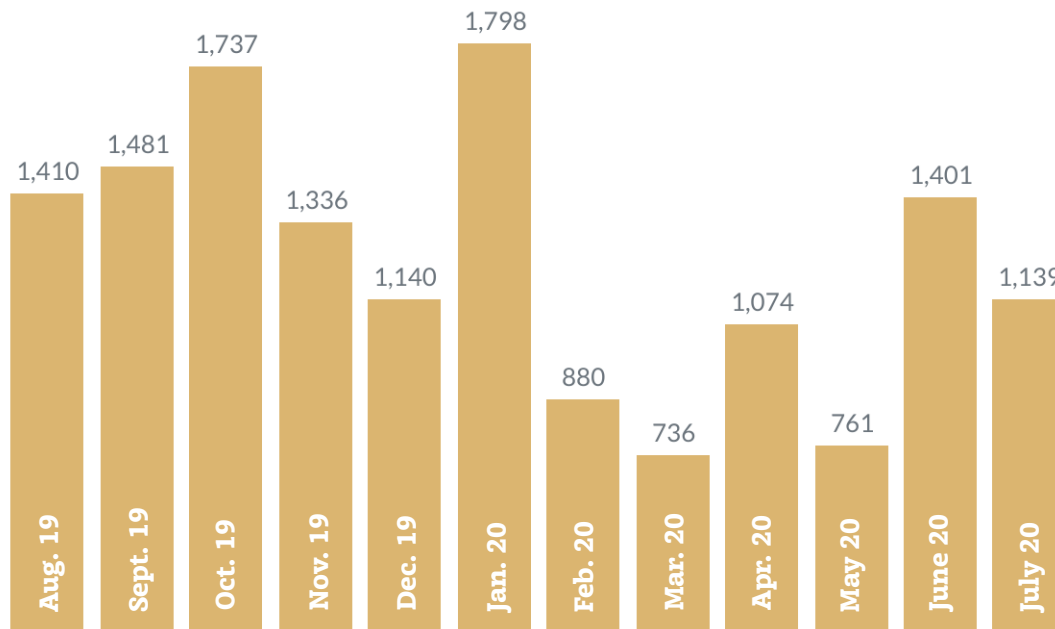


## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



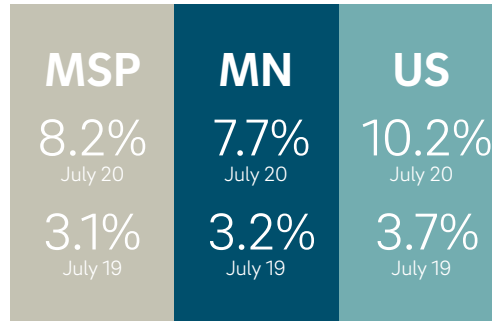
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

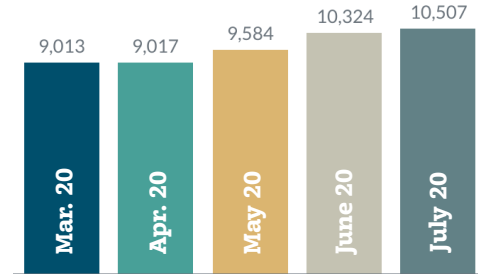
Minnesota's seasonally adjusted unemployment rate fell to 7.7% in July, down from 8.6% in June, according to the Minnesota Department of Employment and Economic Development (DEED). Minnesota added 32,500 payroll jobs in July on a seasonally adjusted basis.

"We're moving in the right direction, but job growth is slowing, a sign that this recovery will likely take some time," said DEED Commissioner Steve Grove.



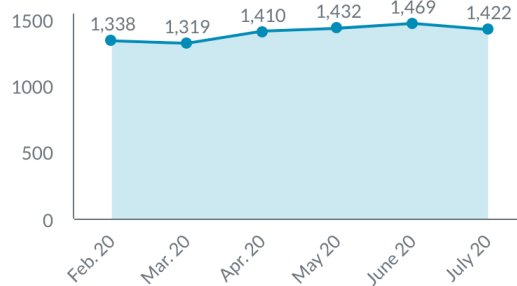
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



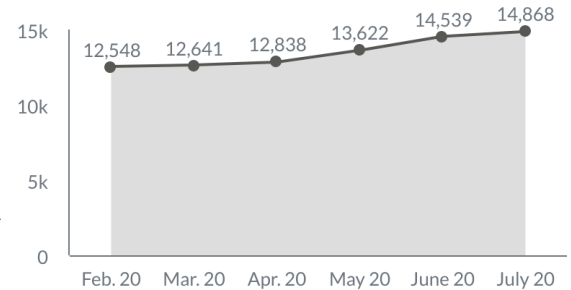
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



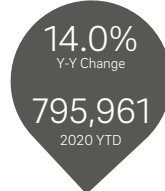
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

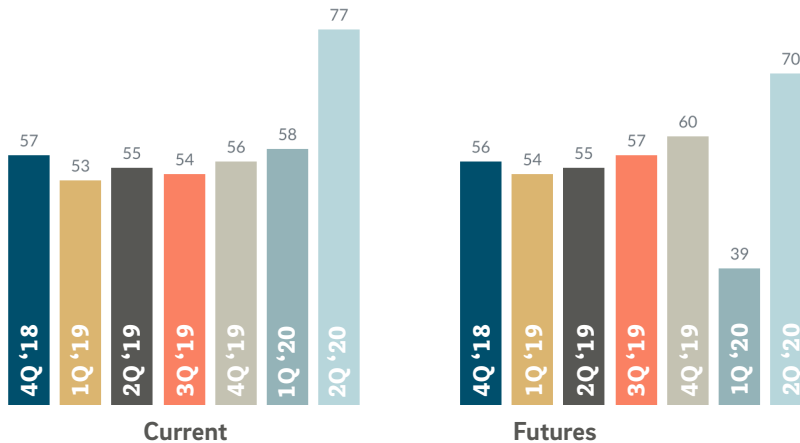
# Regional/National Statistics

Sales of existing homes jumped nearly 25% in July, according to the National Association of REALTORS®. This is the second consecutive month of positive upticks in sales gains.

Regionally, sales rose 30.6% month to month in the Northeast and were 27.5% higher in the Midwest. In the South, sales surged 19.4% monthly, and in the West sales jumped 30.5%.

## Remodeling Market Indices

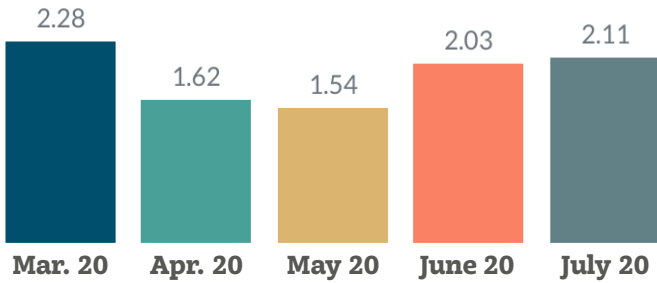
SOURCE: NAHB



# Key Indicators

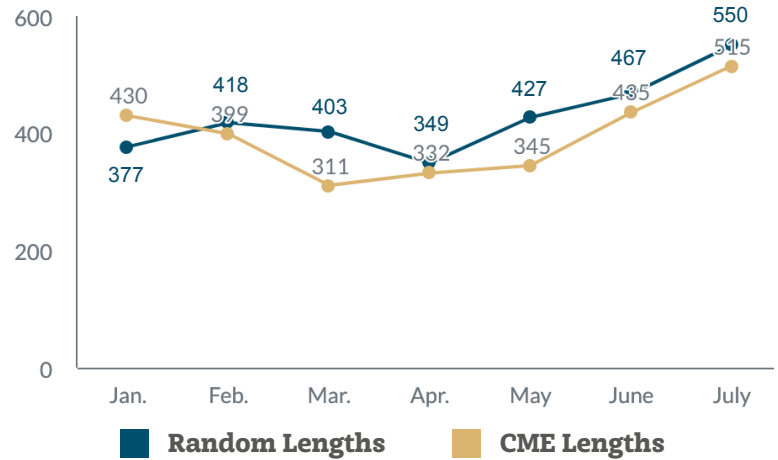
Builders across the country are noticing a sharp increase in lumber prices. The average price per thousand board feet was \$348 in April. Those prices have since surged 80% to \$627 in July, on average.

As a result, thousands of dollars are being added to the cost of home construction. The homebuilding industry has proven to be a bright spot for the recovering U.S. economy, particularly single-family homebuilding, with permits pacing 3.4% higher during the first half of 2020 compared to the first half of 2019.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

# Mortgage Rates

FROM AUGUST 28, 2020  
SOURCE: ASSOCIATED BANK



# WHEN YOU'RE LOOKING FOR A HOME, WORK WITH THE HOME TEAM.

As one of the leading Midwest-based mortgage lenders,<sup>1</sup> we know a thing or two about buying a home around here. Our local expertise and 24/7/365 Customer Care Center will help you through every step of the home buying process.

### Get in touch with your local expert.

**Michael Fannon**  
651-554-8719  
Bloomington  
NMLS: 524057

**Randy Hoeschen**  
952-591-2897  
St. Louis Park  
NMLS: 524058

**Stuart Mansk**  
651-306-1874  
Savage  
NMLS: 553805

**Julie Wilzbacher**  
651-523-6311  
St. Paul  
NMLS: 296171



1. The Leading Lender in the Midwest designation is based on originated, closed-end mortgage loan count, gathered from the Home Mortgage Disclosure Act data compiled annually by the Consumer Financial Protection Bureau. The results of the data were obtained through the Consumer Financial Protection Bureau Mortgage Database (HMDB), August 2019.

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