



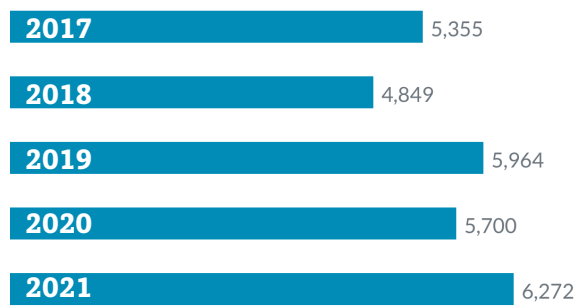
June 2021
Volume IX, Issue: 6



“Builders are seeing powerful demand from homebuyers and the permit numbers reflect that. Unfortunately, the surge in new homes being built is still inadequate to meet the number of new homes needed in our region to bring our housing market to a healthy balance.”

Todd Polifka, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date May 2017-2021

SOURCE: KEYSTONE REPORT

LOVE INDUSTRY DATA & NEWS?

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[Housing First Minnesota]

Historically Low Inventory Pushes Single-Family Permits to New Heights

The Twin Cities continues to see more homebuyers than there are homes for sale, which is pushing permits for new homes to numbers not seen since 2006. Single-family homes continue to be the most desired option in the market with permits up 70% over last May and up 50% for the year. The surge in demand for new homes comes at a time when there are numerous headwinds for builders including regulatory barriers to development, a lumber crisis and a labor shortage.

“Builders are seeing powerful demand from homebuyers and the permit numbers reflect that,” said

Todd Polifka, 2021 president of Housing First Minnesota. “Unfortunately, the surge in new homes being built is still inadequate to meet the number of new homes needed in our region to bring our housing market to a healthy balance.”

According to data compiled by the Keystone Report for Housing First Minnesota, there were 743 permits issued for a total of 1,284 units during four comparable weeks in the month of May.

“There is an alarmingly low supply of homes available in the Twin Cities, which is causing prices to rise unsustainably,” said



“We have a strong need for homes in the modestly priced new home sector.”

David Siegel, executive director of Housing First Minnesota

David Siegel, executive director of Housing First Minnesota. “We have a strong need for homes in the modestly priced new home sector.”

For the month, Cottage Grove took the top spot with 50 permits issued. Lakeville came in next with 49 permits, followed by Woodbury with 45 permits. St. Michael with 38 permits and Dayton and Otsego both 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®, buyer activity in May was up 15.7% compared to last year, a twelfth-straight increase in month-over-month pending sales. Demand from buyers in the Twin Cities metro continues

to outpace the supply of new listings into the market.

Seller activity in May grew slightly in a year, up 2.6% from 2020, but dropped by 19.9% compared to 2019, our most recent pre-COVID year. The relative imbalance in performance between buyers and sellers has led to a strong seller’s market. Currently, the Twin Cities has one month’s supply of inventory. Typically, four to six months is considered a balanced market.

“Half of all listings in the Twin Cities have an accepted offer within a week,” according to Tracy Baglio,

president of the Saint Paul Area Association of REALTORS®. “As the summer season begins to build, buyers need to continue to be prepared to make firm decisions and strong offers on a home.”

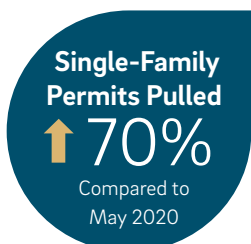
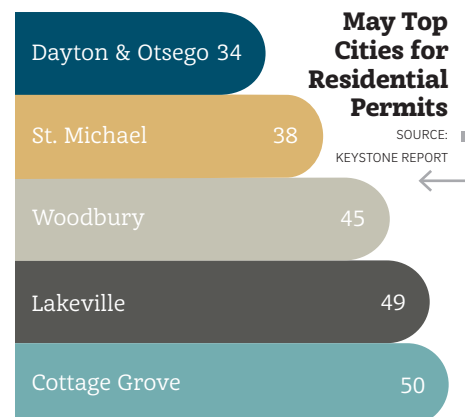
In May, homes spent a median seven days on market, which is down 56.3% from last year. The quick shelf life of listings is particularly impressive given that the median price of a home in the Twin Cities metro rose to \$342,500, a 16.1% increase from last May. The 30-Year fixed rate mortgage average in the United States did not exceed 3%, giving buyers the ability to stretch their dollar further.

“Half of all listings in the Twin Cities have an accepted offer within a week. As the summer season begins to build, buyers need to continue to be prepared to make firm decisions and strong offers on a home.”

- Tracy Baglio, president of the St. Paul Area Association of REALTORS®

May Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT



May 2021 Metro Building Activity

The Twin Cities continues to see more homebuyers than there are homes for sale, which is pushing permits for new homes to numbers not seen since 2006. Single-family homes continue to be the most desired option in the market with permits up 70% over last May and up 50% for the year. The surge in demand for new homes comes at a time when there are numerous headwinds for builders including regulatory barriers to development, a lumber crisis and a labor shortage.

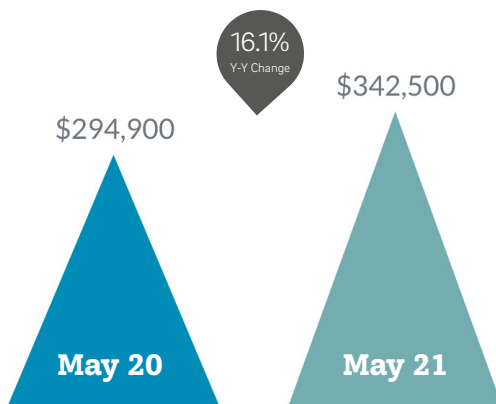


Units YTD:
6,272

Multifamily
45%
of Twin Cities Housing
Units Authorized

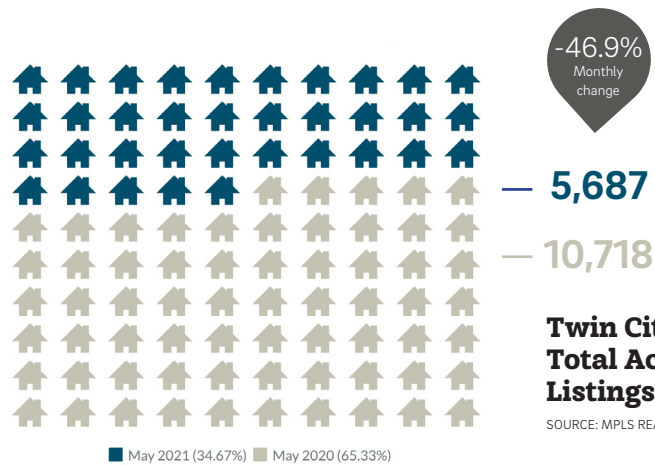
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



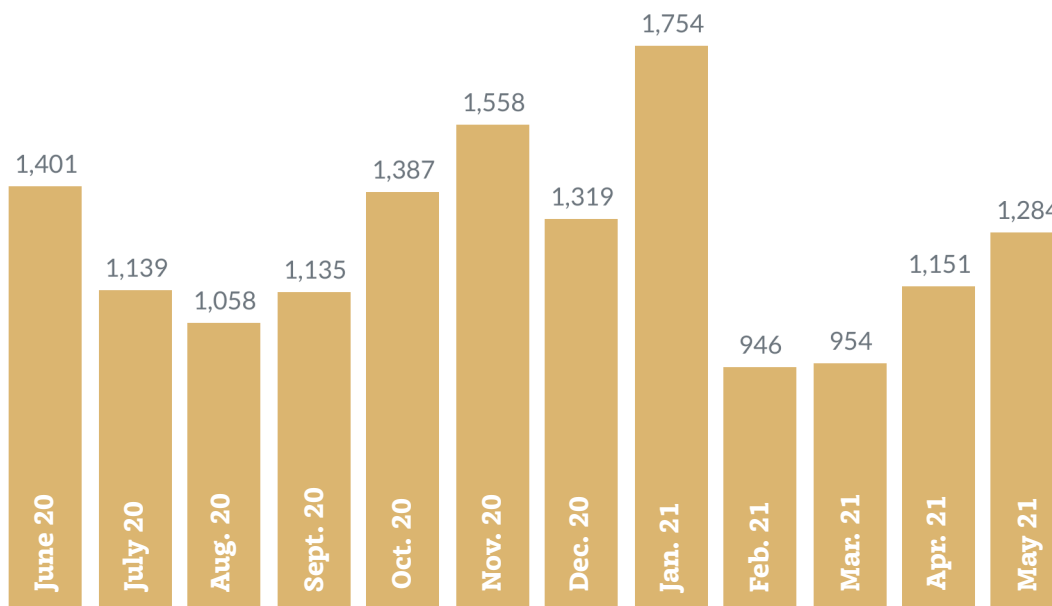
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



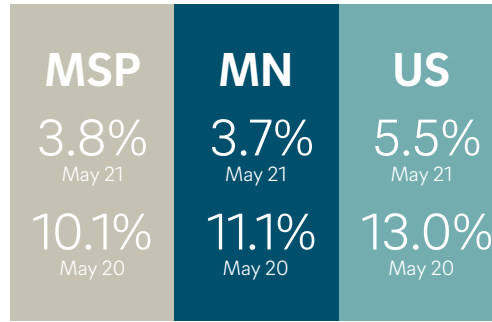
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

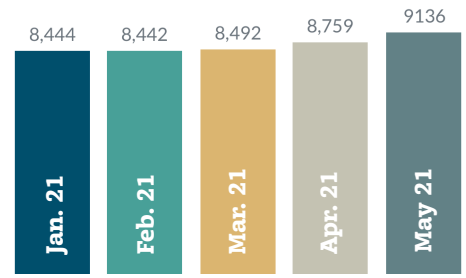
Minnesota's unemployment rate fell slightly to 4.0% in May, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the April unemployment rate of 4.1%.

The national unemployment rate also saw a decrease from 6.1% in April to 5.8% in May.



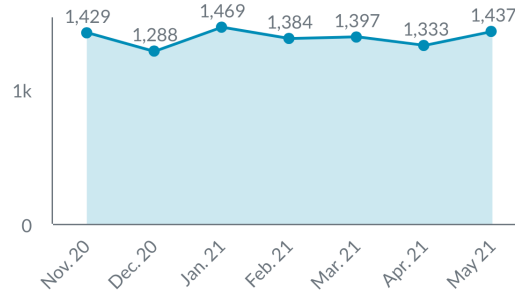
Unemployment Rate Snapshot

SOURCE: DEED-MN



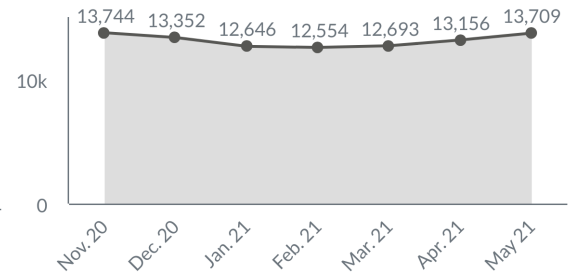
Twin Cities Construction Employment

SOURCE: DEED-MN



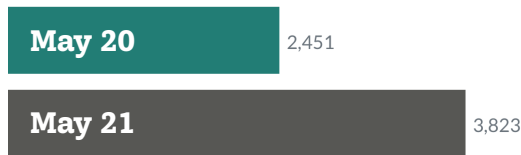
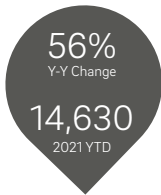
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



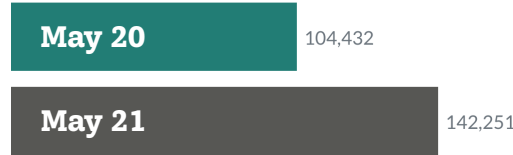
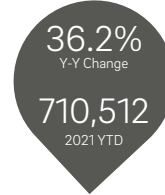
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

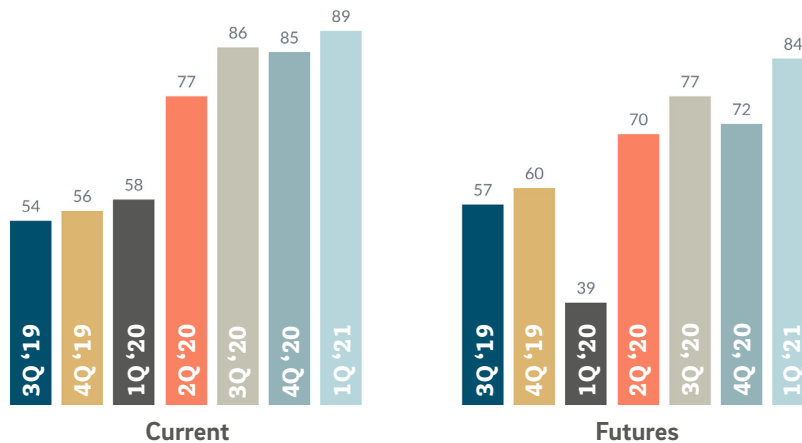
Regional/National Statistics

Sales of existing homes decreased 0.9% in May, according to the National Association of REALTORS®. The Midwest was the only region that experienced an increase in sales.

Regionally, sales decreased 1.4% month to month in the Northeast and increased 1.6% in the Midwest. In the South, sales decreased 0.4% monthly, and in the West sales fell 4.1%.

Remodeling Market Indices

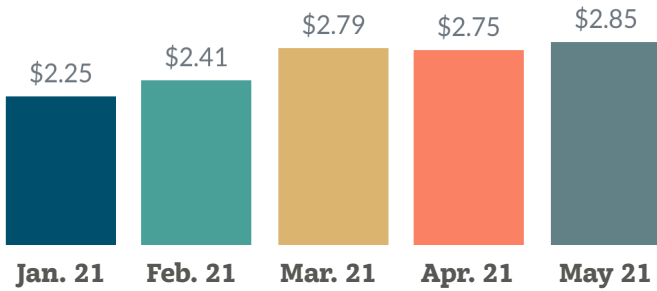
SOURCE: NAHB



Key Indicators

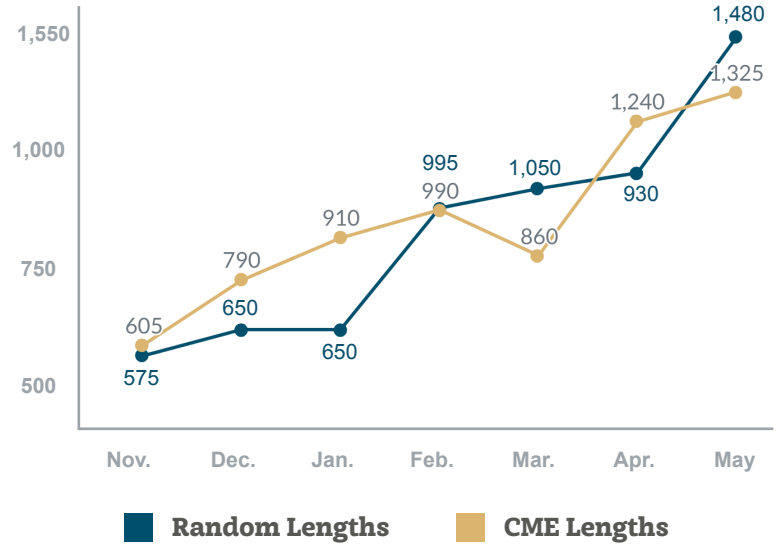
The price of gas continues to rise and is expected to continue to rise through most of the summer. Demand has skyrocketed as many people have resumed traveling that was put on hold throughout the COVID-19 pandemic. However, oil companies are struggling to raise production to meet the demand. Gas prices are predicted to remain above \$3.00 through Labor Day.

The price of lumber may be on a downward trend after a volatile first half of the year. The National Association of Home Builders estimated that these price surges added nearly \$36,000 to the price of a new home. In recent weeks the price has begun to fall from the sky-high levels as lumber production ramped up at mills across the country.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MAY 26, 2021
SOURCE: ASSOCIATED BANK



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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	Jason Stoll 715-377-4132 Hudson NMLS: 524092	Jason Swenson 715-377-3535 Hudson NMLS: 523818
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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 (HMDB), August 2020.

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