



July 2021
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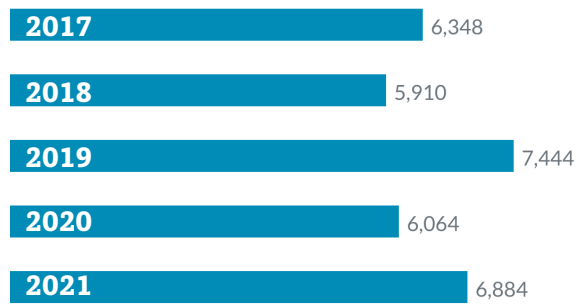
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“We have not seen a housing market this unbalanced before; there are simply not enough existing homes in the Twin Cities to meet the needs of our region. We expect this pace of homebuilding to continue as our housing market simply needs more homes.”

Todd Polifka, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date June 2017-2021

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Twin Cities Single-Family Building Boom Continues in June

Permits for new single-family homes continue to surge as the Twin Cities housing market remains in short supply of homes for sale. Twin Cities homebuilders pulled 637 permits for new single-family homes in June, a 63% increase over June of 2020. Multifamily construction remains lackluster so far in 2021 making up less than 50% of new residential units for the fifth month in a row.

“We have not seen a housing market this unbalanced before; there are simply not enough existing homes in the Twin Cities to meet the needs of our region,” said Todd Polifka, 2021 president of

Housing First Minnesota. “We expect this pace of homebuilding to continue as our housing market simply needs more homes.”

According to data compiled by the Keystone Report for Housing First Minnesota, there were 679 permits issued for a total of 972 units during four comparable weeks in the month of June.

“Homebuilders are still struggling to keep up with the demand from homebuyers,” said David Siegel, executive director of Housing First Minnesota. “The barriers to bring new lots and developments to the Twin Cities, as well as

“Homebuilders are still struggling to keep up with the demand from homebuyers.”

David Siegel, executive director of Housing First Minnesota

the ongoing labor shortage and supply chain issues, continue to put a strain on our shortage of single-family homes in the Twin Cities.”

For the month, Blaine took the top spot with 45 permits issued. Woodbury came in next with 44 permits, followed by Lakeville with 43 permits. Otsego with 42 permits and Cottage Grove with 39 permits rounded out the top five.

[Minneapolis Area REALTORS®]

Twin Cities Median Sales Price Hits Milestone \$350,000

According to new data from the Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the median sales price for a home grew 14.8% to \$350,000 in the Twin Cities metro area over the month of June. This milestone figure is the result of consistent year-over-year growth in median sales price. This year, all six months have experienced a 10.0% increase or greater in median

sales price, amounting to a nominal increase of \$49,000.

Buyer activity in June fell slightly, down 2.5% from 2020, after 12 straight months of strong upward momentum. Although this past month was inconsistent with the year-long positive trend, 2021 surpassed the benchmark set in 2019 by 10.9% when considering year-to-date performance. Additionally, median days on market for listings remained at a rapid seven days, indicating that demand for homes continues to stay strong.

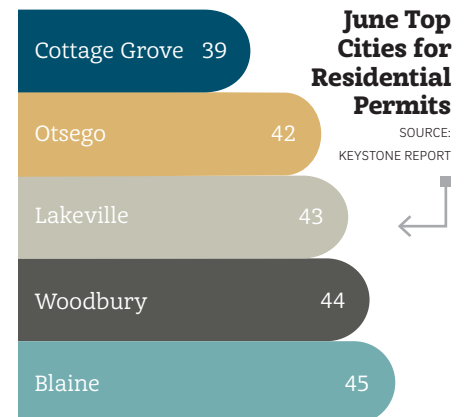
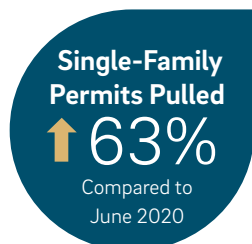
“Declining buyer activity could be a result of the stiff competition buyers are facing and the end of quarantine restrictions that allow

us to focus on family during the summer holidays,” according to Todd Walker, president of Minneapolis Area REALTORS®. “While increasing home prices are usually a good sign for our industry, frequent bids over asking price will naturally cause some buyers to wait out until the market softens and they have a better chance to secure their next home.”

Seller activity grew 10.7% last month, resulting in a year-to-date high of 8,378 homes. However, new listings in June were marginally below 2019 performance, down 2.0%. As buyer demand outpaced seller supply in the past two years, the Twin Cities continued to be a strong sellers’ market throughout June.

“While increasing home prices are usually a good sign for our industry, frequent bids over asking price will naturally cause some buyers to wait out until the market softens and they have a better chance to secure their next home.”

- Todd Walker, President of the Minneapolis Area REALTORS®



June Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

June 2021 Metro Building Activity

Permits for new single-family homes continue to surge as the Twin Cities housing market remains in short supply of homes for sale. Twin Cities homebuilders pulled 637 permits for new single-family homes in June, a 63% increase over June of 2020. Multifamily construction remains lackluster so far in 2021 making up less than 50% of new residential units for the fifth month in a row.



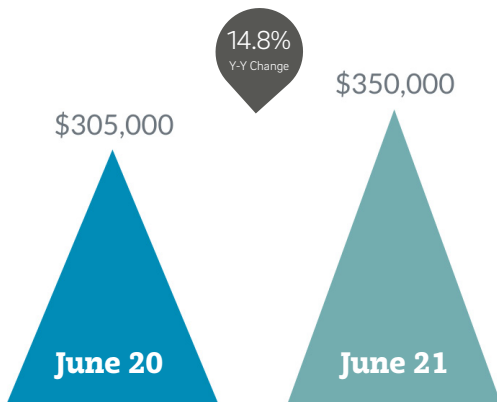
61.3%
Y-Y Change

Units YTD:
6,884

Multifamily
34%
of Twin Cities Housing
Units Authorized

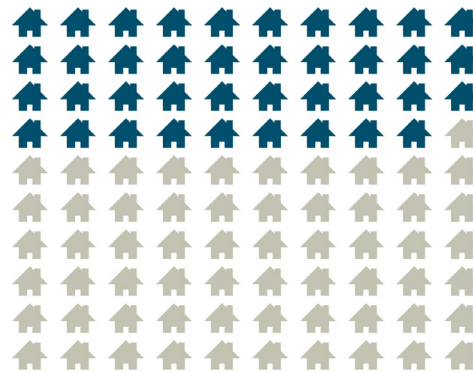
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

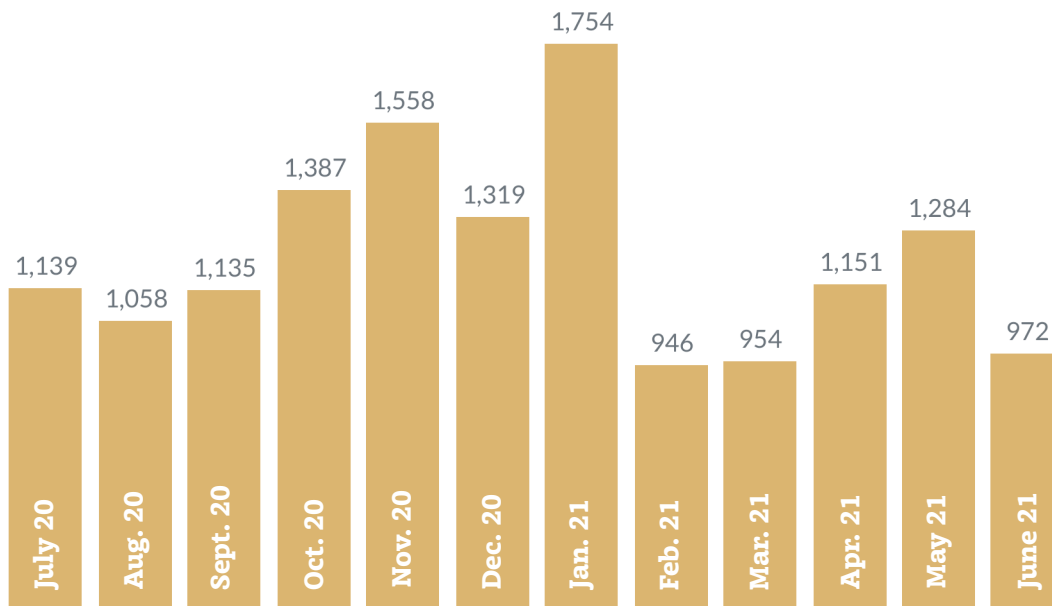


-35.5%
Monthly
change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Jun. 2021 (39.2%) ■ Jun. 2020 (60.8%)



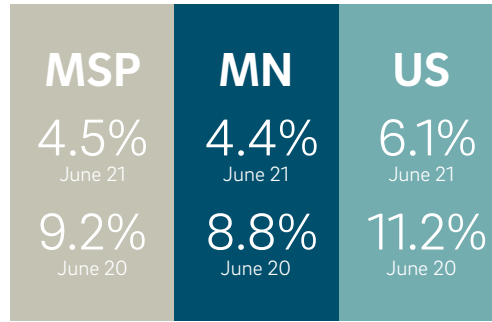
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

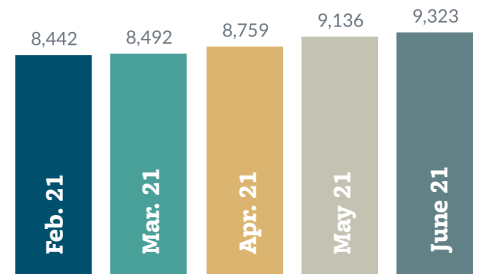
Minnesota's unemployment rate increased to 4.4% in June, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the May unemployment rate of 3.7%.

The national unemployment rate also saw an increase from 5.5% in May to 6.1% in June.



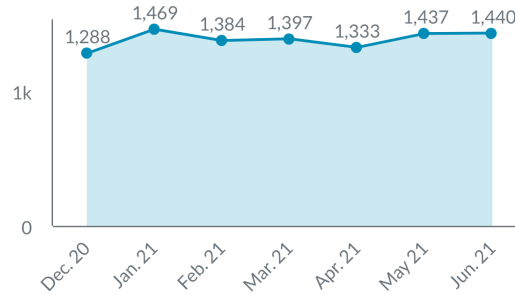
Unemployment Rate Snapshot

SOURCE: DEED-MN



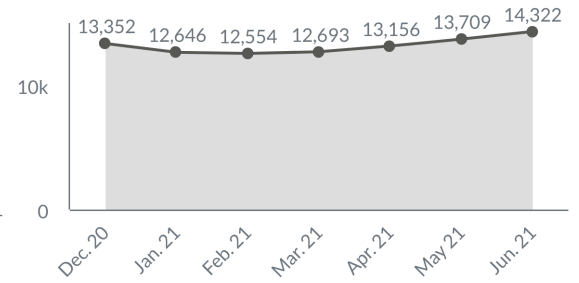
Twin Cities Construction Employment

SOURCE: DEED-MN



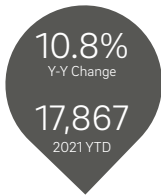
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



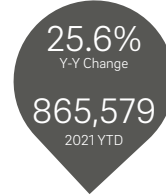
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

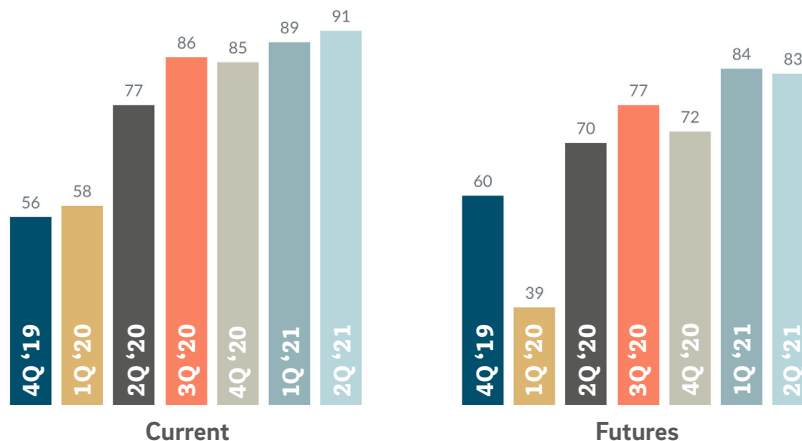
Regional/National Statistics

Sales of existing homes increased 1.4% in June, according to the National Association of REALTORS®.

Regionally, sales increased 2.8% month to month in the Northeast and rose 3.1% in the Midwest. In the South, sales were unchanged over the previous month, and in the West sales rose 1.7%.

Remodeling Market Indices

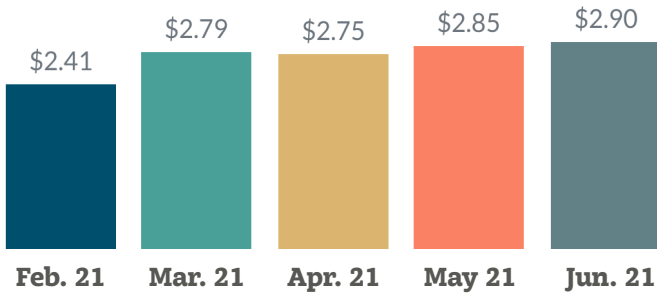
SOURCE: NAHB



Key Indicators

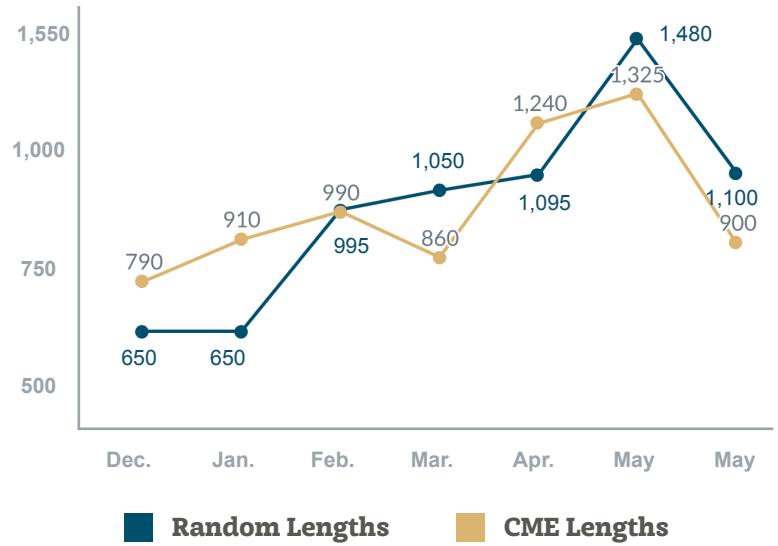
The price of lumber, among other material costs, continues to be volatile as summer hits the halfway point. Even as prices continue to trend downwards, the price of softwood lumber is still at nearly double the cost compared to April 2020.

Now, oriented strand board (OSB) prices are increasing. Since January 2020, the price of OSB has swelled 510%. The National Association of Home Builders now estimates that these material cost increases have added \$30,000 to the price of a newly built single-family home.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM JUNE 26, 2021
SOURCE: ASSOCIATED BANK



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