



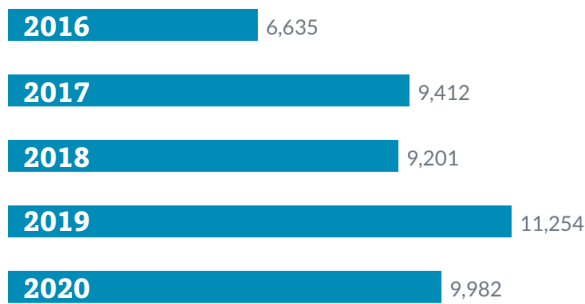
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"As inventory of existing homes for sale continues to drop, we're seeing increased interest from homebuyers looking to build. On top of the pent-up demand, many buyers are now looking for more space to work remotely and are willing to look further into the suburbs as they may no longer have a commute to consider."

Gary Kraemer, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date September 2016-2020

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Twin Cities Homebuilding Surges in September

Construction for new single-family homes picked up significantly in September as low interest rates and pent-up demand continue to impact the housing market. With 650 permits pulled, single-family construction jumped by 38% over September of 2019. That's the highest number of single-family permits pulled in the month of September since 2005.

"As inventory of existing homes for sale continues to drop, we're seeing increased interest from homebuyers looking to build," said Gary Kraemer, president of Housing First Minnesota. "On top of the pent-up demand, many buyers are now looking for more space to work remotely and are willing to look further into the suburbs as they may no longer have a commute to consider."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 697 permits issued for a total of 1,135 units during four comparable weeks in the month of September.

While the number of permitted units for large multifamily construction fell by 68%, the number of permitted units for townhome construction was up a sharp 150%.

"While we are pleased to see homebuilding activity continue to lead the economic recovery, we remain deeply concerned about the challenge of housing affordability," said David Siegel, executive director of Housing First Minnesota. "Following more than a decade of underbuilding, our housing market is extremely

"... our housing market is extremely undersupplied."

David Siegel, executive director of Housing First Minnesota

undersupplied. This is causing existing home prices to continue their steep climb. Those in existing homes cannot move to their new move-up home, breaking the entire ecosystem. A powerful uptick in homebuilding is necessary to provide some relief to the entire housing market."

For the month, Lakeville took the top spot with 77 permits issued. Otsego came in next with 44 permits issued. Rosemount with 40 permits and Hugo, Plymouth, Ramsey, and St. Michael all with 23 permits rounded out the top five cities in September.

[Minnesota REALTORS®]

New Listings Increase for the First Time Since March as More Sellers Enter Hot Market

In September, closed sales spiked 22.1% over a year ago as pending sales hit a new high at 27.7% above last year. New listings increased in September for the first time in six months, a 6.6% year-over-year increase as more sellers entered Minnesota's hot real estate market where buyers are competing with multiple offers for desirable properties. Consequently, days on the market

decreased 8.9% to an average of 41 days.

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

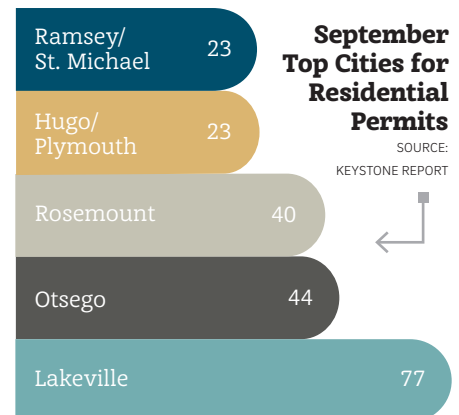
Although sales are booming, a shortage of inventory remains an issue, especially for first-time homebuyers. The number of homes for sale is down 37% from September 2019, which amounts to less than 15,000 properties for sale across the state and a

historic low for Minnesota. As a result, competition among buyers is intense. Multiple offers have pushed the percentage of original price received to +99.2%, which is 1.8% higher than September 2019.

"The median sales price shot to a historic high in September, rising to \$279,900," Galler said. "That's nearly \$30,000 more year over year. And the average sales price hit \$322,085, up 10.1%. Because interest rates are so low, buyers will continue streaming into the market. Which means if you want to sell your home, you are in a great position. The challenge for buyers and their Realtor representatives is landing the right offer and closing the sale."

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- Chris Galler, CEO of Minnesota REALTORS®



September Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT



2020 September Metro Building Activity

Construction for new single-family homes picked up significantly in September as low interest rates and pent-up demand continue to impact the housing market. With 650 permits pulled, single-family construction jumped by 38% over September of 2019. That's the highest number of single-family permits pulled in the month of September since 2005.



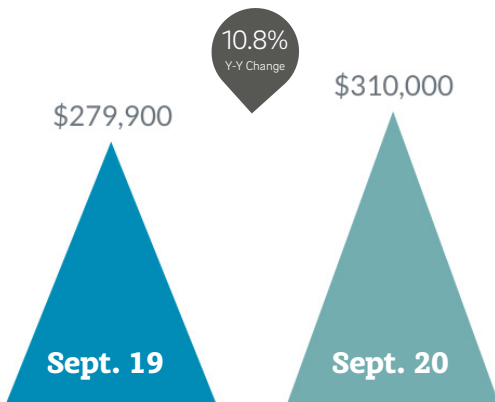
40.0%
Y-Y Change

Units YTD:
9,982

Multi-Family
56%
of Twin Cities Housing Units Authorized

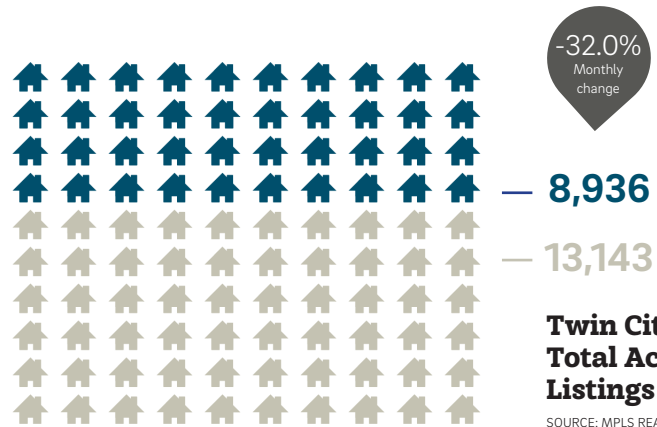
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

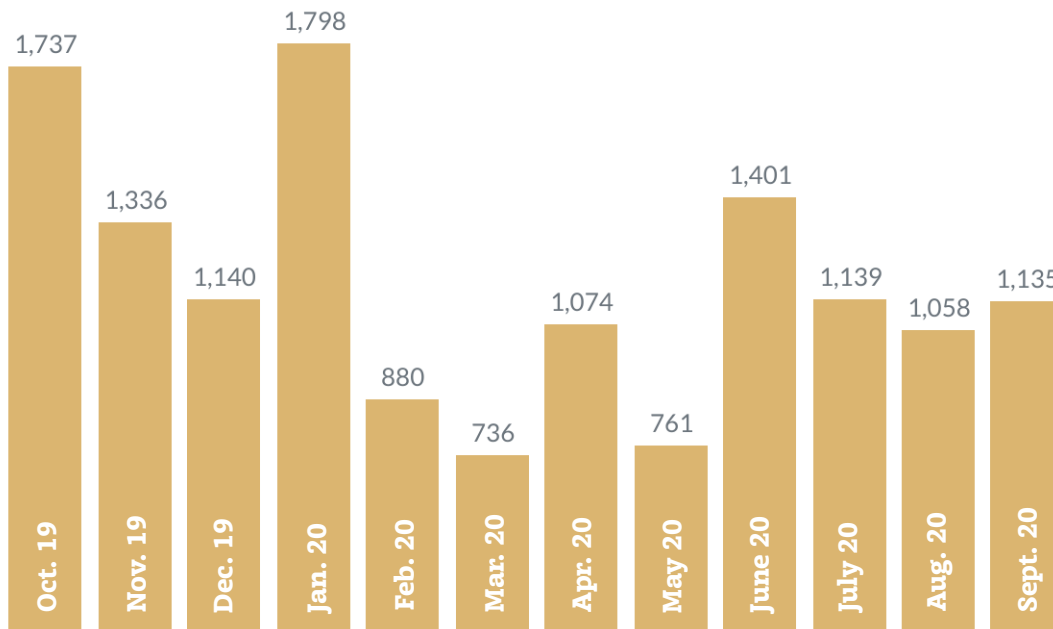
SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ September 2020 (40.47%) ■ September 2019 (59.53%)



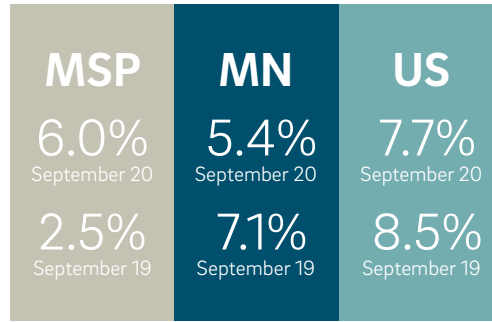
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

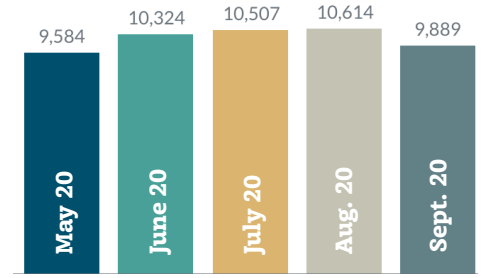
Minnesota's unemployment rate fell considerably to 6% in September, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the August unemployment rate of 7.4%.

"We want people to know that Minnesota employers are hiring now – and many of the jobs being hired for now offer good-paying, steady employment in manufacturing, health care and other fields that offer a career ladder up," said DEED Commissioner Steve Grove.



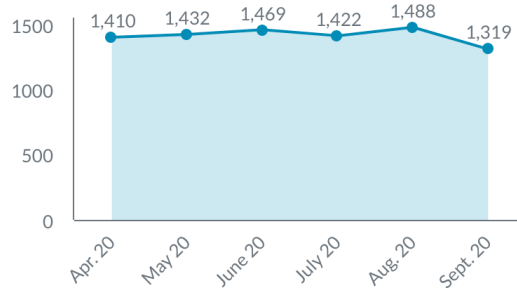
Unemployment Rate Snapshot

SOURCE: DEED-MN



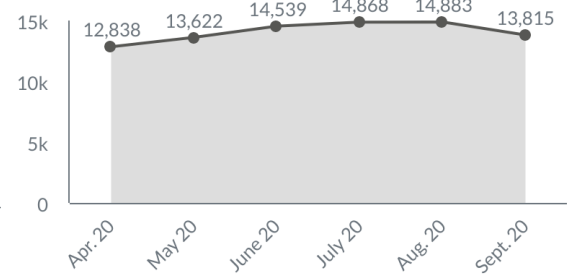
Twin Cities Construction Employment

SOURCE: DEED-MN



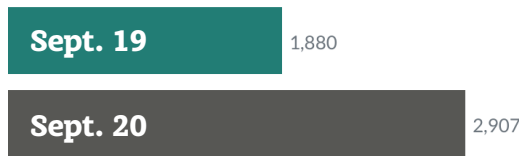
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

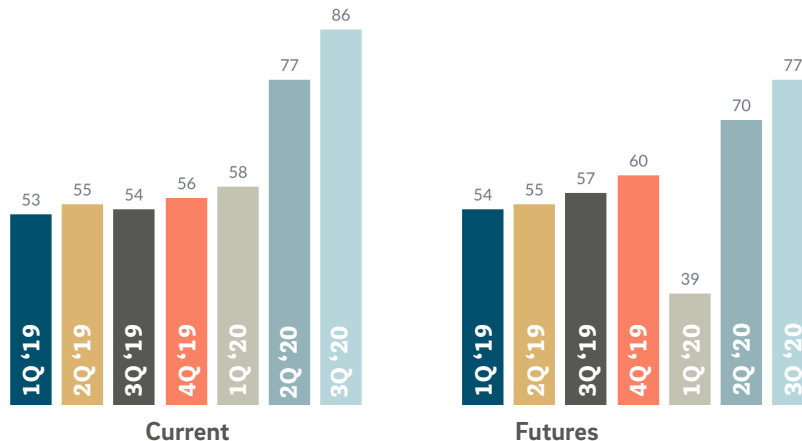
Regional/National Statistics

Sales of existing homes increased significantly by 9.4% in September, according to the National Association of REALTORS®. This is the fourth consecutive month of positive upticks in sales gains.

Regionally, sales rose 16.2% month to month in the Northeast and were 7.1% higher in the Midwest. In the South, sales surged 8.5% monthly, and in the West sales jumped 9.6%.

Remodeling Market Indices

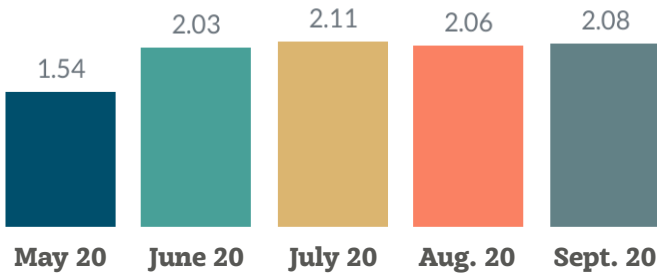
SOURCE: NAHB



Key Indicators

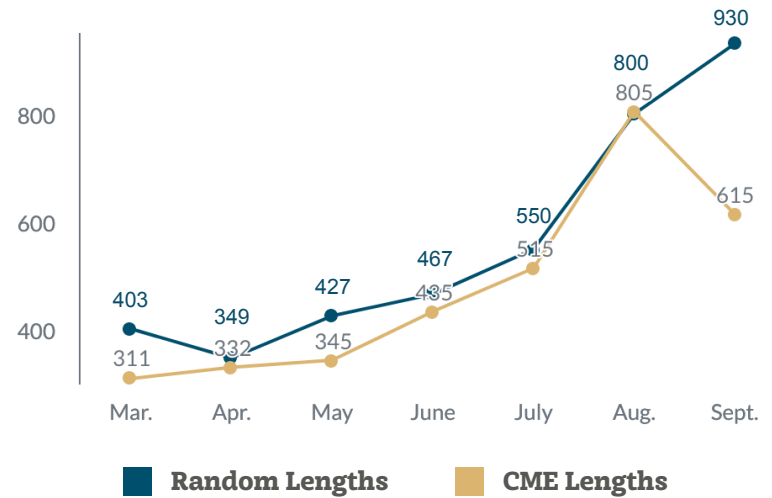
The cost of framing lumber and other building materials continues to cause concern across the industry. According to a report from the National Association of Home Builders, 77% of remodelers nationwide report issues getting lumber for projects; 25% of remodelers indicated that this was a serious issue for the industry.

Home appliances manufacturers and retailers alike have not been able to keep up with the demand for home construction and remodeling projects. Many of these products and their parts are manufactured in Asia and in European countries hit hard by the virus, such as Italy and France.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM OCTOBER 29, 2020
SOURCE: ASSOCIATED BANK



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Get in touch with your local expert.

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NMLS: 524057

Randy Hoeschen
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St. Louis Park
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Julie Wilzbacher
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St. Paul
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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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