



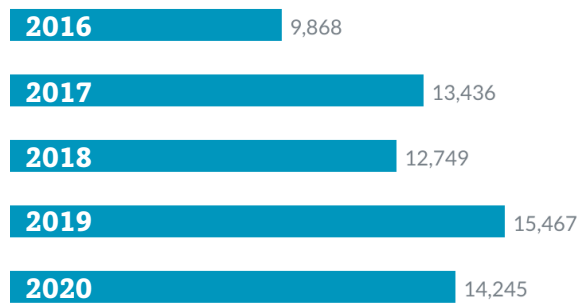
January 2021  
Volume IX, Issue: 1



"We spent more time in our homes this year, and it is clear that it has had an impact on the entire housing market. We've known for a long time that the demand for new housing was out there, but that many were simply waiting for the right time."

Todd Polifka, president of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Twin Cities Homebuilding Activity Ends 2020 at Roaring Pace

Twin Cities homebuilders continue to see a surge in homebuyer interest as single-family construction had its best December and its best year overall since 2005. Area homebuilders pulled permits for 681 new single-family homes in December, a 59% increase over December of 2019. Despite the global pandemic and the economic downturn that followed, single-family housing ended 2020 with 6,439 permitted units, up 4.6% over 2019.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 713 permits issued for a total of 1,319 units during four comparable weeks in the month of December. For

the year, there were 6,789 permits issued for 14,245 units.

"We spent more time in our homes this year, and it is clear that it has had an impact on the entire housing market," said Todd Polifka, 2021 president of Housing First Minnesota. "We've known for a long time that the demand for new housing was out there, but that many were simply waiting for the right time. It seems that low interest rates and a sudden need for new space have pushed many to make the move in 2020."

Twin Cities multifamily construction was a different tale and seemed to be more significantly impacted by the tumultuous year. For

*"It seems that low interest rates and a sudden need for new space have pushed many to make the move in 2020."*

Todd Polifka, president of Housing First Minnesota

the month of December, permits were pulled for 638 multifamily units, an 11% drop from December of 2019. For the year, permits were pulled for a total of 7,806 multifamily units, a 16% decline from last year.

For the year, Lakeville took the top spot with 749 permits issued. Otsego came in next with 387 permits, followed by Woodbury with 336 permits, Cottage Grove with 320 permits and Plymouth with 267 permitted units.

[Minnesota REALTORS®]

## December Capped 2020 with Big Rise in Closed Sales, Marking Strong End to Year

Home sales in Minnesota continued to outpace normal trends through the end of 2020. Closed sales in December rose 21.9% versus December 2019 with a total of 7,300 transactions across the state. Pending sales were also riding high with 5,118 in the pipeline, up 19.2% over a year ago.

Although new listings increased in December 2020 by 14.9%, the

number of homes for sale dropped 46.1% compared to December 2019. As buyers competed for scarce inventory, the median sales price increased 10.4%, and properties averaged 43 days on the market, down 21.8% or 12 days less than December 2019. The shortage of properties pushed the average sales price up 9.9% statewide to more than \$320,000, with sellers receiving 98.5% of the original price, a 2.4% increase over last year.

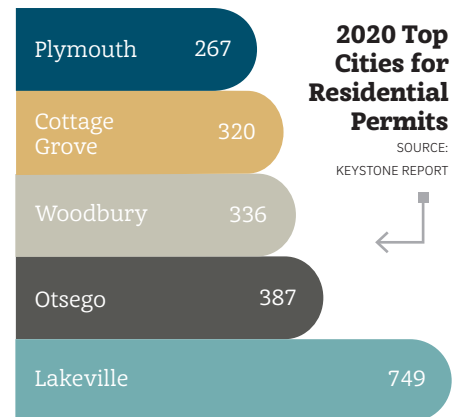
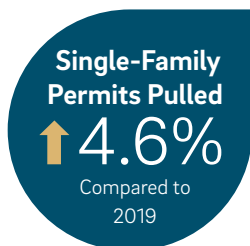
"The strong finish to the year stands in stark contrast to the turbulent first quarter when the spread of COVID-19 disrupted the economy and greatly slowed the housing market. As the recovery got underway in May, many buyers

were highly motivated to find more spacious homes after months of lockdown imposed by the pandemic," said Chris Galler, CEO of Minnesota Realtors. "Historically low interest rates fueled frenzied competition for diminishing inventory, making multiple offers the new norm. This level of activity has not been seen in Minnesota for 15 years."

As market activity increased, so did the price range of homes. More than 9,700 properties sold for \$500,000 and above, a 33.4% increase above 2019. By contrast, the percentage of homes in the \$150,000 to \$200,000 range dropped by 14.1%, with only 6,810 homes sold.

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- Chris Galler, CEO of Minnesota Realtors REALTORS®



# December 2020 Metro Building Activity

Twin Cities homebuilders continue to see a surge in homebuyer interest as single-family construction had its best December and its best year overall since 2005. Area homebuilders pulled permits for 681 new single-family homes in December, a 59% increase over December of 2019. Despite the global pandemic and the economic downturn that followed, single-family housing ended 2020 with 6,439 permitted units, up 4.6% over 2019.



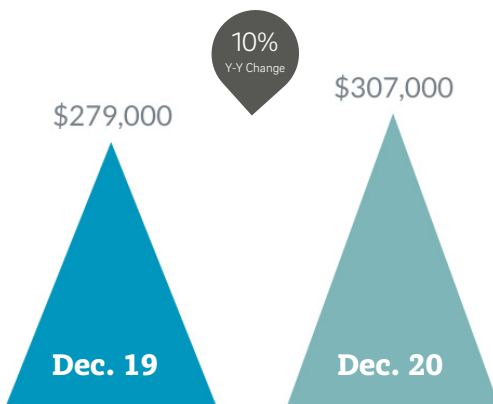
58.1%  
Y-Y Change

**Units YTD:**  
**14,245**

**Multifamily**  
**48%**  
of Twin Cities Housing Units Authorized

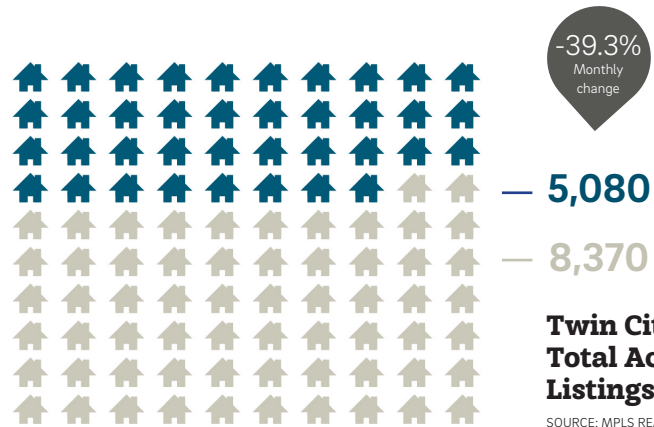
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



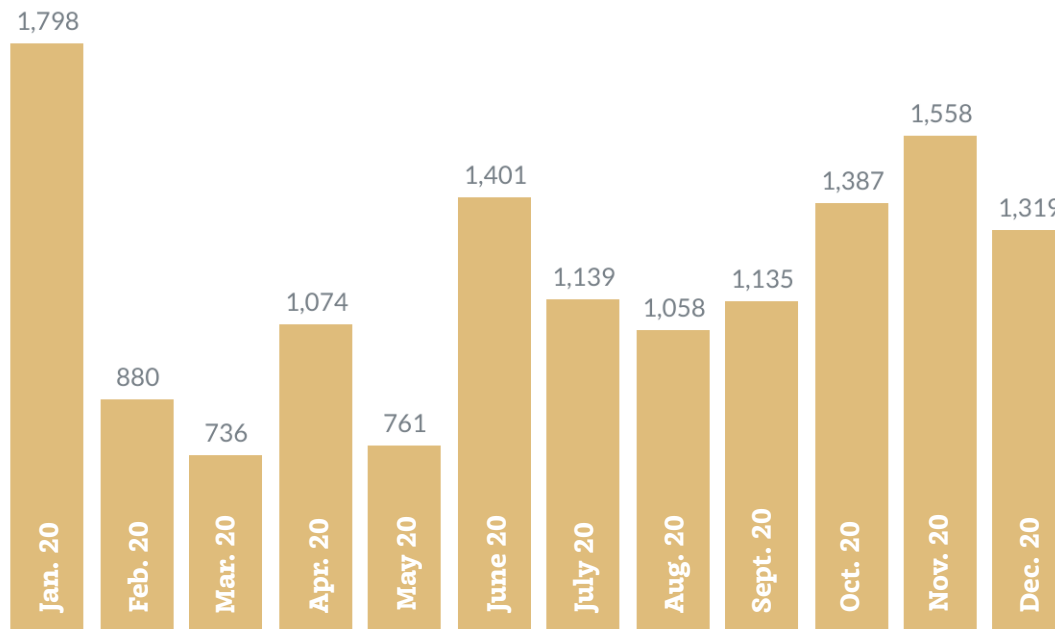
## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS

■ December 2020 (37.77%) ■ December 2019 (62.23%)



## Metro Building Units - Past 12 Months

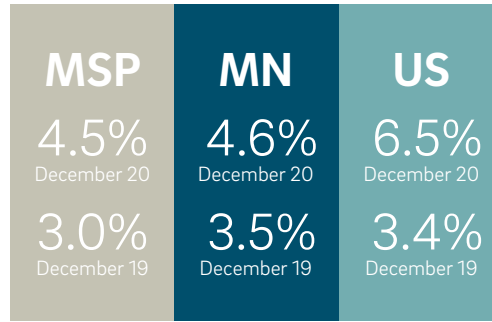
SOURCE: KEYSTONE REPORT

# Employment

Minnesota's unemployment rate faltered slightly to 4.4% in December, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the November unemployment rate of 4.5%.

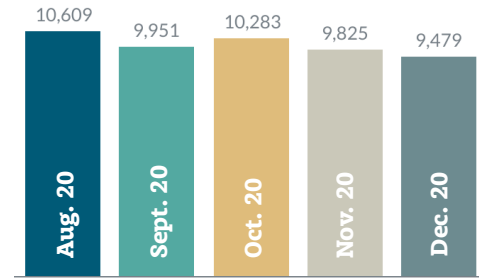
The national unemployment rate saw an increase from 6.4% in November to 6.5% in December.

Construction in Minnesota recorded a 3.9% employment decline, or 4,694 jobs, since December 2020.



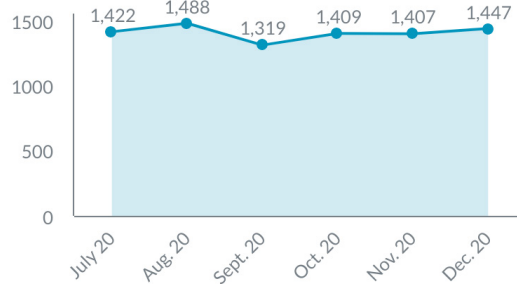
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



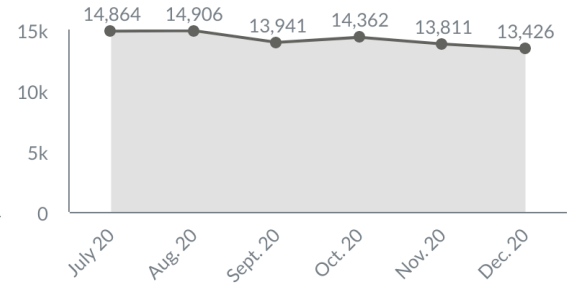
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

SOURCE: DEED-MN



# Regional/National Statistics

Sales of existing homes increased by 0.7% in December, according to the National Association of REALTORS®. Additionally, existing home sales in 2020 were the highest since 2006.

Regionally, sales increased by 4.5% month to month in the Northeast and were unchanged from 2019 in the Midwest. In the South, sales increased 1.1% monthly, and in the West sales decreased 1.4%.



**MN Housing Units Authorized**

SOURCE: US CENSUS

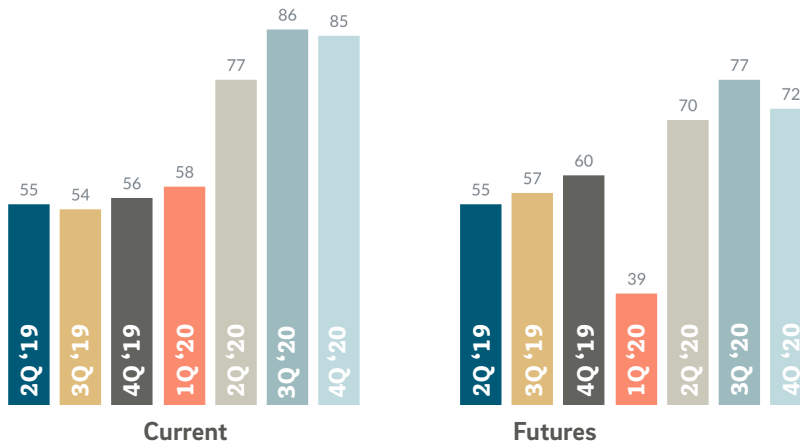


**US Housing Units Authorized**

SOURCE: US CENSUS

# Remodeling Market Indices

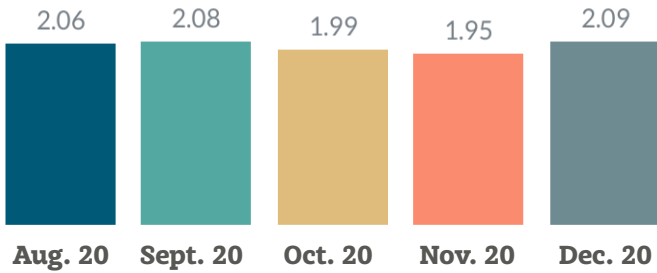
SOURCE: NAHB



# Key Indicators

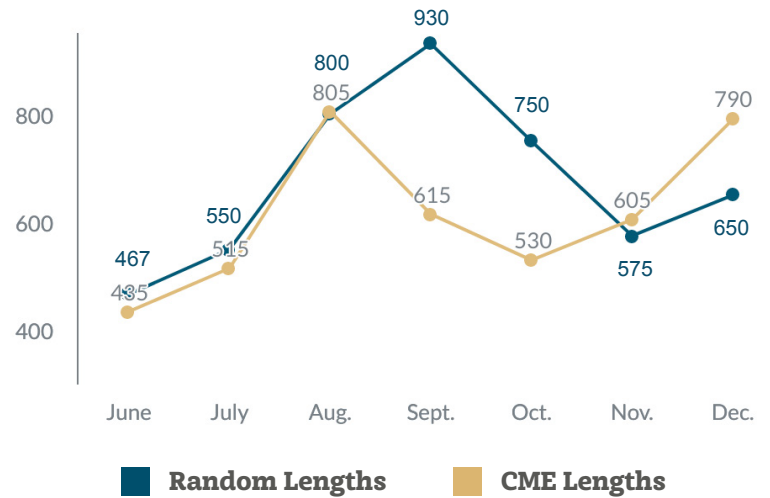
Lumber prices continue to be watched closely across the industry. According to NAHB, spikes in lumber prices throughout 2020 resulted in a \$16,148 price increase of an average new construction single-family home. As prices rise and other materials face supply chain issues of their own, builders are experiencing more project delays and feeling a higher level of uncertainty.

Limited housing supply continues to cause great concern throughout the state. According to the 2020 annual report from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, inventory levels fell 39.3% throughout the last year.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM JANUARY 28, 2021  
SOURCE: ASSOCIATED BANK

30 Year	2.875%
30 Year Fixed FHA	2.625%
15 Year	2.25%
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 Wisconsin's #1 Mortgage Lender and Leading Lender in the Midwest designations are 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 (HMDA), August 2020.

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