



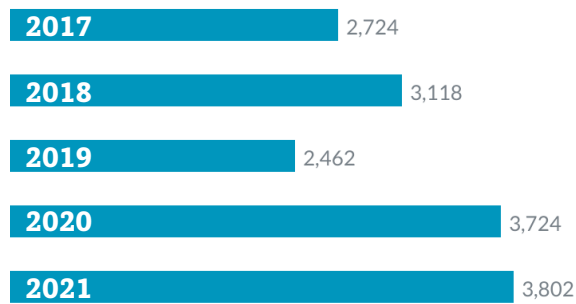
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"We are seeing the impacts of having the millennial generation at peak homebuying ages while boomers are also in the market for their move-down home, all while there is a historic shortage of homes for sale in the Twin Cities."

Todd Polifka, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date March 2017-2021

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Twin Cities Home Construction Continues to Surge in March

The impacts of historically low existing housing inventory and low mortgage rates continue to push demand for new single-family homes in the Twin Cities to highs not seen since 2004. For the month of March there were 631 permits pulled for single-family homes, an increase of 50% over March of 2020. Multifamily construction in the metro continues to see lackluster permit activity with permits pulled for 323 units, a 1% drop from last March.

"We are seeing the impacts of having the millennial generation at peak homebuying ages while boomers are also in the market for their move-down home, all while there is a historic shortage of homes for sale in the Twin Cities," said Todd Polifka, 2021

president of Housing First Minnesota. "Our housing market is in dire need of new single-family homes at all price points, and homebuilders are doing their best to meet that demand."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 648 permits issued for a total of 954 units during four comparable weeks in the month of March.

"On top of the challenges builders have been navigating for years, such as regulatory barriers and a labor shortage, we are now adding supply chain issues from the global pandemic and a lumber shortage. All of this is driving the cost of new homes in the Twin Cities,"

"We need to look at new ways to bring down the cost of housing to balance out our drastically undersupplied housing market."

David Siegel, executive director of Housing First Minnesota

said David Siegel, executive director of Housing First Minnesota. "We need to look at new ways to bring down the cost of housing to balance out our drastically undersupplied housing market."

For the month, Lakeville took the top spot with 58 permits issued. Woodbury came in next with 54 permits, followed by Dayton with 47 permits. Cottage Grove with 45 permits and Otsego with 34 permits rounded out the top five.

[Minneapolis Area REALTORS®]

Tight Market Pushes Home Prices to New Record High in Twin Cities

According to new data from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the median price of a home in the 16-county Twin Cities metro increased 10.3% from last March to a record high of \$327,500. Prices were driven in part by a lack of supply.

The number of homes for sale at the end of March was half of what was available a year ago. That marks an 18-year low and amounts to 0.9 months of supply. A balanced market typically has 4-6 months of supply. Market times shrank 37.7% to 38 days and multiple offers remain commonplace.

"Demand is still growing faster than supply," according to Tracy Baglio, president of the Saint Paul Area Association of REALTORS®. "With less than one month of supply, buyers must be patient and understand they may lose out on a few bids before an offer is accepted. Be ready to act fast."

Sellers listed 11.6% fewer homes

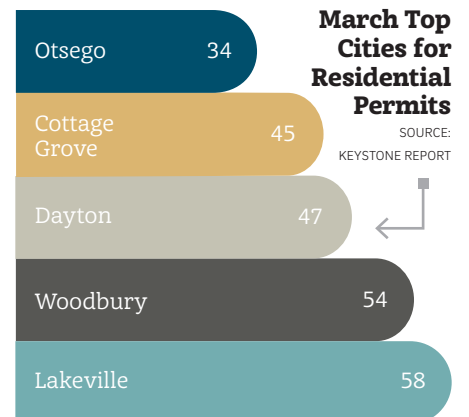
than March 2020, offering little relief to buyers eager for more options. However, sales activity climbed above year-ago levels for the 10th straight month. Buyers continue to be motivated by attractive mortgage rates, a healing labor market and a desire for more space.

"On top of lightning-fast market times, those who choose to sell their home are often rewarded with offers at or above asking price," said Todd Walker, president of Minneapolis Area REALTORS®. "For buyers, that means writing strong, straightforward offers right away. For sellers, it means their listings will stand out and will likely sell quickly at full price or better."

"On top of lightning-fast market times, those who choose to sell their home are often rewarded with offers at or above asking price."

- Todd Walker, president of Minneapolis Area REALTORS®

Single-Family Permits Pulled
↑ 50%
Compared to March 2020



March 2021 Metro Building Activity

The impacts of historically low existing housing inventory and low mortgage rates continue to push demand for new single-family homes in the Twin Cities to highs not seen since 2004. For the month of March there were 631 permits pulled for single-family homes, an increase of 50% over March of 2020. Multifamily construction in the metro continues to see lackluster permit activity with permits pulled for 323 units, a 1% drop from last March.

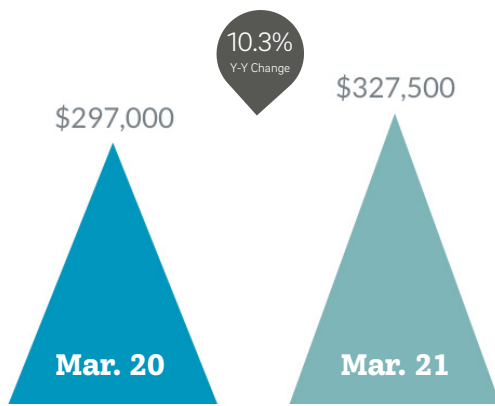


Units YTD:
3,802

Multifamily
34%
of Twin Cities Housing
Units Authorized

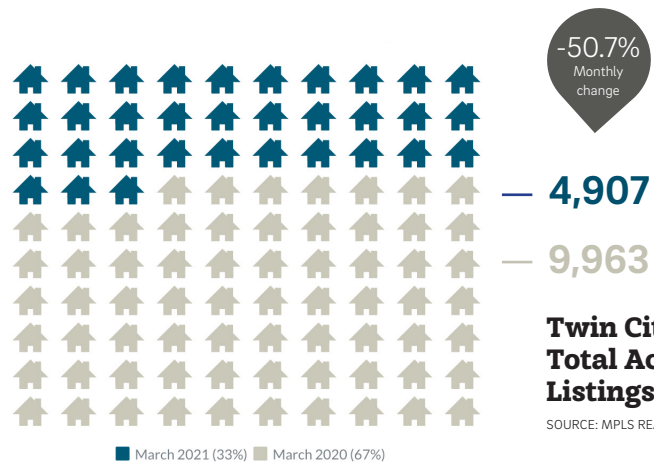
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



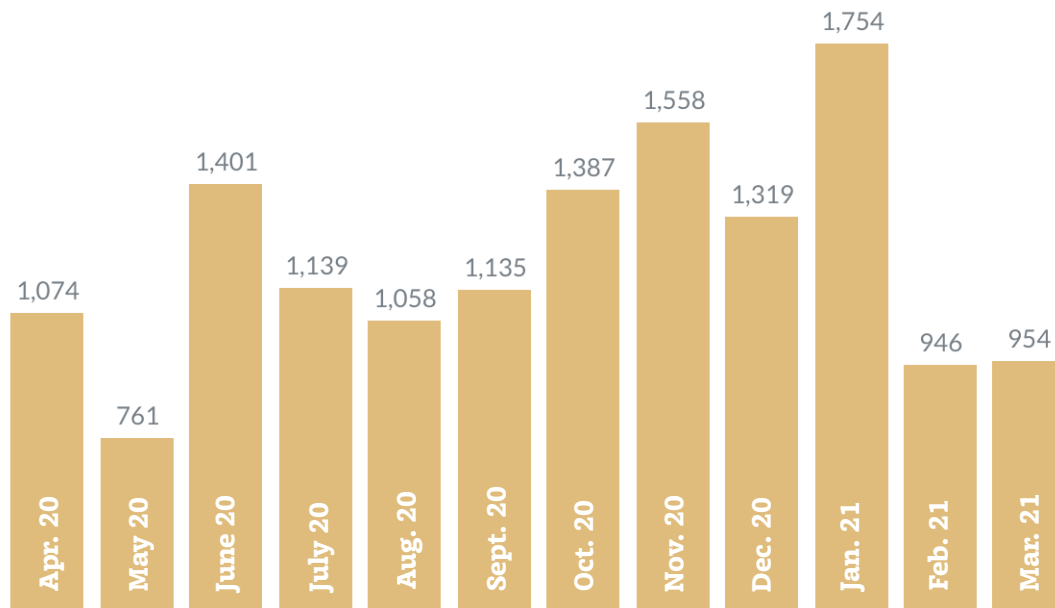
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



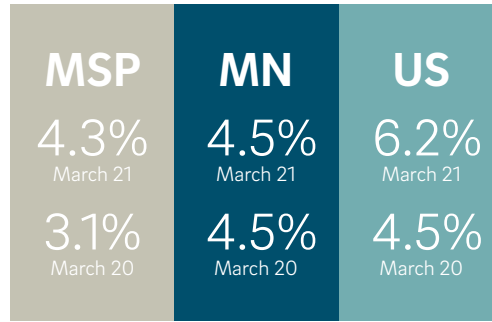
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

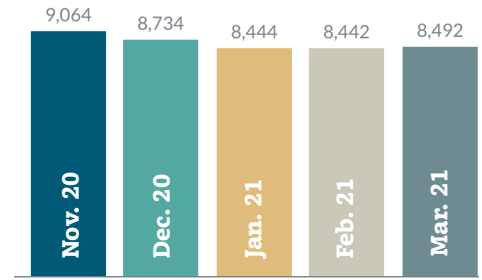
Minnesota's unemployment rate fell to 4.2% in March, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the February unemployment rate of 4.4%.

The national unemployment rate also saw a decrease from 6.6% in February to 6.0% in March. Construction in Minnesota recorded a 1.9% employment decline, or 2,115 jobs, since March 2020.



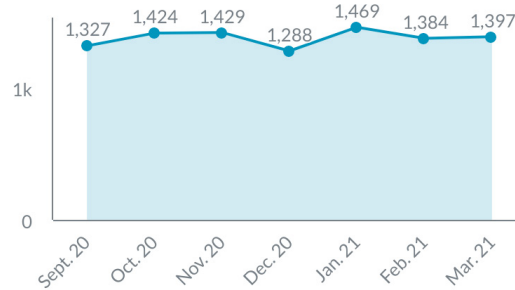
Unemployment Rate Snapshot

SOURCE: DEED-MN



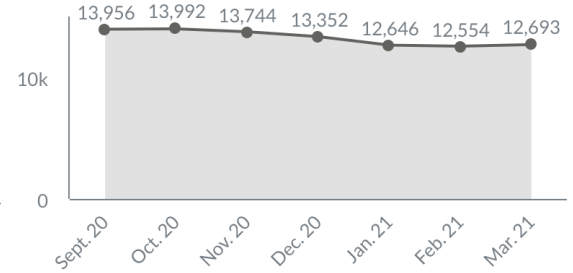
Twin Cities Construction Employment

SOURCE: DEED-MN



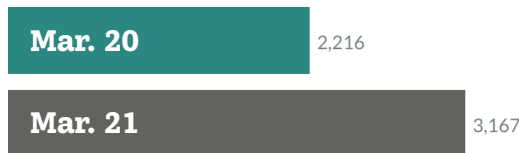
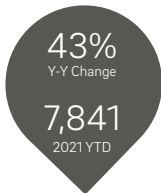
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



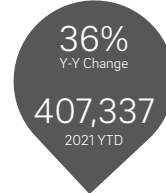
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

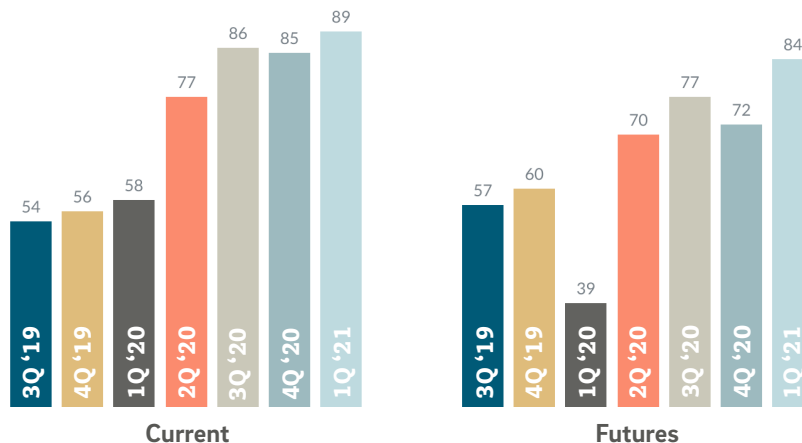
Regional/National Statistics

Sales of existing homes decreased 3.7% in March, according to the National Association of REALTORS®. This is the second consecutive month of declining sales.

Regionally, sales decreased 1.3% month to month in the Northeast and dropped 2.3% in the Midwest. In the South, sales decreased 2.9% monthly, and in the West sales fell 8%.

Remodeling Market Indices

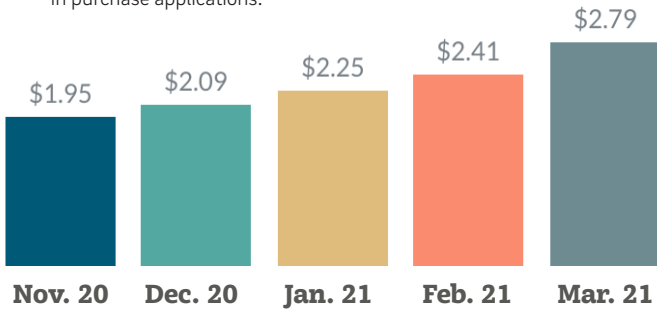
SOURCE: NAHB



Key Indicators

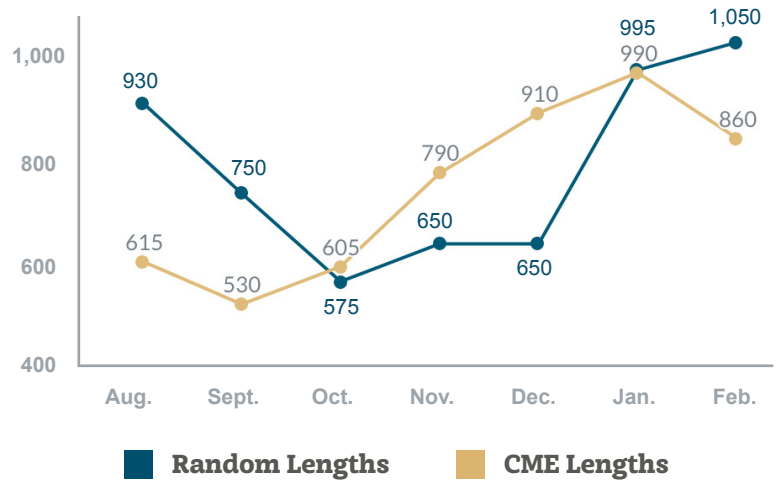
Last spring, the Federal Reserve Bank slashed interest rates to offset economic impacts due to COVID-19. Homebuyers flooded the housing market in an attempt to lock in these low rates. As a result, the available supply of homes for sale has diminished to record lows. Looking for a relief valve for this market pressure, many have been anticipating interest rates to begin to return to their pre-COVID levels.

However, the most recent reports indicate the opposite. Mortgage rates in April fell for three consecutive weeks. This has resulted in mortgage rates falling back under the 3% point. According to the Mortgage Bankers Association, this drop resulted in a continued rise in purchase applications.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM APRIL 27, 2021
SOURCE: ASSOCIATED BANK



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