



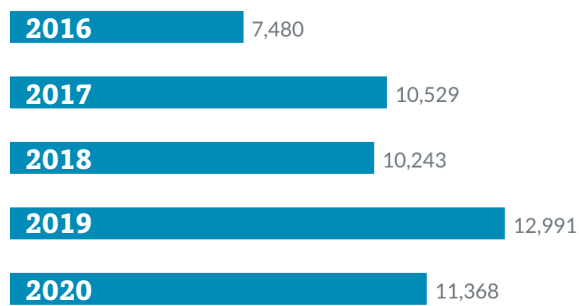
November 2020
Volume VIII, Issue: 11



"The combination of more time spent at home and low interest rates has many deciding right now is the time to buy a new home to fit their new lifestyle. We expect this trend to continue as the existing housing market simply does not have enough inventory to meet the demands from homebuyers."

Gary Kraemer, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date October 2016-2020

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Strong Housing Demand Continues to Drive Up Twin Cities Homebuilding Activity

Twin Cities single-family construction had its best October since 2005 this month. There were 712 permits pulled for single-family homes this month, an increase of 28% over October of last year. Multifamily construction continues to slow its pace in the Twin Cities, with permits pulled for 675 units, a drop of 43% from this month last year.

"The combination of more time spent at home and low interest rates has many deciding right now is the time to buy a new home to fit their new lifestyle," said Gary Kraemer, president of Housing First Minnesota. "We expect this trend to continue as the existing

housing market simply does not have enough inventory to meet the demands from homebuyers."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 712 permits issued for a total of 1,387 units during four comparable weeks in the month of October.

"Our market has been underbuilding for over a decade, this increase in demand during a global pandemic is proof of that," said David Siegel, executive director of Housing First Minnesota. "Supply chain roadblocks due to COVID-19 have

"Supply chain roadblocks due to COVID-19 have added new costs to our already increasingly expensive housing market."

David Siegel, executive director of Housing First Minnesota

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For the month, Lakeville took the top spot with 104 permits issued. Otsego came in next with 64 permits issued. Rosemount with 41 permits, Woodbury with 32 permits and Cottage Grove with 30 permits rounded out the top five cities in October.

LOVE INDUSTRY DATA & NEWS?

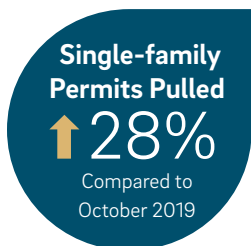
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[Minneapolis REALTORS®]

Sales Outpacing Supply, Prices Accelerate, Core Cities Remain Strong

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 continue to outpace 2019. Seller activity rose 8.4% compared to last October while buyer activity was up 21.8%, marking the strongest October sales figure since at least 2003.

Buyers are motivated by



expectations of working and spending more time at home and are also buoyed by historically low interest rates. That has resulted in a highly competitive marketplace where sellers get strong offers—sometimes above asking price—in record time and often with multiple offers. It has also caused inventory levels to plummet, frustrating many buyers.

"Buyers are still out in force, which is fairly unusual for this time of year when things typically quiet down," according to Patrick Ruble, president of the Saint Paul Area Association of REALTORS®. "But the shortage of inventory and fast pace of the market are still keeping some waiting in the wings."

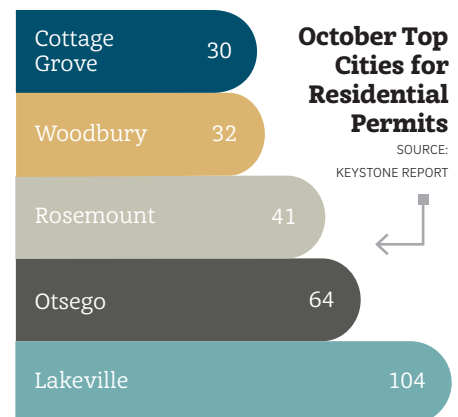
Record-low mortgage rates, a

desire for more space, a shortage of listings and millennials aging into homeownership have all led to record-setting demand and rising prices among other changes. This is unusual during a recession, which impacts people differently. The mid-market move-up ranges and luxury segments have been performing better as salaried professionals have been spared much of the hardship. Conversely, many would-be buyers in the most affordable price points have been sidelined as they're more likely to be impacted by job or income loss.

"Despite some earlier challenges, Minneapolis and St. Paul are still seeing strong sales growth," said Linda Rogers, president of Minneapolis Area REALTORS®. "They're still quite competitive."

"The turnaround that began in June with a rise in pending sales, has become a hot market where inventory cannot match demand. This has encouraged homeowners who were on the fence about selling a couple months ago to put their properties up for sale."

- Chris Galler, CEO of Minnesota REALTORS®



2020 October Metro Building Activity

Twin Cities single-family construction had its best October since 2005 this month. There were 712 permits pulled for single-family homes this month, an increase of 28% over October of last year. Multifamily construction continues to slow its pace in the Twin Cities, with permits pulled for 675 units, a drop of 43% from this month last year.

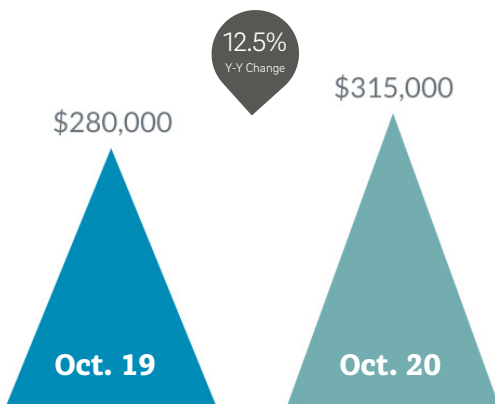


Units YTD:
11,368

Multi-Family
48%
of Twin Cities Housing Units Authorized

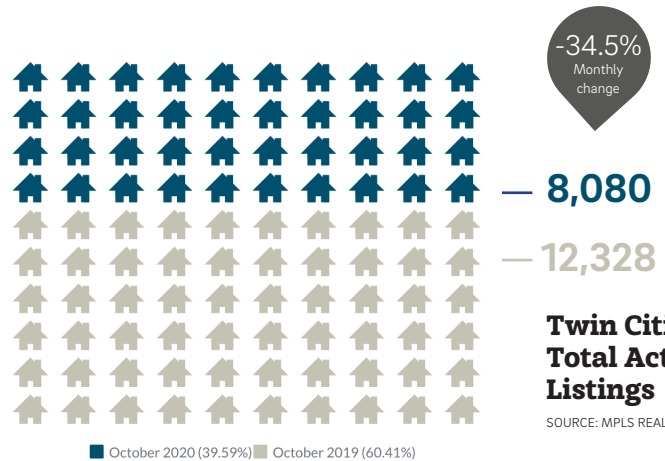
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



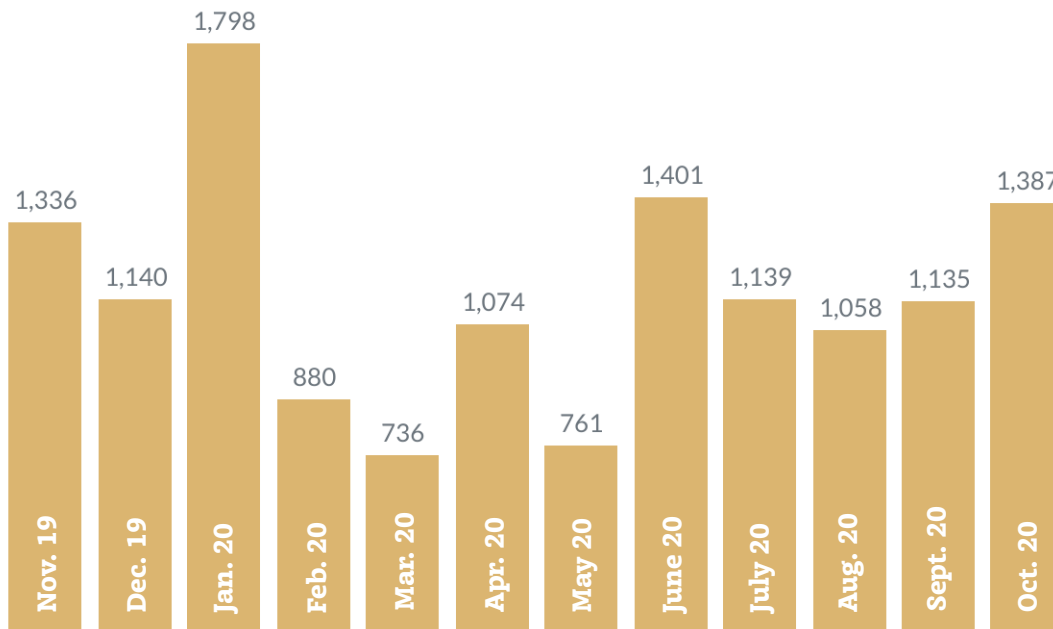
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



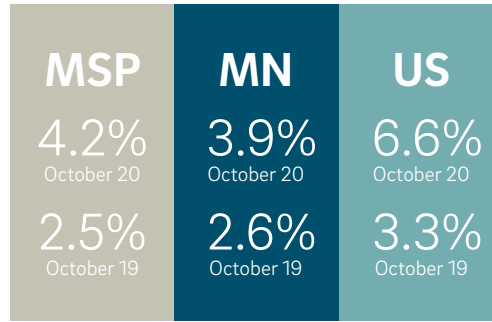
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

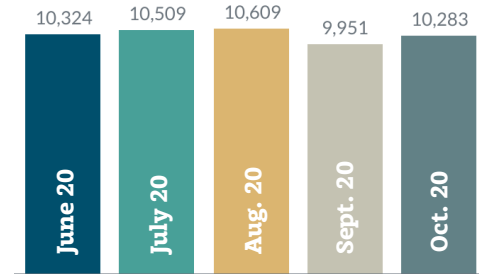
Minnesota's unemployment rate fell considerably to 3.9% in October according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the September unemployment rate of 5.4%.

"COVID has brought unprecedented challenges to Minnesotans and our businesses. Just yesterday we had to take action to slow the spread of the virus because the health and well-being of Minnesotans and our state's economy depend on it," said DEED Commissioner Steve Grove.



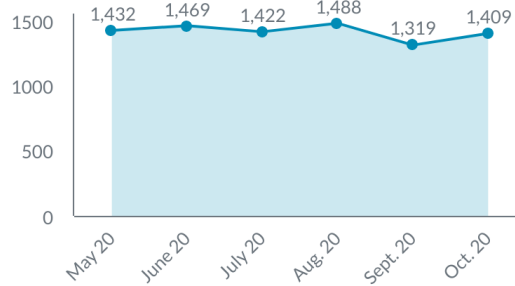
Unemployment Rate Snapshot

SOURCE: DEED-MN



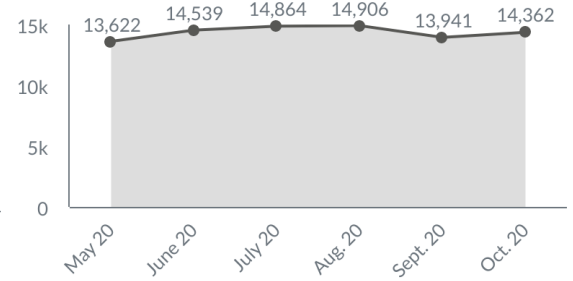
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



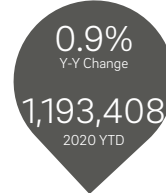
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

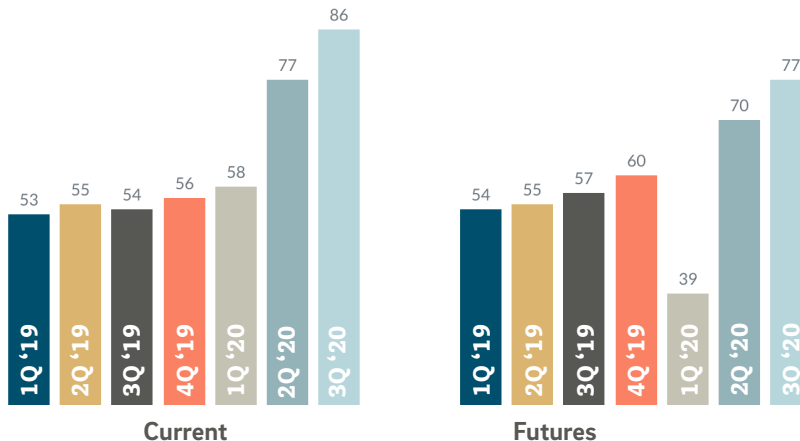
Regional/National Statistics

Sales of existing homes increased by 4.3% in October, according to the National Association of REALTORS®. This is the fifth consecutive month of positive upticks in sales gains.

Regionally, sales rose 4.7% month to month in the Northeast and were 8.6% higher in the Midwest. In the South, sales increased 3.2% monthly, and in the West sales inched 1.4% since September.

Remodeling Market Indices

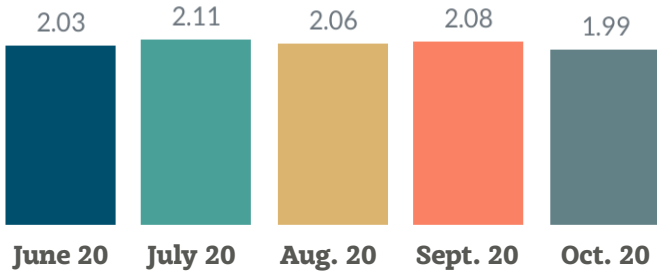
SOURCE: NAHB



Key Indicators

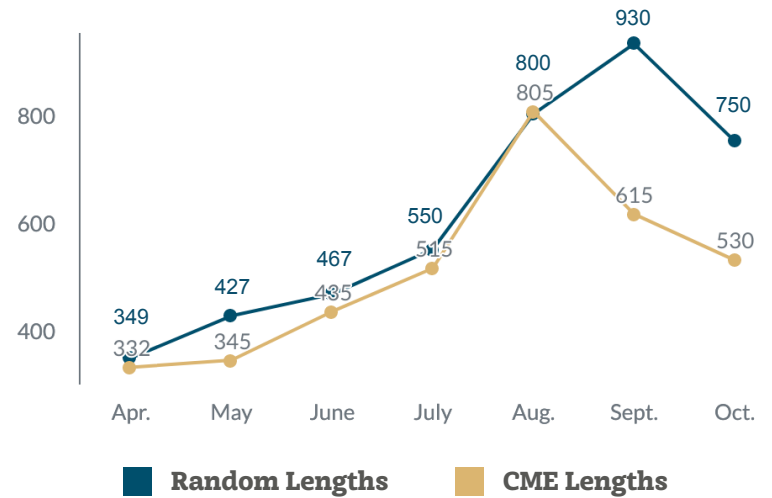
The cost of framing lumber has started to see a decrease; however, the cost of other building materials continues to cause concern across the industry. According to the October producer price index report from the Bureau of Labor Statistics, the price of construction materials was up 4.8% since October of last year. In contrast, the cost of softwood lumber has decreased 8% since September.

Record-low interest rates have resulted in a surge of new active homebuyers. According to the National Association of Home Builders, 50% of potential homebuyers have moved beyond the planning stage and are now active in the homebuying market. This emerging group is mainly millennials and Gen X buyers.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM NOVEMBER 30, 2020
SOURCE: ASSOCIATED BANK



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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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