



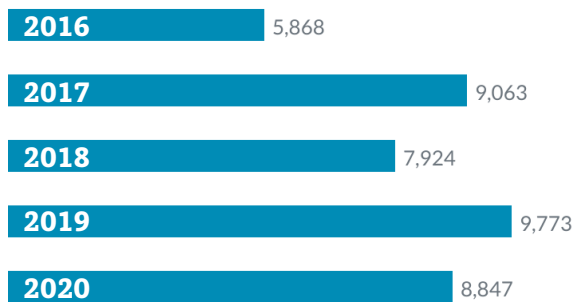
September 2020  
Volume VIII, Issue: 9



"Even with the decline in permits in August, the numbers and interest from homebuyers we are seeing in the housing market are still at the higher end of what we expected when this pandemic started."

Gary Kraemer, president of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

LOVE INDUSTRY DATA & NEWS?

FOLLOW THE HOUSING FIRST MINNESOTA DAILY BLOG AT HOUSINGFIRSTMN.ORG

[Housing First Minnesota]

## Homebuilding Activity Takes a Dip in August

Following a record July, permits for both single-family and multifamily Twin Cities homes dipped into negative territory in August. With 600 permits pulled, single-family construction dropped by 15% in August compared to August 2019. Multifamily activity dropped by 34% compared to August 2019, with permits pulled for 458 units.

"The demand for new homes is there, as housing inventory on both the existing and new side of the market is at record lows," said Gary Kraemer, president of Housing First Minnesota. "Even with the decline in permits in August, the numbers and interest from homebuyers

we are seeing in the housing market are still at the higher end of what we expected when this pandemic started."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 633 permits issued for a total of 1,058 units during four comparable weeks in the month of August.

"We are starting to see construction delays and cost increases on the supply side due to COVID-19, all of which further exacerbates the housing affordability problem in the Twin Cities," said David Siegel, executive director of Housing First Minnesota. "It is becoming

*"It is becoming increasingly important that we look at new ways to lower the cost to construct homes in our region."*

David Siegel, executive director of Housing First Minnesota

increasingly important that we look at new ways to lower the cost to construct homes in our region."

For the month, Lakeville took the top spot with 51 permits issued. Cottage Grove came in next with 45 permits issued. Otsego with 37 permits, Plymouth with 35 permits, and Woodbury with 34 permits rounded out the top five cities in August.

[Minnesota REALTORS®]

## Bidding Wars Ignite Across the State for Scarce Inventory

According to new data from the Minnesota Realtors®, In August, Minnesota's residential real estate marketplace was exceptionally busy, with pending sales up +16.3% and the median sale price climbing +9.3% versus August last year. By contrast, closed sales were nearly flat to last year at -0.2%, reflecting an acute shortage of homes.

"As Realtors® and consumers became familiar with guidelines for living with the virus, more consumers started considering – and acting upon – their desire to purchase a home," said Chris Galler, CEO of Minnesota Realtors®.

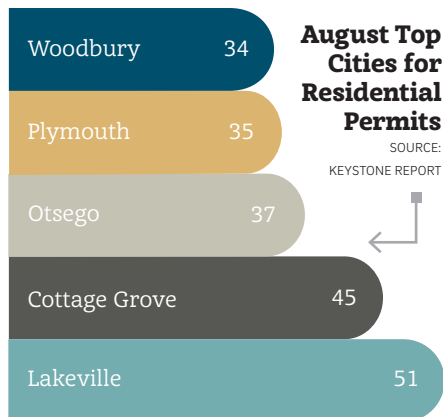
Inventory issues continue to plague first-time homebuyers. The quantity of homes for sale in August dropped 36.2% when compared to last year. Competitive pressures have sparked bidding wars among home buyers, as sellers field multiple offers. By the end of August, there was only a two-month supply of housing available for sale, which is a historic low.

"Homebuyers and MN Realtors are having a difficult finding homes for consumers to purchase," said Galler. "In 2018 and 2019, we had more than 23,000 homes available for prospective purchasers. In 2020, there is less than 15,000."

The median price for a home increased significantly in August. The median price for a home statewide was \$283,075, up 9.3% year over year, which is the highest in Minnesota's history. The median is the midpoint for all homes sold, meaning there were an equal number of homes sold above and below that price point.

*"Homebuyers and MN Realtors are having a difficult time finding homes for consumers to purchase. In 2018 and 2019, we had more than 23,000 homes available for prospective purchasers. In 2020, there is less than 15,000."*

- Chris Galler, CEO of Minnesota REALTORS®



# 2020 August Metro Building Activity

Following a record July, permits for both single-family and multifamily Twin Cities homes dipped into negative territory in August. With 600 permits pulled, single-family construction dropped by 15% in August compared to August 2019. Multifamily activity dropped by 34% compared to August 2019, with permits pulled for 458 units.



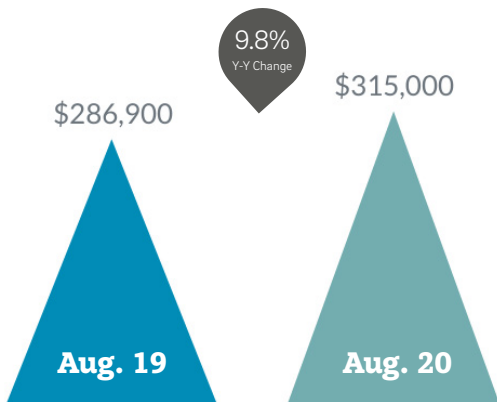
-14.1%  
Y-Y Change

**Units YTD:**  
**8,847**

**Multi-Family**  
**43%**  
of Twin Cities Housing Units Authorized

## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



9.8%  
Y-Y Change

## Twin Cities Median Home Price

SOURCE: MPLS REALTORS

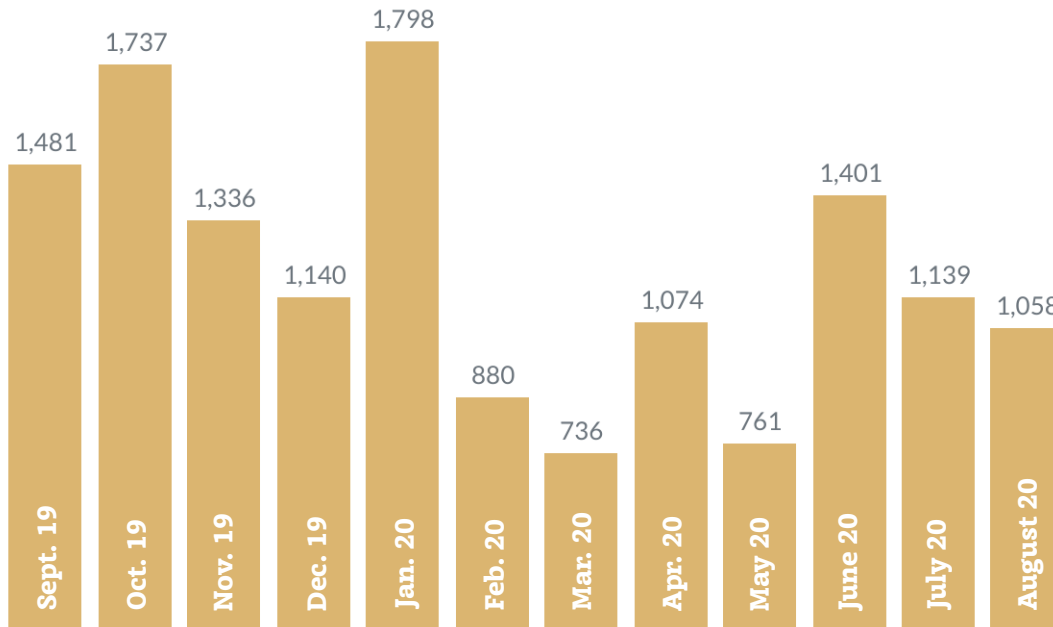


-32.4%  
Monthly change

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ August 2020 (40.34%) ■ August 2019 (59.66%)



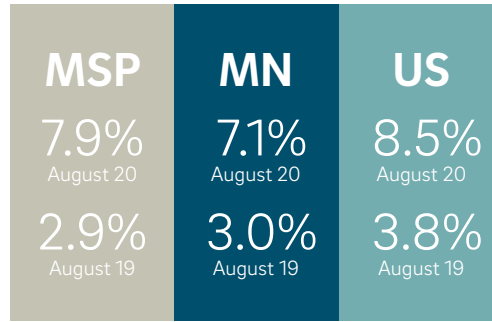
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

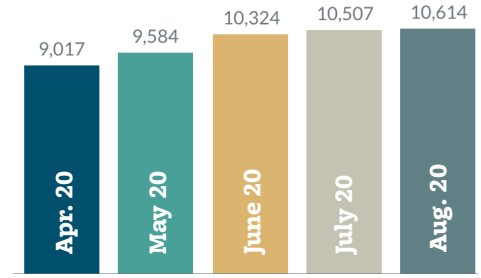
Minnesota's unemployment rate fell slightly to 7.4% in August, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the July unemployment rate of 7.6%. The national unemployment rate also declined from 10.2% in July to 8.4% in August.

"We are continuing to see steady job growth and a decline in unemployment in Minnesota, but it will take some time to replace jobs lost during the pandemic," said DEED Commissioner Steve Grove.



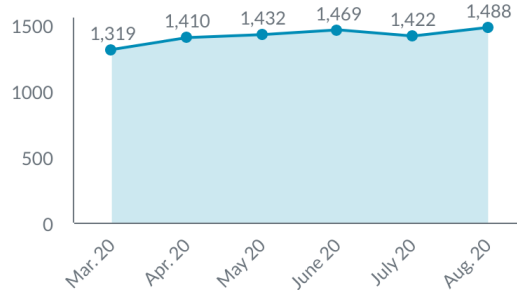
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



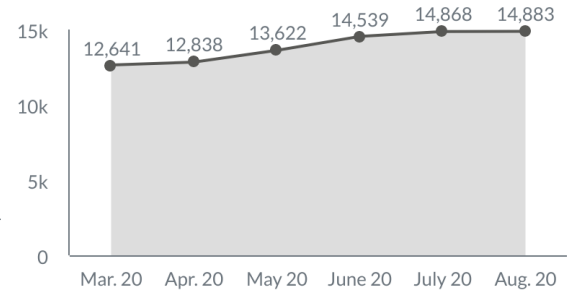
**Twin Cities Construction Employment**

SOURCE: DEED-MN



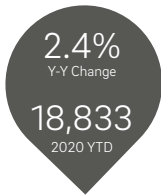
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



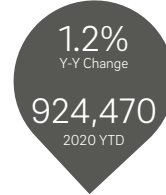
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

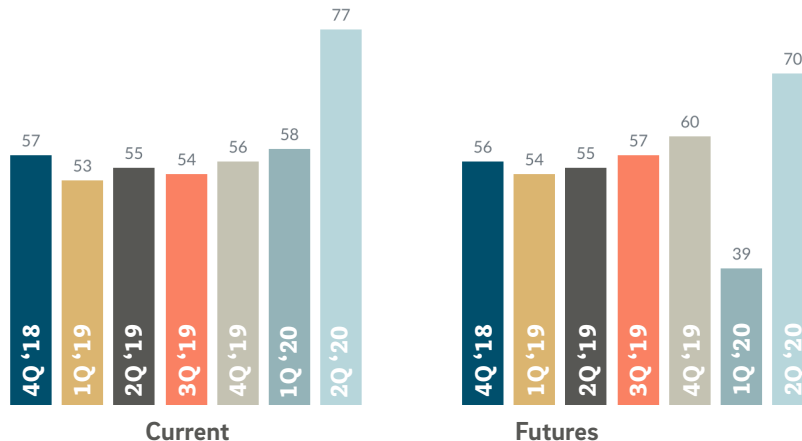
# Regional/National Statistics

Sales of existing homes increased slightly by 2.4% in August, according to the National Association of REALTORS®. This is the third consecutive month of positive upticks in sales gains.

Regionally, sales rose 13.8% month to month in the Northeast and were 1.4% higher in the Midwest. In the South, sales surged 0.8% monthly, and in the West sales jumped 0.8%.

# Remodeling Market Indices

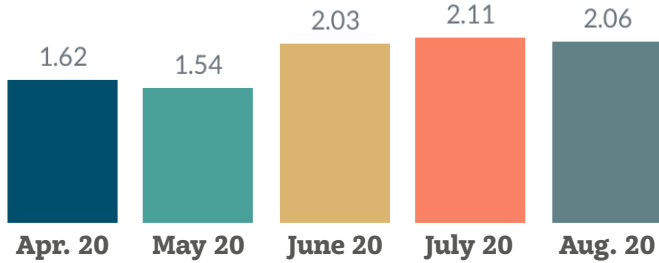
SOURCE: NAHB



# Key Indicators

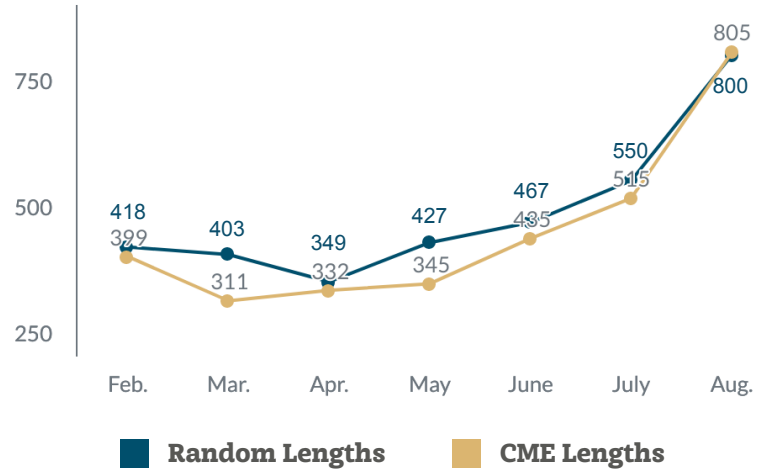
Increasing lumber prices continue to challenge builders across the country. Coupled with a pent-up demand for housing, supply chain disruptions and pre-COVID tariffs, many builders are worried about delays going into the winter months.

Other supply chains are also feeling the pinch of the COVID-19 economic slow downs and shutdowns. Appliance manufacturers are struggling to keep up with demand of both new home appliances along with specific parts for repairs. Construction materials and finishes consisting of aluminum material are also facing supply issues.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

# Mortgage Rates

FROM SEPTEMBER 29, 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.

Loan products are offered by Associated Bank, N.A., and are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Property insurance and flood insurance, if applicable, will be required on collateral. All trademarks, service marks and trade names referenced in this material are the property of their respective owners. Member FDIC. (8/20) 16760

