



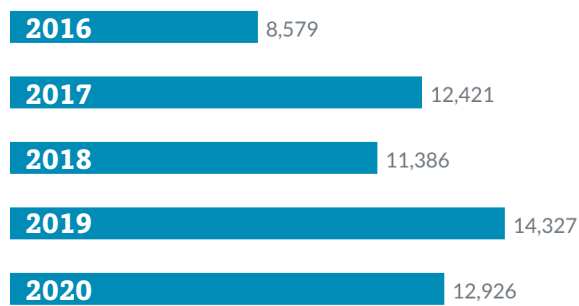
**December 2020**  
Volume VIII, Issue: 12



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Gary Kraemer, president of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

## [Housing First Minnesota] Single-Family Construction Continues to Surge as Homebuilders Make up for Slow Spring

The number of permits pulled for new single-family homes continued to soar in November, making up for the slow spring and bringing the total number of single-family permits for the year into the positive growth column. There were 701 permits pulled for single-family homes this month, an increase of 8% over November of last year. This pushed the year-to-date single-family permits up to 5,758 from January to November 2020, which is now at a 1% increase over 2019.

Multifamily construction had a strong month in November as well, with permits pulled for 857 units, an increase of 24% over November of last year. Multifamily construction still sits in

negative territory for the year with permits pulled for 7,168 units year-to-date, a drop of 16% from this time last year.

"Homebuilders are still catching up and pulling permits from an increase in sales this summer and fall," said Gary Kraemer, president of Housing First Minnesota. "We expect this trend to continue into winter as homebuyers are eager to make the move, interest rates remain low and the existing housing market has too few homes to choose from."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 736 permits issued for a total of 1,558 units during four comparable weeks in the month of

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David Siegel, executive director of Housing First Minnesota

November.

"It is more important than ever that we look at new ways to bring down the cost of new homes. Put simply, too many Minnesota families are being priced out of homeownership," said David Siegel, executive director of Housing First Minnesota.

For the month, Lakeville took the top spot with 88 permits issued. Otsego came in next with 60 permits issued. Dayton with 44 permits, Cottage Grove with 35 permits and Woodbury with 30 permits rounded out the top five cities in November.

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[Minneapolis REALTORS®]

## Despite Pandemic, This Year is On-Track for Record-Breaking Sales

According to new data from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the growth in buyer and seller activity in the 16-county Twin Cities metro continues to climb above 2019 levels. Seller activity rose 1.3% from last November while new purchase agreements were up 13.4% over last year. That marks the strongest November pending sales figure since 2004 and the highest closed sales since at least 2003.

This year, the fall and winter markets are behaving more like a spring market since activity was delayed from the spring and summer months. While sellers only listed slightly more units than last November, pending and closed sales were up significantly. Pending sales often act as a leading indicator of future demand while closings lag.

"The Twin Cities housing market continues to exceed expectations," according to Patrick Ruble, president of the Saint Paul Area Association of REALTORS®. "Despite record sales figures, the lack of adequate supply—particularly affordable units—continues to frustrate buyers."

Historically low mortgage rates, shifting work and learning patterns,

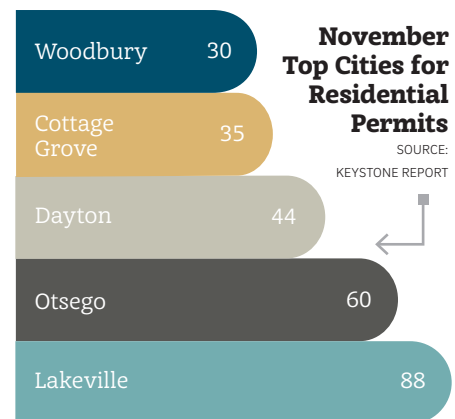
health concerns and other factors are driving this sellers' market. While all areas and price points are unique, sellers are getting strong offers early on. On average, sellers obtained 100.2% of their original list price—the highest November figure since at least 2003. At a median of 15 days, homes went under contract in record time, and 48.3% faster than last November.

"It's truly impressive that sales would reach new highs during a pandemic and an otherwise challenging year," said Linda Rogers, president of Minneapolis Area REALTORS®. "That's of course meant rising home prices, but luckily, ultra-low interest rates have been able to partly offset that."

*"The Twin Cities housing market continues to exceed expectations. Despite record sales figures, the lack of adequate supply—particularly affordable units—continues to frustrate buyers."*

- Patrick Ruble, president of Saint Paul Area Association of REALTORS®

Single-Family Permits Pulled  
↑ 8%  
Compared to November 2019



# November 2020 Metro Building Activity

The number of permits pulled for new single-family homes continued to soar in November, making up for the slow spring and bringing the total number of single-family permits for the year into the positive growth column. There were 701 permits pulled for single-family homes this month, an increase of 8% over November of last year. This pushed the year-to-date single-family permits up to 5,758 from January to November 2020, which is now at a 1% increase over 2019.

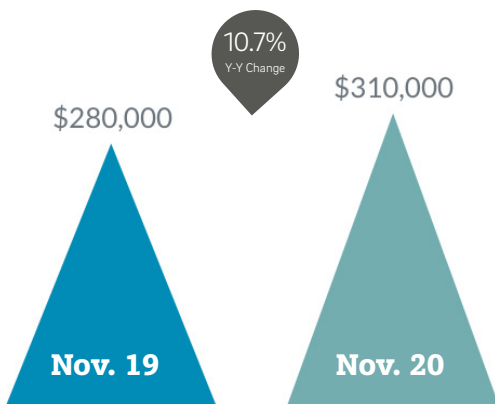


**Units YTD:**  
**12,926**

**Multifamily**  
**55%**  
of Twin Cities Housing Units Authorized

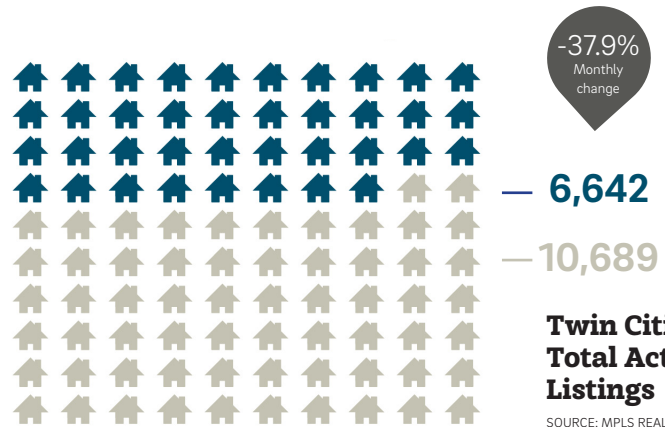
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

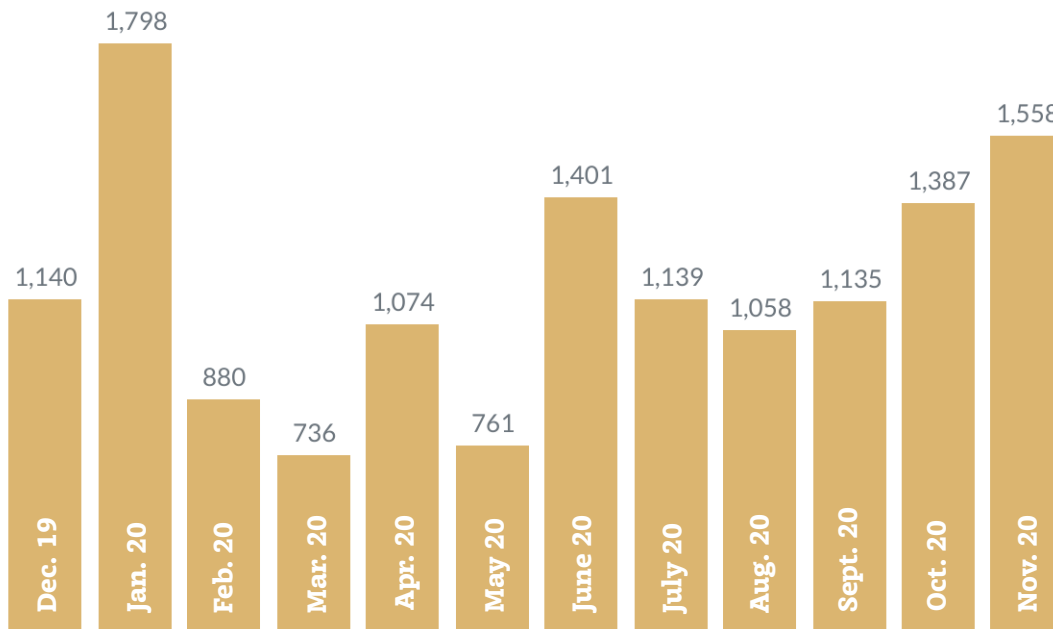
SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ November 2020 (38.32%) ■ November 2019 (61.68%)



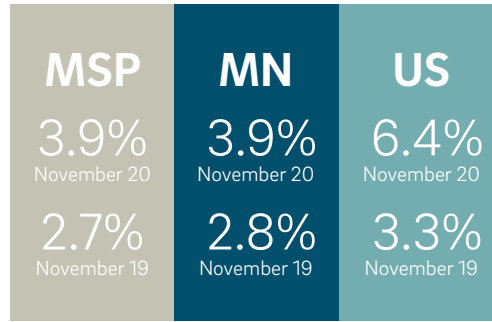
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

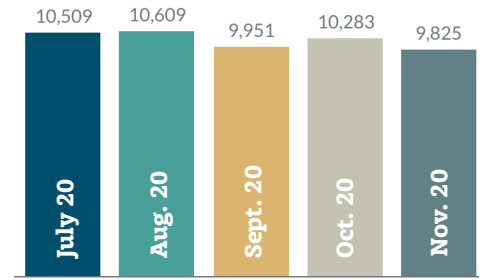
Minnesota's unemployment rate fell to 3.9% in November, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the October unemployment rate of 4.6%.

"We can see the light at the end of the tunnel, but many Minnesota workers and businesses still have several tough months ahead while vaccinations are distributed and the pandemic is brought under control," said DEED Commissioner Steve Grove.



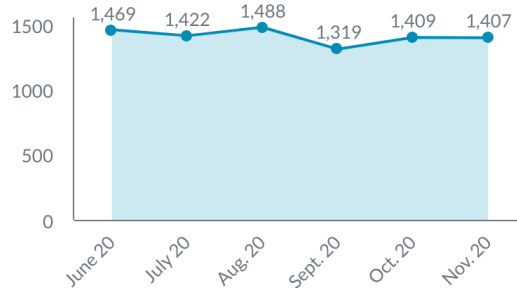
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



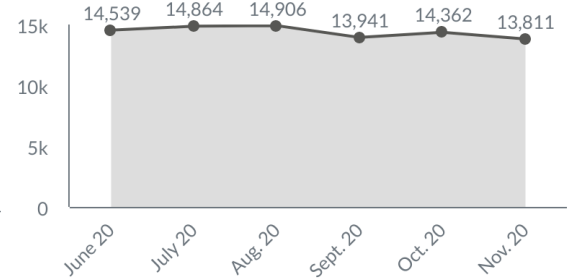
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



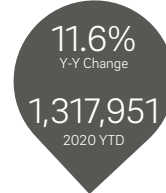
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

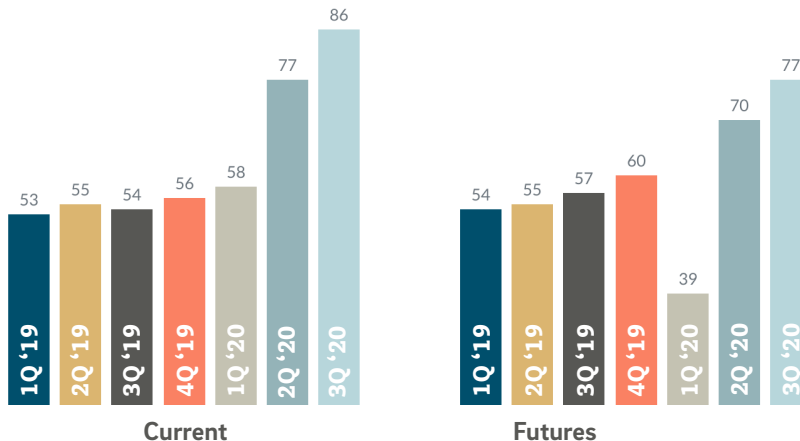
# Regional/National Statistics

Sales of existing homes decreased by 2.5% in November, according to the National Association of REALTORS®. This downturn comes after five months of consecutive month-over-month gains in existing home sales.

Regionally, sales declined by 2.2% month to month in the Northeast and were 2.5% lower in the Midwest. In the South, sales decreased 3.8% monthly, and in the West sales were flat from October.

## Remodeling Market Indices

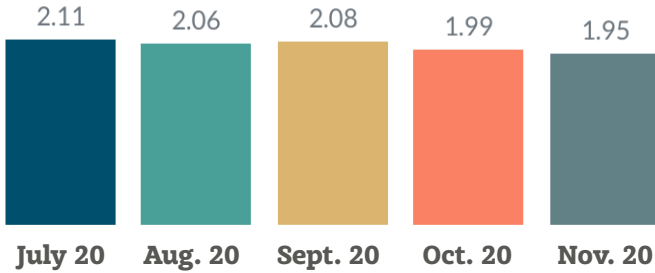
SOURCE: NAHB



# Key Indicators

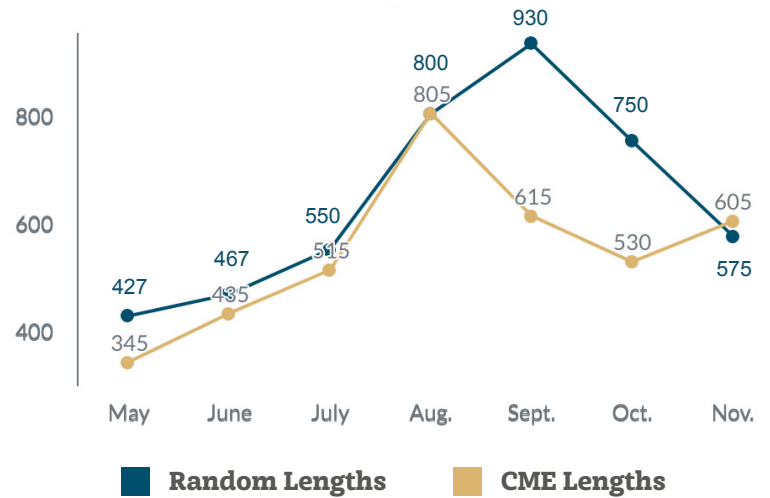
Homebuilder confidence for the end of year dropped for the first time in three months. According to the NAHB/Wells Fargo Housing Market Index, confidence dropped four points to 86. However, this reading is still the second-highest reading in the history of the index. Any reading over 50 is considered positive.

After lumber prices skyrocketed during the spring and summer months, there was a short lull during the fall months. However, prices have begun to increase again going into the new year. While this could be a temporary trend, many homebuilders are concerned that these rising prices will only exacerbate affordability and supply issues the housing market is already facing.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

# Mortgage Rates

FROM DECEMBER 28, 2020  
SOURCE: ASSOCIATED BANK

30 Year	2.875%
30 Year Fixed FHA	2.75%
15 Year	2.125%
5 Year ARM	2.75%
30 Year Jumbo	3.0%

# 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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